

NUVEEN GEORGIA DIVIDEND ADVANTAGE MUNICIPAL FUND 2
Form N-CSR
August 07, 2003

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-21152

Nuveen Georgia Dividend Advantage Municipal Fund 2

(Exact name of registrant as specified in charter)

Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606

(Address of principal executive offices) (Zip code)

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

(Name and address of agent for service)

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

Date of fiscal year end: May 31st

Date of reporting period: May 31st

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.

ITEM 1. REPORTS TO STOCKHOLDERS.

Nuveen
Municipal Closed-End
Exchange-Traded
Funds

Annual Report May 31, 2003

GEORGIA
NPG
NZX
NKG

NORTH CAROLINA
NNC
NRB
NNO
NII

Photo of: 2 woman with graduation cap.

Photo of: Man and child working on computer.

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

Logo: NUVEEN Investments

FASTER Information
RECEIVE your
NUVEEN FUND REPORT
Electronically

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If your Nuveen Fund dividends and statements

COME FROM YOUR FINANCIAL ADVISOR OR BROKERAGE ACCOUNT,

follow the steps outlined below:

- 1 Go to www.investordelivery.com
- 2 Refer to the address sheet that accompanied this report. Enter the personal 13-character Enrollment Number imprinted near your name.
- 3 You'll be taken to a page with several options. Select the New Enrollment-Create screen. Once there, enter your e-mail address (e.g. yourID@providerID.com), and a personal, 4-digit PIN number of your choice. (Pick a number that's easy to remember.)
- 4 Click Submit. Confirm the information you just entered is correct, then click Submit again.
- 5 You should get a confirmation e-mail within 24 hours. If you do not, go back through these steps to make sure all the information is correct.
- 6 Use this same process if you need to change your registration information or cancel internet viewing.

If your Nuveen Fund dividends and statements

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- 1 Go to www.nuveen.com
- 2 Select Access Your Account. Select the E-Report Enrollment section. Click on Enrollment Today.
- 3 You'll be taken to a screen that asks for your Social Security number and e-mail address. Fill in this information, then click Enroll.
- 4 You should get a confirmation e-mail within 24 hours. If you do not, go back through these steps to make sure all the information is correct.
- 5 Use this same process if you need to change your registration information or cancel internet viewing.

Logo: NUVEEN Investments

Photo of: Timothy R. Schwertfeger

Timothy R. Schwertfeger
Chairman of the Board

Sidebar text: " No one knows what the future will bring, which is why we think a well-balanced portfolio is an important component in achieving your long-term financial goals."

Dear
SHAREHOLDER

Once again, I am pleased to report that over the most recent reporting period your Fund continued to provide you with monthly tax-free income and an attractive total return. For more specific information about the performance of your Fund, please see the Portfolio Manager's Comments and Performance Overview sections of this report.

With interest rates at historically low levels, many have begun to wonder whether interest rates will rise, and whether that possibility should cause them to adjust their holdings of fixed-income 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 municipal bond investments like your Nuveen Fund can be important building blocks in a portfolio crafted to perform well through a variety of market conditions.

I'd also like to direct your attention to the inside front cover of this report, which explains the quick and easy process to begin receiving Fund reports like this via e-mail and the internet. Thousands of Nuveen Fund shareholders already have signed-up, and they are getting their Fund information faster and more conveniently than ever. I urge you to consider joining them.

Since 1898, Nuveen Investments has offered financial products and solutions that incorporate careful research, diversification, and the application of conservative risk-management principles. We are grateful that you have chosen us as a partner as you pursue your financial goals. We look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

/s/ Timothy R. Schwertfeger

Timothy R. Schwertfeger
Chairman of the Board

July 15, 2003

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

Portfolio Manager's
Comments

Portfolio manager Rick Huber reviews economic and market conditions, key investment strategies and the recent performance of the Funds. With 18 years of investment experience, Rick assumed portfolio management responsibility for these Funds in January 2003.

WHAT FACTORS AFFECTED THE U.S. ECONOMY AND MUNICIPAL MARKET DURING THE
TWELVE-MONTH PERIOD ENDED MAY 31, 2003?

The underlying economic and market conditions remained similar to those we discussed in our last shareholder report dated November 30, 2002. We believe the most influential factors affecting the performance of the U.S. economy and the

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municipal market continued to be the sluggish pace of economic growth and interest rates that remained at 40-year lows. At the same time, continued geopolitical concerns, centering on the threat of terrorism and the Iraqi situation, also had an impact during this reporting period.

In the municipal market, the slow economic recovery and the continued lack of inflationary pressures during the reporting period created conditions that helped many bonds, and especially higher-rated bonds, perform well. Following a record \$357 billion of new supply in calendar year 2002, municipal issuance nationwide remained strong during the first five months of 2003, with \$145.6 billion in new municipal securities, up 14% over the same period in 2002. Much of this increase in supply reflects issuance intended to address fiscal problems facing states and localities as the result of slow economic growth, rising costs (especially for healthcare and pensions) and sharp declines in tax collections. Given the relatively low interest rate environment, many states and local governments have turned to borrowing in order to close budget gaps, fund needed capital projects and free up cash for operating purposes.

The heavy supply of municipal bonds was met with evidence of continued strong demand over most of this reporting period, as the record issuance was absorbed without a significant decline in prices. Both individual and institutional investors were active buyers.

HOW WERE ECONOMIC AND MARKET CONDITIONS IN GEORGIA AND NORTH CAROLINA?

Georgia's economy remained sluggish, but began to show signs of recovery during this reporting period. Over the twelve months, job growth in the state's health services, education and government sectors helped to offset weakness in retail sales, construction and telecommunications. As of May 2003, unemployment in the state was 4.8%, down from 5.1% in May 2002 and well below the current national average of 6.1%. With 13 military bases, Georgia also benefited from recent increases in defense spending. Although Georgia's debt levels remain above-average, debt ratios are relatively moderate, and the state has not exhausted its reserve balances. During the first five months of 2003, Georgia issued \$1.6 billion in new bonds, down 44% from the same period in 2002. This drop-off in supply mainly was a reflection of the heavier volume brought to market

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during calendar year 2002. In general, while Georgia's manufacturing and transportation industries currently remain stalled awaiting improvement in the national economy, the state's location, strong population trends, and below-average business costs are expected to encourage economic growth over the long term. As of May 31, 2003, Georgia maintained its Aaa/AAA ratings with stable outlooks from both Moody's and Standard & Poor's, respectively.

North Carolina's economy showed mixed results over the course of this reporting period. While the recession in manufacturing, especially in furniture and transportation equipment, served as the primary drag on the state's economy, this was offset to some degree by growth in the services sector. North Carolina also remained a national banking center as well as a center for high-tech firms and professionals attracted by the state's universities. Over the past 12 months, North Carolina's unemployment fell to 6.1% in May 2003 from 6.8% a year earlier, bringing it more closely in line with the national average. Municipal issuance in the state for the first five months of 2003 topped \$4.3 billion, nearly double the amount seen during the same period last year. Even with increased issuance, the state's debt ratios remain among the lowest in the nation at 1.4% of per capita income. In August 2002, the state's budget problems contributed to Moody's decision to downgrade North Carolina's general obligation debt to Aa1 with a stable outlook, while Standard & Poor's maintained its AAA

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rating for the state.

HOW DID THE FUNDS PERFORM OVER THE TWELVE MONTHS ENDED MAY 31, 2003?

Individual results for these Funds, as well as for selected benchmarks, are presented in the accompanying table.

| | MARKET YIELD | | TOTAL RETURN ON NAV | LEHMAN TOTAL RETURN ¹ | LIPPER AVERAGE ² |
|-----|--------------|-------------------------------------|----------------------------|-------------------------------------|--------------------------------|
| | 5/31/03 | TAXABLE- EQUIVALENT ³ | 1 YEAR ENDED 5/31/03 | 1 YEAR ENDED 5/31/03 | 1 YEAR ENDED 5/31/03 |
| NPG | 5.17% | 7.66% | 13.78% | 10.36% | 15.88% |
| NZX | 5.35% | 7.93% | 18.82% | 10.36% | 15.88% |
| NKG | 5.37% | 7.96% | NA | -- | -- |
| NNC | 5.17% | 7.83% | 15.80% | 10.36% | 15.88% |
| NRB | 5.36% | 8.12% | 17.75% | 10.36% | 15.88% |
| NNO | 5.15% | 7.80% | 18.98% | 10.36% | 15.88% |
| NII | 5.29% | 8.02% | NA | -- | -- |

Past performance is not predictive of future results.

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

For the twelve months ended May 31, 2003, all of the Funds in this report with at least one year of performance history outperformed the national, unleveraged Lehman Brothers Municipal Bond Index. Their performances were generally favorable when compared with the Lipper Other States Municipal Debt Funds category, with NPG the primary exception. While these Lipper comparisons carry some value, we believe they have limited usefulness because the Lipper average includes the results of funds from ten different states, each with its own unique conditions and circumstances.

The performance of these Funds benefited when compared with the results of the Lehman Index from their use of leverage, a strategy that can provide the opportunity for additional income for common shareholders. Most of the Funds also were helped by their relatively long durations.⁴ During

- 1 The total annual returns on common share net asset value (NAV) for these Nuveen Funds are compared with the total annual return of the Lehman Brothers Municipal Bond Index, an unleveraged, unmanaged national index comprising a broad range of investment-grade municipal bonds. Results for the Lehman index do not reflect any expenses.
- 2 The total returns of these Funds are compared with the average annualized return of the 36 funds in the Lipper Other States Municipal Debt Funds category. Fund and Lipper returns assume reinvestment of dividends. It should be noted that the performance of the Lipper Other States category represents the overall average of annual returns for funds from 10 different states with a wide variety of economic conditions, municipal market conditions, and investment guidelines, making direct comparisons less applicable.

- 3 The taxable-equivalent yield represents the yield that must be earned on a taxable investment in order to equal the yield of the Nuveen Fund on an after-tax basis. The taxable-equivalent yield is based on the Fund's market yield on the indicated date and a federal income tax rate of 28% plus the applicable state income tax rate. The combined federal and state tax rates used in this report are as follows: Georgia 32.5% and North Carolina 34%.
- 4 Duration is a measure of a fund's NAV volatility in reaction to interest rate movements. Fund duration, also known as leverage-adjusted duration, takes into account the leveraging process for a fund and therefore is generally longer than the duration of the actual portfolio of individual bonds that make up the fund. References to duration in this commentary are intended to indicate fund duration unless otherwise noted.

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periods of declining interest rates, such as that we experienced over most of the twelve-month reporting period, longer duration investments generally would be expected to outperform shorter duration investments, assuming all other factors were equal. As of May 31, 2003, the durations of these Funds, with the exception of NNC, ranged from 8.80 to 11.54, compared with 7.80 for the Lehman index. (Please see the individual Performance Overview pages for individual Fund durations.)

In addition to leverage and duration, the relative performances of these Nuveen Funds were influenced by factors including call exposure, portfolio trading activity, and the price movement of specific sectors and holdings. For example, as of May 31, 2003, NPG held 15% of its portfolio in multifamily housing bonds. For most of the reporting period, the housing sector in Georgia underperformed the broader municipal market and lagged most other revenue bond sectors, as measured by subcategories of the Lehman index. While we continued to hold these securities because we like their long-term potential, their performance over this reporting period was a primary reason why NPG's performance lagged the other Nuveen Georgia Funds.

HOW DID THE MARKET ENVIRONMENT AND THE FUNDS' RETURNS AFFECT DIVIDENDS AND SHARE PRICES?

As noted earlier, with short-term interest rates at historically low levels, the dividend-payment capabilities of these Funds benefited from their use of leverage. The amount of this benefit is tied in part to the short-term rates the Funds pay their MuniPreferred(R) shareholders. Low short-term rates can enable the Funds to reduce the amount of income paid to MuniPreferred shareholders, which potentially can leave more earnings to support common share dividends. During the 12 months ended May 31, 2003, the continued low level of short-term interest rates enabled us to implement two dividend increases in NNC and NRB and one increase in both NPG and NZX. As of May 2003, NNO had paid shareholders dependable, attractive dividends for 17 consecutive months, while NKG and NII--which were introduced in September 2002--declared their first monthly distributions in November 2002.

Over the course of this twelve-month reporting period, strong demand and favorable market conditions helped to boost the share prices and net asset values of these Funds. As of May 31, 2003, NPG, NNC, NRB and NII continued to trade at premiums to their common share NAVs, while NZX, NKG and NNO were trading at virtually the same levels as their NAVs (see charts on individual Performance Overview pages).

WHAT KEY STRATEGIES WERE USED TO MANAGE THESE FUNDS DURING THE YEAR ENDED MAY

31, 2003?

Over this twelve-month reporting period, we continued to place strong emphasis on diversifying the portfolios, enhancing call protection, and improving dividend-paying capabilities. Strategically, our main focus centered on systematically shortening the Funds' durations, which we believed would enhance our ability to control the Funds' interest rate risk and produce more consistent returns over time. Interest rate risk is the risk that the value of a Fund's portfolio will decline when market interest rates rise (since bond prices move in the opposite direction of interest rates). The longer the duration of a Fund's portfolio, the greater its interest rate risk.

In line with our duration strategy as well as the recent steepness of the municipal yield curve, we concentrated on finding value in the intermediate part of the yield curve (i.e., bonds that mature in 15 to 20 years), particularly in the newer Funds with longer durations. In many cases, bonds in this part of the curve were offering yields similar to those of longer-term bonds but, in our opinion, had less inherent interest rate risk.

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We also continued to look for individual issues that we believed would perform well regardless of the future direction of interest rates. All the Georgia and North Carolina Funds remained solidly invested in education and healthcare bonds, and the Georgia Funds also had relatively large exposures to water and sewer bonds. These three sectors were among the top performing Lehman Index sectors over this reporting period.

NKG and NII were introduced in September 2002 and are fully invested. As mentioned earlier, these Funds began paying regular monthly dividends in November 2002. As attractive opportunities have arisen, we have replaced bonds from Puerto Rico and other states that were purchased during the initial investment phase last fall with Georgia or North Carolina securities. As of May 31, 2003, approximately 85% of NKG's portfolio were invested in Georgia bonds, and 90% of NII was invested in North Carolina securities. We expect to continue to incrementally increase these percentages through additional purchases of in-state bonds, while closely monitoring the generation of capital gains from sales of any non-Georgia or non-North Carolina securities.

Given the current geopolitical and economic climate, we believed that maintaining strong credit quality remained a vital requirement. As of May 31, 2003, each of these Funds offered excellent credit quality, with allocations of bonds rated AAA/U.S. guaranteed and AA ranging from 78% to 93%. In general, our weightings in AAA and insured bonds benefited the performance of these Funds during the past year.

WHAT IS YOUR OUTLOOK FOR THE MUNICIPAL MARKET IN GENERAL AND THESE FUNDS IN PARTICULAR?

We continue to believe the U.S. economy is slowly headed for a recovery, but one that may take longer and be less robust than some originally anticipated. As a result, we think that inflation and interest rates will remain relatively low over the near term.

However, the threat of an eventual rise in interest rates remains, and we intend to keep a careful watch on the Funds' durations and holdings to be as well-positioned as possible if and when rates do reverse course.

In Georgia, where supply has been tight during the first part of 2003, we expect to see issuance pick up slightly in coming months. While North Carolina issuance should continue to be strong, given the state's budget deficit and continued need for spending on infrastructure, education and healthcare. Recently,

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anticipation of changes to the national tax code led some to wonder about the new law's potential impact on tax-exempt investments. The final version of the 2003 tax relief law reduced, but did not eliminate, taxes on corporate dividends, and, as a result, we do not expect to see any significant impact on the demand or pricing for tax-exempt municipal bonds.

Looking at bond call exposure, we believe these Funds offer good levels of call protection. As of May 31, 2003, the percentage of bonds eligible for calls among the seven Funds ranged from zero to 14% during the remainder of 2003 and through 2004. The number of actual calls over the coming months will depend largely on market interest rates during this time.

We believe that these Nuveen Funds can continue to serve as attractive sources of tax-free income, as well as offer considerable portfolio diversification potential. We remain convinced that these Funds are quality investments that can continue to benefit shareholders as part of a well-balanced core investment portfolio.

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Nuveen Georgia Premium Income Municipal Fund

Performance

Overview As of May 31, 2003

NPG

Pie Chart:

CREDIT QUALITY

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 70% |
| AA | 13% |
| A | 12% |
| BBB | 2% |
| BB or Lower | 3% |

PORTFOLIO STATISTICS

| | |
|--|----------|
| Share Price | \$16.95 |
| Common Share Net Asset Value | \$15.36 |
| Market Yield | 5.17% |
| Taxable-Equivalent Yield (Federal Income Tax Rate) ¹ | 7.18% |
| Taxable-Equivalent Yield (Federal and State Income Tax Rate) ¹ | 7.66% |
| Net Assets Applicable to Common Shares (\$000) | \$58,050 |
| Average Effective Maturity (Years) | 21.14 |
| Leverage-Adjusted Duration | 8.80 |

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

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| | ON SHARE PRICE | ON NAV |
|---------|----------------|--------|
| 1-Year | 12.92% | 13.78% |
| 5-Year | 8.12% | 7.07% |
| 10-Year | 6.92% | 6.80% |

TOP FIVE SECTORS (as a % of total investments)

| | |
|-----------------------------------|-----|
| Healthcare | 22% |
| Housing/Multifamily | 15% |
| Water and Sewer | 15% |
| Education and Civic Organizations | 10% |
| Tax Obligation/Limited | 9% |

Bar Chart:

2002-2003 MONTHLY TAX-FREE DIVIDENDS PER SHARE

| | |
|-----|--------|
| Jun | 0.0715 |
| Jul | 0.0715 |
| Aug | 0.0715 |
| Sep | 0.0715 |
| Oct | 0.0715 |
| Nov | 0.0715 |
| Dec | 0.0715 |
| Jan | 0.0715 |
| Feb | 0.0715 |
| Mar | 0.073 |
| Apr | 0.073 |
| May | 0.073 |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

| | |
|--------|-------|
| 6/1/02 | 16 |
| | 16.32 |
| | 16.4 |
| | 16.47 |
| | 16.5 |
| | 16.72 |
| | 16.52 |
| | 16.5 |
| | 16.7 |
| | 16.61 |
| | 16.6 |
| | 16.47 |
| | 16.09 |
| | 16.04 |
| | 16.2 |
| | 16.08 |
| | 15.95 |

| | |
|---------|-------|
| | 16.55 |
| | 16.64 |
| | 15.96 |
| | 15.9 |
| | 15.85 |
| | 16 |
| | 16.1 |
| | 15.7 |
| | 15.95 |
| | 15.98 |
| | 15.85 |
| | 15.65 |
| | 15.85 |
| | 16 |
| | 16 |
| | 16 |
| | 16.25 |
| | 16.3 |
| | 16.61 |
| | 16.35 |
| | 16.55 |
| | 16.45 |
| | 16.5 |
| | 16.26 |
| | 16.22 |
| | 15.94 |
| | 15.95 |
| | 16.02 |
| | 16.27 |
| | 16.25 |
| | 16.1 |
| | 16.37 |
| | 16.95 |
| | 15.7 |
| 5/31/03 | 15.95 |

1 Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 28%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 32.5%.

