

NUVEEN GEORGIA DIVIDEND ADVANTAGE MUNICIPAL FUND 2
Form N-CSR
August 06, 2010

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-21152

Nuveen Georgia Dividend Advantage Municipal Fund 2

(Exact name of registrant as specified in charter)

Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606

(Address of principal executive offices) (Zip code)

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

(Name and address of agent for service)

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

Date of fiscal year end: May 31

Date of reporting period: May 31, 2010

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

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

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ITEM 1. REPORTS TO STOCKHOLDERS.

LOGO: NUVEEN INVESTMENTS

Closed-End Funds

Nuveen Investments
Municipal Closed-End Funds

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

Annual Report
May 31, 2010

| | | |
|---|---|---|
| ----- NUVEEN GEORGIA PREMIUM INCOME MUNICIPAL FUND NPG ----- | ----- NUVEEN GEORGIA DIVIDEND ADVANTAGE MUNICIPAL FUND NZX ----- | ----- NUVEEN GEORGIA DIVIDEND ADVANTAGE MUNICIPAL FUND 2 NKG ----- |
| ----- NUVEEN NORTH CAROLINA PREMIUM INCOME MUNICIPAL FUND NNC ----- | ----- NUVEEN NORTH CAROLINA DIVIDEND ADVANTAGE MUNICIPAL FUND NRB ----- | ----- NUVEEN NORTH CAROLINA DIVIDEND ADVANTAGE MUNICIPAL FUND 2 NNO ----- |
| ----- NUVEEN NORTH CAROLINA DIVIDEND ADVANTAGE MUNICIPAL FUND 3 NII ----- | | |

MAY 10

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LOGO: NUVEEN INVESTMENTS

Chairman's
Letter to Shareholders

[PHOTO OF ROBERT P. BREMNER]

DEAR SHAREHOLDER,

The economic environment in which your Fund operates reflects continuing but uneven economic recovery. The U.S. and other major industrial countries are experiencing steady but comparatively low levels of economic growth, while emerging market countries are seeing a resumption of relatively strong economic expansion. The potential impact of steps being considered by many governments to counteract the extraordinary governmental spending and credit expansion to deal with the recent financial and economic crisis is injecting uncertainty into global financial markets. The implications for future tax rates, government spending, interest rates and the pace of economic recovery in the U.S. and other leading economies are extremely difficult to predict at the present time. The long term health of the global economy depends on restoring some measure of fiscal discipline around the world, but since all of the corrective steps require economic pain, it is not surprising that governments are reluctant to undertake them.

In the near term, governments remain committed to furthering economic recovery and realizing a meaningful reduction in their national unemployment rates. Such an environment should produce continued economic growth and, consequently, attractive investment opportunities. Over the longer term, the larger uncertainty mentioned earlier carries the risk of unexpected potholes in the road to sustained recovery. For this reason, Nuveen's investment management teams are working hard to balance return and risk by building well-diversified portfolios, among other strategies. I encourage you to read the following commentary on the management of your Fund. As always, I also encourage you to contact your financial consultant if you have any questions about your Nuveen Fund investment. Please consult the Nuveen website for the most recent information on your Nuveen Fund at: www.nuveen.com.

On behalf of the other members of your Fund's Board, we look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

/s/ Robert P. Bremner

Robert P. Bremner
Chairman of the Board
July 22, 2010

Nuveen Investments 1

Portfolio Manager's Comments

NUVEEN GEORGIA PREMIUM INCOME MUNICIPAL FUND (NPG)
NUVEEN GEORGIA DIVIDEND ADVANTAGE MUNICIPAL FUND (NZX)
NUVEEN GEORGIA DIVIDEND ADVANTAGE MUNICIPAL FUND 2 (NKG)
NUVEEN NORTH CAROLINA PREMIUM INCOME MUNICIPAL FUND (NNC)
NUVEEN NORTH CAROLINA DIVIDEND ADVANTAGE MUNICIPAL FUND (NRB)
NUVEEN NORTH CAROLINA DIVIDEND ADVANTAGE MUNICIPAL FUND 2 (NNO)
NUVEEN NORTH CAROLINA DIVIDEND ADVANTAGE MUNICIPAL FUND 3 (NII)

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

WHAT FACTORS AFFECTED THE U.S. ECONOMIC AND MUNICIPAL MARKET ENVIRONMENTS DURING THE TWELVE-MONTH REPORTING PERIOD ENDED MAY 31, 2010?

During this reporting period, municipal bond prices generally rose as strong cash flows into municipal bond funds combined with tighter supply of new tax-exempt issuance to provide favorable supply and demand conditions. As the period began, there continued to be considerable downward pressure on the economy, and both the Federal Reserve (Fed) and the federal government continued their efforts to improve the overall economic environment. For its part, the Fed continued to hold the benchmark fed funds rate in a target range of zero to 0.25% after cutting it to this record low level in December 2008. At its June 2010 meeting (following the end of this reporting period), the central bank renewed its pledge to keep the fed funds rate "exceptionally low" for an "extended period." As part of its efforts, the federal government put into place the American Recovery and Reinvestment Act of 2009, a \$787 billion economic stimulus package intended to provide job creation, tax relief, fiscal assistance to state and local governments and expansion of unemployment benefits and other federal social welfare programs.

In recent months, these and other measures taken by the Fed and the government to ease the economic recession have produced some incipient signs of improvement. In the first quarter of 2010, the U.S. economy, as measured by the U.S. gross domestic product (GDP), grew at an annualized rate of 2.7%. This marked the first time since 2007 that the economy managed to string together three consecutive positive quarters. Housing also provided something of a bright spot, as the average home price gained 3.8% for the twelve months ended April 2010, the largest year-over-year increase since September 2006. At the same time, inflation continued to be relatively tame, as the Consumer Price Index (CPI) rose 2.0% year-over-year as of May 2010, driven mainly by

CERTAIN STATEMENTS IN THIS REPORT ARE FORWARD-LOOKING STATEMENTS. DISCUSSIONS OF SPECIFIC INVESTMENTS ARE FOR ILLUSTRATION ONLY AND ARE NOT INTENDED AS RECOMMENDATIONS OF INDIVIDUAL INVESTMENTS. THE FORWARD-LOOKING STATEMENTS AND OTHER VIEWS EXPRESSED HEREIN ARE THOSE OF THE PORTFOLIO MANAGER AS OF THE DATE OF THIS REPORT. ACTUAL FUTURE RESULTS OR OCCURRENCES MAY DIFFER SIGNIFICANTLY FROM THOSE ANTICIPATED IN ANY FORWARD-LOOKING STATEMENTS, AND THE VIEWS EXPRESSED HEREIN ARE SUBJECT TO CHANGE AT ANY TIME, DUE TO NUMEROUS MARKET AND OTHER FACTORS. THE FUNDS DISCLAIM ANY OBLIGATION TO UPDATE PUBLICLY OR REVISE ANY FORWARD-LOOKING STATEMENTS OR VIEWS EXPRESSED HEREIN.

2 Nuveen Investments

increased prices for gasoline and fuel oil. The core CPI (which excludes food and energy) rose 0.9% over the year, the slowest pace since 1966 and within the Fed's official objective of 2.0% or lower for this measure. While labor markets remained weak, recent months saw improvement. As of May 2010, the national unemployment rate was 9.7%, up from 9.4% in May 2009 but below the 26-year high of 10.1% in October 2009.

Municipal market conditions began to show general signs of improvement throughout most of the period. This trend was bolstered by the reduced issuance of tax-exempt municipal debt, due in part to the introduction of the Build America Bond program in 2009. Build America Bonds are a new class of taxable

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municipal debt created as part of the February 2009 economic stimulus package. These bonds currently offer municipal issuers a federal subsidy equal to 35% of the bonds' interest payments and therefore provide issuers with an attractive alternative to traditional tax-exempt debt. During the twelve months ended May 31, 2010, taxable Build America Bonds issuance totaled \$95.9 billion, accounting for over 22% of new bonds issued in the municipal market.

Over the twelve months ended May 31, 2010, municipal bond issuance nationwide—both tax-exempt and taxable—totaled \$428.1 billion, an increase of 17% compared with the twelve-month period ended May 31, 2009. Although total municipal issuance rose during these twelve months, supply actually would have fallen approximately 9% without the Build America Bonds issuance. Demand for tax-exempt bonds remained strong during this period, supported in part by concerns about potential tax increases. Combined with the lower supply of tax-exempt bonds, this provided support for municipal bond prices.

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

Georgia has a diverse economic base supported by service, manufacturing and agricultural industries. The state also serves as a key transportation hub, with one of the busiest airports in the world (Hartsfield-Jackson Atlanta International Airport) and major port facilities on the coast, including the Port of Savannah, the fastest-growing container port. As of May 2010, unemployment in Georgia was 10.2%, up from 9.5% in May 2009, but below the recent high of 10.5% in February and March 2010. Like most other states, Georgia's finances have suffered due to declining revenues. The state's \$18.6 billion budget for fiscal 2010 was balanced by cutting expenditures by 12%, including a \$1 billion reduction in education spending. As of May 2010, Georgia's general obligation debt continued to be rated Aaa/AAA/AAA with stable outlooks by Moody's, Standard & Poor's (S&P) and Fitch, respectively. All three agencies confirmed their Georgia ratings during the fourth quarter of 2009. For the twelve months ended May 31, 2010, municipal issuance in Georgia totaled \$12.1 billion, up 43% from the previous twelve months.

In the years preceding the current recession, North Carolina worked to transition its economy away from old-line manufacturing into sectors oriented toward research, technology and services. The state now serves as a leader in high-tech business startups, with the Research Triangle Park near Raleigh-Durham representing the largest research park in the nation. This high-tech base, working in conjunction with the state's major universities, government and businesses, provided some resilience during the downturn. As of May 2010, North Carolina's unemployment rate was 10.3%, down

Nuveen Investments 3

from 10.9% in May 2009 and below the state's all-time high of 11.2% in February 2010. While the pre-recession bubble in housing prices was smaller in North Carolina than nationally, the state's housing market has been slower to reverse the decline. For fiscal 2011, the \$19 billion North Carolina state budget cut health care and other programs in order to preserve more teaching positions in public schools and University of North Carolina system campuses. As of May 2010, Moody's, S&P and Fitch rated North Carolina general obligation debt at Aaa/AAA/AAA, respectively, with stable outlooks. During the twelve months ended May 31, 2010, \$9.6 billion of municipal debt was issued in North Carolina, up 18.5% from that issued during the twelve months ended May 31, 2009.

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

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As previously mentioned, the availability of tax-exempt bonds declined nationally during this period, due in part to the introduction of taxable Build America Bonds in April 2009. This program also impacted tax-exempt supply in Georgia and North Carolina. In Georgia, which had the third largest Build America Bond deal of the first quarter of 2010 (\$2.3 billion in bonds issued for the Municipal Electric Authority of Georgia/Plant Vogtle), Build America Bond issuance represented approximately 25% of municipal supply over the past twelve months. During the same period, these bonds comprised about 10% of municipal issuance in North Carolina. Since interest payments from Build America Bonds represent taxable income, we do not view these bonds as good investment opportunities for the Georgia and North Carolina Funds.

Despite the constrained issuance of tax-exempt municipal supply, we continued to find attractive value opportunities, taking a bottom-up approach to discovering undervalued sectors and individual credits with the potential to perform well over the long term. In the Georgia Funds, we found value in several areas of the market, primarily the health care sector and tax increment financing district bonds. The North Carolina Funds purchased transportation credits (including bonds issued for the Charlotte airport and North Carolina State Ports Authority), county appropriation bonds and dedicated tax bonds backed by Puerto Rico sales taxes. NNO also added a higher education bond.

Some of our investment activity during this period was driven by opportunities created by the provisions of the Build America Bond program. For example, tax-exempt supply was more plentiful in the health care and higher education sectors because, as 501(c)(3) (nonprofit) organizations, hospitals and private universities generally do not qualify for the Build America Bond program and must continue to issue bonds in the tax-exempt municipal market. In addition, health care entities were active issuers during this period, as they sought to replace variable rate issuance with fixed rates. Refunding issues also are not covered by the Build America Bond program, and this resulted in attractive opportunities in various other sectors of the market.

The impact of the Build America Bond program was also evident in the area of longer-term issuance, as municipal issuers sought to take full advantage of the attractive financing terms offered by these bonds. Approximately 70% of Build America Bonds were issued with maturities of at least 30 years or more. Even though this significantly reduced the availability of tax-exempt credits with longer maturities, we continued to

4 Nuveen Investments

find good opportunities to purchase attractive longer-term bonds for these Funds. During this period, we generally focused on bonds at the longer end of the yield curve, particularly in North Carolina, where we sought to lengthen the Funds' durations.

Cash for new purchases during this period was generated primarily by the proceeds from called bonds, particularly in North Carolina, as well as maturing issues. In addition, NZX, NNC, NNO and NII sold small amounts of pre-refunded credits. NRB also sold a lower-rated university bond where we had some credit concerns. On the whole, however, selling was relatively limited during this period, because the bonds in our portfolios generally offered higher yields than those available in the current marketplace.

As of May 31, 2010, all seven of these Funds continued to use inverse floating rate securities. (1) We employ inverse floaters as a form of leverage for a variety of reasons, including duration management as well as income and total return enhancement.

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HOW DID THE FUNDS PERFORM?

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

AVERAGE ANNUAL TOTAL RETURNS ON COMMON SHARE NET ASSET VALUE FOR PERIODS ENDED 5/31/10

| | | | |
|--|--------|-------|-------|
| GEORGIA FUNDS | | | |
| NPG | 10.52% | 3.93% | 6.82% |
| NZX | 11.41% | 4.50% | N/A |
| NKG | 12.54% | 4.12% | N/A |
| Standard & Poor's (S&P) Georgia Municipal Bond Index(2) | 8.37% | 4.16% | 5.76% |
| Standard & Poor's (S&P) National Municipal Bond Index(3) | 9.27% | 4.31% | 5.85% |
| Lipper Other States Municipal Debt Funds Average(4) | 14.35% | 4.04% | 6.78% |
| NORTH CAROLINA FUNDS | | | |
| NNC | 12.24% | 4.51% | 7.15% |
| NRB | 10.88% | 5.20% | N/A |
| NNO | 11.11% | 4.71% | N/A |
| NII | 10.95% | 4.92% | N/A |
| Standard & Poor's (S&P) North Carolina Municipal Bond Index(2) | 7.68% | 4.70% | 6.13% |
| Standard & Poor's (S&P) National Municipal Bond Index(3) | 9.27% | 4.31% | 5.85% |
| Lipper Other States Municipal Debt Funds Average(4) | 14.35% | 4.04% | 6.78% |

For the twelve months ended May 31, 2010, the total returns on common share net asset value (NAV) for all of the Georgia and North Carolina Funds exceeded the returns for their respective state's S&P Municipal Bond Index as well as the S&P National Municipal Bond Index. For the same period, all of the Funds underperformed the average return for the Lipper Other States Municipal Debt Funds Average. Shareholders

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

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

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

- (2) The Standard & Poor's (S&P) Municipal Bond Indexes for Georgia and North Carolina are unleveraged, market value-weighted indexes designed to measure the performance of the tax-exempt, investment-grade Georgia and North Carolina municipal bond markets, respectively. These indexes do not reflect any initial or ongoing expenses and are not available for direct investment.
- (3) The Standard & Poor's (S&P) National Municipal Bond Index is an unleveraged, market value weighted index designed to measure the performance of the tax-exempt, investment grade U.S. municipal bond market. This index does not reflect any initial or ongoing expenses and is not available for direct investment.
- (4) The Lipper Other States Municipal Debt Funds Average is calculated using the returns of all closed-end funds in this category for each period as follows: 1-year, 46 funds; 5-year, 46 funds; and 10-year, 18 fund. Lipper returns account for the effects of management fees and assume reinvestment of dividends, but do not reflect any applicable sales charges. The Lipper Average is not available for direct investment.

Nuveen Investments 5

should note that the performance of the Lipper Other States category represents the overall average of returns for funds from ten different states with a wide variety of municipal market conditions, which may make direct comparisons less meaningful.

Key management factors that influenced the Funds' returns during this period included yield curve and duration positioning, credit exposure and sector allocation. In addition, the use of structural leverage was an important positive factor during this period. The impact of structural leverage is discussed in more detail on page seven.

During this period, bonds with longer maturities generally outperformed bonds with shorter maturities, with bonds at the longest end of the yield curve posting the strongest returns. The outperformance of longer term bonds was due in part to the decline in interest rates, particularly at the longer end of the curve. The scarcity of tax-exempt bonds with longer maturities also drove up the prices of these bonds. Overall, duration positioning proved positive for the performance of NPG, NKG, NNC and NII. All four of these Funds were underweighted in the shortest part of the yield curve that produced the weakest returns. NNO was overweighted in this part of the curve, while NZX and NRB were underweighted in the longer area of the curve that performed well. This positioning detracted from performance in these three Funds.

Credit exposure also played an important role in the performance of these Funds. The demand for municipal bonds increased during this period, driven by a variety of factors, including concerns about potential tax increases, the need to rebalance portfolio allocations and a growing appetite for additional risk. At the same time, the supply of new tax-exempt municipal paper declined, due largely to the Build America Bond program. As investors bid up municipal bond prices, bonds rated BBB or below and non-rated bonds generally outperformed those rated AAA. In this environment, the Funds' performance benefited from their allocations to lower quality credits. Among the Georgia Funds, this was especially true in NKG and NZX and less so in NPG, which had the smallest allocation of lower-rated bonds among the three. In North Carolina, which is a very high quality state, all of the Funds tended to have higher overall credit quality positions, particularly NRB, which had the highest allocation to AAA-rated bonds. This higher credit quality restrained the relative performance of these four Funds during this period.

Among the market sectors, both industrial development revenue (IDR) and health care bonds exceeded the overall municipal market return by substantial margins during this period. NNO, in particular, was helped by its larger exposure to the health care sector. Revenue bonds as a whole performed well, with transportation, housing, and special tax among the other sectors that outperformed the general municipal market for this period. Zero coupon bonds also were among the strongest performers. The best performing bond in all four North Carolina Funds for this period was a zero coupon Turnpike bond rated Baa3 (with AAA insurance from Assured Guarantee) that benefited from its structure, sector and underlying credit rating.

6 Nuveen Investments

In contrast, pre-refunded bonds, which are often backed by U.S. Treasury securities, performed relatively poorly during this period. The underperformance of these bonds can be attributed primarily to their shorter effective maturities and higher credit quality. In their respective states, NKG and NNO held the smallest allocations of pre-refunded bonds, while NZX and NII held the largest. Among the revenue sectors, education, electric utilities, water and sewer and resource recovery trailed the overall municipal market by small margins, while many general obligation and other tax-backed bonds also failed to keep pace with the market for the twelve months. The Georgia and North Carolina Funds were negatively impacted by their holdings in the education and utilities sectors, respectively, while the North Carolina Funds were generally underweighted in tax-backed bonds, which lessened the impact of the underperformance of these bonds.

