

NUVEEN GEORGIA DIVIDEND ADVANTAGE MUNICIPAL FUND 2  
Form N-CSRS  
February 08, 2008

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-21152  
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Nuveen Georgia Dividend Advantage Municipal Fund 2  
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(Exact name of registrant as specified in charter)

Nuveen Investments  
333 West Wacker Drive  
Chicago, IL 60606  
-----

(Address of principal executive offices) (Zip code)

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

(Name and address of agent for service)

Registrant's telephone number, including area code: (312) 917-7700  
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Date of fiscal year end: May 31  
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Date of reporting period: November 30, 2007  
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Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

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

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ITEM 1. REPORTS TO STOCKHOLDERS.

Semi-Annual Report  
November 30, 2007

Nuveen Investments  
Municipal Closed-End Funds

Photo of: Small child

NUVEEN GEORGIA  
PREMIUM INCOME  
MUNICIPAL FUND  
NPG

NUVEEN GEORGIA  
DIVIDEND ADVANTAGE  
MUNICIPAL FUND  
NZX

NUVEEN GEORGIA  
DIVIDEND ADVANTAGE  
MUNICIPAL FUND 2  
NKG

NUVEEN NORTH  
CAROLINA PREMIUM  
INCOME  
MUNICIPAL FUND  
NNC

NUVEEN NORTH  
CAROLINA DIVIDEND  
ADVANTAGE  
MUNICIPAL FUND  
NRB

NUVEEN NORTH  
CAROLINA DIVIDEND  
ADVANTAGE  
MUNICIPAL FUND 2  
NNO

NUVEEN NORTH  
CAROLINA DIVIDEND  
ADVANTAGE  
MUNICIPAL FUND 3  
NII

It's not what you earn, it's what you keep. (R)

Logo: NUVEEN Investments

Photo of: Man working on computer

Life is complex.  
Nuveen

makes things  
e-simple.

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It only takes a minute to sign up for e-Reports. Once enrolled, you'll receive an e-mail as soon as your Nuveen Investments Fund information is ready--no more waiting for delivery by regular mail. Just click on the link within the e-mail to see the report and save it on your computer if you wish.

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Logo: NUVEEN Investments

Chairman's  
LETTER TO SHAREHOLDERS

Photo of: Timothy R. Schwertfeger

Timothy R. Schwertfeger

Chairman of the Board

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

I also wanted to update you on some important news about Nuveen Investments. The firm recently was acquired by a group led by Madison Dearborn Partners, LLC. While this affected the corporate structure of Nuveen Investments, it has no impact on the investment objectives, portfolio management strategies or dividend policy of your Fund.

With the recent volatility in the stock market, many have begun to wonder which way the market is headed, and whether they need to adjust their holdings of investments. No one knows what the future will bring, which is why we think a well-balanced portfolio that is structured and carefully monitored with the help of an investment professional is an important component in achieving your long term financial goals. A well-diversified portfolio may actually help to reduce your overall investment risk, and we believe that investments like your Nuveen Investments Fund can be important building blocks in a portfolio crafted to perform well through a variety of market conditions.

We also are pleased to be able to offer you a choice concerning how you receive your shareholder reports and other Fund information. As an alternative to mailed copies, you can sign up to receive future Fund reports and other Fund

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information by e-mail and the internet. The inside front cover of this report contains information on how you can sign up.

We are grateful that you have chosen us as a partner as you pursue your financial goals and we look forward to continuing to earn your trust in the months and years ahead. At Nuveen Investments, our mission continues to be to assist you and your financial advisor by offering investment services and products that can help you to secure your financial objectives.

Sincerely,

/s/ Timothy R. Schwertfeger

Timothy R. Schwertfeger  
Chairman of the Board  
January 15, 2008

### Portfolio Manager's COMMENTS

#### Nuveen Investments Municipal Closed-End Funds

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

Portfolio manager Daniel Close discusses key investment strategies and the six-month performance of the Nuveen Georgia and North Carolina Funds. Dan, who joined Nuveen in 2000, assumed portfolio management responsibility for these seven Funds in March 2007.

#### WHAT KEY STRATEGIES WERE USED TO MANAGE THE GEORGIA AND NORTH CAROLINA FUNDS DURING THE SIX-MONTH REPORTING PERIOD ENDED NOVEMBER 30, 2007?

Over the course of this period, we saw the municipal yield curve steepen, as interest rates at the short end of the yield curve declined and longer-term rates generally rose. In this environment, our investment strategies continued to focus on finding relative value. We looked for undervalued sectors and credits with the potential to perform well over the long term. The majority of our purchases were attractively-priced bonds in the intermediate to long part of the yield curve. These purchases helped to offset the shortening of the Funds' portfolio duration<sup>1</sup> due to bond calls and the natural tendency of bond durations to shorten as time passes.

Many of our purchases focused on essential services bonds (bonds issued to fund, for example, roads, schools and water and sewer projects). All three of the Georgia Funds added general obligation, education and water and sewer bonds as well as housing credits and tax increment financing (TIF) district issues, which are used to fund redevelopment and community improvement projects. In the North Carolina Funds, we added several tax-appropriation certificates of participation (COPs), a financing arrangement that entitles the certificate holder to receive a share of a project's lease revenues. When the liquidity crisis in August led the market to discount lower-quality and higher-yielding bonds, we took advantage of good opportunities to add lower-rated hospitals to the Georgia and North Carolina Funds.

To help generate cash for purchases and move the Funds' durations closer to our strategic range, we selectively sold holdings with shorter durations. Selling shorter duration bonds and reinvesting further out on the yield curve also helped to improve the Funds' overall call protection profile. NZX and NKG also

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sold positions in pollution control revenue bonds issued by DeKalb County for General Motors. These holdings, which had represented approximately 1.5% of each of these Funds, were sold in late July. In the North Carolina Funds, we took advantage of strong bids to sell sub-5% coupon bonds that were attractive to the retail market.

We continued to emphasize a disciplined approach to duration management. As part of our duration strategies, we used inverse floating rate securities,<sup>2</sup> a type of derivative

Discussions of specific investments are for illustrative purposes only and are not intended as recommendations of individual investments. The views expressed in this commentary represent those of the portfolio manager as of the date of this report and are subject to change at any time, based on market conditions and other factors. The Funds disclaim any obligation to advise shareholders of such changes.

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

<sup>2</sup> An inverse floating rate security is a financial instrument designed to pay long-term tax-exempt interest at a rate that varies inversely with a short-term tax-exempt interest rate index. For the Nuveen Funds, the index typically used is the Securities Industry and Financial Markets (SIFM) Municipal Swap Index (previously referred to as the Bond Market Association Index or BMA). Inverse floaters, including those inverse floating rate securities in which the Funds invested during the reporting period, are further defined within the Notes to Financial Statements and Glossary of Terms Used in This Report sections of this shareholder report.

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financial instrument, in all four of the North Carolina Funds. The inverse floaters had the dual benefit of bringing the durations of these Funds closer to our strategic target and enhancing their income-generation capabilities. Going into this period, both NZX and NRB used forward interest rate swaps, another type of derivative instrument. The goal of this strategy was to help us manage net asset value (NAV) volatility without having a negative impact on the Funds' income streams or common share dividends over the short term. The returns of NPG, NZX, NNC, NRB, NNO and NII were positively impacted by their use of leverage, while NKG was negatively impacted. The interest rate swaps on NRB were removed shortly after the beginning of this reporting period, while the swaps in NZX remained in place as of November 30, 2007.

### HOW DID THE FUNDS PERFORM?

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

Total Returns on Net Asset Value\*  
For periods ended 11/30/07

| 6-Month | 1-Year | 5-Year | 10-Year |
|---------|--------|--------|---------|
|---------|--------|--------|---------|

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|                                   |       |       |       |       |
|-----------------------------------|-------|-------|-------|-------|
| Georgia Funds                     |       |       |       |       |
| NPG                               | 2.50% | 1.51% | 5.87% | 5.97% |
| NZX                               | 3.35% | 2.78% | 6.30% | NA    |
| NKG                               | 1.37% | 0.94% | 5.94% | NA    |
| North Carolina Funds              |       |       |       |       |
| NNC                               | 1.80% | 0.86% | 5.39% | 5.84% |
| NRB                               | 2.49% | 1.90% | 6.11% | NA    |
| NNO                               | 2.43% | 1.60% | 6.02% | NA    |
| NII                               | 2.25% | 1.80% | 6.05% | NA    |
| Lehman Brothers                   |       |       |       |       |
| Municipal Bond Index <sup>3</sup> | 2.40% | 2.71% | 4.68% | 5.30% |
| Lipper Other States               |       |       |       |       |
| Municipal Debt Funds              |       |       |       |       |
| Average <sup>4</sup>              | 1.10% | 0.46% | 5.91% | 5.75% |

For the six months ended November 30, 2007, the cumulative returns on NAV for NPG, NZX, NRB and NNO exceeded the return on the national Lehman Brothers Municipal Bond Index, while NKG, NNC and NII underperformed this measure. All seven of these Funds outperformed the average return for the Lipper Other States Municipal Debt Funds Average. Shareholders should note that the performance of the Lipper Other States Municipal Debt Funds Average represents the overall average of returns for funds from 10 different states with a wide variety of municipal market conditions, making direct comparisons less meaningful.

\*Six-month returns are cumulative. One-year, five-year and ten-year returns are 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.

3 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.

4 The Lipper Other States Municipal Debt Funds Average is calculated using the returns of all closed-end funds in this category for each period as follows: 6 months, 46 funds; 1 year, 46 funds; 5 years, 46 funds; and 10 years, 18 funds. The performance of the Lipper Other States Municipal Debt Funds Average represents the overall average of returns for funds from 10 different states with a wide variety of municipal market conditions. Fund and Lipper returns assume reinvestment of dividends.

As previously noted, one of the factors in the six-month performance of these Funds, especially relative to that of the unleveraged Lehman Brothers Municipal Bond Index, was the use of financial leverage. Although leveraging provides opportunities for additional income and total returns for common shareholders,

it can also expose shareholders to additional risk. With the fluctuations in yields on longer municipal bonds and other market variations during this period, the impact of valuation changes in the Funds' holdings--both positive and negative--was magnified by the use of leverage.

Other major factors that influenced the Funds' returns included yield curve and duration positioning, the use of derivatives, sector allocations and credit exposure.

During this six-month period, bonds in the Lehman Brothers Municipal Bond Index with maturities between two and twelve years, especially those maturing in approximately six to eight years, benefited the most from changes in the interest rate environment. As a result, these bonds generally outperformed credits with longer maturities, while bonds having the longest maturities (22 years and longer) posted the worst returns. Although the Funds were underexposed to the outperforming shorter maturity categories, this was generally offset by their heavier weightings in the intermediate part of the curve, which performed well and lower allocations to the underperforming long part of the curve. The Funds' duration and yield curve positioning was a net positive for performance.

The forward interest rate swaps in place in NZX throughout this period also had a positive impact on the return performance of this Fund. These derivative financial instruments provided exposure to taxable markets during a period when, in contrast to historical trends, the Treasury market and the municipal market moved in the opposite directions. As municipal market performance lagged the significant gains made by Treasuries, the forward interest rate swaps performed very well.

Sectors of the market that generally made positive contributions to the Funds' performances included water and sewer, transportation, education and utilities. General obligation credits and pre-refunded bonds, especially those that were advance refunded<sup>5</sup> before longer municipal interest rates began to rise in mid-2007, also performed very well. All seven of these Funds saw positive contributions from advance refunding activity, which benefited the Funds through price appreciation and enhanced credit quality. This was especially true in NZX, which--in dollar terms--had the most holdings advance refunded, while NKG and NNC had the lowest weightings of pre-refunded bonds among these Funds.

On the other hand, bonds that carried any credit risk, regardless of sector, generally tended to perform poorly. Revenue bonds as a whole, and specifically the industrial development and health care sectors that had ranked among the top performers in the Lehman Brothers Municipal Bond Index over the past few years underperformed the general municipal market. Bonds backed by the 1998 master tobacco settlement agreement also posted poor returns, due to the overall lower credit quality of the

<sup>5</sup> Advance refundings, also known as pre-refundings or refinancings, occur when an issuer sells new bonds and uses the proceeds to fund principal and interest payments of older existing bonds. This process often results in lower borrowing costs for bond issuers.

tobacco sector as well as the ample supply of these bonds. The performance of the North Carolina Funds was also hurt by their positions in housing bonds.

As interest rates on longer municipal bonds rose and credit spreads widened,

lower credit quality bonds also generally underperformed the municipal market as a whole for the first time in several years. As of November 30, 2007, the Georgia Funds had weightings of bonds rated BBB or lower and non-rated bonds ranging from approximately 10% in NPG and NZX to 11% in NKG, while the North Carolina Funds' allocations totaled approximately 4% in NII, 5% in NNC and NNO, and 6% in NRB.

Another factor that had a negative impact on the Georgia Funds' performance was their small position (approximately 2% in NKG and just over 1% in NPG and NZX) in bonds backed by Radian Asset Assurance (Radian), a municipal bond guarantor. As concern increased about the company's balance sheet, prices on bonds insured by Radian declined to levels close to what one would expect for uninsured bonds from the underlying municipal issuers, detracting from the performance of the Georgia Funds. The North Carolina Funds did not have any holdings of Radian insured bonds. It is important to note that none of these Nuveen Municipal Closed-End Funds had direct exposure to the collateralized debt products that were at the center of the recent liquidity crisis.

#### RECENT MARKET EVENTS

Many of the municipal bonds in the portfolios are covered by policies of insurance, issued by one of several municipal bond insurers, under which the insurer guarantees the timely payment of interest and principal on the bonds. Certain of those insurers, including AMBAC, MBIA and FGIC, historically rated AAA (the highest grade), also insure investment vehicles representing interests in subprime mortgages, which suffered severe credit deterioration during the semi-annual period covered by this report. The defaults and/or credit deterioration of the subprime mortgage investments they insured have caused losses to the insurers, which has reduced the insurers' capital and called into question the insurers' continued ability to pay interest and principal on insured bonds for the life of those bonds. One rating agency has already reduced the rating for AMBAC-insured bonds to AA, and other rating agencies may follow, and this rating may fall even further. While the major rating agencies continue to give the other affected insurers their highest rating, as of the date this report was written one or more rating agencies have placed each of these insurers on "negative credit watch", which may presage one or more rating reductions in the future. The value of the insurance associated with bonds held by the Funds in this report (a component of the value of the bond/insurance combination) generally declined during and after the reporting period, and further credit deterioration or rating downgrades of the insurers could cause further declines in the value of the insurance component of an insured bond, although it has not and should not affect the creditworthiness of the municipal issuer of, and the uninsured value of, the underlying bond.

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#### Dividend and Share Price INFORMATION

As previously noted, these seven Funds use leverage to potentially enhance opportunities for additional income for common shareholders. The Funds' use of this strategy continued to provide incremental income, although the extent of this benefit was somewhat reduced by short-term interest rates that remained relatively high during most of this period. This, in turn, kept the Funds' borrowing costs high. The Funds' income streams were also impacted as the proceeds from older, higher-yielding bonds that matured or were called were reinvested into bonds currently available in the market, which generally offered lower yields during much of this period. The combination of these factors



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resulted in one monthly dividend reduction in NPG, NZX, NRB and NNO over the six-month period ended November 30, 2007. In NKG, we were able to increase the dividend effective August 2007, while the dividends of NNC and NII remained stable throughout this reporting period.

All of the Funds in this report seek to pay stable dividends at rates that reflect each Fund's past results and projected future performance. During certain periods, each Fund may pay dividends at a rate that may be more or less than the amount of net investment income actually earned by the Fund during the period. If a Fund has cumulatively earned more than it has paid in dividends, it holds the excess in reserve as undistributed net investment income (UNII) as 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 November 30, 2007, all of the Funds in this report had positive UNII balances, based upon our best estimate, for tax purposes and negative UNII balances for financial statement purposes.

As of November 30, 2007, the Funds' share prices were trading at premiums or discounts to their NAVs as shown in the accompanying chart:

|     | 11/30/07<br>Discount | Six-Month Average<br>Premium/Discount |
|-----|----------------------|---------------------------------------|
| NPG | -12.67%              | -4.75%                                |
| NZX | -8.51%               | +2.35%                                |
| NKG | -8.11%               | -4.43%                                |
| NNC | -11.66%              | -3.50%                                |
| NRB | -4.73%               | +4.36%                                |
| NNO | -10.07%              | -0.84%                                |
| NII | -8.07%               | -1.09%                                |

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NPG  
Performance  
OVERVIEW

Nuveen Georgia  
Premium Income  
Municipal Fund

as of November 30, 2007

Pie Chart:  
Credit Quality (as a % of total investments)<sup>1</sup>  
AAA/U.S.  
Guaranteed 77%  
AA 9%  
A 4%  
BBB 9%  
BB or Lower 1%

Bar Chart:  
Monthly Tax-Free Dividends Per Share -- 2006-2007  
Dec 0.0555  
Jan 0.0555  
Feb 0.0555  
Mar 0.053

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|     |       |
|-----|-------|
| Apr | 0.053 |
| May | 0.053 |
| Jun | 0.053 |
| Jul | 0.053 |
| Aug | 0.053 |
| Sep | 0.05  |
| Oct | 0.05  |
| Nov | 0.05  |

## Line Chart:

Share Price Performance -- Weekly Closing Price

|          |         |
|----------|---------|
| 12/01/06 | 14.45   |
|          | 14.48   |
|          | 14.41   |
|          | 14.39   |
|          | 14.5601 |
|          | 14.76   |
|          | 14.68   |
|          | 14.88   |
|          | 14.75   |
|          | 14.75   |
|          | 14.73   |
|          | 14.7    |
|          | 14.54   |
|          | 14.59   |
|          | 14.64   |
|          | 14.31   |
|          | 14.4    |
|          | 14.32   |
|          | 14.19   |
|          | 14.25   |
|          | 14.32   |
|          | 14.34   |
|          | 14.39   |
|          | 14.24   |
|          | 14.29   |
|          | 14.2    |
|          | 14.03   |
|          | 13.9    |
|          | 13.55   |
|          | 13.69   |
|          | 13.58   |
|          | 13.5599 |
|          | 13.51   |
|          | 13.55   |
|          | 13.25   |
|          | 13.646  |
|          | 13.38   |
|          | 13.262  |
|          | 13.25   |
|          | 13.31   |
|          | 13.48   |
|          | 13.51   |
|          | 13.25   |
|          | 13.31   |
|          | 13.34   |
|          | 13.15   |
|          | 13.1    |
|          | 13.22   |
|          | 13.1499 |
|          | 12.9    |
|          | 12.5001 |

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|          |       |
|----------|-------|
|          | 12.61 |
| 11/30/07 | 12.75 |

Fund Snapshot

|                                       |          |
|---------------------------------------|----------|
| -----                                 |          |
| Common Share Price                    | \$12.75  |
| -----                                 |          |
| Common Share                          |          |
| Net Asset Value                       | \$14.60  |
| -----                                 |          |
| Premium/(Discount) to NAV             | -12.67%  |
| -----                                 |          |
| Market Yield                          | 4.71%    |
| -----                                 |          |
| Taxable-Equivalent Yield <sup>2</sup> | 6.96%    |
| -----                                 |          |
| Net Assets Applicable to              |          |
| Common Shares (\$000)                 | \$55,550 |
| -----                                 |          |
| Average Effective Maturity            |          |
| on Securities (Years)                 | 15.78    |
| -----                                 |          |
| Leverage-Adjusted Duration            | 8.85     |
| -----                                 |          |

Average Annual Total Return  
(Inception 5/20/93)

|              |                |        |
|--------------|----------------|--------|
| -----        |                |        |
|              | On Share Price | On NAV |
| -----        |                |        |
| 6-Month      |                |        |
| (Cumulative) | -7.59%         | 2.50%  |
| -----        |                |        |
| 1-Year       | -7.46%         | 1.51%  |
| -----        |                |        |
| 5-Year       | 0.76%          | 5.87%  |
| -----        |                |        |
| 10-Year      | 4.36%          | 5.97%  |
| -----        |                |        |

Industries  
(as a % of total investments)

|                        |       |
|------------------------|-------|
| -----                  |       |
| Tax Obligation/Limited | 19.6% |
| -----                  |       |
| U.S. Guaranteed        | 16.9% |
| -----                  |       |
| Health Care            | 16.7% |
| -----                  |       |
| Tax Obligation/General | 11.0% |
| -----                  |       |
| Education and Civic    |       |
| Organizations          | 10.8% |
| -----                  |       |
| Water and Sewer        | 8.5%  |
| -----                  |       |
| Utilities              | 7.3%  |
| -----                  |       |
| Other                  | 9.2%  |
| -----                  |       |

- 1 The percentage of AAA ratings shown in the foregoing chart reflects the AAA ratings on certain bonds insured by AMBAC, FGIC or MBIA as of November 30, 2007. As explained earlier in the Portfolio Manager's Comments section of this report, one rating agency has reduced the rating for AMBAC to AA, and one or more rating agencies have placed each of these insurers on "negative credit watch", which may presage one or more rating reductions for such insurer or insurers in the future. If one or more insurers' ratings are reduced below AAA by these rating agencies, it would likely reduce the effective rating of many of the bonds insured by that insurer or insurers, and thereby reduce the percentage of the portfolio rated AAA from the percentage shown in the foregoing chart.
  
- 2 Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 32.3%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

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NZX  
Performance  
OVERVIEW

Nuveen Georgia  
Dividend Advantage  
Municipal Fund

as of November 30, 2007

Pie Chart:  
Credit Quality (as a % of total investments)<sup>1</sup>  
AAA/U.S.

|             |     |
|-------------|-----|
| Guaranteed  | 78% |
| AA          | 7%  |
| A           | 5%  |
| BBB         | 6%  |
| BB or Lower | 1%  |
| N/R         | 3%  |

Bar Chart:  
Monthly Tax-Free Dividends Per Share -- 2006-2007

|     |        |
|-----|--------|
| Dec | 0.0625 |
| Jan | 0.0625 |
| Feb | 0.0625 |
| Mar | 0.06   |
| Apr | 0.06   |
| May | 0.06   |
| Jun | 0.057  |
| Jul | 0.057  |
| Aug | 0.057  |
| Sep | 0.054  |
| Oct | 0.054  |
| Nov | 0.054  |

Line Chart:  
Share Price Performance -- Weekly Closing Price  
12/01/06 16.14  
16.99

16.5  
 16.8  
 16.95  
 16.55  
 17.14  
 16.99  
 16.1  
 16.3801  
 16.59  
 16.3  
 16.08  
 16.64  
 15.94  
 15.36  
 15.39  
 16.04  
 15.7  
 15.45  
 15.67  
 15.55  
 16.1  
 15.85  
 16.0801  
 15.91  
 15.53  
 15.35  
 15  
 14.9  
 14.73  
 14.43  
 14.15  
 14.1  
 14.18  
 14.06  
 14.04  
 13.75  
 14.24  
 14.31  
 14.17  
 14.2  
 13.77  
 14.1  
 13.99  
 13.9  
 14.22  
 14  
 13.81  
 13.43  
 13.22  
 13.3001  
 13.54

11/30/07

Fund Snapshot

|                                 |         |
|---------------------------------|---------|
| -----                           |         |
| Common Share Price              | \$13.54 |
| -----                           |         |
| Common Share<br>Net Asset Value | \$14.80 |
| -----                           |         |
| Premium/(Discount) to NAV       | -8.51%  |
| -----                           |         |
| Market Yield                    | 4.79%   |

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|                                                     |          |
|-----------------------------------------------------|----------|
| Taxable-Equivalent Yield <sup>2</sup>               | 7.08%    |
| Net Assets Applicable to<br>Common Shares (\$000)   | \$29,148 |
| Average Effective Maturity<br>on Securities (Years) | 13.60    |
| Leverage-Adjusted Duration                          | 9.59     |

Average Annual Total Return  
(Inception 9/25/01)

|                         | On Share Price | On NAV |
|-------------------------|----------------|--------|
| 6-Month<br>(Cumulative) | -13.35%        | 3.35%  |
| 1-Year                  | -12.66%        | 2.78%  |
| 5-Year                  | 3.81%          | 6.30%  |
| Since<br>Inception      | 3.82%          | 6.29%  |

Industries  
(as a % of total investments)

|                                      |       |
|--------------------------------------|-------|
| U.S. Guaranteed                      | 23.3% |
| Health Care                          | 16.4% |
| Education and Civic<br>Organizations | 16.4% |
| Water and Sewer                      | 10.4% |
| Housing/Single Family                | 8.3%  |
| Tax Obligation/General               | 7.1%  |
| Tax Obligation/Limited               | 4.9%  |
| Other                                | 13.2% |

1 The percentage of AAA ratings shown in the foregoing chart reflects the AAA ratings on certain bonds insured by AMBAC, FGIC or MBIA as of November 30, 2007. As explained earlier in the Portfolio Manager's Comments section of this report, one rating agency has reduced the rating for AMBAC to AA, and one or more rating agencies have placed each of these insurers on "negative credit watch", which may presage one or more rating reductions for such insurer or insurers in the future. If one or more insurers' ratings are reduced below AAA by these rating agencies, it would likely reduce the effective rating of many of the bonds insured by that insurer or insurers, and thereby reduce the percentage of the portfolio rated AAA from the percentage shown in the foregoing chart.

2 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 32.3%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

10

NKG  
Performance  
OVERVIEW

Nuveen Georgia  
Dividend Advantage  
Municipal Fund 2

as of November 30, 2007

Pie Chart:

Credit Quality (as a % of total investments)<sup>1</sup>

|            |     |
|------------|-----|
| AAA/U.S.   |     |
| Guaranteed | 78% |
| AA         | 9%  |
| A          | 2%  |
| BBB        | 9%  |
| N/R        | 2%  |

Bar Chart:

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

|     |        |
|-----|--------|
| Dec | 0.053  |
| Jan | 0.053  |
| Feb | 0.053  |
| Mar | 0.053  |
| Apr | 0.053  |
| May | 0.053  |
| Jun | 0.053  |
| Jul | 0.053  |
| Aug | 0.0545 |
| Sep | 0.0545 |
| Oct | 0.0545 |
| Nov | 0.0545 |

Line Chart:

Share Price Performance -- Weekly Closing Price

|          |         |
|----------|---------|
| 12/01/06 | 13.8909 |
|          | 13.92   |
|          | 13.86   |
|          | 13.61   |
|          | 14.03   |
|          | 14.04   |
|          | 14.11   |
|          | 14.01   |
|          | 14.39   |
|          | 14.18   |
|          | 14.15   |
|          | 13.88   |
|          | 13.9    |
|          | 14.09   |
|          | 14.44   |
|          | 14.11   |
|          | 14.23   |

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|          |         |
|----------|---------|
|          | 14.26   |
|          | 14.36   |
|          | 14.35   |
|          | 14.51   |
|          | 14.54   |
|          | 14.4    |
|          | 14.26   |
|          | 14.51   |
|          | 14.15   |
|          | 14.5    |
|          | 14      |
|          | 13.64   |
|          | 13.6    |
|          | 13.79   |
|          | 13.6299 |
|          | 13.25   |
|          | 13.35   |
|          | 13.52   |
|          | 13.22   |
|          | 13.24   |
|          | 13.05   |
|          | 13.19   |
|          | 13.43   |
|          | 13.6    |
|          | 13.31   |
|          | 13.45   |
|          | 13.45   |
|          | 13.4    |
|          | 13.5    |
|          | 13.5    |
|          | 13.67   |
|          | 13.4899 |
|          | 13.11   |
|          | 13.05   |
|          | 12.99   |
| 11/30/07 | 13.15   |

Fund Snapshot

|                                       |          |
|---------------------------------------|----------|
| -----                                 |          |
| Common Share Price                    | \$13.15  |
| -----                                 |          |
| Common Share                          |          |
| Net Asset Value                       | \$14.31  |
| -----                                 |          |
| Premium/(Discount) to NAV             | -8.11    |
| -----                                 |          |
| Market Yield                          | 4.97%    |
| -----                                 |          |
| Taxable-Equivalent Yield <sup>2</sup> | 7.34%    |
| -----                                 |          |
| Net Assets Applicable to              |          |
| Common Shares (\$000)                 | \$65,146 |
| -----                                 |          |
| Average Effective Maturity            |          |
| on Securities (Years)                 | 16.82    |
| -----                                 |          |
| Leverage-Adjusted Duration            | 8.78     |
| -----                                 |          |
| Average Annual Total Return           |          |
| (Inception 9/25/02)                   |          |
| -----                                 |          |



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|                         | On Share Price | On NAV |
|-------------------------|----------------|--------|
| 6-Month<br>(Cumulative) | -7.10%         | 1.37%  |
| 1-Year                  | -0.19%         | 0.94%  |
| 5-Year                  | 3.49%          | 5.94%  |
| Since<br>Inception      | 2.65%          | 5.09%  |

| Industries<br>(as a % of total investments) |       |
|---------------------------------------------|-------|
| Water and Sewer                             | 16.6% |
| Health Care                                 | 15.9% |
| Tax Obligation/Limited                      | 13.4% |
| Education and Civic<br>Organizations        | 12.7% |
| Tax Obligation/General                      | 12.1% |
| U.S. Guaranteed                             | 9.6%  |
| Transportation                              | 3.9%  |
| Utilities                                   | 3.2%  |
| Other                                       | 12.6% |

- 1 The percentage of AAA ratings shown in the foregoing chart reflects the AAA ratings on certain bonds insured by AMBAC, FGIC or MBIA as of November 30, 2007. As explained earlier in the Portfolio Manager's Comments section of this report, one rating agency has reduced the rating for AMBAC to AA, and one or more rating agencies have placed each of these insurers on "negative credit watch", which may presage one or more rating reductions for such insurer or insurers in the future. If one or more insurers' ratings are reduced below AAA by these rating agencies, it would likely reduce the effective rating of many of the bonds insured by that insurer or insurers, and thereby reduce the percentage of the portfolio rated AAA from the percentage shown in the foregoing chart.
- 2 Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 32.3%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

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Nuveen North Carolina  
 Premium Income  
 Municipal Fund

as of November 30, 2007

Pie Chart:

Credit Quality (as a % of total investments)<sup>1</sup>

|            |     |
|------------|-----|
| AAA/U.S.   |     |
| Guaranteed | 57% |
| AA         | 26% |
| A          | 12% |
| BBB        | 4%  |
| N/R        | 1%  |

Bar Chart:

Monthly Tax-Free Dividends Per Share -- 2006-2007<sup>3</sup>

|     |        |
|-----|--------|
| Dec | 0.0545 |
| Jan | 0.0545 |
| Feb | 0.0545 |
| Mar | 0.052  |
| Apr | 0.052  |
| May | 0.052  |
| Jun | 0.049  |
| Jul | 0.049  |
| Aug | 0.049  |
| Sep | 0.049  |
| Oct | 0.049  |
| Nov | 0.049  |

Line Chart:

Share Price Performance -- Weekly Closing Price

|          |         |
|----------|---------|
| 12/01/06 | 14.7    |
|          | 14.65   |
|          | 14.26   |
|          | 14.24   |
|          | 14.35   |
|          | 14.5    |
|          | 14.38   |
|          | 14.33   |
|          | 14.29   |
|          | 14.2101 |
|          | 14.31   |
|          | 14.3    |
|          | 14.26   |
|          | 14.7    |
|          | 14.42   |
|          | 14.26   |
|          | 14.59   |
|          | 14.45   |
|          | 14.56   |
|          | 14.44   |
|          | 14.25   |
|          | 14.35   |
|          | 14.44   |
|          | 14.56   |
|          | 14.4    |
|          | 14.29   |
|          | 14.37   |
|          | 14.33   |
|          | 14.2301 |

|          |         |
|----------|---------|
|          | 13.95   |
|          | 13.92   |
|          | 13.83   |
|          | 13.65   |
|          | 13.47   |
|          | 13.26   |
|          | 13.3    |
|          | 13.07   |
|          | 12.82   |
|          | 12.9692 |
|          | 13.15   |
|          | 13.62   |
|          | 13.5    |
|          | 13.22   |
|          | 13.28   |
|          | 13.15   |
|          | 13.15   |
|          | 13.17   |
|          | 13.12   |
|          | 13.12   |
|          | 12.92   |
|          | 12.91   |
|          | 12.79   |
| 11/30/07 | 12.65   |

Fund Snapshot

|                                                     |          |
|-----------------------------------------------------|----------|
| -----                                               |          |
| Common Share Price                                  | \$12.65  |
| -----                                               |          |
| Common Share<br>Net Asset Value                     | \$14.32  |
| -----                                               |          |
| Premium/(Discount) to NAV                           | -11.66%  |
| -----                                               |          |
| Market Yield                                        | 4.65%    |
| -----                                               |          |
| Taxable-Equivalent Yield <sup>2</sup>               | 7.02%    |
| -----                                               |          |
| Net Assets Applicable to<br>Common Shares (\$000)   | \$90,959 |
| -----                                               |          |
| Average Effective Maturity<br>on Securities (Years) | 15.68    |
| -----                                               |          |
| Leverage-Adjusted Duration                          | 8.39     |
| -----                                               |          |

Average Annual Total Return  
(Inception 5/20/93)

|                         |                |        |
|-------------------------|----------------|--------|
| -----                   |                |        |
|                         | On Share Price | On NAV |
| -----                   |                |        |
| 6-Month<br>(Cumulative) | -9.57%         | 1.80%  |
| -----                   |                |        |
| 1-Year                  | -9.85%         | 0.86%  |
| -----                   |                |        |
| 5-Year                  | 1.51%          | 5.39%  |
| -----                   |                |        |
| 10-Year                 | 4.01%          | 5.84%  |
| -----                   |                |        |

Industries  
(as a % of total investments)

|                                   |       |
|-----------------------------------|-------|
| Tax Obligation/Limited            | 22.7% |
| Health Care                       | 16.3% |
| Education and Civic Organizations | 15.6% |
| U.S. Guaranteed                   | 9.4%  |
| Utilities                         | 8.4%  |
| Tax Obligation/General            | 7.3%  |
| Housing/Single Family             | 5.4%  |
| Other                             | 14.9% |

- 1 The percentage of AAA ratings shown in the foregoing chart reflects the AAA ratings on certain bonds insured by AMBAC, FGIC or MBIA as of November 30, 2007. As explained earlier in the Portfolio Manager's Comments section of this report, one rating agency has reduced the rating for AMBAC to AA, and one or more rating agencies have placed each of these insurers on "negative credit watch", which may presage one or more rating reductions for such insurer or insurers in the future. If one or more insurers' ratings are reduced below AAA by these rating agencies, it would likely reduce the effective rating of many of the bonds insured by that insurer or insurers, and thereby reduce the percentage of the portfolio rated AAA from the percentage shown in the foregoing chart.
- 2 Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 33.8%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- 3 The Fund paid shareholders capital gains distributions in December 2006 of \$0.0141 per share.