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Nuveen Georgia Dividend Advantage Municipal Fund

Performance

Overview As of May 31, 2003

NZX

Pie Chart:

CREDIT QUALITY

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 68% |
| AA | 15% |
| A | 9% |

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BBB 8%

PORTFOLIO STATISTICS

| | |
|--|----------|
| Share Price | \$15.59 |
| Common Share Net Asset Value | \$15.62 |
| Market Yield | 5.35% |
| Taxable-Equivalent Yield (Federal Income Tax Rate)1 | 7.43% |
| Taxable-Equivalent Yield (Federal and State Income Tax Rate)1 | 7.93% |
| Net Assets Applicable to Common Shares (\$000) | \$30,576 |
| Average Effective Maturity (Years) | 21.13 |
| Leverage-Adjusted Duration | 11.06 |

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

| | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| 1-Year | 12.56% | 18.82% |
| Since Inception | 8.25% | 11.55% |

TOP FIVE SECTORS (as a % of total investments)

| | |
|-----------------------------------|-----|
| Education and Civic Organizations | 19% |
| Healthcare | 15% |
| Water and Sewer | 14% |
| Housing/Single Family | 11% |
| Utilities | 10% |

Bar Chart:

2002-2003 MONTHLY TAX-FREE DIVIDENDS PER SHARE²

| | |
|-----|--------|
| Jun | 0.0665 |
| Jul | 0.0665 |
| Aug | 0.0665 |
| Sep | 0.0665 |
| Oct | 0.0665 |
| Nov | 0.0665 |
| Dec | 0.0665 |
| Jan | 0.0665 |
| Feb | 0.0665 |
| Mar | 0.0695 |
| Apr | 0.0695 |

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May 0.0695

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

| | |
|---------|-------|
| 6/1/02 | 14.56 |
| | 14.55 |
| | 14.5 |
| | 14.48 |
| | 14.63 |
| | 14.8 |
| | 14.97 |
| | 14.75 |
| | 15.2 |
| | 15.07 |
| | 15.3 |
| | 15.23 |
| | 15.4 |
| | 15.25 |
| | 15 |
| | 14.94 |
| | 14.86 |
| | 15.22 |
| | 15.6 |
| | 15.25 |
| | 14.63 |
| | 15.25 |
| | 15.15 |
| | 14.9 |
| | 14.6 |
| | 14.8 |
| | 14.55 |
| | 14.5 |
| | 14.25 |
| | 14.78 |
| | 15 |
| | 14.85 |
| | 14.75 |
| | 14.93 |
| | 15.01 |
| | 14.84 |
| | 14.85 |
| | 14.75 |
| | 14.9 |
| | 15.35 |
| | 15 |
| | 15.15 |
| | 14.69 |
| | 14.73 |
| | 14.73 |
| | 14.66 |
| | 14.87 |
| | 14.95 |
| | 14.99 |
| | 15.59 |
| | 14.6 |
| 5/31/03 | 14.8 |

1 Taxable-equivalent yield represents the yield on a taxable investment

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necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 28%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 32.5%.

- 2 The Fund also paid shareholders a capital gains distribution in December 2002 of \$0.1278 per share.

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Nuveen Georgia Dividend Advantage Municipal Fund 2 Performance

Overview As of May 31, 2003

NKG

Pie Chart:

CREDIT QUALITY

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 82% |
| AA | 11% |
| A | 5% |
| BBB | 2% |

PORTFOLIO STATISTICS

| | |
|--|----------|
| Share Price | \$14.98 |
| Net Asset Value | \$15.01 |
| Market Yield | 5.37% |
| Taxable-Equivalent Yield (Federal Income Tax Rate) ¹ | 7.46% |
| Taxable-Equivalent Yield (Federal and State Income Tax Rate) ¹ | 7.96% |
| Net Assets Applicable to Common Shares (\$000) | \$68,325 |
| Average Effective Maturity (Years) | 22.55 |
| Leverage-Adjusted Duration | 11.54 |

CUMULATIVE TOTAL RETURN (Inception 9/25/02)

| | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| Since Inception | 3.16% | 8.22% |

TOP FIVE SECTORS (as a % of total investments)

| | |
|------------------------|-----|
| Tax Obligation/Limited | 23% |
|------------------------|-----|

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| | |
|-----------------------------------|-----|
| Water and Sewer | 20% |
| Healthcare | 18% |
| Education and Civic Organizations | 14% |
| Utilities | 4% |

Bar Chart:

2002-2003 MONTHLY TAX-FREE DIVIDENDS PER SHARE

| | |
|-----|-------|
| Nov | 0.067 |
| Dec | 0.067 |
| Jan | 0.067 |
| Feb | 0.067 |
| Mar | 0.067 |
| Apr | 0.067 |
| May | 0.067 |

Line Chart:

Share Price Performance

Weekly Closing Price

Past performance is not predictive of future results.

| | |
|---------|-------|
| 9/27/02 | 15 |
| | 15.01 |
| | 15.01 |
| | 15 |
| | 15.01 |
| | 15.1 |
| | 15.02 |
| | 15 |
| | 14.35 |
| | 14.4 |
| | 14.64 |
| | 14.4 |
| | 14.4 |
| | 14.2 |
| | 14.7 |
| | 14.15 |
| | 14.3 |
| | 14.25 |
| | 14.1 |
| | 14.1 |
| | 14.45 |
| | 14.5 |
| | 14.35 |
| | 14.29 |
| | 14.25 |
| | 14.56 |
| | 14.35 |
| | 14.17 |
| | 14 |
| | 14.07 |
| | 14.5 |
| | 14.47 |
| | 14.55 |
| 5/31/03 | 14.98 |

1 Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It

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is calculated using the current market yield and a federal income tax rate of 28%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 32.5%.

8

Nuveen North Carolina Premium Income Municipal Fund

Performance

Overview As of May 31, 2003

NNC

Pie Chart:

CREDIT QUALITY

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 54% |
| AA | 24% |
| A | 14% |
| BBB | 8% |

PORTFOLIO STATISTICS

| | |
|--|----------|
| Share Price | \$16.95 |
| Common Share Net Asset Value | \$15.50 |
| Market Yield | 5.17% |
| Taxable-Equivalent Yield (Federal Income Tax Rate) ¹ | 7.18% |
| Taxable-Equivalent Yield (Federal and State Income Tax Rate) ¹ | 7.83% |
| Net Assets Applicable to Common Shares (\$000) | \$97,785 |
| Average Effective Maturity (Years) | 17.99 |
| Leverage-Adjusted Duration | 7.48 |

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

| | ON SHARE PRICE | ON NAV |
|---------|----------------|--------|
| 1-Year | 10.27% | 15.80% |
| 5-Year | 8.03% | 7.31% |
| 10-Year | 6.67% | 6.80% |

TOP FIVE SECTORS (as a % of total investments)

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| | |
|-----------------------------------|-------|
| Healthcare | 21% |
| ----- | ----- |
| US Guaranteed | 14% |
| ----- | ----- |
| Tax Obligation/Limited | 10% |
| ----- | ----- |
| Education and Civic Organizations | 10% |
| ----- | ----- |
| Tax Obligation/General | 9% |
| ----- | ----- |

Bar Chart:

2002-2003 MONTHLY TAX-FREE DIVIDENDS PER SHARE²

| | |
|-----|--------|
| Jun | 0.0705 |
| Jul | 0.0705 |
| Aug | 0.0705 |
| Sep | 0.0705 |
| Oct | 0.0705 |
| Nov | 0.0705 |
| Dec | 0.0715 |
| Jan | 0.0715 |
| Feb | 0.0715 |
| Mar | 0.073 |
| Apr | 0.073 |
| May | 0.073 |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

| | |
|--------|-------|
| 6/1/02 | 16.4 |
| | 16.4 |
| | 16.7 |
| | 16.69 |
| | 16.43 |
| | 16.45 |
| | 16.72 |
| | 16.35 |
| | 16.75 |
| | 16.8 |
| | 16.56 |
| | 16.46 |
| | 16.39 |
| | 16.39 |
| | 16.15 |
| | 15.79 |
| | 15.86 |
| | 15.7 |
| | 15.69 |
| | 14.61 |
| | 14.76 |
| | 14.95 |
| | 15.39 |
| | 15.43 |
| | 15.4 |
| | 15.25 |
| | 15.23 |
| | 15.15 |
| | 15.3 |
| | 15.33 |
| | 15.8 |
| | 15.62 |

| | |
|---------|-------|
| | 15.73 |
| | 15.55 |
| | 15.87 |
| | 16.15 |
| | 16.45 |
| | 16.27 |
| | 16.6 |
| | 16.5 |
| | 16.61 |
| | 16.28 |
| | 16.22 |
| | 16.65 |
| | 16.15 |
| | 16.41 |
| | 16.33 |
| | 16.56 |
| | 16.73 |
| 5/31/03 | 16.95 |

- 1 Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 28%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 34%.
- 2 The Fund also paid shareholders a net ordinary income distribution in December 2002 of \$0.0031 per share.

9

Nuveen North Carolina Dividend Advantage Municipal Fund

Performance

Overview As of May 31, 2003

NRB

Pie Chart:

CREDIT QUALITY

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 53% |
| AA | 30% |
| A | 10% |
| BBB | 5% |
| NR | 2% |

PORTFOLIO STATISTICS

| | |
|--|---------|
| Share Price | \$16.45 |
| Common Share Net Asset Value | \$15.87 |
| Market Yield | 5.36% |
| Taxable-Equivalent Yield (Federal Income Tax Rate) ¹ | 7.44% |

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Taxable-Equivalent Yield
(Federal and State Income Tax Rate)¹ 8.12%

Net Assets Applicable to
Common Shares (\$000) \$35,591

Average Effective Maturity (Years) 18.73

Leverage-Adjusted Duration 9.18

AVERAGE ANNUAL TOTAL RETURN (Inception 1/31/01)

| | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| 1-Year | 13.52% | 17.75% |
| Since Inception | 10.08% | 10.80% |

TOP FIVE SECTORS (as a % of total investments)

| | |
|-----------------------------------|-----|
| Education and Civic Organizations | 19% |
| Water and Sewer | 17% |
| Healthcare | 14% |
| Utilities | 13% |
| Tax Obligation/Limited | 10% |

Bar Chart:

2002-2003 MONTHLY TAX-FREE DIVIDENDS PER SHARE²

| | |
|-----|--------|
| Jun | 0.07 |
| Jul | 0.07 |
| Aug | 0.07 |
| Sep | 0.072 |
| Oct | 0.072 |
| Nov | 0.072 |
| Dec | 0.072 |
| Jan | 0.072 |
| Feb | 0.072 |
| Mar | 0.0735 |
| Apr | 0.0735 |
| May | 0.0735 |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

| | |
|--------|-------|
| 6/1/02 | 15.2 |
| | 15.9 |
| | 15.65 |
| | 15.5 |
| | 15.38 |
| | 15.32 |
| | 15.37 |

| | |
|---------|-------|
| | 14.89 |
| | 15 |
| | 15.22 |
| | 15.11 |
| | 15.1 |
| | 15.1 |
| | 15.1 |
| | 15.18 |
| | 15.29 |
| | 15.35 |
| | 15.48 |
| | 15.4 |
| | 14.45 |
| | 14.5 |
| | 15.24 |
| | 15.25 |
| | 15.35 |
| | 15.3 |
| | 15.45 |
| | 15.35 |
| | 15.37 |
| | 15.75 |
| | 15.76 |
| | 15.87 |
| | 15.55 |
| | 15.68 |
| | 15.65 |
| | 15.6 |
| | 15.6 |
| | 15.73 |
| | 15.65 |
| | 15.85 |
| | 15.82 |
| | 15.82 |
| | 15.8 |
| | 15.62 |
| | 15.8 |
| | 15.89 |
| | 16.1 |
| | 16.27 |
| | 16.25 |
| | 16.35 |
| | 16.45 |
| | 15.3 |
| 5/31/03 | 15.45 |

- 1 Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 28%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 34%.
- 2 The Fund also paid shareholders a capital gains distribution in December 2002 of \$0.1311 per share.

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Performance

Overview As of May 31, 2003

NNO

Pie Chart:

CREDIT QUALITY

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 62% |
| AA | 22% |
| A | 8% |
| BBB | 8% |

PORTFOLIO STATISTICS

| | |
|--|----------|
| Share Price | \$15.97 |
| Common Share Net Asset Value | \$15.98 |
| Market Yield | 5.15% |
| Taxable-Equivalent Yield (Federal Income Tax Rate)1 | 7.15% |
| Taxable-Equivalent Yield (Federal and State Income Tax Rate)1 | 7.80% |
| Net Assets Applicable to Common Shares (\$000) | \$59,642 |
| Average Effective Maturity (Years) | 15.50 |
| Leverage-Adjusted Duration | 9.13 |

AVERAGE ANNUAL TOTAL RETURN (Inception 11/16/01)

| | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| 1-Year | 14.10% | 18.98% |
| Since Inception | 10.11% | 13.56% |

TOP FIVE SECTORS (as a % of total investments)

| | |
|-----------------------------------|-----|
| Education and Civic Organizations | 16% |
| Healthcare | 15% |
| Tax Obligation/Limited | 14% |
| Tax Obligation/General | 13% |
| Utilities | 11% |

Bar Chart:

2002-2003 MONTHLY TAX-FREE DIVIDENDS PER SHARE²

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| | |
|-----|--------|
| Jun | 0.0685 |
| Jul | 0.0685 |
| Aug | 0.0685 |
| Sep | 0.0685 |
| Oct | 0.0685 |
| Nov | 0.0685 |
| Dec | 0.0685 |
| Jan | 0.0685 |
| Feb | 0.0685 |
| Mar | 0.0685 |
| Apr | 0.0685 |
| May | 0.0685 |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

| | |
|--------|-------|
| 6/1/02 | 15.2 |
| | 15.9 |
| | 15.65 |
| | 15.5 |
| | 15.38 |
| | 15.32 |
| | 15.37 |
| | 14.89 |
| | 15 |
| | 15.22 |
| | 15.11 |
| | 15.1 |
| | 15.1 |
| | 15.1 |
| | 15.18 |
| | 15.29 |
| | 15.35 |
| | 15.48 |
| | 15.4 |
| | 14.45 |
| | 14.5 |
| | 15.24 |
| | 15.25 |
| | 15.35 |
| | 15.3 |
| | 15.45 |
| | 15.35 |
| | 15.37 |
| | 15.75 |
| | 15.76 |
| | 15.87 |
| | 15.55 |
| | 15.68 |
| | 15.65 |
| | 15.6 |
| | 15.6 |
| | 15.73 |
| | 15.65 |
| | 15.85 |
| | 15.82 |
| | 15.82 |
| | 15.8 |
| | 15.62 |
| | 15.8 |
| | 15.89 |

| | |
|---------|-------|
| | 16.1 |
| | 16.27 |
| | 16.25 |
| | 16.35 |
| 5/31/03 | 16.45 |

- 1 Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 28%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 34%.
- 2 The Fund also paid shareholders a capital gains distribution in December 2002 of \$0.1293 per share.

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Nuveen North Carolina Dividend Advantage Municipal Fund 3

Performance

Overview As of May 31, 2003

NII

Pie Chart:

CREDIT QUALITY

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 64% |
| AA | 28% |
| A | 4% |
| BBB | 3% |
| NR | 1% |

PORTFOLIO STATISTICS

| | |
|--|----------|
| Share Price | \$15.20 |
| Common Share Net Asset Value | \$14.96 |
| Market Yield | 5.29% |
| Taxable-Equivalent Yield (Federal Income Tax Rate) ¹ | 7.35% |
| Taxable-Equivalent Yield (Federal and State Income Tax Rate) ¹ | 8.02% |
| Net Assets Applicable to Common Shares (\$000) | \$58,653 |
| Average Effective Maturity (Years) | 19.40 |
| Leverage-Adjusted Duration | 9.62 |

CUMULATIVE TOTAL RETURN (Inception 9/25/02)

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| | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| Since Inception | 4.56% | 7.86% |

TOP FIVE SECTORS (as a % of total investments)

| | |
|-----------------------------------|-----|
| Tax Obligation/Limited | 25% |
| Water and Sewer | 15% |
| Utilities | 12% |
| Education and Civic Organizations | 11% |
| Healthcare | 10% |

Bar Chart:

2002-2003 MONTHLY TAX-FREE DIVIDENDS PER SHARE

| | |
|-----|-------|
| Nov | 0.067 |
| Dec | 0.067 |
| Jan | 0.067 |
| Feb | 0.067 |
| Mar | 0.067 |
| Apr | 0.067 |
| May | 0.067 |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

| | |
|---------|-------|
| 9/27/02 | 15.01 |
| | 15.03 |
| | 15.2 |
| | 15.05 |
| | 15.01 |
| | 15 |
| | 15.06 |
| | 15 |
| | 14.6 |
| | 14.6 |
| | 14.94 |
| | 14.65 |
| | 14.84 |
| | 14.81 |
| | 14.9 |
| | 14.8 |
| | 15 |
| | 14.9 |
| | 14.98 |
| | 14.95 |
| | 14.85 |
| | 14.85 |
| | 14.86 |
| | 14.85 |
| | 14.8 |
| | 14.7 |
| | 14.98 |

| | |
|---------|-------|
| | 14.99 |
| | 14.94 |
| | 15.07 |
| | 15.05 |
| | 15.26 |
| | 15.6 |
| 5/31/03 | 15.2 |

- 1 Taxable-equivalent yield represents the yield on a taxable investment necessary to equal the yield of the Nuveen Fund on an after-tax basis. It is calculated using the current market yield and a federal income tax rate of 28%. The rate shown for federal and state highlights the added value of owning shares that are also exempt from state income taxes. It is based on a combined federal and state income tax rate of 34%.

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Report of
INDEPENDENT AUDITORS

THE BOARD OF TRUSTEES AND SHAREHOLDERS

NUVEEN GEORGIA PREMIUM INCOME MUNICIPAL FUND
NUVEEN GEORGIA DIVIDEND ADVANTAGE MUNICIPAL FUND
NUVEEN GEORGIA DIVIDEND ADVANTAGE MUNICIPAL FUND 2
NUVEEN NORTH CAROLINA PREMIUM INCOME MUNICIPAL FUND
NUVEEN NORTH CAROLINA DIVIDEND ADVANTAGE MUNICIPAL FUND
NUVEEN NORTH CAROLINA DIVIDEND ADVANTAGE MUNICIPAL FUND 2
NUVEEN NORTH CAROLINA DIVIDEND ADVANTAGE MUNICIPAL FUND 3

We have audited the accompanying statements of assets and liabilities, including the portfolios of investments, of Nuveen Georgia Premium Income Municipal Fund, Nuveen Georgia Dividend Advantage Municipal Fund, Nuveen Georgia Dividend Advantage Municipal Fund 2, Nuveen North Carolina Premium Income Municipal Fund, Nuveen North Carolina Dividend Advantage Municipal Fund, Nuveen North Carolina Dividend Advantage Municipal Fund 2 and Nuveen North Carolina Dividend Advantage Municipal Fund 3 as of May 31, 2003, and the related statements of operations, changes in net assets and the financial highlights for the periods indicated therein. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights. Our procedures included confirmation of securities owned as of May 31, 2003, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Nuveen Georgia Premium Income Municipal Fund, Nuveen Georgia Dividend Advantage

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Municipal Fund, Nuveen Georgia Dividend Advantage Municipal Fund 2, Nuveen North Carolina Premium Income Municipal Fund, Nuveen North Carolina Dividend Advantage Municipal Fund, Nuveen North Carolina Dividend Advantage Municipal Fund 2 and Nuveen North Carolina Dividend Advantage Municipal Fund 3 at May 31, 2003, and the results of their operations, changes in their net assets and their financial highlights for the periods indicated therein in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

CHICAGO, ILLINOIS
JULY 11, 2003

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Nuveen Georgia Premium Income Municipal Fund (NPG)

Portfolio of
Investments May 31, 2003

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|---------------------------|--|------------------------|
| ----- | | |
| | CONSUMER STAPLES - 6.6% | |
| \$ 2,000 | Cartersville Development Authority, Georgia, Sewerage Facilities Revenue Refunding Bonds, Anheuser-Busch Project, Series 1997, 6.125%, 5/01/27 (Alternative Minimum Tax) | 5/07 at 101 |
| 2,000 | The Children's Trust Fund, Puerto Rico, Tobacco Settlement Asset-Backed Bonds, Series 2002 Refunding, 5.500%, 5/15/39 | 5/12 at 100 |
| ----- | | |
| | EDUCATION AND CIVIC ORGANIZATIONS - 13.9% | |
| 3,000 | Athens Housing Authority, Georgia, Student Housing Lease Revenue Bonds, UGAREF East Campus Housing LLC Project, Series 2002, 5.000%, 12/01/33 - AMBAC Insured | 12/12 at 100 |
| 1,210 | Atlanta Urban Residential Finance Authority, Georgia, Dormitory Facility Revenue Refunding Bonds, Morehouse College Project, Series 1995: 5.750%, 12/01/20 - MBIA Insured | 12/05 at 102 |
| 1,375 | 5.750%, 12/01/25 - MBIA Insured | 12/05 at 102 |
| 395 | DeKalb County Development Authority, Georgia, Revenue Bonds, Emory University Project, Series 1994-A, 6.000%, 10/01/14 | 10/04 at 102 |
| 1,550 | Private Colleges and Universities Authority, Revenue Bonds, Georgia, Agnes Scott College Project, Series 1993, 5.625%, 6/01/23 | 6/03 at 102 |
| ----- | | |
| | HEALTHCARE - 32.2% | |