IMPACT OF THE FUNDS' LEVERAGE STRATEGIES ON PERFORMANCE

One important factor impacting the returns of most of these Funds relative to the comparative indexes was the Funds' use of financial leverage. The Funds use leverage because their managers believe that, over time, leveraging provides opportunities for additional income and total return for common shareholders. However, use of leverage also can expose common shareholders to additional volatility. For example, as the prices of securities held by a Fund decline, the negative impact of these valuation changes on common share net asset value and common shareholder total return is magnified by the use of leverage. Conversely, leverage may enhance common share returns during periods when bond prices generally are rising.

Leverage made a positive contribution to the performance of these Funds over this reporting period.

RECENT DEVELOPMENTS REGARDING THE FUNDS' LEVERAGED CAPITAL STRUCTURE

Shortly after their inceptions, each of the Funds issued auction rate preferred shares (ARPS) to create financial leverage. As noted in past shareholder reports, the ARPS issued by many closed-end funds, including these Funds, have been hampered by a lack of liquidity since February 2008. Since that time, more ARPS have been submitted for sale in each of their regularly scheduled auctions than there have been offers to buy. In fact, offers to buy have been almost completely non-existent since late February 2008. This means that these auctions have "failed to clear," and that many, or all, of the ARPS shareholders who wanted to sell their shares in these auctions were unable to do so. This lack of liquidity in ARPS did not lower the credit quality of these shares, and ARPS shareholders unable to sell their shares continued to receive distributions at the "maximum rate" applicable to failed auctions, as calculated in accordance with the pre-established terms of the ARPS. In the recent market, with short-term rates at multigenerational lows, those maximum

rates also have been low.

One continuing implication for common shareholders from the auction failures is that each Fund's cost of leverage likely has been incrementally higher at times than it otherwise might have been had the auctions continued to be successful. As a result, each Fund's common share earnings likely have been incrementally lower at times than they otherwise might have been.

Nuveen Investments 7

As noted in past shareholder reports, the Nuveen funds' Board of Directors/Trustees authorized several methods to refinance a portion of the Nuveen funds' outstanding ARPS. Some funds have utilized tender option bonds (TOBs), also known as floating rate securities, for leverage purposes. The amount of TOBs that a fund may use varies according to the composition of each fund's portfolio. Some funds have a greater ability to use TOBs than others. Some funds have issued Variable Rate Demand Preferred (VRDP) Shares, but these issuances have been limited since it has been difficult to find liquidity providers on economically viable terms given the constrained credit environment. Some funds have issued MuniFund Term Preferred (MTP) Shares, a fixed rate form of preferred stock with a mandatory redemption period of five years.

While all these efforts have reduced the total amount of outstanding ARPS issued by the Nuveen funds, the funds cannot provide any assurance on when the remaining outstanding ARPS might be redeemed.

At the time this report was prepared, thirty Nuveen leveraged closed-end funds received a demand letter from a law firm on behalf of some common shareholders of each fund alleging that Nuveen and the fund's officers and Board of Directors/Trustees breached their fiduciary duties related to the redemption at par of the fund's ARPS. After an extensive independent review, on July 14, 2010, the Board of Directors/Trustees announced that each fund had rejected the demands contained in the letters. As a result, the Board of Directors/Trustees has resumed consideration of additional ARPS refinancing. Any future determinations by the Board of Directors/Trustees to refinance a specific fund's ARPS will continue to be based upon a review of the fund's specific circumstances, considering, among other factors, the availability and terms of potential alternative sources of leverage, the receipt of applicable ratings and other necessary approvals for such alternative sources of leverage, and overall market conditions.

As of May 31, 2010, the amount of ARPS redeemed by the Funds are as shown in the accompanying table.

| FUND | AUCTION RATE PREFERRED SHARES REDEEMED | % OF ORIGINAL AUCTION RATE PREFERRED SHARES |
|------|--|---|
| NPG | \$27,800,000 | 100.0% |
| NZX | \$15,000,000 | 100.0% |
| NKG | \$33,000,000 | 100.0% |
| NNC | \$25,250,000 | 54.0% |
| NRB | \$17,000,000 | 100.0% |
| NNO | \$28,000,000 | 100.0% |
| NII | \$28,000,000 | 100.0% |

8 Nuveen Investments

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As of May 31, 2010, the Funds have issued and outstanding MTP Shares, at liquidation value, as shown in the accompanying table. (Refer to Notes to Financial Statements, Footnote 1 - General Information and Significant Accounting Policies and Footnote 4 - Fund Shares for further details on MTP Shares.)

| FUND | MTP SHARES AT LIQUIDATION VALUE |
|------|------------------------------------|
| NPG | \$28,340,000 |
| NZX | \$14,340,000 |
| NKG | \$32,265,000 |
| NNC | \$24,300,000 |
| NRB | \$16,600,000 |
| NNO | \$29,700,000 |
| NII | \$28,725,000 |

As of May 31, 2010, 83 out of the 84 Nuveen closed-end municipal funds that had issued ARPS have redeemed at par all or a portion of these shares. These redemptions bring the total amount of Nuveen's municipal closed-end funds' ARPS redemptions to approximately \$4.4 billion of the approximately \$11.0 billion originally outstanding. For up-to-date information, please visit the Nuveen CEF Auction Rate Preferred Resource Center at: <http://www.nuveen.com/arps>.

Nuveen Investments 9

Common Share Dividend and Share Price Information

During the twelve-month reporting period ended May 31, 2010, NRB had three monthly dividend increases and NPG, NZX, NKG, NNC, NNO and NII each had two monthly dividend increases.

Due to normal portfolio activity, common shareholders of NNO received a long-term capital gains distribution of \$0.0023 per share at the end of December 2009.

All of the Funds in this report seek to pay stable dividends at rates that reflect each Fund's past results and projected future performance. During certain periods, each Fund may pay dividends at a rate that may be more or less than the amount of net investment income actually earned by the Fund during the period. If a Fund has cumulatively earned more than it has paid in dividends, it holds the excess in reserve as undistributed net investment income (UNII) as part of the Fund's NAV. Conversely, if a Fund has cumulatively paid dividends in excess of its earnings, the excess constitutes negative UNII that is likewise reflected in the Fund's NAV. Each Fund will, over time, pay all of its net investment income as dividends to shareholders. As of May 31, 2010, all seven Funds in this report had positive UNII balances for both tax and financial reporting purposes.

COMMON SHARE REPURCHASES AND SHARE PRICE INFORMATION

Since the inception of the Funds' repurchase program, the Funds have not repurchased any of their outstanding common shares.

10 Nuveen Investments

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As of May 31, 2010, the Funds' common share prices were trading at (+) premiums or (-) discounts to their common share NAVs as shown in the accompanying table.

| FUND | 5/31/10 (+) PREMIUM/ (-) DISCOUNT | TWELVE-MONTH AVERAGE (+) PREMIUM/ (-) DISCOUNT |
|------|--------------------------------------|---|
| NPG | -3.53% | -6.24% |
| NZX | +2.50% | -2.20% |
| NKG | -1.48% | -6.17% |
| NNC | +4.42% | +0.71% |
| NRB | +5.83% | +4.54% |
| NNO | +4.24% | +1.54% |
| NII | +7.53% | +2.47% |

Nuveen Investments 11

NPG Performance OVERVIEW | Nuveen Georgia Premium Income Municipal Fund
as of May 31, 2010

FUND SNAPSHOT

| | |
|---|-----------|
| Common Share Price | \$ 13.95 |
| Common Share Net Asset Value | \$ 14.46 |
| Premium/(Discount) to NAV | -3.53% |
| Market Yield | 5.08% |
| Taxable-Equivalent Yield(1) | 7.50% |
| Net Assets Applicable to Common Shares (\$000) | \$ 55,018 |
| Average Effective Maturity on Securities (Years) | 15.67 |
| Leverage-Adjusted Duration | 7.82 |

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

| | ON SHARE PRICE | ON NAV |
|---------|----------------|--------|
| 1-Year | 21.21% | 10.52% |
| 5-Year | 1.48% | 3.93% |
| 10-Year | 6.65% | 6.82% |

PORTFOLIO COMPOSITION (as a % of total investments)

| | |
|-----------------------------------|-------|
| Health Care | 17.8% |
| Education and Civic Organizations | 15.8% |

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| | |
|------------------------|-------|
| Water and Sewer | 14.3% |
| Tax Obligation/Limited | 13.5% |
| Tax Obligation/General | 12.5% |
| U.S. Guaranteed | 12.0% |
| Utilities | 6.6% |
| Other | 7.5% |

CREDIT QUALITY (as a % of total investments) (2)

[PIE CHART]

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 35% |
| AA | 30% |
| A | 25% |
| BBB | 7% |
| N/R | 3% |

2009-2010 MONTHLY TAX-FREE DIVIDENDS PER COMMON SHARE

[BAR CHART]

| | |
|-----|-----------|
| Jun | \$ 0.0525 |
| Jul | 0.0525 |
| Aug | 0.0525 |
| Sep | 0.055 |
| Oct | 0.055 |
| Nov | 0.055 |
| Dec | 0.059 |
| Jan | 0.059 |
| Feb | 0.059 |
| Mar | 0.059 |
| Apr | 0.059 |
| May | 0.059 |

COMMON SHARE PRICE PERFORMANCE -- WEEKLY CLOSING PRICE

[LINE CHART]

| | |
|---------|---------|
| 6/01/09 | \$ 12.3 |
| | 12.5 |
| | 12.35 |
| | 12.1 |
| | 12.15 |
| | 12.55 |
| | 12.43 |
| | 12.45 |
| | 12.3 |
| | 12.84 |
| | 13.07 |
| | 13.05 |
| | 13 |
| | 13.26 |
| | 13.37 |
| | 13.4 |

13.38
 13.3378
 13.494
 13.27
 12.91
 12.93
 12.92
 12.9
 12.72
 12.74
 12.74
 13.2
 13.15
 13
 13.56
 13.7
 13.4415
 13.41
 13.41
 13.79
 13.78
 14
 13.59
 13.65
 13.772
 13.8
 13.78
 13.73
 13.796
 13.88
 13.934
 13.9515
 14.25
 13.9
 13.92
 13.8
 13.95
 13.95

5/31/10

- (1) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 32.3%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- (2) Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.

12 Nuveen Investments

NZX Performance OVERVIEW | Nuveen Georgia Dividend Advantage Municipal Fund as of May 31, 2010

CREDIT QUALITY (as a % of total investments) (2)

[PIE CHART]

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

| | |
|-------------|-----|
| AAA/U.S. | |
| Guaranteed | 35% |
| AA | 26% |
| A | 24% |
| BBB | 8% |
| BB or Lower | 1% |
| N/R | 6% |

2009-2010 MONTHLY TAX-FREE DIVIDENDS PER COMMON SHARE

[BAR CHART]

| | | |
|-----|----|-------|
| Jun | \$ | 0.056 |
| Jul | | 0.056 |
| Aug | | 0.056 |
| Sep | | 0.061 |
| Oct | | 0.061 |
| Nov | | 0.061 |
| Dec | | 0.064 |
| Jan | | 0.064 |
| Feb | | 0.064 |
| Mar | | 0.064 |
| Apr | | 0.064 |
| May | | 0.064 |

COMMON SHARE PRICE PERFORMANCE -- WEEKLY CLOSING PRICE

[LINE CHART]

| | | |
|---------|----|---------|
| 6/01/09 | \$ | 13.43 |
| | | 13.24 |
| | | 13.31 |
| | | 12.6 |
| | | 12.6 |
| | | 13.23 |
| | | 12.83 |
| | | 12.9 |
| | | 13.2 |
| | | 13.5 |
| | | 13.91 |
| | | 13.65 |
| | | 13.39 |
| | | 13.45 |
| | | 13.59 |
| | | 14.2201 |
| | | 14.2 |
| | | 14.2 |
| | | 14.08 |
| | | 14.06 |
| | | 13.62 |
| | | 13.46 |
| | | 14.04 |
| | | 14 |
| | | 13.962 |
| | | 14.09 |
| | | 14.48 |
| | | 14.19 |
| | | 14.2699 |
| | | 14.35 |
| | | 14.15 |
| | | 14 |

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

14.1601
 14.28
 14.531
 14.6
 14.865
 14.725
 14.502
 14.5
 14.83
 15.23
 15.084
 14.8474
 15.04
 15.1856
 14.96
 15.1499
 15.39
 15.3
 15.45
 14.76
 15.18
 15.18

5/31/10

FUND SNAPSHOT

| | |
|---|----------|
| Common Share Price | \$ 15.18 |
| Common Share Net Asset Value | \$ 14.81 |
| Premium/(Discount) to NAV | 2.50% |
| Market Yield | 5.06% |
| Taxable-Equivalent Yield(1) | 7.47% |
| Net Assets Applicable to Common Shares (\$000) | \$29,179 |
| Average Effective Maturity on Securities (Years) | 13.49 |
| Leverage-Adjusted Duration | 6.53 |

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

| | ON SHARE PRICE | ON NAV |
|--------------------|----------------|--------|
| 1-Year | 18.75% | 11.41% |
| 5-Year | 4.27% | 4.50% |
| Since Inception | 5.65% | 5.92% |

PORTFOLIO COMPOSITION
 (as a % of total investments)

| | |
|-----------------------------------|-------|
| Education and Civic Organizations | 19.3% |
|-----------------------------------|-------|

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

| | |
|------------------------|-------|
| Health Care | 18.3% |
| U.S. Guaranteed | 14.5% |
| Water and Sewer | 13.4% |
| Tax Obligation/General | 9.2% |
| Housing/Single Family | 8.4% |
| Tax Obligation/Limited | 6.9% |
| Other | 10.0% |

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

(2) Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.

Nuveen Investments 13

NKG Performance OVERVIEW | Nuveen Georgia Dividend Advantage Municipal Fund 2 as of May 31, 2010

FUND SNAPSHOT

| | |
|--|----------|
| Common Share Price | \$ 14.00 |
| Common Share Net Asset Value | \$ 14.21 |
| Premium/(Discount) to NAV | -1.48% |
| Market Yield | 5.14% |
| Taxable-Equivalent Yield(1) | 7.59% |
| Net Assets Applicable to Common Shares (\$000) | \$64,721 |
| Average Effective Maturity on Securities (Years) | 16.16 |
| Leverage-Adjusted Duration | 7.54 |

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

ON SHARE PRICE ON NAV

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

| | | |
|-----------------|--------|--------|
| 1-Year | 24.23% | 12.54% |
| 5-Year | 4.89% | 4.12% |
| Since Inception | 4.39% | 4.97% |

PORTFOLIO COMPOSITION
(as a % of total investments)

| | |
|-----------------------------------|-------|
| Water and Sewer | 19.5% |
| Health Care | 18.9% |
| Tax Obligation/General | 17.8% |
| Education and Civic Organizations | 11.9% |
| Tax Obligation/Limited | 8.9% |
| U.S. Guaranteed | 7.0% |
| Transportation | 3.4% |
| Other | 12.6% |

CREDIT QUALITY (as a % of total investments) (2)

[PIE CHART]

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 34% |
| AA | 29% |
| A | 18% |
| BBB | 9% |
| BB or Lower | 1% |
| N/R | 9% |

2009-2010 MONTHLY TAX-FREE DIVIDENDS PER COMMON SHARE

[BAR CHART]

| | | |
|-----|----|-------|
| Jun | \$ | 0.053 |
| Jul | | 0.053 |
| Aug | | 0.053 |
| Sep | | 0.058 |
| Oct | | 0.058 |
| Nov | | 0.058 |
| Dec | | 0.06 |
| Jan | | 0.06 |
| Feb | | 0.06 |
| Mar | | 0.06 |
| Apr | | 0.06 |
| May | | 0.06 |

COMMON SHARE PRICE PERFORMANCE - WEEKLY CLOSING PRICE

[LINE CHART]

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

| | | |
|---------|----|---------|
| 6/01/09 | \$ | 11.88 |
| | | 11.96 |
| | | 11.62 |
| | | 11.6499 |
| | | 11.85 |
| | | 11.888 |
| | | 11.94 |
| | | 11.8897 |
| | | 11.88 |
| | | 12.1572 |
| | | 12.35 |
| | | 12.35 |
| | | 12.64 |
| | | 12.7 |
| | | 12.7001 |
| | | 12.95 |
| | | 13.052 |
| | | 13.14 |
| | | 13.163 |
| | | 13.1 |
| | | 12.55 |
| | | 12.79 |
| | | 12.89 |
| | | 12.897 |
| | | 12.71 |
| | | 12.43 |
| | | 12.7 |
| | | 13.15 |
| | | 12.95 |
| | | 12.9 |
| | | 12.7999 |
| | | 12.98 |
| | | 13.0465 |
| | | 13.25 |
| | | 13.44 |
| | | 13.4 |
| | | 13.33 |
| | | 13.5 |
| | | 13.22 |
| | | 13.2 |
| | | 14.19 |
| | | 14.34 |
| | | 13.45 |
| | | 13.755 |
| | | 13.86 |
| | | 13.9 |
| | | 13.64 |
| | | 14 |
| | | 14.65 |
| | | 14.05 |
| | | 13.98 |
| | | 13.653 |
| | | 14 |
| 5/31/10 | | 14 |

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

(2) Ratings shown are the highest of Standard & Poor's Group, Moody's

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Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.