12

NRB  
Performance  
OVERVIEW

Nuveen North Carolina  
Dividend Advantage  
Municipal Fund

as of November 30, 2007

Pie Chart:  
Credit Quality (as a % of total investments)<sup>1</sup>  
AAA/U.S.  
Guaranteed 64%  
AA 21%

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|     |    |
|-----|----|
| A   | 9% |
| BBB | 4% |
| N/R | 2% |

Bar Chart:

Monthly Tax-Free Dividends Per Share -- 2006-20073

|     |        |
|-----|--------|
| Dec | 0.0635 |
| Jan | 0.0635 |
| Feb | 0.0635 |
| Mar | 0.0635 |
| Apr | 0.0635 |
| May | 0.0635 |
| Jun | 0.06   |
| Jul | 0.06   |
| Aug | 0.06   |
| Sep | 0.057  |
| Oct | 0.057  |
| Nov | 0.057  |

Line Chart:

Share Price Performance -- Weekly Closing Price

|          |         |
|----------|---------|
| 12/01/06 | 15.97   |
|          | 15.62   |
|          | 15.8    |
|          | 15.59   |
|          | 15.4806 |
|          | 15.36   |
|          | 15.2501 |
|          | 15.36   |
|          | 15.45   |
|          | 15.6    |
|          | 16.1    |
|          | 16.28   |
|          | 16.16   |
|          | 16.42   |
|          | 16.17   |
|          | 16.49   |
|          | 15.9699 |
|          | 16.5    |
|          | 16.23   |
|          | 16.54   |
|          | 16.25   |
|          | 16.27   |
|          | 16.78   |
|          | 16.81   |
|          | 16.8    |
|          | 16.36   |
|          | 16.51   |
|          | 15.93   |
|          | 15.42   |
|          | 15.3    |
|          | 15.36   |
|          | 15.4    |
|          | 15.05   |
|          | 15.45   |
|          | 15.1    |
|          | 15.42   |
|          | 15.3    |
|          | 15.0799 |
|          | 15.15   |
|          | 15.14   |
|          | 14.93   |

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|          |         |
|----------|---------|
|          | 14.48   |
|          | 14.5    |
|          | 14.96   |
|          | 14.56   |
|          | 14.44   |
|          | 14.3    |
|          | 14.39   |
|          | 14.27   |
|          | 14.03   |
|          | 13.79   |
|          | 13.52   |
| 11/30/07 | 14.0899 |

Fund Snapshot

|                                                  |          |
|--------------------------------------------------|----------|
| Common Share Price                               | \$14.09  |
| Common Share Net Asset Value                     | \$14.79  |
| Premium/(Discount) to NAV                        | -4.73%   |
| Market Yield                                     | 4.85%    |
| Taxable-Equivalent Yield <sup>2</sup>            | 7.33%    |
| Net Assets Applicable to Common Shares (\$000)   | \$33,475 |
| Average Effective Maturity on Securities (Years) | 13.93    |
| Leverage-Adjusted Duration                       | 8.13     |

Average Annual Total Return (Inception 1/25/01)

|                      | On Share Price | On NAV |
|----------------------|----------------|--------|
| 6-Month (Cumulative) | -12.20%        | 2.49%  |
| 1-Year               | -5.45%         | 1.90%  |
| 5-Year               | 3.81%          | 6.11%  |
| Since Inception      | 4.67%          | 6.47%  |

Industries (as a % of total investments)

|                        |       |
|------------------------|-------|
| Water and Sewer        | 22.4% |
| Tax Obligation/Limited | 14.9% |
| Utilities              | 13.4% |
| Health Care            | 12.2% |

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|                                      |       |
|--------------------------------------|-------|
| Education and Civic<br>Organizations | 11.6% |
| -----                                | ----- |
| U.S. Guaranteed                      | 10.2% |
| -----                                | ----- |
| Tax Obligation/General               | 5.7%  |
| -----                                | ----- |
| Other                                | 9.6%  |
| -----                                | ----- |

- 1 The percentage of AAA ratings shown in the foregoing chart reflects the AAA ratings on certain bonds insured by AMBAC, FGIC or MBIA as of November 30, 2007. As explained earlier in the Portfolio Manager's Comments section of this report, one rating agency has reduced the rating for AMBAC to AA, and one or more rating agencies have placed each of these insurers on "negative credit watch", which may presage one or more rating reductions for such insurer or insurers in the future. If one or more insurers' ratings are reduced below AAA by these rating agencies, it would likely reduce the effective rating of many of the bonds insured by that insurer or insurers, and thereby reduce the percentage of the portfolio rated AAA from the percentage shown in the foregoing chart.
- 2 Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 33.8%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- 3 The Fund paid shareholders capital gains and net ordinary income distributions in December 2006 of \$0.0521 per share.

13

NNO  
Performance  
OVERVIEW

Nuveen North Carolina  
Dividend Advantage  
Municipal Fund 2

as of November 30, 2007

Pie Chart:  
Credit Quality (as a % of total investments)<sup>1</sup>  
AAA/U.S.  
Guaranteed 69%  
AA 15%  
A 11%  
BBB 3%  
N/R 2%

Bar Chart:  
Monthly Tax-Free Dividends Per Share -- 2006-20073  
Dec 0.058  
Jan 0.058  
Feb 0.058  
Mar 0.058  
Apr 0.058  
May 0.058

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|     |        |
|-----|--------|
| Jun | 0.055  |
| Jul | 0.055  |
| Aug | 0.055  |
| Sep | 0.055  |
| Oct | 0.0515 |
| Nov | 0.0515 |

Line Chart:

Share Price Performance -- Weekly Closing Price

|          |         |
|----------|---------|
| 12/01/06 | 14.95   |
|          | 14.88   |
|          | 14.7    |
|          | 14.77   |
|          | 14.87   |
|          | 14.81   |
|          | 14.6799 |
|          | 14.94   |
|          | 14.93   |
|          | 15.05   |
|          | 15.05   |
|          | 14.81   |
|          | 14.85   |
|          | 15.07   |
|          | 15.041  |
|          | 15.3    |
|          | 15.44   |
|          | 15.81   |
|          | 15.57   |
|          | 15.55   |
|          | 15.8    |
|          | 15.16   |
|          | 15.35   |
|          | 15.2    |
|          | 15.2    |
|          | 15.2    |
|          | 15.55   |
|          | 15.55   |
|          | 14.91   |
|          | 14.55   |
|          | 14.5499 |
|          | 14.37   |
|          | 14.63   |
|          | 14.65   |
|          | 14.6    |
|          | 14.7    |
|          | 14.31   |
|          | 13.9    |
|          | 14.11   |
|          | 14      |
|          | 14.25   |
|          | 14.5    |
|          | 13.98   |
|          | 14.43   |
|          | 13.7775 |
|          | 13.86   |
|          | 13.74   |
|          | 13.9    |
|          | 13.8    |
|          | 13.5    |
|          | 13.26   |
|          | 13.15   |
| 11/30/07 | 13.3    |



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Fund Snapshot

|                                                     |          |
|-----------------------------------------------------|----------|
| Common Share Price                                  | \$13.30  |
| Common Share<br>Net Asset Value                     | \$14.79  |
| Premium/(Discount) to NAV                           | -10.07%  |
| Market Yield                                        | 4.65%    |
| Taxable-Equivalent Yield <sup>2</sup>               | 7.02%    |
| Net Assets Applicable to<br>Common Shares (\$000)   | \$55,470 |
| Average Effective Maturity<br>on Securities (Years) | 13.50    |
| Leverage-Adjusted Duration                          | 8.10     |

Average Annual Total Return  
(Inception 11/15/01)

|                         | On Share Price | On NAV |
|-------------------------|----------------|--------|
| 6-Month<br>(Cumulative) | -12.21%        | 2.43%  |
| 1-Year                  | -6.40%         | 1.60%  |
| 5-Year                  | 3.47%          | 6.02%  |
| Since<br>Inception      | 3.60%          | 6.34%  |

Industries  
(as a % of total investments)

|                                      |       |
|--------------------------------------|-------|
| Tax Obligation/Limited               | 21.9% |
| Health Care                          | 15.4% |
| Water and Sewer                      | 13.2% |
| Education and Civic<br>Organizations | 10.2% |
| Transportation                       | 10.2% |
| U.S. Guaranteed                      | 9.8%  |
| Utilities                            | 8.7%  |
| Other                                | 10.6% |

1 The percentage of AAA ratings shown in the foregoing chart reflects the AAA ratings on certain bonds insured by AMBAC, FGIC or MBIA as of November 30,

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2007. As explained earlier in the Portfolio Manager's Comments section of this report, one rating agency has reduced the rating for AMBAC to AA, and one or more rating agencies have placed each of these insurers on "negative credit watch", which may presage one or more rating reductions for such insurer or insurers in the future. If one or more insurers' ratings are reduced below AAA by these rating agencies, it would likely reduce the effective rating of many of the bonds insured by that insurer or insurers, and thereby reduce the percentage of the portfolio rated AAA from the percentage shown in the foregoing chart.

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

14

NII  
Performance  
OVERVIEW

Nuveen North Carolina  
Dividend Advantage  
Municipal Fund 3

as of November 30, 2007

Pie Chart:  
Credit Quality (as a % of total investments)<sup>1</sup>  
AAA/U.S

|            |     |
|------------|-----|
| Guaranteed | 81% |
| AA         | 12% |
| A          | 3%  |
| BBB        | 3%  |
| N/R        | 1%  |

Bar Chart:  
Monthly Tax-Free Dividends Per Share -- 2006-2007

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

Line Chart:  
Share Price Performance -- Weekly Closing Price

|          |         |
|----------|---------|
| 12/01/06 | 14.2401 |
|          | 14.49   |

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14.14  
 13.99  
 14.05  
 14.3799  
 14.2  
 14.21  
 14.23  
 14.24  
 14.36  
 14.24  
 14.1801  
 14.48  
 14.35  
 14.28  
 14.77  
 14.78  
 15  
 14.68  
 15.2  
 14.65  
 14.94  
 14.81  
 14.8  
 14.6  
 14.8  
 14.42  
 14.35  
 14.31  
 14.26  
 14.3101  
 14.26  
 14.11  
 14.1  
 14.35  
 14.15  
 13.95  
 13.73  
 14.05  
 13.9  
 14  
 13.71  
 14.2  
 14.08  
 13.8199  
 13.8299  
 13.8  
 13.73  
 14  
 12.95  
 12.898  
 13.21

11/30/07

Fund Snapshot

|                                 |         |
|---------------------------------|---------|
| Common Share Price              | \$13.21 |
| Common Share<br>Net Asset Value | \$14.37 |
| Premium/(Discount) to NAV       | -8.07%  |

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|                                                     |          |
|-----------------------------------------------------|----------|
| Market Yield                                        | 4.95%    |
| Taxable-Equivalent Yield <sup>2</sup>               | 7.48%    |
| Net Assets Applicable to<br>Common Shares (\$000)   | \$56,518 |
| Average Effective Maturity<br>on Securities (Years) | 14.26    |
| Leverage-Adjusted Duration                          | 7.75     |

Average Annual Total Return  
(Inception 9/25/02)

|                         | On Share Price | On NAV |
|-------------------------|----------------|--------|
| 6-Month<br>(Cumulative) | -7.64%         | 2.25%  |
| 1-Year                  | -2.59%         | 1.80%  |
| 5-Year                  | 3.12%          | 6.05%  |
| Since<br>Inception      | 2.56%          | 5.23%  |

Industries  
(as a % of total investments)

|                        |       |
|------------------------|-------|
| Tax Obligation/Limited | 20.8% |
| Water and Sewer        | 20.3% |
| Tax Obligation/General | 13.6% |
| U.S. Guaranteed        | 13.4% |
| Utilities              | 10.1% |
| Health Care            | 6.0%  |
| Transportation         | 5.8%  |
| Other                  | 10.0% |

1 The percentage of AAA ratings shown in the foregoing chart reflects the AAA ratings on certain bonds insured by AMBAC, FGIC or MBIA as of November 30, 2007. As explained earlier in the Portfolio Manager's Comments section of this report, one rating agency has reduced the rating for AMBAC to AA, and one or more rating agencies have placed each of these insurers on "negative credit watch", which may presage one or more rating reductions for such insurer or insurers in the future. If one or more insurers' ratings are reduced below AAA by these rating agencies, it would likely reduce the effective rating of many of the bonds insured by that insurer or insurers, and thereby reduce the percentage of the portfolio rated AAA from the percentage shown in the foregoing chart.

2 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 33.8%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.

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NPG  
NZX  
NKG

Shareholder MEETING REPORT

The annual meeting of shareholders was held in the offices of Nuveen Investments on October 12, 2007.

|                                                          | NPG                                                                    |                                                          | NZX                                                                    |                                         |
|----------------------------------------------------------|------------------------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------------------------|-----------------------------------------|
|                                                          | Common and<br>MuniPreferred<br>shares voting<br>together<br>as a class | MuniPreferred<br>shares voting<br>together<br>as a class | Common and<br>MuniPreferred<br>shares voting<br>together<br>as a class | MuniPreferre<br>shares votin<br>togethe |
| -----                                                    |                                                                        |                                                          |                                                                        |                                         |
| TO APPROVE A NEW INVESTMENT<br>MANAGEMENT AGREEMENT:     |                                                                        |                                                          |                                                                        |                                         |
| For                                                      | 2,030,867                                                              | --                                                       | 1,018,900                                                              | --                                      |
| Against                                                  | 76,933                                                                 | --                                                       | 21,811                                                                 | --                                      |
| Abstain                                                  | 71,215                                                                 | --                                                       | 18,036                                                                 | --                                      |
| Broker Non-Votes                                         | 532,732                                                                | --                                                       | 367,292                                                                | --                                      |
| -----                                                    |                                                                        |                                                          |                                                                        |                                         |
| Total                                                    | 2,711,747                                                              | --                                                       | 1,426,039                                                              | --                                      |
| =====                                                    |                                                                        |                                                          |                                                                        |                                         |
| APPROVAL OF THE BOARD MEMBERS<br>WAS REACHED AS FOLLOWS: |                                                                        |                                                          |                                                                        |                                         |
| William J. Schneider                                     |                                                                        |                                                          |                                                                        |                                         |
| For                                                      | --                                                                     | 865                                                      | --                                                                     | 51                                      |
| Withhold                                                 | --                                                                     | --                                                       | --                                                                     | --                                      |
| -----                                                    |                                                                        |                                                          |                                                                        |                                         |
| Total                                                    | --                                                                     | 865                                                      | --                                                                     | 51                                      |
| =====                                                    |                                                                        |                                                          |                                                                        |                                         |
| Timothy R. Schwertfeger                                  |                                                                        |                                                          |                                                                        |                                         |
| For                                                      | --                                                                     | 865                                                      | --                                                                     | 51                                      |
| Withhold                                                 | --                                                                     | --                                                       | --                                                                     | --                                      |
| -----                                                    |                                                                        |                                                          |                                                                        |                                         |
| Total                                                    | --                                                                     | 865                                                      | --                                                                     | 51                                      |
| =====                                                    |                                                                        |                                                          |                                                                        |                                         |
| Judith M. Stockdale                                      |                                                                        |                                                          |                                                                        |                                         |
| For                                                      | 2,629,503                                                              | --                                                       | 1,374,125                                                              | --                                      |
| Withhold                                                 | 82,244                                                                 | --                                                       | 51,914                                                                 | --                                      |
| -----                                                    |                                                                        |                                                          |                                                                        |                                         |
| Total                                                    | 2,711,747                                                              | --                                                       | 1,426,039                                                              | --                                      |
| =====                                                    |                                                                        |                                                          |                                                                        |                                         |

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|                 |           |    |           |    |
|-----------------|-----------|----|-----------|----|
| Carole E. Stone |           |    |           |    |
| For             | 2,633,003 | -- | 1,377,125 | -- |
| Withhold        | 78,744    | -- | 48,914    | -- |
| Total           | 2,711,747 | -- | 1,426,039 | -- |

TO RATIFY THE SELECTION OF ERNST & YOUNG LLP  
AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING  
FIRM FOR THE CURRENT FISCAL YEAR:

|         |           |    |           |    |
|---------|-----------|----|-----------|----|
| For     | 2,676,709 | -- | 1,391,332 | -- |
| Against | 7,692     | -- | 14,314    | -- |
| Abstain | 27,346    | -- | 20,393    | -- |
| Total   | 2,711,747 | -- | 1,426,039 | -- |

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NNC  
NRB  
NNO

NNC

NRB

TO APPROVE A NEW INVESTMENT  
MANAGEMENT AGREEMENT:

|                  | Common and<br>MuniPreferred<br>shares voting<br>together<br>as a class | MuniPreferred<br>shares voting<br>together<br>as a class | Common and<br>MuniPreferred<br>shares voting<br>together<br>as a class | MuniPreferre<br>shares votin<br>togethe |
|------------------|------------------------------------------------------------------------|----------------------------------------------------------|------------------------------------------------------------------------|-----------------------------------------|
| For              | 3,727,292                                                              | --                                                       | 1,253,524                                                              | --                                      |
| Against          | 80,947                                                                 | --                                                       | 40,817                                                                 | --                                      |
| Abstain          | 129,909                                                                | --                                                       | 58,031                                                                 | --                                      |
| Broker Non-Votes | 1,257,232                                                              | --                                                       | 422,640                                                                | --                                      |
| Total            | 5,195,380                                                              | --                                                       | 1,775,012                                                              | --                                      |

APPROVAL OF THE BOARD MEMBERS  
WAS REACHED AS FOLLOWS:

|                      |    |       |    |    |
|----------------------|----|-------|----|----|
| William J. Schneider |    |       |    |    |
| For                  | -- | 1,588 | -- | 60 |
| Withhold             | -- | 3     | -- |    |
| Total                | -- | 1,591 | -- | 61 |

|                         |    |       |    |    |
|-------------------------|----|-------|----|----|
| Timothy R. Schwertfeger |    |       |    |    |
| For                     | -- | 1,588 | -- | 60 |
| Withhold                | -- | 3     | -- |    |
| Total                   | -- | 1,591 | -- | 61 |

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|                     |           |    |           |
|---------------------|-----------|----|-----------|
| Judith M. Stockdale |           |    |           |
| For                 | 5,074,598 | -- | 1,713,758 |
| Withhold            | 120,782   | -- | 61,254    |
| Total               | 5,195,380 | -- | 1,775,012 |

|                 |           |    |           |
|-----------------|-----------|----|-----------|
| Carole E. Stone |           |    |           |
| For             | 5,075,024 | -- | 1,713,764 |
| Withhold        | 120,356   | -- | 61,248    |
| Total           | 5,195,380 | -- | 1,775,012 |

TO RATIFY THE SELECTION OF ERNST & YOUNG LLP  
AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING  
FIRM FOR THE CURRENT FISCAL YEAR:

|         |           |    |           |
|---------|-----------|----|-----------|
| For     | 5,080,640 | -- | 1,739,123 |
| Against | 39,984    | -- | 16,964    |
| Abstain | 74,756    | -- | 18,925    |
| Total   | 5,195,380 | -- | 1,775,012 |

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NII

Shareholder MEETING REPORT (continued)

TO APPROVE A NEW INVESTMENT  
MANAGEMENT AGREEMENT:

|                  |  |  |  |
|------------------|--|--|--|
| For              |  |  |  |
| Against          |  |  |  |
| Abstain          |  |  |  |
| Broker Non-Votes |  |  |  |
| Total            |  |  |  |

APPROVAL OF THE BOARD MEMBERS  
WAS REACHED AS FOLLOWS:

|                      |  |  |  |
|----------------------|--|--|--|
| William J. Schneider |  |  |  |
| For                  |  |  |  |
| Withhold             |  |  |  |
| Total                |  |  |  |

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Timothy R. Schwertfeger  
 For  
 Withhold

-----  
 Total  
 =====

Judith M. Stockdale  
 For  
 Withhold

-----  
 Total  
 =====

Carole E. Stone  
 For  
 Withhold

-----  
 Total  
 =====

TO RATIFY THE SELECTION OF ERNST & YOUNG LLP  
 AS THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING  
 FIRM FOR THE CURRENT FISCAL YEAR:

For  
 Against  
 Abstain

-----  
 Total  
 =====

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NPG  
 Nuveen Georgia Premium Income Municipal Fund  
 Portfolio of INVESTMENTS

November 30, 2007 (Unaudited)

| PRINCIPAL<br>AMOUNT (000)                                              | DESCRIPTION (1)                                                                                                                                                                                        | OPTIONAL C<br>PROVISIONS |
|------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| CONSUMER STAPLES - 1.8% (1.2% OF TOTAL INVESTMENTS)                    |                                                                                                                                                                                                        |                          |
| \$ 1,000                                                               | Puerto Rico, The Children's Trust Fund, Tobacco Settlement<br>Asset-Backed Refunding Bonds, Series 2002, 5.500%, 5/15/39                                                                               | 5/12 at 100              |
| EDUCATION AND CIVIC ORGANIZATIONS - 16.2% (10.8% OF TOTAL INVESTMENTS) |                                                                                                                                                                                                        |                          |
| 1,000                                                                  | Athens-Clarke County Unified Government Development Authority,<br>Georgia, Educational Facilities Revenue Bonds, UGAREF CCRC<br>Building LLC Project, Series 2002, 5.000%, 12/15/16 -<br>AMBAC Insured | 12/12 at 100             |
| 1,550                                                                  | Bulloch County Development Authority, Georgia, Student Housing<br>and Athletic Facility Lease Revenue Bonds, Georgia Southern<br>University, Series 2004, 5.250%, 8/01/21 - XLCA Insured               | 8/14 at 100              |



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|       |                                                                                                                                                                              |              |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 700   | Carrollton Payroll Development Authority, Georgia, Student Housing Revenue Bonds, University of West Georgia, Series 2004A, 5.000%, 9/01/21 - XLCA Insured                   | 9/14 at 100  |
| 1,535 | Fulton County Development Authority, Georgia, Revenue Bonds, Georgia Tech Molecular Science Building, Series 2004, 5.250%, 5/01/15 - MBIA Insured                            | 5/14 at 100  |
| 1,180 | Savannah Economic Development Authority, Georgia, Revenue Bonds, Armstrong Atlantic State University, Compass Point LLC Project, Series 2005, 5.000%, 7/01/25 - XLCA Insured | 7/15 at 100  |
| 1,500 | Savannah Economic Development Authority, Georgia, Revenue Bonds, Armstrong Center LLC, Series 2005A, 5.000%, 12/01/34 - XLCA Insured                                         | 12/15 at 100 |
|       | South Regional Joint Development Authority, Georgia, Revenue Bonds, Valdosta State University Parking and Health, Series 2007:                                               |              |
| 355   | 4.250%, 8/01/25 (WI/DD, Settling 12/19/07) - XLCA Insured                                                                                                                    | 2/18 at 100  |
| 375   | 4.500%, 8/01/26 (WI/DD, Settling 12/19/07) - XLCA Insured                                                                                                                    | 2/18 at 100  |
| 400   | 4.500%, 8/01/27 (WI/DD, Settling 12/19/07) - XLCA Insured                                                                                                                    | 2/18 at 100  |
| ----- |                                                                                                                                                                              |              |
| 8,595 | Total Education and Civic Organizations                                                                                                                                      |              |
| ----- |                                                                                                                                                                              |              |

HEALTH CARE - 25.0% (16.7% OF TOTAL INVESTMENTS)

|       |                                                                                                                                                                         |              |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 2,300 | Chatham County Hospital Authority, Savannah, Georgia, Hospital Revenue Improvement Bonds, Memorial Health University Medical Center Inc., Series 2001A, 6.125%, 1/01/24 | 7/11 at 101  |
| 500   | Clark County Hospital Authority, Georgia, Hospital Revenue Bonds, Athens Regional Medical Center, Series 2007, 5.000%, 1/01/27 - MBIA Insured                           | 1/17 at 100  |
| 2,000 | Clarke County Hospital Authority, Georgia, Hospital Revenue Certificates, Athens Regional Medical Center, Series 2002, 5.125%, 1/01/32 - MBIA Insured                   | 1/12 at 101  |
| 900   | Coffee County Hospital Authority, Georgia, Revenue Bonds, Coffee County Regional Medical Center, Series 2004, 5.250%, 12/01/22                                          | 12/14 at 100 |
| 3,000 | Floyd County Hospital Authority, Georgia, Revenue Anticipation Certificates, Floyd Medical Center Project, Series 2002, 5.200%, 7/01/32 - MBIA Insured                  | 7/12 at 101  |
| 1,090 | Floyd County Hospital Authority, Georgia, Revenue Anticipation Certificates, Floyd Medical Center, Series 2003, 5.000%, 7/01/19 - MBIA Insured                          | 7/13 at 101  |
| 1,060 | Henry County Hospital Authority, Georgia, Revenue Certificates, Henry Medical Center, Series 2004, 5.000%, 7/01/20 - MBIA Insured                                       | 7/14 at 101  |
| 900   | Houston County Hospital Authority, Georgia, Revenue Bonds, Houston Healthcare Project, Series 2007, 5.250%, 10/01/35                                                    | 10/17 at 100 |

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|       |                                                                                                                                            |             |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 1,000 | Savannah Hospital Authority, Georgia, Revenue Bonds,<br>St. Joseph's/Candler Health System, Series 2003,<br>5.250%, 7/01/23 - RAAI Insured | 1/14 at 100 |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------|-------------|

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NPG  
Nuveen Georgia Premium Income Municipal Fund (continued)  
Portfolio of INVESTMENTS November 30, (2007) (Unaudited)

| PRINCIPAL<br>AMOUNT (000)                                | DESCRIPTION (1)                                                                                                                                                                     | OPTIONAL C<br>PROVISIONS |
|----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| HEALTH CARE (continued)                                  |                                                                                                                                                                                     |                          |
| \$ 750                                                   | Valdosta and Lowndes County Hospital Authority, Georgia,<br>Revenue Certificates, South Georgia Medical Center,<br>Series 2007, 5.000%, 10/01/33                                    | 10/17 at 100             |
| 13,500 Total Health Care                                 |                                                                                                                                                                                     |                          |
| HOUSING/MULTIFAMILY - 1.9% (1.3% OF TOTAL INVESTMENTS)   |                                                                                                                                                                                     |                          |
| 1,000                                                    | Cobb County Development Authority, Georgia, Student Housing<br>Revenue Bonds, KSU Village II Real Estate Foundation LLC<br>Project, Series 2007A, 5.250%, 7/15/38 - AMBAC Insured   | 7/17 at 100              |
| HOUSING/SINGLE FAMILY - 1.6% (1.1% OF TOTAL INVESTMENTS) |                                                                                                                                                                                     |                          |
| 900                                                      | Georgia Housing and Finance Authority, Single Family Mortgage<br>Bonds, Series 2002B-2, 5.350%, 12/01/22<br>(Alternative Minimum Tax)                                               | 12/11 at 100             |
| INDUSTRIALS - 0.9% (0.7% OF TOTAL INVESTMENTS)           |                                                                                                                                                                                     |                          |
| 500                                                      | Savannah Economic Development Authority, Georgia, Revenue<br>Bonds, GTREP Project, Series 2002, 5.000%, 7/01/22 -<br>MBIA Insured                                                   | 7/12 at 100              |
| MATERIALS - 3.2% (2.1% OF TOTAL INVESTMENTS)             |                                                                                                                                                                                     |                          |
| 750                                                      | Effingham County Industrial Development Authority, Georgia,<br>Pollution Control Revenue Refunding Bonds, Georgia-Pacific<br>Project, Series 2001, 6.500%, 6/01/31                  | 6/11 at 101              |
| 1,000                                                    | Richmond County Development Authority, Georgia, Environmental<br>Improvement Revenue Bonds, International Paper Company,<br>Series 2001A, 6.250%, 2/01/25 (Alternative Minimum Tax) | 2/11 at 101              |

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1,750 Total Materials

TAX OBLIGATION/GENERAL - 16.4% (11.0% OF TOTAL INVESTMENTS)

|       |                                                                                                                                                                                                                  |             |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 540   | Cherokee County Resource Recovery Development Authority, Georgia, Solid Waste Disposal Revenue Bonds, Ball Ground Recycling LLC Project, Series 2007A, 5.000%, 7/01/37 - AMBAC Insured (Alternative Minimum Tax) | 7/17 at 100 |
| 2,215 | Decatur, Georgia, General Obligation Bonds, Series 2007, 5.000%, 1/01/31 - FSA Insured                                                                                                                           | 1/17 at 100 |
| 100   | Georgia State, General Obligation Bonds, Series 2007, 5.000%, 8/01/24                                                                                                                                            | 8/17 at 100 |
| 1,000 | Georgia, General Obligation Bonds, Series 2002D, 5.000%, 8/01/16                                                                                                                                                 | 8/12 at 100 |
| 1,000 | Georgia, General Obligation Bonds, Series 2005B, 5.000%, 7/01/15                                                                                                                                                 | No Opt. C   |
| 2,500 | Paulding County School District, Georgia, General Obligation Bonds, Series 2007, 5.000%, 2/01/33                                                                                                                 | 2/17 at 100 |
| 800   | Puerto Rico, General Obligation Bonds, Series 2004A, 5.250%, 7/01/22                                                                                                                                             | 7/14 at 100 |
| 500   | Wayne County Hospital Authority, Georgia, Hospital Revenue Bonds, Series 2006, 5.000%, 3/01/23 - XLCA Insured                                                                                                    | 3/16 at 100 |

8,655 Total Tax Obligation/General

TAX OBLIGATION/LIMITED - 29.3% (19.6% OF TOTAL INVESTMENTS)

|       |                                                                                                                                                    |              |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 5,000 | Atlanta and Fulton County Recreation Authority, Georgia, Guaranteed Revenue Bonds, Park Improvement, Series 2005A, 5.000%, 12/01/30 - MBIA Insured | 12/15 at 100 |
| 420   | Atlanta, Georgia, Tax Allocation Bonds Atlanta Station Project, Series 2007, 5.000%, 12/01/23 - AGC Insured                                        | 12/17 at 100 |
| 2,000 | Cobb-Marietta Coliseum and Exhibit Hall Authority, Cobb County, Georgia, Revenue Bonds, Performing Arts Center, Series 2004, 5.000%, 1/01/22       | 1/14 at 100  |
| 3,475 | Cobb-Marietta Coliseum and Exhibit Hall Authority, Georgia, Revenue Refunding Bonds, Series 1993, 5.625%, 10/01/26 - MBIA Insured                  | 10/19 at 100 |
| 2,600 | Macon-Bibb County Urban Development Authority, Georgia, Revenue Refunding Bonds, Public Facilities Projects, Series 2002A, 5.375%, 8/01/17         | 8/12 at 101  |

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| AMOUNT (000)                                             | DESCRIPTION (1)                                                                                                                                                                         | PROVISIONS   |
|----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| TAX OBLIGATION/LIMITED (continued)                       |                                                                                                                                                                                         |              |
| \$ 1,000                                                 | Metropolitan Atlanta Rapid Transit Authority, Georgia, Sales Tax Revenue Refunding Bonds, Series 1992P, 6.250%, 7/01/20 - AMBAC Insured                                                 | No Opt. C    |
| 500                                                      | Puerto Rico Infrastructure Financing Authority, Special Tax Revenue Bonds, Series 2005B, 5.000%, 7/01/41                                                                                | 7/15 at 100  |
| 14,995                                                   | Total Tax Obligation/Limited                                                                                                                                                            |              |
| TRANSPORTATION - 4.3% (2.8% 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 - 25.3% (16.9% OF TOTAL INVESTMENTS) (4) |                                                                                                                                                                                         |              |
| 1,500                                                    | Augusta, Georgia, Water and Sewerage Revenue Bonds, Series 2002, 5.000%, 10/01/17 (Pre-refunded 10/01/12) - FSA Insured                                                                 | 10/12 at 100 |
| 735                                                      | Coweta County Development Authority, Georgia, Revenue Bonds, Newnan Water and Sewer, and Light Commission Project, Series 2002, 5.250%, 1/01/18 (Pre-refunded 1/01/13) - FGIC Insured   | 1/13 at 100  |
| 3,165                                                    | Coweta County Water and Sewer Authority, Georgia, Revenue Bonds, Series 2001, 5.250%, 6/01/26 (Pre-refunded 6/01/11)                                                                    | 6/11 at 102  |
| 1,000                                                    | DeKalb County, Georgia, Water and Sewerage Revenue Bonds, Series 2000, 5.125%, 10/01/31 (Pre-refunded 10/01/10) - MBIA Insured                                                          | 10/10 at 101 |
| 1,000                                                    | Fairburn, Georgia, Combined Utility Revenue Bonds, Series 2000, 5.750%, 10/01/20 (Pre-refunded 10/01/10)                                                                                | 10/10 at 101 |
| 1,750                                                    | Gainesville and Hall County Hospital Authority, Georgia, Revenue Anticipation Certificates, Northeast Georgia Health Services Inc., Series 2001, 5.500%, 5/15/31 (Pre-refunded 5/15/11) | 5/11 at 100  |
| 85                                                       | Georgia Municipal Electric Authority, Project One Special Obligation Bonds, Fifth Crossover Series 1998Y: 6.400%, 1/01/09 (ETM)                                                         | No Opt. C    |
| 10                                                       | 6.400%, 1/01/09 (ETM)                                                                                                                                                                   | No Opt. C    |
| 25                                                       | Georgia Municipal Electric Authority, Senior Lien General Power Revenue Bonds, Series 1993Z, 5.500%, 1/01/20 (Pre-refunded 1/01/17) - FGIC Insured                                      | 1/17 at 100  |
| 3,750                                                    | Gwinnett County Hospital Authority, Georgia, Revenue Anticipation Certificates, Gwinnett Hospital System Inc. Project, Series 1997B, 5.300%, 9/01/27 (Pre-refunded 2/14/12) -           | 2/12 at 102  |

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MBIA Insured

|                                               |                                                                                                                                    |             |
|-----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 13,020                                        | Total U.S. Guaranteed                                                                                                              |             |
| -----                                         |                                                                                                                                    |             |
| UTILITIES - 10.9% (7.3% OF TOTAL INVESTMENTS) |                                                                                                                                    |             |
| 1,000                                         | Georgia Municipal Electric Authority, General Power Revenue Bonds, Project 1, Series 2007A, 5.000%, 1/01/25 - MBIA Insured         | 1/17 at 100 |
| 1,655                                         | Georgia Municipal Electric Authority, Project One Special Obligation Bonds, Fifth Crossover Series 1998Y, 6.400%, 1/01/09          | No Opt. C   |
| 975                                           | Georgia Municipal Electric Authority, Senior Lien General Power Revenue Bonds, Series 1993Z, 5.500%, 1/01/20 - FGIC Insured        | No Opt. C   |
| 1,000                                         | Municipal Electric Authority of Georgia, Project One Subordinated Lien Revenue Bonds, Series 2003A, 5.000%, 1/01/22 - MBIA Insured | 1/13 at 100 |
| 1,200                                         | Virgin Islands Water and Power Authority, Electric System Revenue Bonds, Series 2007B, 5.000%, 7/01/31                             | 7/17 at 100 |
| 5,830                                         | Total Utilities                                                                                                                    |             |
| -----                                         |                                                                                                                                    |             |

WATER AND SEWER - 12.8% (8.5% OF TOTAL INVESTMENTS)

|                                                                    |                                |              |
|--------------------------------------------------------------------|--------------------------------|--------------|
| Atlanta, Georgia, Water and Wastewater Revenue Bonds, Series 2004: |                                |              |
| 1,225                                                              | 5.000%, 11/01/24 - FSA Insured | 11/14 at 100 |
| 500                                                                | 5.000%, 11/01/37 - FSA Insured | 11/14 at 100 |

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NPG  
 Nuveen Georgia Premium Income Municipal Fund (continued)  
 Portfolio of INVESTMENTS November 30, (2007) (Unaudited)

| PRINCIPAL AMOUNT (000)      | DESCRIPTION (1)                                                                                                                            | OPTIONAL C PROVISIONS |
|-----------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| -----                       |                                                                                                                                            |                       |
| WATER AND SEWER (continued) |                                                                                                                                            |                       |
| \$ 335                      | Coweta County Water and Sewer Authority, Georgia, Revenue Bonds, Series 2001, 5.250%, 6/01/26                                              | 6/11 at 102           |
| 890                         | Douglasville-Douglas County Water and Sewer Authority, Georgia, Water and Sewer Revenue Bonds, Series 2007, 5.000%, 6/01/37 - MBIA Insured | 6/17 at 100           |
| 750                         | Forsyth County Water and Sewerage Authority, Georgia, Revenue Bonds, Series 2007, 5.000%, 4/01/37 - FSA Insured                            | 4/17 at 100           |

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|       |        |                                                                                                               |             |
|-------|--------|---------------------------------------------------------------------------------------------------------------|-------------|
|       | 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   |
| ----- |        |                                                                                                               |             |
|       | 6,650  | Total Water and Sewer                                                                                         |             |
| ----- |        |                                                                                                               |             |
| \$    | 78,685 | Total Investments (cost \$80,098,516) - 149.6%                                                                |             |
| ===== |        |                                                                                                               |             |
|       |        | Other Assets Less Liabilities - 0.4%                                                                          |             |
| ----- |        |                                                                                                               |             |
|       |        | Preferred Shares, at Liquidation Value - (50.0)%                                                              |             |
| ----- |        |                                                                                                               |             |
|       |        | Net Assets Applicable to Common Shares - 100%                                                                 |             |
| ===== |        |                                                                                                               |             |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
  - (2) Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
  - (3) Ratings: Using the higher of Standard & Poor's Group ("Standard & Poor's") or Moody's Investor Service, Inc. ("Moody's") rating. Ratings below BBB by Standard & Poor's or Baa by Moody's are considered to be below investment grade.  
  

The AAA ratings shown in the Portfolio of Investments reflects the AAA ratings on certain bonds insured by AMBAC, FGIC or MBIA as of November 30, 2007. As explained earlier in the Portfolio Manager's Comments section of this report, one rating agency has reduced the rating for AMBAC to AA, and one or more rating agencies have placed each of these insurers on "negative credit watch", which may presage one or more rating reductions for such insurer or insurers in the future. If one or more insurers' ratings are reduced below AAA by these rating agencies, it would likely reduce the effective rating of many of the bonds insured by that insurer or insurers.
  - (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
- WI/DD Purchased on a when-issued or delayed delivery basis.
- (ETM) Escrowed to maturity.

See accompanying notes to financial statements.