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| | | |
|-----------------------------|--|--------------|
| 3,000 | Albany-Dougherty County Hospital Authority, Georgia, Revenue Bonds, Phoebe Putney Memorial Hospital, Series 1993, 5.700%, 9/01/13 - AMBAC Insured | 9/03 at 102 |
| 2,300 | Chatham County Hospital Authority, Savannah, Georgia, Hospital Revenue Improvement Bonds, Memorial Health University Medical Center, Inc., Series 2001A, 6.125%, 1/01/24 | 7/11 at 101 |
| 2,000 | Clarke County Hospital Authority, Georgia, Hospital Revenue Certificates, Athens Regional Medical Center, Series 2002, 5.125%, 1/01/32 - MBIA Insured | 1/12 at 101 |
| 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 |
| 1,765 | Gainesville and Hall Counties Hospital Authority, Georgia, Revenue Anticipation Certificates, Northeast Georgia Healthcare System Inc. Project, Series 1995, 6.000%, 10/01/25 - MBIA Insured | 10/05 at 102 |
| 1,750 | Gainesville and Hall Counties Hospital Authority, Georgia, Revenue Anticipation Certificates, Northeast Georgia Healthcare System Inc. Project, Series 2001, 5.500%, 5/15/31 | 5/11 at 100 |
| 3,750 | Gwinnett County Hospital Authority, Georgia, Revenue Anticipation Certificates, Gwinnett Hospital System Inc., Series 1997B, 5.300%, 9/01/27 - MBIA Insured | 2/12 at 102 |
| ----- | | |
| HOUSING/MULTIFAMILY - 21.5% | | |
| 1,145 | Clayton County Housing Authority, Georgia, Multifamily Housing Revenue Bonds, Advantages Project, Series 1995, 5.800%, 12/01/20 | 12/05 at 102 |
| 3,400 | DeKalb County Housing Authority, Georgia, Multifamily Housing Revenue Bonds, Lakes at Indian Creek Apartments Project, Series 1994, 7.150%, 1/01/25 (Alternative Minimum Tax) - FSA Insured | 1/05 at 102 |
| 935 | Decatur Housing Authority, Georgia, Mortgage Revenue Refunding Bonds, FHA-Insured Mortgage Loan, Park Trace Apartments Section 8 Assisted Project, Series 1992A, 6.450%, 7/01/25 - MBIA Insured | 7/03 at 101 |
| 2,000 | Lawrenceville Housing Authority, Georgia, Multifamily Housing Senior Revenue Bonds, Brisben Greens of Hillcrest II Project, Series 2000A-1, 5.800%, 12/01/33 (Alternative Minimum Tax) - AMBAC Insured | 12/10 at 100 |
| 3,000 | Macon-Bibb County Urban Development Authority, Georgia, Multifamily Housing Revenue Refunding Bonds, Series 1997A, 5.550%, 1/01/24 - MBIA Insured | 1/04 at 103 |
| 1,500 | Marietta Housing Authority, Georgia, Multifamily Housing Revenue Bonds, GNMA Collateralized, Country Oaks Apartments, Series 1996, 6.150%, 10/20/26 (Alternative Minimum Tax) | 10/06 at 102 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|---------------------------|---|------------------------|
| ----- | | |
| | HOUSING/SINGLE FAMILY - 7.3% | |
| \$ 165 | Fulton County Housing Authority, Georgia, Single Family Mortgage Revenue Bonds, GNMA Mortgage-Backed Securities Program, Series 1995A, 6.550%, 3/01/18 (Alternative Minimum Tax) | 3/05 at 102 |
| 2,995 | Georgia Housing and Finance Authority, Single Family Mortgage Bonds, Series 2001A, Subseries A-2, 5.700%, 12/01/31 (Alternative Minimum Tax) | 12/10 at 100 |
| 900 | Georgia Housing and Finance Agency, Single Family Mortgage Bonds, Series 2002B-2, 5.350%, 12/01/22 (Alternatives Minimum Tax) | 12/11 at 100 |
| ----- | | |
| | INDUSTRIALS - 0.9% | |
| 500 | Savannah Economic Development Authority, Georgia, Revenue Bonds, GTREP Project, Series 2002, 5.000%, 7/01/22 - MBIA Insured | 7/12 at 100 |
| ----- | | |
| | MATERIALS - 6.4% | |
| 2,500 | Effingham County Industrial Development Authority, Georgia, Pollution Control Revenue Refunding Bonds, Georgia-Pacific Project, Series 2001, 6.500%, 6/01/31 | 6/11 at 101 |
| 1,500 | Richmond County Development Authority, Georgia, Environmental Improvement Revenue Bonds, International Paper Company Project, Series 2001A, 6.250%, 2/01/25 (Alternative Minimum Tax) | 2/11 at 101 |
| ----- | | |
| | TAX OBLIGATION/GENERAL - 9.9% | |
| 2,500 | Forsyth County School District, Georgia, General Obligation Bonds, Series 1999, 5.750%, 2/01/19 | 2/10 at 102 |
| 2,500 | Gwinnett County School District, Georgia, General Obligation Bonds, Series 2002 Refunding, 5.000%, 2/01/15 | 2/13 at 100 |
| ----- | | |
| | TAX OBLIGATION/LIMITED - 13.6% | |
| 3,000 | Cobb-Marietta Coliseum and Exhibit Hall Authority, Georgia, Revenue Refunding Bonds, Series 1993, 5.625%, 10/01/26 - MBIA Insured | 10/19 at 100 |

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| | | |
|--|--|--------------|
| 2,600 | Macon-Bibb County Urban Development Authority, Georgia, Revenue Refunding Bonds, Public Facilities Projects, Series 2002A, 5.375%, 8/01/17 | 8/12 at 101 |
| 1,000 | Metropolitan Atlanta Rapid Transit Authority, Georgia, Sales Tax Revenue Refunding Bonds, Series 1992P, 6.250%, 7/01/20 - AMBAC Insured | No Opt. C |
| ----- | | |
| TRANSPORTATION - 2.1% | | |
| 1,000 | Atlanta, Georgia, Airport Facilities Revenue Refunding Bonds, Series 1994A, 6.500%, 1/01/09 - AMBAC Insured | No Opt. C |
| ----- | | |
| U.S. GUARANTEED - 2.3% | | |
| 1,160 | DeKalb County Development Authority, Georgia, Revenue Bonds, Emory University Project, Series 1994-A, 6.000%, 10/01/14 (Pre-refunded to 10/01/04) | 10/04 at 102 |
| 85 | Georgia Municipal Electric Authority, Project One Special Obligation Bonds, Fifth Crossover, Series 1998, 6.400%, 1/01/09 | No Opt. C |
| ----- | | |
| UTILITIES - 7.2% | | |
| 885 | Coweta County Development Authority, Georgia, Revenue Bonds, Newnan Water, Sewer and Light Commission Project, Series 2002, 5.250%, 1/01/18 - FGIC Insured | 1/13 at 100 |
| 1,000 | Georgia Municipal Electric Authority, Power Revenue Bonds, Series 1993Z, 5.500%, 1/01/20 - FGIC Insured | No Opt. C |
| 1,665 | Georgia Municipal Electric Authority, Project One Special Obligation Bonds, Fifth Crossover, Series 1998, 6.400%, 1/01/09 | No Opt. C |
| ----- | | |
| WATER AND SEWER - 21.0% | | |
| Augusta, Georgia, Water and Sewerage Revenue Bonds, Series 2002: | | |
| 500 | 5.000%, 10/01/16 - FSA Insured | 10/12 at 100 |
| 1,990 | 5.000%, 10/01/17 - FSA Insured | 10/12 at 100 |
| 3,500 | Coweta County Water and Sewer Authority, Georgia, Revenue Bonds, Series 2001, 5.250%, 6/01/26 - AMBAC Insured | 6/11 at 102 |
| 2,500 | DeKalb County, Georgia, Water and Sewerage Bonds, Series 2000, 5.125%, 10/01/31 | 10/10 at 101 |

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Portfolio of Investments May 31, 2003

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|---------------------------|--|------------------------|
| ----- | | |
| | WATER AND SEWER (continued) | |
| \$ 1,685 | Harris County, Georgia, Water System Revenue Bonds, Series 2002, 4.750%, 12/01/27 - AMBAC Insured | 12/12 at 100 |
| 1,000 | Milledgeville, Georgia, Water and Sewerage Revenue Refunding Bonds, Series 1996, 6.000%, 12/01/21 - FSA Insured | No Opt. C |
| ----- | | |
| \$ 78,205 | Total Long-Term Investments (cost \$78,151,371) - 144.9% | |
| ===== | | |
| | Other Assets Less Liabilities - 3.0% | |
| ----- | | |
| | Preferred Shares, at Liquidation Value - (47.9)% | |
| ----- | | |
| | 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.
- * Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.
- ** Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.
- *** Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest. Such securities are normally considered to be equivalent to AAA rated securities.

See accompanying notes to financial statements.

Nuveen Georgia Dividend Advantage Municipal Fund (NZX)

Portfolio of
Investments May 31, 2003

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

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CONSUMER DISCRETIONARY - 2.6%

| | | | |
|----|-----|--|--------------|
| \$ | 750 | DeKalb County Development Authority, Georgia, Pollution Control Revenue Bonds, General Motors Corporation Projects, Series 2002 Refunding, 6.000%, 3/15/21 | 12/12 at 101 |
|----|-----|--|--------------|

 CONSUMER STAPLES - 6.3%

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

| | | |
|-------|---|-------------|
| 1,000 | The Children's Trust Fund, Puerto Rico, Tobacco Settlement Asset-Backed Bonds, Series 2002 Refunding, 5.500%, 5/15/39 | 5/12 at 100 |
|-------|---|-------------|

 EDUCATION AND CIVIC ORGANIZATIONS - 27.3%

| | | |
|-------|---|--------------|
| 1,000 | Athens Housing Authority, Georgia, Student Housing Lease Revenue Bonds, UGAREF East Campus Housing LLC Project, Series 2002, 5.250%, 12/01/21 - AMBAC Insured | 12/12 at 100 |
|-------|---|--------------|

| | | |
|-------|---|-------------|
| 1,200 | Atlanta Development Authority, Georgia, Revenue Bonds, Yamacraw Design Center Project, Series 2001A, 5.125%, 1/01/27 - MBIA Insured | 1/12 at 100 |
|-------|---|-------------|

| | | |
|-------|---|-------------|
| 1,620 | Bulloch County Development Authority, Georgia, Student Housing Lease Revenue Bonds, Georgia Southern University Project, Series 2002, 5.000%, 8/01/20 - AMBAC Insured | 8/12 at 100 |
|-------|---|-------------|

| | | |
|-------|---|-------------|
| 1,485 | Fulton County Development Authority, Georgia, Georgia Tech Athletic Association, Revenue Bonds, Series 2001, 5.000%, 10/01/20 - AMBAC Insured | 4/12 at 100 |
|-------|---|-------------|

| | | |
|-------|---|-------------|
| 1,225 | Private Colleges and University Authority, Georgia, Emory University Revenue Bonds, Series 2001A, 5.000%, 9/01/31 | 9/11 at 100 |
|-------|---|-------------|

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

 HEALTHCARE - 21.4%

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

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

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

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| | | |
|-------------------------------|--|--------------|
| 2,000 | Valdosta and Lowndes Counties Hospital Authority, Georgia, South Georgia Medical Center Project, Revenue Certificates, Series 2002, 5.250%, 10/01/27 - AMBAC Insured | 10/12 at 101 |
| ----- | | |
| HOUSING/MULTIFAMILY - 12.0% | | |
| 1,000 | DeKalb County Housing Authority, Georgia, Multifamily Housing Revenue Bonds, GNMA Collateralized, Castaways Apartments Project, Series 2001A, 5.400%, 2/20/29 | 8/11 at 103 |
| 1,000 | DeKalb County Housing Authority, Georgia, Multifamily Housing Revenue Bonds, GNMA Collateralized, Snapwoods Apartments Project, Series 2001A, 5.500%, 12/20/32 | 12/11 at 103 |
| 1,400 | Savannah Housing Authority, Georgia, Multifamily Housing Revenue Refunding Bonds, Chatham Gardens Project, Series 2001, 5.625%, 8/01/31 (Alternative Minimum Tax) (Mandatory put 2/01/19) | 8/16 at 100 |
| ----- | | |
| HOUSING/SINGLE FAMILY - 16.1% | | |
| 2,000 | Georgia Housing and Finance Authority, Single Family Mortgage Bonds, Series 2002A, Subseries A-2, 5.450%, 12/01/22 (Alternative Minimum Tax) | 12/11 at 100 |
| 650 | Georgia Housing and Finance Authority, Single Family Mortgage Bonds, Series 2002B-2, 5.350%, 12/01/22 (Alternative Minimum Tax) | 12/11 at 100 |
| 2,025 | Georgia Housing and Finance Authority, Single Family Mortgage Bonds, Series 2002C-2, 5.300%, 6/01/33 (Alternative Minimum Tax) | 12/12 at 100 |

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Nuveen Georgia Dividend Advantage Municipal Fund (NZX) (continued)
Portfolio of Investments May 31, 2003

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|---------------------------|--|------------------------|
| ----- | | |
| INDUSTRIALS - 2.7% | | |
| \$ 750 | Savannah Economic Development Authority, Georgia, Revenue Bonds, GTREP Project, Series 2002, 5.000%, 7/01/19 - MBIA Insured | 7/12 at 100 |
| ----- | | |
| MATERIALS - 3.4% | | |
| 1,000 | Richmond County Development Authority, Georgia, Environmental Improvement Revenue Refunding Bonds, International Paper Company Project, Series 2002A, 6.000%, 2/01/25 (Alternative | 2/12 at 101 |

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Minimum Tax)

| | | |
|-----------|--|--------------|
| ----- | | |
| | TAX OBLIGATION/GENERAL - 7.3% | |
| 2,000 | Georgia, General Obligation Bonds, Series 2002D, 5.000%, 8/01/18 | 8/12 at 100 |
| ----- | | |
| | TAX OBLIGATION/LIMITED - 9.3% | |
| 1,525 | Macon-Bibb County Urban Development Authority, Georgia, Public Facilities Projects, Revenue Refunding Bonds, Series 2002A, 5.000%, 8/01/14 | 8/12 at 101 |
| 1,000 | Rockdale County Water and Sewerage Authority, Georgia, Revenue Bonds, Series 1999A, 5.375%, 7/01/29 - MBIA Insured | 1/10 at 101 |
| ----- | | |
| | TRANSPORTATION - 3.7% | |
| 1,000 | Atlanta, Georgia, Airport General Revenue Refunding Bonds, Series 2000A, 5.400%, 1/01/15 - FGIC Insured | 1/10 at 101 |
| ----- | | |
| | UTILITIES - 14.2% | |
| 1,500 | Coweta County Development Authority, Georgia, Revenue Bonds, Newnan Water, Sewer and Light Commission Project, Series 2002, 5.250%, 1/01/18 - FGIC Insured | 1/13 at 100 |
| 1,250 | Georgia Municipal Electric Authority, Revenue Bonds, Combustion Turbine Project, Series 2002A, 5.250%, 11/01/20 - MBIA Insured | 11/12 at 100 |
| 1,200 | Summerville, Georgia, Combined Public Utility Revenue Refunding and Improvement Bonds, Series 2002, 5.750%, 1/01/26 | 1/12 at 101 |
| ----- | | |
| | WATER AND SEWER - 20.1% | |
| 2,065 | Augusta, Georgia, Water and Sewerage Revenue Bonds, Series 2002, 5.000%, 10/01/16 - FSA Insured | 10/12 at 100 |
| 2,200 | DeKalb County, Georgia, Water and Sewerage Bonds, Series 2000, 5.125%, 10/01/31 | 10/10 at 101 |
| 1,395 | Macon Water Authority, Georgia, Water and Sewer Revenue Bonds, Series 2001B, 5.000%, 10/01/21 | 10/11 at 101 |
| ----- | | |
| \$ 41,640 | Total Long-Term Investments (cost \$42,189,306) - 146.4% | |
| ===== | | |
| | Other Assets Less Liabilities - 2.7% | |
| | Preferred Shares, at Liquidation Value - (49.1)% | |
| ----- | | |

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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.

* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

** Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.

See accompanying notes to financial statements.

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Nuveen Georgia Dividend Advantage Municipal Fund 2 (NKG)

Portfolio of
Investments May 31, 2003

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|---------------------------|--|------------------------|
| ----- | | |
| | CONSUMER DISCRETIONARY - 2.7% | |
| \$ 1,750 | DeKalb County Development Authority, Georgia, Pollution Control Revenue Refunding Bonds, General Motors Corporation Projects, Series 2002 Refunding, 6.000%, 3/15/21 | 12/12 at 101 |
| ----- | | |
| | CONSUMER STAPLES - 2.5% | |
| 2,000 | The Children's Trust Fund, Puerto Rico, Tobacco Settlement Asset-Backed Bonds, Series 2002 Refunding, 5.500%, 5/15/39 | 5/12 at 100 |
| ----- | | |
| | EDUCATION AND CIVIC ORGANIZATIONS - 19.6% | |
| | Athens-Clarke County Unified Government Development Authority, Georgia, Educational Facilities Revenue Bonds, UGAREF CCRC Building LLC Project, Series 2002: | |
| 1,225 | 5.000%, 12/15/18 - AMBAC Insured | 12/12 at 100 |
| 1,240 | 5.000%, 12/15/19 - AMBAC Insured | 12/12 at 100 |
| | Athens Housing Authority, Georgia, Student Housing Lease Revenue Bonds, UGAREF East Campus Housing LLC Project, Series 2002: | |
| 3,500 | 5.000%, 12/01/27 - AMBAC Insured | 12/12 at 100 |
| 3,000 | 5.000%, 12/01/33 - AMBAC Insured | 12/12 at 100 |

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| | | |
|----------------------------|--|--------------|
| 1,050 | Fulton County Development Authority, Georgia, TUFF Morehouse Project, Series 2002A, 5.000%, 2/01/34 - AMBAC Insured | 2/12 at 100 |
| 1,315 | Private Colleges and University Authority, Georgia, Emory University Revenue Bonds, Series 2001A, 5.125%, 9/01/33 | 9/11 at 100 |
| 1,250 | Private Colleges and Universities Authority, Georgia, Mercer University Project, Revenue Bonds, Series 2001, 5.750%, 10/01/31 | 10/11 at 102 |
| ----- | | |
| HEALTHCARE - 25.6% | | |
| 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 |
| | Floyd County Hospital Authority, Georgia, Revenue Anticipation Certificates, Floyd Medical Center Project, Series 2002: | |
| 1,480 | 5.000%, 7/01/22 - MBIA Insured | 7/12 at 101 |
| 1,000 | 5.200%, 7/01/32 - MBIA Insured | 7/12 at 101 |
| 1,250 | Gainesville and Hall County Hospital Authority, Georgia, Revenue Anticipation Certificates, Northeast Georgia Health System Inc. Project, Series 2001, 5.500%, 5/15/31 | 5/11 at 100 |
| 3,000 | Glynn-Brunswick Memorial Hospital Authority, Georgia, Revenue Anticipation Certificates, Southeast Georgia Health Systems Project, Series 1996, 5.250%, 8/01/13 - MBIA Insured | 8/06 at 102 |
| | Newnan Hospital Authority, Georgia, Revenue Anticipation Certificates, Newnan Hospital Inc., Series 2002: | |
| 2,260 | 5.500%, 1/01/19 - MBIA Insured | 1/13 at 100 |
| 3,020 | 5.500%, 1/01/20 - MBIA Insured | 1/13 at 100 |
| 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 |
| ----- | | |
| HOUSING/MULTIFAMILY - 4.5% | | |
| | Savannah Economic Development Authority, Georgia, Multifamily Housing Revenue Bonds, Snap I-II-III Apartments, GNMA Collateral, Series 2002A: | |
| 500 | 5.150%, 11/20/22 (Alternative Minimum Tax) | 11/12 at 102 |
| 1,000 | 5.200%, 11/20/27 (Alternative Minimum Tax) | 11/12 at 102 |
| 1,500 | 5.250%, 11/20/32 (Alternative Minimum Tax) | 11/12 at 102 |