14 Nuveen Investments

NNC Performance OVERVIEW | Nuveen North Carolina Premium Income Municipal Fund as of May 31, 2010

CREDIT QUALITY (as a % of total investments)(2)

[PIE CHART]

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 36% |
| AA | 31% |
| A | 28% |
| BBB | 3% |
| N/R | 2% |

2009-2010 MONTHLY TAX-FREE DIVIDENDS PER COMMON SHARE

[BAR CHART]

| | | |
|-----|----|-------|
| Jun | \$ | 0.055 |
| Jul | | 0.055 |
| Aug | | 0.055 |
| Sep | | 0.059 |
| Oct | | 0.059 |
| Nov | | 0.059 |
| Dec | | 0.062 |
| Jan | | 0.062 |
| Feb | | 0.062 |
| Mar | | 0.062 |
| Apr | | 0.062 |
| May | | 0.062 |

COMMON SHARE PRICE PERFORMANCE -- WEEKLY CLOSING PRICE

[LINE CHART]

| | | |
|---------|----|---------|
| 6/01/09 | \$ | 12.66 |
| | | 12.802 |
| | | 12.64 |
| | | 12.7295 |
| | | 12.92 |
| | | 13 |
| | | 13.0701 |
| | | 12.9999 |
| | | 13.34 |
| | | 13.26 |
| | | 13.45 |
| | | 13.59 |
| | | 13.78 |
| | | 13.93 |
| | | 14.1366 |
| | | 14.365 |
| | | 14.61 |

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

| | |
|---------|---------|
| | 14.4 |
| | 14.67 |
| | 15.0495 |
| | 14.43 |
| | 14.6 |
| | 14.3 |
| | 14.76 |
| | 14.86 |
| | 14.6599 |
| | 14.79 |
| | 14.95 |
| | 15.15 |
| | 14.9 |
| | 14.69 |
| | 14.301 |
| | 14.26 |
| | 14.42 |
| | 14.48 |
| | 14.75 |
| | 14.995 |
| | 15.05 |
| | 14.91 |
| | 14.7817 |
| | 15.1076 |
| | 15.02 |
| | 14.9165 |
| | 14.9 |
| | 15.28 |
| | 15.38 |
| | 15.75 |
| | 15.7999 |
| | 15.43 |
| | 15 |
| | 15.39 |
| | 15.14 |
| | 15.37 |
| 5/31/10 | 15.37 |

FUND SNAPSHOT

| | |
|--|----------|
| Common Share Price | \$ 15.37 |
| Common Share Net Asset Value | \$ 14.72 |
| Premium/(Discount) to NAV | 4.42% |
| Market Yield | 4.84% |
| Taxable-Equivalent Yield(1) | 7.30% |
| Net Assets Applicable to Common Shares (\$000) | \$93,570 |
| Average Effective Maturity on Securities (Years) | 14.81 |
| Leverage-Adjusted Duration | 7.08 |

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

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

| | ON SHARE PRICE | ON NAV |
|---------|----------------|--------|
| 1-Year | 28.20% | 12.24% |
| 5-Year | 2.83% | 4.51% |
| 10-Year | 6.55% | 7.15% |

PORTFOLIO COMPOSITION
(as a % of total investments)

| | |
|-----------------------------------|-------|
| Tax Obligation/Limited | 25.9% |
| Health Care | 14.7% |
| Education and Civic Organizations | 14.1% |
| Transportation | 8.2% |
| U.S. Guaranteed | 7.7% |
| Tax Obligation/General | 7.7% |
| Water and Sewer | 7.0% |
| Utilities | 6.0% |
| Other | 8.7% |

- (1) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 33.7%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- (2) Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.

Nuveen Investments 15

NRB Performance OVERVIEW | Nuveen North Carolina Dividend Advantage Municipal Fund as of May 31, 2010

FUND SNAPSHOT

| | |
|------------------------------|----------|
| Common Share Price | \$ 16.15 |
| Common Share Net Asset Value | \$ 15.26 |
| Premium/(Discount) to NAV | 5.83% |
| Market Yield | 5.20% |

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

| | |
|---|----------|
| Taxable-Equivalent Yield(1) | 7.84% |
| Net Assets Applicable to Common Shares (\$000) | \$34,617 |
| Average Effective Maturity on Securities (Years) | 14.20 |
| Leverage-Adjusted Duration | 6.47 |

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

| | ON SHARE PRICE | ON NAV |
|--------------------|----------------|--------|
| 1-Year | 19.40% | 10.88% |
| 5-Year | 3.88% | 5.20% |
| Since Inception | 6.38% | 6.52% |

PORTFOLIO COMPOSITION
(as a % of total investments)

| | |
|-----------------------------------|-------|
| Water and Sewer | 26.8% |
| Tax Obligation/Limited | 16.4% |
| Health Care | 11.6% |
| Utilities | 11.1% |
| U.S. Guaranteed | 8.3% |
| Transportation | 7.3% |
| Education and Civic Organizations | 7.1% |
| Tax Obligation/General | 7.0% |
| Other | 4.4% |

CREDIT QUALITY (as a % of total investments) (2)

[PIE CHART]

| | |
|------------------------|-----|
| AAA/U.S. Guaranteed | 52% |
| AA | 25% |
| A | 16% |
| BBB | 5% |
| N/R | 2% |

2009-2010 MONTHLY TAX-FREE DIVIDENDS PER COMMON SHARE

[BAR CHART]

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

| | | |
|-----|----|-------|
| Jun | \$ | 0.062 |
| Jul | | 0.062 |
| Aug | | 0.062 |
| Sep | | 0.068 |
| Oct | | 0.068 |
| Nov | | 0.068 |
| Dec | | 0.069 |
| Jan | | 0.069 |
| Feb | | 0.069 |
| Mar | | 0.07 |
| Apr | | 0.07 |
| May | | 0.07 |

COMMON SHARE PRICE PERFORMANCE -- WEEKLY CLOSING PRICE

[LINE CHART]

| | | |
|---------|----|---------|
| 6/01/09 | \$ | 14.2499 |
| | | 14.08 |
| | | 13.7901 |
| | | 14.26 |
| | | 14.46 |
| | | 15.12 |
| | | 14.5 |
| | | 14.3 |
| | | 14.45 |
| | | 14.15 |
| | | 14.769 |
| | | 14.858 |
| | | 14.94 |
| | | 15.3999 |
| | | 15.28 |
| | | 15.3 |
| | | 15.606 |
| | | 15.78 |
| | | 16.1501 |
| | | 16.3 |
| | | 16.5 |
| | | 16.45 |
| | | 15.23 |
| | | 15.78 |
| | | 15.22 |
| | | 15.965 |
| | | 15.8 |
| | | 16.1693 |
| | | 16.22 |
| | | 15.75 |
| | | 15.5564 |
| | | 15.8999 |
| | | 16.2 |
| | | 16.15 |
| | | 16.08 |
| | | 16.1298 |
| | | 15.789 |
| | | 16 |
| | | 15.85 |
| | | 15.62 |
| | | 15.73 |
| | | 15.77 |
| | | 16.3399 |
| | | 16.54 |
| | | 17 |

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

| | |
|---------|---------|
| | 16.3 |
| | 16.47 |
| | 16.6 |
| | 16.86 |
| | 16.823 |
| | 16.63 |
| | 16.1 |
| | 16.1534 |
| 5/31/10 | 16.1534 |

- (1) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 33.7%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- (2) Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.

16 Nuveen Investments

NNO Performance OVERVIEW | Nuveen North Carolina Dividend Advantage Municipal Fund 2 as of May 31, 2010

CREDIT QUALITY (as a % of total investments) (3)

[PIE CHART]

| | |
|---------------------|-----|
| AAA/U.S. Guaranteed | 37% |
| AA | 32% |
| A | 23% |
| BBB | 5% |
| N/R | 3% |

2009-2010 MONTHLY TAX-FREE DIVIDENDS PER COMMON SHARE (2)

[BAR CHART]

| | | |
|-----|----|--------|
| Jun | \$ | 0.0585 |
| Jul | | 0.0585 |
| Aug | | 0.0585 |
| Sep | | 0.064 |
| Oct | | 0.064 |
| Nov | | 0.064 |
| Dec | | 0.068 |
| Jan | | 0.068 |
| Feb | | 0.068 |
| Mar | | 0.068 |
| Apr | | 0.068 |
| May | | 0.068 |

COMMON SHARE PRICE PERFORMANCE - WEEKLY CLOSING PRICE

[LINE CHART]

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

| | | |
|---------|----|---------|
| 6/01/09 | \$ | 13.57 |
| | | 13.4391 |
| | | 13.31 |
| | | 13.3235 |
| | | 13.3 |
| | | 13.55 |
| | | 13.7099 |
| | | 13.75 |
| | | 13.99 |
| | | 14.04 |
| | | 14.0622 |
| | | 14.03 |
| | | 14.34 |
| | | 14.54 |
| | | 14.845 |
| | | 14.77 |
| | | 15.3485 |
| | | 15.1 |
| | | 15 |
| | | 15.12 |
| | | 15.1 |
| | | 14.9 |
| | | 14.77 |
| | | 15.45 |
| | | 15.22 |
| | | 15.24 |
| | | 15.44 |
| | | 15.33 |
| | | 15.98 |
| | | 15.1416 |
| | | 14.95 |
| | | 14.89 |
| | | 15.36 |
| | | 15.02 |
| | | 15.02 |
| | | 15.47 |
| | | 15.5328 |
| | | 15.5375 |
| | | 15.5399 |
| | | 15.16 |
| | | 15.48 |
| | | 15.4499 |
| | | 15.69 |
| | | 15.93 |
| | | 16.28 |
| | | 16.1 |
| | | 17.04 |
| | | 16.56 |
| | | 16.52 |
| | | 15.85 |
| | | 16.2001 |
| | | 15.75 |
| | | 15.73 |
| 5/31/10 | | 15.73 |

FUND SNAPSHOT

| | |
|---------------------------------|----------|
| ----- | |
| Common Share Price | \$ 15.73 |
| ----- | |
| Common Share Net Asset Value | \$ 15.09 |
| ----- | |

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

| | |
|---|----------|
| Premium/(Discount) to NAV | 4.24% |
| Market Yield | 5.19% |
| Taxable-Equivalent Yield(1) | 7.83% |
| Net Assets Applicable to Common Shares (\$000) | \$56,590 |
| Average Effective Maturity on Securities (Years) | 13.72 |
| Leverage-Adjusted Duration | 6.88 |

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

| | ON SHARE PRICE | ON NAV |
|--------------------|----------------|--------|
| 1-Year | 21.86% | 11.11% |
| 5-Year | 4.71% | 4.71% |
| Since Inception | 6.17% | 6.24% |

PORTFOLIO COMPOSITION
(as a % of total investments)

| | |
|-----------------------------------|-------|
| Tax Obligation/Limited | 22.7% |
| Health Care | 16.1% |
| Water and Sewer | 15.3% |
| Transportation | 13.8% |
| Education and Civic Organizations | 8.8% |
| Utilities | 6.8% |
| Tax Obligation/General | 6.2% |
| U.S. Guaranteed | 5.4% |
| Other | 4.9% |

- (1) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 33.7%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- (2) The Fund paid shareholders a capital gains distribution in December 2009 of \$0.0023 per share.
- (3) Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities.

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AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.

Nuveen Investments 17

NII Performance OVERVIEW | Nuveen North Carolina Dividend Advantage Municipal Fund 3 as of May 31, 2010

FUND SNAPSHOT

| | |
|--|----------|
| Common Share Price | \$ 15.86 |
| Common Share Net Asset Value | \$ 14.75 |
| Premium/(Discount) to NAV | 7.53% |
| Market Yield | 4.99% |
| Taxable-Equivalent Yield(1) | 7.53% |
| Net Assets Applicable to Common Shares (\$000) | \$58,054 |
| Average Effective Maturity on Securities (Years) | 13.93 |
| Leverage-Adjusted Duration | 6.46 |

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

| | ON SHARE PRICE | ON NAV |
|-----------------|----------------|--------|
| 1-Year | 22.76% | 10.95% |
| 5-Year | 5.65% | 4.92% |
| Since Inception | 5.91% | 5.55% |

PORTFOLIO COMPOSITION (as a % of total investments)

| | |
|------------------------|-------|
| Water and Sewer | 22.3% |
| Tax Obligation/Limited | 22.1% |
| Utilities | 12.1% |
| U.S. Guaranteed | 10.8% |
| Tax Obligation/General | 9.2% |
| Transportation | 7.9% |
| Health Care | 7.8% |

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 Other 7.8%

CREDIT QUALITY (as a % of total investments) (2)

[PIE CHART]

| | |
|------------------------|-----|
| AAA/U.S. Guaranteed | 42% |
| AA | 32% |
| A | 17% |
| BBB | 7% |
| N/R | 2% |

2009-2010 MONTHLY TAX-FREE DIVIDENDS PER COMMON SHARE

[BAR CHART]

| | |
|-----|-----------|
| Jun | \$ 0.0565 |
| Jul | 0.0565 |
| Aug | 0.0565 |
| Sep | 0.062 |
| Oct | 0.062 |
| Nov | 0.062 |
| Dec | 0.066 |
| Jan | 0.066 |
| Feb | 0.066 |
| Mar | 0.066 |
| Apr | 0.066 |
| May | 0.066 |

COMMON SHARE PRICE PERFORMANCE -- WEEKLY CLOSING PRICE

[LINE CHART]

| | |
|---------|------------|
| 6/01/09 | \$ 13.5887 |
| | 13.44 |
| | 13.53 |
| | 13.46 |
| | 13.56 |
| | 13.83 |
| | 14.35 |
| | 13.5 |
| | 13.71 |
| | 13.63 |
| | 13.7999 |
| | 13.74 |
| | 14 |
| | 14.7401 |
| | 14.45 |
| | 14.3528 |
| | 14.5 |
| | 14.7901 |
| | 15.24 |
| | 14.9 |
| | 14.9 |
| | 14.8 |
| | 14.85 |
| | 14.7501 |
| | 14.68 |
| | 15.46 |

| | |
|---------|---------|
| | 15.25 |
| | 15.35 |
| | 15.5 |
| | 14.93 |
| | 15.245 |
| | 15.1167 |
| | 15 |
| | 14.95 |
| | 14.821 |
| | 14.89 |
| | 14.922 |
| | 15.0499 |
| | 15.05 |
| | 15.05 |
| | 15.26 |
| | 14.95 |
| | 14.9001 |
| | 14.9776 |
| | 15.2 |
| | 15.45 |
| | 15.7112 |
| | 15.978 |
| | 16.2599 |
| | 15.8 |
| | 16.015 |
| | 15.62 |
| | 15.86 |
| 5/31/10 | 15.86 |

- (1) Taxable-Equivalent Yield represents the yield that must be earned on a fully taxable investment in order to equal the yield of the Fund on an after-tax basis. It is based on a combined federal and state income tax rate of 33.7%. When comparing this Fund to investments that generate qualified dividend income, the Taxable-Equivalent Yield is lower.
- (2) Ratings shown are the highest of Standard & Poor's Group, Moody's Investor Service, Inc. or Fitch, Inc. AAA includes bonds with an implied AAA rating since they are backed by U.S. Government or agency securities. AAA, AA, A and BBB ratings are investment grade; BB, B, CCC, CC, C and D ratings are below-investment grade. Holdings designated N/R are not rated by any of these national rating agencies.

18 Nuveen Investments

NPG | Shareholder Meeting Report
 NZX |
 NKG |

The annual meeting of shareholders was held in the offices of Nuveen Investments on November 30, 2009; at this meeting the shareholders were asked to vote on the election of Board Members, the elimination of Fundamental Investment Policies and the approval of new Fundamental Investment Policies. The meeting for NNC, NRB, NNO, NPG and NKG was subsequently adjourned to January 12, 2010; the meeting for NRB, NNO and NKG was additionally adjourned to March 23, 2010. The meeting for NRB and NNO was additionally adjourned to March 30, 2010.

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| | Common and Preferred shares voting together as a class | Preferred shares voting together as a class | Common and Preferred shares voting together as a class | Preferred shares voting together as a class |
|--|--|---|--|---|
|--|--|---|--|---|

TO APPROVE THE ELIMINATION OF THE FUND'S FUNDAMENTAL POLICY RELATING TO INVESTMENTS IN MUNICIPAL SECURITIES AND BELOW INVESTMENT GRADE SECURITIES.

| | | | | |
|------------------|-----------|-----|----|----|
| For | 1,741,008 | 554 | -- | -- |
| Against | 109,320 | 2 | -- | -- |
| Abstain | 36,269 | -- | -- | -- |
| Broker Non-Votes | 390,366 | -- | -- | -- |

| | | | | |
|-------|-----------|-----|----|----|
| Total | 2,276,963 | 556 | -- | -- |
|-------|-----------|-----|----|----|

TO APPROVE THE NEW FUNDAMENTAL POLICY RELATING TO INVESTMENTS IN MUNICIPAL SECURITIES FOR THE FUND.

| | | | | |
|------------------|-----------|-----|----|----|
| For | 1,743,799 | 554 | -- | -- |
| Against | 106,637 | 2 | -- | -- |
| Abstain | 36,161 | -- | -- | -- |
| Broker Non-Votes | 390,366 | -- | -- | -- |

| | | | | |
|-------|-----------|-----|----|----|
| Total | 2,276,963 | 556 | -- | -- |
|-------|-----------|-----|----|----|

TO APPROVE THE ELIMINATION OF THE FUNDAMENTAL POLICY PROHIBITING INVESTMENT IN OTHER INVESTMENT COMPANIES.

| | | | | |
|------------------|-----------|-----|----|----|
| For | 1,730,015 | 544 | -- | -- |
| Against | 113,456 | 12 | -- | -- |
| Abstain | 43,126 | -- | -- | -- |
| Broker Non-Votes | 390,366 | -- | -- | -- |

| | | | | |
|-------|-----------|-----|----|----|
| Total | 2,276,963 | 556 | -- | -- |
|-------|-----------|-----|----|----|

TO APPROVE THE ELIMINATION OF THE FUNDAMENTAL POLICY RELATING TO DERIVATIVES AND SHORT SALES.

| | | | | |
|------------------|-----------|-----|----|----|
| For | 1,722,085 | 544 | -- | -- |
| Against | 128,200 | 12 | -- | -- |
| Abstain | 36,312 | -- | -- | -- |
| Broker Non-Votes | 390,366 | -- | -- | -- |

| | | | | |
|-------|-----------|-----|----|----|
| Total | 2,276,963 | 556 | -- | -- |
|-------|-----------|-----|----|----|

TO APPROVE THE ELIMINATION OF THE FUNDAMENTAL POLICY RELATING TO COMMODITIES.

| | | | | |
|------------------|-----------|-----|----|----|
| For | 1,719,440 | 546 | -- | -- |
| Against | 118,855 | 10 | -- | -- |
| Abstain | 48,302 | -- | -- | -- |
| Broker Non-Votes | 390,366 | -- | -- | -- |

| | | | | |
|-------|-----------|-----|----|----|
| Total | 2,276,963 | 556 | -- | -- |
|-------|-----------|-----|----|----|

TO APPROVE THE NEW FUNDAMENTAL POLICY RELATING TO COMMODITIES.