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NZX  
 Nuveen Georgia Dividend Advantage Municipal Fund  
 Portfolio of INVESTMENTS

November 30, 2007 (Unaudited)

| PRINCIPAL<br>AMOUNT (000)                                              | DESCRIPTION (1)                                                                                                                                                                    | OPTIONAL C<br>PROVISIONS |
|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| -----                                                                  |                                                                                                                                                                                    |                          |
| EDUCATION AND CIVIC ORGANIZATIONS - 24.7% (16.4% OF TOTAL INVESTMENTS) |                                                                                                                                                                                    |                          |
| \$ 1,000                                                               | Athens Housing Authority, Georgia, Student Housing Lease Revenue Bonds, UGAREF East Campus Housing LLC Project, Series 2002, 5.250%, 12/01/21 - AMBAC Insured                      | 12/12 at 100             |
| 1,475                                                                  | Bulloch County Development Authority, Georgia, Student Housing and Athletic Facility Lease Revenue Bonds, Georgia Southern University, Series 2004, 5.250%, 8/01/20 - XLCA Insured | 8/14 at 100              |
| 1,620                                                                  | Bulloch County Development Authority, Georgia, Student Housing Lease Revenue Bonds, Georgia Southern University, Series 2002, 5.000%, 8/01/20 - AMBAC Insured                      | 8/12 at 100              |
| 500                                                                    | Carrollton Payroll Development Authority, Georgia, Student Housing Revenue Bonds, University of West Georgia, Series 2004A, 5.000%, 9/01/21 - XLCA Insured                         | 9/14 at 100              |
| 1,000                                                                  | Fulton County Development Authority, Georgia, Revenue Bonds, Georgia Tech Athletic Association, Series 2001, 5.000%, 10/01/20 - AMBAC Insured                                      | 4/12 at 100              |
| 200                                                                    | Gainesville Redevelopment Authority, Georgia, Educational Facilities Revenue Bonds, Riverside Military Academy Project, Series 2007, 5.125%, 3/01/37                               | 3/17 at 100              |
| 500                                                                    | Savannah Economic Development Authority, Georgia, Revenue Bonds, Armstrong Center LLC, Series 2005A, 5.000%, 12/01/34 - XLCA Insured                                               | 12/15 at 100             |
|                                                                        | South Regional Joint Development Authority, Georgia, Revenue Bonds, Valdosta State University Parking and Health, Series 2007:                                                     |                          |
| 195                                                                    | 4.250%, 8/01/25 (WI/DD, Settling 12/19/07) - XLCA Insured                                                                                                                          | 2/18 at 100              |
| 210                                                                    | 4.500%, 8/01/26 (WI/DD, Settling 12/19/07) - XLCA Insured                                                                                                                          | 2/18 at 100              |
| 220                                                                    | 4.500%, 8/01/27 (WI/DD, Settling 12/19/07) - XLCA Insured                                                                                                                          | 2/18 at 100              |
| -----                                                                  |                                                                                                                                                                                    |                          |
| 6,920                                                                  | Total Education and Civic Organizations                                                                                                                                            |                          |
| -----                                                                  |                                                                                                                                                                                    |                          |
| ENERGY - 2.1% (1.4% OF TOTAL INVESTMENTS)                              |                                                                                                                                                                                    |                          |
| 650                                                                    | Virgin Islands Public Finance Authority, Revenue Bonds, Refinery Project Hovensa LLC, Series 2007, 4.700%, 7/01/22 (Alternative Minimum Tax)                                       | 1/15 at 100              |
| -----                                                                  |                                                                                                                                                                                    |                          |

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HEALTH CARE - 24.7% (16.4% OF TOTAL INVESTMENTS)

|       |                                                                                                                                                                               |              |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 150   | Baldwin County Hospital Authority, Georgia, Revenue Bonds,<br>Oconee Regional Medical Center, Series 1997, 5.250%, 12/01/12                                                   | 12/07 at 102 |
| 190   | Baldwin County Hospital Authority, Georgia, Revenue Bonds,<br>Oconee Regional Medical Center, Series 1998, 5.375%, 12/01/28                                                   | 12/08 at 102 |
| 440   | Chatham County Hospital Authority, Savannah, Georgia, Hospital<br>Revenue Improvement Bonds, Memorial Health University<br>Medical Center Inc., Series 2001A, 6.125%, 1/01/24 | 7/11 at 101  |
| 500   | Clark County Hospital Authority, Georgia, Hospital Revenue<br>Bonds, Athens Regional Medical Center, Series 2007,<br>5.000%, 1/01/27 - MBIA Insured                           | 1/17 at 100  |
| 1,000 | Clarke County Hospital Authority, Georgia, Hospital Revenue<br>Certificates, Athens Regional Medical Center, Series 2002,<br>5.375%, 1/01/19 - MBIA Insured                   | 1/12 at 101  |
| 500   | Coffee County Hospital Authority, Georgia, Revenue Bonds,<br>Coffee County Regional Medical Center, Series 2004,<br>5.250%, 12/01/22                                          | 12/14 at 100 |
| 500   | Henry County Hospital Authority, Georgia, Revenue Certificates,<br>Henry Medical Center, Series 2004, 5.000%, 7/01/20 -<br>MBIA Insured                                       | 7/14 at 101  |
| 500   | Houston County Hospital Authority, Georgia, Revenue Bonds,<br>Houston Healthcare Project, Series 2007, 5.250%, 10/01/35                                                       | 10/17 at 100 |

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NZX

Nuveen Georgia Dividend Advantage Municipal Fund (continued)  
Portfolio of INVESTMENTS November 30, (2007) (Unaudited)

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)                                                                                                                                                  | OPTIONAL C<br>PROVISIONS |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| -----                     |                                                                                                                                                                  |                          |
|                           | HEALTH CARE (continued)                                                                                                                                          |                          |
| \$ 500                    | Savannah Hospital Authority, Georgia, Revenue Bonds,<br>St. Joseph's/Candler Health System, Series 2003,<br>5.250%, 7/01/23 - RAAI Insured                       | 1/14 at 100              |
| 2,000                     | Valdosta and Lowndes County Hospital Authority, Georgia,<br>Revenue Certificates, South Georgia Medical Center,<br>Series 2002, 5.250%, 10/01/27 - AMBAC Insured | 10/12 at 101             |
| 750                       | Valdosta and Lowndes County Hospital Authority, Georgia,<br>Revenue Certificates, South Georgia Medical Center,<br>Series 2007, 5.000%, 10/01/33                 | 10/17 at 100             |
| -----                     |                                                                                                                                                                  |                          |
| 7,030                     | Total Health Care                                                                                                                                                |                          |
| -----                     |                                                                                                                                                                  |                          |



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HOUSING/MULTIFAMILY - 1.2% (0.9% OF TOTAL INVESTMENTS)

|     |                                                                                                                                                                             |             |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 350 | Cobb County Development Authority, Georgia, Student Housing Revenue Bonds, KSU Village II Real Estate Foundation LLC Project, Series 2007A, 5.250%, 7/15/38 - AMBAC Insured | 7/17 at 100 |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|

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HOUSING/SINGLE FAMILY - 12.6% (8.3% OF TOTAL INVESTMENTS)

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

---

|       |                             |  |
|-------|-----------------------------|--|
| 3,650 | Total Housing/Single Family |  |
|-------|-----------------------------|--|

---

INDUSTRIALS - 6.3% (4.2% 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<br>(Alternative Minimum Tax) | 2/12 at 100 |
| 750   | Savannah Economic Development Authority, Georgia, Revenue Bonds, GTREP Project, Series 2002, 5.000%, 7/01/19 - MBIA Insured                                                                       | 7/12 at 100 |

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|       |                   |  |
|-------|-------------------|--|
| 1,750 | Total Industrials |  |
|-------|-------------------|--|

---

LONG-TERM CARE - 2.4% (1.6% OF TOTAL INVESTMENTS)

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

---

|     |                      |  |
|-----|----------------------|--|
| 750 | Total Long-Term Care |  |
|-----|----------------------|--|

---

MATERIALS - 2.2% (1.4% OF TOTAL INVESTMENTS)

|    |                                                                                                                       |              |
|----|-----------------------------------------------------------------------------------------------------------------------|--------------|
| 20 | Richmond County Development Authority, Georgia, Environmental Improvement Revenue Bonds, International Paper Company, | 11/13 at 100 |
|----|-----------------------------------------------------------------------------------------------------------------------|--------------|

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Series 2003A, 5.750%, 11/01/27 (Alternative Minimum Tax)

|     |                                                                                                                                                                                         |             |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 600 | Richmond County Development Authority, Georgia, Environmental Improvement Revenue Refunding Bonds, International Paper Company, Series 2002A, 6.000%, 2/01/25 (Alternative Minimum Tax) | 2/12 at 100 |
|-----|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|

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|     |                 |  |
|-----|-----------------|--|
| 620 | Total Materials |  |
|-----|-----------------|--|

---

TAX OBLIGATION/GENERAL - 10.7% (7.1% OF TOTAL INVESTMENTS)

|     |                                                                                                                                                                                                                  |             |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 360 | Cherokee County Resource Recovery Development Authority, Georgia, Solid Waste Disposal Revenue Bonds, Ball Ground Recycling LLC Project, Series 2007A, 5.000%, 7/01/37 - AMBAC Insured (Alternative Minimum Tax) | 7/17 at 100 |
| 200 | Decatur, Georgia, General Obligation Bonds, Series 2007, 5.000%, 1/01/31 - FSA Insured                                                                                                                           | 1/17 at 100 |
| 700 | Georgia State, General Obligation Bonds, Series 2007, 5.000%, 8/01/24                                                                                                                                            | 8/17 at 100 |
| 500 | Georgia, General Obligation Bonds, Series 2005B, 5.000%, 7/01/15                                                                                                                                                 | No Opt. C   |

24

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

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TAX OBLIGATION/GENERAL (continued)

|        |                                                                                                  |             |
|--------|--------------------------------------------------------------------------------------------------|-------------|
| \$ 600 | Paulding County School District, Georgia, General Obligation Bonds, Series 2007, 5.000%, 2/01/33 | 2/17 at 100 |
| 595    | Puerto Rico, General Obligation Bonds, Series 2004A, 5.250%, 7/01/22                             | 7/14 at 100 |

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|       |                              |  |
|-------|------------------------------|--|
| 2,955 | Total Tax Obligation/General |  |
|-------|------------------------------|--|

---

TAX OBLIGATION/LIMITED - 7.4% (4.9% OF TOTAL INVESTMENTS)

|       |                                                                                                                                            |              |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 40    | Atlanta, Georgia, Tax Allocation Bonds Atlanta Station Project, Series 2007, 5.000%, 12/01/23 - AGC Insured                                | 12/17 at 100 |
| 250   | Atlanta, Georgia, Tax Allocation Bonds, Eastside Project, Series 2005B, 5.400%, 1/01/20                                                    | 7/15 at 100  |
| 250   | Atlanta, Georgia, Tax Allocation Bonds, Princeton Lakes Project, Series 2006, 5.500%, 1/01/31                                              | 1/16 at 100  |
| 1,525 | Macon-Bibb County Urban Development Authority, Georgia, Revenue Refunding Bonds, Public Facilities Projects, Series 2002A, 5.000%, 8/01/14 | 8/12 at 100  |

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|       |                              |  |
|-------|------------------------------|--|
| 2,065 | Total Tax Obligation/Limited |  |
|-------|------------------------------|--|

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TRANSPORTATION - 3.6% (2.4% OF TOTAL INVESTMENTS)

|       |                                                                                                         |             |
|-------|---------------------------------------------------------------------------------------------------------|-------------|
| 1,000 | Atlanta, Georgia, Airport General Revenue Refunding Bonds, Series 2000A, 5.400%, 1/01/15 - FGIC Insured | 1/10 at 101 |
|-------|---------------------------------------------------------------------------------------------------------|-------------|

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U.S. GUARANTEED - 35.2% (23.3% OF TOTAL INVESTMENTS) (4)

|       |                                                                                                                                                                                            |              |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 565   | Augusta, Georgia, Water and Sewerage Revenue Bonds, Series 2002, 5.000%, 10/01/16 (Pre-refunded 10/01/12) - FSA Insured                                                                    | 10/12 at 100 |
| 1,500 | Coweta County Development Authority, Georgia, Revenue Bonds, Newnan Water and Sewer, and Light Commission Project, Series 2002, 5.250%, 1/01/18 (Pre-refunded 1/01/13) - FGIC Insured      | 1/13 at 100  |
| 1,250 | Gainesville and Hall County Hospital Authority, Georgia, Revenue Anticipation Certificates, Northeast Georgia Health Services Inc., Series 2001, 5.500%, 5/15/31 (Pre-refunded 5/15/11)    | 5/11 at 100  |
| 830   | Georgia, General Obligation Bonds, Series 2002D, 5.000%, 8/01/18 (Pre-refunded 8/01/12)                                                                                                    | 8/12 at 100  |
| 1,900 | Gwinnett County Hospital Authority, Georgia, Revenue Anticipation Certificates, Gwinnett Hospital System Inc. Project, Series 1997B, 5.300%, 9/01/27 (Pre-refunded 2/14/12) - MBIA Insured | 2/12 at 102  |
| 1,200 | Private Colleges and Universities Authority, Georgia, Revenue Bonds, Mercer University, Series 2001, 5.750%, 10/01/31 (Pre-refunded 10/01/11)                                              | 10/11 at 102 |
| 1,000 | Rockdale County Water and Sewerage Authority, Georgia, Revenue Bonds, Series 1999A, 5.375%, 7/01/29 (Pre-refunded 1/01/10) - MBIA Insured                                                  | 1/10 at 101  |
| 1,200 | Summerville, Georgia, Combined Public Utility System Revenue Refunding and Improvement Bonds, Series 2002, 5.750%, 1/01/26 (Pre-refunded 1/01/12)                                          | 1/12 at 101  |

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|       |                       |  |
|-------|-----------------------|--|
| 9,445 | Total U.S. Guaranteed |  |
|-------|-----------------------|--|

---

UTILITIES - 1.9% (1.3% OF TOTAL INVESTMENTS)

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

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WATER AND SEWER - 15.7% (10.4% 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 |
| 890   | Douglasville-Douglas County Water and Sewer Authority, Georgia, Water and Sewer Revenue Bonds, Series 2007, 5.000%, 6/01/37 - MBIA Insured | 6/17 at 100  |

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NZX

Nuveen Georgia Dividend Advantage Municipal Fund (continued)  
Portfolio of INVESTMENTS November 30, (2007) (Unaudited)

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)                                                                                                 | OPTIONAL C<br>PROVISIONS |
|---------------------------|-----------------------------------------------------------------------------------------------------------------|--------------------------|
| -----                     |                                                                                                                 |                          |
|                           | WATER AND SEWER (continued)                                                                                     |                          |
| \$ 375                    | Forsyth County Water and Sewerage Authority, Georgia, Revenue Bonds, Series 2007, 5.000%, 4/01/37 - FSA Insured | 4/17 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             |
| -----                     |                                                                                                                 |                          |
| 4,360                     | Total Water and Sewer                                                                                           |                          |
| -----                     |                                                                                                                 |                          |
| \$ 42,045                 | Total Investments (cost \$42,681,182) - 150.7%                                                                  |                          |
| =====                     |                                                                                                                 |                          |
|                           | Other Assets Less Liabilities - 0.8%                                                                            |                          |
| -----                     |                                                                                                                 |                          |
|                           | Preferred Shares, at Liquidation Value - (51.5)%                                                                |                          |
| -----                     |                                                                                                                 |                          |
|                           | Net Assets Applicable to Common Shares - 100%                                                                   |                          |
| =====                     |                                                                                                                 |                          |

FORWARD SWAPS OUTSTANDING AT NOVEMBER 30, 2007:

| COUNTERPARTY            | NOTIONAL<br>AMOUNT | FUND<br>PAY/RECEIVE<br>FLOATING RATE | FLOATING RATE<br>INDEX | FIXED RATE<br>(ANNUALIZED) | FIXED RATE<br>PAYMENT<br>FREQUENCY | EFF<br>D |
|-------------------------|--------------------|--------------------------------------|------------------------|----------------------------|------------------------------------|----------|
| Goldman Sachs           | \$ 400,000         | Pay                                  | 3-Month USD-LIBOR      | 5.375%                     | Semi-Annually                      | 4        |
| Royal Bank<br>of Canada | 2,200,000          | Pay                                  | SIFM                   | 4.335                      | Quarterly                          | 8        |

=====

USD-LIBOR (United States Dollar-London Inter-Bank Offered Rate)  
SIFM-The daily arithmetic average of the weekly SIFM (Securities Industry and Financial Markets) Municipal Swap Index.

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- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings: Using the higher of Standard & Poor's Group ("Standard & Poor's") or Moody's Investor Service, Inc. ("Moody's") rating. Ratings below BBB by Standard & Poor's or Baa by Moody's are considered to be below investment grade.

The AAA ratings shown in the Portfolio of Investments reflects the AAA ratings on certain bonds insured by AMBAC, FGIC or MBIA as of November 30, 2007. As explained earlier in the Portfolio Manager's Comments section of this report, one rating agency has reduced the rating for AMBAC to AA, and one or more rating agencies have placed each of these insurers on "negative credit watch", which may presage one or more rating reductions for such insurer or insurers in the future. If one or more insurers' ratings are reduced below AAA by these rating agencies, it would likely reduce the effective rating of many of the bonds insured by that insurer or insurers.

- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
- (5) Effective date represents the date on which both the Fund and counterparty commence interest payment accruals on each forward swap contract.

N/R Not rated.

WI/DD Purchased on a when-issued or delayed delivery basis.

See accompanying notes to financial statements.

NKG  
 Nuveen Georgia Dividend Advantage Municipal Fund 2  
 Portfolio of INVESTMENTS

November 30, 2007 (Unaudited)

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)                                            | OPTIONAL C<br>PROVISIONS |
|---------------------------|------------------------------------------------------------|--------------------------|
| -----                     |                                                            |                          |
|                           | CONSUMER STAPLES - 3.0% (2.0% OF TOTAL INVESTMENTS)        |                          |
| \$ 2,000                  | Puerto Rico, The Children's Trust Fund, Tobacco Settlement | 5/12 at 100              |

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Asset-Backed Refunding Bonds, Series 2002, 5.500%, 5/15/39

-----  
 EDUCATION AND CIVIC ORGANIZATIONS - 19.1% (12.7% OF TOTAL INVESTMENTS)

|       |                                                                                                                                                                                               |  |              |
|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------|
|       | Athens Housing Authority, Georgia, Student Housing Lease Revenue Bonds, UGAREF East Campus Housing LLC Project, Series 2002:                                                                  |  |              |
| 3,500 | 5.000%, 12/01/27 - AMBAC Insured                                                                                                                                                              |  | 12/12 at 100 |
| 2,500 | 5.000%, 12/01/33 - AMBAC Insured                                                                                                                                                              |  | 12/12 at 100 |
| 1,225 | Athens-Clarke County Unified Government Development Authority, Georgia, Educational Facilities Revenue Bonds, UGAREF CCRC Building LLC Project, Series 2002, 5.000%, 12/15/18 - AMBAC Insured |  | 12/12 at 100 |
| 2,000 | Fulton County Development Authority, Georgia, Revenue Bonds, Georgia Tech - Klaus Parking and Family Housing, Series 2003, 5.000%, 11/01/23 - MBIA Insured                                    |  | 11/13 at 100 |
| 1,050 | Fulton County Development Authority, Georgia, Revenue Bonds, TUFF Morehouse Project, Series 2002A, 5.000%, 2/01/34 - AMBAC Insured                                                            |  | 2/12 at 100  |
| 500   | Gainesville Redevelopment Authority, Georgia, Educational Facilities Revenue Bonds, Riverside Military Academy Project, Series 2007, 5.125%, 3/01/37                                          |  | 3/17 at 100  |
|       | South Regional Joint Development Authority, Georgia, Revenue Bonds, Valdosta State University Parking and Health, Series 2007:                                                                |  |              |
| 435   | 4.250%, 8/01/25 (WI/DD, Settling 12/19/07) - XLCA Insured                                                                                                                                     |  | 2/18 at 100  |
| 460   | 4.500%, 8/01/26 (WI/DD, Settling 12/19/07) - XLCA Insured                                                                                                                                     |  | 2/18 at 100  |
| 485   | 4.500%, 8/01/27 (WI/DD, Settling 12/19/07) - XLCA Insured                                                                                                                                     |  | 2/18 at 100  |

-----  
 12,155 Total Education and Civic Organizations  
 -----

HEALTH CARE - 23.7% (15.9% OF TOTAL INVESTMENTS)

|       |                                                                                                                                                                         |  |              |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------|
| 150   | Baldwin County Hospital Authority, Georgia, Revenue Bonds, Oconee Regional Medical Center, Series 1997, 5.250%, 12/01/12                                                |  | 12/07 at 102 |
|       | Baldwin County Hospital Authority, Georgia, Revenue Bonds, Oconee Regional Medical Center, Series 1998:                                                                 |  |              |
| 40    | 5.250%, 12/01/22                                                                                                                                                        |  | 12/08 at 102 |
| 315   | 5.375%, 12/01/28                                                                                                                                                        |  | 12/08 at 102 |
| 1,000 | Chatham County Hospital Authority, Savannah, Georgia, Hospital Revenue Bonds, Memorial Health University Medical Center Inc., Series 2004A, 5.375%, 1/01/26             |  | 1/14 at 100  |
| 240   | 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  |
|       | Coffee County Hospital Authority, Georgia, Revenue Bonds, Coffee County Regional Medical Center, Series 2004:                                                           |  |              |
| 165   | 5.000%, 12/01/19                                                                                                                                                        |  | 12/14 at 100 |
| 1,000 | 5.250%, 12/01/22                                                                                                                                                        |  | 12/14 at 100 |

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|       |                                                                                                                                                        |             |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 1,000 | 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 |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|

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NKG

Nuveen Georgia Dividend Advantage Municipal Fund 2 (continued)  
 Portfolio of INVESTMENTS November 30, (2007) (Unaudited)

| PRINCIPAL<br>AMOUNT (000)                              | DESCRIPTION (1)                                                                                                                                                                             | OPTIONAL C<br>PROVISIONS |
|--------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| HEALTH CARE (continued)                                |                                                                                                                                                                                             |                          |
| \$ 1,100                                               | Houston County Hospital Authority, Georgia, Revenue Bonds, Houston Healthcare Project, Series 2007, 5.250%, 10/01/35                                                                        | 10/17 at 100             |
| 2,260                                                  | Newnan Hospital Authority, Georgia, Revenue Anticipation Certificates, Newnan Hospital Inc., Series 2002: 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             |
| 750                                                    | Valdosta and Lowndes County Hospital Authority, Georgia, Revenue Certificates, South Georgia Medical Center, Series 2007, 5.000%, 10/01/33                                                  | 10/17 at 100             |
| 14,985 Total Health Care                               |                                                                                                                                                                                             |                          |
| HOUSING/MULTIFAMILY - 4.6% (3.1% OF TOTAL INVESTMENTS) |                                                                                                                                                                                             |                          |
| 25                                                     | Cobb County Development Authority, Georgia, Student Housing Revenue Bonds, KSU Village II Real Estate Foundation LLC Project, Series 2007A, 5.250%, 7/15/38 - AMBAC Insured                 | 7/17 at 100              |
| 500                                                    | Savannah Economic Development Authority, Georgia, GNMA Collateralized Multifamily Housing Revenue Bonds, Snap I-II-III Apartments, Series 2002A: 5.150%, 11/20/22 (Alternative Minimum Tax) | 11/12 at 102             |
| 980                                                    | 5.200%, 11/20/27 (Alternative Minimum Tax)                                                                                                                                                  | 11/12 at 102             |
| 1,465                                                  | 5.250%, 11/20/32 (Alternative Minimum Tax)                                                                                                                                                  | 11/12 at 102             |
| 2,970 Total Housing/Multifamily                        |                                                                                                                                                                                             |                          |

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HOUSING/SINGLE FAMILY - 3.9% (2.6% OF TOTAL INVESTMENTS)

|       |                                                                                                                                                 |              |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 1,700 | Georgia Housing and Finance Authority, Single Family Mortgage Bonds, Series 2002C-2, 5.100%, 12/01/22<br>(Alternative Minimum Tax)              | 12/12 at 100 |
| 170   | Georgia Housing and Finance Authority, Single Family Mortgage Bonds, Series 2006C-2, 4.550%, 12/01/31<br>(Alternative Minimum Tax)              | 12/15 at 100 |
| 660   | Georgia Housing and Finance Authority, Single Family Mortgage Resolution 1 Bonds, Series 2001B-2, 5.400%, 12/01/31<br>(Alternative Minimum Tax) | 6/11 at 100  |
| <hr/> |                                                                                                                                                 |              |
| 2,530 | Total Housing/Single Family                                                                                                                     |              |
| <hr/> |                                                                                                                                                 |              |

INDUSTRIALS - 3.0% (2.0% OF TOTAL INVESTMENTS)

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

LONG-TERM CARE - 1.8% (1.2% OF TOTAL INVESTMENTS)

|       |                                                                                                                                                   |             |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 1,000 | Fulton County Residential Care Facilities Authority, Georgia, Revenue Bonds, Elderly Care, Lenbrook Square Project, Series 2006A, 5.125%, 7/01/42 | 7/17 at 100 |
| 250   | Medical Center Hospital Authority, Georgia, Revenue Bonds, Spring Harbor at Green Island, Series 2007, 5.000%, 7/01/11                            | No Opt. C   |
| <hr/> |                                                                                                                                                   |             |
| 1,250 | Total Long-Term Care                                                                                                                              |             |
| <hr/> |                                                                                                                                                   |             |

MATERIALS - 2.6% (1.7% OF TOTAL INVESTMENTS)

|       |                                                                                                                                                                                            |             |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 1,000 | Richmond County Development Authority, Georgia, Environmental Improvement Revenue Bonds, International Paper Company, Series 2001A, 6.250%, 2/01/25<br>(Alternative Minimum Tax)           | 2/11 at 101 |
| 250   | Richmond County Development Authority, Georgia, Environmental Improvement Revenue Refunding Bonds, International Paper Company, Series 2002A, 6.000%, 2/01/25<br>(Alternative Minimum Tax) | 2/12 at 101 |
| 370   | Savannah Economic Development Authority, Georgia, Pollution Control Revenue Bonds, Union Camp Corporation, Series 1995, 6.150%, 3/01/17                                                    | No Opt. C   |
| <hr/> |                                                                                                                                                                                            |             |
| 1,620 | Total Materials                                                                                                                                                                            |             |
| <hr/> |                                                                                                                                                                                            |             |



| PRINCIPAL<br>AMOUNT (000)                                   | DESCRIPTION (1)                                                                                                                                                                                                  | OPTIONAL C<br>PROVISIONS |
|-------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| -----                                                       |                                                                                                                                                                                                                  |                          |
| TAX OBLIGATION/GENERAL - 18.1% (12.1% OF TOTAL INVESTMENTS) |                                                                                                                                                                                                                  |                          |
| \$ 600                                                      | Cherokee County Resource Recovery Development Authority, Georgia, Solid Waste Disposal Revenue Bonds, Ball Ground Recycling LLC Project, Series 2007A, 5.000%, 7/01/37 - AMBAC Insured (Alternative Minimum Tax) | 7/17 at 100              |
| 900                                                         | Decatur, Georgia, General Obligation Bonds, Series 2007, 5.000%, 1/01/31 - FSA Insured                                                                                                                           | 1/17 at 100              |
| 1,000                                                       | Forsyth County, Georgia, General Obligation Bonds, Series 2004, 5.250%, 3/01/19                                                                                                                                  | 3/14 at 101              |
| 1,700                                                       | Georgia State, General Obligation Bonds, Series 2007, 5.000%, 8/01/24                                                                                                                                            | 8/17 at 100              |
| 750                                                         | Georgia, General Obligation Bonds, Series 1998D, 5.250%, 10/01/15                                                                                                                                                | No Opt. C                |
| 1,000                                                       | Georgia, General Obligation Bonds, Series 2005B, 5.000%, 7/01/15                                                                                                                                                 | No Opt. C                |
|                                                             | Oconee County, Georgia, General Obligation Bonds, Recreation Project, Series 2003:                                                                                                                               |                          |
| 1,410                                                       | 5.500%, 1/01/23 - AMBAC Insured                                                                                                                                                                                  | 1/13 at 101              |
| 1,470                                                       | 5.250%, 1/01/26 - AMBAC Insured                                                                                                                                                                                  | 1/13 at 101              |
| 1,200                                                       | Paulding County School District, Georgia, General Obligation Bonds, Series 2007, 5.000%, 2/01/33                                                                                                                 | 2/17 at 100              |
| 1,000                                                       | Wayne County Hospital Authority, Georgia, Hospital Revenue Bonds, Series 2006, 5.000%, 3/01/23 - XLCA Insured                                                                                                    | 3/16 at 100              |
| -----                                                       |                                                                                                                                                                                                                  |                          |
| 11,030                                                      | Total Tax Obligation/General                                                                                                                                                                                     |                          |
| -----                                                       |                                                                                                                                                                                                                  |                          |
| TAX OBLIGATION/LIMITED - 20.0% (13.4% OF TOTAL INVESTMENTS) |                                                                                                                                                                                                                  |                          |
| 120                                                         | Atlanta, Georgia, Tax Allocation Bonds Atlanta Station Project, Series 2007, 5.000%, 12/01/23 - AGC Insured                                                                                                      | 12/17 at 100             |
| 250                                                         | Atlanta, Georgia, Tax Allocation Bonds, Eastside Project, Series 2005B, 5.400%, 1/01/20                                                                                                                          | 7/15 at 100              |
| 400                                                         | Atlanta, Georgia, Tax Allocation Bonds, Princeton Lakes Project, Series 2006, 5.500%, 1/01/31                                                                                                                    | 1/16 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 -                                                                                        | No Opt. C                |

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AMBAC Insured

|        |                                                                                                                                                |             |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 500    | Puerto Rico Infrastructure Financing Authority, Special Tax Revenue Bonds, Series 2005B, 5.000%, 7/01/41                                       | 7/15 at 100 |
| 2,500  | Puerto Rico Municipal Finance Agency, Series 2002A, 5.000%, 8/01/27 - FSA Insured                                                              | 8/12 at 100 |
| 5,000  | Puerto Rico Public Buildings Authority, Guaranteed Government Facilities Revenue Refunding Bonds, Series 2002F, 5.250%, 7/01/21 - CIFG Insured | No Opt. C   |
| -----  |                                                                                                                                                |             |
| 12,020 | Total Tax Obligation/Limited                                                                                                                   |             |
| -----  |                                                                                                                                                |             |

TRANSPORTATION - 5.8% (3.9% OF TOTAL INVESTMENTS)

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

U.S. GUARANTEED - 14.4% (9.6% OF TOTAL INVESTMENTS) (4)

|       |                                                                                                                                                                                         |              |
|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 1,000 | Augusta, Georgia, Water and Sewerage Revenue Bonds, Series 2002, 5.250%, 10/01/22 (Pre-refunded 10/01/12) - FSA Insured                                                                 | 10/12 at 100 |
| 1,000 | Cherokee County School System, Georgia, General Obligation Bonds, Series 2003, 5.000%, 8/01/16 (Pre-refunded 8/01/13) - MBIA Insured                                                    | 8/13 at 100  |
|       | DeKalb County, Georgia, Water and Sewerage Revenue Bonds, Series 2000:                                                                                                                  |              |
| 1,000 | 5.125%, 10/01/31 (Pre-refunded 10/01/10) - MBIA Insured                                                                                                                                 | 10/10 at 101 |
| 2,000 | 5.375%, 10/01/35 (Pre-refunded 10/01/10)                                                                                                                                                | 10/10 at 101 |
| 1,300 | Fairburn, Georgia, Combined Utility Revenue Bonds, Series 2000, 5.750%, 10/01/20 (Pre-refunded 10/01/10)                                                                                | 10/10 at 101 |
| 1,305 | Gainesville and Hall County Hospital Authority, Georgia, Revenue Anticipation Certificates, Northeast Georgia Health Services Inc., Series 2001, 5.500%, 5/15/31 (Pre-refunded 5/15/11) | 5/11 at 100  |

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NKG

Nuveen Georgia Dividend Advantage Municipal Fund 2 (continued)  
Portfolio of INVESTMENTS November 30, (2007) (Unaudited)

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1)                                               | OPTIONAL C PROVISIONS |
|------------------------|---------------------------------------------------------------|-----------------------|
| -----                  |                                                               |                       |
|                        | U.S. GUARANTEED (4) (continued)                               |                       |
| \$ 1,100               | Private Colleges and Universities Authority, Georgia, Revenue | 10/11 at 102          |

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Bonds, Mercer University, Series 2001, 5.750%, 10/01/31  
(Pre-refunded 10/01/11)

|                                                                           |                                                                                                                                            |              |
|---------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 8,705                                                                     | Total U.S. Guaranteed                                                                                                                      |              |
| <p>UTILITIES - 4.8% (3.2% OF TOTAL INVESTMENTS)</p>                       |                                                                                                                                            |              |
| 1,000                                                                     | Elberton, Georgia, Combined Utility System Revenue Refunding and Improvement Bonds, Series 2001, 5.000%, 1/01/22 - AMBAC Insured           | 1/12 at 100  |
| 1,000                                                                     | Georgia Municipal Electric Authority, General Power Revenue Bonds, Project 1, Series 2007A, 5.000%, 1/01/25 - MBIA Insured                 | 1/17 at 100  |
| 1,000                                                                     | Municipal Electric Authority of Georgia, Project One Subordinated Lien Revenue Bonds, Series 2003A, 5.000%, 1/01/22 - MBIA Insured         | 1/13 at 100  |
| 3,000                                                                     | Total Utilities                                                                                                                            |              |
| <p>WATER AND SEWER - 24.8% (16.6% OF TOTAL INVESTMENTS)</p>               |                                                                                                                                            |              |
| <p>Atlanta, Georgia, Water and Wastewater Revenue Bonds, Series 2004:</p> |                                                                                                                                            |              |
| 500                                                                       | 5.250%, 11/01/15 - FSA Insured                                                                                                             | 11/14 at 100 |
| 1,700                                                                     | 5.000%, 11/01/37 - FSA Insured                                                                                                             | 11/14 at 100 |
| 3,500                                                                     | Augusta, Georgia, Water and Sewerage Revenue Bonds, Series 2002, 5.000%, 10/01/27 - FSA Insured                                            | 10/12 at 100 |
| 1,000                                                                     | Douglasville-Douglas County Water and Sewer Authority, Georgia, Water and Sewer Revenue Bonds, Series 2005, 5.000%, 6/01/29 - MBIA Insured | 12/15 at 100 |
| 445                                                                       | Douglasville-Douglas County Water and Sewer Authority, Georgia, Water and Sewer Revenue Bonds, Series 2007, 5.000%, 6/01/37 - MBIA Insured | 6/17 at 100  |
| 4,000                                                                     | Forsyth County Water and Sewerage Authority, Georgia, Revenue Bonds, Series 2002, 5.000%, 4/01/32                                          | 4/13 at 100  |
| 375                                                                       | Forsyth County Water and Sewerage Authority, Georgia, Revenue Bonds, Series 2007, 5.000%, 4/01/37 - FSA Insured                            | 4/17 at 100  |
| 950                                                                       | Fulton County, Georgia, Water and Sewerage Revenue Bonds, Series 1998, 5.000%, 1/01/16 - FGIC Insured                                      | 7/08 at 101  |
| 3,100                                                                     | Harris County, Georgia, Water System Revenue Bonds, Series 2002, 5.000%, 12/01/22 - AMBAC Insured                                          | 12/12 at 100 |
| 15,570                                                                    | Total Water and Sewer                                                                                                                      |              |
| \$ 93,675                                                                 | Total Investments (cost \$95,947,393) - 149.6%                                                                                             |              |
| <p>Other Assets Less Liabilities - 1.1%</p>                               |                                                                                                                                            |              |

-----  
 Preferred Shares, at Liquidation Value - (50.7)%  
 -----

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

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings: Using the higher of Standard & Poor's Group ("Standard & Poor's") or Moody's Investor Service, Inc. ("Moody's") rating. Ratings below BBB by Standard & Poor's or Baa by Moody's are considered to be below investment grade.

The AAA ratings shown in the Portfolio of Investments reflects the AAA ratings on certain bonds insured by AMBAC, FGIC or MBIA as of November 30, 2007. As explained earlier in the Portfolio Manager's Comments section of this report, one rating agency has reduced the rating for AMBAC to AA, and one or more rating agencies have placed each of these insurers on "negative credit watch", which may presage one or more rating reductions for such insurer or insurers in the future. If one or more insurers' ratings are reduced below AAA by these rating agencies, it would likely reduce the effective rating of many of the bonds insured by that insurer or insurers.

- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.

N/R Not rated.

WI/DD Purchased on a when-issued or delayed delivery basis.

See accompanying notes to financial statements.