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| | | | |
|----|-------|---|--------------|
| | | HOUSING/SINGLE FAMILY - 6.3% | |
| \$ | 2,425 | Georgia Housing and Finance Authority, Single Family Mortgage Bonds, 2001 Series B, Subseries B-2, 5.400%, 12/01/31 (Alternative Minimum Tax) | 6/11 at 100 |
| | 1,700 | Georgia Housing and Finance Authority, Single Family Mortgage Bonds, 2002 Series C-2, 5.100%, 12/01/22 (Alternative Minimum Tax) | 12/12 at 100 |

| | | | |
|--|-------|---|-------------|
| | | MATERIALS - 1.5% | |
| | 1,000 | Richmond County Development Authority, Georgia, Environmental Improvement Revenue Bonds, International Paper Company Project, Series 2001A, 6.250%, 2/01/25 (Alternative Minimum Tax) | 2/11 at 101 |

| | | | |
|--|-------|--|-------------|
| | | TAX OBLIGATION/GENERAL - 6.0% | |
| | 750 | Georgia, General Obligation Bonds, Series 1998D, 5.250%, 10/01/15 | No Opt. C |
| | 1,410 | Oconee County, Georgia, General Obligation Bonds, Series 2003, Recreation Project: 5.500%, 1/01/23 - AMBAC Insured | 1/13 at 101 |
| | 1,470 | 5.250%, 1/01/26 - AMBAC Insured | 1/13 at 101 |

| | | | |
|--|-------|---|-------------|
| | | TAX OBLIGATION/LIMITED - 34.0% | |
| | 1,405 | Clayton County Development Authority, Georgia, Revenue Bonds, TUFF Archives LLC Project, Series 2001A, 5.250%, 7/01/21 - MBIA Insured | 7/12 at 100 |
| | 4,000 | Forsyth County Water and Sewer Authority, Georgia, Revenue Bonds, Series 2002, 5.000%, 4/01/32 | 4/13 at 100 |
| | 1,620 | Georgia Local Government, Certificates of Participation, Series 1998A, 4.750%, 6/01/28 - MBIA Insured | No Opt. C |
| | 750 | Georgia Municipal Association Inc., Certificates of Participation, City of Atlanta Court Project, Series 2002, 5.125%, 12/01/21 - AMBAC Insured | 1/12 at 101 |
| | 2,500 | Metropolitan Atlanta Rapid Transit Authority, Georgia, Sales Tax Revenue Refunding Bonds, Series 1992P, 6.250%, 7/01/20 - AMBAC Insured | No Opt. C |
| | 2,000 | Puerto Rico Highway and Transportation Authority, Highway Revenue Bonds, Series 1996Y, 5.500%, 7/01/36 - FSA Insured | 7/16 at 100 |
| | 5,000 | Puerto Rico Public Buildings Authority, Guaranteed Government Facilities Revenue Bonds, Series 2002F Refunding, 5.250%, 7/01/21 - CIFG Insured | No Opt. C |

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| | | | |
|-------|---|--|-------------|
| | Puerto Rico Municipal Finance Agency, Series 2002A: | | |
| 800 | 5.250%, 8/01/21 - FSA Insured | | 8/12 at 100 |
| 2,500 | 5.000%, 8/01/27 - FSA Insured | | 8/12 at 100 |

 TRANSPORTATION - 5.9%

| | | | |
|-------|---|--|-------------|
| 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 - 0.9%

| | | | |
|-----|---|--|-------------|
| 525 | Atlanta, Georgia, Water and Wastewater Revenue Bonds, Series 1999A, 5.000%, 11/01/38 (Pre-refunded to 5/01/09) - FGIC Insured | | 5/09 at 101 |
|-----|---|--|-------------|

 UTILITIES - 6.4%

| | | | |
|-------|--|--|-------------|
| 1,000 | Elberton Combined Utility System, Georgia, Revenue Refunding and Improvement Bonds, Series 2001, 5.000%, 1/01/22 - AMBAC Insured | | 1/12 at 100 |
| 2,000 | Georgia Municipal Electric Authority, General Power Revenue Bonds, Series 2002A, 5.000%, 1/01/17 - FSA Insured | | 1/13 at 100 |
| 1,000 | Development Authority of Monroe County, Georgia, Pollution Control Revenue Bonds, Georgia Power Company Scherer Plant Project, Series 2001, 4.200%, 1/01/12 (Mandatory put 12/01/08) - AMBAC Insured | | No Opt. C |

20

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

 WATER AND SEWER - 28.9%

| | | | |
|----------|--|--|--------------|
| \$ 3,000 | Atlanta, Georgia, Water and Wastewater Revenue Bonds, Series 2001A, 5.000%, 11/01/39 - MBIA Insured | | 5/12 at 100 |
| | Augusta, Georgia, Water and Sewerage Revenue Bonds, Series 2002: | | |
| 1,000 | 5.250%, 10/01/22 - FSA Insured | | 10/12 at 100 |
| 3,500 | 5.000%, 10/01/27 - FSA Insured | | 10/12 at 100 |
| | DeKalb County, Georgia, Water and Sewerage Bonds, Series 2000: | | |
| 2,500 | 5.125%, 10/01/31 | | 10/10 at 101 |
| 2,500 | 5.375%, 10/01/35 | | 10/10 at 101 |
| 2,000 | Delaware County Industrial Development Authority, Pennsylvania, Water Facilities Revenue Bonds, Pennsylvania Suburban Water Company Project, Series 2002A, | | 9/13 at 100 |

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| | | | |
|-----------|---|---|--------------|
| | | 5.150%, 9/01/32 (Alternative Minimum Tax) - AMBAC Insured | |
| 950 | Fulton County, Georgia, Water and Sewerage Revenue Bonds, Series 1998, 5.000%, 1/01/16 - FGIC Insured | | 7/08 at 101 |
| 3,100 | Harris County, Georgia, Water System Revenue Bonds, Series 2002, 5.000%, 12/01/22 - AMBAC Insured | | 12/12 at 100 |
| ----- | | | |
| \$ 91,340 | Total Long-Term Investments (cost \$94,773,992) - 144.8% | | |
| ===== | | | |
| | Other Assets Less Liabilities - 3.5% | | |
| | Preferred Shares, at Liquidation Value - (48.3)% | | |
| | Net Assets Applicable to Common Shares - 100% | | |
| ===== | | | |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares.
- * Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.
- ** Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.

See accompanying notes to financial statements.

Nuveen North Carolina Premium Income Municipal Fund (NNC)
 Portfolio of
 Investments May 31, 2003

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|------------------------|--|---------------------|
| ----- | | |
| | EDUCATION AND CIVIC ORGANIZATIONS - 14.1% | |
| \$ 1,050 | North Carolina Capital Facilities Financing Agency, Educational Facilities Revenue Bonds, Johnson and Wales University Project, Series 2003A, 5.000%, 4/01/33 - XLCA Insured | 4/13 at 100 |
| | North Carolina State Education Assistance Authority, Guaranteed Student Loan Subordinate Lien Revenue Bonds, Series 1995A: | |
| 1,000 | 6.050%, 7/01/10 (Alternative Minimum Tax) | 7/05 at 102 |
| 2,400 | 6.300%, 7/01/15 (Alternative Minimum Tax) | 7/05 at 102 |
| 5,875 | North Carolina State Education Assistance Authority, Guaranteed Student Loan Subordinate Lien Revenue Bonds, Series 1996, 6.350%, 7/01/16 (Alternative Minimum Tax) | 7/06 at 102 |

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| | | |
|-------|--|--------------|
| 1,000 | University of North Carolina System, Pool Revenue Refunding Bonds, Series 2002A, 5.375%, 4/01/22 - AMBAC Insured | 10/12 at 100 |
| 1,675 | University of North Carolina at Wilmington, General Revenue Bonds, Series 2002A, 5.000%, 1/01/23 - AMBAC Insured | 1/12 at 101 |

HEALTHCARE - 30.7%

| | | |
|-------|---|--------------|
| 5,630 | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA Carolinas Healthcare System, Series 2001A, 5.000%, 1/15/31 | 1/11 at 101 |
| | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Union Regional Medical Center Project, 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 |
| 2,000 | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Stanly Memorial Hospital Project, Series 1999, 6.375%, 10/01/29 | 10/09 at 101 |
| 3,250 | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, WakeMed Project, Series 2001, 5.000%, 10/01/32 - AMBAC Insured | 10/11 at 101 |
| 3,000 | North Carolina Medical Care Commission, Hospital Revenue Refunding Bonds, Carolina Medicorp Project, Series 1992, 5.500%, 5/01/15 | 11/03 at 101 |
| 3,615 | North Carolina Medical Care Commission, Hospital Revenue Bonds, FirstHealth of the Carolinas Project, Series 1998, 4.750%, 10/01/26 | 10/08 at 101 |
| 3,000 | North Carolina Medical Care Commission, Hospital Revenue Bonds, Southeastern Regional Medical Center, Series 2002, 5.375%, 6/01/32 | 6/12 at 101 |
| 5,000 | North Carolina Medical Care Commission, Health System Revenue Bonds, Mission-St. Joseph Health System, Series 2001, 5.250%, 10/01/31 | 10/11 at 101 |

HOUSING/MULTIFAMILY - 8.6%

| | | |
|-------|--|--------------|
| 1,000 | Asheville Housing Authority, North Carolina, Multifamily Housing Revenue Bonds, GNMA Collateralized, Woodridge Apartments, Series 1997, 5.800%, 11/20/39 (Alternative Minimum Tax) | 11/07 at 102 |
| 1,000 | Charlotte, North Carolina, Mortgage Revenue Refunding Bonds, FHA-Insured Mortgage Loan, Tryon Hills Apartments Project, Series 1993A, 5.875%, 1/01/25 - MBIA Insured | 7/03 at 105 |
| 3,000 | Mecklenburg County, North Carolina, Multifamily Housing Revenue Bonds, Sycamore Green Apartments, Series 2001, 5.500%, 1/15/35 (Alternative Minimum Tax) - FGIC Insured | 1/12 at 102 |

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| | | |
|-------|---|-------------|
| 2,290 | Mecklenburg County, North Carolina, Multifamily Housing Revenue Bonds, Little Rock Apartments, FNMA Enhanced, Series 2003, 5.375%, 1/01/36 (Alternative Minimum Tax) (WI, settling 6/02/03) | 7/13 at 105 |
| | North Carolina Housing Finance Agency, Multifamily Revenue Bonds, FHA-Insured Mortgage Loan Resolution, Series 1993: | |
| 280 | 5.800%, 7/01/14 | 7/03 at 102 |
| 435 | 5.900%, 7/01/26 | 7/03 at 102 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|---------------------------|---|------------------------|
| ----- | | |
| | HOUSING/SINGLE FAMILY - 12.7% | |
| \$ 685 | North Carolina Housing Finance Agency, Single Family Revenue Bonds, Series 1994X, 6.700%, 9/01/26 (Alternative Minimum Tax) | 3/04 at 102 |
| 6,310 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Series 1999-6A, 6.200%, 1/01/29 (Alternative Minimum Tax) | 7/09 at 100 |
| 3,235 | North Carolina Housing Finance Agency, Single Family Revenue Bonds, Series 1996HH, 1998 Trust Agreement, 6.300%, 3/01/26 (Alternative Minimum Tax) | 3/06 at 102 |
| 1,485 | North Carolina Housing Finance Agency, Home Ownership Program Bonds, Series 2001-10A, 1998 Trust Agreement, 5.400%, 7/01/32 (Alternative Minimum Tax) - AMBAC Insured | 7/10 at 100 |
| ----- | | |
| | MATERIALS - 4.3% | |
| 2,100 | Haywood County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Environmental Improvement Revenue Bonds, Champion International Corporation Project, Series 1995A, 5.750%, 12/01/25 (Alternative Minimum Tax) | 12/05 at 102 |
| 2,000 | Haywood County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Pollution Control Revenue Refunding Bonds, Champion International Corporation Project, Series 1995, 6.000%, 3/01/20 | 3/06 at 102 |
| ----- | | |
| | TAX OBLIGATION/GENERAL - 13.3% | |
| 1,890 | Craven County, North Carolina, General Obligation Bonds, Series 2002, 5.000%, 5/01/21 - AMBAC Insured | 5/12 at 101 |
| 4,285 | Durham County, North Carolina, General Obligation Public Improvement Bonds, Series 2002B, 5.000%, 4/01/16 | 4/12 at 100 |
| 1,000 | Johnston County, North Carolina, General Obligation Bonds, | 6/11 at 102 |

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| | | |
|-------|--|--------------|
| | Series 2001, 5.000%, 6/01/16 - FGIC Insured | |
| 4,500 | North Carolina, General Obligation Bonds, Series 2000A, 5.100%, 9/01/16 | 9/10 at 102 |
| ----- | | |
| | TAX OBLIGATION/LIMITED - 14.4% | |
| 1,330 | Cabarrus County, North Carolina, Certificates of Participation, Series 2002, 5.250%, 2/01/17 | 2/13 at 100 |
| 6,000 | Charlotte, North Carolina, Refunding Certificates of Participation, Convention Facility Project, Series 1993C, 5.250%, 12/01/20 - AMBAC Insured | 12/03 at 102 |
| | 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 |
| 2,180 | Concord, North Carolina, Certificates of Participation, Series 1996A, 6.125%, 6/01/21 - MBIA Insured | 6/06 at 102 |
| 750 | Johnston County Finance Corporation, North Carolina, Installment Payment Revenue Bonds, School and Museum Projects, Series 1999, 5.250%, 8/01/21 - FSA Insured | 8/09 at 101 |
| ----- | | |
| | TRANSPORTATION - 7.3% | |
| | Raleigh-Durham Airport Authority, North Carolina, Airport Revenue Bonds, Series 2001A: | |
| 2,250 | 5.250%, 11/01/16 - FGIC Insured | 5/11 at 101 |
| 4,450 | 5.000%, 11/01/31 - FGIC Insured | 5/11 at 101 |
| ----- | | |
| | U.S. GUARANTEED - 20.7% | |
| 4,000 | Charlotte, North Carolina, Water and Sewer System Revenue Bonds, Series 2000, 5.250%, 6/01/25 (Pre-refunded to 6/01/10) | 6/10 at 101 |
| 2,000 | Charlotte, North Carolina, Storm Water Fee Revenue Bonds, Series 2000, 6.000%, 6/01/25 (Pre-refunded to 6/01/10) | 6/10 at 101 |
| 2,900 | Fayetteville Public Works Commission, North Carolina, Revenue Bonds, Series 1997, 5.125%, 3/01/24 (Pre-refunded to 3/01/07) - FSA Insured | 3/07 at 101 |
| 1,000 | North Carolina Eastern Municipal Power Agency, Power System Revenue Bonds, Series 1985G, 5.750%, 12/01/16 (Pre-refunded to 9/01/03) | 9/03 at 102 |
| 2,265 | North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 1980, 10.500%, 1/01/10 | No Opt. C |

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Nuveen North Carolina Premium Income Municipal Fund (NNC) (continued)
 Portfolio of Investments May 31, 2003

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|---------------------------|--|------------------------|
| ----- | | |
| | U.S. GUARANTEED (continued) | |
| \$ 2,000 | Orange County, North Carolina, General Obligation School Bonds, Series 1994, 5.500%, 2/01/11 (Pre-refunded to 2/01/04) | 2/04 at 102 |
| 3,340 | University of North Carolina Hospitals at Chapel Hill, Revenue Bonds, Series 1996, 5.250%, 2/15/26 (Pre-refunded to 2/15/06) | 2/06 at 102 |
| ----- | | |
| | UTILITIES - 10.8% | |
| 2,600 | North Carolina Eastern Municipal Power Agency, Power System Revenue Bonds, Series 1993-D, 5.600%, 1/01/16 | 7/03 at 102 |
| 4,000 | North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 1999B, 6.500%, 1/01/20 | 1/10 at 101 |
| 2,000 | North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 2003A, 5.250%, 1/01/15 - AMBAC Insured | 1/13 at 100 |
| 1,000 | Wake County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Revenue Refunding Bonds, Carolina Power and Light Company Project, Series 2002, 5.375%, 2/01/17 | 2/12 at 101 |
| ----- | | |
| | WATER AND SEWER - 6.9% | |
| | Thomasville, North Carolina, Combined Enterprise System Revenue Bonds, Series 2002: | |
| 370 | 5.000%, 5/01/20 - MBIA Insured | 5/12 at 101 |
| 390 | 5.000%, 5/01/21 - MBIA Insured | 5/12 at 101 |
| 1,250 | 5.125%, 5/01/27 - MBIA Insured | 5/12 at 101 |
| 2,180 | Union, North Carolina, Enterprise Systems Revenue Bonds, Series 1996, 5.500%, 6/01/21 - MBIA Insured | 6/06 at 102 |
| 2,000 | Winston-Salem, North Carolina, Water and Sewer System Revenue Bonds, Series 2002A, 5.000%, 6/01/18 | 6/12 at 100 |
| ----- | | |
| \$ 130,345 | Total Long-Term Investments (cost \$128,941,817) - 143.8% | |
| ===== | | |
| | Other Assets Less Liabilities - 4.1% | |
| ----- | | |
| | Preferred Shares, at Liquidation Value - (47.9)% | |
| ----- | | |
| | 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.
- * Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.
- ** Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.
- *** Securities are backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities which ensures the timely payment of principal and interest. Such securities are normally considered to be equivalent to AAA rated securities.
- (WI) Security purchased on a when-issued basis.

See accompanying notes to financial statements.