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| | | | |
|------------------|------------------|------------|-----------|
| For | 1,716,239 | 546 | -- |
| Against | 127,166 | 10 | -- |
| Abstain | 43,192 | -- | -- |
| Broker Non-Votes | 390,366 | -- | -- |
| Total | 2,276,963 | 556 | -- |

Nuveen Investments 19

NPG | Shareholder Meeting Report (continued)

NZX |

NKG |

| | NPG | | NZX | |
|--|--|---|--|---|
| | Common and Preferred shares voting together as a class | Preferred shares voting together as a class | Common and Preferred shares voting together as a class | Preferred shares voting together as a class |

APPROVAL OF THE BOARD MEMBERS WAS REACHED AS FOLLOWS:

Robert P. Bremner

| | | | |
|--------------|------------------|-----------|------------------|
| For | 2,157,036 | -- | 1,634,661 |
| Withhold | 119,927 | -- | 29,303 |
| Total | 2,276,963 | -- | 1,663,964 |

Jack B. Evans

| | | | |
|--------------|------------------|-----------|------------------|
| For | 2,157,986 | -- | 1,636,936 |
| Withhold | 118,977 | -- | 27,028 |
| Total | 2,276,963 | -- | 1,663,964 |

William C. Hunter

| | | | |
|--------------|-----------|------------|-----------|
| For | -- | 534 | -- |
| Withhold | -- | 22 | -- |
| Total | -- | 556 | -- |

William J. Schneider

| | | | |
|--------------|-----------|------------|-----------|
| For | -- | 534 | -- |
| Withhold | -- | 22 | -- |
| Total | -- | 556 | -- |

20 Nuveen Investments

NNC |

NRB |

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NNO |

| | NNC | | NRB | |
|--|--|---|--|---|
| | Common and Preferred shares voting together as a class | Preferred shares voting together as a class | Common and Preferred shares voting together as a class | Preferred shares voting together as a class |
| ----- | | | | |
| TO APPROVE THE ELIMINATION OF THE FUND'S FUNDAMENTAL POLICY RELATING TO INVESTMENTS IN MUNICIPAL SECURITIES AND BELOW INVESTMENT GRADE SECURITIES. | | | | |
| For | -- | -- | 1,237,586 | |
| Against | -- | -- | 46,435 | |
| Abstain | -- | -- | 66,364 | |
| Broker Non-Votes | -- | -- | 220,586 | |
| ----- | | | | |
| Total | -- | -- | 1,570,971 | |
| ===== | | | | |
| TO APPROVE THE NEW FUNDAMENTAL POLICY RELATING TO INVESTMENTS IN MUNICIPAL SECURITIES FOR THE FUND. | | | | |
| For | -- | -- | 1,255,314 | |
| Against | -- | -- | 43,410 | |
| Abstain | -- | -- | 51,661 | |
| Broker Non-Votes | -- | -- | 220,586 | |
| ----- | | | | |
| Total | -- | -- | 1,570,971 | |
| ===== | | | | |
| TO APPROVE THE ELIMINATION OF THE FUNDAMENTAL POLICY PROHIBITING INVESTMENT IN OTHER INVESTMENT COMPANIES. | | | | |
| For | -- | -- | -- | |
| Against | -- | -- | -- | |
| Abstain | -- | -- | -- | |
| Broker Non-Votes | -- | -- | -- | |
| ----- | | | | |
| Total | -- | -- | -- | |
| ===== | | | | |
| TO APPROVE THE ELIMINATION OF THE FUNDAMENTAL POLICY RELATING TO DERIVATIVES AND SHORT SALES. | | | | |
| For | -- | -- | -- | |
| Against | -- | -- | -- | |
| Abstain | -- | -- | -- | |
| Broker Non-Votes | -- | -- | -- | |
| ----- | | | | |
| Total | -- | -- | -- | |
| ===== | | | | |
| TO APPROVE THE ELIMINATION OF THE FUNDAMENTAL POLICY RELATING TO COMMODITIES. | | | | |
| For | -- | -- | -- | |
| Against | -- | -- | -- | |
| Abstain | -- | -- | -- | |
| Broker Non-Votes | -- | -- | -- | |

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| | | | |
|---|----|----|----|
| Total | -- | -- | -- |
| ===== | | | |
| TO APPROVE THE NEW FUNDAMENTAL POLICY RELATING TO COMMODITIES. | | | |
| For | -- | -- | -- |
| Against | -- | -- | -- |
| Abstain | -- | -- | -- |
| Broker Non-Votes | -- | -- | -- |
| ----- | | | |
| Total | -- | -- | -- |
| ===== | | | |

Nuveen Investments 21

NNC | Shareholder Meeting Report (continued)
NRB |
NNO |

| | NNC | | NRB | |
|---|--|---|--|---|
| | Common and Preferred shares voting together as a class | Preferred shares voting together as a class | Common and Preferred shares voting together as a class | Preferred shares voting together as a class |
| ----- | | | | |
| APPROVAL OF THE BOARD MEMBERS WAS REACHED AS FOLLOWS: | | | | |
| Robert P. Bremner | | | | |
| For | 5,555,532 | -- | 1,500,149 | -- |
| Withhold | 163,794 | -- | 70,495 | -- |
| ----- | | | | |
| Total | 5,719,326 | -- | 1,570,644 | -- |
| ===== | | | | |
| Jack B. Evans | | | | |
| For | 5,550,847 | -- | 1,501,149 | -- |
| Withhold | 168,479 | -- | 69,495 | -- |
| ----- | | | | |
| Total | 5,719,326 | -- | 1,570,644 | -- |
| ===== | | | | |
| William C. Hunter | | | | |
| For | -- | 651 | -- | -- |
| Withhold | -- | 54 | -- | -- |
| ----- | | | | |
| Total | -- | 705 | -- | -- |
| ===== | | | | |
| William J. Schneider | | | | |
| For | -- | 651 | -- | -- |
| Withhold | -- | 54 | -- | -- |
| ----- | | | | |
| Total | -- | 705 | -- | -- |
| ===== | | | | |

22 Nuveen Investments

NII |

NII

| | Common and Preferred shares voting together as a class | Preferred shares voting together as a class |
|--|--|---|
| ----- | | |
| TO APPROVE THE ELIMINATION OF THE FUND'S FUNDAMENTAL POLICY RELATING TO INVESTMENTS IN MUNICIPAL SECURITIES AND BELOW INVESTMENT GRADE SECURITIES. | | |
| For | -- | -- |
| Against | -- | -- |
| Abstain | -- | -- |
| Broker Non-Votes | -- | -- |
| ----- | | |
| Total | -- | -- |
| ===== | | |
| TO APPROVE THE NEW FUNDAMENTAL POLICY RELATING TO INVESTMENTS IN MUNICIPAL SECURITIES FOR THE FUND. | | |
| For | -- | -- |
| Against | -- | -- |
| Abstain | -- | -- |
| Broker Non-Votes | -- | -- |
| ----- | | |
| Total | -- | -- |
| ===== | | |
| TO APPROVE THE ELIMINATION OF THE FUNDAMENTAL POLICY PROHIBITING INVESTMENT IN OTHER INVESTMENT COMPANIES. | | |
| For | -- | -- |
| Against | -- | -- |
| Abstain | -- | -- |
| Broker Non-Votes | -- | -- |
| ----- | | |
| Total | -- | -- |
| ===== | | |
| TO APPROVE THE ELIMINATION OF THE FUNDAMENTAL POLICY RELATING TO DERIVATIVES AND SHORT SALES. | | |
| For | -- | -- |
| Against | -- | -- |
| Abstain | -- | -- |
| Broker Non-Votes | -- | -- |
| ----- | | |
| Total | -- | -- |
| ===== | | |
| TO APPROVE THE ELIMINATION OF THE FUNDAMENTAL POLICY RELATING TO COMMODITIES. | | |
| For | -- | -- |
| Against | -- | -- |
| Abstain | -- | -- |
| Broker Non-Votes | -- | -- |
| ----- | | |
| Total | -- | -- |
| ===== | | |

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TO APPROVE THE NEW FUNDAMENTAL POLICY RELATING
TO COMMODITIES.

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

Nuveen Investments 23

NII | Shareholder Meeting Report (continued)

NII

| | Common and Preferred shares voting together as a class | Preferred shares voting together as a class |
|--|--|--|
| ----- | | |
| APPROVAL OF THE BOARD MEMBERS WAS REACHED AS FOLLOWS: | | |
| Robert P. Bremner | | |
| For | 3,552,027 | -- |
| Withhold | 173,793 | -- |
| ----- | | |
| Total | 3,725,820 | -- |
| ===== | | |
| Jack B. Evans | | |
| For | 3,550,401 | -- |
| Withhold | 175,419 | -- |
| ----- | | |
| Total | 3,725,820 | -- |
| ===== | | |
| William C. Hunter | | |
| For | -- | 413 |
| Withhold | -- | 39 |
| ----- | | |
| Total | -- | 452 |
| ===== | | |
| William J. Schneider | | |
| For | -- | 413 |
| Withhold | -- | 39 |
| ----- | | |
| Total | -- | 452 |
| ===== | | |

24 Nuveen Investments

Report of Independent
Registered Public Accounting Firm

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

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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 (the "Funds"), as of May 31, 2010, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. We were not engaged to perform an audit of the Funds' internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of May 31, 2010, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial positions of Nuveen Georgia Premium Income Municipal Fund, Nuveen Georgia Dividend Advantage Municipal Fund, Nuveen Georgia Dividend Advantage Municipal Fund 2, Nuveen North Carolina Premium Income Municipal Fund, Nuveen North Carolina Dividend Advantage Municipal Fund, Nuveen North Carolina Dividend Advantage Municipal Fund 2, and Nuveen North Carolina Dividend Advantage Municipal Fund 3 at May 31, 2010, the results of their operations and cash flows for the year then ended, the changes in their net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended in conformity with U.S. generally accepted accounting principles.

ERNST & YOUNG LLP

Chicago, Illinois
July 27, 2010

Nuveen Investments 25

NPG | Nuveen Georgia Premium Income Municipal Fund
| Portfolio of Investments May 31, 2010

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL CALL PROVISIONS (2) |
|---------------------------|--|---------------------------------|
| ----- | | |
| | CONSUMER STAPLES - 1.6% (1.0% OF TOTAL INVESTMENTS) | |
| \$ 1,000 | Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Refunding Bonds, Series 2002, 5.500%, 5/15/39 | 5/12 at 100.0 |
| ----- | | |
| | EDUCATION AND CIVIC ORGANIZATIONS - 23.8% (15.8% OF TOTAL INVESTMENTS) | |
| 750 | Athens Housing Authority, Georgia, Student Housing Lease Revenue Bonds, UGAREF East Campus Housing LLC Project, Series 2009, 5.250%, 6/15/35 | 6/19 at 100.0 |
| 1,000 | Athens-Clarke County Unified Government Development Authority, Georgia, Educational Facilities Revenue Bonds, UGAREF CCRC Building LLC Project, Series 2002, 5.000%, 12/15/16 - AMBAC Insured | 12/12 at 100.0 |
| 2,800 | Atlanta Development Authority, Georgia, Educational Facilities Revenue Bonds, Science Park LLC Project, Series 2007, 5.000%, 7/01/39 | 7/17 at 100.0 |
| 1,550 | Bulloch County Development Authority, Georgia, Student Housing and Athletic Facility Lease Revenue Bonds, Georgia Southern University, Series 2004, 5.250%, 8/01/21 - SYNCORA GTY Insured | 8/14 at 100.0 |
| 700 | Carrollton Payroll Development Authority, Georgia, Student Housing Revenue Bonds, University of West Georgia, Series 2004A, 5.000%, 9/01/21 - SYNCORA GTY Insured | 9/14 at 100.0 |
| 1,535 | Fulton County Development Authority, Georgia, Revenue Bonds, Georgia Tech Molecular Science Building, Series 2004, 5.250%, 5/01/15 - NPPG Insured | 5/14 at 100.0 |
| 150 | Georgia Higher Education Facilities Authority, Revenue Bonds, USG Real Estate Foundation I LLC Project, Series 2008, 6.000%, 6/15/28 | 6/18 at 100.0 |
| | Private Colleges and Universities Authority, Georgia, Revenue Bonds, Emory University, Series 2009B, Trust 3404: | |
| 270 | 16.758%, 9/01/32 (IF) | 9/19 at 100.0 |
| 430 | 16.785%, 9/01/35 (IF) | 9/19 at 100.0 |
| 1,180 | Savannah Economic Development Authority, Georgia, Revenue Bonds, Armstrong Atlantic State University, Compass Point LLC Project, Series 2005, 5.000%, 7/01/25 - SYNCORA GTY Insured | 7/15 at 100.0 |
| 1,490 | Savannah Economic Development Authority, Georgia, Revenue Bonds, Armstrong Center LLC, Series 2005A, 5.000%, 12/01/34 - SYNCORA GTY Insured | 12/15 at 100.0 |
| 500 | Savannah Economic Development Authority, Georgia, Revenue Bonds, GTREP Project, Series 2002, 5.000%, 7/01/22 - NPPG Insured | 7/12 at 100.0 |
| ----- | | |
| 12,355 | Total Education and Civic Organizations | |
| ----- | | |
| | HEALTH CARE - 26.9% (17.8% OF TOTAL INVESTMENTS) | |
| 500 | Clark County Hospital Authority, Georgia, Hospital Revenue Bonds, Athens Regional Medical Center, Series 2007, 5.000%, 1/01/27 - NPPG Insured | 1/17 at 100.0 |
| 2,000 | Clarke County Hospital Authority, Georgia, Hospital Revenue Certificates, Athens Regional Medical Center, Series 2002, 5.125%, 1/01/32 - NPPG Insured | 1/12 at 101.0 |
| 900 | Coffee County Hospital Authority, Georgia, Revenue Bonds, Coffee County Regional Medical Center, Series 2004, 5.250%, 12/01/22 | 12/14 at 100.0 |

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| | | |
|-------|--|----------------|
| 3,000 | Floyd County Hospital Authority, Georgia, Revenue Anticipation Certificates, Floyd Medical Center Project, Series 2002, 5.200%, 7/01/32 - NPMG Insured | 7/12 at 101.0 |
| 1,090 | Floyd County Hospital Authority, Georgia, Revenue Anticipation Certificates, Floyd Medical Center, Series 2003, 5.000%, 7/01/19 - NPMG Insured | 7/13 at 101.0 |
| | Gainesville and Hall County Hospital Authority, Georgia, Revenue Anticipation Certificates, Northeast Georgia Health Services Inc., Series 2010B: | |
| 300 | 5.125%, 2/15/40 | No Opt. Cal |
| 1,700 | 5.250%, 2/15/45 | 2/41 at 100.0 |
| 1,060 | Henry County Hospital Authority, Georgia, Revenue Certificates, Henry Medical Center, Series 2004, 5.000%, 7/01/20 - NPMG Insured | 7/14 at 101.0 |
| 900 | Houston County Hospital Authority, Georgia, Revenue Bonds, Houston Healthcare Project, Series 2007, 5.250%, 10/01/35 | 10/17 at 100.0 |
| 225 | Macon-Bibb County Hospital Authority, Georgia, Revenue Anticipation Certificates, Medical Center of Central Georgia Inc., Series 2009, 5.000%, 8/01/35 | 8/19 at 100.0 |

26 Nuveen Investments

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL CALL PROVISIONS (2) |
|---------------------------|---|---------------------------------|
| ----- | | |
| | HEALTH CARE (continued) | |
| \$ 400 | Medical Center Hospital Authority, Georgia, Revenue Anticipation Certificates, Columbus Regional Healthcare System, Inc. Project, Series 1999, 6.100%, 8/01/14 - NPMG Insured | 8/11 at 100.0 |
| 770 | Royston Hospital Authority, Georgia, Revenue Anticipation Certificates, Ty Cobb Healthcare System Inc., Series 1999, 6.700%, 7/01/16 | 7/11 at 100.0 |
| 1,000 | Savannah Hospital Authority, Georgia, Revenue Bonds, St. Joseph's/Candler Health System, Series 2003, 5.250%, 7/01/23 - RAAI Insured | 1/14 at 100.0 |
| 800 | Valdosta and Lowndes County Hospital Authority, Georgia, Revenue Certificates, South Georgia Medical Center, Series 2007, 5.000%, 10/01/33 | 10/17 at 100.0 |
| ----- | | |
| 14,645 | Total Health Care | |
| ----- | | |
| | HOUSING/MULTIFAMILY - 1.6% (1.1% OF TOTAL INVESTMENTS) | |
| 1,000 | Cobb County Development Authority, Georgia, Student Housing Revenue Bonds, KSU Village II Real Estate Foundation LLC Project, Series 2007A, 5.250%, 7/15/38 - AMBAC Insured | 7/17 at 100.0 |
| ----- | | |
| | HOUSING/SINGLE FAMILY - 1.6% (1.1% OF TOTAL INVESTMENTS) | |
| 900 | Georgia Housing and Finance Authority, Single Family Mortgage Bonds, Series 2002B-2, 5.350%, 12/01/22 (Alternative Minimum Tax) | 12/11 at 100.0 |
| ----- | | |
| | MATERIALS - 1.8% (1.2% OF TOTAL INVESTMENTS) | |
| 1,000 | Richmond County Development Authority, Georgia, Environmental Improvement Revenue Bonds, International Paper Company, Series 2001A, 6.250%, 2/01/25 (Alternative Minimum Tax) | 2/11 at 101.0 |

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| TAX OBLIGATION/GENERAL - 18.9% (12.5% OF TOTAL INVESTMENTS) | | |
|--|--|----------------|
| 540 | Cherokee County Resource Recovery Development Authority, Georgia, Solid Waste Disposal Revenue Bonds, Ball Ground Recycling LLC Project, Series 2007A, 5.000%, 7/01/37 - AMBAC Insured (Alternative Minimum Tax) | 7/17 at 100.0 |
| 2,215 | Decatur, Georgia, General Obligation Bonds, Series 2007, 5.000%, 1/01/31 - AGM Insured | 1/17 at 100.0 |
| 905 | Georgia Municipal Association Inc., Certificates of Participation, Riverdale Public Purpose Project, Series 2009, 5.375%, 5/01/32 - AGC Insured | 5/19 at 100.0 |
| 100 | Georgia State, General Obligation Bonds, Series 2007E, 5.000%, 8/01/24 | 8/17 at 100.0 |
| 210 | Georgia State, General Obligation Bonds, Series 2009B, 5.000%, 1/01/26 | 1/19 at 100.0 |
| 1,000 | Georgia, General Obligation Bonds, Series 2005B, 5.000%, 7/01/15 | No Opt. Cal |
| 1,800 | Gwinnett County School District, Georgia, General Obligation Bonds, Series 2008, 5.000%, 2/01/36 (UB) | 2/18 at 100.0 |
| 2,500 | Paulding County School District, Georgia, General Obligation Bonds, Series 2007, 5.000%, 2/01/33 | 2/17 at 100.0 |
| 500 | Wayne County Hospital Authority, Georgia, Hospital Revenue Bonds, Series 2006, 5.000%, 3/01/23 - SYNCORA GTY Insured | 3/16 at 100.0 |
| 9,770 | Total Tax Obligation/General | |
| TAX OBLIGATION/LIMITED - 20.4% (13.5% OF TOTAL INVESTMENTS) | | |
| Atlanta, Georgia, Tax Allocation Bonds Atlanta Station Project, Series 2007: | | |
| 70 | 5.250%, 12/01/19 | No Opt. Cal |
| 420 | 5.000%, 12/01/23 - AGC Insured | 12/17 at 100.0 |
| 225 | Atlanta, Georgia, Tax Allocation Bonds, Eastside Project, Series 2005A, 5.625%, 1/01/16 (Alternative Minimum Tax) | No Opt. Cal |
| 50 | Atlanta, Georgia, Tax Allocation Bonds, Eastside Project, Series 2005B, 5.400%, 1/01/20 | 7/15 at 100.0 |
| 2,000 | Cobb-Marietta Coliseum and Exhibit Hall Authority, Cobb County, Georgia, Revenue Bonds, Performing Arts Center, Series 2004, 5.000%, 1/01/22 | 1/14 at 100.0 |
| 3,860 | Cobb-Marietta Coliseum and Exhibit Hall Authority, Georgia, Revenue Refunding Bonds, Series 1993, 5.625%, 10/01/26 - NCFG Insured | 10/19 at 100.0 |
| 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 101.0 |
| 1,000 | Metropolitan Atlanta Rapid Transit Authority, Georgia, Sales Tax Revenue Refunding Bonds, Series 1992P, 6.250%, 7/01/20 - AMBAC Insured | No Opt. Cal |
| 10,225 | Total Tax Obligation/Limited | |