NNC  
 Nuveen North Carolina Premium Income Municipal Fund  
 Portfolio of INVESTMENTS

November 30, 2007 (Unaudited)

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

-----  
 EDUCATION AND CIVIC ORGANIZATIONS - 23.9% (15.6% OF TOTAL INVESTMENTS)

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|       |        |                                                                                                                                                           |              |
|-------|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| \$    | 1,000  | North Carolina Capital Facilities Financing Agency, Housing Revenue Bonds, Elizabeth City State University, Series 2003A, 5.000%, 6/01/28 - AMBAC Insured | 6/13 at 100  |
|       | 2,500  | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University, Series 2005A, 5.000%, 10/01/41                                        | 10/15 at 100 |
|       | 970    | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Johnson and Wales University, Series 2003A, 5.250%, 4/01/23 - XLCA Insured             | 4/13 at 100  |
|       | 2,285  | North Carolina State University at Raleigh, General Revenue Bonds, Series 2003A, 5.000%, 10/01/15                                                         | 10/13 at 100 |
|       | 1,530  | University of North Carolina System, Pooled Revenue Bonds, Series 2005A, 5.000%, 4/01/15 - AMBAC Insured                                                  | No Opt. C    |
|       | 580    | University of North Carolina System, Pooled Revenue Refunding Bonds, Series 2002A, 5.375%, 4/01/22 - AMBAC Insured                                        | 10/12 at 100 |
|       |        | University of North Carolina Wilmington, Certificates of Participation, Student Housing Project Revenue Bonds, Series 2006:                               |              |
|       | 1,430  | 5.000%, 6/01/23 - FGIC Insured                                                                                                                            | 6/16 at 100  |
|       | 1,505  | 5.000%, 6/01/24 - FGIC Insured                                                                                                                            | 6/16 at 100  |
|       | 500    | 5.000%, 6/01/37 - FGIC Insured                                                                                                                            | 6/16 at 100  |
|       |        | University of North Carolina, Chapel Hill, System Net Revenue Bonds, Series 2003:                                                                         |              |
|       | 2,380  | 5.000%, 12/01/19                                                                                                                                          | 12/13 at 100 |
|       | 2,725  | 5.000%, 12/01/21                                                                                                                                          | 12/13 at 100 |
|       | 1,500  | 5.000%, 12/01/23                                                                                                                                          | 12/13 at 100 |
|       | 1,675  | University of North Carolina, Wilmington, General Revenue Bonds, Series 2002A, 5.000%, 1/01/23 - AMBAC Insured                                            | 1/12 at 101  |
| <hr/> |        |                                                                                                                                                           |              |
|       | 20,580 | Total Education and Civic Organizations                                                                                                                   |              |
| <hr/> |        |                                                                                                                                                           |              |
|       |        | ENERGY - 1.7% (1.1% OF TOTAL INVESTMENTS)                                                                                                                 |              |
|       | 1,500  | Virgin Islands Public Finance Authority, Revenue Bonds, Refinery Project - Hovensa LLC, Series 2003, 6.125%, 7/01/22 (Alternative Minimum Tax)            | 1/14 at 100  |
| <hr/> |        |                                                                                                                                                           |              |
|       |        | HEALTH CARE - 24.9% (16.3% OF TOTAL INVESTMENTS)                                                                                                          |              |
|       | 1,145  | Albemarle Hospital Authority, North Carolina, Health Care Facilities Revenue Bonds, Series 2007, 5.250%, 10/01/27                                         | 10/17 at 100 |
|       | 2,000  | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Novant Health Obligated Group, Series 2003A, 5.000%, 11/01/19                | 11/13 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 |

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|       |                                                                                                                                  |              |
|-------|----------------------------------------------------------------------------------------------------------------------------------|--------------|
|       | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Union Regional Medical Center, Series 2002A:        |              |
| 1,000 | 5.500%, 1/01/19                                                                                                                  | 1/12 at 100  |
| 550   | 5.500%, 1/01/20                                                                                                                  | 1/12 at 100  |
| 1,750 | 5.375%, 1/01/32                                                                                                                  | 1/12 at 100  |
| 1,615 | North Carolina Medical Care Commission, Hospital Revenue Bonds, FirstHealth of the Carolinas Inc., Series 1998, 4.750%, 10/01/26 | 10/08 at 100 |

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NNC

Nuveen North Carolina Premium Income Municipal Fund (continued)  
Portfolio of INVESTMENTS November 30, (2007) (Unaudited)

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1)                                                                                                                                                     | OPTIONAL PROVISIONS |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| -----                  |                                                                                                                                                                     |                     |
|                        | HEALTH CARE (continued)                                                                                                                                             |                     |
| \$ 3,000               | North Carolina Medical Care Commission, Hospital Revenue Bonds, Southeastern Regional Medical Center, Series 2002, 5.375%, 6/01/32                                  | 6/12 at 100         |
| 1,500                  | North Carolina Medical Care Commission, Hospital Revenue Bonds, Wilson Medical Center, Series 2007, 5.000%, 11/01/27                                                | 11/17 at 100        |
| 2,645                  | North Carolina Medical Care Commission, Revenue Bonds, Blue Ridge Healthcare System, Series 2005, 5.000%, 1/01/33 - FGIC Insured                                    | 1/15 at 100         |
| 600                    | North Carolina Medical Care Commission, Revenue Bonds, Cleveland County Healthcare System, Series 2004A: 5.250%, 7/01/20 - AMBAC Insured                            | 7/14 at 100         |
| 500                    | 5.250%, 7/01/22 - AMBAC Insured                                                                                                                                     | 7/14 at 100         |
| 685                    | Onslow County Hospital Authority, North Carolina, FHA Insured Mortgage Revenue Bonds, Onslow Memorial Hospital Project, Series 2006: 5.000%, 4/01/31 - MBIA Insured | 10/16 at 100        |
| 3,210                  | 5.000%, 10/01/34 - MBIA Insured                                                                                                                                     | 10/16 at 100        |
| -----                  |                                                                                                                                                                     |                     |
| 22,200                 | Total Health Care                                                                                                                                                   |                     |
| -----                  |                                                                                                                                                                     |                     |

HOUSING/MULTIFAMILY - 3.7% (2.4% 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) | 5/08 at 100 |
| 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 100 |

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|                                                            |                                                                                                                                                                                                                        |             |
|------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 3,290                                                      | Total Housing/Multifamily                                                                                                                                                                                              |             |
| -----                                                      |                                                                                                                                                                                                                        |             |
| HOUSING/SINGLE FAMILY - 8.3% (5.4% OF TOTAL INVESTMENTS)   |                                                                                                                                                                                                                        |             |
| 1,080                                                      | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, 1998 Trust Agreement, Series 10A, 5.400%, 7/01/32 - AMBAC Insured (Alternative Minimum Tax)                                                       | 7/10 at 100 |
| 2,790                                                      | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, 1998 Trust Agreement, Series 6A, 6.200%, 1/01/29 (Alternative Minimum Tax)                                                                        | 7/09 at 100 |
| 1,400                                                      | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Series 2007-29A, 4.800%, 7/01/33 (Alternative Minimum Tax)                                                                                        | 1/17 at 100 |
| 835                                                        | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Series 25-A, 4.900%, 7/01/37 (Alternative Minimum Tax)                                                                                            | 7/16 at 100 |
| 1,445                                                      | North Carolina Housing Finance Agency, Single Family Revenue Bonds, Series 1996HH, 6.300%, 3/01/26 (Alternative Minimum Tax)                                                                                           | 3/08 at 100 |
| -----                                                      |                                                                                                                                                                                                                        |             |
| 7,550                                                      | Total Housing/Single Family                                                                                                                                                                                            |             |
| -----                                                      |                                                                                                                                                                                                                        |             |
| LONG-TERM CARE - 0.3% (0.3% OF TOTAL INVESTMENTS)          |                                                                                                                                                                                                                        |             |
| 375                                                        | North Carolina Medical Care Commission, Revenue Bonds, Pines at Davidson, Series 2006A, 5.000%, 1/01/36                                                                                                                | 1/16 at 100 |
| -----                                                      |                                                                                                                                                                                                                        |             |
| MATERIALS - 1.5% (1.0% OF TOTAL INVESTMENTS)               |                                                                                                                                                                                                                        |             |
| 1,425                                                      | Gaston County Industrial Facilities and Pollution Control Financing Authority, North Carolina, National Gypsum Company Project Exempt Facilities Revenue Bonds, Series 2005, 5.750%, 8/01/35 (Alternative Minimum Tax) | 8/15 at 100 |
| -----                                                      |                                                                                                                                                                                                                        |             |
| TAX OBLIGATION/GENERAL - 11.1% (7.3% 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 Bonds, Series 2002B, 5.000%, 4/01/16                                                                                                                                 | 4/12 at 100 |

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

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TAX OBLIGATION/GENERAL (continued)

|       |       |                                                                                |             |
|-------|-------|--------------------------------------------------------------------------------|-------------|
| \$    | 2,820 | Durham, North Carolina, General Obligation Bonds, Series 2007, 5.000%, 4/01/21 | 4/17 at 100 |
|       | 500   | North Carolina, General Obligation Bonds, Series 2004A, 5.000%, 3/01/22        | 3/14 at 100 |
| ----- |       |                                                                                |             |
|       | 9,495 | Total Tax Obligation/General                                                   |             |
| ----- |       |                                                                                |             |

TAX OBLIGATION/LIMITED - 34.8% (22.7% 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 |
| 1,700 | Charlotte, North Carolina, Certificates of Participation, Governmental Facilities Projects, Series 2003G, 5.375%, 6/01/26                | 6/13 at 100 |
| 1,500 | Charlotte, North Carolina, Certificates of Participation, Transit Projects, Series 2003A, 5.000%, 6/01/33                                | 6/13 at 100 |
|       | Charlotte, North Carolina, Storm Water Fee Revenue Bonds, Series 2002:                                                                   |             |
| 1,050 | 5.250%, 6/01/20                                                                                                                          | 6/12 at 101 |
| 1,750 | 5.000%, 6/01/25                                                                                                                          | 6/12 at 101 |
| 1,400 | Craven County, North Carolina, Certificates of Participation, Series 2007, 5.000%, 6/01/27 - MBIA Insured                                | 6/17 at 100 |
| 1,000 | Davidson County, North Carolina, Certificates of Participation, Series 2004, 5.250%, 6/01/14 - AMBAC Insured                             | No Opt. C   |
|       | Lee County, North Carolina, Certificates of Participation, Public Schools and Community College, Series 2004:                            |             |
| 1,715 | 5.250%, 4/01/18 - FSA Insured                                                                                                            | 4/14 at 100 |
| 500   | 5.250%, 4/01/20 - FSA Insured                                                                                                            | 4/14 at 100 |
| 1,000 | 5.250%, 4/01/22 - FSA Insured                                                                                                            | 4/14 at 100 |
| 2,600 | North Carolina Infrastructure Finance Corporation, Certificates of Participation, Capital Improvements, Series 2005A, 5.000%, 2/01/19    | 2/15 at 100 |
| 1,500 | North Carolina Infrastructure Finance Corporation, Certificates of Participation, Correctional Facilities, Series 2004A, 5.000%, 2/01/23 | 2/14 at 100 |
| 1,500 | North Carolina, Certificates of Participation, Repair and Renovation Project, Series 2004B, 5.000%, 6/01/20                              | 6/14 at 100 |
|       | North Carolina, Certificates of Participation, Series 2003:                                                                              |             |
| 1,130 | 5.250%, 6/01/21                                                                                                                          | 6/13 at 100 |
| 1,000 | 5.250%, 6/01/23                                                                                                                          | 6/13 at 100 |
| 2,000 | Puerto Rico Highway and Transportation Authority, Grant Anticipation Revenue Bonds, Series 2004, 5.000%, 9/15/21 -                       | 3/14 at 100 |



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| MBIA Insured |                                                                                                                                       |             |
|--------------|---------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 1,000        | Puerto Rico Public Buildings Authority, Guaranteed Government Facilities Revenue Bonds, Series 2003H, 5.250%, 7/01/15 - FGIC Insured  | No Opt. C   |
| 285          | Raleigh, North Carolina, Certificates of Participation, Series 2007, 5.000%, 2/01/27                                                  | 2/17 at 100 |
| 1,000        | Randolph County, North Carolina, Certificates of Participation, Series 2004, 5.000%, 6/01/20 - FSA Insured                            | 6/14 at 102 |
| 1,950        | Sampson County, North Carolina, Certificates of Participation, Series 2006, 5.000%, 6/01/34 - FSA Insured (UB)                        | 6/17 at 100 |
| 700          | Wilson County, North Carolina, Certificates of Participation, School Facilities Project, Series 2007, 5.000%, 4/01/25 - AMBAC Insured | 4/17 at 100 |
| 540          | Wilson, North Carolina, Certificates of Participation, Public Facilities, Series 2007A, 5.000%, 5/01/29 - AGC Insured                 | 5/17 at 100 |
| -----        |                                                                                                                                       |             |
| 29,950       | Total Tax Obligation/Limited                                                                                                          |             |
| -----        |                                                                                                                                       |             |

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NNC

Nuveen North Carolina Premium Income Municipal Fund (continued)  
Portfolio of INVESTMENTS November 30, (2007) (Unaudited)

| PRINCIPAL AMOUNT (000)                                  | DESCRIPTION (1)                                                                                                                                                                  | OPTIONAL C PROVISIONS |
|---------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| -----                                                   |                                                                                                                                                                                  |                       |
| TRANSPORTATION - 7.0% (4.6% OF TOTAL INVESTMENTS)       |                                                                                                                                                                                  |                       |
| \$ 600                                                  | Charlotte, North Carolina, Airport Revenue Bonds, Series 2004A: 5.250%, 7/01/24 - MBIA Insured                                                                                   | 7/14 at 100           |
| 2,710                                                   | 5.000%, 7/01/29 - MBIA Insured                                                                                                                                                   | 7/14 at 100           |
| 500                                                     | Piedmont Triad Airport Authority, North Carolina, Airport Revenue Bonds, Series 2005A, 5.000%, 7/01/20 - XLCA Insured                                                            | 7/15 at 100           |
| 2,250                                                   | Raleigh Durham Airport Authority, North Carolina, Airport Revenue Bonds, Series 2001A, 5.250%, 11/01/16 - FGIC Insured                                                           | 5/11 at 101           |
| -----                                                   |                                                                                                                                                                                  |                       |
| 6,060                                                   | Total Transportation                                                                                                                                                             |                       |
| -----                                                   |                                                                                                                                                                                  |                       |
| U.S. GUARANTEED - 14.4% (9.4% OF TOTAL INVESTMENTS) (4) |                                                                                                                                                                                  |                       |
| 250                                                     | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA Carolinas Healthcare System, Series 2005A, 5.000%, 1/15/45 (Pre-refunded 1/15/15) | 1/15 at 100           |
| 750                                                     | Johnston County Finance Corporation, North Carolina, Installment                                                                                                                 | 8/09 at 101           |

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|        |                                                                                                                                                                                               |              |
|--------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
|        | Payment Revenue Bonds, School and Museum Projects,<br>Series 1999, 5.250%, 8/01/21 (Pre-refunded 8/01/09) -<br>FSA Insured                                                                    |              |
| 1,530  | North Carolina Medical Care Commission, Health System<br>Revenue Bonds, Mission St. Joseph's Health System,<br>Series 2001, 5.250%, 10/01/31 (Pre-refunded 10/01/11)                          | 10/11 at 101 |
| 735    | North Carolina Medical Care Commission, Revenue Bonds,<br>Northeast Medical Center, Series 2004, 5.000%, 11/01/24<br>(Pre-refunded 11/01/14)                                                  | 11/14 at 100 |
| 1,165  | North Carolina Municipal Power Agency 1, Catawba Electric<br>Revenue Bonds, Series 1980, 10.500%, 1/01/10 (ETM)                                                                               | No Opt. C    |
| 4,260  | North Carolina Municipal Power Agency 1, Catawba Electric<br>Revenue Bonds, Series 1986, 5.000%, 1/01/20 (ETM)                                                                                | No Opt. C    |
| 1,000  | North Carolina, General Obligation Bonds, Series 2000A,<br>5.100%, 9/01/16 (Pre-refunded 9/01/10)                                                                                             | 9/10 at 102  |
| 420    | University of North Carolina System, Pooled Revenue Refunding<br>Bonds, Series 2002A, 5.375%, 4/01/22<br>(Pre-refunded 10/01/12) - AMBAC Insured                                              | 10/12 at 100 |
| 2,000  | Winston-Salem, North Carolina, Water and Sewerage System<br>Revenue Bonds, Series 2002A, 5.000%, 6/01/18<br>(Pre-refunded 6/01/12)                                                            | 6/12 at 100  |
| -----  |                                                                                                                                                                                               |              |
| 12,110 | Total U.S. Guaranteed                                                                                                                                                                         |              |
| -----  |                                                                                                                                                                                               |              |
|        | UTILITIES - 12.9% (8.4% OF TOTAL INVESTMENTS)                                                                                                                                                 |              |
| 3,000  | North Carolina Eastern Municipal Power Agency, Power System<br>Revenue Bonds, Series 2003F, 5.500%, 1/01/15                                                                                   | 1/13 at 100  |
| 1,000  | North Carolina Eastern Municipal Power Agency, Power System<br>Revenue Bonds, Series 2005, 5.250%, 1/01/20 - AMBAC Insured                                                                    | 1/16 at 100  |
| 4,000  | North Carolina Municipal Power Agency 1, Catawba Electric<br>Revenue Bonds, Series 1999B, 6.500%, 1/01/20                                                                                     | 1/10 at 101  |
| 2,000  | North Carolina Municipal Power Agency 1, Catawba Electric<br>Revenue Bonds, Series 2003A, 5.250%, 1/01/15 -<br>AMBAC Insured                                                                  | 1/13 at 100  |
| 1,000  | Wake County Industrial Facilities and Pollution Control<br>Financing Authority, North Carolina, Revenue Refunding<br>Bonds, Carolina Power and Light Company, Series 2002,<br>5.375%, 2/01/17 | 2/12 at 101  |
| -----  |                                                                                                                                                                                               |              |
| 11,000 | Total Utilities                                                                                                                                                                               |              |
| -----  |                                                                                                                                                                                               |              |

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| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)                                                                                                       | OPTIONAL C<br>PROVISIONS |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------|--------------------------|
| -----                     |                                                                                                                       |                          |
|                           | WATER AND SEWER - 8.5% (5.5% OF TOTAL INVESTMENTS)                                                                    |                          |
| \$ 1,605                  | Broad River Water Authority, North Carolina, Water System Revenue Bonds, Series 2005, 5.000%, 6/01/20 - XLCA Insured  | 6/15 at 100              |
| 50                        | Charlotte, North Carolina, Water and Sewerage System Revenue Bonds, Series 2001, 5.125%, 6/01/26                      | 6/11 at 101              |
| 1,295                     | Greensboro, North Carolina, Combined Enterprise System Revenue Bonds, Series 2005A, 5.000%, 6/01/26                   | 6/15 at 100              |
| 500                       | Onslow County, North Carolina, Combined Enterprise System Revenue Bonds, Series 2004B, 5.000%, 6/01/23 - XLCA Insured | 6/14 at 100              |
| 3,865                     | Winstom-Salem, North Carolina, Water and Sewer System Revenue Bonds, Series 2007A, 5.000%, 6/01/37 (UB)               | 6/17 at 100              |
| -----                     |                                                                                                                       |                          |
| 7,315                     | Total Water and Sewer                                                                                                 |                          |
| -----                     |                                                                                                                       |                          |
| \$ 132,850                | Total Investments (cost \$136,217,517) -153.0%                                                                        |                          |
| =====                     |                                                                                                                       |                          |
|                           | Floating Rate Obligations - (4.3)%                                                                                    |                          |
|                           | -----                                                                                                                 |                          |
|                           | Other Assets Less Liabilities - 2.8%                                                                                  |                          |
|                           | -----                                                                                                                 |                          |
|                           | Preferred Shares, at Liquidation Value - (51.5)%                                                                      |                          |
|                           | -----                                                                                                                 |                          |
|                           | Net Assets Applicable to Common Shares - 100%                                                                         |                          |
|                           | =====                                                                                                                 |                          |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings: Using the higher of Standard & Poor's Group ("Standard & Poor's") or Moody's Investor Service, Inc. ("Moody's") rating. Ratings below BBB by Standard & Poor's or Baa by Moody's are considered to be below investment grade.

The AAA ratings shown in the Portfolio of Investments reflects the AAA ratings on certain bonds insured by AMBAC, FGIC or MBIA as of November 30, 2007. As explained earlier in the Portfolio Manager's Comments section of this report, one rating agency has reduced the rating for AMBAC to AA, and one or more rating agencies have placed each of these insurers on "negative credit watch", which may presage one or more rating reductions for such insurer or insurers in the future. If one or more insurers' ratings are reduced below AAA by these rating agencies, it would likely reduce the effective rating of many of the bonds insured by that

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insurer or insurers.

- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.

N/R Not rated.

(ETM) Escrowed to maturity.

(UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction pursuant to the provisions of SFAS No. 140.

See accompanying notes to financial statements.

NRB

Nuveen North Carolina Dividend Advantage Municipal Fund  
Portfolio of INVESTMENTS

November 30, 2007 (Unaudited)

| PRINCIPAL<br>AMOUNT (000)                                              | DESCRIPTION (1)                                                                                                                                            | OPTIONAL C<br>PROVISIONS |
|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| -----                                                                  |                                                                                                                                                            |                          |
| EDUCATION AND CIVIC ORGANIZATIONS - 19.4% (11.6% OF TOTAL INVESTMENTS) |                                                                                                                                                            |                          |
| \$ 380                                                                 | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University, Series 2001A, 5.125%, 10/01/26                                         | 10/11 at 100             |
| 500                                                                    | North Carolina Capital Facilities Financing Agency, Revenue Bonds, High Point University, Series 2001, 5.125%, 9/01/18                                     | 9/11 at 101              |
| 1,430                                                                  | University of North Carolina System, Pooled Revenue Refunding Bonds, Series 2002A, 5.375%, 4/01/17 - AMBAC Insured                                         | 10/12 at 100             |
| 250                                                                    | University of North Carolina Wilmington, Certificates of Participation, Student Housing Project Revenue Bonds, Series 2006, 5.000%, 6/01/37 - FGIC Insured | 6/16 at 100              |
| 1,750                                                                  | University of North Carolina, Chapel Hill, System Net Revenue Bonds, Series 2001A, 5.000%, 12/01/25                                                        | 6/11 at 100              |
| 1,845                                                                  | University of North Carolina, Chapel Hill, System Net Revenue Bonds, Series 2002B, 5.000%, 12/01/11                                                        | No Opt. C                |
| -----                                                                  |                                                                                                                                                            |                          |
| 6,155                                                                  | Total Education and Civic Organizations                                                                                                                    |                          |
| -----                                                                  |                                                                                                                                                            |                          |

HEALTH CARE - 20.4% (12.2% OF TOTAL INVESTMENTS)

|     |                                                                                                                   |              |
|-----|-------------------------------------------------------------------------------------------------------------------|--------------|
| 555 | Albemarle Hospital Authority, North Carolina, Health Care Facilities Revenue Bonds, Series 2007, 5.250%, 10/01/38 | 10/17 at 100 |
|-----|-------------------------------------------------------------------------------------------------------------------|--------------|

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|       |                                                                                                                                                                     |              |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 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                                                   | 5/08 at 100  |
| 1,500 | North Carolina Medical Care Commission, Hospital Revenue Bonds, Southeastern Regional Medical Center, Series 2002, 5.250%, 6/01/22                                  | 6/12 at 101  |
| 500   | North Carolina Medical Care Commission, Hospital Revenue Bonds, Wilson Medical Center, Series 2007, 5.000%, 11/01/20                                                | 11/17 at 100 |
| 300   | North Carolina Medical Care Commission, Revenue Bonds, Blue Ridge Healthcare System, Series 2005, 5.000%, 1/01/33 - FGIC Insured                                    | 1/15 at 100  |
| 255   | Onslow County Hospital Authority, North Carolina, FHA Insured Mortgage Revenue Bonds, Onslow Memorial Hospital Project, Series 2006, 5.000%, 4/01/31 - MBIA Insured | 10/16 at 100 |
| <hr/> |                                                                                                                                                                     |              |
| 6,720 | Total Health Care                                                                                                                                                   |              |
| <hr/> |                                                                                                                                                                     |              |

HOUSING/SINGLE FAMILY - 5.9% (3.5% OF TOTAL INVESTMENTS)

|       |                                                                                                                                                                  |             |
|-------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 430   | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, 1998 Trust Agreement, Series 10A, 5.400%, 7/01/32 - AMBAC Insured (Alternative Minimum Tax) | 7/10 at 100 |
| 755   | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, 1998 Trust Agreement, Series 5A, 5.625%, 7/01/30 (Alternative Minimum Tax)                  | 7/09 at 100 |
| 500   | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Series 2007-29A, 4.800%, 7/01/33 (Alternative Minimum Tax)                                  | 1/17 at 100 |
| 330   | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Series 25-A, 4.900%, 7/01/37 (Alternative Minimum Tax)                                      | 7/16 at 100 |
| <hr/> |                                                                                                                                                                  |             |
| 2,015 | Total Housing/Single Family                                                                                                                                      |             |
| <hr/> |                                                                                                                                                                  |             |

36

| PRINCIPAL AMOUNT (000)                            | DESCRIPTION (1)                                                | OPTIONAL C PROVISIONS |
|---------------------------------------------------|----------------------------------------------------------------|-----------------------|
| <hr/>                                             |                                                                |                       |
| LONG-TERM CARE - 2.6% (1.5% OF TOTAL INVESTMENTS) |                                                                |                       |
| \$ 300                                            | North Carolina Medical Care Commission, Health Care Facilities | 10/16 at 100          |

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Revenue Bonds, Presbyterian Homes, Series 2006B,  
5.200%, 10/01/21

|     |                                                                                                                                |              |
|-----|--------------------------------------------------------------------------------------------------------------------------------|--------------|
| 200 | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Presbyterian Homes, Series 2006, 5.400%, 10/01/27 | 10/16 at 100 |
| 150 | North Carolina Medical Care Commission, Revenue Bonds, Pines at Davidson, Series 2006A, 5.000%, 1/01/36                        | 1/16 at 100  |
| 250 | North Carolina Medical Care Commission, Revenue Bonds, United Church Homes and Services, Series 2005A, 5.250%, 9/01/21         | 9/15 at 100  |

---

900 Total Long-Term Care

---

MATERIALS - 1.4% (0.9% OF TOTAL INVESTMENTS)

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

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

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

---

3,000 Total Tax Obligation/General

---

TAX OBLIGATION/LIMITED - 24.8% (14.9% OF TOTAL INVESTMENTS)

|       |                                                                                                                           |              |
|-------|---------------------------------------------------------------------------------------------------------------------------|--------------|
| 1,400 | Charlotte, North Carolina, Certificates of Participation, Governmental Facilities Projects, Series 2003G, 5.375%, 6/01/26 | 6/13 at 100  |
| 160   | Craven County, North Carolina, Certificates of Participation, Series 2007, 5.000%, 6/01/23 - MBIA Insured                 | 6/17 at 100  |
| 1,870 | Dare County, North Carolina, Certificates of Participation, Series 2002, 5.250%, 6/01/15 - AMBAC Insured                  | 12/12 at 100 |
| 1,250 | Davidson County, North Carolina, Certificates of Participation, Series 2004, 5.250%, 6/01/21 - AMBAC Insured              | 6/14 at 100  |
| 1,390 | Durham, North Carolina, Certificates of Participation, Series 2005B, 5.000%, 6/01/25                                      | 6/15 at 100  |
| 470   | Raleigh, North Carolina, Certificates of Participation, Downtown Improvement Project, Series 2004B, 5.000%, 6/01/20       | 6/14 at 100  |

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|     |                                                                                                                                       |             |
|-----|---------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 170 | Raleigh, North Carolina, Certificates of Participation, Series 2007, 5.000%, 2/01/27                                                  | 2/17 at 100 |
| 700 | Sampson County, North Carolina, Certificates of Participation, Series 2006, 5.000%, 6/01/34 - FSA Insured (UB)                        | 6/17 at 100 |
| 250 | Wilson County, North Carolina, Certificates of Participation, School Facilities Project, Series 2007, 5.000%, 4/01/25 - AMBAC Insured | 4/17 at 100 |
| 195 | Wilson, North Carolina, Certificates of Participation, Public Facilities, Series 2007A, 5.000%, 5/01/29 - AGC Insured                 | 5/17 at 100 |

-----  
 7,855 Total Tax Obligation/Limited  
 -----

TRANSPORTATION - 6.3% (3.7% OF TOTAL INVESTMENTS)

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

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

NRB  
 Nuveen North Carolina Dividend Advantage Municipal Fund (continued)  
 Portfolio of INVESTMENTS November 30, (2007) (Unaudited)

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1)                                                                                                                                                                  | OPTIONAL C PROVISIONS |
|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
|                        | U.S. GUARANTEED - 17.2% (10.2% OF TOTAL INVESTMENTS) (4)                                                                                                                         |                       |
| \$ 1,000               | Broad River Water Authority, North Carolina, Water System Revenue Bonds, Series 2000, 5.375%, 6/01/26 (Pre-refunded 6/01/10) - MBIA Insured                                      | 6/10 at 101           |
| 100                    | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA Carolinas Healthcare System, Series 2005A, 5.000%, 1/15/45 (Pre-refunded 1/15/15) | 1/15 at 100           |
| 500                    | Greensboro, North Carolina, Combined Enterprise System Revenue Bonds, Series 2001A, 5.125%, 6/01/21 (Pre-refunded 6/01/11)                                                       | 6/11 at 101           |
| 1,620                  | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University, Series 2001A, 5.125%, 10/01/26 (Pre-refunded 10/01/11)                                       | 10/11 at 100          |
| 800                    | North Carolina Medical Care Commission, Health System                                                                                                                            | 10/11 at 101          |

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|       |                                                                                                                                                  |              |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
|       | Revenue Bonds, Mission St. Joseph's Health System,<br>Series 2001, 5.250%, 10/01/31 (Pre-refunded 10/01/11)                                      |              |
| 300   | North Carolina Medical Care Commission, Revenue Bonds,<br>Northeast Medical Center, Series 2004, 5.000%, 11/01/24<br>(Pre-refunded 11/01/14)     | 11/14 at 100 |
| 1,020 | University of North Carolina System, Pooled Revenue Refunding<br>Bonds, Series 2002A, 5.375%, 4/01/17<br>(Pre-refunded 10/01/12) - AMBAC Insured | 10/12 at 100 |
| ----- |                                                                                                                                                  |              |
| 5,340 | Total U.S. Guaranteed                                                                                                                            |              |
| ----- |                                                                                                                                                  |              |

UTILITIES - 22.4% (13.4% OF TOTAL INVESTMENTS)

|       |                                                                                                                                                                                               |             |
|-------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
|       | Greenville, North Carolina, Combined Enterprise System Revenue<br>Bonds, Series 2001:                                                                                                         |             |
| 1,000 | 5.250%, 9/01/20 - FSA Insured                                                                                                                                                                 | 9/11 at 101 |
| 500   | 5.250%, 9/01/21 - FSA Insured                                                                                                                                                                 | 9/11 at 101 |
| 500   | North Carolina Eastern Municipal Power Agency, Power System<br>Revenue Bonds, Series 2005, 5.250%, 1/01/20 - AMBAC Insured                                                                    | 1/16 at 100 |
| 2,500 | North Carolina Eastern Municipal Power Agency, Power System<br>Revenue Refunding Bonds, Series 1993B, 5.500%, 1/01/17 -<br>FGIC Insured                                                       | 1/08 at 100 |
| 1,000 | North Carolina Eastern Municipal Power Agency, Power System<br>Revenue Refunding Bonds, Series 1999B, 5.650%, 1/01/16                                                                         | 1/09 at 102 |
| 250   | Puerto Rico Electric Power Authority, Power Revenue Bonds,<br>Series 2005RR, 5.000%, 7/01/24 - FGIC Insured                                                                                   | 7/15 at 100 |
| 1,500 | Wake County Industrial Facilities and Pollution Control<br>Financing Authority, North Carolina, Revenue Refunding<br>Bonds, Carolina Power and Light Company, Series 2002,<br>5.375%, 2/01/17 | 2/12 at 101 |
| ----- |                                                                                                                                                                                               |             |
| 7,250 | Total Utilities                                                                                                                                                                               |             |
| ----- |                                                                                                                                                                                               |             |

WATER AND SEWER - 37.5% (22.4% OF TOTAL INVESTMENTS)

|       |                                                                                                                             |             |
|-------|-----------------------------------------------------------------------------------------------------------------------------|-------------|
| 2,250 | Charlotte, North Carolina, Water and Sewerage System<br>Revenue Bonds, Series 2001, 5.125%, 6/01/26                         | 6/11 at 101 |
| 500   | Greensboro, North Carolina, Combined Enterprise System<br>Revenue Bonds, Series 2005A, 5.000%, 6/01/25                      | 6/15 at 100 |
| 400   | Onslow County, North Carolina, Combined Enterprise System<br>Revenue Bonds, Series 2004B, 5.000%, 6/01/23 -<br>XLCA Insured | 6/14 at 100 |



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| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)                                                                                                                    | OPTIONAL C<br>PROVISIONS |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| -----                     |                                                                                                                                    |                          |
|                           | WATER AND SEWER (continued)                                                                                                        |                          |
|                           | Raleigh, North Carolina, Combined Enterprise System Revenue Bonds, Series 2006A:                                                   |                          |
| \$ 4,440                  | 5.000%, 3/01/31 (UB)                                                                                                               | 3/16 at 100              |
| 3,000                     | 5.000%, 3/01/36 (UB)                                                                                                               | 3/16 at 100              |
| 5                         | Raleigh, North Carolina, Combined Enterprise System Revenue Bonds, Series 2006A, Residuals Series II-R-645-1, 7.284%, 3/01/36 (IF) | 3/16 at 100              |
| 1,385                     | Winstom-Salem, North Carolina, Water and Sewer System Revenue Bonds, Series 2007A, 5.000%, 6/01/37 (UB)                            | 6/17 at 100              |
| -----                     |                                                                                                                                    |                          |
| 11,980                    | Total Water and Sewer                                                                                                              |                          |
| -----                     |                                                                                                                                    |                          |
| \$ 53,710                 | Total Investments (cost \$54,703,163) - 167.5%                                                                                     |                          |
| =====                     |                                                                                                                                    |                          |
|                           | Floating Rate Obligations - (19.0)%                                                                                                |                          |
|                           | -----                                                                                                                              |                          |
|                           | Other Assets Less Liabilities - 2.3%                                                                                               |                          |
|                           | -----                                                                                                                              |                          |
|                           | Preferred Shares, at Liquidation Value - (50.8)%                                                                                   |                          |
|                           | -----                                                                                                                              |                          |
|                           | 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.
- (2) Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings: Using the higher of Standard & Poor's Group ("Standard & Poor's") or Moody's Investor Service, Inc. ("Moody's") rating. Ratings below BBB by Standard & Poor's or Baa by Moody's are considered to be below investment grade.

The AAA ratings shown in the Portfolio of Investments reflects the AAA ratings on certain bonds insured by AMBAC, FGIC or MBIA as of November 30, 2007. As explained earlier in the Portfolio Manager's Comments section of this report, one rating agency has reduced the rating for AMBAC to AA, and one or more rating agencies have placed each of these insurers on "negative credit watch", which may presage one or more rating reductions for such insurer or insurers in the future. If one or more insurers' ratings are reduced below AAA by these rating agencies, it would likely reduce the effective rating of many of the bonds insured by that insurer or insurers.

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(4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.

N/R Not rated.

(IF) Inverse floating rate investment.

(UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction pursuant to the provisions of SFAS No. 140.

See accompanying notes to financial statements.