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Nuveen North Carolina Dividend Advantage Municipal Fund (NRB)
 Portfolio of
 Investments May 31, 2003

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|---|---|------------------------|
| ----- | | |
| EDUCATION AND CIVIC ORGANIZATIONS - 27.3% | | |
| \$ 500 | North Carolina Capital Facilities Finance Agency, Educational Facilities Revenue Bonds, High Point University Project, Series 2001, 5.125%, 9/01/18 | 9/11 at 101 |
| 2,250 | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University Project, Series 2001A, 5.125%, 10/01/26 | 10/11 at 100 |
| 1,750 | University of North Carolina at Chapel Hill, General Revenue Bonds, Series 2001A, 5.000%, 12/01/25 | 6/11 at 100 |
| 1,845 | University of North Carolina at Chapel Hill, General Revenue Bonds, Series 2002B, 5.000%, 12/01/11 | No Opt. C |
| 2,450 | University of North Carolina System, Pool Revenue Bonds, Series 2002A Refunding, 5.375%, 4/01/17 - AMBAC Insured | 10/12 at 100 |
| ----- | | |
| HEALTHCARE - 20.9% | | |

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| | | |
|------------------------------|--|--------------|
| 1,110 | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Union Regional Medical Center Project, Series 2002A, 5.250%, 1/01/15 | 1/12 at 100 |
| 2,500 | North Carolina Medical Care Commission, Healthcare Revenue Bonds, Carolina Medicorp Project, Series 1996, 5.250%, 5/01/26 | 5/07 at 100 |
| 1,500 | North Carolina Medical Care Commission, Hospital Revenue Bonds, Southeastern Regional Medical Center, Series 2002, 5.250%, 6/01/22 | 6/12 at 101 |
| 2,000 | North Carolina Medical Care Commission, Health System Revenue Bonds, Mission-St. Joseph Health System, Series 2001, 5.250%, 10/01/31 | 10/11 at 101 |
| ----- | | |
| HOUSING/MULTIFAMILY - 14.2% | | |
| 2,250 | Durham Housing Authority, North Carolina, Multifamily Housing Revenue Bonds, Naples Terrace Apartments Project, FNMA Guaranteed, Series 2001, 5.700%, 6/01/33 (Alternative Minimum Tax) | 6/11 at 100 |
| 2,500 | Mecklenburg County, North Carolina, Multifamily Housing Revenue Bonds, Sycamore Green Apartments, Series 2001, 5.500%, 1/15/35 (Alternative Minimum Tax) - FGIC Insured | 1/12 at 102 |
| ----- | | |
| HOUSING/SINGLE FAMILY - 6.0% | | |
| 1,470 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Series 1999-5A, 1998 Trust Agreement, 5.625%, 7/01/30 (Alternative Minimum Tax) | 7/09 at 100 |
| 595 | North Carolina Housing Finance Agency, Home Ownership Program Bonds, Series 2001-10A, 1998 Trust Agreement, 5.400%, 7/01/32 (Alternative Minimum Tax) - AMBAC Insured | 7/10 at 100 |
| ----- | | |
| LONG-TERM CARE - 2.6% | | |
| 900 | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, First Mortgage, Salemtowne Project, Series 2001, 6.625%, 4/01/31 | 4/11 at 101 |
| ----- | | |
| MATERIALS - 4.4% | | |
| 750 | Columbus County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Environmental Improvement Revenue Bonds, International Paper Company Project, Series 1997A, 6.150%, 4/01/21 (Alternative Minimum Tax) | 4/07 at 102 |
| 750 | Columbus County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Solid Waste Disposal Revenue Bonds, International Paper Company Project, Series 1996A Refunding, 5.800%, 12/01/16 (Alternative Minimum Tax) | 12/07 at 102 |

 TAX OBLIGATION/GENERAL - 6.4%

| | | |
|-------|--|-------------|
| 2,000 | Mecklenburg County, North Carolina, General Obligation Public Improvement Bonds, Series 2000D, 5.000%, 4/01/13 | 4/10 at 101 |
|-------|--|-------------|

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Nuveen North Carolina Dividend Advantage Municipal Fund (NRB) (contin
 Portfolio of Investments May 31, 2003

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

TAX OBLIGATION/LIMITED - 14.8%

| | | | |
|----|-------|--|--------------|
| \$ | 1,330 | Cabarrus County, North Carolina, Certificates of Participation, Series 2002, 5.250%, 2/01/15 | 2/13 at 100 |
| | 1,870 | Dare County, North Carolina, Certificates of Participation, Series 2002, 5.250%, 6/01/15 - AMBAC Insured | 12/12 at 100 |
| | 1,360 | Duplin County, North Carolina, Certificates of Participation, Series 2002 Refunding, 5.000%, 9/01/12 - AMBAC Insured | No Opt. C |

 TRANSPORTATION - 4.8%

| | | |
|-------|--|-------------|
| 1,530 | Raleigh-Durham Airport Authority, North Carolina, Airport Revenue Bonds, Series 2001A, 5.250%, 11/01/18 - FGIC Insured | 5/11 at 101 |
|-------|--|-------------|

 UTILITIES - 19.3%

| | | |
|---|--|-------------|
| Greenville Utilities Commission, North Carolina, Combined Enterprise System Revenue Bonds, Series 2001: | | |
| 1,000 | 5.250%, 9/01/20 - FSA Insured | 9/11 at 101 |
| 500 | 5.250%, 9/01/21 - FSA Insured | 9/11 at 101 |
| 2,500 | North Carolina Eastern Municipal Power Agency, Power System Revenue Refunding Bonds, Series 1993, 5.500%, 1/01/17 - FGIC Insured | 7/03 at 100 |
| 1,000 | North Carolina Eastern Municipal Power Agency, Power System Revenue Refunding Bonds, Series 1999B, 5.650%, 1/01/16 | 1/09 at 102 |
| 1,500 | Wake County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Revenue Refunding Bonds, Carolina Power and Light Company Project, Series 2002 Refunding, 5.375%, 2/01/17 | 2/12 at 101 |

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WATER AND SEWER - 23.9%

| | | |
|-------|--|-------------|
| 2,290 | Broad River Water Authority, North Carolina, Water System Revenue Bonds, Series 2000, 5.375%, 6/01/26 - MBIA Insured | 6/10 at 101 |
| 2,250 | Charlotte, North Carolina, Water and Sewer System Revenue Bonds, Series 2001, 5.125%, 6/01/26 | 6/11 at 101 |
| | Greensboro, North Carolina, Combined Enterprise System Revenue Bonds, Series 2001A: | |
| 500 | 5.125%, 6/01/20 | 6/11 at 101 |
| 500 | 5.125%, 6/01/21 | 6/11 at 101 |
| 2,275 | Winston-Salem, North Carolina, Water and Sewer System Revenue Bonds, Series 2002A, 5.000%, 6/01/17 | 6/12 at 100 |

\$ 47,525 Total Long-Term Investments (cost \$48,197,449) - 144.6%

Other Assets Less Liabilities - 3.2%

Preferred Shares, at Liquidation Value - (47.8)%

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.

* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

** Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.

N/R Investment is not rated.

See accompanying notes to financial statements.

Nuveen North Carolina Dividend Advantage Municipal Fund 2 (NNO)
Portfolio of
Investments May 31, 2003

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

EDUCATION AND CIVIC ORGANIZATIONS - 22.6%

Appalachian State University, North Carolina, Housing and Student Center System Revenue Bonds, Series 2001 Refunding:

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| | | | |
|----|-------|--|--------------|
| \$ | 600 | 5.125%, 7/15/24 | 1/11 at 101 |
| | 200 | 5.125%, 7/15/27 | 1/11 at 101 |
| | | Appalachian State University, North Carolina, Housing and Student Center System Revenue Bonds, Series 2002 Refunding: | |
| | 1,000 | 5.000%, 7/15/13 - MBIA Insured | 7/12 at 100 |
| | 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 |
| | 3,750 | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University Project, Series 2001A, 5.125%, 10/01/26 | 10/11 at 100 |
| | 1,840 | Board of Governors of the University of North Carolina at Chapel Hill, General Revenue Bonds, Series 2002B, 5.000%, 12/01/11 | No Opt. C |
| | 400 | Board of Governors of the University of North Carolina at Greensboro, General Revenue Refunding Bonds, Series 2002B, 5.375%, 4/01/17 - FSA Insured | 4/11 at 101 |
| | | University of North Carolina System, Pool Revenue Refunding Bonds, Series 2002A: | |
| | 1,155 | 5.375%, 4/01/16 - AMBAC Insured | 10/12 at 100 |
| | 1,100 | 5.375%, 4/01/19 - AMBAC Insured | 10/12 at 100 |

HEALTHCARE - 21.4%

| | | | |
|--|-------|---|--------------|
| | 4,000 | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA Carolinas Healthcare System, Series 2001A, 5.000%, 1/15/31 | 1/11 at 101 |
| | 2,225 | New Hanover County, North Carolina Hospital Revenue Bonds, New Hanover Regional Medical Center Project, Series 1993, 4.750%, 10/01/23 - AMBAC Insured | 10/03 at 102 |
| | 1,005 | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Union Regional Medical Center Project, Series 2002A, 5.250%, 1/01/13 | 1/12 at 100 |
| | 1,000 | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, WakeMed Project, Series 2001, 5.000%, 10/01/32 - AMBAC Insured | 10/11 at 101 |
| | | North Carolina Medical Care Commission, Hospital Revenue Bonds, Southeastern Regional Medical Center, Series 2002: | |
| | 1,000 | 5.500%, 6/01/15 | 6/12 at 101 |
| | 2,000 | 5.250%, 6/01/22 | 6/12 at 101 |
| | 1,000 | North Carolina Medical Care Commission, Health System Revenue Bonds, Mission-St. Joseph Health System, Series 2001, 5.250%, 10/01/31 | 10/11 at 101 |

HOUSING/MULTIFAMILY - 6.3%

| | | | |
|--|-------|---|-------------|
| | 3,500 | Mecklenburg County, North Carolina, Multifamily Housing Revenue Bonds, Sycamore Green Apartments, Series 2001, 5.500%, 1/15/35 (Alternative Minimum Tax) - FGIC Insured | 1/12 at 102 |
|--|-------|---|-------------|

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| | | |
|------------------------------|--|-------------|
| HOUSING/SINGLE FAMILY - 4.5% | | |
| 505 | North Carolina Housing Finance Agency, Home Ownership Program Bonds, Series 10A, 1998 Trust Agreement, 5.400%, 7/01/32 (Alternative Minimum Tax) - AMBAC Insured | 7/10 at 100 |
| | North Carolina Housing Finance Agency, Home Ownership Program Bonds, Series 13A: | |
| 1,000 | 4.700%, 7/01/12 (Alternative Minimum Tax) | 7/11 at 100 |
| 1,000 | 4.850%, 7/01/13 (Alternative Minimum Tax) | 7/11 at 100 |

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Nuveen North Carolina Dividend Advantage Municipal Fund 2 (NNO) (cont)
Portfolio of Investments May 31, 2003

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|--------------------------------|---|------------------------|
| <hr/> | | |
| MATERIALS - 4.3% | | |
| \$ 1,400 | Haywood County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Solid Waste Disposal Revenue Bonds, Champion International Corporation Project, Series 1993, 5.500%, 10/01/18 (Alternative Minimum Tax) | 10/03 at 102 |
| 1,100 | Northampton County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Environmental Improvement Revenue Bonds, International Paper Company Project, Series 2001A, 6.200%, 2/01/25 (Alternative Minimum Tax) | 2/11 at 101 |
| <hr/> | | |
| TAX OBLIGATION/GENERAL - 18.0% | | |
| 250 | Durham County, North Carolina, General Obligation Bonds, Series 2000, 5.600%, 5/01/15 | 5/10 at 102 |
| 3,000 | Mecklenburg County, North Carolina, General Obligation Public Improvement Bonds, Series 2000D, 5.000%, 4/01/13 | 4/10 at 101 |
| 3,000 | North Carolina, General Obligation Bonds, Series 2000A, 5.100%, 9/01/16 | 9/10 at 102 |
| 3,200 | Wake County, North Carolina, General Obligation School Bonds, Series 2000, 5.400%, 2/01/13 | 2/10 at 101 |
| <hr/> | | |
| TAX OBLIGATION/LIMITED - 19.8% | | |
| 1,330 | Cabarrus County, North Carolina, Certificates of Participation, Series 2002, 5.250%, 2/01/16 | 2/13 at 100 |

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| | | | |
|-------|---|--|--------------|
| | Charlotte, North Carolina, Storm Water Fee Revenue Bonds, Series 2002: | | |
| 1,850 | 5.250%, 6/01/18 | | 6/12 at 101 |
| 400 | 5.250%, 6/01/19 | | 6/12 at 101 |
| 1,325 | Dare County, North Carolina, Certificates of Participation, Series 2002, 5.250%, 6/01/17 - AMBAC Insured | | 12/12 at 100 |
| | Hartnett County, North Carolina, Certificates of Participation, Series 2002: | | |
| 1,000 | 5.250%, 12/01/15 - FSA Insured | | 12/12 at 101 |
| 2,025 | 5.375%, 12/01/16 - FSA Insured | | 12/12 at 101 |
| 825 | 5.000%, 12/01/18 - FSA Insured | | 12/12 at 101 |
| 1,595 | Rutherford County, North Carolina, Certificates of Participation, Series 2002, 5.000%, 9/01/18 - AMBAC Insured | | 9/12 at 101 |

TRANSPORTATION - 12.5%

| | | | |
|-------|---|--|-------------|
| | Raleigh-Durham Airport Authority, North Carolina, Airport Revenue Bonds, Series 2001A: | | |
| 1,000 | 5.250%, 11/01/15 - FGIC Insured | | 5/11 at 101 |
| 2,320 | 5.250%, 11/01/16 - FGIC Insured | | 5/11 at 101 |
| 2,230 | 5.250%, 11/01/17 - FGIC Insured | | 5/11 at 101 |
| | University of North Carolina at Charlotte, Parking System Revenue Bonds, Series 2002: | | |
| 360 | 5.000%, 1/01/17 - MBIA Insured | | 1/12 at 101 |
| 270 | 5.000%, 1/01/20 - MBIA Insured | | 1/12 at 101 |
| 500 | 5.125%, 1/01/27 - MBIA Insured | | 1/12 at 101 |

U.S. GUARANTEED - 5.7%

| | | | |
|-------|--|--|-------------|
| 3,000 | Fayetteville, North Carolina, Public Works Commission, Revenue Bonds, Series 1997, 5.125%, 3/01/24 (Pre-refunded to 3/01/07) - FSA Insured | | 3/07 at 101 |
|-------|--|--|-------------|

UTILITIES - 15.9%

| | | | |
|-------|---|--|-------------|
| 2,500 | North Carolina Eastern Municipal Power Agency, Power System Revenue Refunding Bonds, Series 1993, 5.500%, 1/01/17 - FGIC Insured | | 7/03 at 100 |
| 2,400 | North Carolina Eastern Municipal Power Agency, Power System Revenue Bonds, Series 1993D, 5.600%, 1/01/16 | | 7/03 at 102 |
| 1,500 | North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 1999B, 6.500%, 1/01/20 | | 1/10 at 101 |
| 2,600 | Wake County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Revenue Refunding Bonds, Carolina Power and Light Company Project, Series 2002, 5.375%, 2/01/17 | | 2/12 at 101 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|---------------------------|--|------------------------|
| | WATER AND SEWER - 13.1% | |
| \$ 4,520 | Charlotte, North Carolina, Water and Sewer System Revenue Bonds, Series 2002, 5.250%, 7/01/13 | No Opt. C |
| 1,465 | Orange Water and Sewer Authority, North Carolina, Water and Sewer System Revenue Bonds, Series 2001, 5.000%, 7/01/20 | 7/11 at 101 |
| 850 | Raleigh, North Carolina, Combined Enterprise System Revenue Bonds, Series 1999, 4.750%, 3/01/24 | 3/09 at 101 |
| \$ 78,135 | Total Long-Term Investments (cost \$79,569,102) - 144.1% | |
| | Other Assets Less Liabilities - 2.8% | |
| | Preferred Shares, at Liquidation Value - (46.9)% | |
| | 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.

* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

** Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.

See accompanying notes to financial statements.

Nuveen North Carolina Dividend Advantage Municipal Fund 3 (NII)

Portfolio of
Investments May 31, 2003

| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|---------------------------|--|------------------------|
| | CONSUMER STAPLES - 2.9% | |
| \$ 2,000 | The Children's Trust Fund, Puerto Rico, Tobacco Settlement | 5/12 at 100 |

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

| | | |
|---|---|--------------|
| EDUCATION AND CIVIC ORGANIZATIONS - 15.6% | | |
| | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University Project, Series 2001A: | |
| 1,750 | 5.125%, 10/01/26 | 10/11 at 100 |
| 2,000 | 5.125%, 10/01/41 | 10/11 at 100 |
| 3,000 | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University Project, Series 2002A, 5.125%, 7/01/42 | 10/12 at 100 |
| 1,900 | University of North Carolina System, Pool Revenue Bonds, Series 2002A Refunding, 5.000%, 4/01/27 - AMBAC Insured | 10/12 at 100 |

| | | |
|--------------------|---|--------------|
| HEALTHCARE - 14.3% | | |
| 2,000 | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, Series 1997A, DBA Carolinas Healthcare System, 5.125%, 1/15/22 | 1/07 at 102 |
| 1,750 | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA Carolinas Healthcare System, Series 2001A, 5.000%, 1/15/31 | 1/11 at 101 |
| 2,500 | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Duke University Health System, Series 1998A, 4.750%, 6/01/28 | 6/08 at 101 |
| 2,000 | North Carolina Medical Care Commission, Hospital Revenue Bonds, FirstHealth of the Carolinas Project, Series 1998, 4.750%, 10/01/26 | 10/08 at 101 |

| | | |
|----------------------------|---|-------------|
| HOUSING/MULTIFAMILY - 1.8% | | |
| 1,000 | Mecklenburg County, North Carolina, Multifamily Housing Revenue Bonds, Little Rock Apartments, FNMA Enhanced, Series 2003, 5.150%, 1/01/22 (Alternative Minimum Tax) (WI, settling 6/02/03) | 7/13 at 105 |

| | | |
|------------------------------|---|-------------|
| HOUSING/SINGLE FAMILY - 2.7% | | |
| 1,495 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Trust Agreement, Series 1999-5A, 5.625%, 7/01/30 (Alternative Minimum Tax) | 7/09 at 100 |

| | | |
|-----------------------|---|-------------|
| LONG-TERM CARE - 1.6% | | |
| 900 | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, First Mortgage, Salemtowne Project, Series 2001, 6.625%, 4/01/31 | 4/11 at 101 |

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| MATERIALS - 5.0% | | |
|------------------|---|--------------|
| 1,400 | Haywood County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Environmental Improvement Revenue Bonds, Champion International Corporation Project, Series 1995A, 5.750%, 12/01/25 (Alternative Minimum Tax) | 12/05 at 102 |
| 1,500 | Martin County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Solid Waste Disposal Revenue Bonds, Weyerhaeuser Company Project, Series 1991, 7.250%, 9/01/14 (Alternative Minimum Tax) | 9/03 at 101 |

| TAX OBLIGATION/GENERAL - 14.3% | | |
|---|--|-------------|
| 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 |
| 1,000 | Mecklenburg County, North Carolina, General Obligation Public Improvement Bonds, Series 2000D, 5.000%, 4/01/13 | 4/10 at 101 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|------------------------------------|--|------------------------|
| TAX OBLIGATION/GENERAL (continued) | | |
| \$ 1,000 | North Carolina, General Obligation Bonds, Series 2000A, 5.100%, 9/01/16 | 9/10 at 102 |
| 2,000 | Puerto Rico, Public Improvement Refunding Bonds, General Obligation 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 |

| TAX OBLIGATION/LIMITED - 37.1% | | |
|--------------------------------|--|--------------|
| 3,900 | Cary, North Carolina, General Obligation Water Bonds, Series 2001, 5.000%, 3/01/20 | 3/11 at 102 |
| 1,550 | Cary, North Carolina, Certificates of Participation, Public Improvement Projects, Series 2002A, 5.000%, 12/01/17 | 12/12 at 100 |
| 1,500 | Centennial Authority, North Carolina, Hotel Tax Revenue Bonds, Arena Project, Series 1997, 5.125%, 9/01/19 - FSA Insured | 9/07 at 102 |
| 3,000 | Dare County, North Carolina, Certificates of Participation, Series 2002, 5.000%, 6/01/23 - AMBAC Insured | 12/12 at 100 |

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| | | | |
|-------|---|--|-------------|
| | Duplin County, North Carolina, Certificates of Participation, Series 2002 Refunding: | | |
| 1,230 | 5.000%, 9/01/13 - AMBAC Insured | | No Opt. C |
| 1,290 | 5.000%, 9/01/14 - AMBAC Insured | | No Opt. C |
| | Forsyth County, North Carolina, Certificates of Participation, Series 2002, Public Facilities Equipment Project: | | |
| 1,325 | 5.125%, 1/01/16 | | 1/13 at 101 |
| 770 | 5.250%, 1/01/19 | | 1/13 at 101 |
| 1,235 | 5.250%, 1/01/23 | | 1/13 at 101 |
| 2,000 | Puerto Rico Municipal Finance Agency, 2002 Series A, 5.000%, 8/01/27 - FSA Insured | | 8/12 at 100 |
| 2,000 | Rutherford County, North Carolina, Certificates of Participation, Series 2002, 5.000%, 9/01/21 - AMBAC Insured | | 9/12 at 101 |