Nuveen Investments 27

NPG | Nuveen Georgia Premium Income Municipal Fund (continued)
| Portfolio of Investments May 31, 2010

PRINCIPAL

OPTIONAL CALL

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| AMOUNT (000) | DESCRIPTION (1) | PROVISIONS (2) |
|--------------|--|----------------|
| ----- | | |
| | TRANSPORTATION - 4.7% (3.1% OF TOTAL INVESTMENTS) | |
| \$ 215 | Atlanta, Georgia, Airport General Revenue Bonds, Series 2000B, 5.625%, 1/01/30 - FGIC Insured (Alternative Minimum Tax) | 7/10 at 101.0 |
| 2,290 | Atlanta, Georgia, Airport General Revenue Bonds, Series 2004G, 5.000%, 1/01/26 - AGM Insured | 1/15 at 100.0 |
| ----- | | |
| 2,505 | Total Transportation | |
| ----- | | |
| | U.S. GUARANTEED - 18.1% (12.0% OF TOTAL INVESTMENTS) (4) | |
| 735 | Coweta County Development Authority, Georgia, Revenue Bonds, Newnan Water and Sewer, and Light Commission Project, Series 2002, 5.250%, 1/01/18 (Pre-refunded 1/01/13) - FGIC Insured | 1/13 at 100.0 |
| 2,665 | Coweta County Water and Sewer Authority, Georgia, Revenue Bonds, Series 2001, 5.250%, 6/01/26 (Pre-refunded 6/01/11) | 6/11 at 102.0 |
| 500 | DeKalb County, Georgia, Water and Sewerage Revenue Bonds, Series 2000, 5.125%, 10/01/31 (Pre-refunded 10/01/10) | 10/10 at 101.0 |
| 1,750 | Gainesville and Hall County Hospital Authority, Georgia, Revenue Anticipation Certificates, Northeast Georgia Health Services Inc., Series 2001, 5.500%, 5/15/31 (Pre-refunded 5/15/11) | 5/11 at 100.0 |
| 25 | Georgia Municipal Electric Authority, Senior Lien General Power Revenue Bonds, Series 1993Z, 5.500%, 1/01/20 (Pre-refunded 1/01/17) - FGIC Insured | 1/17 at 100.0 |
| 1,000 | Georgia, General Obligation Bonds, Series 2002D, 5.000%, 8/01/16 (Pre-refunded 8/01/12) | 8/12 at 100.0 |
| 2,550 | Gwinnett County Hospital Authority, Georgia, Revenue Anticipation Certificates, Gwinnett Hospital System Inc. Project, Series 1997B, 5.300%, 9/01/27 (Pre-refunded 2/14/12) - NCFG Insured | 2/12 at 102.0 |
| ----- | | |
| 9,225 | Total U.S. Guaranteed | |
| ----- | | |
| | UTILITIES - 9.9% (6.6% OF TOTAL INVESTMENTS) | |
| 1,000 | Georgia Municipal Electric Authority, General Power Revenue Bonds, Project 1, Series 2007A, 5.000%, 1/01/25 - NCFG Insured | 1/17 at 100.0 |
| 975 | Georgia Municipal Electric Authority, Senior Lien General Power Revenue Bonds, Series 1993Z, 5.500%, 1/01/20 - FGIC Insured | No Opt. Cal |
| 1,000 | Municipal Electric Authority of Georgia, Combustion Turbine Revenue Bonds, Series 2003A, 5.000%, 11/01/20 - NCFG Insured | 11/13 at 100.0 |
| 1,000 | Municipal Electric Authority of Georgia, Project One Subordinated Lien Revenue Bonds, Series 2003A, 5.000%, 1/01/22 - NCFG Insured | 1/13 at 100.0 |
| 1,200 | Virgin Islands Water and Power Authority, Electric System Revenue Bonds, Series 2007B, 5.000%, 7/01/31 | 7/17 at 100.0 |
| ----- | | |
| 5,175 | Total Utilities | |
| ----- | | |
| | WATER AND SEWER - 21.6% (14.3% OF TOTAL INVESTMENTS) | |
| 1,225 | Atlanta, Georgia, Water and Wastewater Revenue Bonds, Series 2004, 5.000%, 11/01/24 - AGM Insured | 11/14 at 100.0 |
| 2,490 | Cherokee County Water and Sewerage Authority, Georgia, Revenue Bonds, Series 2001, 5.000%, 8/01/35 - AGM Insured | 8/18 at 100.0 |
| 335 | Coweta County Water and Sewer Authority, Georgia, Revenue Bonds, Series 2001, 5.250%, 6/01/26 | 6/11 at 102.0 |

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| | | | |
|-------|---|--|---------------|
| | Coweta County Water and Sewer Authority, Georgia, Revenue Bonds, Series 2007: | | |
| 500 | 5.000%, 6/01/32 | | 6/18 at 100.0 |
| 150 | 5.000%, 6/01/37 | | 6/18 at 100.0 |
| 890 | Douglasville-Douglas County Water and Sewer Authority, Georgia, Water and Sewer Revenue Bonds, Series 2007, 5.000%, 6/01/37 - NPPFG Insured | | 6/17 at 100.0 |
| 750 | Forsyth County Water and Sewerage Authority, Georgia, Revenue Bonds, Series 2007, 5.000%, 4/01/37 - AGM Insured | | 4/17 at 100.0 |
| 1,950 | Fulton County, Georgia, Water and Sewerage Revenue Bonds, Series 2004, 5.000%, 1/01/22 - FGIC Insured | | 1/14 at 100.0 |
| 1,000 | Midgeville, Georgia, Water and Sewerage Revenue Refunding Bonds, Series 1996, 6.000%, 12/01/21 - AGM Insured | | No Opt. Cal |
| 1,000 | Unified Government of Athens-Clarke County, Georgia, Water and Sewerage Revenue Bonds, Series 2008, 5.500%, 1/01/38 | | 1/19 at 100.0 |

28 Nuveen Investments

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL CALL PROVISIONS (2) |
|---------------------------|---|---------------------------------|
| ----- | | |
| | WATER AND SEWER (continued) | |
| \$ 890 | Walton County Water and Sewerage Authority, Georgia, Revenue Bonds, The Oconee-Hard Creek Reservoir Project, Series 2008, 5.000%, 2/01/38 - AGM Insured | 2/18 at 100.0 |
| ----- | | |
| 11,180 | Total Water and Sewer | |
| ----- | | |
| \$ 78,980 | Total Investments (cost \$79,615,332) - 150.9% | |
| ===== | | |
| | Floating Rate Obligations - (2.2)% | |
| ----- | | |
| | MuniFund Term Preferred Shares, at Liquidation Value - (51.5%) (5) | |
| ----- | | |
| | Other Assets Less Liabilities - 2.8% | |
| ----- | | |
| | Net Assets Applicable to Common Shares - 100% | |
| ===== | | |

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

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Government agency securities, which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.

(5) MuniFund Term Preferred Shares, at Liquidation Value as a percentage of Total Investments is 34.1%.

N/R Not rated.

(IF) Inverse floating rate investment.

(UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction. See Notes to Financial Statements, Footnote 1 - Inverse Floating Rate Securities for more information.

See accompanying notes to financial statements.

Nuveen Investments 29

NZX | Nuveen Georgia Dividend Advantage Municipal Fund
| Portfolio of Investments May 31, 2010

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL CALL PROVISIONS (2) |
|------------------------|---|------------------------------|
| ----- | | |
| | EDUCATION AND CIVIC ORGANIZATIONS - 28.8% (19.3% OF TOTAL INVESTMENTS) | |
| \$ 1,000 | Athens Housing Authority, Georgia, Student Housing Lease Revenue Bonds, UGAREF East Campus Housing LLC Project, Series 2002, 5.250%, 12/01/21 - AMBAC Insured | 12/12 at 100.0 |
| 500 | Athens Housing Authority, Georgia, Student Housing Lease Revenue Bonds, UGAREF East Campus Housing LLC Project, Series 2009, 5.250%, 6/15/35 | 6/19 at 100.0 |
| 1,200 | Atlanta Development Authority, Georgia, Educational Facilities Revenue Bonds, Science Park LLC Project, Series 2007, 5.000%, 7/01/39 | 7/17 at 100.0 |
| 1,475 | Bulloch County Development Authority, Georgia, Student Housing and Athletic Facility Lease Revenue Bonds, Georgia Southern University, Series 2004, 5.250%, 8/01/20 - SYNCORA GTY Insured | 8/14 at 100.0 |
| 1,620 | Bulloch County Development Authority, Georgia, Student Housing Lease Revenue Bonds, Georgia Southern University, Series 2002, 5.000%, 8/01/20 - AMBAC Insured | 8/12 at 100.0 |
| 1,000 | Fulton County Development Authority, Georgia, Revenue Bonds, Georgia Tech Athletic Association, Series 2001, 5.000%, 10/01/20 - AMBAC Insured | 4/12 at 100.0 |
| 145 | Private Colleges and Universities Authority, Georgia, Revenue Bonds, Emory University, Series 2009B, Trust 3404: 16.758%, 9/01/32 (IF) | 9/19 at 100.0 |
| 230 | 16.785%, 9/01/35 (IF) | 9/19 at 100.0 |
| 750 | Savannah Economic Development Authority, Georgia, Revenue Bonds, GTREP Project, Series 2002, 5.000%, 7/01/19 - NPFG Insured | 7/12 at 100.0 |
| ----- | | |
| 7,920 | Total Education and Civic Organizations | |
| ----- | | |
| | ENERGY - 2.0% (1.4% OF TOTAL INVESTMENTS) | |

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| | | |
|-------|---|----------------|
| 650 | Virgin Islands Public Finance Authority, Revenue Bonds, Refinery Project Hovensa LLC, Series 2007, 4.700%, 7/01/22 (Alternative Minimum Tax) | 1/15 at 100.0 |
| ----- | | |
| | HEALTH CARE - 27.2% (18.3% OF TOTAL INVESTMENTS) | |
| 150 | Baldwin County Hospital Authority, Georgia, Revenue Bonds, Oconee Regional Medical Center, Series 1997, 5.250%, 12/01/12 | 6/10 at 100.0 |
| 190 | Baldwin County Hospital Authority, Georgia, Revenue Bonds, Oconee Regional Medical Center, Series 1998, 5.375%, 12/01/28 | 6/10 at 101.0 |
| 500 | Clark County Hospital Authority, Georgia, Hospital Revenue Bonds, Athens Regional Medical Center, Series 2007, 5.000%, 1/01/27 - NCFG Insured | 1/17 at 100.0 |
| 1,000 | Clarke County Hospital Authority, Georgia, Hospital Revenue Certificates, Athens Regional Medical Center, Series 2002, 5.375%, 1/01/19 - NCFG Insured | 1/12 at 101.0 |
| 500 | Coffee County Hospital Authority, Georgia, Revenue Bonds, Coffee County Regional Medical Center, Series 2004, 5.250%, 12/01/22 | 12/14 at 100.0 |
| 600 | Gainesville and Hall County Hospital Authority, Georgia, Revenue Anticipation Certificates, Northeast Georgia Health Services Inc., Series 2010B, 5.250%, 2/15/45 | 2/41 at 100.0 |
| 500 | Henry County Hospital Authority, Georgia, Revenue Certificates, Henry Medical Center, Series 2004, 5.000%, 7/01/20 - NCFG Insured | 7/14 at 101.0 |
| 500 | Houston County Hospital Authority, Georgia, Revenue Bonds, Houston Healthcare Project, Series 2007, 5.250%, 10/01/35 | 10/17 at 100.0 |
| 300 | Macon-Bibb County Hospital Authority, Georgia, Revenue Anticipation Certificates, Medical Center of Central Georgia Inc., Series 2009, 5.000%, 8/01/35 | 8/19 at 100.0 |
| | Royston Hospital Authority, Georgia, Revenue Anticipation Certificates, Ty Cobb Healthcare System Inc., Series 1999: | |
| 200 | 6.700%, 7/01/16 | 7/11 at 100.0 |
| 250 | 6.500%, 7/01/27 | 7/10 at 101.0 |
| 500 | Savannah Hospital Authority, Georgia, Revenue Bonds, St. Joseph's/Candler Health System, Series 2003, 5.250%, 7/01/23 - RAAI Insured | 1/14 at 100.0 |

30 Nuveen Investments

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL CALL PROVISIONS (2) |
|---------------------------|--|---------------------------------|
| ----- | | |
| | HEALTH CARE (continued) | |
| \$ 2,000 | Valdosta and Lowndes County Hospital Authority, Georgia, Revenue Certificates, South Georgia Medical Center, Series 2002, 5.250%, 10/01/27 - AMBAC Insured | 10/12 at 101.0 |
| 750 | Valdosta and Lowndes County Hospital Authority, Georgia, Revenue Certificates, South Georgia Medical Center, Series 2007, 5.000%, 10/01/33 | 10/17 at 100.0 |
| ----- | | |
| 7,940 | Total Health Care | |
| ----- | | |
| | HOUSING/MULTIFAMILY - 1.1% (0.7% OF TOTAL INVESTMENTS) | |
| 350 | Cobb County Development Authority, Georgia, Student Housing | 7/17 at 100.0 |

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Revenue Bonds, KSU Village II Real Estate Foundation LLC
Project, Series 2007A, 5.250%, 7/15/38 - AMBAC Insured

| | | |
|---|--|----------------|
| HOUSING/SINGLE FAMILY - 12.6% (8.4% OF TOTAL INVESTMENTS) | | |
| 650 | Georgia Housing and Finance Authority, Single Family Mortgage Bonds, Series 2002B-2, 5.350%, 12/01/22 (Alternative Minimum Tax) | 12/11 at 100.0 |
| 1,000 | Georgia Housing and Finance Authority, Single Family Mortgage Bonds, Series 2006C-2, 4.500%, 12/01/27 (Alternative Minimum Tax) | 12/15 at 100.0 |
| 2,000 | Georgia Housing and Finance Authority, Single Family Mortgage Resolution 1 Bonds, Series 2002A-2, 5.450%, 12/01/22 (Alternative Minimum Tax) | 12/11 at 100.0 |

3,650 Total Housing/Single Family

| | | |
|--|--|---------------|
| INDUSTRIALS - 3.5% (2.3% OF TOTAL INVESTMENTS) | | |
| 1,000 | Cartersville Development Authority, Georgia, Waste and Wastewater Facilities Revenue Refunding Bonds, Anheuser Busch Cos. Inc. Project, Series 2002, 5.950%, 2/01/32 (Alternative Minimum Tax) | 2/12 at 100.0 |

| | | |
|---|--|-------------|
| LONG-TERM CARE - 0.9% (0.6% OF TOTAL INVESTMENTS) | | |
| 250 | Medical Center Hospital Authority, Georgia, Revenue Bonds, Spring Harbor at Green Island, Series 2007, 5.000%, 7/01/11 | No Opt. Cal |

| | | |
|--|---|----------------|
| MATERIALS - 2.1% (1.4% OF TOTAL INVESTMENTS) | | |
| 20 | Richmond County Development Authority, Georgia, Environmental Improvement Revenue Bonds, International Paper Company, Series 2003A, 5.750%, 11/01/27 (Alternative Minimum Tax) | 11/13 at 100.0 |
| 600 | Richmond County Development Authority, Georgia, Environmental Improvement Revenue Refunding Bonds, International Paper Company, Series 2002A, 6.000%, 2/01/25 (Alternative Minimum Tax) | 2/12 at 101.0 |

620 Total Materials

| | | |
|--|--|---------------|
| TAX OBLIGATION/GENERAL - 13.7% (9.2% OF TOTAL INVESTMENTS) | | |
| 360 | Cherokee County Resource Recovery Development Authority, Georgia, Solid Waste Disposal Revenue Bonds, Ball Ground Recycling LLC Project, Series 2007A, 5.000%, 7/01/37 - AMBAC Insured (Alternative Minimum Tax) | 7/17 at 100.0 |
| 200 | Decatur, Georgia, General Obligation Bonds, Series 2007, 5.000%, 1/01/31 - AGM Insured | 1/17 at 100.0 |
| 250 | Georgia Municipal Association Inc., Certificates of Participation, Riverdale Public Purpose Project, Series 2009, 5.500%, 5/01/38 - AGC Insured | 5/19 at 100.0 |
| 700 | Georgia State, General Obligation Bonds, Series 2007E, 5.000%, 8/01/24 | 8/17 at 100.0 |
| 100 | Georgia State, General Obligation Bonds, Series 2009B, 5.000%, 1/01/26 | 1/19 at 100.0 |
| 500 | Georgia, General Obligation Bonds, Series 2005B, 5.000%, 7/01/15 | No Opt. Cal |
| 1,000 | Gwinnett County School District, Georgia, General Obligation Bonds, Series 2008, 5.000%, 2/01/36 (UB) | 2/18 at 100.0 |
| 600 | Paulding County School District, Georgia, General Obligation Bonds, Series 2007, 5.000%, 2/01/33 | 2/17 at 100.0 |

3,710 Total Tax Obligation/General

TAX OBLIGATION/LIMITED - 10.2% (6.9% OF TOTAL INVESTMENTS)

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| | | |
|-----|---|----------------|
| 40 | Atlanta, Georgia, Tax Allocation Bonds Atlanta Station Project, Series 2007, 5.000%, 12/01/23 - AGC Insured | 12/17 at 100.0 |
| 500 | Atlanta, Georgia, Tax Allocation Bonds, Beltline Project Series 2008B. Remarketed, 7.375%, 1/01/31 | No Opt. Cal |

Nuveen Investments 31

NZX | Nuveen Georgia Dividend Advantage Municipal Fund (continued)
| Portfolio of Investments May 31, 2010