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NNO

Nuveen North Carolina Dividend Advantage Municipal Fund 2  
Portfolio of INVESTMENTS

November 30, 2007 (Unaudited)

| PRINCIPAL<br>AMOUNT (000)                                              | DESCRIPTION (1)                                                                                                             | OPTIONAL C<br>PROVISIONS |
|------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|--------------------------|
| -----                                                                  |                                                                                                                             |                          |
| EDUCATION AND CIVIC ORGANIZATIONS - 16.2% (10.2% OF TOTAL INVESTMENTS) |                                                                                                                             |                          |
|                                                                        | Appalachian State University, North Carolina, Housing and Student Center System Revenue Refunding Bonds, Series 2001:       |                          |
| \$ 600                                                                 | 5.125%, 7/15/24 - MBIA Insured                                                                                              | 1/11 at 101              |
| 200                                                                    | 5.125%, 7/15/27 - MBIA Insured                                                                                              | 1/11 at 101              |
|                                                                        | Appalachian State University, North Carolina, Housing and Student Center System Revenue Refunding Bonds, Series 2002:       |                          |
| 1,040                                                                  | 5.000%, 7/15/14 - MBIA Insured                                                                                              | 7/12 at 100              |
| 1,000                                                                  | 5.000%, 7/15/15 - MBIA Insured                                                                                              | 7/12 at 100              |
|                                                                        | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University, Series 2001A:                           |                          |
| 715                                                                    | 5.125%, 10/01/26                                                                                                            | 10/11 at 100             |
| 380                                                                    | 5.125%, 10/01/41                                                                                                            | 10/11 at 100             |
| 1,000                                                                  | University of North Carolina System, Pooled Revenue Bonds, Series 2005A, 5.000%, 4/01/22 - AMBAC Insured                    | 4/15 at 100              |
| 635                                                                    | University of North Carolina System, Pooled Revenue Refunding Bonds, Series 2002A, 5.375%, 4/01/19 - AMBAC Insured          | 10/12 at 100             |
|                                                                        | University of North Carolina Wilmington, Certificates of Participation, Student Housing Project Revenue Bonds, Series 2006: |                          |
| 500                                                                    | 5.000%, 6/01/21 - FGIC Insured                                                                                              | 6/16 at 100              |
| 250                                                                    | 5.000%, 6/01/37 - FGIC Insured                                                                                              | 6/16 at 100              |
| 1,500                                                                  | University of North Carolina, Chapel Hill, System Net Revenue Bonds, Series 2002B, 5.000%, 12/01/11                         | No Opt. C                |

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|       |                                                                                                                                               |             |
|-------|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 250   | University of North Carolina, Charlotte, Certificates of Participation, Student Housing Project, Series 2005, 5.000%, 3/01/21 - AMBAC Insured | 3/15 at 100 |
| 400   | University of North Carolina, Greensboro, General Revenue Refunding Bonds, Series 2002B, 5.375%, 4/01/17 - FSA Insured                        | 4/11 at 101 |
| <hr/> |                                                                                                                                               |             |
| 8,470 | Total Education and Civic Organizations                                                                                                       |             |
| <hr/> |                                                                                                                                               |             |

HEALTH CARE - 24.2% (15.4% OF TOTAL INVESTMENTS)

|       |                                                                                                                                                       |              |
|-------|-------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 945   | Albemarle Hospital Authority, North Carolina, Health Care Facilities Revenue Bonds, Series 2007, 5.250%, 10/01/38                                     | 10/17 at 100 |
| 1,640 | 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%, 11/01/20            | 11/13 at 100 |
| 1,005 | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Union Regional Medical Center, Series 2002A, 5.250%, 1/01/13             | 1/12 at 100  |
|       | North Carolina Medical Care Commission, Hospital Revenue Bonds, Southeastern Regional Medical Center, Series 2002:                                    |              |
| 1,000 | 5.500%, 6/01/15                                                                                                                                       | 6/12 at 101  |
| 2,100 | 5.250%, 6/01/22                                                                                                                                       | 6/12 at 101  |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1)                                                                                                                                                     | OPTIONAL C PROVISIONS |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| <hr/>                  |                                                                                                                                                                     |                       |
|                        | HEALTH CARE (continued)                                                                                                                                             |                       |
| \$ 925                 | North Carolina Medical Care Commission, Hospital Revenue Bonds, Wilson Medical Center, Series 2007, 5.000%, 11/01/27                                                | 11/17 at 100          |
| 2,000                  | North Carolina Medical Care Commission, Revenue Bonds, Blue Ridge Healthcare System, Series 2005, 5.000%, 1/01/33 - FGIC Insured                                    | 1/15 at 100           |
|                        | North Carolina Medical Care Commission, Revenue Bonds, Cleveland County Healthcare System, Series 2004A:                                                            |                       |
| 595                    | 5.250%, 7/01/20 - AMBAC Insured                                                                                                                                     | 7/14 at 100           |
| 500                    | 5.250%, 7/01/22 - AMBAC Insured                                                                                                                                     | 7/14 at 100           |
| 430                    | Onslow County Hospital Authority, North Carolina, FHA Insured Mortgage Revenue Bonds, Onslow Memorial Hospital Project, Series 2006, 5.000%, 4/01/31 - MBIA Insured | 10/16 at 100          |
| <hr/>                  |                                                                                                                                                                     |                       |

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13,140 Total Health Care

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HOUSING/SINGLE FAMILY - 5.7% (3.6% OF TOTAL INVESTMENTS)

|     |                                                                                                                                                                  |             |
|-----|------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 370 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, 1998 Trust Agreement, Series 10A, 5.400%, 7/01/32 - AMBAC Insured (Alternative Minimum Tax) | 7/10 at 100 |
|     | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Series 13A:                                                                                 |             |
| 735 | 4.700%, 7/01/12 (Alternative Minimum Tax)                                                                                                                        | 7/11 at 100 |
| 740 | 4.850%, 7/01/13 (Alternative Minimum Tax)                                                                                                                        | 7/11 at 100 |
| 850 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Series 2007-29A, 4.800%, 7/01/33 (Alternative Minimum Tax)                                  | 1/17 at 100 |
| 510 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Series 25-A, 4.900%, 7/01/37 (Alternative Minimum Tax)                                      | 7/16 at 100 |

3,205 Total Housing/Single Family

---

LONG-TERM CARE - 2.2% (1.4% OF TOTAL INVESTMENTS)

|     |                                                                                                                                  |              |
|-----|----------------------------------------------------------------------------------------------------------------------------------|--------------|
| 600 | North Carolina Medical Care Commission, Health Care Facilities Revenue Bonds, Presbyterian Homes, Series 2006B, 5.200%, 10/01/21 | 10/16 at 100 |
| 250 | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Presbyterian Homes, Series 2006, 5.400%, 10/01/27   | 10/16 at 100 |
| 185 | North Carolina Medical Care Commission, Revenue Bonds, Pines at Davidson, Series 2006A, 5.000%, 1/01/36                          | 1/16 at 100  |
| 250 | North Carolina Medical Care Commission, Revenue Bonds, United Church Homes and Services, Series 2005A, 5.250%, 9/01/21           | 9/15 at 100  |

1,285 Total Long-Term Care

---

MATERIALS - 3.6% (2.3% OF TOTAL INVESTMENTS)

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

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|                                                           |                                                                                       |             |
|-----------------------------------------------------------|---------------------------------------------------------------------------------------|-------------|
| 1,965                                                     | Total Materials                                                                       |             |
| TAX OBLIGATION/GENERAL - 5.3% (3.3% OF TOTAL INVESTMENTS) |                                                                                       |             |
| 250                                                       | Durham County, North Carolina, General Obligation Bonds, Series 2000, 5.600%, 5/01/15 | 5/10 at 102 |
| 1,475                                                     | Durham, North Carolina, General Obligation Bonds, Series 2007, 5.000%, 4/01/22        | 4/17 at 100 |
| 1,000                                                     | North Carolina, General Obligation Bonds, Series 2004A, 5.000%, 3/01/22               | 3/14 at 100 |
| 2,725                                                     | Total Tax Obligation/General                                                          |             |

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NNO

Nuveen North Carolina Dividend Advantage Municipal Fund 2 (continued)  
Portfolio of INVESTMENTS November 30, (2007) (Unaudited)

| PRINCIPAL AMOUNT (000)                                      | DESCRIPTION (1)                                                                                                                             | OPTIONAL C PROVISIONS |
|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| TAX OBLIGATION/LIMITED - 34.4% (21.9% OF TOTAL INVESTMENTS) |                                                                                                                                             |                       |
| \$ 30                                                       | Cabarrus County, North Carolina, Certificates of Participation, Series 2002, 5.250%, 2/01/16                                                | 2/13 at 100           |
| 1,750                                                       | Charlotte, North Carolina, Certificates of Participation, Governmental Facilities Projects, Series 2003G, 5.000%, 6/01/28                   | 6/13 at 100           |
| 1,850                                                       | Charlotte, North Carolina, Storm Water Fee Revenue Bonds, Series 2002, 5.250%, 6/01/18                                                      | 6/12 at 101           |
| 800                                                         | Craven County, North Carolina, Certificates of Participation, Series 2007, 5.000%, 6/01/27 - MBIA Insured                                   | 6/17 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           |

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|        |                                                                                                                                       |             |
|--------|---------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 1,270  | Puerto Rico Infrastructure Financing Authority, Special Tax Revenue Bonds, Series 2005C, 5.500%, 7/01/16 - AMBAC Insured              | No Opt. C   |
|        | Raleigh, North Carolina, Certificates of Participation, Downtown Improvement Project, Series 2004B:                                   |             |
| 805    | 5.000%, 6/01/20                                                                                                                       | 6/14 at 100 |
| 1,310  | 5.000%, 6/01/21                                                                                                                       | 6/14 at 100 |
| 115    | Raleigh, North Carolina, Certificates of Participation, Series 2007, 5.000%, 2/01/27                                                  | 2/17 at 100 |
| 1,000  | Randolph County, North Carolina, Certificates of Participation, Series 2004, 5.000%, 6/01/20 - FSA Insured                            | 6/14 at 102 |
| 1,150  | Sampson County, North Carolina, Certificates of Participation, Series 2006, 5.000%, 6/01/34 - FSA Insured (UB)                        | 6/17 at 100 |
| 400    | Wilson County, North Carolina, Certificates of Participation, School Facilities Project, Series 2007, 5.000%, 4/01/25 - AMBAC Insured | 4/17 at 100 |
| 325    | Wilson, North Carolina, Certificates of Participation, Public Facilities, Series 2007A, 5.000%, 5/01/29 - AGC Insured                 | 5/17 at 100 |
| -----  |                                                                                                                                       |             |
| 17,995 | Total Tax Obligation/Limited                                                                                                          |             |
| -----  |                                                                                                                                       |             |

TRANSPORTATION - 16.0% (10.2% OF TOTAL INVESTMENTS)

|       |                                                                                                                       |             |
|-------|-----------------------------------------------------------------------------------------------------------------------|-------------|
| 2,035 | Charlotte, North Carolina, Airport Revenue Bonds, Series 2004A, 5.000%, 7/01/34 - MBIA Insured                        | 7/14 at 100 |
| 590   | Piedmont Triad Airport Authority, North Carolina, Airport Revenue Bonds, Series 2005A, 5.000%, 7/01/20 - XLCA Insured | 7/15 at 100 |
|       | Raleigh Durham Airport Authority, North Carolina, Airport Revenue Bonds, Series 2001A:                                |             |
| 1,000 | 5.250%, 11/01/15 - FGIC Insured                                                                                       | 5/11 at 101 |
| 2,320 | 5.250%, 11/01/16 - FGIC Insured                                                                                       | 5/11 at 101 |
| 2,230 | 5.250%, 11/01/17 - FGIC Insured                                                                                       | 5/11 at 101 |
| 270   | University of North Carolina, Charlotte, Parking System Revenue Bonds, Series 2002, 5.000%, 1/01/20 - MBIA Insured    | 1/12 at 101 |
| ----- |                                                                                                                       |             |
| 8,445 | Total Transportation                                                                                                  |             |
| ----- |                                                                                                                       |             |

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| PRINCIPAL AMOUNT (000)                                  | DESCRIPTION (1)                                                                                                 | OPTIONAL C PROVISIONS |
|---------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|-----------------------|
| -----                                                   |                                                                                                                 |                       |
| U.S. GUARANTEED - 15.5% (9.8% OF TOTAL INVESTMENTS) (4) |                                                                                                                 |                       |
| \$ 490                                                  | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, Carolinas Healthcare | 1/11 at 101           |

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|       |                                                                                                                                                                                  |              |
|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
|       | System, Series 2001A, 5.000%, 1/15/31 (Pre-refunded 1/15/11)                                                                                                                     |              |
| 200   | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA Carolinas Healthcare System, Series 2005A, 5.000%, 1/15/45 (Pre-refunded 1/15/15) | 1/15 at 100  |
| 500   | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University, Series 2001A, 5.125%, 10/01/26 (Pre-refunded 10/01/11)                                       | 10/11 at 100 |
| 370   | North Carolina Medical Care Commission, Health System Revenue Bonds, Mission St. Joseph's Health System, Series 2001, 5.250%, 10/01/31 (Pre-refunded 10/01/11)                   | 10/11 at 101 |
| 500   | North Carolina Medical Care Commission, Revenue Bonds, Northeast Medical Center, Series 2004, 5.000%, 11/01/24 (Pre-refunded 11/01/14)                                           | 11/14 at 100 |
|       | Raleigh, North Carolina, Combined Enterprise System Revenue Bonds, Series 2004:                                                                                                  |              |
| 1,000 | 5.000%, 3/01/21 (Pre-refunded 3/01/14)                                                                                                                                           | 3/14 at 100  |
| 1,750 | 5.000%, 3/01/22 (Pre-refunded 3/01/14)                                                                                                                                           | 3/14 at 100  |
| 3,200 | Wake County, North Carolina, General Obligation School Bonds, Series 2000, 5.400%, 2/01/13 (Pre-refunded 2/01/10)                                                                | 2/10 at 101  |

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|       |                       |  |
|-------|-----------------------|--|
| 8,010 | Total U.S. Guaranteed |  |
|-------|-----------------------|--|

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UTILITIES - 13.7% (8.7% OF TOTAL INVESTMENTS)

|       |                                                                                                                                                                                      |             |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| 500   | North Carolina Eastern Municipal Power Agency, Power System Revenue Bonds, Series 2005, 5.250%, 1/01/20 - AMBAC Insured                                                              | 1/16 at 100 |
| 2,500 | North Carolina Eastern Municipal Power Agency, Power System Revenue Refunding Bonds, Series 1993B, 5.500%, 1/01/17 - FGIC Insured                                                    | 1/08 at 100 |
| 1,500 | North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 1999B, 6.500%, 1/01/20                                                                               | 1/10 at 101 |
| 250   | Puerto Rico Electric Power Authority, Power Revenue Bonds, Series 2005RR, 5.000%, 7/01/24 - FGIC Insured                                                                             | 7/15 at 100 |
| 2,600 | Wake County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Revenue Refunding Bonds, Carolina Power and Light Company, Series 2002, 5.375%, 2/01/17 | 2/12 at 101 |

---

|       |                 |  |
|-------|-----------------|--|
| 7,350 | Total Utilities |  |
|-------|-----------------|--|

---

WATER AND SEWER - 20.9% (13.2% OF TOTAL INVESTMENTS)

|       |                                                                                                             |             |
|-------|-------------------------------------------------------------------------------------------------------------|-------------|
| 2,520 | Charlotte, North Carolina, Water and Sewerage System Revenue Bonds, Series 2002A, 5.250%, 7/01/13           | No Opt. C   |
| 1,000 | Durham County, North Carolina, Enterprise System Revenue Bonds, Series 2002, 5.000%, 6/01/23 - MBIA Insured | 6/13 at 100 |

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|       |                                                                                                                                    |             |
|-------|------------------------------------------------------------------------------------------------------------------------------------|-------------|
|       | Raleigh, North Carolina, Combined Enterprise System Revenue Bonds, Series 2006A:                                                   |             |
| 3,095 | 5.000%, 3/01/31 (UB)                                                                                                               | 3/16 at 100 |
| 975   | 5.000%, 3/01/36 (UB)                                                                                                               | 3/16 at 100 |
| 40    | Raleigh, North Carolina, Combined Enterprise System Revenue Bonds, Series 2006A, Residuals Series II-R-645-1, 7.286%, 3/01/31 (IF) | 3/16 at 100 |

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NNO

Nuveen North Carolina Dividend Advantage Municipal Fund 2 (continued)  
 Portfolio of INVESTMENTS November 30, (2007) (Unaudited)

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)                                                                                         | OPTIONAL C<br>PROVISIONS |
|---------------------------|---------------------------------------------------------------------------------------------------------|--------------------------|
| -----                     |                                                                                                         |                          |
|                           | WATER AND SEWER (continued)                                                                             |                          |
| \$ 1,000                  | Wilmington, North Carolina, Water and Sewer Revenue Bonds, Series 2005, 5.000%, 6/01/25 - FSA Insured   | 6/15 at 100              |
| 2,275                     | Winston-Salem, North Carolina, Water and Sewer System Revenue Bonds, Series 2007A, 5.000%, 6/01/37 (UB) | 6/17 at 100              |
| -----                     |                                                                                                         |                          |
| 10,905                    | Total Water and Sewer                                                                                   |                          |
| -----                     |                                                                                                         |                          |
| \$ 83,495                 | Total Investments (cost \$85,361,133) - 157.7%                                                          |                          |
| =====                     |                                                                                                         |                          |
|                           | Floating Rate Obligations - (9.0)%                                                                      |                          |
| -----                     |                                                                                                         |                          |
|                           | Other Assets Less Liabilities - 1.8%                                                                    |                          |
| -----                     |                                                                                                         |                          |
|                           | Preferred Shares, at Liquidation Value - (50.5)%                                                        |                          |
| -----                     |                                                                                                         |                          |
|                           | Net Assets Applicable to Common Shares - 100%                                                           |                          |
| =====                     |                                                                                                         |                          |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings: Using the higher of Standard & Poor's Group ("Standard & Poor's") or Moody's Investor Service, Inc. ("Moody's") rating. Ratings below BBB by Standard & Poor's or Baa by Moody's are considered to be below investment grade.

The AAA ratings shown in the Portfolio of Investments reflects the AAA ratings on certain bonds insured by AMBAC,



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FGIC or MBIA as of November 30, 2007. As explained earlier in the Portfolio Manager's Comments section of this report, one rating agency has reduced the rating for AMBAC to AA, and one or more rating agencies have placed each of these insurers on "negative credit watch", which may presage one or more rating reductions for such insurer or insurers in the future. If one or more insurers' ratings are reduced below AAA by these rating agencies, it would likely reduce the effective rating of many of the bonds insured by that insurer or insurers.

- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.

N/R Not rated.

(IF) Inverse floating rate investment.

(UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction pursuant to the provisions of SFAS No. 140.

See accompanying notes to financial statements.

NII

Nuveen North Carolina Dividend Advantage Municipal Fund 3  
Portfolio of INVESTMENTS

November 30, 2007 (Unaudited)

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)                                                                                                                   | OPTIONAL C<br>PROVISIONS |
|---------------------------|-----------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| -----                     |                                                                                                                                   |                          |
|                           | CONSUMER STAPLES - 3.5% (2.2% OF TOTAL INVESTMENTS)                                                                               |                          |
| \$ 2,000                  | Puerto Rico, The Children's Trust Fund, Tobacco Settlement<br>Asset-Backed Refunding Bonds, Series 2002, 5.500%, 5/15/39          | 5/12 at 100              |
| -----                     |                                                                                                                                   |                          |
|                           | EDUCATION AND CIVIC ORGANIZATIONS - 5.0% (3.2% OF TOTAL INVESTMENTS)                                                              |                          |
|                           | North Carolina Capital Facilities Financing Agency, Revenue<br>Bonds, Duke University, Series 2001A:                              |                          |
| 330                       | 5.125%, 10/01/26                                                                                                                  | 10/11 at 100             |
| 95                        | 5.125%, 10/01/41                                                                                                                  | 10/11 at 100             |
| 1,290                     | University of North Carolina System, Pooled Revenue Refunding<br>Bonds, Series 2002A, 5.000%, 4/01/27 - AMBAC Insured             | 10/12 at 100             |
|                           | University of North Carolina Wilmington, Certificates of<br>Participation, Student Housing Project Revenue Bonds,<br>Series 2006: |                          |
| 500                       | 5.000%, 6/01/21 - FGIC Insured                                                                                                    | 6/16 at 100              |

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|                                                          |                                                                                                                                                                     |              |
|----------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 500                                                      | 5.000%, 6/01/37 - FGIC Insured                                                                                                                                      | 6/16 at 100  |
| <hr/>                                                    |                                                                                                                                                                     |              |
| 2,715                                                    | Total Education and Civic Organizations                                                                                                                             |              |
| <hr/>                                                    |                                                                                                                                                                     |              |
| HEALTH CARE - 9.4% (6.0% OF TOTAL INVESTMENTS)           |                                                                                                                                                                     |              |
| 695                                                      | Albemarle Hospital Authority, North Carolina, Health Care Facilities Revenue Bonds, Series 2007, 5.250%, 10/01/27                                                   | 10/17 at 100 |
| 580                                                      | 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 |
| 1,000                                                    | North Carolina Medical Care Commission, Hospital Revenue Bonds, Wilson Medical Center, Series 2007, 5.000%, 11/01/27                                                | 11/17 at 100 |
| 500                                                      | North Carolina Medical Care Commission, Revenue Bonds, Blue Ridge Healthcare System, Series 2005, 5.000%, 1/01/33 - FGIC Insured                                    | 1/15 at 100  |
| 430                                                      | Onslow County Hospital Authority, North Carolina, FHA Insured Mortgage Revenue Bonds, Onslow Memorial Hospital Project, Series 2006, 5.000%, 4/01/31 - MBIA Insured | 10/16 at 100 |
| <hr/>                                                    |                                                                                                                                                                     |              |
| 5,205                                                    | Total Health Care                                                                                                                                                   |              |
| <hr/>                                                    |                                                                                                                                                                     |              |
| HOUSING/MULTIFAMILY - 1.8% (1.2% OF TOTAL INVESTMENTS)   |                                                                                                                                                                     |              |
| 1,000                                                    | Mecklenburg County, North Carolina, FNMA Multifamily Housing Revenue Bonds, Little Rock Apartments, Series 2003, 5.150%, 1/01/22 (Alternative Minimum Tax)          | 7/13 at 105  |
| <hr/>                                                    |                                                                                                                                                                     |              |
| HOUSING/SINGLE FAMILY - 3.7% (2.3% OF TOTAL INVESTMENTS) |                                                                                                                                                                     |              |
| 760                                                      | 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  |
| 850                                                      | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Series 2007-29A, 4.800%, 7/01/33 (Alternative Minimum Tax)                                     | 1/17 at 100  |
| 510                                                      | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Series 25-A, 4.900%, 7/01/37 (Alternative Minimum Tax)                                         | 7/16 at 100  |
| <hr/>                                                    |                                                                                                                                                                     |              |
| 2,120                                                    | Total Housing/Single Family                                                                                                                                         |              |
| <hr/>                                                    |                                                                                                                                                                     |              |

NII

Nuveen North Carolina Dividend Advantage Municipal Fund 3 (continued)  
 Portfolio of INVESTMENTS November 30, (2007) (Unaudited)

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)                                                                                                                  | OPTIONAL C<br>PROVISIONS |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| -----                     |                                                                                                                                  |                          |
|                           | LONG-TERM CARE - 1.7% (1.1% OF TOTAL INVESTMENTS)                                                                                |                          |
| \$ 600                    | North Carolina Medical Care Commission, Health Care Facilities Revenue Bonds, Presbyterian Homes, Series 2006B, 5.200%, 10/01/21 | 10/16 at 100             |
| 250                       | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Presbyterian Homes, Series 2006, 5.400%, 10/01/27   | 10/16 at 100             |
| 190                       | North Carolina Medical Care Commission, Revenue Bonds, Pines at Davidson, Series 2006A, 5.000%, 1/01/36                          | 1/16 at 100              |
| -----                     |                                                                                                                                  |                          |
| 1,040                     | Total Long-Term Care                                                                                                             |                          |
| -----                     |                                                                                                                                  |                          |
|                           | TAX OBLIGATION/GENERAL - 21.3% (13.6% OF TOTAL INVESTMENTS)                                                                      |                          |
| 3,900                     | Cary, North Carolina, General Obligation Water and Sewer Bonds, Series 2001, 5.000%, 3/01/20                                     | 3/11 at 102              |
| 1,500                     | Durham, North Carolina, General Obligation Bonds, Series 2007, 5.000%, 4/01/22                                                   | 4/17 at 100              |
|                           | Lincoln County, North Carolina, General Obligation Bonds, Series 2002A:                                                          |                          |
| 850                       | 5.000%, 6/01/19 - FGIC Insured                                                                                                   | 6/12 at 101              |
| 900                       | 5.000%, 6/01/20 - FGIC Insured                                                                                                   | 6/12 at 101              |
| 1,050                     | 5.000%, 6/01/21 - FGIC Insured                                                                                                   | 6/12 at 101              |
| 500                       | North Carolina, General Obligation Bonds, Series 2004A, 5.000%, 3/01/22                                                          | 3/14 at 100              |
| 2,000                     | Puerto Rico, General Obligation and Public Improvement Refunding Bonds, Series 1997, 6.500%, 7/01/15 - MBIA Insured              | No Opt. C                |
| 400                       | Raleigh, North Carolina, General Obligation Bonds, Series 2002, 5.000%, 6/01/21                                                  | 6/12 at 100              |
| -----                     |                                                                                                                                  |                          |
| 11,100                    | Total Tax Obligation/General                                                                                                     |                          |
| -----                     |                                                                                                                                  |                          |
|                           | TAX OBLIGATION/LIMITED - 32.5% (20.8% OF TOTAL INVESTMENTS)                                                                      |                          |
| 1,800                     | Catawba County, North Carolina, Certificates of Participation,                                                                   | 6/14 at 100              |

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|        |                                                                                                                                             |              |
|--------|---------------------------------------------------------------------------------------------------------------------------------------------|--------------|
|        | Series 2004, 5.250%, 6/01/22 - MBIA Insured                                                                                                 |              |
| 1,500  | Centennial Authority, North Carolina, Hotel Tax Revenue Bonds, Arena Project, Series 1997, 5.125%, 9/01/19 - FSA Insured                    | 3/08 at 102  |
| 2,750  | Charlotte, North Carolina, Certificates of Participation, Governmental Facilities Projects, Series 2003G, 5.000%, 6/01/33                   | 6/13 at 100  |
| 800    | Craven County, North Carolina, Certificates of Participation, Series 2007, 5.000%, 6/01/27 - MBIA Insured                                   | 6/17 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  |
| 565    | Raleigh, North Carolina, Certificates of Participation, Series 2007, 5.000%, 2/01/27                                                        | 2/17 at 100  |
| 2,000  | Rutherford County, North Carolina, Certificates of Participation, Series 2002, 5.000%, 9/01/21 - AMBAC Insured                              | 9/12 at 101  |
| 1,200  | Sampson County, North Carolina, Certificates of Participation, Series 2006, 5.000%, 6/01/34 - FSA Insured (UB)                              | 6/17 at 100  |
| 1,785  | Union County, North Carolina, Certificates of Participation, Series 2003, 5.000%, 6/01/20 - AMBAC Insured                                   | 6/13 at 101  |
| 400    | Wilson County, North Carolina, Certificates of Participation, School Facilities Project, Series 2007, 5.000%, 4/01/25 - AMBAC Insured       | 4/17 at 100  |
| 325    | Wilson, North Carolina, Certificates of Participation, Public Facilities, Series 2007A, 5.000%, 5/01/29 - AGC Insured                       | 5/17 at 100  |
| -----  |                                                                                                                                             |              |
| 17,625 | Total Tax Obligation/Limited                                                                                                                |              |
| -----  |                                                                                                                                             |              |

| PRINCIPAL<br>AMOUNT (000) | DESCRIPTION (1)                                                                        | OPTIONAL C<br>PROVISIONS |
|---------------------------|----------------------------------------------------------------------------------------|--------------------------|
|                           | TRANSPORTATION - 9.1% (5.8% OF TOTAL INVESTMENTS)                                      |                          |
|                           | Raleigh Durham Airport Authority, North Carolina, Airport Revenue Bonds, Series 2001A: |                          |
| \$ 1,780                  | 5.250%, 11/01/15 - FGIC Insured                                                        | 5/11 at 101              |
| 3,100                     | 5.000%, 11/01/20 - FGIC Insured                                                        | 5/11 at 101              |
| -----                     |                                                                                        |                          |
| 4,880                     | Total Transportation                                                                   |                          |
| -----                     |                                                                                        |                          |

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|       |                                                                                                                                                                                                   |  |              |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------|
|       | U.S. GUARANTEED - 20.9% (13.4% OF TOTAL INVESTMENTS) (4)                                                                                                                                          |  |              |
| 500   | Broad River Water Authority, North Carolina, Water System Revenue Bonds, Series 2000, 5.375%, 6/01/26 (Pre-refunded 6/01/10) - MBIA Insured                                                       |  | 6/10 at 101  |
| 170   | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, Carolinas Healthcare System, Series 2001A, 5.000%, 1/15/31 (Pre-refunded 1/15/11)                      |  | 1/11 at 101  |
| 200   | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA Carolinas Healthcare System, Series 2005A, 5.000%, 1/15/45 (Pre-refunded 1/15/15)                  |  | 1/15 at 100  |
| 50    | Cumberland County, North Carolina, Hospital Facility Revenue Bonds, Cumberland County Hospital System Inc., Cape Fear Valley Health System, Series 1999, 5.250%, 10/01/29 (Pre-refunded 10/01/09) |  | 10/09 at 101 |
|       | Forsyth County, North Carolina, Certificates of Participation, Public Facilities and Equipment Project, Series 2002:                                                                              |  |              |
| 1,325 | 5.125%, 1/01/16 (Pre-refunded 1/01/13)                                                                                                                                                            |  | 1/13 at 101  |
| 770   | 5.250%, 1/01/19 (Pre-refunded 1/01/13)                                                                                                                                                            |  | 1/13 at 101  |
|       | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University, Series 2001A:                                                                                                 |  |              |
| 1,420 | 5.125%, 10/01/26 (Pre-refunded 10/01/11)                                                                                                                                                          |  | 10/11 at 100 |
| 405   | 5.125%, 10/01/41 (Pre-refunded 10/01/11)                                                                                                                                                          |  | 10/11 at 100 |
| 3,000 | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University, Series 2002A, 5.125%, 7/01/42 (Pre-refunded 10/01/12)                                                         |  | 10/12 at 100 |
| 500   | North Carolina Medical Care Commission, Health System Revenue Bonds, Mission St. Joseph's Health System, Series 2001, 5.250%, 10/01/31 (Pre-refunded 10/01/11)                                    |  | 10/11 at 101 |
| 500   | North Carolina Medical Care Commission, Revenue Bonds, Northeast Medical Center, Series 2004, 5.000%, 11/01/24 (Pre-refunded 11/01/14)                                                            |  | 11/14 at 100 |
| 610   | University of North Carolina System, Pooled Revenue Refunding Bonds, Series 2002A, 5.000%, 4/01/27 (Pre-refunded 10/01/12) - AMBAC Insured                                                        |  | 10/12 at 100 |
| 1,500 | Winston-Salem, North Carolina, Water and Sewerage System Revenue Bonds, Series 2002A, 5.000%, 6/01/19 (Pre-refunded 6/01/12)                                                                      |  | 6/12 at 100  |

---

|        |                       |  |  |
|--------|-----------------------|--|--|
| 10,950 | Total U.S. Guaranteed |  |  |
|--------|-----------------------|--|--|

---

|       |                                                                                                                         |  |             |
|-------|-------------------------------------------------------------------------------------------------------------------------|--|-------------|
|       | UTILITIES - 15.7% (10.1% OF TOTAL INVESTMENTS)                                                                          |  |             |
| 500   | North Carolina Eastern Municipal Power Agency, Power System Revenue Bonds, Series 2005, 5.250%, 1/01/20 - AMBAC Insured |  | 1/16 at 100 |
| 4,000 | North Carolina Eastern Municipal Power Agency, Power System                                                             |  | 1/08 at 100 |

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|       |                                                                                                                                                                                      |             |
|-------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
|       | Revenue Refunding Bonds, Series 1993B, 5.500%, 1/01/17 - FGIC Insured                                                                                                                |             |
| 2,665 | North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 2003A, 5.250%, 1/01/15 - AMBAC Insured                                                               | 1/13 at 100 |
| 1,400 | Wake County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Revenue Refunding Bonds, Carolina Power and Light Company, Series 2002, 5.375%, 2/01/17 | 2/12 at 101 |
| 8,565 | Total Utilities                                                                                                                                                                      |             |

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NII

Nuveen North Carolina Dividend Advantage Municipal Fund 3 (continued)  
Portfolio of INVESTMENTS November 30, (2007) (Unaudited)

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1)                                                                                                                            | OPTIONAL C PROVISIONS |
|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
|                        | WATER AND SEWER - 31.7% (20.3% OF TOTAL INVESTMENTS)                                                                                       |                       |
|                        | Charlotte, North Carolina, Water and Sewerage System Revenue Bonds, Series 2001:                                                           |                       |
| \$ 750                 | 5.125%, 6/01/26                                                                                                                            | 6/11 at 101           |
| 1,780                  | 5.125%, 6/01/26 - FGIC Insured                                                                                                             | 6/11 at 101           |
| 300                    | Durham County, North Carolina, Enterprise System Revenue Bonds, Series 2002, 5.000%, 6/01/18 - MBIA Insured                                | 6/13 at 100           |
| 2,500                  | Kannapolis, North Carolina, Water and Sewerage System Revenue Bonds, Series 2001B, 5.250%, 2/01/26 - FSA Insured (Alternative Minimum Tax) | 2/12 at 101           |
| 500                    | Onslow County, North Carolina, Combined Enterprise System Revenue Bonds, Series 2004B, 5.000%, 6/01/23 - XLCA Insured                      | 6/14 at 100           |
| 1,000                  | Orange Water and Sewerage Authority, North Carolina, Water and Sewerage System Revenue Bonds, Series 2001, 5.000%, 7/01/26                 | 7/11 at 101           |
|                        | Raleigh, North Carolina, Combined Enterprise System Revenue Bonds, Series 2006A:                                                           |                       |
| 4,950                  | 5.000%, 3/01/31 (UB)                                                                                                                       | 3/16 at 100           |
| 3,000                  | 5.000%, 3/01/36 (UB)                                                                                                                       | 3/16 at 100           |
| 5                      | Raleigh, North Carolina, Combined Enterprise System Revenue Bonds, Series 2006A, Residuals Series II-R-645-1, 7.284%, 3/01/36 (IF)         | 3/16 at 100           |
| 2,375                  | Winstom-Salem, North Carolina, Water and Sewer System Revenue Bonds, Series 2007A, 5.000%, 6/01/37 (UB)                                    | 6/17 at 100           |
| 17,160                 | Total Water and Sewer                                                                                                                      |                       |

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\$ 84,360 Total Investments (cost \$86,420,312) - 156.3%

-----  
 Floating Rate Obligations - (13.6)%  
 -----

Other Assets Less Liabilities - 6.8%  
 -----

Preferred Shares, at Liquidation Value - (49.5)%  
 -----

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

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings: Using the higher of Standard & Poor's Group ("Standard & Poor's") or Moody's Investor Service, Inc. ("Moody's") rating. Ratings below BBB by Standard & Poor's or Baa by Moody's are considered to be below investment grade.

The AAA ratings shown in the Portfolio of Investments reflects the AAA ratings on certain bonds insured by AMBAC, FGIC or MBIA as of November 30, 2007. As explained earlier in the Portfolio Manager's Comments section of this report, one rating agency has reduced the rating for AMBAC to AA, and one or more rating agencies have placed each of these insurers on "negative credit watch", which may presage one or more rating reductions for such insurer or insurers in the future. If one or more insurers' ratings are reduced below AAA by these rating agencies, it would likely reduce the effective rating of many of the bonds insured by that insurer or insurers.

- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.

N/R Not rated.

(IF) Inverse floating rate investment.

(UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction pursuant to the provisions of SFAS No. 140.

See accompanying notes to financial statements.

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November 30, 2007 (Unaudited)

GEORGIA  
PREMIUM  
INCOME  
(NPG)

-----  
ASSETS

|                                                                                           |              |
|-------------------------------------------------------------------------------------------|--------------|
| Investments, at value (cost \$80,098,516, \$42,681,182<br>and \$95,947,393, respectively) | \$83,111,790 |
| Cash                                                                                      | 124,694      |
| Unrealized appreciation on forward swaps                                                  | --           |
| Interest receivable                                                                       | 1,426,809    |
| Other assets                                                                              | 8,196        |
| -----                                                                                     |              |
| Total assets                                                                              | 84,671,489   |

LIABILITIES

|                                   |           |
|-----------------------------------|-----------|
| Cash overdraft                    | --        |
| Floating rate obligations         | --        |
| Payable for investments purchased | 1,088,857 |
| Accrued expenses:                 |           |
| Management fees                   | 43,085    |
| Other                             | 11,565    |
| Common share dividends payable    | 174,710   |
| Preferred share dividends payable | 3,428     |
| -----                             |           |
| Total liabilities                 | 1,321,645 |

|                                                                                                                                   |              |
|-----------------------------------------------------------------------------------------------------------------------------------|--------------|
| Preferred shares, at liquidation value                                                                                            | 27,800,000   |
| -----                                                                                                                             |              |
| Net assets applicable to Common shares                                                                                            | \$55,549,844 |
| =====                                                                                                                             |              |
| Common shares outstanding                                                                                                         | 3,805,652    |
| =====                                                                                                                             |              |
| Net asset value per Common share outstanding<br>(net assets applicable to Common shares,<br>divided by Common shares outstanding) | \$ 14.60     |

NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF:

|                                                                                          |              |
|------------------------------------------------------------------------------------------|--------------|
| Common shares, \$.01 par value per share                                                 | \$ 38,057    |
| Paid-in surplus                                                                          | 52,378,108   |
| Undistributed (Over-distribution of) net investment income                               | (96,421)     |
| Accumulated net realized gain (loss) from investments<br>and derivative transactions     | 216,826      |
| Net unrealized appreciation (depreciation) of investments<br>and derivative transactions | 3,013,274    |
| -----                                                                                    |              |
| Net assets applicable to Common shares                                                   | \$55,549,844 |
| =====                                                                                    |              |
| Authorized shares:                                                                       |              |
| Common                                                                                   | Unlimited    |
| Preferred                                                                                | Unlimited    |

See accompanying notes to financial statements.