TRANSPORTATION - 9.1%

| | | | |
|-------|---|--|-------------|
| | Raleigh Durham Airport Authority, North Carolina, Airport Revenue Bonds, Series 2001A: | | |
| 1,780 | 5.250%, 11/01/15 - FGIC Insured | | 5/11 at 101 |
| 3,100 | 5.000%, 11/01/20 - FGIC Insured | | 5/11 at 101 |

U.S. GUARANTEED - 0.9%

| | | | |
|-----|---|--|-------------|
| 500 | North Carolina Eastern Municipal Power Agency, Power System Revenue Bonds, Series 1985G, 5.750%, 12/01/16 (Pre-refunded to 9/01/03) | | 9/03 at 102 |
|-----|---|--|-------------|

UTILITIES - 18.2%

| | | | |
|-------|---|--|-------------|
| 4,000 | North Carolina Eastern Municipal Power Agency, Power System Revenue Refunding Bonds, Series 1993, 5.500%, 1/01/17 - FGIC Insured | | 7/03 at 100 |
| 2,665 | North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 2003A, 5.250%, 1/01/15 - AMBAC Insured | | 1/13 at 100 |
| 1,775 | Puerto Rico Electric Power Authority, Power Revenue Bonds, 2002 Series II, 5.375%, 7/01/19 - MBIA Insured | | 7/12 at 101 |
| 1,400 | Wake County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Revenue Refunding Bonds, Carolina Power and Light Company Project, Series 2002, 5.375%, 2/01/17 | | 2/12 at 101 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION(1) | OPTIONAL C PROVISIO |
|---------------------------|--|------------------------|
| | WATER AND SEWER - 22.4% | |
| \$ 750 | Broad River Water Authority, North Carolina, Water System Revenue Bonds, Series 2000, 5.375%, 6/01/26 - MBIA Insured | 6/10 at 101 |
| | Charlotte, North Carolina, Water and Sewer System Revenue Bonds, Series 2001: | |
| 750 | 5.125%, 6/01/26 | 6/11 at 101 |
| 1,780 | 5.125%, 6/01/26 - FGIC Insured | 6/11 at 101 |
| | Durham County, North Carolina, Enterprise System Revenue Bonds, Series 2002: | |
| 680 | 5.000%, 6/01/16 - MBIA Insured | 6/13 at 100 |
| 710 | 5.000%, 6/01/17 - MBIA Insured | 6/13 at 100 |
| 300 | 5.000%, 6/01/18 - MBIA Insured | 6/13 at 100 |
| 2,500 | Kannapolis, North Carolina, Water and Sewer Revenue Bonds, Series 2001B, 5.250%, 2/01/26 (Alternative Minimum Tax) - FSA Insured | 2/12 at 101 |
| 1,000 | Orange Water and Sewer Authority, North Carolina, Water and Sewer System Revenue Bonds, Series 2001, 5.000%, 7/01/26 | 7/11 at 101 |
| | Winston-Salem, North Carolina, Water and Sewer System Revenue Bonds, Series 2002A: | |
| 500 | 5.000%, 6/01/17 | 6/12 at 100 |
| 3,215 | 5.000%, 6/01/19 | 6/12 at 100 |
| \$ 79,600 | Total Long-Term Investments (cost \$82,210,482) - 145.9% | |
| | Other Assets Less Liabilities - 1.8% | |
| | Preferred Shares, at Liquidation Value - (47.7)% | |
| | 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.

* Optional Call Provisions (not covered by the report of independent auditors): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates.

** Ratings (not covered by the report of independent auditors): Using the higher of Standard & Poor's or Moody's rating.

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

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N/R Investment is not rated.

(WI) Security purchased on a when-issued basis.

See accompanying notes to financial statements.

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Statement of
Assets and Liabilities May 31, 2003

| | GEORGIA PREMIUM INCOME (NPG) |
|---|---------------------------------------|
| <hr/> | |
| ASSETS | |
| Investments, at market value (cost \$78,151,371, \$42,189,306 and \$94,773,992, respectively) | \$84,092,701 |
| Cash | 279,409 |
| Receivables: | |
| Interest | 1,546,966 |
| Investments sold | 5,000 |
| Other assets | 3,105 |
| <hr/> | |
| Total assets | 85,927,181 |
| <hr/> | |
| LIABILITIES | |
| Cash overdraft | -- |
| Payable for investments purchased | -- |
| Accrued expenses: | |
| Management fees | 47,060 |
| Other | 29,526 |
| Preferred share dividends payable | 610 |
| <hr/> | |
| Total liabilities | 77,196 |
| <hr/> | |
| Preferred shares, at liquidation value | 27,800,000 |
| <hr/> | |
| Net assets applicable to Common shares | \$58,049,985 |
| <hr/> | |
| Common shares outstanding | 3,778,174 |
| <hr/> | |
| Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding) | \$ 15.36 |
| <hr/> | |
| NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF: | |
| <hr/> | |
| Common shares, \$.01 par value per share | \$ 37,782 |
| Paid-in surplus | 52,265,692 |
| Undistributed (Over-distribution of) net investment income | 596,770 |
| Accumulated net realized gain (loss) from investments | (791,589) |
| Net unrealized appreciation of investments | 5,941,330 |
| <hr/> | |
| Net assets applicable to Common shares | \$58,049,985 |
| <hr/> | |

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| | |
|--------------------|-----------|
| Authorized shares: | |
| Common | Unlimited |
| Preferred | Unlimited |

See accompanying notes to financial statements.

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Statement of
Assets and Liabilities (continued)

| | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) |
|---|---|---|
| ----- | | |
| ASSETS | | |
| Investments, at market value (cost \$128,941,817, \$48,197,449, \$79,569,102 and \$82,210,482, respectively) | \$140,635,927 | \$51,462,278 |
| Cash | -- | 224,770 |
| Receivables: | | |
| Interest | 2,416,938 | 878,061 |
| Investments sold | 5,525,272 | 56,242 |
| Other assets | 9,200 | 10,336 |
| ----- | | |
| Total assets | 148,587,337 | 52,631,687 |
| ----- | | |
| LIABILITIES | | |
| Cash overdraft | 329,392 | -- |
| Payable for investments purchased | 3,547,821 | -- |
| Accrued expenses: | | |
| Management fees | 79,219 | 15,506 |
| Other | 43,208 | 24,145 |
| Preferred share dividends payable | 2,562 | 932 |
| ----- | | |
| Total liabilities | 4,002,202 | 40,583 |
| ----- | | |
| Preferred shares, at liquidation value | 46,800,000 | 17,000,000 |
| ----- | | |
| Net assets applicable to Common shares | \$ 97,785,135 | \$35,591,104 |
| ===== | | |
| Common shares outstanding | 6,308,273 | 2,242,127 |
| ===== | | |
| Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding) | \$ 15.50 | \$ 15.87 |
| ===== | | |
| NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF: | | |
| ----- | | |
| Common shares, \$.01 par value per share | \$ 63,083 | \$ 22,421 |
| Paid-in surplus | 87,113,614 | 31,750,009 |
| Undistributed (Over-distribution of) net investment income | 1,032,400 | 391,574 |
| Accumulated net realized gain (loss) from investments | (2,118,072) | 162,271 |
| Net unrealized appreciation of investments | 11,694,110 | 3,264,829 |
| ----- | | |

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| | | |
|--|---------------|--------------|
| Net assets applicable to Common shares | \$ 97,785,135 | \$35,591,104 |
| ===== | | |
| Authorized shares: | | |
| Common | Unlimited | Unlimited |
| Preferred | Unlimited | Unlimited |
| ===== | | |

See accompanying notes to financial statements.

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Statement of
Operations Year Ended May 31, 2003

| | | |
|--|--|---------------------------------------|
| | | GEORGIA PREMIUM INCOME (NPG) |
| ----- | | |
| INVESTMENT INCOME | | \$4,341,225 |
| ----- | | |
| EXPENSES | | |
| Management fees | | 541,551 |
| Preferred shares - auction fees | | 70,177 |
| Preferred shares - dividend disbursing agent fees | | 10,000 |
| Shareholders' servicing agent fees and expenses | | 9,426 |
| Custodian's fees and expenses | | 30,749 |
| Trustees' fees and expenses | | 992 |
| Professional fees | | 10,435 |
| Shareholders' reports - printing and mailing expenses | | 19,547 |
| Stock exchange listing fees | | 678 |
| Investor relations expense | | 10,776 |
| Other expenses | | 11,237 |
| ----- | | |
| Total expenses before custodian fee credit and expense reimbursement | | 715,568 |
| Custodian fee credit | | (13,019) |
| Expense reimbursement | | -- |
| ----- | | |
| Net expenses | | 702,549 |
| ----- | | |
| Net investment income | | 3,638,676 |
| ----- | | |
| REALIZED AND UNREALIZED GAIN FROM INVESTMENTS | | |
| Net realized gain from investments | | 920,606 |
| Change in net unrealized appreciation (depreciation) of investments | | 2,936,582 |
| ----- | | |
| Net gain from investments | | 3,857,188 |
| ----- | | |
| DISTRIBUTIONS TO PREFERRED SHAREHOLDERS | | |
| From net investment income | | (258,111) |
| From accumulated net realized gains from investments | | -- |
| ----- | | |
| Decrease in net assets applicable to Common shares from distributions to Preferred shareholders | | (258,111) |
| ----- | | |

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Net increase in net assets applicable to Common shares
from operations \$7,237,753

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

See accompanying notes to financial statements.

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Statement of
Operations Year Ended May 31, 2003 (continued)

| | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) |
|--|---|---|
| INVESTMENT INCOME | \$ 7,335,996 | \$2,511,461 |
| EXPENSES | | |
| Management fees | 908,342 | 329,390 |
| Preferred shares - auction fees | 118,407 | 44,283 |
| Preferred shares - dividend disbursing agent fees | 10,000 | 10,000 |
| Shareholders' servicing agent fees and expenses | 18,665 | 1,188 |
| Custodian's fees and expenses | 42,399 | 29,252 |
| Trustees' fees and expenses | 1,701 | 436 |
| Professional fees | 11,283 | 9,285 |
| Shareholders' reports - printing and mailing expenses | 26,099 | 3,234 |
| Stock exchange listing fees | 15,087 | 18 |
| Investor relations expense | 17,952 | 2,594 |
| Other expenses | 13,075 | 6,943 |
| Total expenses before custodian fee credit and expense reimbursement | 1,183,010 | 436,623 |
| Custodian fee credit | (18,401) | (3,291) |
| Expense reimbursement | -- | (152,026) |
| Net expenses | 1,164,609 | 281,306 |
| Net investment income | 6,171,387 | 2,230,155 |
| REALIZED AND UNREALIZED GAIN FROM INVESTMENTS | | |
| Net realized gain from investments | 900,218 | 554,560 |
| Change in net unrealized appreciation (depreciation) of investments | 7,102,237 | 2,922,001 |
| Net gain from investments | 8,002,455 | 3,476,561 |
| DISTRIBUTIONS TO PREFERRED SHAREHOLDERS | | |
| From net investment income | (455,407) | (137,647) |
| From accumulated net realized gains from investments | -- | (39,141) |
| Decrease in net assets applicable to Common shares from distributions to Preferred shareholders | (455,407) | (176,788) |
| Net increase in net assets applicable to Common shares | | |

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from operations \$13,718,435 \$5,529,928

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

See accompanying notes to financial statements.

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Statement of
Changes in Net Assets

| | GEORGIA PREMIUM INCOME (NPG) | DIVIDEND |
|--|---------------------------------|-----------------------|
| | YEAR ENDED 5/31/03 | YEAR ENDED 5/31/02 |
| <hr/> | | |
| OPERATIONS | | |
| Net investment income | \$ 3,638,676 | \$ 3,856,072 |
| Net realized gain (loss) from investments | 920,606 | 570,501 |
| Change in net unrealized appreciation (depreciation) of investments | 2,936,582 | (195,055) |
| Distributions to Preferred Shareholders: | | |
| From net investment income | (258,111) | (460,881) |
| From accumulated net realized gains from investments | -- | -- |
| | | (127,070) |
| | | (35,840) |
| <hr/> | | |
| Net increase in net assets applicable to Common shares from operations | 7,237,753 | 3,770,637 |
| <hr/> | | |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS | | |
| From net investment income | (3,254,832) | (3,187,446) |
| From accumulated net realized gains from investment transactions | -- | -- |
| | | (250,160) |
| <hr/> | | |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (3,254,832) | (3,187,446) |
| <hr/> | | |
| CAPITAL SHARE TRANSACTIONS | | |
| Common shares: | | |
| Net proceeds from sale of shares | -- | -- |
| Net proceeds from shares issued to shareholders due to reinvestment of distributions | 157,705 | 158,444 |
| Preferred shares offering costs | -- | -- |
| | | 15,100 |
| | | 54,750 |
| <hr/> | | |
| Net increase in net assets applicable to Common shares from capital share transactions | 157,705 | 158,444 |
| | | 69,860 |
| <hr/> | | |

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| | | | |
|---|--------------|--------------|--------------|
| Net increase in net assets applicable to Common shares | 4,140,626 | 741,635 | 3,195,100 |
| Net assets applicable to Common shares at the beginning of period | 53,909,359 | 53,167,724 | 27,381,380 |
| Net assets applicable to Common shares at the end of period | \$58,049,985 | \$53,909,359 | \$30,576,480 |
| Undistributed (Over-distribution of) net investment income at the end of period | \$ 596,770 | \$ 520,560 | \$ 267,230 |

See accompanying notes to financial statements.

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Statement of
Changes in Net Assets (continued)

| | NORTH CAROLINA PREMIUM INCOME (NNC) | |
|--|--|-----------------------|
| | YEAR ENDED 5/31/03 | YEAR ENDED 5/31/02 |
| OPERATIONS | | |
| Net investment income | \$ 6,171,387 | \$ 6,403,807 |
| Net realized gain (loss) from investments | 900,218 | 1,171,228 |
| Change in net unrealized appreciation (depreciation) of investments | 7,102,237 | (237,275) |
| Distributions to Preferred Shareholders: | | |
| From net investment income | (455,407) | (795,822) |
| From accumulated net realized gains from investments | -- | -- |
| Net increase in net assets applicable to Common shares from operations | 13,718,435 | 6,541,938 |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS | | |
| From net investment income | (5,417,766) | (5,047,923) |
| From accumulated net realized gains from investment transactions | -- | -- |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (5,417,766) | (5,047,923) |
| CAPITAL SHARE TRANSACTIONS | | |
| Common shares: | | |
| Net proceeds from sale of shares | -- | -- |
| Net proceeds from shares issued to shareholders due to reinvestment of distributions | 198,718 | 177,785 |
| Preferred shares offering costs | -- | -- |

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| | | |
|--|--------------|--------------|
| Net increase in net assets applicable to Common shares from capital share transactions | 198,718 | 177,785 |
| Net increase in net assets applicable to Common shares | 8,499,387 | 1,671,800 |
| Net assets applicable to Common shares at the beginning of period | 89,285,748 | 87,613,948 |
| Net assets applicable to Common shares at the end of period | \$97,785,135 | \$89,285,748 |
| Undistributed (Over-distribution of) net investment income at the end of period | \$ 1,032,400 | \$ 685,795 |

See accompanying notes to financial statements.

| | NORTH DIVIDEND A | |
|--|-----------------------|--|
| | YEAR ENDED 5/31/03 | |
| OPERATIONS | | |
| Net investment income | \$ 3,526,406 | |
| Net realized gain (loss) from investments | 713,547 | |
| Change in net unrealized appreciation (depreciation) of investments | 5,899,711 | |
| Distributions to Preferred Shareholders: | | |
| From net investment income | (273,894) | |
| From accumulated net realized gains from investments | (71,543) | |
| Net increase in net assets applicable to Common shares from operations | 9,794,227 | |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS | | |
| From net investment income | (3,067,763) | |
| From accumulated net realized gains from investment transactions | (482,556) | |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (3,550,319) | |
| CAPITAL SHARE TRANSACTIONS | | |

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| | |
|--|--------------|
| Common shares: | |
| Net proceeds from sale of shares | -- |
| Net proceeds from shares issued to shareholders due to reinvestment of distributions | 4,123 |
| Preferred shares offering costs | 10,548 |
| ----- | |
| Net increase in net assets applicable to Common shares from capital share transactions | 14,671 |
| ----- | |
| Net increase in net assets applicable to Common shares | 6,258,579 |
| Net assets applicable to Common shares at the beginning of period | 53,383,321 |
| ----- | |
| Net assets applicable to Common shares at the end of period | \$59,641,900 |
| ===== | |
| Undistributed (Over-distribution of) net investment income at the end of period | \$ 181,840 |
| ===== | |

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See accompanying notes to financial statements.

Notes to
Financial Statements

1. GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

The state 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). 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 North Carolina Premium Income (NNC) is 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.

Prior to the commencement of operations of Georgia Dividend Advantage (NZX), Georgia Dividend Advantage 2 (NKG), North Carolina Dividend Advantage 2 (NNO) and North Carolina Dividend Advantage 3 (NII), each Fund had no operations other than those related to organizational matters, the initial capital contribution of \$100,275 per Fund by Nuveen Advisory Corp. (the "Adviser"), a wholly owned subsidiary of Nuveen Investments, Inc. (formerly, The John Nuveen Company), and the recording of the organization expenses (\$11,500 per Fund) and their reimbursement by Nuveen Investments, LLC (formerly, Nuveen Investments), also a wholly owned subsidiary of Nuveen Investments, Inc.

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.

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

Securities Valuation

The prices of municipal bonds in each Fund's investment portfolio are provided by a pricing service approved by the Fund's Board of Trustees. When price quotes are not readily available (which is usually the case for municipal securities), the pricing service establishes fair market value based on yields or prices of municipal bonds of comparable quality, type of issue, coupon, maturity and rating, indications of value from securities dealers and general market conditions. If it is determined that market prices for a security are unavailable or inappropriate, the Board of Trustees of the Funds, or its designee, may establish a fair value for the security. Temporary investments in securities that have variable rate and demand features qualifying them as short-term securities are valued at amortized cost, which approximates market value.

Securities Transactions

Securities transactions are recorded on a trade date basis. Realized gains and losses from such transactions are determined on the specific identification method. Securities purchased or sold on a when-issued or delayed delivery basis may have extended settlement periods. The securities so purchased are subject to market fluctuation during this period. The Funds have instructed the custodian to segregate assets with a current value at least equal to the amount of the when-issued and delayed delivery purchase commitments. At May 31, 2003, North Carolina Premium Income (NNC) and North Carolina Dividend Advantage 3 (NII) had outstanding when-issued purchase commitments of \$2,428,084 and \$1,063,755, 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.

Income Taxes

Each Fund is a separate taxpayer for federal income tax purposes. Each Fund intends to comply with the requirements of the Internal Revenue Code applicable to regulated investment companies and to distribute all of its net investment income to its shareholders. Therefore, no federal income tax provision is required. Furthermore, each Fund intends to satisfy conditions which will enable interest from municipal securities, which is exempt from regular federal and designated state income taxes, to retain such tax-exempt status when distributed to shareholders of the Funds. All monthly tax-exempt income dividends paid during the fiscal year ended May 31, 2003, have been designated Exempt Interest Dividends.

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Dividends and Distributions to Common Shareholders

Dividends from tax-exempt net investment income are declared and paid 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

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ex-dividend date. The amount and timing of distributions are determined in accordance with federal income tax regulations, which may differ from accounting principles generally accepted in the United States.

Preferred Shares

The Funds have issued and outstanding \$25,000 stated value Preferred shares. Each Fund's Preferred shares are issued in one Series. The dividend rate on each Series may change every seven days, as set pursuant to a dutch auction process by the auction agent, and is payable at or near the end of each rate period. The number of Preferred shares outstanding for each Fund is as follows:

| | GEORGIA PREMIUM INCOME (NPG) | GEORGIA DIVIDEND ADVANTAGE (NZX) | GEORGIA DIVIDEND ADVANTAGE 2 (NKG) | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO) | ADVANTAGE 3 (NII) |
|-------------------|---------------------------------------|---|---|---|---|---|----------------------|
| Number of shares: | | | | | | | |
| Series M | -- | 600 | -- | -- | -- | -- | -- |
| Series T | -- | -- | -- | -- | 680 | -- | -- |
| Series W | -- | -- | -- | -- | -- | -- | -- |
| Series TH | 1,112 | -- | -- | 1,872 | -- | -- | -- |
| Series F | -- | -- | 1,320 | -- | -- | 1,120 | -- |

Effective November 15, 2002, Georgia Dividend Advantage 2 (NKG) issued 1,320 Series F, \$25,000 stated value Preferred shares. Effective November 15, 2002, North Carolina Dividend Advantage 3 (NII) issued 1,120 Series W, \$25,000 stated value Preferred shares.