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL CALL PROVISIONS (2) |
|------------------------|--|------------------------------|
| ----- | | |
| | TAX OBLIGATION/LIMITED (continued) | |
| \$ 115 | Atlanta, Georgia, Tax Allocation Bonds, Eastside Project, Series 2005A, 5.625%, 1/01/16 (Alternative Minimum Tax) | No Opt. Cal |
| | Atlanta, Georgia, Tax Allocation Bonds, Eastside Project, Series 2005B: | |
| 300 | 5.400%, 1/01/20 | 7/15 at 100.0 |
| 75 | 5.600%, 1/01/30 | 7/15 at 100.0 |
| 215 | Atlanta, Georgia, Tax Allocation Bonds, Princeton Lakes Project, Series 2006, 5.500%, 1/01/31 | 1/16 at 100.0 |
| 65 | Cobb-Marietta Coliseum and Exhibit Hall Authority, Georgia, Revenue Refunding Bonds, Series 1993, 5.625%, 10/01/26 - NCFG Insured | 10/19 at 100.0 |
| 1,525 | Macon-Bibb County Urban Development Authority, Georgia, Revenue Refunding Bonds, Public Facilities Projects, Series 2002A, 5.000%, 8/01/14 | 8/12 at 101.0 |
| ----- | | |
| 2,835 | Total Tax Obligation/Limited | |
| ----- | | |
| | TRANSPORTATION - 3.5% (2.3% OF TOTAL INVESTMENTS) | |
| 1,000 | Atlanta, Georgia, Airport General Revenue Refunding Bonds, Series 2000A, 5.400%, 1/01/15 - FGIC Insured | 7/10 at 101.0 |
| ----- | | |
| | U.S. GUARANTEED - 21.6% (14.5% OF TOTAL INVESTMENTS) (4) | |
| 1,500 | Coweta County Development Authority, Georgia, Revenue Bonds, Newnan Water and Sewer, and Light Commission Project, Series 2002, 5.250%, 1/01/18 (Pre-refunded 1/01/13) - FGIC Insured | 1/13 at 100.0 |
| 1,250 | Gainesville and Hall County Hospital Authority, Georgia, Revenue Anticipation Certificates, Northeast Georgia Health Services Inc., Series 2001, 5.500%, 5/15/31 (Pre-refunded 5/15/11) | 5/11 at 100.0 |
| 730 | Georgia, General Obligation Bonds, Series 2002D, 5.000%, 8/01/18 (Pre-refunded 8/01/12) | 8/12 at 100.0 |
| 1,100 | Gwinnett County Hospital Authority, Georgia, Revenue Anticipation Certificates, Gwinnett Hospital System Inc. Project, Series 1997B, 5.300%, 9/01/27 (Pre-refunded 2/14/12) - NCFG Insured | 2/12 at 102.0 |
| 1,200 | Private Colleges and Universities Authority, Georgia, Revenue Bonds, Mercer University, Series 2001, 5.750%, 10/01/31 (Pre-refunded 10/01/11) | 10/11 at 102.0 |
| ----- | | |
| 5,780 | Total U.S. Guaranteed | |
| ----- | | |

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UTILITIES - 1.9% (1.3% OF TOTAL INVESTMENTS)
 500 Municipal Electric Authority of Georgia, Combustion Turbine Revenue Bonds, Series 2003A, 5.250%, 11/01/15 - NPFG Insured 11/13 at 100.0

 WATER AND SEWER - 19.9% (13.4% OF TOTAL INVESTMENTS)
 1,200 Atlanta, Georgia, Water and Wastewater Revenue Bonds, Series 2004, 5.000%, 11/01/24 - AGM Insured 11/14 at 100.0
 625 Cherokee County Water and Sewerage Authority, Georgia, Revenue Bonds, Series 2001, 5.000%, 8/01/35 - AGM Insured 8/18 at 100.0
 350 Coweta County Water and Sewer Authority, Georgia, Revenue Bonds, Series 2007, 5.000%, 6/01/37 6/18 at 100.0
 890 Douglasville-Douglas County Water and Sewer Authority, Georgia, Water and Sewer Revenue Bonds, Series 2007, 5.000%, 6/01/37 - NPFG Insured 6/17 at 100.0
 375 Forsyth County Water and Sewerage Authority, Georgia, Revenue Bonds, Series 2007, 5.000%, 4/01/37 - AGM Insured 4/17 at 100.0

32 Nuveen Investments

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL CALL PROVISIONS (2) |
|------------------------|---|------------------------------|
| | WATER AND SEWER (continued) | |
| \$ 500 | Fulton County, Georgia, Water and Sewerage Revenue Bonds, Series 2004, 5.000%, 1/01/22 - FGIC Insured | 1/14 at 100.0 |
| 1,395 | Macon Water Authority, Georgia, Water and Sewer Revenue Bonds, Series 2001B, 5.000%, 10/01/21 | 10/11 at 101.0 |
| 230 | Walton County Water and Sewerage Authority, Georgia, Revenue Bonds, The Oconee-Hard Creek Reservoir Project, Series 2008, 5.000%, 2/01/38 - AGM Insured | 2/18 at 100.0 |
| 5,565 | Total Water and Sewer | |
| \$ 41,770 | Total Investments (cost \$42,041,084) - 149.0% | |
| | Floating Rate Obligations - (2.3)% | |
| | MuniFund Term Preferred Shares, at Liquidation Value - (49.1)% (5) | |
| | Other Assets Less Liabilities - 2.4% | |
| | Net Assets Applicable to Common Shares - 100% | |

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

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accounting firm): Using the highest of Standard & Poor's Group ("Standard & Poor's"), Moody's Investor Service, Inc. ("Moody's") or Fitch, Inc. ("Fitch") rating. Ratings below BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch are considered to be below investment grade.

- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities, which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
 - (5) MuniFund Term Preferred Shares, at Liquidation Value as a percentage of Total Investments is 33.0%.
- N/R Not rated.
- (IF) Inverse floating rate investment.
 - (UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction. See Notes to Financial Statements, Footnote 1 - Inverse Floating Rate Securities for more information.

See accompanying notes to financial statements.

Nuveen Investments 33

NKG | Nuveen Georgia Dividend Advantage Municipal Fund 2
 | Portfolio of Investments May 31, 2010

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL CALL PROVISIONS (2) |
|---------------------------|--|---------------------------------|
| <hr/> | | |
| \$ 2,000 | CONSUMER STAPLES - 2.7% (1.8% OF TOTAL INVESTMENTS) Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Refunding Bonds, Series 2002, 5.500%, 5/15/39 | 5/12 at 100.0 |
| <hr/> | | |
| 2,500 | EDUCATION AND CIVIC ORGANIZATIONS - 17.8% (11.9% OF TOTAL INVESTMENTS) 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 100.0 |
| 500 | Athens Housing Authority, Georgia, Student Housing Lease Revenue Bonds, UGAREF East Campus Housing LLC Project, Series 2009, 5.250%, 6/15/35 | 6/19 at 100.0 |
| 1,225 | Athens-Clarke County Unified Government Development Authority, Georgia, Educational Facilities Revenue Bonds, UGAREF CCRC Building LLC Project, Series 2002, 5.000%, 12/15/18 - AMBAC Insured | 12/12 at 100.0 |
| 3,000 | Atlanta Development Authority, Georgia, Educational Facilities Revenue Bonds, Science Park LLC Project, Series 2007, 5.000%, 7/01/39 | 7/17 at 100.0 |
| 2,000 | Fulton County Development Authority, Georgia, Revenue Bonds, Georgia Tech - Klaus Parking and Family Housing, Series 2003, 5.000%, 11/01/23 - NPMF Insured | 11/13 at 100.0 |
| 1,050 | Fulton County Development Authority, Georgia, Revenue Bonds, TUFF Morehouse Project, Series 2002A, 5.000%, 2/01/34 - AMBAC Insured | 2/12 at 100.0 |
| | Private Colleges and Universities Authority, Georgia, Revenue | |

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| | | | |
|--------|---|--|----------------|
| | Bonds, Emory University, Series 2009B, Trust 3404: | | |
| 315 | 16.758%, 9/01/32 (IF) | | 9/19 at 100.0 |
| 490 | 16.785%, 9/01/35 (IF) | | 9/19 at 100.0 |
| ----- | | | |
| 11,080 | Total Education and Civic Organizations | | |
| ----- | | | |
| | HEALTH CARE - 28.2% (18.9% OF TOTAL INVESTMENTS) | | |
| 150 | Baldwin County Hospital Authority, Georgia, Revenue Bonds, Oconee Regional Medical Center, Series 1997, 5.250%, 12/01/12 | | 6/10 at 100.0 |
| 40 | Baldwin County Hospital Authority, Georgia, Revenue Bonds, Oconee Regional Medical Center, Series 1998: 5.250%, 12/01/22 | | 12/10 at 100.0 |
| 550 | 5.375%, 12/01/28 | | 6/10 at 101.0 |
| | Coffee County Hospital Authority, Georgia, Revenue Bonds, Coffee County Regional Medical Center, Series 2004: | | |
| 185 | 5.000%, 12/01/19 | | 12/14 at 100.0 |
| 1,000 | 5.250%, 12/01/22 | | 12/14 at 100.0 |
| 1,000 | Floyd County Hospital Authority, Georgia, Revenue Anticipation Certificates, Floyd Medical Center Project, Series 2002, 5.200%, 7/01/32 - NPMFG Insured | | 7/12 at 101.0 |
| | Gainesville and Hall County Hospital Authority, Georgia, Revenue Anticipation Certificates, Northeast Georgia Health Services Inc., Series 2010B: | | |
| 700 | 5.125%, 2/15/40 | | No Opt. Cal |
| 1,645 | 5.250%, 2/15/45 | | 2/41 at 100.0 |
| 1,140 | Houston County Hospital Authority, Georgia, Revenue Bonds, Houston Healthcare Project, Series 2007, 5.250%, 10/01/35 | | 10/17 at 100.0 |
| 450 | Macon-Bibb County Hospital Authority, Georgia, Revenue Anticipation Certificates, Medical Center of Central Georgia Inc., Series 2009, 5.000%, 8/01/35 | | 8/19 at 100.0 |
| | Newnan Hospital Authority, Georgia, Revenue Anticipation Certificates, Newnan Hospital Inc., Series 2002: | | |
| 2,260 | 5.500%, 1/01/19 - NPMFG Insured | | 1/13 at 100.0 |
| 3,020 | 5.500%, 1/01/20 - NPMFG Insured | | 1/13 at 100.0 |
| | Royston Hospital Authority, Georgia, Revenue Anticipation Certificates, Ty Cobb Healthcare System Inc., Series 1999: | | |
| 350 | 6.700%, 7/01/16 | | 7/11 at 100.0 |
| 650 | 6.500%, 7/01/27 | | 7/10 at 101.0 |
| 2,000 | Savannah Hospital Authority, Georgia, Revenue Bonds, St. Joseph's/Candler Health System, Series 2003, 5.250%, 7/01/23 - RAAI Insured | | 1/14 at 100.0 |

34 Nuveen Investments

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL CALL PROVISIONS (2) |
|---------------------------|---|---------------------------------|
| \$ 1,945 | HEALTH CARE (continued) Tift County Hospital Authority, Georgia, Revenue Anticipation Bonds, Tift Regional Medical Center, Series 2002, 5.250%, 12/01/19 - AMBAC Insured | 12/12 at 101.0 |
| 750 | Valdosta and Lowndes County Hospital Authority, Georgia, Revenue Certificates, South Georgia Medical Center, Series 2007, 5.000%, 10/01/33 | 10/17 at 100.0 |

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| | | | |
|--------|--|---------|----------|
| 17,835 | Total Health Care | | |
| ----- | | | |
| | HOUSING/MULTIFAMILY - 4.7% (3.1% OF TOTAL INVESTMENTS) | | |
| 25 | Cobb County Development Authority, Georgia, Student Housing Revenue Bonds, KSU Village II Real Estate Foundation LLC Project, Series 2007A, 5.250%, 7/15/38 - AMBAC Insured | 7/17 | at 100.0 |
| | Savannah Economic Development Authority, Georgia, GNMA Collateralized Multifamily Housing Revenue Bonds, Snap I-II-III Apartments, Series 2002A: | | |
| 500 | 5.150%, 11/20/22 (Alternative Minimum Tax) | 11/12 | at 102.0 |
| 980 | 5.200%, 11/20/27 (Alternative Minimum Tax) | 11/12 | at 102.0 |
| 1,465 | 5.250%, 11/20/32 (Alternative Minimum Tax) | 11/12 | at 102.0 |
| ----- | | | |
| 2,970 | Total Housing/Multifamily | | |
| ----- | | | |
| | HOUSING/SINGLE FAMILY - 0.5% (0.3% OF TOTAL INVESTMENTS) | | |
| 170 | Georgia Housing and Finance Authority, Single Family Mortgage Bonds, Series 2006C-2, 4.550%, 12/01/31 (Alternative Minimum Tax) | 12/15 | at 100.0 |
| 150 | Georgia Housing and Finance Authority, Single Family Mortgage Resolution 1 Bonds, Series 2001B-2, 5.400%, 12/01/31 (Alternative Minimum Tax) | 6/11 | at 100.0 |
| ----- | | | |
| 320 | Total Housing/Single Family | | |
| ----- | | | |
| | INDUSTRIALS - 3.3% (2.2% OF TOTAL INVESTMENTS) | | |
| 2,190 | Cobb County Development Authority, Georgia, Solid Waste Disposal Revenue Bonds, Georgia Waste Management Project, Series 2004A, 5.000%, 4/01/33 (Alternative Minimum Tax) | 4/16 | at 101.0 |
| ----- | | | |
| | LONG-TERM CARE - 0.4% (0.3% OF TOTAL INVESTMENTS) | | |
| 250 | Medical Center Hospital Authority, Georgia, Revenue Bonds, Spring Harbor at Green Island, Series 2007, 5.000%, 7/01/11 | No Opt. | Cal |
| ----- | | | |
| | MATERIALS - 2.5% (1.7% OF TOTAL INVESTMENTS) | | |
| 1,000 | Richmond County Development Authority, Georgia, Environmental Improvement Revenue Bonds, International Paper Company, Series 2001A, 6.250%, 2/01/25 (Alternative Minimum Tax) | 2/11 | at 101.0 |
| 250 | Richmond County Development Authority, Georgia, Environmental Improvement Revenue Refunding Bonds, International Paper Company, Series 2002A, 6.000%, 2/01/25 (Alternative Minimum Tax) | 2/12 | at 101.0 |
| 370 | Savannah Economic Development Authority, Georgia, Pollution Control Revenue Bonds, Union Camp Corporation, Series 1995, 6.150%, 3/01/17 | No Opt. | Cal |
| ----- | | | |
| 1,620 | Total Materials | | |
| ----- | | | |
| | TAX OBLIGATION/GENERAL - 26.6% (17.8% OF TOTAL INVESTMENTS) | | |
| 600 | Cherokee County Resource Recovery Development Authority, Georgia, Solid Waste Disposal Revenue Bonds, Ball Ground Recycling LLC Project, Series 2007A, 5.000%, 7/01/37 - AMBAC Insured (Alternative Minimum Tax) | 7/17 | at 100.0 |
| 900 | Decatur, Georgia, General Obligation Bonds, Series 2007, 5.000%, 1/01/31 - AGM Insured | 1/17 | at 100.0 |
| 1,000 | Forsyth County, Georgia, General Obligation Bonds, Series 2004, 5.250%, 3/01/19 | 3/14 | at 101.0 |
| 915 | Georgia Municipal Association Inc., Certificates of Participation, Riverdale Public Purpose Project, Series 2009, 5.500%, 5/01/38 - AGC Insured | 5/19 | at 100.0 |
| 1,700 | Georgia State, General Obligation Bonds, Series 2007E, | 8/17 | at 100.0 |

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| | | |
|-------|---|---------------|
| | 5.000%, 8/01/24 | |
| 1,645 | Georgia State, General Obligation Bonds, Series 2009B, 5.000%, 1/01/26 | 1/19 at 100.0 |
| 750 | Georgia, General Obligation Bonds, Series 1998D, 5.250%, 10/01/15 | No Opt. Cal |
| 1,000 | Georgia, General Obligation Bonds, Series 2005B, 5.000%, 7/01/15 | No Opt. Cal |
| 2,100 | Gwinnett County School District, Georgia, General Obligation Bonds, Series 2008, 5.000%, 2/01/36 (UB) | 2/18 at 100.0 |
| 250 | La Grange-Troup County Hospital Authority, Georgia, Revenue Anticipation Certificates, Series 2008A, 5.500%, 7/01/38 | 7/18 at 100.0 |

Nuveen Investments 35

NKG | Nuveen Georgia Dividend Advantage Municipal Fund 2 (continued)
| Portfolio of Investments May 31, 2010

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL CALL PROVISIONS (2) |
|---------------------------|---|---------------------------------|
| ----- | | |
| | TAX OBLIGATION/GENERAL (continued) | |
| | Oconee County, Georgia, General Obligation Bonds, Recreation Project, Series 2003: | |
| \$ 1,410 | 5.500%, 1/01/23 - AMBAC Insured | 1/13 at 101.0 |
| 1,470 | 5.250%, 1/01/26 - AMBAC Insured | 1/13 at 101.0 |
| 1,200 | Paulding County School District, Georgia, General Obligation Bonds, Series 2007, 5.000%, 2/01/33 | 2/17 at 100.0 |
| 950 | Wayne County Hospital Authority, Georgia, Hospital Revenue Bonds, Series 2006, 5.000%, 3/01/23 - SYNCORA GTY Insured | 3/16 at 100.0 |
| ----- | | |
| 15,890 | Total Tax Obligation/General | |
| ----- | | |
| | TAX OBLIGATION/LIMITED - 13.4% (8.9% OF TOTAL INVESTMENTS) | |
| | Atlanta, Georgia, Tax Allocation Bonds Atlanta Station Project, Series 2007: | |
| 5 | 5.250%, 12/01/21 | No Opt. Cal |
| 620 | 5.000%, 12/01/23 - AGC Insured | 12/17 at 100.0 |
| 1,000 | Atlanta, Georgia, Tax Allocation Bonds, Beltline Project Series 2008B, Remarketed, 7.375%, 1/01/31 | No Opt. Cal |
| 110 | Atlanta, Georgia, Tax Allocation Bonds, Eastside Project, Series 2005A, 5.625%, 1/01/16 (Alternative Minimum Tax) | No Opt. Cal |
| | Atlanta, Georgia, Tax Allocation Bonds, Eastside Project, Series 2005B: | |
| 450 | 5.400%, 1/01/20 | 7/15 at 100.0 |
| 350 | 5.600%, 1/01/30 | 7/15 at 100.0 |
| 340 | Atlanta, Georgia, Tax Allocation Bonds, Princeton Lakes Project, Series 2006, 5.500%, 1/01/31 | 1/16 at 100.0 |
| | Cobb-Marietta Coliseum and Exhibit Hall Authority, Georgia, Revenue Refunding Bonds, Series 1993: | |
| 105 | 5.500%, 10/01/18 - NPFPG Insured | No Opt. Cal |
| 1,720 | 5.625%, 10/01/26 - NPFPG Insured | 10/19 at 100.0 |
| 750 | Georgia Municipal Association Inc., Certificates of Participation, Atlanta Court Project, Series 2002, 5.125%, 12/01/21 - AMBAC Insured | 6/12 at 101.0 |
| 2,500 | Metropolitan Atlanta Rapid Transit Authority, Georgia, Sales Tax Revenue Refunding Bonds, Series 1992P, 6.250%, 7/01/20 | No Opt. Cal |