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Statement of  
 ASSETS & LIABILITIES (continued)  
 November 30, 2007 (Unaudited)

|                                                                                                                                   | NORTH<br>CAROLINA<br>PREMIUM<br>INCOME<br>(NNC) | NORTH<br>CAROLINA<br>DIVIDEND<br>ADVANTAGE<br>(NRB) |
|-----------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|-----------------------------------------------------|
| <b>ASSETS</b>                                                                                                                     |                                                 |                                                     |
| Investments, at value (cost \$136,217,517, \$54,703,163,<br>\$85,361,133 and \$86,420,312, respectively)                          | \$139,159,564                                   | \$56,073,700                                        |
| Cash                                                                                                                              | 497,306                                         | 42,083                                              |
| Unrealized appreciation on forward swaps                                                                                          | --                                              | --                                                  |
| Interest receivable                                                                                                               | 2,342,110                                       | 857,233                                             |
| Other assets                                                                                                                      | 9,100                                           | 3,070                                               |
| <b>Total assets</b>                                                                                                               | <b>142,008,080</b>                              | <b>56,976,086</b>                                   |
| <b>LIABILITIES</b>                                                                                                                |                                                 |                                                     |
| Cash overdraft                                                                                                                    | --                                              | --                                                  |
| Floating rate obligations                                                                                                         | 3,870,000                                       | 6,350,000                                           |
| Payable for investments purchased                                                                                                 | --                                              | --                                                  |
| Accrued expenses:                                                                                                                 |                                                 |                                                     |
| Management fees                                                                                                                   | 71,131                                          | 17,859                                              |
| Other                                                                                                                             | 20,725                                          | 6,241                                               |
| Common share dividends payable                                                                                                    | 283,726                                         | 122,781                                             |
| Preferred share dividends payable                                                                                                 | 3,717                                           | 4,470                                               |
| <b>Total liabilities</b>                                                                                                          | <b>4,249,299</b>                                | <b>6,501,351</b>                                    |
| Preferred shares, at liquidation value                                                                                            | 46,800,000                                      | 17,000,000                                          |
| Net assets applicable to Common shares                                                                                            | \$ 90,958,781                                   | \$33,474,735                                        |
| Common shares outstanding                                                                                                         | 6,351,838                                       | 2,262,819                                           |
| Net asset value per Common share outstanding<br>(net assets applicable to Common shares,<br>divided by Common shares outstanding) | \$ 14.32                                        | \$ 14.79                                            |
| <b>NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF:</b>                                                                         |                                                 |                                                     |
| Common shares, \$.01 par value per share                                                                                          | \$ 63,518                                       | \$ 22,628                                           |
| Paid-in surplus                                                                                                                   | 87,829,648                                      | 32,087,679                                          |
| Undistributed (Over-distribution of) net investment income                                                                        | (186,037)                                       | (62,075)                                            |
| Accumulated net realized gain (loss) from investments<br>and derivative transactions                                              | 309,605                                         | 55,966                                              |
| Net unrealized appreciation (depreciation) of investments<br>and derivative transactions                                          | 2,942,047                                       | 1,370,537                                           |
| Net assets applicable to Common shares                                                                                            | \$ 90,958,781                                   | \$33,474,735                                        |
| Authorized shares:                                                                                                                |                                                 |                                                     |
| Common                                                                                                                            | Unlimited                                       | Unlimited                                           |
| Preferred                                                                                                                         | Unlimited                                       | Unlimited                                           |

See accompanying notes to financial statements.

Statement of  
OPERATIONS

Six Months Ended November 30, 2007 (Unaudited)

|                                                                                                    | GEORGIA<br>PREMIUM<br>INCOME<br>(NPG) |
|----------------------------------------------------------------------------------------------------|---------------------------------------|
| -----                                                                                              |                                       |
| INVESTMENT INCOME                                                                                  | \$1,935,471                           |
| -----                                                                                              |                                       |
| EXPENSES                                                                                           |                                       |
| Management fees                                                                                    | 261,864                               |
| Preferred shares - auction fees                                                                    | 34,845                                |
| Preferred shares - dividend disbursing agent fees                                                  | 5,014                                 |
| Shareholders' servicing agent fees and expenses                                                    | 2,309                                 |
| Interest expense on floating rate obligations                                                      | --                                    |
| Custodian's fees and expenses                                                                      | 10,698                                |
| Trustees' fees and expenses                                                                        | 1,010                                 |
| Professional fees                                                                                  | 5,007                                 |
| Shareholders' reports - printing and mailing expenses                                              | 9,260                                 |
| Stock exchange listing fees                                                                        | 162                                   |
| Investor relations expense                                                                         | 4,079                                 |
| Other expenses                                                                                     | 5,929                                 |
| -----                                                                                              |                                       |
| Total expenses before custodian fee credit and expense reimbursement                               | 340,177                               |
| Custodian fee credit                                                                               | (7,165)                               |
| Expense reimbursement                                                                              | --                                    |
| -----                                                                                              |                                       |
| Net expenses                                                                                       | 333,012                               |
| -----                                                                                              |                                       |
| Net investment income                                                                              | 1,602,459                             |
| -----                                                                                              |                                       |
| REALIZED AND UNREALIZED GAIN (LOSS)                                                                |                                       |
| Net realized gain (loss) from:                                                                     |                                       |
| Investments                                                                                        | 179,150                               |
| Forward swaps                                                                                      | 23,130                                |
| Change in net unrealized appreciation (depreciation) of:                                           |                                       |
| Investments                                                                                        | 34,815                                |
| Forward swaps                                                                                      | --                                    |
| -----                                                                                              |                                       |
| Net realized and unrealized gain (loss)                                                            | 237,095                               |
| -----                                                                                              |                                       |
| DISTRIBUTIONS TO PREFERRED SHAREHOLDERS                                                            |                                       |
| From net investment income                                                                         | (473,215)                             |
| From accumulated net realized gains                                                                | --                                    |
| -----                                                                                              |                                       |
| Decrease in net assets applicable to Common shares from<br>distributions to Preferred shareholders | (473,215)                             |
| -----                                                                                              |                                       |
| Net increase (decrease) in net assets applicable to Common shares<br>from operations               | \$1,366,339                           |
| =====                                                                                              |                                       |

See accompanying notes to financial statements.

Statement of  
OPERATIONS (continued) (Unaudited)

|                                                                                                    | NORTH<br>CAROLINA<br>PREMIUM<br>INCOME<br>(NNC) | NORTH<br>CAROLINA<br>DIVIDEND<br>ADVANTAGE<br>(NRB) |
|----------------------------------------------------------------------------------------------------|-------------------------------------------------|-----------------------------------------------------|
| INVESTMENT INCOME                                                                                  | \$3,280,299                                     | \$1,315,095                                         |
| EXPENSES                                                                                           |                                                 |                                                     |
| Management fees                                                                                    | 432,566                                         | 158,497                                             |
| Preferred shares - auction fees                                                                    | 58,661                                          | 21,309                                              |
| Preferred shares - dividend disbursing agent fees                                                  | 5,014                                           | 5,014                                               |
| Shareholders' servicing agent fees and expenses                                                    | 4,655                                           | 138                                                 |
| Interest expense on floating rate obligations                                                      | 74,018                                          | 121,944                                             |
| Custodian's fees and expenses                                                                      | 17,464                                          | 6,933                                               |
| Trustees' fees and expenses                                                                        | 1,756                                           | 528                                                 |
| Professional fees                                                                                  | 6,453                                           | 4,156                                               |
| Shareholders' reports - printing and mailing expenses                                              | 16,883                                          | 7,019                                               |
| Stock exchange listing fees                                                                        | 4,849                                           | 96                                                  |
| Investor relations expense                                                                         | 6,726                                           | 2,759                                               |
| Other expenses                                                                                     | 6,869                                           | 6,385                                               |
| Total expenses before custodian fee credit and expense reimbursement                               | 635,914                                         | 334,778                                             |
| Custodian fee credit                                                                               | (12,959)                                        | (4,281)                                             |
| Expense reimbursement                                                                              | --                                              | (50,016)                                            |
| Net expenses                                                                                       | 622,955                                         | 280,481                                             |
| Net investment income                                                                              | 2,657,344                                       | 1,034,614                                           |
| REALIZED AND UNREALIZED GAIN (LOSS)                                                                |                                                 |                                                     |
| Net realized gain (loss) from:                                                                     |                                                 |                                                     |
| Investments                                                                                        | 71,469                                          | (14,623)                                            |
| Forward swaps                                                                                      | --                                              | (24,224)                                            |
| Change in net unrealized appreciation (depreciation) of:                                           |                                                 |                                                     |
| Investments                                                                                        | (332,751)                                       | 89,699                                              |
| Forward swaps                                                                                      | --                                              | 17,297                                              |
| Net realized and unrealized gain (loss)                                                            | (261,282)                                       | 68,149                                              |
| DISTRIBUTIONS TO PREFERRED SHAREHOLDERS                                                            |                                                 |                                                     |
| From net investment income                                                                         | (761,128)                                       | (272,223)                                           |
| From accumulated net realized gains                                                                | --                                              | --                                                  |
| Decrease in net assets applicable to Common shares from<br>distributions to Preferred shareholders | (761,128)                                       | (272,223)                                           |
| Net increase (decrease) in net assets applicable to Common shares<br>from operations               | \$1,634,934                                     | \$ 830,540                                          |

See accompanying notes to financial statements.

Statement of  
CHANGES in NET ASSETS (Unaudited)

|                                                                                                         | GEORGIA<br>PREMIUM INCOME (NPG) |                       | GEORGIA<br>DIVIDEND ADVANTAGE (NZX) |                       |
|---------------------------------------------------------------------------------------------------------|---------------------------------|-----------------------|-------------------------------------|-----------------------|
|                                                                                                         | SIX MONTHS<br>ENDED<br>11/30/07 | YEAR ENDED<br>5/31/07 | SIX MONTHS<br>ENDED<br>11/30/07     | YEAR ENDED<br>5/31/07 |
|                                                                                                         | -----                           |                       |                                     |                       |
| OPERATIONS                                                                                              |                                 |                       |                                     |                       |
| Net investment income                                                                                   | \$ 1,602,459                    | \$ 3,284,935          | \$ 894,645                          | \$ 1,802,562          |
| Net realized gain (loss) from:                                                                          |                                 |                       |                                     |                       |
| Investments                                                                                             | 179,150                         | 81,348                | 102,772                             | 69,122                |
| Forward swaps                                                                                           | 23,130                          | --                    | (7,114)                             | --                    |
| Futures                                                                                                 | --                              | --                    | --                                  | --                    |
| Change in net unrealized appreciation<br>(depreciation) of:                                             |                                 |                       |                                     |                       |
| Investments                                                                                             | 34,815                          | 43,450                | (20,060)                            | (14,277)              |
| Forward swaps                                                                                           | --                              | --                    | 243,594                             | (29,585)              |
| Distributions to<br>Preferred Shareholders:                                                             |                                 |                       |                                     |                       |
| From net investment income                                                                              | (473,215)                       | (869,692)             | (254,355)                           | (481,666)             |
| From accumulated net<br>realized gains                                                                  | --                              | --                    | --                                  | --                    |
| -----                                                                                                   |                                 |                       |                                     |                       |
| Net increase (decrease) in net assets<br>applicable to Common shares<br>from operations                 | 1,366,339                       | 2,540,041             | 959,482                             | 1,346,156             |
| -----                                                                                                   |                                 |                       |                                     |                       |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS                                                                    |                                 |                       |                                     |                       |
| From net investment income                                                                              | (1,175,946)                     | (2,539,683)           | (655,725)                           | (1,481,082)           |
| From accumulated net realized gains                                                                     | --                              | --                    | --                                  | --                    |
| -----                                                                                                   |                                 |                       |                                     |                       |
| Decrease in net assets applicable to<br>Common shares from distributions<br>to Common shareholders      | (1,175,946)                     | (2,539,683)           | (655,725)                           | (1,481,082)           |
| -----                                                                                                   |                                 |                       |                                     |                       |
| CAPITAL SHARE TRANSACTIONS                                                                              |                                 |                       |                                     |                       |
| Net proceeds from Common shares<br>issued to shareholders due to<br>reinvestment of distributions       | --                              | 40,850                | 12,932                              | 53,889                |
| -----                                                                                                   |                                 |                       |                                     |                       |
| Net increase (decrease) in net assets<br>applicable to Common shares from<br>capital share transactions | --                              | 40,850                | 12,932                              | 53,889                |
| -----                                                                                                   |                                 |                       |                                     |                       |
| Net increase (decrease) in net assets<br>applicable to Common shares                                    | 190,393                         | 41,208                | 316,689                             | (81,037)              |
| Net assets applicable to Common<br>shares at the beginning<br>of period                                 | 55,359,451                      | 55,318,243            | 28,831,160                          | 28,912,197            |
| -----                                                                                                   |                                 |                       |                                     |                       |
| Net assets applicable to Common<br>shares at the end of period                                          | \$55,549,844                    | \$55,359,451          | \$29,147,849                        | \$28,831,160          |
| =====                                                                                                   |                                 |                       |                                     |                       |
| Undistributed (Over-distribution of)<br>net investment income at the                                    |                                 |                       |                                     |                       |

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end of period                                                 \$   (96,421)                         \$   (49,719)                         \$   (66,999)                         \$   (51,564)

See accompanying notes to financial statements.

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Statement of  
CHANGES in NET ASSETS (continued) (Unaudited)

|                                                                                                         | NORTH CAROLINA<br>PREMIUM INCOME (NNC) |                       |
|---------------------------------------------------------------------------------------------------------|----------------------------------------|-----------------------|
|                                                                                                         | SIX MONTHS<br>ENDED<br>11/30/07        | YEAR ENDED<br>5/31/07 |
| <hr/>                                                                                                   |                                        |                       |
| OPERATIONS                                                                                              |                                        |                       |
| Net investment income                                                                                   | \$ 2,657,344                           | \$ 5,395,346          |
| Net realized gain (loss) from:                                                                          |                                        |                       |
| Investments                                                                                             | 71,469                                 | 368,361               |
| Forward swaps                                                                                           | --                                     | --                    |
| Futures                                                                                                 | --                                     | --                    |
| Change in net unrealized appreciation (depreciation) of:                                                |                                        |                       |
| Investments                                                                                             | (332,751)                              | 98,311                |
| Forward swaps                                                                                           | --                                     | --                    |
| Distributions to Preferred Shareholders:                                                                |                                        |                       |
| From net investment income                                                                              | (761,128)                              | (1,481,763)           |
| From accumulated net realized gains                                                                     | --                                     | (19,120)              |
| <hr/>                                                                                                   |                                        |                       |
| Net increase (decrease) in net assets<br>applicable to Common shares<br>from operations                 | <br>1,634,934                          | <br>4,361,135         |
| <hr/>                                                                                                   |                                        |                       |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS                                                                    |                                        |                       |
| From net investment income                                                                              | (1,867,439)                            | (4,163,346)           |
| From accumulated net realized gains                                                                     | --                                     | (89,554)              |
| <hr/>                                                                                                   |                                        |                       |
| Decrease in net assets applicable to<br>Common shares from distributions<br>to Common shareholders      | <br>(1,867,439)                        | <br>(4,252,900)       |
| <hr/>                                                                                                   |                                        |                       |
| CAPITAL SHARE TRANSACTIONS                                                                              |                                        |                       |
| Net proceeds from Common shares<br>issued to shareholders due to<br>reinvestment of distributions       | <br><br>--                             | <br><br>50,016        |
| <hr/>                                                                                                   |                                        |                       |
| Net increase (decrease) in net assets<br>applicable to Common shares from<br>capital share transactions | <br><br>--                             | <br><br>50,016        |
| <hr/>                                                                                                   |                                        |                       |
| Net increase (decrease) in net assets<br>applicable to Common shares                                    | <br>(232,505)                          | <br>158,251           |
| Net assets applicable to Common<br>shares at the beginning of period                                    | <br>91,191,286                         | <br>91,033,035        |
| <hr/>                                                                                                   |                                        |                       |
| Net assets applicable to Common<br>shares at the end of period                                          | <br>\$90,958,781                       | <br>\$91,191,286      |
| <hr/>                                                                                                   |                                        |                       |

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|                                                                                       |              |              |
|---------------------------------------------------------------------------------------|--------------|--------------|
| Undistributed (Over-distribution of)<br>net investment income at the<br>end of period | \$ (186,037) | \$ (214,814) |
|---------------------------------------------------------------------------------------|--------------|--------------|

See accompanying notes to financial statements.

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|                                                                                                         | NORTH CAROLINA<br>DIVIDEND ADVANTAGE 2 (NNO) |                       |
|---------------------------------------------------------------------------------------------------------|----------------------------------------------|-----------------------|
|                                                                                                         | SIX MONTHS<br>ENDED<br>11/30/07              | YEAR ENDED<br>5/31/07 |
| -----                                                                                                   |                                              |                       |
| OPERATIONS                                                                                              |                                              |                       |
| Net investment income                                                                                   | \$ 1,691,647                                 | \$ 3,419,247          |
| Net realized gain (loss) from:                                                                          |                                              |                       |
| Investments                                                                                             | 69,064                                       | 406,698               |
| Forward swaps                                                                                           | --                                           | --                    |
| Futures                                                                                                 | --                                           | --                    |
| Change in net unrealized appreciation (depreciation) of:                                                |                                              |                       |
| Investments                                                                                             | 22,269                                       | (28,954)              |
| Forward swaps                                                                                           | --                                           | --                    |
| Distributions to Preferred Shareholders:                                                                |                                              |                       |
| From net investment income                                                                              | (460,283)                                    | (878,117)             |
| From accumulated net realized gains                                                                     | --                                           | (39,705)              |
| -----                                                                                                   |                                              |                       |
| Net increase (decrease) in net assets<br>applicable to Common shares<br>from operations                 | 1,322,697                                    | 2,879,169             |
| -----                                                                                                   |                                              |                       |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS                                                                    |                                              |                       |
| From net investment income                                                                              | (1,211,101)                                  | (2,647,748)           |
| From accumulated net realized gains                                                                     | --                                           | (184,018)             |
| -----                                                                                                   |                                              |                       |
| Decrease in net assets applicable to<br>Common shares from distributions<br>to Common shareholders      | (1,211,101)                                  | (2,831,766)           |
| -----                                                                                                   |                                              |                       |
| CAPITAL SHARE TRANSACTIONS                                                                              |                                              |                       |
| Net proceeds from Common shares<br>issued to shareholders due to<br>reinvestment of distributions       | 9,817                                        | 49,760                |
| -----                                                                                                   |                                              |                       |
| Net increase (decrease) in net assets<br>applicable to Common shares from<br>capital share transactions | 9,817                                        | 49,760                |
| -----                                                                                                   |                                              |                       |
| Net increase (decrease) in net assets<br>applicable to Common shares                                    | 121,413                                      | 97,163                |
| Net assets applicable to Common<br>shares at the beginning of period                                    | 55,348,647                                   | 55,251,484            |
| -----                                                                                                   |                                              |                       |
| Net assets applicable to Common<br>shares at the end of period                                          | \$55,470,060                                 | \$55,348,647          |
| =====                                                                                                   |                                              |                       |

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Undistributed (Over-distribution of)  
net investment income at the  
end of period

|  |              |              |
|--|--------------|--------------|
|  | \$ (175,602) | \$ (195,865) |
|--|--------------|--------------|

=====

See accompanying notes to financial statements.

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Statement of  
CASH FLOWS

Six Months Ended November 30, 2007 (Unaudited)

-----  
CASH FLOWS FROM OPERATING ACTIVITIES:

NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON SHARES FROM OPERATIONS

Adjustments to reconcile the net increase (decrease) in net assets applicable to

Common shares from operations to net cash provided by (used in) operating activities:

Purchases of investments

Proceeds from sales and maturities of investments

Proceeds from sales of forward swaps

Amortization/(Accretion) of premiums and discounts, net

(Increase) Decrease in receivable for interest

(Increase) Decrease in other assets

Increase (Decrease) in payable for investments purchased

Increase (Decrease) in accrued management fees

Increase (Decrease) in accrued other liabilities

Increase (Decrease) in Preferred shares dividends payable

Net realized (gain) loss from investments

Net realized (gain) loss from forward swaps

Change in net unrealized (appreciation) depreciation of investments

Change in net unrealized (appreciation) depreciation of forward swaps

-----  
Net cash provided by (used in) operating activities

-----  
CASH FLOWS FROM FINANCING ACTIVITIES:

Increase in floating rate obligations

Cash distributions paid to Common shareholders

-----  
Net cash provided by (used in) financing activities

-----  
NET INCREASE (DECREASE) IN CASH

Cash at the beginning of period

-----  
CASH AT THE END OF PERIOD

=====

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Non-cash financing activities not included herein consist of reinvestments of  
Common share distributions of \$29,667 and \$16,004 for North Carolina Dividend  
Advantage (NRB) and North Carolina Dividend Advantage 3 (NII).

See accompanying notes to financial statements.

Notes to  
FINANCIAL STATEMENTS (Unaudited)

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 Carolina Premium Income (NNC) are traded on the New York Stock Exchange. The Funds are registered under the Investment Company Act of 1940, as amended, as closed-end management investment companies.

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

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

Investment Valuation

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

Investment Transactions

Investment transactions are recorded on a trade date basis. Realized gains and losses from transactions are determined on the specific identification method. Investments purchased on a when-issued/delayed delivery basis may have extended settlement periods. Any investments so purchased are subject to market fluctuation during this period. The Funds have instructed the custodian to



segregate assets with a current value at least equal to the amount of the when-issued/delayed delivery purchase commitments. At November 30, 2007, Georgia Premium Income (NPG), Georgia Dividend Advantage (NZX) and Georgia Dividend Advantage 2 (NKG) each had outstanding when-issued/delayed-delivery purchase commitments of \$1,088,857, \$602,282 and \$1,329,741, respectively. There were no such outstanding purchase commitments in any of the other Funds.

Investment Income

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

Notes to  
FINANCIAL STATEMENTS (continued) (Unaudited)

Income Taxes

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

Dividends and Distributions to Common Shareholders

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

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

Preferred Shares

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

|         |           |             |          |           |         |
|---------|-----------|-------------|----------|-----------|---------|
|         |           |             | NORTH    | NORTH     | N       |
| GEORGIA | GEORGIA   | GEORGIA     | CAROLINA | CAROLINA  | CARO    |
| PREMIUM | DIVIDEND  | DIVIDEND    | PREMIUM  | DIVIDEND  | DIVI    |
| INCOME  | ADVANTAGE | ADVANTAGE 2 | INCOME   | ADVANTAGE | ADVANTA |

|                   | (NPG) | (NZX) | (NKG) | (NNC) | (NRB) | ( ) |
|-------------------|-------|-------|-------|-------|-------|-----|
| -----             |       |       |       |       |       |     |
| Number of shares: |       |       |       |       |       |     |
| Series M          | --    | 600   | --    | --    | --    |     |
| Series T          | --    | --    | --    | --    | 680   |     |
| Series W          | --    | --    | --    | --    | --    |     |
| Series TH         | 1,112 | --    | --    | 1,872 | --    |     |
| Series F          | --    | --    | 1,320 | --    | --    | 1   |
| =====             |       |       |       |       |       |     |

Inverse Floating Rate Securities

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

A Fund may purchase an inverse floating rate security in a secondary market transaction without first owning the underlying bond (referred to as an "externally-deposited inverse floater"), or instead by first selling a fixed-rate bond to a broker-dealer for deposit into the special purpose trust and receiving in turn the residual interest in the trust (referred to as a "self-deposited inverse floater"). A Fund may also enter into shortfall and forbearance agreements (sometimes referred to as a "recourse trust" or "credit recovery swap") with a broker-dealer by which a Fund agrees to reimburse the broker-dealer, in certain circumstances, for the difference between the liquidation value of the fixed-rate bond held by the trust and the liquidation value of the floating rate certificates, as well as any shortfalls in interest cash flows. The inverse floater held by a Fund gives the Fund the right (a) to cause the holders of the floating rate certificates to tender their notes at par, and (b) to have the broker transfer the fixed-rate bond held by the trust to the Fund, thereby collapsing the trust. An investment in an externally-deposited inverse floater is identified in the Portfolio of Investments as an "Inverse floating rate investment". An investment in a self-deposited inverse floater, recourse trust or credit recovery swap is accounted for as a financing transaction in accordance with Statement of Financial Accounting Standards (SFAS) No. 140 "Accounting for Transfers and Servicing of Financial Assets and Extinguishment of Liabilities". In such instances, a fixed-rate bond deposited into a special purpose trust is identified in the Portfolio of Investments as an "Underlying bond of an inverse

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floating rate trust", with the Fund accounting for the short-term floating rate certificates issued by the trust as "Floating rate obligations" on the Statement of Assets and Liabilities. In addition, the Fund reflects in Investment Income the entire earnings of the underlying bond and accounts for the related interest paid to the holders of the short-term floating rate certificates as "Interest expense on floating rate obligations" in the Statement of Operations.

During the six months ended November 30, 2007, North Carolina Premium Income (NNC), North Carolina Dividend Advantage (NRB), North Carolina Dividend Advantage 2 (NNO) and North Carolina Dividend Advantage 3 (NII) invested in externally deposited inverse floaters and/or self-deposited inverse floaters. Georgia Premium Income (NPG), Georgia Dividend Advantage (NZX) and Georgia Dividend Advantage 2 (NKG) did not invest in any such instruments during the six months ended November 30, 2007.

The average floating rate obligations outstanding and average annual interest rate and fees related to self-deposited inverse floaters during the six months ended November 30, 2007, were as follows:

|                                       | NORTH<br>CAROLINA<br>PREMIUM<br>INCOME<br>(NNC) | NORTH<br>CAROLINA<br>DIVIDEND<br>ADVANTAGE<br>(NRB) | N<br>CARO<br>DIVI<br>ADVANTA<br>( |
|---------------------------------------|-------------------------------------------------|-----------------------------------------------------|-----------------------------------|
| Average floating rate obligations     | \$3,870,000                                     | \$6,350,000                                         | \$4,995                           |
| Average annual interest rate and fees | 3.81%                                           | 3.83%                                               | 3                                 |

Forward Swap Transactions

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

above a pre-determined threshold. Collateral pledges are monitored and subsequently adjusted if and when the swap valuations fluctuate, either up or down, by at least the predetermined threshold amount. Georgia Dividend Advantage (NZX) was the only Fund to invest in forward interest rate swap transactions during the six months ended November 30, 2007.

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Notes to  
FINANCIAL STATEMENTS (continued) (Unaudited)

#### Futures Contracts

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

During the period the futures contract is open, changes in the value of the contract are recognized as an unrealized gain or loss by "marking-to-market" on a daily basis to reflect the changes in market value of the contract. When the contract is closed or expired, a Fund records a realized gain or loss equal to the difference between the value of the contract on the closing date and value of the contract when originally entered into. Cash held by the broker to cover initial margin requirements on open futures contracts, if any, is recognized in the Statement of Assets and Liabilities. Additionally, the Statement of Assets and Liabilities reflects a receivable or payable for the variation margin when applicable. None of the Funds invested in futures contracts during the six months ended November 30, 2007.

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

#### Custodian Fee Credit

Each Fund has an arrangement with the custodian bank whereby certain custodian fees and expenses are reduced by net credits earned on each Fund's cash on deposit with the bank. Such deposit arrangements are an alternative to overnight investments. Credits for cash balances may be offset by charges for any days on which the Fund overdraws its account at the custodian bank.

#### 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

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

2. FUND SHARES

Transactions in Common shares were as follows:

|                                                                                 | GEORGIA<br>PREMIUM INCOME (NPG) |                       | GEORGIA DIVIDEND<br>ADVANTAGE (NZX) |                       | GEO<br>ADV    |
|---------------------------------------------------------------------------------|---------------------------------|-----------------------|-------------------------------------|-----------------------|---------------|
|                                                                                 | SIX MONTHS<br>ENDED<br>11/30/07 | YEAR ENDED<br>5/31/07 | SIX MONTHS<br>ENDED<br>11/30/07     | YEAR ENDED<br>5/31/07 | SIX MON<br>EN |
|                                                                                 | -----                           |                       |                                     |                       |               |
| Common shares issued<br>to shareholders due<br>to reinvestment of distributions | --                              | 2,656                 | 888                                 | 3,317                 |               |

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|                                                                              | NORTH CAROLINA<br>PREMIUM INCOME (NNC) |                       | NORTH CAROLINA<br>DIVIDEND<br>ADVANTAGE 2 (NNO) |                       | NO<br>DIVIDEN |
|------------------------------------------------------------------------------|----------------------------------------|-----------------------|-------------------------------------------------|-----------------------|---------------|
|                                                                              | SIX MONTHS<br>ENDED<br>11/30/07        | YEAR ENDED<br>5/31/07 | SIX MONTHS<br>ENDED<br>11/30/07                 | YEAR ENDED<br>5/31/07 | SIX MON<br>EN |
|                                                                              | -----                                  |                       |                                                 |                       |               |
| Common shares issued to shareholders<br>due to reinvestment of distributions | --                                     | 3,363                 | --                                              |                       | 1,            |

|                                                                              | NORTH CAROLINA<br>DIVIDEND<br>ADVANTAGE 2 (NNO) |                       | NORTH CAROLINA<br>DIVIDEND<br>ADVANTAGE 2 (NNO) |                       | NO<br>ADV     |
|------------------------------------------------------------------------------|-------------------------------------------------|-----------------------|-------------------------------------------------|-----------------------|---------------|
|                                                                              | SIX MONTHS<br>ENDED<br>11/30/07                 | YEAR ENDED<br>5/31/07 | SIX MONTHS<br>ENDED<br>11/30/07                 | YEAR ENDED<br>5/31/07 | SIX MON<br>EN |
|                                                                              | -----                                           |                       |                                                 |                       |               |
| Common shares issued to shareholders<br>due to reinvestment of distributions |                                                 |                       | 667                                             | 3,293                 | 1,            |

3. INVESTMENT TRANSACTIONS

Purchases and sales (including maturities but excluding short-term investments and derivative transactions) during the six months ended November 30, 2007, were as follows:

|                      | GEORGIA<br>PREMIUM<br>INCOME<br>(NPG)           | GEORGIA<br>PREMIUM<br>INCOME<br>(NPG)               | GEORGIA<br>PREMIUM<br>INCOME<br>(NPG)               |
|----------------------|-------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| Purchases            | \$11,827,428                                    | \$11,827,428                                        | \$5,285,000                                         |
| Sales and maturities | 8,045,560                                       | 8,045,560                                           | 4,675,000                                           |
| =====                |                                                 |                                                     |                                                     |
|                      | NORTH<br>CAROLINA<br>PREMIUM<br>INCOME<br>(NNC) | NORTH<br>CAROLINA<br>DIVIDEND<br>ADVANTAGE<br>(NRB) | NORTH<br>CAROLINA<br>DIVIDEND<br>ADVANTAGE<br>(NRB) |
| Purchases            | \$5,220,048                                     | \$1,682,140                                         | \$3,367,000                                         |
| Sales and maturities | 7,378,656                                       | 919,970                                             | 3,821,000                                           |
| =====                |                                                 |                                                     |                                                     |

4. INCOME TAX INFORMATION

The following information is presented on an income tax basis. Differences between amounts for financial statement and federal income tax purposes are primarily due to the treatment of paydown gains and losses, timing differences in recognizing taxable market discount, timing differences in recognizing certain gains and losses on investment transactions and the treatment of investments in inverse floating rate transactions subject to SFAS No.140. To the extent that differences arise that are permanent in nature, such amounts are reclassified within the capital accounts on the Statement of Assets and Liabilities presented in the annual report, based on their federal tax basis treatment; temporary differences do not require reclassification. Temporary and permanent differences do not impact the net asset values of the Funds.

At November 30, 2007, the cost of investments was as follows:

|                     | GEORGIA<br>PREMIUM<br>INCOME<br>(NPG)           | GEORGIA<br>PREMIUM<br>INCOME<br>(NPG)               | GEORGIA<br>PREMIUM<br>INCOME<br>(NPG)               |
|---------------------|-------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| Cost of investments | \$80,087,502                                    | \$80,087,502                                        | \$42,762,000                                        |
| =====               |                                                 |                                                     |                                                     |
|                     | NORTH<br>CAROLINA<br>PREMIUM<br>INCOME<br>(NNC) | NORTH<br>CAROLINA<br>DIVIDEND<br>ADVANTAGE<br>(NRB) | NORTH<br>CAROLINA<br>DIVIDEND<br>ADVANTAGE<br>(NRB) |
| Cost of investments | \$132,338,603                                   | \$48,355,849                                        | \$80,364,000                                        |
| =====               |                                                 |                                                     |                                                     |

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Notes to  
FINANCIAL STATEMENTS (continued) (Unaudited)

Gross unrealized appreciation and gross unrealized depreciation of investments at November 30, 2007, were as follows:

|                                                           | GEORGIA<br>PREMIUM<br>INCOME<br>(NPG) | GEO<br>DIVI<br>ADVAN<br>( |
|-----------------------------------------------------------|---------------------------------------|---------------------------|
| Gross unrealized:                                         |                                       |                           |
| Appreciation                                              | \$3,166,151                           | \$1,536                   |
| Depreciation                                              | (141,863)                             | (368)                     |
| Net unrealized appreciation (depreciation) of investments | \$3,024,288                           | \$1,167                   |

|                                                           | NORTH<br>CAROLINA<br>PREMIUM<br>INCOME<br>(NNC) | NORTH<br>CAROLINA<br>DIVIDEND<br>ADVANTAGE<br>(NRB) | N<br>CARO<br>DIVI<br>ADVANTA<br>( |
|-----------------------------------------------------------|-------------------------------------------------|-----------------------------------------------------|-----------------------------------|
| Gross unrealized:                                         |                                                 |                                                     |                                   |
| Appreciation                                              | \$3,353,807                                     | \$1,548,034                                         | \$2,399                           |
| Depreciation                                              | (401,716)                                       | (180,219)                                           | (299)                             |
| Net unrealized appreciation (depreciation) of investments | \$2,952,091                                     | \$1,367,815                                         | \$2,100                           |

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

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

|                                       | NORTH<br>CAROLINA<br>PREMIUM<br>INCOME<br>(NNC) | NORTH<br>CAROLINA<br>DIVIDEND<br>ADVANTAGE<br>(NRB) | N<br>CARO<br>DIVI<br>ADVANTA<br>( |
|---------------------------------------|-------------------------------------------------|-----------------------------------------------------|-----------------------------------|
| Undistributed net tax-exempt income * | \$130,792                                       | \$114,016                                           | \$ 22                             |
| Undistributed net ordinary income **  | --                                              | 1,006                                               |                                   |

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|                                           |         |        |     |
|-------------------------------------------|---------|--------|-----|
| Undistributed net long-term capital gains | 238,136 | 98,768 | 246 |
|-------------------------------------------|---------|--------|-----|

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- \* Undistributed net tax-exempt income (on a tax basis) has not been reduced for the dividend declared on May 1, 2007, paid on June 1, 2007.
- \*\* Net ordinary income consists of taxable market discount income and net short-term capital gains, if any.

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The tax character of distributions paid during the Funds' last tax year ended May 31, 2007, was designated for purposes of the dividends paid deduction as follows:

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

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

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

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

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

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|       |           |           |           |
|-------|-----------|-----------|-----------|
| Total | \$183,938 | \$482,859 | \$630,376 |
|-------|-----------|-----------|-----------|

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5. MANAGEMENT FEES AND OTHER TRANSACTIONS WITH AFFILIATES

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

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

| AVERAGE DAILY NET ASSETS<br>(INCLUDING NET ASSETS<br>ATTRIBUTABLE TO PREFERRED SHARES) | GEORGIA PREMIUM INCOME (NPG)<br>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               |

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Notes to  
FINANCIAL STATEMENTS (continued) (Unaudited)

| AVERAGE DAILY NET ASSETS<br>(INCLUDING NET ASSETS<br>ATTRIBUTABLE TO PREFERRED SHARES) | GEORGIA DIVIDEND ADVANTAGE (NZX)<br>GEORGIA DIVIDEND ADVANTAGE 2 (NKG)<br>NORTH CAROLINA DIVIDEND ADVANTAGE (NRB)<br>NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO)<br>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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The annual complex-level fee, payable monthly, which is additive to the fund-level fee, for all Nuveen sponsored funds in the U.S., is based on the aggregate amount of total fund assets managed as stated in the table below. As of November 30, 2007, the complex-level fee rate was .1837%.