Derivative Financial Instruments

The Funds may invest in certain derivative financial instruments including futures, forward, swap and option contracts, and other financial instruments with similar characteristics. Although the Funds are authorized to invest in such financial instruments, and may do so in the future, they did not make any such investments during the fiscal year ended May 31, 2003.

Custodian Fee Credit

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

Offering Costs

Nuveen Investments, LLC has agreed to pay all Common share offering costs (other than the sales load) that exceed \$.03 per Common share for Georgia Dividend Advantage (NZX), Georgia Dividend Advantage 2 (NKG), North Carolina Dividend Advantage 2 (NNO) and North Carolina Dividend Advantage 3 (NII). Georgia Dividend Advantage's (NZX), Georgia Dividend Advantage 2's (NKG), North Carolina Dividend Advantage 2's (NNO) and North Carolina Dividend Advantage 3's (NII) share of Common share offering costs (\$58,470, \$136,200, \$111,750 and \$117,375, respectively) were recorded as a reduction of the proceeds from the sale of Common shares.

Costs incurred by Georgia Dividend Advantage (NZX), Georgia Dividend Advantage 2 (NKG), North Carolina Dividend Advantage 2 (NNO) and North Carolina Dividend Advantage 3 (NII) in connection with their offering of Preferred shares (\$260,991, \$782,000, \$410,844 and \$678,500, respectively) were recorded as a reduction to paid-in surplus.

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Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

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Notes to
Financial Statements (continued)

2. FUND SHARES

Transactions in Common and Preferred shares were as follows:

| | GEORGIA PREMIUM INCOME (NPG) | | GEORGIA DIVIDEND ADVANTAGE (NZX) | |
|--|---------------------------------|-----------------------|-------------------------------------|---|
| | YEAR ENDED 5/31/03 | YEAR ENDED 5/31/02 | YEAR ENDED 5/31/03 | FOR THE PERIOD 9/25/01 (COMMENCEMENT OF OPERATIONS) THROUGH 5/31/02 |
| Common shares: | | | | |
| Shares sold | -- | -- | -- | 1,949,000 |
| Shares issued to shareholders due to reinvestment of distributions | 9,788 | 10,384 | 1,266 | 336 |
| | 9,788 | 10,384 | 1,266 | 1,949,336 |
| Preferred shares sold | -- | -- | -- | 600 |

| | NORTH CAROLINA PREMIUM INCOME (NNC) | | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | | NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO) | |
|----------------|--|-----------------------|--|-----------------------|--|--|
| | YEAR ENDED 5/31/03 | YEAR ENDED 5/31/02 | YEAR ENDED 5/31/03 | YEAR ENDED 5/31/02 | YEAR ENDED 5/31/03 | FOR THE PERIOD 11/16/01 (COMMENCEMENT OF OPERATIONS) THROUGH 5/31/02 |
| Common shares: | | | | | | |
| Shares sold | -- | -- | -- | -- | -- | 3,725,000 |
| Shares issued | | | | | | |

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| | | | | | | |
|---|--------|--------|-------|-------|-----|-----------|
| to shareholders due to reinvestment of distributions | 12,357 | 11,774 | 7,322 | 3,402 | 424 | -- |
| | 12,357 | 11,774 | 7,322 | 3,402 | 424 | 3,725,000 |
| Preferred shares sold | -- | -- | -- | -- | -- | 1,120 |

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3. SECURITIES TRANSACTIONS

Purchases and sales (including maturities) of investments in long-term municipal securities for the fiscal year ended May 31, 2003, were as follows:

| | GEORGIA PREMIUM INCOME (NPG) | GEORGIA DIVIDEND ADVANTAGE (NZX) | AD |
|----------------------|---------------------------------------|---|------|
| Purchases | \$18,007,292 | \$20,527,949 | \$10 |
| Sales and maturities | 18,408,065 | 20,965,009 | 1 |

| | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO) | AD |
|----------------------|---|---|---|-----|
| Purchases | \$21,619,234 | \$20,222,877 | \$18,238,782 | \$8 |
| Sales and maturities | 22,497,805 | 21,155,066 | 21,186,811 | |

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

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

At May 31, 2003, the cost of investments were as follows:

| | GEORGIA PREMIUM INCOME (NPG) | GEORGIA DIVIDEND ADVANTAGE (NZX) | ADV |
|--|---------------------------------------|---|-----|
|--|---------------------------------------|---|-----|

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| | | | |
|---------------------|--------------|--------------|------|
| Cost of investments | \$78,114,228 | \$42,189,306 | \$94 |
|---------------------|--------------|--------------|------|

| | | | | |
|--|---|---|---|-----|
| | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO) | ADV |
|--|---|---|---|-----|

| | | | | |
|---------------------|---------------|--------------|--------------|------|
| Cost of investments | \$128,853,782 | \$48,196,891 | \$79,565,478 | \$82 |
|---------------------|---------------|--------------|--------------|------|

Gross unrealized appreciation and gross unrealized depreciation on investments on May 31, 2003, were as follows:

| | | | |
|--|---------------------------------------|---|-----|
| | GEORGIA PREMIUM INCOME (NPG) | GEORGIA DIVIDEND ADVANTAGE (NZX) | ADV |
|--|---------------------------------------|---|-----|

| | | | |
|--|-------------|-------------|-----|
| Gross unrealized: | | | |
| Appreciation | \$6,593,595 | \$2,675,044 | \$4 |
| Depreciation | (615,122) | (114,533) | |
| Net unrealized appreciation on investments | \$5,978,473 | \$2,560,511 | \$4 |

| | | | | |
|--|---|---|---|-----|
| | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO) | ADV |
|--|---|---|---|-----|

| | | | |
|--|--------------|-------------|-----|
| Gross unrealized: | | | |
| Appreciation | \$11,793,815 | \$3,265,387 | \$3 |
| Depreciation | (11,670) | -- | -- |
| Net unrealized appreciation on investments | \$11,782,145 | \$3,265,387 | \$3 |

Notes to
Financial Statements (continued)

The tax components of undistributed net investment income and net realized gains at May 31, 2003, were as follows:

| | |
|---------|---------|
| GEORGIA | GEORGIA |
|---------|---------|

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| | PREMIUM INCOME (NPG) | DIVIDEND ADVANTAGE (NZX) | ADV |
|---|----------------------------|--------------------------------|-----|
| Undistributed net tax-exempt income | \$810,588 | \$404,728 | |
| Undistributed net ordinary income * | 25,456 | -- | |
| Undistributed net long-term capital gains | -- | 28,502 | |

| | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO) | ADV |
|---|---|---|---|-----|
| Undistributed net tax-exempt income | \$1,383,598 | \$556,745 | \$436,225 | |
| Undistributed net ordinary income * | 14,680 | 66,536 | 76,010 | |
| Undistributed net long-term capital gains | -- | 95,735 | 36,751 | |

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

The tax character of distributions paid during the fiscal years ended May 31, 2003 and May 31, 2002, was designated for purposes of the dividends paid deduction as follows:

| 2003 | GEORGIA PREMIUM INCOME (NPG) | GEORGIA DIVIDEND ADVANTAGE (NZX) | ADV |
|--|---------------------------------------|---|-----|
| Distributions from net tax-exempt income | \$3,506,728 | \$1,701,839 | \$2 |
| Distributions from net ordinary income * | -- | 212,091 | |
| Distributions from net long-term capital gains | -- | 73,921 | |

| 2003 | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO) | ADV |
|--|---|---|---|-----|
| Distributions from net tax-exempt income | \$5,826,633 | \$2,058,342 | \$3,348,540 | \$1 |
| Distributions from net ordinary income * | 22,385 | -- | 554,099 | |
| Distributions from net long-term capital gains | -- | 332,522 | -- | |

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

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| | GEORGIA PREMIUM INCOME (NPG) | GEORGIA DIVIDEND ADVANTAGE (NZX) | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | ADVANTAGE |
|--|---------------------------------------|---|---|---|-----------|
| 2002 | | | | | |
| Distributions from net tax-exempt income | \$3,537,237 | \$892,422 | \$5,824,960 | \$2,119,636 | \$1 |
| Distributions from net ordinary income * | 94,734 | -- | -- | -- | |
| Distributions from net long-term capital gains | -- | -- | -- | -- | |

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

At May 31, 2003, the following Funds had unused capital loss carryforwards available for federal income tax purposes to be applied against future capital gains, if any. If not applied, the carryforwards will expire as follows:

| | GEORGIA PREMIUM INCOME (NPG) | |
|------------------|---------------------------------------|-----|
| Expiration year: | | |
| 2004 | \$320,996 | \$1 |
| 2005 | 340,685 | |
| 2006 | -- | |
| 2007 | -- | |
| 2008 | 129,908 | |
| 2009 | -- | |
| 2010 | -- | |
| Total | \$791,589 | \$2 |

5. MANAGEMENT FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Under Georgia Premium Income's (NPG) and North Carolina Premium Income's (NNC) investment management agreements with the Adviser, each Fund pays an annual management fee, payable monthly, at the rates set forth below, which are based upon the average daily net assets (including net assets attributable to Preferred shares) of each Fund as follows:

| AVERAGE DAILY NET ASSETS (INCLUDING NET ASSETS ATTRIBUTABLE TO PREFERRED SHARES) | MANAGEMENT FEE |
|--|----------------|
| For the first \$125 million | .6500% |
| For the next \$125 million | .6375 |
| For the next \$250 million | .6250 |
| For the next \$500 million | .6125 |
| For the next \$1 billion | .6000 |
| For the next \$3 billion | .5875 |
| For net assets over \$5 billion | .5750 |

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Under Georgia Dividend Advantage's (NZX), Georgia Dividend Advantage 2's (NKG), North Carolina Dividend Advantage's (NRB), North Carolina Dividend Advantage 2's (NNO) and North Carolina Dividend Advantage 3's (NII) investment management agreements with the Adviser, each Fund pays an annual management fee, payable monthly, at the rates set forth below, which are based upon the average daily net assets (including net assets attributable to Preferred shares) of each Fund as follows:

| AVERAGE DAILY NET ASSETS (INCLUDING NET ASSETS ATTRIBUTABLE TO PREFERRED SHARES) | MANAGEMENT FEE |
|--|----------------|
| For the first \$125 million | .6500% |
| For the next \$125 million | .6375 |
| For the next \$250 million | .6250 |
| For the next \$500 million | .6125 |
| For the next \$1 billion | .6000 |
| For net assets over \$2 billion | .5750 |

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Notes to
Financial Statements (continued)

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

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

* From the commencement of operations.

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

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

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

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2006 .32

* From the commencement of operations.

The Adviser has not agreed to reimburse Georgia Dividend Advantage 2 (NKG) and North Carolina Dividend Advantage 3 (NII) for any portion of its fees and expenses beyond September 30, 2010.

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

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

* From the commencement of operations.

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

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

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

* From the commencement of operations.

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

The management fee compensates the Adviser for overall investment advisory and administrative services and general office facilities. The Funds pay no compensation directly to those of its Trustees who are affiliated with the Adviser or to their officers, all of whom receive remuneration for their services to the Funds from the Adviser.

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6. SUBSEQUENT EVENT - DISTRIBUTIONS TO COMMON SHAREHOLDERS

The Funds declared Common share dividend distributions from their tax-exempt net investment income which were paid on July 1, 2003, to shareholders of record on June 15, 2003, as follows:

| | GEORGIA PREMIUM INCOME (NPG) | GEORGIA DIVIDEND ADVANTAGE (NZX) | GEORGIA DIVIDEND ADVANTAGE 2 (NKG) | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO) | ADVANTAGE 2 (NNO) |
|--------------------|---------------------------------------|---|---|---|---|---|----------------------|
| Dividend per share | \$.0730 | \$.0710 | \$.0670 | \$.0730 | \$.0735 | \$.0695 | |

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Financial
HIGHLIGHTS

Selected data for a Common share outstanding throughout each period:

| | Investment Operations | | | | | |
|---------------------------------------|--|-----------------------------|---|---|---|-----|
| | Beginning Common Share Net Asset Value | Net Investment Income | Net Realized/ Unrealized Investment Gain (Loss) | Distributions from Net Investment Income to Preferred Share- holders+ | Distributions from Capital Gains to Preferred Share- holders+ | To |
| GEORGIA PREMIUM INCOME (NPG) | | | | | | |
| Year Ended 5/31: | | | | | | |
| 2003 | \$14.31 | \$.96 | \$ 1.02 | \$ (.07) | \$-- | \$1 |
| 2002 | 14.15 | 1.02 | .11 | (.12) | -- | 1 |
| 2001 | 12.80 | 1.06 | 1.35 | (.26) | -- | 2 |
| 2000 | 14.45 | 1.03 | (1.65) | (.23) | -- | (|
| 1999 | 14.58 | 1.01 | (.13) | (.21) | -- | |
| GEORGIA DIVIDEND ADVANTAGE (NZX) | | | | | | |
| Year Ended 5/31: | | | | | | |
| 2003 | 14.00 | .96 | 1.65 | (.06) | (.02) | 2 |
| 2002(a) | 14.33 | .58 | (.19) | (.06) | -- | |
| GEORGIA DIVIDEND ADVANTAGE 2 (NKG) | | | | | | |

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Year Ended 5/31:
 2003 (b) 14.33 .47 .92 (.04) -- 1

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

GEORGIA PREMIUM INCOME (NPG)

| Year Ended 5/31: | | | | | |
|------------------|------|---------|-----------|---------|--------|
| 2003 | \$-- | \$15.36 | \$16.9500 | 12.92% | 13.78% |
| 2002 | -- | 14.31 | 15.8300 | 8.98 | 7.32 |
| 2001 | -- | 14.15 | 15.3500 | 30.41 | 16.98 |
| 2000 | -- | 12.80 | 12.4375 | (18.84) | (5.87) |
| 1999 | -- | 14.45 | 16.2500 | 13.42 | 4.64 |

GEORGIA DIVIDEND ADVANTAGE (NZX)

| Year Ended 5/31: | | | | | |
|------------------|-------|-------|---------|-------|-------|
| 2003 | .03 | 15.62 | 15.5900 | 12.56 | 18.82 |
| 2002 (a) | (.19) | 14.00 | 14.7400 | 1.42 | 1.02 |

GEORGIA DIVIDEND ADVANTAGE 2 (NKG)

| Year Ended 5/31: | | | | | |
|------------------|-------|-------|---------|------|------|
| 2003 (b) | (.20) | 15.01 | 14.9800 | 3.16 | 8.22 |

Ratios/Supplemental Data

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

GEORGIA PREMIUM INCOME (NPG)

| Year Ended 5/31: | | | | |
|------------------|----------|-------|-------|-------|
| 2003 | \$58,050 | 1.29% | 6.53% | 1.26% |
| 2002 | 53,909 | 1.37 | 7.12 | 1.35 |
| 2001 | 53,168 | 1.41 | 7.67 | 1.40 |
| 2000 | 47,991 | 1.43 | 7.73 | 1.40 |
| 1999 | 54,022 | 1.34 | 6.87 | 1.33 |

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GEORGIA DIVIDEND
ADVANTAGE (NZX)

| Year Ended 5/31: | | | | |
|------------------|--------|-------|-------|------|
| 2003 | 30,576 | 1.31 | 6.00 | .83 |
| 2002 (a) | 27,381 | 1.37* | 5.70* | .92* |

GEORGIA DIVIDEND
ADVANTAGE 2 (NKG)

| Year Ended 5/31: | | | | |
|------------------|--------|-------|-------|------|
| 2003 (b) | 68,325 | 1.16* | 4.36* | .69* |

Preferred Shares at End of Period

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

GEORGIA PREMIUM
INCOME (NPG)

| Year Ended 5/31: | | | |
|------------------|----------|----------|----------|
| 2003 | \$27,800 | \$25,000 | \$77,203 |
| 2002 | 27,800 | 25,000 | 73,480 |
| 2001 | 27,800 | 25,000 | 72,813 |
| 2000 | 27,800 | 25,000 | 68,157 |
| 1999 | 27,800 | 25,000 | 73,581 |

GEORGIA DIVIDEND
ADVANTAGE (NZX)

| Year Ended 5/31: | | | |
|------------------|--------|--------|--------|
| 2003 | 15,000 | 25,000 | 75,961 |
| 2002 (a) | 15,000 | 25,000 | 70,636 |

GEORGIA DIVIDEND
ADVANTAGE 2 (NKG)

| Year Ended 5/31: | | | |
|------------------|--------|--------|--------|
| 2003 (b) | 33,000 | 25,000 | 76,761 |

* Annualized.

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

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

+ The amounts shown are based on Common share equivalents.

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

(a) For the period September 25, 2001 (commencement of operations) through May 31, 2002.

(b) For the period September 25, 2002 (commencement of operations) through May

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31, 2003.

See accompanying notes to financial statements.