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- AMBAC Insured

| | | |
|-------|---|----------------|
| 7,950 | Total Tax Obligation/Limited | |
| ----- | | |
| | TRANSPORTATION - 5.0% (3.4% OF TOTAL INVESTMENTS) | |
| 3,195 | Atlanta, Georgia, Airport General Revenue Refunding Bonds, Series 2000A, 5.500%, 1/01/21 - FGIC Insured | 1/11 at 100.5 |
| ----- | | |
| | U.S. GUARANTEED - 10.4% (7.0% OF TOTAL INVESTMENTS) (4) | |
| 1,000 | Augusta, Georgia, Water and Sewerage Revenue Bonds, Series 2002, 5.250%, 10/01/22 (Pre-refunded 10/01/12) - AGM Insured | 10/12 at 100.0 |
| 1,000 | Cherokee County School System, Georgia, General Obligation Bonds, Series 2003, 5.000%, 8/01/16 (Pre-refunded 8/01/13) - NPMG Insured | 8/13 at 100.0 |
| | DeKalb County, Georgia, Water and Sewerage Revenue Bonds, Series 2000: | |
| 1,000 | 5.125%, 10/01/31 (Pre-refunded 10/01/10) | 10/10 at 101.0 |
| 900 | 5.375%, 10/01/35 (Pre-refunded 10/01/10) | 10/10 at 101.0 |
| 1,305 | Gainesville and Hall County Hospital Authority, Georgia, Revenue Anticipation Certificates, Northeast Georgia Health Services Inc., Series 2001, 5.500%, 5/15/31 (Pre-refunded 5/15/11) | 5/11 at 100.0 |
| 1,100 | Private Colleges and Universities Authority, Georgia, Revenue Bonds, Mercer University, Series 2001, 5.750%, 10/01/31 (Pre-refunded 10/01/11) | 10/11 at 102.0 |
| ----- | | |
| 6,305 | Total U.S. Guaranteed | |
| ----- | | |
| | UTILITIES - 4.8% (3.2% OF TOTAL INVESTMENTS) | |
| 1,000 | Elberton, Georgia, Combined Utility System Revenue Refunding and Improvement Bonds, Series 2001, 5.000%, 1/01/22 - AMBAC Insured | 1/12 at 100.0 |
| 1,000 | Georgia Municipal Electric Authority, General Power Revenue Bonds, Project 1, Series 2007A, 5.000%, 1/01/25 - NPMG Insured | 1/17 at 100.0 |
| 1,000 | Municipal Electric Authority of Georgia, Project One Subordinated Lien Revenue Bonds, Series 2003A, 5.000%, 1/01/22 - NPMG Insured | 1/13 at 100.0 |
| ----- | | |
| 3,000 | Total Utilities | |
| ----- | | |

36 Nuveen Investments

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL CALL PROVISIONS (2) |
|------------------------|---|------------------------------|
| ----- | | |
| | WATER AND SEWER - 29.2% (19.5% OF TOTAL INVESTMENTS) | |
| | Atlanta, Georgia, Water and Wastewater Revenue Bonds, Series 2004: | |
| \$ 500 | 5.250%, 11/01/15 - AGM Insured | 11/14 at 100.0 |
| 700 | 5.000%, 11/01/37 - AGM Insured | 11/14 at 100.0 |
| 3,500 | Augusta, Georgia, Water and Sewerage Revenue Bonds, Series 2002, 5.000%, 10/01/27 - AGM Insured | 10/12 at 100.0 |
| 1,990 | Cherokee County Water and Sewerage Authority, Georgia, | 8/18 at 100.0 |

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| | | | |
|--------|--------|--|----------------|
| | | Revenue Bonds, Series 2001, 5.000%, 8/01/35 - AGM Insured | |
| | | Coweta County Water and Sewer Authority, Georgia, Revenue | |
| | | Bonds, Series 2007: | |
| 500 | | 5.000%, 6/01/32 | 6/18 at 100.0 |
| 500 | | 5.000%, 6/01/37 | 6/18 at 100.0 |
| 1,000 | | Douglasville-Douglas County Water and Sewer Authority, | 12/15 at 100.0 |
| | | Georgia, Water and Sewer Revenue Bonds, Series 2005, | |
| | | 5.000%, 6/01/29 - NPPG Insured | |
| 445 | | Douglasville-Douglas County Water and Sewer Authority, | 6/17 at 100.0 |
| | | Georgia, Water and Sewer Revenue Bonds, Series 2007, | |
| | | 5.000%, 6/01/37 - NPPG Insured | |
| 4,000 | | Forsyth County Water and Sewerage Authority, Georgia, Revenue | 4/13 at 100.0 |
| | | Bonds, Series 2002, 5.000%, 4/01/32 | |
| 375 | | Forsyth County Water and Sewerage Authority, Georgia, Revenue | 4/17 at 100.0 |
| | | Bonds, Series 2007, 5.000%, 4/01/37 - AGM Insured | |
| 950 | | Fulton County, Georgia, Water and Sewerage Revenue Bonds, | 7/10 at 100.0 |
| | | Series 1998, 5.000%, 1/01/16 - FGIC Insured | |
| 3,100 | | Harris County, Georgia, Water System Revenue Bonds, Series | 12/12 at 100.0 |
| | | 2002, 5.000%, 12/01/22 - AMBAC Insured | |
| 685 | | Walton County Water and Sewerage Authority, Georgia, Revenue | 2/18 at 100.0 |
| | | Bonds, The Oconee-Hard Creek Reservoir Project, Series | |
| | | 2008, 5.000%, 2/01/38 - AGM Insured | |
| ----- | | | |
| 18,245 | | Total Water and Sewer | |
| ----- | | | |
| \$ | 92,850 | Total Investments (cost \$93,933,803) - 149.5% | |
| ===== | | | |
| | | Floating Rate Obligations - (2.2)% | |
| ----- | | | |
| | | MuniFund Term Preferred Shares, at Liquidation Value - (49.9)% (5) | |
| ----- | | | |
| | | Other Assets Less Liabilities - 2.6% | |
| ----- | | | |
| | | Net Assets Applicable to Common Shares - 100% | |
| ===== | | | |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the highest of Standard & Poor's Group ("Standard & Poor's"), Moody's Investor Service, Inc. ("Moody's") or Fitch, Inc. ("Fitch") rating. Ratings below BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch are considered to be below investment grade.
- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities, which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
- (5) MuniFund Term Preferred Shares, at Liquidation Value as a percentage of Total Investments is 33.3%.

N/R Not rated.

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(IF) Inverse floating rate investment.

(UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction. See Notes to Financial Statements, Footnote 1 - Inverse Floating Rate Securities for more information.

See accompanying notes to financial statements.

Nuveen Investments 37

NNC | Nuveen North Carolina Premium Income Municipal Fund
| Portfolio of Investments May 31, 2010

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL CALL PROVISIONS (2) |
|---------------------------|--|---------------------------------|
| ----- | | |
| | EDUCATION AND CIVIC ORGANIZATIONS - 21.4% (14.1% OF TOTAL INVESTMENTS) | |
| \$ 2,500 | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University, Series 2005A, 5.000%, 10/01/41 (UB) | 10/15 at 100.0 |
| 970 | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Johnson and Wales University, Series 2003A, 5.250%, 4/01/23 - SYNCORA GTY Insured | 4/13 at 100.0 |
| 2,285 | North Carolina State University at Raleigh, General Revenue Bonds, Series 2003A, 5.000%, 10/01/15 | 10/13 at 100.0 |
| 1,530 | University of North Carolina System, Pooled Revenue Bonds, Series 2005A, 5.000%, 4/01/15 - AMBAC Insured | No Opt. Cal |
| 120 | University of North Carolina System, Pooled Revenue Refunding Bonds, Series 2002A, 5.375%, 4/01/22 - AMBAC Insured | 10/12 at 100.0 |
| | University of North Carolina Wilmington, Certificates of Participation, Student Housing Project Revenue Bonds, Series 2006: | |
| 1,430 | 5.000%, 6/01/23 - FGIC Insured | 6/16 at 100.0 |
| 1,505 | 5.000%, 6/01/24 - FGIC Insured | 6/16 at 100.0 |
| | University of North Carolina, Chapel Hill, System Net Revenue Bonds, Series 2003: | |
| 2,380 | 5.000%, 12/01/19 | 12/13 at 100.0 |
| 2,725 | 5.000%, 12/01/21 | 12/13 at 100.0 |
| 1,500 | 5.000%, 12/01/23 | 12/13 at 100.0 |
| 1,675 | University of North Carolina, Wilmington, General Revenue Bonds, Series 2002A, 5.000%, 1/01/23 - AMBAC Insured | 1/12 at 101.0 |
| ----- | | |
| 18,620 | Total Education and Civic Organizations | |
| ----- | | |
| | ENERGY - 1.6% (1.1% OF TOTAL INVESTMENTS) | |
| 1,500 | Virgin Islands Public Finance Authority, Revenue Bonds, Refinery Project - Hovensa LLC, Series 2003, 6.125%, 7/01/22 (Alternative Minimum Tax) | 1/14 at 100.0 |
| ----- | | |
| | HEALTH CARE - 22.4% (14.7% OF TOTAL INVESTMENTS) | |
| 1,145 | Albemarle Hospital Authority, North Carolina, Health Care Facilities Revenue Bonds, Series 2007, 5.250%, 10/01/27 | 10/17 at 100.0 |
| 2,300 | Charlotte-Mecklenberg Hospital Authority, North Carolina, Carolinas HealthCare System Revenue Bonds, Series 2008A, 5.000%, 1/15/47 | 1/18 at 100.0 |
| 1,000 | Johnston Memorial Hospital Authority, North Carolina, | 4/18 at 100.0 |

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| | | |
|-------|---|----------------|
| | Mortgage Revenue Bonds, Johnston Memorial Hospital Project, Series 2008, 5.250%, 10/01/36 - AGM Insured | |
| 225 | New Hanover County, North Carolina, Hospital Revenue Bonds, New Hanover Regional Medical Center, Series 2006B, 5.125%, 10/01/31 - AGM Insured | 10/19 at 100.0 |
| 920 | North Carolina Medical Care Commission, Health Care Facilities Revenue Bonds, WakeMed, Series 2009A, 5.625%, 10/01/38 - AGC Insured | 10/14 at 100.0 |
| 2,000 | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Novant Health Obligated Group, Series 2003A, 5.000%, 11/01/19 | 11/13 at 100.0 |
| 2,000 | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Stanly Memorial Hospital, Series 1999, 6.375%, 10/01/29 | 10/10 at 100.0 |
| | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Union Regional Medical Center, Series 2002A: | |
| 1,000 | 5.500%, 1/01/19 | 1/12 at 100.0 |
| 550 | 5.500%, 1/01/20 | 1/12 at 100.0 |
| 1,750 | 5.375%, 1/01/32 | 1/12 at 100.0 |
| 3,000 | North Carolina Medical Care Commission, Hospital Revenue Bonds, Southeastern Regional Medical Center, Series 2002, 5.375%, 6/01/32 | 6/12 at 101.0 |
| 1,500 | North Carolina Medical Care Commission, Hospital Revenue Bonds, Wilson Medical Center, Series 2007, 5.000%, 11/01/27 | 11/17 at 100.0 |
| 1,395 | North Carolina Medical Care Commission, Revenue Bonds, Blue Ridge Healthcare System, Series 2005, 5.000%, 1/01/33 - FGIC Insured | 1/15 at 100.0 |

38 Nuveen Investments

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL CALL PROVISIONS (2) |
|---------------------------|---|---------------------------------|
| ----- | | |
| | HEALTH CARE (continued) | |
| | North Carolina Medical Care Commission, Revenue Bonds, Cleveland County Healthcare System, Series 2004A: | |
| \$ 600 | 5.250%, 7/01/20 - AMBAC Insured | 7/14 at 100.0 |
| 500 | 5.250%, 7/01/22 - AMBAC Insured | 7/14 at 100.0 |
| 300 | Northern Hospital District of Surry County, North Carolina, Health Care Facilities Revenue Bonds, Series 2008, 6.250%, 10/01/38 | 4/18 at 100.0 |
| 660 | Onslow County Hospital Authority, North Carolina, FHA Insured Mortgage Revenue Bonds, Onslow Memorial Hospital Project, Series 2006, 5.000%, 4/01/31 - NPMFG Insured | 10/16 at 100.0 |
| ----- | | |
| 20,845 | Total Health Care | |
| ----- | | |
| | HOUSING/MULTIFAMILY - 4.6% (3.0% OF TOTAL INVESTMENTS) | |
| 1,000 | Asheville Housing Authority, North Carolina, GNMA-Collateralized Multifamily Housing Revenue Bonds, Woodridge Apartments, Series 1997, 5.800%, 11/20/39 (Alternative Minimum Tax) | 11/10 at 100.0 |
| 2,290 | Mecklenburg County, North Carolina, FNMA Multifamily Housing Revenue Bonds, Little Rock Apartments, Series 2003, 5.375%, 1/01/36 (Alternative Minimum Tax) | 7/13 at 105.0 |

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| | | |
|---|--|---------------|
| 1,000 | North Carolina Capital Facilities Financing Agency, Housing Revenue Bonds, Elizabeth City State University, Series 2003A, 5.000%, 6/01/28 - AMBAC Insured | 6/13 at 100.0 |
| 4,290 | Total Housing/Multifamily | |
| HOUSING/SINGLE FAMILY - 6.2% (4.1% OF TOTAL INVESTMENTS) | | |
| 945 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, 1998 Trust Agreement, Series 10A, 5.400%, 7/01/32 - AMBAC Insured (Alternative Minimum Tax) | 7/10 at 100.0 |
| 2,000 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, 1998 Trust Agreement, Series 6A, 6.200%, 1/01/29 (Alternative Minimum Tax) | 7/10 at 100.0 |
| 1,000 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Series 2007-29A, 4.800%, 7/01/33 (Alternative Minimum Tax) | 1/17 at 100.0 |
| 825 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Series 25-A, 4.900%, 7/01/37 (Alternative Minimum Tax) | 7/16 at 100.0 |
| 1,115 | North Carolina Housing Finance Agency, Single Family Revenue Bonds, Series 1996HH, 6.300%, 3/01/26 (Alternative Minimum Tax) | 9/10 at 100.0 |
| 5,885 | Total Housing/Single Family | |
| LONG-TERM CARE - 0.4% (0.2% OF TOTAL INVESTMENTS) | | |
| 375 | North Carolina Medical Care Commission, Revenue Bonds, Pines at Davidson, Series 2006A, 5.000%, 1/01/36 | 1/16 at 100.0 |
| MATERIALS - 0.5% (0.3% OF TOTAL INVESTMENTS) | | |
| 500 | Columbus County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Environmental Improvement Revenue Bonds, International Paper Company Project, Series 2007A, 4.625%, 3/01/27 | 3/17 at 100.0 |
| TAX OBLIGATION/GENERAL - 11.6% (7.7% OF TOTAL INVESTMENTS) | | |
| 1,890 | Craven County, North Carolina, General Obligation Bonds, Series 2002, 5.000%, 5/01/21 - AMBAC Insured | 5/12 at 101.0 |
| 4,285 | Durham County, North Carolina, General Obligation Bonds, Series 2002B, 5.000%, 4/01/16 | 4/12 at 100.0 |
| 1,820 | Durham, North Carolina, General Obligation Bonds, Series 2007, 5.000%, 4/01/21 | 4/17 at 100.0 |
| 2,000 | Wake County, North Carolina, Limited Obligation Bonds, Series 2010, 5.000%, 1/01/37 | 1/20 at 100.0 |
| 9,995 | Total Tax Obligation/General | |
| TAX OBLIGATION/LIMITED - 39.4% (25.9% OF TOTAL INVESTMENTS) | | |
| 1,330 | Cabarrus County, North Carolina, Certificates of Participation, Series 2002, 5.250%, 2/01/17 | 2/13 at 100.0 |
| 1,800 | Catawba County, North Carolina, Certificates of Participation, Series 2004, 5.250%, 6/01/21 - NPFG Insured | 6/14 at 100.0 |
| 1,700 | Charlotte, North Carolina, Certificates of Participation, Governmental Facilities Projects, Series 2003G, 5.375%, 6/01/26 | 6/13 at 100.0 |
| 1,400 | Charlotte, North Carolina, Certificates of Participation, Nascar Hall of Fame, Series 2009C, 5.000%, 6/01/39 | 6/19 at 100.0 |

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NNC | Nuveen North Carolina Premium Income Municipal Fund (continued)
 | Portfolio of Investments May 31, 2010

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL CALL PROVISIONS (2) |
|------------------------------------|--|---------------------------------|
| TAX OBLIGATION/LIMITED (continued) | | |
| \$ 950 | Charlotte, North Carolina, Certificates of Participation, Transit Projects Phase 2, Series 2008A, 5.000%, 6/01/33 | 6/18 at 100.0 |
| 1,500 | Charlotte, North Carolina, Certificates of Participation, Transit Projects, Series 2003A, 5.000%, 6/01/33 | 6/13 at 100.0 |
| | Charlotte, North Carolina, Storm Water Fee Revenue Bonds, Series 2002: | |
| 1,050 | 5.250%, 6/01/20 | 6/12 at 101.0 |
| 1,750 | 5.000%, 6/01/25 | 6/12 at 101.0 |
| 1,400 | Craven County, North Carolina, Certificates of Participation, Series 2007, 5.000%, 6/01/27 - NPF Insured | 6/17 at 100.0 |
| 1,000 | Davidson County, North Carolina, Certificates of Participation, Series 2004, 5.250%, 6/01/14 - AMBAC Insured | No Opt. Cal |
| 750 | Harnett County, North Carolina, Certificates of Participation, Series 2009, 5.000%, 6/01/28 - AGC Insured | 6/19 at 100.0 |
| | Lee County, North Carolina, Certificates of Participation, Public Schools and Community College, Series 2004: | |
| 1,715 | 5.250%, 4/01/18 - AGM Insured | 4/14 at 100.0 |
| 500 | 5.250%, 4/01/20 - AGM Insured | 4/14 at 100.0 |
| 1,000 | 5.250%, 4/01/22 - AGM Insured | 4/14 at 100.0 |
| 200 | Mecklenburg County, North Carolina, Certificates of Participation, Series 2009A, 5.000%, 2/01/27 | No Opt. Cal |
| 2,600 | North Carolina Infrastructure Finance Corporation, Certificates of Participation, Capital Improvements, Series 2005A, 5.000%, 2/01/19 | 2/15 at 100.0 |
| 1,500 | North Carolina Infrastructure Finance Corporation, Certificates of Participation, Correctional Facilities, Series 2004A, 5.000%, 2/01/23 | 2/14 at 100.0 |
| 1,500 | North Carolina, Certificates of Participation, Repair and Renovation Project, Series 2004B, 5.000%, 6/01/20 | 6/14 at 100.0 |
| | North Carolina, Certificates of Participation, Series 2003: | |
| 1,130 | 5.250%, 6/01/21 | 6/13 at 100.0 |
| 1,000 | 5.250%, 6/01/23 | 6/13 at 100.0 |
| 2,000 | Puerto Rico Highway and Transportation Authority, Grant Anticipation Revenue Bonds, Series 2004, 5.000%, 9/15/21 - NPF Insured | 3/14 at 100.0 |
| 3,675 | Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, First Subordinate Series 2010A, 0.000%, 8/01/35 | No Opt. Cal |
| 285 | Raleigh, North Carolina, Certificates of Participation, Series 2007, 5.000%, 2/01/27 | 2/17 at 100.0 |
| 1,000 | Randolph County, North Carolina, Certificates of Participation, Series 2004, 5.000%, 6/01/20 - AGM Insured | 6/14 at 102.0 |
| 1,000 | Rutherford County, North Carolina, Certificates of Participation, Series 2007, 5.000%, 12/01/27 - AGM Insured | 12/17 at 100.0 |
| 1,950 | Sampson County, North Carolina, Certificates of Participation, Series 2006, 5.000%, 6/01/34 - AGM Insured (UB) | 6/17 at 100.0 |
| 1,200 | Wilmington, North Carolina, Certificates of Participation, Series 2008A, 5.000%, 6/01/29 | 6/18 at 100.0 |
| 700 | Wilson County, North Carolina, Certificates of Participation, | 4/17 at 100.0 |