Effective August 20, 2007, the complex-level fee schedule is as follows:

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| COMPLEX-LEVEL ASSET BREAKPOINT LEVEL (1) | EFFECTIVE RATE AT BREAKPOINT LEVEL |
|------------------------------------------|------------------------------------|
| \$55 billion                             | 0.2000%                            |
| \$56 billion                             | 0.1996                             |
| \$57 billion                             | 0.1989                             |
| \$60 billion                             | 0.1961                             |
| \$63 billion                             | 0.1931                             |
| \$66 billion                             | 0.1900                             |
| \$71 billion                             | 0.1851                             |
| \$76 billion                             | 0.1806                             |
| \$80 billion                             | 0.1773                             |
| \$91 billion                             | 0.1691                             |
| \$125 billion                            | 0.1599                             |
| \$200 billion                            | 0.1505                             |
| \$250 billion                            | 0.1469                             |
| \$300 billion                            | 0.1445                             |

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Prior to August 20, 2007, the complex-level fee schedule was as follows:

| COMPLEX-LEVEL ASSET BREAKPOINT LEVEL (1) | EFFECTIVE RATE AT BREAKPOINT LEVEL |
|------------------------------------------|------------------------------------|
| \$55 billion                             | 0.2000%                            |
| \$56 billion                             | 0.1996                             |
| \$57 billion                             | 0.1989                             |
| \$60 billion                             | 0.1961                             |
| \$63 billion                             | 0.1931                             |
| \$66 billion                             | 0.1900                             |
| \$71 billion                             | 0.1851                             |
| \$76 billion                             | 0.1806                             |
| \$80 billion                             | 0.1773                             |
| \$91 billion                             | 0.1698                             |
| \$125 billion                            | 0.1617                             |
| \$200 billion                            | 0.1536                             |
| \$250 billion                            | 0.1509                             |
| \$300 billion                            | 0.1490                             |

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

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

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

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

\* From the commencement of operations.

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

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

| YEAR ENDING<br>SEPTEMBER 30, |      | YEAR ENDING<br>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 their fees and expenses beyond September 30, 2010.

Notes to  
FINANCIAL STATEMENTS (continued) (Unaudited)

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<br>JANUARY 31, |      | YEAR ENDING<br>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.

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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<br>NOVEMBER 30, |      | YEAR ENDING<br>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.

### Agreement and Plan of Merger

On June 20, 2007, Nuveen Investments announced that it had entered into a definitive Agreement and Plan of Merger ("Merger Agreement") with Windy City Investments, Inc. ("Windy City"), a corporation formed by investors led by Madison Dearborn Partners, LLC ("Madison Dearborn"), pursuant to which Windy City would acquire Nuveen Investments. Madison Dearborn is a private equity investment firm based in Chicago, Illinois. The merger was consummated on November 13, 2007.

The consummation of the merger was deemed to be an "assignment" (as that term is defined in the Investment Company Act of 1940) of the investment management agreement between each Fund and the Adviser, and resulted in the automatic termination of each Fund's agreement. The Board of Trustees of each Fund considered and approved a new investment management agreement with the Adviser at the same fee rate. The new ongoing agreement was approved by the shareholders of each Fund and took effect on November 13, 2007.

The investors led by Madison Dearborn include an affiliate of Merrill Lynch. As a result, Merrill Lynch is an indirect "affiliated person" (as that term is defined in the Investment Company Act of 1940) of each Fund. Certain conflicts of interest may arise as a result of such indirect affiliation. For example, the Funds are generally prohibited from entering into principal transactions with Merrill Lynch and its affiliates. The Adviser does not believe that any such prohibitions or limitations as a result of Merrill Lynch's affiliation will significantly impact the ability of the Funds to pursue their investment objectives and policies.

### 6. NEW ACCOUNTING PRONOUNCEMENTS

Financial Accounting Standards Board Interpretation No. 48

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Effective November 30, 2007, the Funds adopted Financial Accounting Standards Board Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48). FIN 48 provides guidance regarding how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Funds' tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. Management of the Funds has concluded that there are no significant uncertain tax positions that require recognition in the Funds' financial statements. Consequently, the adoption of FIN 48 had no impact on the net assets or results of operations of the Funds.

Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157, "Fair Value Measurements." This standard establishes a single authoritative definition of fair value, sets out a framework for measuring fair value and requires additional disclosures about fair value measurements. SFAS No. 157 applies to fair value measurements already required or permitted by existing standards. SFAS No. 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The changes to current generally accepted accounting principles from the application of this standard relate to the definition of fair value, the methods used to measure fair value, and the expanded disclosures about fair value measurements. As of November 30, 2007, management does not believe the adoption of SFAS No. 157 will impact the financial statement amounts; however, additional disclosures may be required about the inputs used to develop the measurements and the effect of certain of the measurements included within the Statement of Operations for the period.

7. SUBSEQUENT EVENTS

Distributions to Common Shareholders

The Funds declared Common share dividend distributions from their tax-exempt net investment income which were paid on December 31, 2007, to shareholders of record on December 15, 2007, as follows:

|                    | GEORGIA<br>PREMIUM<br>INCOME<br>(NPG) | GEORGIA<br>DIVIDEND<br>ADVANTAGE<br>(NZX) | GEORGIA<br>DIVIDEND<br>ADVANTAGE 2<br>(NKG) | NORTH<br>CAROLINA<br>PREMIUM<br>INCOME<br>(NNC) | NORTH<br>CAROLINA<br>DIVIDEND<br>ADVANTAGE<br>(NRB) | NORTH<br>CAROLINA<br>DIVIDEND<br>ADVANTAGE<br>(NRC) |
|--------------------|---------------------------------------|-------------------------------------------|---------------------------------------------|-------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|
| Dividend per share | \$ .0500                              | \$ .0540                                  | \$ .0545                                    | \$ .0490                                        | \$ .0570                                            | \$ .0570                                            |

At the same time, the following Funds declared capital gains distributions as follows:

| GEORGIA<br>PREMIUM<br>INCOME<br>(NPG) | NORTH<br>CAROLINA<br>PREMIUM<br>INCOME<br>(NNC) | NORTH<br>CAROLINA<br>DIVIDEND<br>ADVANTAGE<br>(NRC) |
|---------------------------------------|-------------------------------------------------|-----------------------------------------------------|
|---------------------------------------|-------------------------------------------------|-----------------------------------------------------|

Capital gains distribution per share \$.0424      \$.0358      \$.

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Financial  
HIGHLIGHTS (Unaudited)

Selected data for a Common share outstanding throughout each period:

| Beginning<br>Common<br>Share<br>Net Asset<br>Value | Investment Operations       |                                               |                                                                                         |                                                                                 |  |  | Total | Inves<br>Inco<br>C<br>S<br>ho |
|----------------------------------------------------|-----------------------------|-----------------------------------------------|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|--|--|-------|-------------------------------|
|                                                    | Net<br>Investment<br>Income | Net<br>Realized/<br>Unrealized<br>Gain (Loss) | Distributions<br>from Net<br>Investment<br>Income to<br>Preferred<br>Share-<br>holders+ | Distributions<br>from<br>Capital<br>Gains to<br>Preferred<br>Share-<br>holders+ |  |  |       |                               |

GEORGIA PREMIUM INCOME (NPG)

Year Ended 5/31:

|          |         |        |        |          |       |        |
|----------|---------|--------|--------|----------|-------|--------|
| 2008 (b) | \$14.55 | \$ .42 | \$ .06 | \$ (.12) | \$ -- | \$ .36 |
| 2007     | 14.55   | .86    | .04    | (.23)    | --    | .67    |
| 2006     | 15.19   | .87    | (.48)  | (.17)    | (.01) | .21    |
| 2005     | 14.42   | .92    | .84    | (.09)    | --    | 1.67   |
| 2004     | 15.36   | .97    | (.96)  | (.05)    | --    | (.04)  |
| 2003     | 14.31   | .96    | 1.02   | (.07)    | --    | 1.91   |

GEORGIA DIVIDEND ADVANTAGE (NZX)

Year Ended 5/31:

|          |       |     |        |       |       |       |
|----------|-------|-----|--------|-------|-------|-------|
| 2008 (b) | 14.65 | .45 | .16    | (.13) | --    | .48   |
| 2007     | 14.71 | .92 | .02    | (.25) | --    | .69   |
| 2006     | 15.30 | .94 | (.47)  | (.19) | --    | .28   |
| 2005     | 14.47 | .96 | .85    | (.10) | --    | 1.71  |
| 2004     | 15.62 | .97 | (1.18) | (.06) | --    | (.27) |
| 2003     | 14.00 | .96 | 1.65   | (.06) | (.02) | 2.53  |

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

GEORGIA PREMIUM INCOME (NPG)

Year Ended 5/31:

|          |       |         |         |         |       |
|----------|-------|---------|---------|---------|-------|
| 2008 (b) | \$ -- | \$14.60 | \$12.75 | (7.59)% | 2.50% |
|----------|-------|---------|---------|---------|-------|

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|      |    |       |       |        |       |
|------|----|-------|-------|--------|-------|
| 2007 | -- | 14.55 | 14.12 | (2.55) | 4.62  |
| 2006 | -- | 14.55 | 15.16 | (4.12) | 1.42  |
| 2005 | -- | 15.19 | 16.70 | 15.46  | 11.88 |
| 2004 | -- | 14.42 | 15.30 | (4.56) | (.23) |
| 2003 | -- | 15.36 | 16.95 | 12.92  | 13.78 |

GEORGIA DIVIDEND ADVANTAGE (NZX)

|                  |     |       |       |         |        |
|------------------|-----|-------|-------|---------|--------|
| Year Ended 5/31: |     |       |       |         |        |
| 2008 (b)         | --  | 14.80 | 13.54 | (13.35) | 3.35   |
| 2007             | --  | 14.65 | 16.00 | 8.10    | 4.75   |
| 2006             | --  | 14.71 | 15.50 | 2.91    | 1.87   |
| 2005             | .01 | 15.30 | 15.89 | 20.74   | 12.10  |
| 2004             | --  | 14.47 | 13.95 | (5.15)  | (1.73) |
| 2003             | .03 | 15.62 | 15.59 | 12.56   | 18.82  |

Ratios/Supplemental Data

|  | Ratios to Average Net Assets<br>Applicable to Common Shares<br>Before Credit/Reimbursement |                                         |                                         |                               |                                         | Ratios<br>Applica<br>After C |
|--|--------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|-------------------------------|-----------------------------------------|------------------------------|
|  | Ending<br>Net<br>Assets<br>Applicable<br>to Common<br>Shares (000)                         | Expenses<br>Including<br>Interest++ (a) | Expenses<br>Excluding<br>Interest++ (a) | Net<br>Investment<br>Income++ | Expenses<br>Including<br>Interest++ (a) | E<br>Inte                    |

GEORGIA PREMIUM INCOME (NPG)

|                  |          |          |          |          |          |
|------------------|----------|----------|----------|----------|----------|
| Year Ended 5/31: |          |          |          |          |          |
| 2008 (b)         | \$55,550 | 1.24%*** | 1.24%*** | 5.80%*** | 1.21%*** |
| 2007             | 55,359   | 1.25     | 1.25     | 5.84     | 1.23     |
| 2006             | 55,318   | 1.25     | 1.25     | 5.87     | 1.22     |
| 2005             | 57,687   | 1.25     | 1.25     | 6.15     | 1.23     |
| 2004             | 54,607   | 1.23     | 1.23     | 6.54     | 1.22     |
| 2003             | 58,050   | 1.29     | 1.29     | 6.53     | 1.26     |

GEORGIA DIVIDEND ADVANTAGE (NZX)

|                  |        |         |         |         |        |
|------------------|--------|---------|---------|---------|--------|
| Year Ended 5/31: |        |         |         |         |        |
| 2008 (b)         | 29,148 | 1.31*** | 1.31*** | 5.85*** | .93*** |
| 2007             | 28,831 | 1.35    | 1.35    | 5.74    | .92    |
| 2006             | 28,912 | 1.31    | 1.31    | 5.82    | .85    |
| 2005             | 30,007 | 1.27    | 1.27    | 5.93    | .80    |
| 2004             | 28,348 | 1.27    | 1.27    | 6.03    | .81    |
| 2003             | 30,576 | 1.31    | 1.31    | 6.00    | .83    |

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

GEORGIA PREMIUM INCOME (NPG)

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|                  |          |          |          |       |       |
|------------------|----------|----------|----------|-------|-------|
| Year Ended 5/31: |          |          |          |       |       |
| 2008 (b)         | \$27,800 | \$25,000 | \$74,955 | \$ -- | \$ -- |
| 2007             | 27,800   | 25,000   | 74,784   | --    | --    |
| 2006             | 27,800   | 25,000   | 74,747   | --    | --    |
| 2005             | 27,800   | 25,000   | 76,877   | --    | --    |
| 2004             | 27,800   | 25,000   | 74,107   | --    | --    |
| 2003             | 27,800   | 25,000   | 77,203   | --    | --    |

GEORGIA DIVIDEND ADVANTAGE (NZX)

|                  |        |        |        |       |       |
|------------------|--------|--------|--------|-------|-------|
| Year Ended 5/31: |        |        |        |       |       |
| 2008 (b)         | 15,000 | 25,000 | 73,580 | \$ -- | \$ -- |
| 2007             | 15,000 | 25,000 | 73,052 | --    | --    |
| 2006             | 15,000 | 25,000 | 73,187 | --    | --    |
| 2005             | 15,000 | 25,000 | 75,012 | --    | --    |
| 2004             | 15,000 | 25,000 | 72,247 | --    | --    |
| 2003             | 15,000 | 25,000 | 75,961 | --    | --    |

\* Total Return on Market Value is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending market price. The actual reinvestment for the last dividend declared in the period takes place over several days, and in some instances may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Total returns are not annualized.

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. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its net asset value), and therefore may be different from the price used in the calculation. Total returns are not annualized.

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

\*\*\* Annualized.

+ The amounts shown are based on Common share equivalents.

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

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

(b) For the six months ended November 30, 2007.

See accompanying notes to financial statements.

68-69 spread



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Selected data for a Common share outstanding throughout each period:

| Investment Operations                              |                             |                                        |                                                                                         |                                                                                 |       |                               |      |
|----------------------------------------------------|-----------------------------|----------------------------------------|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-------|-------------------------------|------|
| Beginning<br>Common<br>Share<br>Net Asset<br>Value | Net<br>Investment<br>Income | Realized/<br>Unrealized<br>Gain (Loss) | Distributions<br>from Net<br>Investment<br>Income to<br>Preferred<br>Share-<br>holders+ | Distributions<br>from<br>Capital<br>Gains to<br>Preferred<br>Share-<br>holders+ | Total | Inves<br>Inco<br>C<br>S<br>ho |      |
| =====                                              |                             |                                        |                                                                                         |                                                                                 |       |                               |      |
| GEORGIA DIVIDEND ADVANTAGE 2 (NKG)                 |                             |                                        |                                                                                         |                                                                                 |       |                               |      |
| -----                                              |                             |                                        |                                                                                         |                                                                                 |       |                               |      |
| Year Ended 5/31:                                   |                             |                                        |                                                                                         |                                                                                 |       |                               |      |
| 2008 (b)                                           | \$14.44                     | \$.44                                  | \$ (.12)                                                                                | \$ (.13)                                                                        | \$ -- | \$ .19                        | \$ ( |
| 2007                                               | 14.25                       | .89                                    | .17                                                                                     | (.24)                                                                           | --    | .82                           | (    |
| 2006                                               | 14.71                       | .88                                    | (.45)                                                                                   | (.19)                                                                           | --    | .24                           | (    |
| 2005                                               | 13.79                       | .87                                    | .94                                                                                     | (.11)                                                                           | --    | 1.70                          | (    |
| 2004                                               | 15.01                       | .88                                    | (1.23)                                                                                  | (.05)                                                                           | --    | (.40)                         | (    |
| 2003 (c)                                           | 14.33                       | .47                                    | .92                                                                                     | (.04)                                                                           | --    | 1.35                          | (    |
| =====                                              |                             |                                        |                                                                                         |                                                                                 |       |                               |      |

| Total Returns                                                            |                                                 |                           |                                 |                                                       |        |  |
|--------------------------------------------------------------------------|-------------------------------------------------|---------------------------|---------------------------------|-------------------------------------------------------|--------|--|
| Offering<br>Costs and<br>Preferred<br>Share<br>Underwriting<br>Discounts | Ending<br>Common<br>Share<br>Net Asset<br>Value | Ending<br>Market<br>Value | Based<br>on<br>Market<br>Value* | Based<br>on<br>Common<br>Share Net<br>Asset<br>Value* |        |  |
| =====                                                                    |                                                 |                           |                                 |                                                       |        |  |
| GEORGIA DIVIDEND ADVANTAGE 2 (NKG)                                       |                                                 |                           |                                 |                                                       |        |  |
| -----                                                                    |                                                 |                           |                                 |                                                       |        |  |
| Year Ended 5/31:                                                         |                                                 |                           |                                 |                                                       |        |  |
| 2008 (b)                                                                 | \$ --                                           | \$14.31                   | \$13.15                         | (7.10)%                                               | 1.37%  |  |
| 2007                                                                     | --                                              | 14.44                     | 14.50                           | 14.40                                                 | 5.79   |  |
| 2006                                                                     | --                                              | 14.25                     | 13.26                           | (1.61)                                                | 1.68   |  |
| 2005                                                                     | --                                              | 14.71                     | 14.18                           | 13.61                                                 | 12.61  |  |
| 2004                                                                     | --                                              | 13.79                     | 13.20                           | (6.57)                                                | (2.67) |  |
| 2003 (c)                                                                 | (.20)                                           | 15.01                     | 14.98                           | 3.16                                                  | 8.22   |  |
| =====                                                                    |                                                 |                           |                                 |                                                       |        |  |

| Ratios/Supplemental Data                                                                   |                                         |                                         |                               |                                         |                                                 |          |
|--------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|-------------------------------|-----------------------------------------|-------------------------------------------------|----------|
| Ratios to Average Net Assets<br>Applicable to Common Shares<br>Before Credit/Reimbursement |                                         |                                         |                               |                                         | Ratios to Ave<br>Applicable to<br>After Credit/ |          |
| Ending<br>Net<br>Assets<br>Applicable<br>to Common<br>Shares (000)                         | Expenses<br>Including<br>Interest++ (a) | Expenses<br>Excluding<br>Interest++ (a) | Net<br>Investment<br>Income++ | Expenses<br>Including<br>Interest++ (a) | Expenses<br>Including<br>Interest++ (a)         | Ex<br>Ex |
| =====                                                                                      |                                         |                                         |                               |                                         |                                                 |          |
| GEORGIA DIVIDEND<br>ADVANTAGE 2 (NKG)                                                      |                                         |                                         |                               |                                         |                                                 |          |
| =====                                                                                      |                                         |                                         |                               |                                         |                                                 |          |

| Year Ended 5/31: |          |          |          |          |         |
|------------------|----------|----------|----------|----------|---------|
| 2008 (b)         | \$65,146 | 1.23%*** | 1.23%*** | 5.75%*** | .76%*** |
| 2007             | 65,770   | 1.24     | 1.24     | 5.63     | .74     |
| 2006             | 64,901   | 1.24     | 1.24     | 5.63     | .75     |
| 2005             | 66,974   | 1.23     | 1.23     | 5.58     | .74     |
| 2004             | 62,810   | 1.22     | 1.22     | 5.63     | .73     |
| 2003 (c)         | 68,325   | 1.16*    | 1.16*    | 4.36*    | .69*    |

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

GEORGIA DIVIDEND ADVANTAGE 2 (NKG)

| Year Ended 5/31: |          |          |          |       |       |
|------------------|----------|----------|----------|-------|-------|
| 2008 (b)         | \$33,000 | \$25,000 | \$74,353 | \$ -- | \$ -- |
| 2007             | 33,000   | 25,000   | 74,825   | --    | --    |
| 2006             | 33,000   | 25,000   | 74,168   | --    | --    |
| 2005             | 33,000   | 25,000   | 75,738   | --    | --    |
| 2004             | 33,000   | 25,000   | 72,583   | --    | --    |
| 2003 (c)         | 33,000   | 25,000   | 76,761   | --    | --    |

\* Total Return on Market Value is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending market price. The actual reinvestment for the last dividend declared in the period takes place over several days, and in some instances may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Total returns are not annualized.

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. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its net asset value), and therefore may be different from the price used in the calculation. Total returns are not annualized.

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

\*\*\* Annualized.

+ The amounts shown are based on Common share equivalents.

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

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

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(b) For the six months ended November 30, 2007.

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

See accompanying notes to financial statements.

70-71 spread

Financial  
HIGHLIGHTS (continued) (Unaudited)

Selected data for a Common share outstanding throughout each period:

| Beginning<br>Common<br>Share<br>Net Asset<br>Value | Investment<br>Income | Net<br>Realized/<br>Unrealized<br>Gain (Loss) | Investment Operations                                                                   |                                                                                 | Total | Inves<br>Inco<br>C<br>S<br>ho |
|----------------------------------------------------|----------------------|-----------------------------------------------|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|-------|-------------------------------|
|                                                    |                      |                                               | Distributions<br>from Net<br>Investment<br>Income to<br>Preferred<br>Share-<br>holders+ | Distributions<br>from<br>Capital<br>Gains to<br>Preferred<br>Share-<br>holders+ |       |                               |

NORTH CAROLINA  
PREMIUM INCOME  
(NNC)

Year Ended 5/31:

|          |         |        |          |          |       |        |
|----------|---------|--------|----------|----------|-------|--------|
| 2008 (b) | \$14.36 | \$ .42 | \$ (.05) | \$ (.12) | \$ -- | \$ .25 |
| 2007     | 14.34   | .85    | .07      | (.23)    | --*   | .69    |
| 2006     | 15.16   | .88    | (.57)    | (.16)    | (.02) | .13    |
| 2005     | 14.55   | .91    | .70      | (.11)    | --    | 1.50   |
| 2004     | 15.50   | .95    | (.95)    | (.06)    | --    | (.06)  |
| 2003     | 14.18   | .98    | 1.27     | (.07)    | --    | 2.18   |

NORTH CAROLINA  
DIVIDEND ADVANTAGE  
(NRB)

Year Ended 5/31:

|          |       |      |        |       |       |       |
|----------|-------|------|--------|-------|-------|-------|
| 2008 (b) | 14.78 | .46  | .02    | (.12) | --    | .36   |
| 2007     | 14.87 | .93  | .03    | (.22) | (.01) | .73   |
| 2006     | 15.46 | .94  | (.48)  | (.17) | --    | .29   |
| 2005     | 14.72 | .97  | .78    | (.09) | --    | 1.66  |
| 2004     | 15.87 | .98  | (1.10) | (.05) | --    | (.17) |
| 2003     | 14.39 | 1.00 | 1.54   | (.06) | (.02) | 2.46  |

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

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NORTH CAROLINA  
PREMIUM INCOME  
(NNC)

| Year Ended 5/31: |       |         |         |          |       |
|------------------|-------|---------|---------|----------|-------|
| 2008 (b)         | \$ -- | \$14.32 | \$12.65 | (9.57) % | 1.80% |
| 2007             | --    | 14.36   | 14.30   | (.78)    | 4.84  |
| 2006             | --    | 14.34   | 15.09   | (6.84)   | .87   |
| 2005             | --    | 15.16   | 17.20   | 17.79    | 10.52 |
| 2004             | --    | 14.55   | 15.40   | (4.08)   | (.40) |
| 2003             | --    | 15.50   | 16.95   | 10.27    | 15.80 |

NORTH CAROLINA  
DIVIDEND ADVANTAGE  
(NRB)

| Year Ended 5/31: |     |       |       |         |        |
|------------------|-----|-------|-------|---------|--------|
| 2008 (b)         | --  | 14.79 | 14.09 | (12.20) | 2.49   |
| 2007             | --  | 14.78 | 16.44 | (2.26)  | 4.98   |
| 2006             | --  | 14.87 | 17.70 | 8.03    | 1.93   |
| 2005             | --  | 15.46 | 17.25 | 21.19   | 11.53  |
| 2004             | --  | 14.72 | 15.05 | (2.76)  | (1.08) |
| 2003             | .01 | 15.87 | 16.45 | 13.52   | 17.75  |

Ratios/Supplemental Data

|                                               | Ratios to Average Net Assets<br>Applicable to Common Shares<br>Before Credit/Reimbursement |                                        |                                        |                               | Ratios to A<br>Applicable<br>After Credi |     |
|-----------------------------------------------|--------------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------|-------------------------------|------------------------------------------|-----|
|                                               | Ending<br>Net<br>Assets<br>Applicable<br>to Common<br>Shares (000)                         | Expenses<br>Including<br>Interest++(a) | Expenses<br>Excluding<br>Interest++(a) | Net<br>Investment<br>Income++ | Expenses<br>Including<br>Interest++(a)   | Int |
| NORTH CAROLINA<br>PREMIUM INCOME<br>(NNC)     |                                                                                            |                                        |                                        |                               |                                          |     |
| Year Ended 5/31:                              |                                                                                            |                                        |                                        |                               |                                          |     |
| 2008 (b)                                      | \$90,959                                                                                   | 1.41%****                              | 1.25%****                              | 5.86%****                     | 1.38%****                                |     |
| 2007                                          | 91,191                                                                                     | 1.27                                   | 1.24                                   | 5.82                          | 1.25                                     |     |
| 2006                                          | 91,033                                                                                     | 1.25                                   | 1.25                                   | 5.98                          | 1.24                                     |     |
| 2005                                          | 96,008                                                                                     | 1.23                                   | 1.23                                   | 6.09                          | 1.22                                     |     |
| 2004                                          | 91,941                                                                                     | 1.23                                   | 1.23                                   | 6.35                          | 1.22                                     |     |
| 2003                                          | 97,785                                                                                     | 1.27                                   | 1.27                                   | 6.60                          | 1.25                                     |     |
| NORTH CAROLINA<br>DIVIDEND ADVANTAGE<br>(NRB) |                                                                                            |                                        |                                        |                               |                                          |     |
| Year Ended 5/31:                              |                                                                                            |                                        |                                        |                               |                                          |     |
| 2008 (b)                                      | 33,475                                                                                     | 2.02***                                | 1.29****                               | 5.92****                      | 1.69****                                 |     |
| 2007                                          | 33,409                                                                                     | 1.68                                   | 1.29                                   | 5.82                          | 1.31                                     |     |
| 2006                                          | 33,537                                                                                     | 1.29                                   | 1.29                                   | 5.79                          | .84                                      |     |
| 2005                                          | 34,820                                                                                     | 1.27                                   | 1.27                                   | 5.90                          | .81                                      |     |
| 2004                                          | 33,110                                                                                     | 1.24                                   | 1.24                                   | 5.96                          | .78                                      |     |

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2003 35,591 1.30 1.30 6.16 .83

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

NORTH CAROLINA PREMIUM INCOME (NNC)

Year Ended 5/31:

|          |          |          |          |         |          |
|----------|----------|----------|----------|---------|----------|
| 2008 (b) | \$46,800 | \$25,000 | \$73,589 | \$3,870 | \$36,597 |
| 2007     | 46,800   | 25,000   | 73,713   | 3,870   | 36,657   |
| 2006     | 46,800   | 25,000   | 73,629   | --      | --       |
| 2005     | 46,800   | 25,000   | 76,286   | --      | --       |
| 2004     | 46,800   | 25,000   | 74,114   | --      | --       |
| 2003     | 46,800   | 25,000   | 77,236   | --      | --       |

NORTH CAROLINA DIVIDEND ADVANTAGE (NRB)

Year Ended 5/31:

|          |        |        |        |       |       |
|----------|--------|--------|--------|-------|-------|
| 2008 (b) | 17,000 | 25,000 | 74,228 | 6,350 | 8,949 |
| 2007     | 17,000 | 25,000 | 74,130 | 6,350 | 8,938 |
| 2006     | 17,000 | 25,000 | 74,319 | --    | --    |
| 2005     | 17,000 | 25,000 | 76,205 | --    | --    |
| 2004     | 17,000 | 25,000 | 73,692 | --    | --    |
| 2003     | 17,000 | 25,000 | 77,340 | --    | --    |

\* Per share Distributions from Capital Gains to Preferred Shareholders rounds to less than \$.01 per share.

\*\* Total Return on Market Value is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending market price. The actual reinvestment for the last dividend declared in the period takes place over several days, and in some instances may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Total returns are not annualized.

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. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its net asset value), and therefore may be different from the price used in the calculation. Total returns are not annualized.

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

\*\*\*\* Annualized.

+ The amounts shown are based on Common share equivalents.

++ Ratios do not reflect the effect of dividend payments to Preferred

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shareholders; income ratios reflect income earned on assets attributable to Preferred shares.

- (a) Interest expense arises from the application of SFAS No. 140 to certain inverse floating rate transactions entered into by the Fund as more fully described in Footnote 1 - Inverse Floating Rate Securities.
- (b) For the six months ended November 30, 2007.

See accompanying notes to financial statements.

72-73 spread

Financial  
HIGHLIGHTS (continued) (Unaudited)

Selected data for a Common share outstanding throughout each period:

|                                                 | Investment Operations                              |                             |                                               |                                                                                         |                                                                                 |  | Total  | Inves<br>Inco<br>C<br>S<br>ho |
|-------------------------------------------------|----------------------------------------------------|-----------------------------|-----------------------------------------------|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|--|--------|-------------------------------|
|                                                 | Beginning<br>Common<br>Share<br>Net Asset<br>Value | Net<br>Investment<br>Income | Net<br>Realized/<br>Unrealized<br>Gain (Loss) | Distributions<br>from Net<br>Investment<br>Income to<br>Preferred<br>Share-<br>holders+ | Distributions<br>from<br>Capital<br>Gains to<br>Preferred<br>Share-<br>holders+ |  |        |                               |
| NORTH CAROLINA<br>DIVIDEND<br>ADVANTAGE 2 (NNO) |                                                    |                             |                                               |                                                                                         |                                                                                 |  |        |                               |
| Year Ended 5/31:                                |                                                    |                             |                                               |                                                                                         |                                                                                 |  |        |                               |
| 2008 (b)                                        | \$14.76                                            | \$.45                       | \$ .02                                        | \$(.12)                                                                                 | \$ --                                                                           |  | \$ .35 |                               |
| 2007                                            | 14.75                                              | .91                         | .10                                           | (.23)                                                                                   | (.01)                                                                           |  | .77    |                               |
| 2006                                            | 15.55                                              | .92                         | (.60)                                         | (.17)                                                                                   | (.01)                                                                           |  | .14    |                               |
| 2005                                            | 14.81                                              | .94                         | .83                                           | (.10)                                                                                   | --                                                                              |  | 1.67   |                               |
| 2004                                            | 15.98                                              | .94                         | (1.17)                                        | (.06)                                                                                   | --                                                                              |  | (.29)  |                               |
| 2003                                            | 14.30                                              | .94                         | 1.78                                          | (.07)                                                                                   | (.02)                                                                           |  | 2.63   |                               |
| NORTH CAROLINA<br>DIVIDEND<br>ADVANTAGE 3 (NII) |                                                    |                             |                                               |                                                                                         |                                                                                 |  |        |                               |
| Year Ended 5/31:                                |                                                    |                             |                                               |                                                                                         |                                                                                 |  |        |                               |
| 2008 (b)                                        | 14.38                                              | .44                         | (.01)                                         | (.11)                                                                                   | --                                                                              |  | .32    |                               |
| 2007                                            | 14.26                                              | .89                         | .11                                           | (.23)                                                                                   | --                                                                              |  | .77    |                               |
| 2006                                            | 14.78                                              | .88                         | (.50)                                         | (.18)                                                                                   | --                                                                              |  | .20    |                               |
| 2005                                            | 13.89                                              | .89                         | .91                                           | (.11)                                                                                   | --                                                                              |  | 1.69   |                               |
| 2004                                            | 14.96                                              | .90                         | (1.09)                                        | (.07)                                                                                   | --                                                                              |  | (.26)  |                               |
| 2003 (c)                                        | 14.33                                              | .49                         | .87                                           | (.05)                                                                                   | --                                                                              |  | 1.31   |                               |

| Offering<br>Costs and<br>Preferred | Ending<br>Common | Total Returns         |                       |
|------------------------------------|------------------|-----------------------|-----------------------|
|                                    |                  | Based<br>on<br>Common | Based<br>on<br>Common |

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|  | Share Underwriting Discounts | Share Net Asset Value | Ending Market Value | on Market Value* | Share Net Asset Value* |
|--|------------------------------|-----------------------|---------------------|------------------|------------------------|
|--|------------------------------|-----------------------|---------------------|------------------|------------------------|

NORTH CAROLINA  
DIVIDEND  
ADVANTAGE 2 (NNO)

| Year Ended 5/31: |       |         |         |          |        |
|------------------|-------|---------|---------|----------|--------|
| 2008 (b)         | \$ -- | \$14.79 | \$13.30 | (12.21)% | 2.43%  |
| 2007             | --    | 14.76   | 15.50   | 6.64     | 5.24   |
| 2006             | --    | 14.75   | 15.28   | (.18)    | .97    |
| 2005             | --    | 15.55   | 16.25   | 16.46    | 11.56  |
| 2004             | --    | 14.81   | 14.80   | (1.94)   | (1.83) |
| 2003             | --    | 15.98   | 15.97   | 14.10    | 18.98  |

NORTH CAROLINA  
DIVIDEND  
ADVANTAGE 3 (NII)

| Year Ended 5/31: |       |       |       |        |        |
|------------------|-------|-------|-------|--------|--------|
| 2008 (b)         | --    | 14.37 | 13.21 | (7.64) | 2.25   |
| 2007             | --    | 14.38 | 14.64 | 6.23   | 5.48   |
| 2006             | --    | 14.26 | 14.42 | (1.59) | 1.41   |
| 2005             | --    | 14.78 | 15.40 | 18.78  | 12.39  |
| 2004             | --    | 13.89 | 13.68 | (4.93) | (1.75) |
| 2003 (c)         | (.21) | 14.96 | 15.20 | 4.56   | 7.86   |

Ratios/Supplemental Data

|          | Ratios to Average Net Assets<br>Applicable to Common Shares<br>Before Credit/Reimbursement |                                   |                                   | Ratios to Average Net Assets<br>Applicable to Common Shares<br>After Credit/Reimbursement |                                   |
|----------|--------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|-------------------------------------------------------------------------------------------|-----------------------------------|
|          | Ending Net Assets<br>Applicable to Common<br>Shares (000)                                  | Expenses Including Interest++ (a) | Expenses Excluding Interest++ (a) | Net Investment Income++                                                                   | Expenses Including Interest++ (a) |
| 2008 (b) | \$55,470                                                                                   | 1.59%***                          | 1.24%***                          | 5.76%***                                                                                  | 1.19%***                          |
| 2007     | 55,349                                                                                     | 1.39                              | 1.24                              | 5.68                                                                                      | .96                               |
| 2006     | 55,251                                                                                     | 1.24                              | 1.24                              | 5.62                                                                                      | .77                               |
| 2005     | 58,155                                                                                     | 1.23                              | 1.23                              | 5.64                                                                                      | .77                               |
| 2004     | 55,311                                                                                     | 1.22                              | 1.22                              | 5.71                                                                                      | .77                               |
| 2003     | 59,642                                                                                     | 1.24                              | 1.24                              | 5.80                                                                                      | .76                               |

NORTH CAROLINA  
DIVIDEND  
ADVANTAGE 2 (NNO)

| Year Ended 5/31: |          |          |          |          |          |
|------------------|----------|----------|----------|----------|----------|
| 2008 (b)         | \$55,470 | 1.59%*** | 1.24%*** | 5.76%*** | 1.19%*** |
| 2007             | 55,349   | 1.39     | 1.24     | 5.68     | .96      |
| 2006             | 55,251   | 1.24     | 1.24     | 5.62     | .77      |
| 2005             | 58,155   | 1.23     | 1.23     | 5.64     | .77      |
| 2004             | 55,311   | 1.22     | 1.22     | 5.71     | .77      |
| 2003             | 59,642   | 1.24     | 1.24     | 5.80     | .76      |

NORTH CAROLINA  
DIVIDEND  
ADVANTAGE 3 (NII)

| Year Ended 5/31: |        |          |          |          |          |
|------------------|--------|----------|----------|----------|----------|
| 2008 (b)         | 56,518 | 1.77%*** | 1.24%*** | 5.66%*** | 1.31%*** |

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

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

NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO)

Year Ended 5/31:

|          |          |          |          |         |          |
|----------|----------|----------|----------|---------|----------|
| 2008 (b) | \$28,000 | \$25,000 | \$74,527 | \$4,995 | \$17,711 |
| 2007     | 28,000   | 25,000   | 74,418   | 4,995   | 17,686   |
| 2006     | 28,000   | 25,000   | 74,332   | --      | --       |
| 2005     | 28,000   | 25,000   | 76,924   | --      | --       |
| 2004     | 28,000   | 25,000   | 74,385   | --      | --       |
| 2003     | 28,000   | 25,000   | 78,252   | --      | --       |

NORTH CAROLINA DIVIDEND ADVANTAGE 3 (NII)

Year Ended 5/31:

|          |        |        |        |       |        |
|----------|--------|--------|--------|-------|--------|
| 2008 (b) | 28,000 | 25,000 | 75,463 | 7,680 | 12,005 |
| 2007     | 28,000 | 25,000 | 75,457 | 7,680 | 12,004 |
| 2006     | 28,000 | 25,000 | 75,044 | --    | --     |
| 2005     | 28,000 | 25,000 | 76,817 | --    | --     |
| 2004     | 28,000 | 25,000 | 73,644 | --    | --     |
| 2003 (c) | 28,000 | 25,000 | 77,369 | --    | --     |

\* Total Return on Market Value is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending market price. The actual reinvestment for the last dividend declared in the period takes place over several days, and in some instances may not be based on the market price, so the actual reinvestment price may be different from the price used in the calculation. Total returns are not annualized.