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Financial HIGHLIGHTS (continued)

Selected data for a Common share outstanding throughout each period:

| | Investment Operations | | | | | |
|---|--|-----------------------------|---|---|---|-----|
| | Beginning Common Share Net Asset Value | Net Investment Income | Net Realized/ Unrealized Investment Gain (Loss) | Distributions from Net Investment Income to Preferred Share- holders+ | Distributions from Capital Gains to Preferred Share- holders+ | To |
| ===== | | | | | | |
| NORTH CAROLINA PREMIUM INCOME (NNC) | | | | | | |
| ----- | | | | | | |
| Year Ended 5/31: | | | | | | |
| 2003 | \$14.18 | \$.98 | \$ 1.27 | \$ (.07) | \$-- | \$2 |
| 2002 | 13.94 | 1.02 | .15 | (.13) | -- | 1 |
| 2001 | 12.62 | 1.03 | 1.31 | (.27) | -- | 2 |
| 2000 | 14.28 | 1.02 | (1.61) | (.26) | -- | (|
| 1999 | 14.48 | 1.02 | (.22) | (.21) | -- | |
| NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | | | | | | |
| ----- | | | | | | |
| Year Ended 5/31: | | | | | | |
| 2003 | 14.39 | 1.00 | 1.54 | (.06) | (.02) | 2 |
| 2002 | 13.90 | 1.06 | .38 | (.13) | -- | 1 |
| 2001 (a) | 14.33 | .25 | (.26) | (.05) | -- | (|
| NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO) | | | | | | |
| ----- | | | | | | |
| Year Ended 5/31: | | | | | | |
| 2003 | 14.30 | .94 | 1.78 | (.07) | (.02) | 2 |
| 2002 (b) | 14.33 | .38 | .11 | (.04) | -- | |
| NORTH CAROLINA DIVIDEND ADVANTAGE 3 (NII) | | | | | | |
| ----- | | | | | | |
| Year Ended 5/31: | | | | | | |
| 2003 (c) | 14.33 | .49 | .87 | (.05) | -- | 1 |
| ===== | | | | | | |

Total Returns

Offering

Based
on

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

NORTH CAROLINA
PREMIUM INCOME (NNC)

| Year Ended 5/31: | | | | | |
|------------------|------|---------|-----------|--------|--------|
| 2003 | \$-- | \$15.50 | \$16.9500 | 10.27% | 15.80% |
| 2002 | -- | 14.18 | 16.2100 | 15.44 | 7.62 |
| 2001 | -- | 13.94 | 14.8000 | 14.03 | 16.65 |
| 2000 | -- | 12.62 | 13.6875 | (7.76) | (5.98) |
| 1999 | -- | 14.28 | 15.6875 | 9.87 | 4.11 |

NORTH CAROLINA
DIVIDEND ADVANTAGE (NRB)

| Year Ended 5/31: | | | | | |
|------------------|-------|-------|---------|-------|--------|
| 2003 | .01 | 15.87 | 16.4500 | 13.52 | 17.75 |
| 2002 | -- | 14.39 | 15.4400 | 7.54 | 9.58 |
| 2001 (a) | (.17) | 13.90 | 15.1500 | 2.42 | (1.57) |

NORTH CAROLINA
DIVIDEND
ADVANTAGE 2 (NNO)

| Year Ended 5/31: | | | | | |
|------------------|-------|-------|---------|-------|-------|
| 2003 | -- | 15.98 | 15.9700 | 14.10 | 18.98 |
| 2002 (b) | (.14) | 14.30 | 14.9000 | 1.64 | 2.22 |

NORTH CAROLINA
DIVIDEND
ADVANTAGE 3 (NII)

| Year Ended 5/31: | | | | | |
|------------------|-------|-------|---------|------|------|
| 2003 (c) | (.21) | 14.96 | 15.2000 | 4.56 | 7.86 |

Ratios/Supplemental Data

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

NORTH CAROLINA
PREMIUM INCOME (NNC)

| Year Ended 5/31: | | | | |
|------------------|----------|-------|-------|-------|
| 2003 | \$97,785 | 1.27% | 6.60% | 1.25% |
| 2002 | 89,286 | 1.33 | 7.17 | 1.32 |
| 2001 | 87,614 | 1.34 | 7.47 | 1.30 |

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| | | | | |
|------|--------|------|------|------|
| 2000 | 79,167 | 1.37 | 7.81 | 1.35 |
| 1999 | 89,377 | 1.30 | 6.97 | 1.30 |

NORTH CAROLINA
DIVIDEND ADVANTAGE (NRB)

Year Ended 5/31:

| | | | | |
|----------|--------|-------|-------|------|
| 2003 | 35,591 | 1.30 | 6.16 | .83 |
| 2002 | 32,148 | 1.44 | 6.86 | .90 |
| 2001 (a) | 31,015 | 1.31* | 5.02* | .85* |

NORTH CAROLINA
DIVIDEND
ADVANTAGE 2 (NNO)

Year Ended 5/31:

| | | | | |
|----------|--------|-------|-------|------|
| 2003 | 59,642 | 1.24 | 5.80 | .76 |
| 2002 (b) | 53,383 | 1.19* | 4.70* | .74* |

NORTH CAROLINA
DIVIDEND
ADVANTAGE 3 (NII)

Year Ended 5/31:

| | | | | |
|----------|--------|-------|-------|------|
| 2003 (c) | 58,653 | 1.18* | 4.61* | .71* |
|----------|--------|-------|-------|------|

Preferred Shares at End of Period

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

NORTH CAROLINA
PREMIUM INCOME (NNC)

Year Ended 5/31:

| | | | |
|------|----------|----------|----------|
| 2003 | \$46,800 | \$25,000 | \$77,236 |
| 2002 | 46,800 | 25,000 | 72,695 |
| 2001 | 46,800 | 25,000 | 71,802 |
| 2000 | 46,800 | 25,000 | 67,290 |
| 1999 | 46,800 | 25,000 | 72,744 |

NORTH CAROLINA
DIVIDEND ADVANTAGE (NRB)

Year Ended 5/31:

| | | | |
|----------|--------|--------|--------|
| 2003 | 17,000 | 25,000 | 77,340 |
| 2002 | 17,000 | 25,000 | 72,277 |
| 2001 (a) | 17,000 | 25,000 | 70,610 |

NORTH CAROLINA
DIVIDEND
ADVANTAGE 2 (NNO)

Year Ended 5/31:

| | | | |
|----------|--------|--------|--------|
| 2003 | 28,000 | 25,000 | 78,252 |
| 2002 (b) | 28,000 | 25,000 | 72,664 |

NORTH CAROLINA

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DIVIDEND
ADVANTAGE 3 (NII)

| | | | |
|------------------|--------|--------|--------|
| Year Ended 5/31: | | | |
| 2003 (c) | 28,000 | 25,000 | 77,369 |

=====

- * Annualized.
- ** Total Investment Return on Market Value is the combination of reinvested dividend income, reinvested capital gains distributions, if any, and changes in stock price per share. Total Return on Common Share Net Asset Value is the combination of reinvested dividend income, reinvested capital gains distributions, if any, and changes in Common share net asset value per share. Total returns are not annualized.
- *** After custodian fee credit and expense reimbursement, where applicable.
- + The amounts shown are based on Common share equivalents.
- ++ Ratios do not reflect the effect of dividend payments to Preferred shareholders; income ratios reflect income earned on assets attributable to Preferred shares.
- (a) For the period January 31, 2001 (commencement of operations) through May 31, 2001.
- (b) For the period November 16, 2001 (commencement of operations) through May 31, 2002.
- (c) For the period September 25, 2002 (commencement of operations) through May 31, 2003.

See accompanying notes to financial statements.

50-51 spread

Trustees
AND OFFICERS

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

| NAME, BIRTHDATE AND ADDRESS | POSITION(S) HELD WITH THE FUND | YEAR FIRST ELECTED OR APPOINTED (2) | PRINCIPAL OCCUPATION(S) INCLUDING OTHER DIRECTORSHIPS DURING PAST 5 YEARS |
|--------------------------------|-----------------------------------|---|---|
|--------------------------------|-----------------------------------|---|---|

TRUSTEE WHO IS AN INTERESTED PERSON OF THE FUNDS:

| | | | |
|-----------------------------|-----------------|------|---------------------------------|
| Timothy R. Schwertfeger (1) | Chairman of the | 1994 | Chairman and Director (since 19 |
|-----------------------------|-----------------|------|---------------------------------|

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3/28/49
333 W. Wacker Drive
Chicago, IL 60606

Board and
Trustee

Investments, Inc. and Nuveen In
Director (since 1992) and Chair
Nuveen Advisory Corp. and Nuvee
Advisory Corp.; Chairman and Di
of Nuveen Asset Management, Inc
of Institutional Capital Corpor
(since 1999) of Rittenhouse Ass
Chairman of Nuveen Investments

TRUSTEES WHO ARE NOT INTERESTED PERSONS OF THE FUNDS:

Robert P. Bremner
8/22/40
333 W. Wacker Drive
Chicago, IL 60606

Trustee

1997

Private Investor and Management

Lawrence H. Brown
7/29/34
333 W. Wacker Drive
Chicago, IL 60606

Trustee

1993

Retired (since 1989) as Senior
Northern Trust Company; Directo
Highland Park-Highwood (since 2

Anne E. Impellizzeri
1/26/33
333 W. Wacker Drive
Chicago, IL 60606

Trustee

1994

Retired, formerly, Executive Di
Manitoga/The Russel Wright Desi
President and Chief Executive O
Institute (since 1990); prior t
Metropolitan Life Insurance Co.

Peter R. Sawers
4/3/33
333 W. Wacker Drive
Chicago, IL 60606

Trustee

1991

Adjunct Professor of Business a
University of Dubuque, Iowa; fo
Adjunct Professor, Lake Forest
Management, Lake Forest, Illino
Executive Director, Towers Perr
management consulting firm; Cha
Certified Management Consultant
Service Corps of Chicago, a not

William J. Schneider
9/24/44
333 W. Wacker Drive
Chicago, IL 60606

Trustee

1997

Senior Partner and Chief Operat
Miller-Valentine Group, Vice Pr
Miller-Valentine Realty, a deve
company; Chair, MiamiValley Hos
Miami Valley Economic Developme
Member, Community Advisory Boar
Dayton, Ohio and Business Advis
Federal Reserve Bank.

Judith M. Stockdale
12/29/47
333 W. Wacker Drive
Chicago, IL 60606

Trustee

1997

Executive Director, Gaylord and
Foundation (since 1994); prior
Director, Great Lakes Protectio
to 1994).

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| NAME, BIRTHDATE AND ADDRESS | POSITION(S) HELD WITH THE FUND | YEAR FIRST ELECTED OR APPOINTED(3) | PRINCIPAL OCCUPATION(S) INCLUDING OTHER DIRECTORSHIPS DURING PAST 5 YEARS |
|--------------------------------|-----------------------------------|--|---|
|--------------------------------|-----------------------------------|--|---|

OFFICERS OF THE FUNDS:

| | | | |
|--|------------------------------------|------|--|
| Gifford R. Zimmerman 9/9/56 333 W. Wacker Drive Chicago, IL 60606 | Chief Administrative Officer | 1988 | Managing Director (since 2002), and Associate General Counsel, and Assistant General Counsel o Managing Director (since 2002), Assistant Secretary, formerly, Advisory Corp. and Nuveen Insti Managing Director (since 2002), Associate General Counsel, form (since 2000), of Nuveen Asset M Secretary of Nuveen Investments Assistant Secretary of NWQ Inve Company, LLC (since 2002); Vice Assistant Secretary of Nuveen I (since 2002); Managing Director Counsel and Assistant Secretary Management, Inc. (since May 200 Financial Analyst. |
|--|------------------------------------|------|--|

| | | | |
|---|--|------|--|
| Michael T. Atkinson 2/3/66 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Assistant Secretary | 2000 | Vice President (since 2002), fo Vice President (since 2000), pr Nuveen Investments, LLC. |
|---|--|------|--|

| | | | |
|---|----------------|------|---|
| Paul L. Brennan 11/10/66 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 1999 | Vice President (since 2002), fo Vice President (since 1997), of prior thereto, portfolio manage Inc.; Chartered Financial Analy Accountant. |
|---|----------------|------|---|

| | | | |
|---|---------------------------------|------|---|
| Peter H. D'Arrigo 11/28/67 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Treasurer | 1999 | Vice President of Nuveen Invest prior thereto, Assistant Vice P Vice President and Treasurer of Inc. (since 1999); Vice Preside Nuveen Advisory Corp. and Nuvee Advisory Corp. (since 1999); Vi Treasurer of Nuveen Asset Manag Inc. (since 2002) and of Nuveen Advisers Inc. (since 2002); Ass of NWQ Investment Management Co (since 2002); Chartered Financi |
|---|---------------------------------|------|---|

| | | | |
|--|----------------|------|---|
| Susan M. DeSanto 9/8/54 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2001 | Vice President of Nuveen Adviso previously, Vice President of V Advisory Corp. (since 1998); Vi Institutional Advisory Corp. (s Assistant Vice President of Van Advisory Corp. (since 1994). |
|--|----------------|------|---|

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| | | | |
|---|---------------------------------|------|---|
| Jessica R. Droeger 9/24/64 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Secretary | 2000 | Vice President (since 2002) and Counsel (since 1998); formerly, President (since 1998) of Nuveen Vice President (since 2002) and (since 1998), formerly Assistant Nuveen Advisory Corp. and Nuveen Advisory Corp. |
|---|---------------------------------|------|---|

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Trustees
AND OFFICERS (continued)

| NAME, BIRTHDATE AND ADDRESS | POSITION(S) HELD WITH THE FUND | YEAR FIRST ELECTED OR APPOINTED(3) | PRINCIPAL OCCUPATION(S) INCLUDING OTHER DIRECTORSHIPS DURING PAST 5 YEARS |
|---|-----------------------------------|--|--|
| ----- | | | |
| OFFICERS OF THE FUNDS (CONTINUED): | | | |
| ----- | | | |
| Lorna C. Ferguson 10/24/45 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 1998 | Vice President of Nuveen Invest President (since 1998) of Nuveen Nuveen Institutional Advisory C |
| ----- | | | |
| William M. Fitzgerald 3/2/64 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 1995 | Managing Director (since 2002) LLC; Managing Director (since 2 President of Nuveen Advisory Co Institutional Advisory Corp. (s Director of Nuveen Asset Manage Vice President of Nuveen Invest (since 2002); Chartered Financi |
| ----- | | | |
| Stephen D. Foy 5/31/54 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Controller | 1998 | Vice President (since 1993) and (since 1998) of Nuveen Investme President and Funds Controller Investments, Inc.; Certified Pu |
| ----- | | | |
| J. Thomas Futrell 7/5/55 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 1988 | Vice President of Nuveen Adviso Chartered Financial Analyst. |
| ----- | | | |
| Richard A. Huber 3/26/63 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 1997 | Vice President of Nuveen Instit (since 1998) and Nuveen Advisor prior thereto, Vice President a Flagship Financial, Inc. |
| ----- | | | |
| Steven J. Krupa | Vice President | 1990 | Vice President of Nuveen Adviso |

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8/21/57
 333 W. Wacker Drive
 Chicago, IL 60606

David J. Lamb
 3/22/63
 333 W. Wacker Drive
 Chicago, IL 60606

Vice President 2000

Vice President (since 2000) of LLC, previously Assistant Vice prior thereto, Associate of Nuve Certified Public Accountant.

Tina M. Lazar
 8/27/61
 333 W. Wacker Drive
 Chicago, IL 60606

Vice President 2002

Vice President (since 1999), pr Vice President (since 1993) of

Larry W. Martin
 7/27/51
 333 W. Wacker Drive
 Chicago, IL 60606

Vice President and Assistant Secretary 1988

Vice President, Assistant Secre General Counsel of Nuveen Inves President and Assistant Secreta Corp. and Nuveen Institutional Secretary of Nuveen Investments Nuveen Asset Management, Inc.; (since 2000), Assistant Secreta General Counsel (since 1998) of Management, Inc.; Vice Presiden Nuveen Investments Advisers Inc of Secretary of NWQ Investment LLC (since 2002).

| NAME, BIRTHDATE AND ADDRESS | POSITION(S) HELD WITH THE FUND | YEAR FIRST ELECTED OR APPOINTED(3) | PRINCIPAL OCCUPATION(S) INCLUDING OTHER DIRECTORSHIPS DURING PAST 5 YEARS |
|-----------------------------|--------------------------------|------------------------------------|---|
|-----------------------------|--------------------------------|------------------------------------|---|

OFFICERS OF THE FUNDS (CONTINUED):

Edward F. Neild, IV
 7/7/65
 333 W. Wacker Drive
 Chicago, IL 60606

Vice President 1996

Managing Director (since 2002) LLC; Managing Director (since 1 President (since 1996) of Nuvee Nuveen Institutional Advisory C of Nuveen Asset Management, Inc Chartered Financial Analyst.

Thomas J. O'Shaughnessy
 9/4/60
 333 W. Wacker Drive
 Chicago, IL 60606

Vice President 1999

Vice President (since 2002), fo Vice President (since 1998), of prior thereto, portfolio manage

Thomas C. Spalding
 7/31/51

Vice President 1982

Vice President of Nuveen Adviso Institutional Advisory Corp.; C

333 W. Wacker Drive
Chicago, IL 60606

Analyst.

- (1) Mr. Schwertfeger is an "interested person" of the Funds, as defined in the Investment Company Act of 1940, because he is an officer and trustee of Nuveen Advisory Corp.
- (2) Trustees serve a one-year term until his/her successor is elected. The year first elected or appointed represents the year in which the Trustee was first elected or appointed to any fund in the Nuveen Complex.
- (3) Officers serve a one-year term through July of each year. The year first elected or appointed represents the year in which the Officer was first elected or appointed to any fund in the Nuveen Complex.

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Build Your Wealth
AUTOMATICALLY

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

NUVEEN CLOSED-END EXCHANGE-TRADED FUNDS DIVIDEND REINVESTMENT PLAN

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

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

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

EASY AND CONVENIENT

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

HOW SHARES ARE PURCHASED

The shares you acquire by reinvesting will either be purchased on the open market or newly issued by the Fund. If the shares are trading at or above net asset value at the time of valuation, the Fund will issue new shares at the then-current market price. If the shares are trading at less than net asset value, shares for your account will be purchased on the open market. Dividends and distributions received to purchase shares in the open market will normally be invested shortly after the dividend payment date. No interest will be paid on dividends and distributions awaiting reinvestment. Because the market price of 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.

FLEXIBILITY

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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.

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

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Fund INFORMATION

BOARD OF TRUSTEES
Robert P. Bremner
Lawrence H. Brown
Anne E. Impellizzeri
Peter R. Sawers
William J. Schneider
Timothy R. Schwertfeger
Judith M. Stockdale

FUND MANAGER
Nuveen Advisory Corp.
333 West Wacker Drive
Chicago, IL 60606

CUSTODIAN
State Street Bank & Trust
Boston, MA

TRANSFER AGENT AND
SHAREHOLDER SERVICES
State Street Bank & Trust
Nuveen Funds
P.O. Box 43071
Providence, RI 02940-3071
(800) 257-8787

LEGAL COUNSEL
Morgan, Lewis &
Bockius LLP
Washington, D.C.

INDEPENDENT AUDITORS
Ernst & Young LLP
Chicago, IL

POLICY CHANGE

On November 14, 2002, the Board adopted a policy that allows these Funds, in addition to investments in municipal bonds, to invest up to 5% of its net assets (including assets attributable to preferred shares, if any) in tax-exempt or taxable fixed-income securities or equity securities for the purpose of acquiring control of an issuer whose municipal bonds (a) the Fund already owns and (b) have deteriorated or are expected shortly to deteriorate significantly in credit quality, provided Nuveen Advisory determines that such investment should enable the Fund to better maximize the value of its existing investment in such issuer. This policy is a non-fundamental policy of each Fund which means that it can be changed at any time by the Board of Trustees without vote of the shareholders.

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 (including change in NAV and reinvested dividends) that would have been necessary on an annual basis to equal the investment's actual performance over the time period being considered.

Average Effective Maturity: The average of all the maturities of the bonds in a fund's portfolio, computed by weighting each maturity date (the date the security comes due) by the market value of the security. This figure does not account for the likelihood of prepayments or the exercise of call provisions.

Leverage-Adjusted Duration: Duration is a measure of a bond or bond fund's sensitivity to changes in interest rates. Generally, the longer a bond 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 generally longer than the duration of the actual portfolio of individual bonds that make up the Fund.

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 NAV is calculated by subtracting the liabilities of 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.

Each Fund intends to repurchase shares of its own common or preferred stock in the future at such times and in such amounts as is deemed advisable. No shares were repurchased during the period ended May 31, 2003. Any future repurchases will be reported to shareholders in the next annual or semiannual report.

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

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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.

Managing \$80 billion in assets, Nuveen Investments offers access to a number of different asset classes and investing solutions through a variety of products. Nuveen Investments markets its capabilities under four distinct brands: Nuveen, a leader in tax-free investments; NWQ, a leader in value-style equities; Rittenhouse, a leader in growth-style equities; and Symphony, a leading institutional manager of market-neutral alternative investment portfolios.

To learn more about the products and services Nuveen Investments offers and for a prospectus, where applicable, talk to your financial advisor, or call us at (800) 257-8787. Please read the information carefully before you invest.

Distributed by

Nuveen Investments, LLC | 333 West Wacker Drive | Chicago, Illinois 60606
| www.nuveen.com

EAN-C-0503D

ITEM 2. CODE OF ETHICS.

Not applicable at this time.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable at this time.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable at this time.

ITEMS 5-6. [RESERVED]

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

Not applicable to this registrant.

ITEM 8. [RESERVED]

ITEM 9. CONTROLS AND PROCEDURES.

(a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's Disclosure Controls and Procedures are effective, based on our evaluation of such Disclosure Controls and Procedures as of a date within 90 days of the filing of this report on Form N-CSR.

(b) There were no significant changes in the registrant's internal controls or in other factors that could significantly affect these controls subsequent to the date of our evaluation.

ITEM 10. EXHIBITS.

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

(a) 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.

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

(c) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Section 906 of the Sarbanes-Oxley Act of 2002. Ex-99.906 CERT attached hereto.

SIGNATURES

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

(Registrant) Nuveen Georgia Dividend Advantage Municipal Fund 2

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

Jessica R. Droeger
Vice President and Secretary

Date August 1, 2003

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

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

Gifford R. Zimmerman
Chief Administrative Officer
(Principal Executive Officer)

Date August 1, 2003

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

Stephen D. Foy
Vice President and Controller
(Principal Financial Officer)

Date August 1, 2003

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