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. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its net asset value), and therefore may be different from the price used in the calculation. Total returns are not annualized.

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

\*\*\* Annualized.

+ The amounts shown are based on Common share equivalents.



- ++ Ratios do not reflect the effect of dividend payments to Preferred shareholders; income ratios reflect income earned on assets attributable to Preferred shares.
- (a) Interest expense arises from the application of SFAS No. 140 to certain inverse floating rate transactions entered into by the Fund as more fully described in Footnote 1 - Inverse Floating Rate Securities.
- (b) For the six months ended November 30, 2007.
- (c) For the period September 25, 2002 (commencement of operations) through May 31, 2003.

See accompanying notes to financial statements.

74-75 spread

Annual Investment  
Management Agreement  
Approval PROCESS

The Board Members are responsible for overseeing the performance of the investment adviser to the Funds and determining whether to continue the advisory arrangements. At the annual review meeting held on May 21, 2007 (the "May Meeting"), the Board Members of the Funds, including the Independent Board Members, unanimously approved the continuance of the Investment Management Agreement between each Fund (each, a "Fund") and Nuveen Asset Management ("NAM"). The foregoing Investment Management Agreements with NAM are hereafter referred to as the "Original Investment Management Agreements."

Subsequent to the May Meeting, Nuveen Investments, Inc. ("Nuveen"), the parent company of NAM, entered into a merger agreement providing for the acquisition of Nuveen by Windy City Investments, Inc., a corporation formed by investors led by Madison Dearborn Partners, LLC ("MDP"), a private equity investment firm (the "Transaction"). Each Original Investment Management Agreement, as required by Section 15 of the Investment Company Act of 1940 (the "1940 Act"), provides for its automatic termination in the event of its "assignment" (as defined in the 1940 Act). Any change in control of the adviser is deemed to be an assignment. The consummation of the Transaction will result in a change of control of NAM as well as its affiliated sub-advisers and therefore cause the automatic termination of each Original Investment Management Agreement, as required by the 1940 Act. Accordingly, in anticipation of the Transaction, at a meeting held on July 31, 2007 (the "July Meeting"), the Board Members, including the Independent Board Members, unanimously approved new Investment Management Agreements (the "New Investment Management Agreements") with NAM on behalf of each Fund to take effect immediately after the Transaction or shareholder approval of the new advisory contracts, whichever is later. The 1940 Act also requires that each New Investment Management Agreement be approved by the respective Fund's shareholders in order for it to become effective. Accordingly, to ensure continuity of advisory services, the Board Members, including the Independent Board Members, unanimously approved Interim Investment Management Agreements to take effect upon the closing of the Transaction if shareholders have not yet approved the New Investment Management Agreements.

Because the information provided and considerations made at the annual review continue to be relevant with respect to the evaluation of the New Investment Management Agreements, the Board considered the foregoing as part of its deliberations of the New Investment Management Agreements. Accordingly, as indicated, the discussions immediately below outline the materials and

information presented to the Board in connection with the Board's prior annual review and the analysis undertaken and the conclusions reached by Board Members when determining to continue the Original Investment Management Agreements.

I. APPROVAL OF THE ORIGINAL INVESTMENT MANAGEMENT AGREEMENTS

During the course of the year, the Board received a wide variety of materials relating to the services provided by NAM and the performance of the Funds. At each of its quarterly meetings, the Board reviewed investment performance and various matters relating to the operations of the Funds and other Nuveen funds, including the compliance program, shareholder services, valuation, custody, distribution and other information relating to the nature, extent and quality of services provided by NAM. Between the regularly scheduled quarterly meetings, the Board Members received information on particular matters as the need arose.

In preparation for their considerations at the May Meeting, the Independent Board Members received extensive materials, well in advance of the meeting, which outlined or are related to, among other things:

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

At the May Meeting, NAM made a presentation to, and responded to questions from, the Board. Prior to and after the presentations and reviewing the written materials, the Independent Board Members met privately with their legal counsel to review the Board duties in reviewing advisory contracts and considering the renewal of the advisory contracts. The Independent Board Members, in consultation with independent counsel, reviewed the factors set out in judicial decisions and Securities and Exchange Commission ("SEC") directives relating to the renewal of advisory contracts. As outlined in more detail below, the Board

Members considered all factors they believed relevant with respect to each Fund, including, but not limited to, the following: (a) the nature, extent and quality of the services to be provided by 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 Nuveen and its affiliates; (d) the extent to which economies of scale would be realized; and (e) whether fee levels reflect those economies of scale for the benefit of the Fund's investors. In addition, as noted, the Board Members met regularly throughout the year to oversee the Funds. In evaluating the Original Investment Management Agreements, the Board Members also relied upon their knowledge of NAM, its services and the Funds resulting from their meetings and other interactions throughout the year. It is with this background that the Board Members considered each Original Investment Management Agreement.

A. NATURE, EXTENT AND QUALITY OF SERVICES

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

ANNUAL INVESTMENT MANAGEMENT AGREEMENT  
APPROVAL PROCESS (continued)

In addition to advisory services, the Independent Board Members considered the quality of administrative and non-advisory services provided by NAM and noted that NAM and its affiliates provide the Funds with a wide variety of services and officers and other personnel as are necessary for the operations of the Funds, including:

- [ ] product management;
- [ ] fund administration;
- [ ] oversight by shareholder services and other fund service providers;
- [ ] administration of Board relations;

- [ ] regulatory and portfolio compliance; and
- [ ] legal support.

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

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

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

With respect to the Nuveen closed-end funds that utilize leverage through the issuance of preferred shares ("Preferred Shares"), the Board Members noted Nuveen's continued support for the holders of Preferred Shares by, among other things:

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

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

#### B. THE INVESTMENT PERFORMANCE OF THE FUNDS AND NAM

At the May Meeting, the Board considered the investment performance for each Fund, including the Fund's historic performance as well as its performance compared to funds with similar investment objectives (the "Performance Peer Group") based on data provided by an independent third party (as described

below). The

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Board Members also reviewed the respective Fund's portfolio level performance (which does not reflect fund level fees and expenses, and leverage) against customized benchmarks, described in further detail below.

In evaluating the performance information during the annual review at the May Meeting, in certain instances, the Board Members noted that the closest Performance Peer Group for a fund may not adequately reflect such fund's investment objectives and strategies, thereby limiting the usefulness of the comparisons of such fund's performance with that of the Performance Peer Group.

With respect to state-specific municipal funds, the Board Members also recognized that certain funds do not have a corresponding state-specific Performance Peer Group in which case their performance is measured against a more general municipal category for various states. With respect to municipal closed-end funds, funds that do not have corresponding state-specific Performance Peer Groups are from states other than New York, California, Florida, New Jersey, Michigan and Pennsylvania. However, with respect to funds based in Florida, New Jersey, Michigan and Pennsylvania, the peer group may be so small or the Nuveen funds may dominate the category to such an extent that performance information for such funds was also compared to the more general category for all states (other than New York and California).

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

#### C. FEES, EXPENSES AND PROFITABILITY

##### 1. FEES AND EXPENSES

During the annual review, in evaluating the management fees and expenses of a Fund, the Board reviewed, among other things, the Fund's advisory fees (net and gross management fees) and total expense ratios (before and after expense reimbursements and/or waivers) in absolute terms as well as comparisons to the gross management fees (before waivers), net management

fees (after waivers) and total expense ratios (before and after waivers) of comparable funds in the Peer Universe and the Peer Group. In reviewing the fee schedule for a Fund, the Board Members considered the fund-level and complex-wide breakpoint schedules (described in further detail below) and any fee waivers and reimbursements provided by Nuveen (applicable, in particular, for certain funds launched since 1999). The Board Members further reviewed data regarding the construction of Peer Groups as well as the methods of measurement for the fee and expense analysis and the performance analysis. In certain cases, due to the small number of peers in the Peer Universe, the Peer Universe and Peer Group had significant overlap or even consisted entirely of the same unaffiliated funds. In reviewing the comparisons of fee and expense information, the Board Members recognized that in certain cases, the fund size relative to peers, the small size and odd composition of the Peer Group (including differences in objectives and strategies), expense anomalies, timing of information used or other factors impacting the comparisons thereby limited some of the usefulness of the comparative data. The Board Members also considered the differences in the use of leverage. Based on their review of the fee and expense information provided, the Board Members determined that each Fund's net total expense ratio was within an acceptable range compared to peers.

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ANNUAL INVESTMENT MANAGEMENT AGREEMENT  
APPROVAL PROCESS (continued)

2. COMPARISONS WITH THE FEES OF OTHER CLIENTS

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

3. PROFITABILITY OF NUVEEN

In conjunction with its review of fees, the Board Members also considered the profitability of Nuveen for its advisory activities (which incorporated Nuveen's wholly-owned affiliated sub-advisers) and its financial condition. At the annual review, the Board Members reviewed the revenues and expenses of Nuveen's advisory activities for the last three years, the allocation methodology used in preparing the profitability data as well as the 2006 Annual Report for Nuveen. The Board Members noted this information

supplemented the profitability information requested and received during the year to help keep them apprised of developments affecting profitability (such as changes in fee waivers and expense reimbursement commitments). In this regard, the Board Members noted the enhanced dialogue and information regarding profitability with NAM during the year, including more frequent meetings and updates from Nuveen's corporate finance group. The Board Members also reviewed data comparing Nuveen's profitability with other fund sponsors prepared by three independent third party service providers as well as comparisons of the revenues, expenses and profit margins of various unaffiliated management firms with similar amounts of assets under management prepared by Nuveen.

In reviewing profitability, the Board Members recognized the subjective nature of determining profitability which may be affected by numerous factors, including the allocation of expenses. Further, the Board Members recognized the difficulties in making comparisons as the profitability of other advisers generally is not publicly available and the profitability information that is available for certain advisers or management firms may not be representative of the industry and may be affected by, among other things, the adviser's particular business mix, capital costs, types of funds managed and expense allocations.

Notwithstanding the foregoing, the Board Members reviewed Nuveen's methodology and assumptions for allocating expenses across product lines to determine profitability. Last year, the Board Members also designated an Independent Board Member as a point person for the Board to review the methodology determinations during the year and any refinements thereto, which relevant information produced from such process was reported to the full Board. In reviewing profitability, the Board Members recognized Nuveen's increased investment in its fund business. Based on its review, the Board Members concluded that Nuveen's level of profitability for its advisory activities was reasonable in light of the services provided.

In evaluating the reasonableness of the compensation, the Board Members also considered other amounts paid to NAM by the Funds as well as any indirect benefits (such as soft dollar arrangements, if any) NAM and its affiliates receive, or are expected to receive, that are directly attributable to the management of the Funds, if any. See Section E below for additional information on indirect benefits NAM may receive as a result of its relationship with the Funds. Based on their review of the overall fee arrangements of each Fund, the Board Members determined that the advisory fees and expenses of the Funds were reasonable.

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

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

Based on their review, the Board Members concluded that the breakpoint schedule and complex-wide fee arrangement were acceptable and desirable in providing benefits from economies of scale to shareholders, subject to further evaluation of the complex-wide fee schedule as assets in the complex increase. See Section II, Paragraph D - "Approval of the New Investment Management Agreements - Economies of Scale and Whether Fee Levels Reflect These Economies of Scale" for information regarding subsequent modifications to the complex-wide fee.

#### E. INDIRECT BENEFITS

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

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

Based on their review, the Board Members concluded that any indirect benefits received by NAM as a result of its relationship with the Funds were reasonable and within acceptable parameters.

#### F. OTHER CONSIDERATIONS

The Board Members did not identify any single factor discussed previously as all-important or controlling in their considerations to continue an advisory contract. The Board Members, including the Independent Board Members, unanimously concluded that the terms of the Original Investment Management Agreements are fair and reasonable, that NAM's fees are reasonable in light of the services provided to each Fund and that the renewal of the Original Investment Management Agreements be approved.

#### II. APPROVAL OF THE NEW INVESTMENT MANAGEMENT AGREEMENTS

Following the May Meeting, the Board Members were advised of the potential Transaction. As noted above, the completion of the Transaction would terminate each of the Original Investment Management Agreements. Accordingly, at the July Meeting, the Board of each Fund, including the Independent Board Members, unanimously approved the New Investment Management Agreements on behalf of the respective Funds. Leading up to the July Meeting, the Board Members had several meetings and deliberations with and without Nuveen management present, and with the advice of legal counsel, regarding the proposed Transaction as outlined below.

On June 8, 2007, the Board Members held a special telephonic meeting to discuss the proposed Transaction. At that meeting, the Board Members established a special ad hoc committee comprised solely of Independent Board Members to focus on the Transaction and to keep the Independent Board Members updated with developments regarding the Transaction. On June 15, 2007, the ad hoc committee discussed with representatives of NAM the Transaction and modifications to the complex-wide fee schedule that



ANNUAL INVESTMENT MANAGEMENT AGREEMENT  
APPROVAL PROCESS (continued)

would generate additional fee savings at specified levels of complex-wide asset growth. Following the foregoing meetings and several subsequent telephonic conferences among Independent Board Members and independent counsel, and between Independent Board Members and representatives of Nuveen, the Board met on June 18, 2007 to further discuss the proposed Transaction. Immediately prior to and then again during the June 18, 2007 meeting, the Independent Board Members met privately with their independent legal counsel. At that meeting, the Board met with representatives of MDP, of Goldman Sachs, Nuveen's financial adviser in the Transaction, and of the Nuveen Board to discuss, among other things, the history and structure of MDP, the terms of the proposed Transaction (including the financing terms), and MDP's general plans and intentions with respect to Nuveen (including with respect to management, employees, and future growth prospects). On July 9, 2007, the Board also met to be updated on the Transaction as part of a special telephonic Board meeting. The Board Members were further updated at a special in-person Board meeting held on July 19, 2007 (one Independent Board Member participated telephonically). Subsequently, on July 27, 2007, the ad hoc committee held a telephonic conference with representatives of Nuveen and MDP to further discuss, among other things, the Transaction, the financing of the Transaction, retention and incentive plans for key employees, the effect of regulatory restrictions on transactions with affiliates after the Transaction, and current volatile market conditions and their impact on the Transaction.

In connection with their review of the New Investment Management Agreements, the Independent Board Members, through their independent legal counsel, also requested in writing and received additional information regarding the proposed Transaction and its impact on the provision of services by NAM and its affiliates.

The Independent Board Members received, well in advance of the July Meeting, materials which outlined, among other things:

- [ ] the structure and terms of the Transaction, including MDP's co-investor entities and their expected ownership interests, and the financing arrangements that will exist for Nuveen following the closing of the Transaction;
- [ ] the strategic plan for Nuveen following the Transaction;
- [ ] the governance structure for Nuveen following the Transaction;
- [ ] any anticipated changes in the operations of the Nuveen funds following the Transaction, including changes to NAM's and Nuveen's day-to-day management, infrastructure and ability to provide advisory, distribution or other applicable services to the Funds;
- [ ] any changes to senior management or key personnel who work on Fund related matters (including portfolio management, investment oversight, and legal/compliance) and any retention or incentive arrangements for such persons;
- [ ] any anticipated effect on each Fund's expense ratio (including advisory fees) following the Transaction;
- [ ] any benefits or undue burdens imposed on the Funds as a result of the

Transaction;

- [ ] any legal issues for the Funds as a result of the Transaction;
- [ ] the nature, quality and extent of services expected to be provided to the Funds following the Transaction, changes to any existing services and policies affecting the Funds, and cost-cutting efforts, if any, that may impact such services or policies;
- [ ] any conflicts of interest that may arise for Nuveen or MDP with respect to the Funds;
- [ ] the costs associated with obtaining necessary shareholder approvals and who would bear those costs; and
- [ ] from legal counsel, a memorandum describing the applicable laws, regulations and duties in approving advisory contracts, including, in particular, with respect to a change of control.

Immediately preceding the July Meeting, representatives of MDP met with the Board to further respond to questions regarding the Transaction. After the meeting with MDP, the Independent Board Members met with independent legal counsel in executive session. At the July Meeting, Nuveen also made a presentation and

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responded to questions. Following the presentations and discussions of the materials presented to the Board, the Independent Board Members met again in executive session with their counsel. As outlined in more detail below, the Independent Board Members considered all factors they believed relevant with respect to each Fund, including the impact that the Transaction could be expected to have on the following: (a) the nature, extent and quality of services to be provided; (b) the investment performance of the Funds; (c) the costs of the services and profits to be realized by Nuveen and its affiliates; (d) the extent to which economies of scale would be realized; and (e) whether fee levels reflect those economies of scale for the benefit of investors. As noted above, the Board Members had completed their annual review of the respective Original Investment Management Agreements at the May Meeting and many of the factors considered at the annual review were applicable to their evaluation of the New Investment Management Agreements. Accordingly, in evaluating the New Investment Management Agreements, the Board Members relied upon their knowledge and experience with NAM and considered the information received and their evaluations and conclusions drawn at the annual review. While the Board reviewed many Nuveen funds at the July Meeting, the Independent Board Members evaluated all information available to them on a fund-by-fund basis, and their determinations were made separately in respect of each Fund.

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

In evaluating the nature, quality and extent of the services expected to be provided by NAM under the New Investment Management Agreements, the Independent Board Members considered, among other things, the expected impact, if any, of the Transaction on the operations, facilities, organization and personnel of NAM; the potential implications of regulatory restrictions on the Funds following the Transaction; the ability of NAM and its affiliates to perform their duties after the Transaction; and any anticipated changes to the current investment and other practices of the Funds.

The Board noted that the terms of each New Investment Management Agreement, including the fees payable thereunder, are substantially identical to those of the Original Investment Management Agreement relating to the same Fund (with both reflecting reductions to fee levels in the complex-wide fee schedule for complex-wide assets in excess of \$80 billion that have an effective date of August 20, 2007). The Board considered that the services to be provided and the standard of care under the New Investment Management Agreements are the same as the Original Investment Management Agreements. The Board Members further noted that key personnel who have responsibility for the Funds in each area, including portfolio management, investment oversight, fund management, fund operations, product management, legal/compliance and board support functions, are expected to be the same following the Transaction. The Board Members considered and are familiar with the qualifications, skills and experience of such personnel. The Board also considered certain information regarding anticipated retention or incentive plans designed to retain key personnel. Further, the Board Members noted that no changes to Nuveen's infrastructure or operations as a result of the Transaction were anticipated other than potential enhancements as a result of an expected increase in the level of investment in such infrastructure and personnel. The Board noted MDP's representations that it does not plan to have a direct role in the management of Nuveen, appointing new management personnel, or directly impacting individual staffing decisions. The Board Members also noted that there were not any planned "cost cutting" measures that could be expected to reduce the nature, extent or quality of services. After consideration of the foregoing, the Board Members concluded that no diminution in the nature, quality and extent of services provided to the Funds and their shareholders is expected.

In addition to the above, the Board Members considered potential changes in the operations of each Fund. In this regard, the Board Members considered the potential effect of regulatory restrictions on the Funds' transactions with future affiliated persons. During their deliberations, it was noted that, after the Transaction, a subsidiary of Merrill Lynch is expected to have an ownership interest in Nuveen at a level that will make Merrill Lynch an affiliated person of Nuveen. The Board Members recognized that applicable law would generally prohibit the Funds from engaging in securities transactions with Merrill Lynch as principal, and would also impose restrictions on using Merrill Lynch for agency transactions. They recognized that having MDP and Merrill Lynch as affiliates may restrict the Nuveen funds' ability to invest in securities of issuers controlled by MDP or issued by Merrill Lynch and its affiliates even if not bought directly from MDP or Merrill Lynch as principal. They also recognized that various regulations may require the Nuveen funds to apply investment limitations on a combined basis with affiliates of Merrill Lynch. The Board Members considered information provided by NAM regarding the potential impact on the Nuveen funds' operations as a result of

ANNUAL INVESTMENT MANAGEMENT AGREEMENT  
APPROVAL PROCESS (continued)

these regulatory restrictions. The Board Members considered, in particular, the Nuveen funds that may be impacted most by the restricted access to Merrill Lynch, including: municipal funds (particularly certain state-specific funds), senior loan funds, taxable fixed income funds, preferred security funds and funds that heavily use derivatives. The Board Members considered such funds' historic use of Merrill Lynch as principal in their transactions and information provided by NAM regarding the expected impact resulting from Merrill Lynch's affiliation with Nuveen and available measures that could be taken to minimize such impact. NAM informed the Board Members that, although difficult to

determine with certainty, its management did not believe that MDP's or Merrill Lynch's status as an affiliate of Nuveen would have a material adverse effect on any Nuveen fund's ability to pursue its investment objectives and policies.

In addition to the regulatory restrictions considered by the Board, the Board Members also considered potential conflicts of interest that could arise between the Nuveen funds and various parties to the Transaction and discussed possible ways of addressing such conflicts.

Based on its review along with its considerations regarding services at the annual review, the Board concluded that the Transaction was not expected to adversely affect the nature, quality or extent of services provided by NAM and that the expected nature, quality and extent of such services supported approval of the New Investment Management Agreements.

#### B. PERFORMANCE OF THE FUNDS

With respect to the performance of the Funds, the Board considered that the portfolio management personnel responsible for the management of the Funds' portfolios were expected to continue to manage the portfolios following the completion of the Transaction.

In addition, the Board Members recently reviewed Fund performance at the May Meeting, as described above, and determined that Fund performance was satisfactory or better, subject to the following. With respect to certain municipal closed-end funds with relative short-term underperformance, the Board Members concluded NAM was taking steps to evaluate the factors affecting performance and those steps would continue following the Transaction. Further, the investment policies and strategies were not expected to change as a result of the Transaction.

In light of the foregoing factors, along with the prior findings regarding performance at the annual review, the Board concluded that its findings with respect to performance supported approval of the New Investment Management Agreements.

#### C. FEES, EXPENSES AND PROFITABILITY

As described in more detail above, during the annual review, the Board Members considered, among other things, the management fees and expenses of the Funds, the breakpoint schedules, and comparisons of such fees and expenses with peers. At the annual review, the Board Members determined that the respective Fund's advisory fees and expenses were reasonable. In evaluating the costs of services to be provided by NAM under the New Investment Management Agreements and the profitability of Nuveen for its advisory activities, the Board Members considered their prior conclusions at the annual review and whether the management fees or other expenses would change as a result of the Transaction. As described above, the investment management fee is composed of two components--a fund-level component and complex-wide level component. The fee schedule under the New Investment Management Agreements to be paid to NAM is identical to that under the Original Investment Management Agreements, including the modified complex-wide fee schedule. As noted above, the Board recently approved a modified complex-wide fee schedule that would generate additional fee savings on complex-wide assets above \$80 billion. The modifications have an effective date of August 20, 2007 and are part of the Original Investment Management Agreements. Accordingly, the terms of the complex-wide component under the New Investment Management Agreements are the same as under the Original Investment Management Agreements. The Board Members also noted that Nuveen has committed for a period of two years from the date of closing of the Transaction that it will not increase gross management fees for any Nuveen fund and will not reduce voluntary expense reimbursement levels for any Nuveen fund from their currently scheduled

prospective levels. Based on the information provided, the Board Members did not expect that overall Fund expenses would increase as a result of the Transaction.

In addition, the Board Members considered that additional fund launches were anticipated after the Transaction which would result in an increase in total assets under management in the complex and a corresponding decrease in overall management fees under the complex-wide fee schedule. Taking into consideration the Board's prior evaluation of fees and expenses at the annual renewal, and the modification to the complex-wide fee schedule, the Board determined that the management fees and expenses were reasonable.

While it is difficult to predict with any degree of certainty the impact of the Transaction on Nuveen's profitability, at the recent annual review, the Board Members were satisfied that Nuveen's level of profitability for its advisory activities was reasonable. During the year, the Board Members had noted the enhanced dialogue regarding profitability and the appointment of an Independent Board Member as a point person to review methodology determinations and refinements in calculating profitability. Given their considerations at the annual review and the modifications to the complex-wide fee schedule, the Board Members were satisfied that Nuveen's level of profitability for its advisory activities continues to be reasonable.

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

The Board Members have been cognizant of economies of scale and the potential benefits resulting from the costs of a Fund being spread over a larger asset base. To help ensure that shareholders share in the benefits derived from economies of scale, the Board adopted the complex-wide fee arrangement in 2004. At the May Meeting, the Board Members reviewed the complex-wide fee arrangements and noted that additional negotiations may be necessary or appropriate as the assets in the complex approached the \$91 billion threshold. In light of this assessment coupled with the upcoming Transaction, at the June 15, 2007 meeting, the ad hoc committee met with representatives of Nuveen to further discuss modifications to the complex-wide fee schedule that would generate additional savings for shareholders as the assets of the complex grow. The proposed terms for the complex-wide fee schedule are expressed in terms of targeted cumulative savings at specified levels of complex-wide assets, rather than in terms of targeted marginal complex-wide fee rates. Under the modified schedule, the schedule would generate additional fee savings beginning at complex-wide assets of \$80 billion in order to achieve targeted cumulative annual savings at \$91 billion of \$28 million on a complex-wide level (approximately \$0.6 million higher than those generated under the then current schedule) and generate additional fee savings for asset growth above complex-wide assets of \$91 billion in order to achieve targeted annual savings at \$125 billion of assets of approximately \$50 million on a complex-wide level (approximately \$2.2 million higher annually than that generated under the then current schedule). At the July Meeting, the Board approved the modified complex-wide fee schedule for the Original Investment Management Agreements and these same terms will apply to the New Investment Management Agreements. Accordingly, the Board Members believe that the breakpoint schedules and revised complex-wide fee schedule are appropriate and desirable in ensuring that shareholders participate in the benefits derived from economies of scale.

#### E. INDIRECT BENEFITS

During their recent annual review, the Board Members considered any indirect

benefits that NAM may receive as a result of its relationship with the Funds, as described above. As the policies and operations of Nuveen are not anticipated to change significantly after the Transaction, such indirect benefits should remain after the Transaction. The Board Members further considered any additional indirect benefits to be received by NAM or its affiliates after the Transaction. The Board Members noted that other than benefits from its ownership interest in Nuveen and indirect benefits from fee revenues paid by the Funds under the management agreements and other Board-approved relationships, it was currently not expected that MDP or its affiliates would derive any benefit from the Funds as a result of the Transaction or transact any business with or on behalf of the Funds (other than perhaps potential Fund acquisitions, in secondary market transactions, of securities issued by MDP portfolio companies); or that Merrill Lynch or its affiliates would derive any benefits from the Funds as a result of the Transaction (noting that, indeed, Merrill Lynch would stand to experience the discontinuation of principal transaction activity with the Nuveen funds and likely would experience a noticeable reduction in the volume of agency transactions with the Nuveen funds).

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ANNUAL INVESTMENT MANAGEMENT AGREEMENT  
APPROVAL PROCESS (continued)

F. OTHER CONSIDERATIONS

In addition to the factors above, the Board Members also considered the following with respect to the Funds:

- [ ] Nuveen would rely on the provisions of Section 15(f) of the 1940 Act. Section 15(f) provides, in substance, that when a sale of a controlling interest in an investment adviser occurs, the investment adviser or any of its affiliated persons may receive any amount or benefit in connection with the sale so long as (i) during the three-year period following the consummation of a transaction, at least 75% of the investment company's board of directors must not be "interested persons" (as defined in the 1940 Act) of the investment adviser or predecessor adviser and (ii) an "unfair burden" (as defined in the 1940 Act, including any interpretations or no-action letters of the SEC) must not be imposed on the investment company as a result of the transaction relating to the sale of such interest, or any express or implied terms, conditions or understanding applicable thereto. In this regard, to help ensure that an unfair burden is not imposed on the Nuveen funds, Nuveen has committed for a period of two years from the date of the closing of the Transaction (i) not to increase gross management fees for any Nuveen fund; (ii) not to reduce voluntary expense reimbursement levels for any Nuveen fund from their currently scheduled prospective levels during that period; (iii) that no Nuveen fund whose portfolio is managed by a Nuveen affiliate shall use Merrill Lynch as a broker with respect to portfolio transactions done on an agency basis, except as may be approved in the future by the Compliance Committee of the Board; and (iv) that NAM shall not cause the Funds and other municipal funds that NAM manages, as a whole, to enter into portfolio transactions with or through the other minority owners of Nuveen, on either a principal or an agency basis, to a significantly greater extent than both what one would expect an investment team to use such firm in the normal course of business, and what NAM has historically done, without prior Board or Compliance Committee approval (excluding the impact of proportionally increasing the use of such other "minority owners" to fill the void necessitated by not being able to use Merrill Lynch).

- [ ] The Funds would not incur any costs in seeking the necessary shareholder approvals for the New Investment Management Agreements (except for any costs attributed to seeking shareholder approvals of Fund specific matters unrelated to the Transaction, such as approval of Board Members, in which case a portion of such costs will be borne by the applicable Funds).
- [ ] The reputation, financial strength and resources of MDP.
- [ ] The long-term investment philosophy of MDP and anticipated plans to grow Nuveen's business to the benefit of the Nuveen funds.
- [ ] The benefits to the Nuveen funds as a result of the Transaction including:
  - (i) as a private company, Nuveen may have more flexibility in making additional investments in its business;
  - (ii) as a private company, Nuveen may be better able to structure compensation packages to attract and retain talented personnel;
  - (iii) as certain of Nuveen's distribution partners are expected to be equity or debt investors in Nuveen, Nuveen may be able to take advantage of new or enhanced distribution arrangements with such partners;
  - and (iv) MDP's experience, capabilities and resources that may help Nuveen identify and acquire investment teams or firms and finance such acquisitions.
- [ ] The historic premium and discount levels at which the shares of the Nuveen funds have traded at specified dates with particular focus on the premiums and discounts after the announcement of the Transaction, taking into consideration recent volatile market conditions and steps or initiatives considered or undertaken by NAM to address discount levels.

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#### G. CONCLUSION

The Board Members did not identify any single factor discussed previously as all-important or controlling. The Board Members, including the Independent Board Members, unanimously concluded that the terms of the New Investment Management Agreements are fair and reasonable, that the fees therein are reasonable in light of the services to be provided to each Fund and that the New Investment Management Agreements should be approved and recommended to shareholders.

#### III. APPROVAL OF INTERIM CONTRACTS

As noted above, at the July Meeting, the Board Members, including the Independent Board Members, unanimously approved the Interim Investment Management Agreements. If necessary to assure continuity of advisory services, the Interim Investment Management Agreements will take effect upon the closing of the Transaction if shareholders have not yet approved the New Investment Management Agreements. The terms of each Interim Investment Management Agreement are substantially identical to those of the corresponding Original Investment Management Agreement and New Investment Management Agreement, respectively, except for certain term and escrow provisions. In light of the foregoing, the Board Members, including the Independent Board Members, unanimously determined that the scope and quality of services to be provided to the Funds under the respective Interim Investment Management Agreement are at least equivalent to the scope and quality of services provided under the applicable Original Investment Management Agreement.

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Reinvest Automatically  
EASILY and CONVENIENTLY

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

NUVEEN CLOSED-END FUNDS DIVIDEND REINVESTMENT PLAN

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

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

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

EASY AND CONVENIENT

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

HOW SHARES ARE PURCHASED

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

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FLEXIBLE

You may change your distribution option or withdraw from the Plan at any time,



should your needs or situation change. Should you withdraw, you can receive a certificate for all whole shares credited to your reinvestment account and cash payment for fractional shares, or cash payment for all reinvestment account shares, less brokerage commissions and a \$2.50 service fee.

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

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

CALL TODAY TO START REINVESTING DIVIDENDS AND/OR DISTRIBUTIONS

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

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 the number of years to maturity of the bonds in a Fund's portfolio, computed by weighting each bond's time to maturity (the date the security comes due) by the market value of the security. This figure does not account for the likelihood of prepayments or the exercise of call provisions unless an escrow account has been established to redeem the bond before maturity. The market value weighting for an investment in an inverse floating rate security is the value of the portfolio's residual interest in the inverse floating rate trust, and does not include the value of the floating rate securities issued by the trust.
- [ ] **INVERSE FLOATERS:** Inverse floating rate securities are created by depositing a municipal bond, typically with a fixed interest rate, into a special purpose trust created by a broker-dealer. This trust, in turn, (a) issues floating rate certificates typically paying short-term tax-exempt interest rates to third parties in amounts equal to some fraction of the deposited bond's par amount or market value, and (b) issues an inverse floating rate certificate (sometimes referred to as an "inverse floater") to an investor (such as a Fund) interested in gaining investment exposure to a long-term municipal bond. The income received by the holder of the inverse floater varies inversely with the short-term rate paid to the floating rate certificates' holders, and in most circumstances the holder of the inverse floater bears substantially all of the underlying bond's downside investment risk. The holder of the inverse floater typically also benefits disproportionately from any potential appreciation of the

underlying bond's value. Hence, an inverse floater essentially represents an investment in the underlying bond on a leveraged basis.

- [ ] **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 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.
- [ ] **ZERO COUPON BOND:** A zero coupon bond does not pay a regular interest coupon to its holders during the life of the bond. Tax-exempt income to the holder of the bond comes from accretion of the difference between the original purchase price of the bond at issuance and the par value of the bond at maturity and is effectively paid at maturity. The market prices of zero coupon bonds generally are more volatile than the market prices of bonds that pay interest periodically.

#### Other Useful INFORMATION

#### QUARTERLY PORTFOLIO OF INVESTMENTS AND PROXY VOTING INFORMATION

Each Fund's (i) quarterly portfolio of investments, (ii) information regarding how the Funds voted proxies relating to portfolio securities held during the twelve-month period ended June 30, 2007, and (iii) a description of the policies and procedures that the Funds used to determine how to vote proxies relating to portfolio securities are available without charge, upon request, by calling Nuveen Investments toll-free at (800) 257-8787 or on Nuveen's website at [www.nuveen.com](http://www.nuveen.com).

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

#### CEO Certification Disclosure

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

Each Fund's Chief Executive Officer has submitted to the Exchange the annual CEO certification as required by Section 303A.12(a) of the NYSE Listed Company Manual.

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

### Investment Policy Changes

In May 2007, the Funds' Board of Trustees voted to permit the Funds' to make loans from Fund assets to certain bond issuers. The amounts of these loans are subject to strict limits. This policy is designed to enhance the Funds' ability to meet their Funds' investment objectives by providing for increased portfolio management flexibility, greater diversification potential, and opportunities for increased capital appreciation over time.

### Board of Trustees

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

### Fund Manager

Nuveen Asset Management  
333 West Wacker Drive  
Chicago, IL 60606

### Custodian

State Street Bank & Trust Company  
Boston, MA

### Transfer Agent and

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

### Legal Counsel

Chapman and Cutler LLP  
Chicago, IL

### Independent Registered

Public Accounting Firm  
Ernst & Young LLP  
Chicago, IL

Each Fund intends to repurchase shares of its own common 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 semi-annual report.

Nuveen Investments:  
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SERVING INVESTORS FOR GENERATIONS

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

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 \$170 billion in assets, as of September 30, 2007, Nuveen Investments offers access to a number of different asset classes and investing solutions through a variety of products. Nuveen Investments markets its capabilities under six distinct brands: Nuveen, a leader in fixed-income investments; NWQ, a leader in value-style equities; Rittenhouse, a leader in growth-style equities; Symphony, a leading institutional manager of market-neutral alternative investment portfolios; Santa Barbara, a leader in growth equities; and Tradewinds, a leader in global equities.

Find out how we can help you reach your financial goals.

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ITEM 2. CODE OF ETHICS.

Not applicable to this filing.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

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Not applicable to this filing.

### ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable to this filing.

### ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable to this filing.

### 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.

Not applicable to this filing.

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

Not applicable to this filing.

### 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.

(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 to

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this filing.

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

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

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

SIGNATURES

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

(Registrant) Nuveen Georgia Dividend Advantage Municipal Fund 2

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

Kevin J. McCarthy  
(Vice President and Secretary)

Date: February 8, 2008

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: February 8, 2008

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

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

Date: February 8, 2008

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