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School Facilities Project, Series 2007, 5.000%, 4/01/25 -
 AMBAC Insured

| | | |
|--------|---|---------------|
| 37,585 | Total Tax Obligation/Limited | |
| ----- | | |
| | TRANSPORTATION - 12.5% (8.2% OF TOTAL INVESTMENTS) | |
| 2,500 | Charlotte, North Carolina, Airport Revenue Bonds, Charlotte Douglas International Refunding Series 2010A, 5.000%, 7/01/39 | 7/20 at 100.0 |
| | Charlotte, North Carolina, Airport Revenue Bonds, Series 2004A: | |
| 600 | 5.250%, 7/01/24 - NPPG Insured | 7/14 at 100.0 |
| 2,710 | 5.000%, 7/01/29 - NPPG Insured | 7/14 at 100.0 |
| 1,020 | North Carolina State Ports Authority, Port Facilities Revenue Bonds, Senior Lien Series 2010A, 5.250%, 2/01/40 | 2/20 at 100.0 |
| 600 | North Carolina Turnpike Authority, Triangle Expressway System Revenue Bonds, Series 2009A, 5.750%, 1/01/39 - AGC Insured | 1/19 at 100.0 |

40 Nuveen Investments

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL CALL PROVISIONS (2) |
|------------------------|--|------------------------------|
| ----- | | |
| | TRANSPORTATION (continued) | |
| \$ 4,230 | North Carolina Turnpike Authority, Triangle Expressway System Senior Lien Revenue Bonds, Series 2009B, 0.000%, 1/01/33 - AGC Insured | No Opt. Cal |
| 500 | Piedmont Triad Airport Authority, North Carolina, Airport Revenue Bonds, Series 2005A, 5.000%, 7/01/20 - SYNCORA GTY Insured | 7/15 at 100.0 |
| 2,250 | Raleigh Durham Airport Authority, North Carolina, Airport Revenue Bonds, Series 2001A, 5.250%, 11/01/16 - FGIC Insured | 5/11 at 101.0 |
| ----- | | |
| 14,410 | Total Transportation | |
| ----- | | |
| | U.S. GUARANTEED - 11.7% (7.7% OF TOTAL INVESTMENTS) (4) | |
| 1,530 | North Carolina Medical Care Commission, Health System Revenue Bonds, Mission St. Joseph's Health System, Series 2001, 5.250%, 10/01/31 (Pre-refunded 10/01/11) | 10/11 at 101.0 |
| 735 | North Carolina Medical Care Commission, Revenue Bonds, Northeast Medical Center, Series 2004, 5.000%, 11/01/24 (Pre-refunded 11/01/14) | 11/14 at 100.0 |
| 4,260 | North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 1986, 5.000%, 1/01/20 (ETM) | No Opt. Cal |
| 400 | North Carolina, General Obligation Bonds, Series 2000A, 5.100%, 9/01/16 (Pre-refunded 9/01/10) | 9/10 at 102.0 |
| | University of North Carolina System, Pooled Revenue Refunding Bonds, Series 2002A: | |
| 420 | 5.375%, 4/01/22 (Pre-refunded 10/01/12) - AMBAC Insured | 10/12 at 100.0 |
| 460 | 5.375%, 4/01/22 (Pre-refunded 10/01/12) - AMBAC Insured | 10/12 at 100.0 |
| 2,000 | Winston-Salem, North Carolina, Water and Sewerage System Revenue Bonds, Series 2002A, 5.000%, 6/01/18 (Pre-refunded 6/01/12) | 6/12 at 100.0 |
| ----- | | |
| 9,805 | Total U.S. Guaranteed | |

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| UTILITIES - 9.0% (6.0% OF TOTAL INVESTMENTS) | | |
|---|--|---------------|
| 25 | North Carolina Eastern Municipal Power Agency, Power System Revenue Bonds, Series 2003C, 5.375%, 1/01/17 | 1/13 at 100.0 |
| 3,000 | North Carolina Eastern Municipal Power Agency, Power System Revenue Bonds, Series 2003F, 5.500%, 1/01/15 | 1/13 at 100.0 |
| 1,000 | North Carolina Eastern Municipal Power Agency, Power System Revenue Bonds, Series 2005, 5.250%, 1/01/20 - AMBAC Insured | 1/16 at 100.0 |
| | North Carolina Eastern Municipal Power Agency, Power System Revenue Refunding Bonds, Series 1993B: | |
| 15 | 5.500%, 1/01/17 - FGIC Insured | 7/10 at 100.0 |
| 105 | 5.500%, 1/01/21 | 7/10 at 100.0 |
| 165 | 6.000%, 1/01/22 - FGIC Insured | No Opt. Cal |
| 575 | North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Refunding Series 2009A, 5.000%, 1/01/30 | 1/19 at 100.0 |
| 2,000 | North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 2003A, 5.250%, 1/01/15 - AMBAC Insured | 1/13 at 100.0 |
| 1,000 | Wake County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Revenue Refunding Bonds, Carolina Power and Light Company, Series 2002, 5.375%, 2/01/17 | 2/12 at 101.0 |
| 7,885 | Total Utilities | |
| WATER AND SEWER - 10.6% (7.0% OF TOTAL INVESTMENTS) | | |
| 1,605 | Broad River Water Authority, North Carolina, Water System Revenue Bonds, Series 2005, 5.000%, 6/01/20 - SYNCORA GTY Insured | 6/15 at 100.0 |
| 500 | Brunswick County, North Carolina, Enterprise System Revenue Bonds, Series 2008A, 5.000%, 4/01/31 - AGM Insured | 4/18 at 100.0 |
| 50 | Charlotte, North Carolina, Water and Sewerage System Revenue Bonds, Series 2001, 5.125%, 6/01/26 | 6/11 at 101.0 |
| 1,295 | Greensboro, North Carolina, Combined Enterprise System Revenue Bonds, Series 2005A, 5.000%, 6/01/26 | 6/15 at 100.0 |
| | Oak Island, North Carolina, Enterprise System Revenue Bonds, Series 2009A: | |
| 550 | 6.000%, 6/01/34 - AGC Insured | 6/19 at 100.0 |
| 1,000 | 6.000%, 6/01/36 - AGC Insured | 6/19 at 100.0 |

Nuveen Investments 41

NNC | Nuveen North Carolina Premium Income Municipal Fund (continued)
| Portfolio of Investments May 31, 2010

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL CALL PROVISIONS (2) |
|------------------------|---|------------------------------|
| \$ 500 | WATER AND SEWER (continued) Onslow County, North Carolina, Combined Enterprise System Revenue Bonds, Series 2004B, 5.000%, 6/01/23 - SYNCORA GTY Insured | 6/14 at 100.0 |
| 3,865 | Winston-Salem, North Carolina, Water and Sewer System Revenue Bonds, Series 2007A, 5.000%, 6/01/37 (UB) | 6/17 at 100.0 |

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| | |
|------------|--|
| 9,365 | Total Water and Sewer |
| \$ 141,060 | Total Investments (cost \$136,722,688) - 151.9% |
| | Floating Rate Obligations - (5.6)% |
| | MuniFund Term Preferred Shares, at Liquidation Value - (26.0)% (5) |
| | Other Assets Less Liabilities - 2.7% |
| | Auction Rate Preferred Shares, at Liquidation Value - (23.0)% (5) |
| | Net Assets Applicable to Common Shares - 100% |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
 - (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
 - (3) Ratings (not covered by the report of independent registered public accounting firm): Using the highest of Standard & Poor's Group ("Standard & Poor's"), Moody's Investor Service, Inc. ("Moody's") or Fitch, Inc. ("Fitch") rating. Ratings below BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch are considered to be below investment grade.
 - (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities, which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
 - (5) MuniFund Term Preferred Shares and Auction Rate Preferred Shares, at Liquidation Value as a percentage of Total Investments are 17.1% and 15.2%, respectively.
- N/R Not rated.
- (ETM) Escrowed to maturity.
- (UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction. See Notes to Financial Statements, Footnote 1 - Inverse Floating Rate Securities for more information.

See accompanying notes to financial statements.

42 Nuveen Investments

NRB | Nuveen North Carolina Dividend Advantage Municipal Fund
 | Portfolio of Investments May 31, 2010

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL CALL PROVISIONS (2) |
|------------------------|-----------------|------------------------------|
|------------------------|-----------------|------------------------------|

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| | | | |
|----|-------|--|----------------|
| | | EDUCATION AND CIVIC ORGANIZATIONS - 11.5% (7.1% OF TOTAL INVESTMENTS) | |
| \$ | 380 | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University, Series 2001A, 5.125%, 10/01/26 | 10/11 at 100.0 |
| | 125 | North Carolina Capital Facilities Financing Agency, Revenue Bonds, High Point University, Series 2001, 5.125%, 9/01/18 | 9/11 at 101.0 |
| | 520 | University of North Carolina System, Pooled Revenue Refunding Bonds, Series 2002A, 5.375%, 4/01/17 - AMBAC Insured | 10/12 at 100.0 |
| | 1,750 | University of North Carolina, Chapel Hill, System Net Revenue Bonds, Series 2001A, 5.000%, 12/01/25 | 6/11 at 100.0 |
| | 1,000 | University of North Carolina, Chapel Hill, System Net Revenue Bonds, Series 2002B, 5.000%, 12/01/11 | No Opt. Cal |

3,775 Total Education and Civic Organizations

| | | | |
|--|-------|---|----------------|
| | | HEALTH CARE - 18.9% (11.6% OF TOTAL INVESTMENTS) | |
| | 555 | Albemarle Hospital Authority, North Carolina, Health Care Facilities Revenue Bonds, Series 2007, 5.250%, 10/01/38 | 10/17 at 100.0 |
| | 950 | Charlotte-Mecklenberg Hospital Authority, North Carolina, Carolinas HealthCare System Revenue Bonds, Series 2008A, 5.000%, 1/15/47 | 1/18 at 100.0 |
| | 250 | Johnston Memorial Hospital Authority, North Carolina, Mortgage Revenue Bonds, Johnston Memorial Hospital Project, Series 2008, 5.250%, 10/01/36 - AGM Insured | 4/18 at 100.0 |
| | 30 | New Hanover County, North Carolina, Hospital Revenue Bonds, New Hanover Regional Medical Center, Series 2006B, 5.125%, 10/01/31 - AGM Insured | 10/19 at 100.0 |
| | 280 | North Carolina Medical Care Commission, Health Care Facilities Revenue Bonds, WakeMed, Series 2009A, 5.625%, 10/01/38 - AGC Insured | 10/14 at 100.0 |
| | 1,110 | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Union Regional Medical Center, Series 2002A, 5.250%, 1/01/15 | 1/12 at 100.0 |
| | 980 | North Carolina Medical Care Commission, Healthcare Revenue Bonds, Carolina Mediacorp, Series 1996, 5.250%, 5/01/26 | 11/10 at 100.0 |
| | 1,500 | North Carolina Medical Care Commission, Hospital Revenue Bonds, Southeastern Regional Medical Center, Series 2002, 5.250%, 6/01/22 | 6/12 at 101.0 |
| | 500 | North Carolina Medical Care Commission, Hospital Revenue Bonds, Wilson Medical Center, Series 2007, 5.000%, 11/01/20 | 11/17 at 100.0 |
| | 250 | North Carolina Medical Care Commission, Revenue Bonds, Blue Ridge Healthcare System, Series 2005, 5.000%, 1/01/33 - FGIC Insured | 1/15 at 100.0 |
| | 150 | Northern Hospital District of Surry County, North Carolina, Health Care Facilities Revenue Bonds, Series 2008, 6.250%, 10/01/38 | 4/18 at 100.0 |

6,555 Total Health Care

| | | | |
|--|-----|--|---------------|
| | | HOUSING/SINGLE FAMILY - 4.4% (2.7% OF TOTAL INVESTMENTS) | |
| | 375 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, 1998 Trust Agreement, Series 10A, 5.400%, 7/01/32 - AMBAC Insured (Alternative Minimum Tax) | 7/10 at 100.0 |
| | 590 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, 1998 Trust Agreement, Series 5A, 5.625%, 7/01/30 (Alternative Minimum Tax) | 7/10 at 100.0 |
| | 250 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Series 2007-29A, 4.800%, 7/01/33 (Alternative Minimum Tax) | 1/17 at 100.0 |
| | 330 | North Carolina Housing Finance Agency, Home Ownership Revenue | 7/16 at 100.0 |

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Bonds, Series 25-A, 4.900%, 7/01/37 (Alternative Minimum Tax)

| | | | |
|-------|---|--|----------------|
| 1,545 | Total Housing/Single Family | | |
| | LONG-TERM CARE - 1.8% (1.1% OF TOTAL INVESTMENTS) | | |
| | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Presbyterian Homes, Series 2006: | | |
| 200 | 5.400%, 10/01/27 | | 10/16 at 100.0 |
| 300 | 5.500%, 10/01/31 | | 10/16 at 100.0 |

Nuveen Investments 43

NRB | Nuveen North Carolina Dividend Advantage Municipal Fund (continued)
| Portfolio of Investments May 31, 2010

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL CALL PROVISIONS (2) |
|------------------------|--|------------------------------|
| \$ 150 | LONG-TERM CARE (continued) North Carolina Medical Care Commission, Revenue Bonds, Pines at Davidson, Series 2006A, 5.000%, 1/01/36 | 1/16 at 100.0 |
| 650 | Total Long-Term Care | |
| 400 | MATERIALS - 1.0% (0.6% OF TOTAL INVESTMENTS) Columbus County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Environmental Improvement Revenue Bonds, International Paper Company Project, Series 2007A, 4.625%, 3/01/27 | 3/17 at 100.0 |
| 1,000 | TAX OBLIGATION/GENERAL - 11.4% (7.0% OF TOTAL INVESTMENTS) Durham, North Carolina, General Obligation Bonds, Series 2007, 5.000%, 4/01/21 North Carolina, General Obligation Bonds, Series 2004A: | 4/17 at 100.0 |
| 1,000 | 5.000%, 3/01/18 | 3/14 at 100.0 |
| 1,000 | 5.000%, 3/01/22 | 3/14 at 100.0 |
| 550 | Wake County, North Carolina, Limited Obligation Bonds, Series 2010, 5.000%, 1/01/37 | 1/20 at 100.0 |
| 3,550 | Total Tax Obligation/General | |
| 1,400 | TAX OBLIGATION/LIMITED - 26.7% (16.4% OF TOTAL INVESTMENTS) Charlotte, North Carolina, Certificates of Participation, Governmental Facilities Projects, Series 2003G, 5.375%, 6/01/26 (UB) | 6/13 at 100.0 |
| 200 | Charlotte, North Carolina, Certificates of Participation, Nascar Hall of Fame, Series 2009C, 5.000%, 6/01/39 | 6/19 at 100.0 |
| 305 | Charlotte, North Carolina, Certificates of Participation, Transit Projects Phase 2, Series 2008A, 5.000%, 6/01/33 | 6/18 at 100.0 |
| 160 | Craven County, North Carolina, Certificates of Participation, Series 2007, 5.000%, 6/01/23 - NPMFG Insured | 6/17 at 100.0 |
| 1,870 | Dare County, North Carolina, Certificates of Participation, Series 2002, 5.250%, 6/01/15 - AMBAC Insured | 12/12 at 100.0 |
| 1,250 | Davidson County, North Carolina, Certificates of Participation, Series 2004, 5.250%, 6/01/21 - AMBAC | 6/14 at 100.0 |

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| | | |
|-------|---|----------------|
| | Insured | |
| 1,390 | Durham, North Carolina, Certificates of Participation, Series 2005B, 5.000%, 6/01/25 | 6/15 at 100.0 |
| 50 | Harnett County, North Carolina, Certificates of Participation, Series 2009, 5.000%, 6/01/28 - AGC Insured | 6/19 at 100.0 |
| 525 | Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, First Subordinate Series 2010A, 0.000%, 8/01/35 | No Opt. Cal |
| 470 | Raleigh, North Carolina, Certificates of Participation, Downtown Improvement Project, Series 2004B, 5.000%, 6/01/20 | 6/14 at 100.0 |
| 170 | Raleigh, North Carolina, Certificates of Participation, Series 2007, 5.000%, 2/01/27 | 2/17 at 100.0 |
| 150 | Rutherford County, North Carolina, Certificates of Participation, Series 2007, 5.000%, 12/01/27 - AGM Insured | 12/17 at 100.0 |
| 700 | Sampson County, North Carolina, Certificates of Participation, Series 2006, 5.000%, 6/01/34 - AGM Insured (UB) | 6/17 at 100.0 |
| 250 | Wilmington, North Carolina, Certificates of Participation, Series 2008A, 5.000%, 6/01/29 | 6/18 at 100.0 |
| 250 | Wilson County, North Carolina, Certificates of Participation, School Facilities Project, Series 2007, 5.000%, 4/01/25 - AMBAC Insured | 4/17 at 100.0 |
| ----- | | |
| 9,140 | Total Tax Obligation/Limited | |
| ----- | | |
| | TRANSPORTATION - 11.9% (7.3% OF TOTAL INVESTMENTS) | |
| 1,000 | Charlotte, North Carolina, Airport Revenue Bonds, Charlotte Douglas International Refunding Series 2010A, 5.000%, 7/01/39 | 7/20 at 100.0 |
| 360 | North Carolina State Ports Authority, Port Facilities Revenue Bonds, Senior Lien Series 2010A, 5.250%, 2/01/40 | 2/20 at 100.0 |
| 250 | North Carolina Turnpike Authority, Triangle Expressway System Revenue Bonds, Series 2009A, 5.750%, 1/01/39 - AGC Insured | 1/19 at 100.0 |

44 Nuveen Investments

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL CALL PROVISIONS (2) |
|------------------------|--|------------------------------|
| | | > |
| \$ 2,170 | TRANSPORTATION (continued) North Carolina Turnpike Authority, Triangle Expressway System Senior Lien Revenue Bonds, Series 2009B, 0.000%, 1/01/34 - AGC Insured | No Opt. Cal |
| 300 | Piedmont Triad Airport Authority, North Carolina, Airport Revenue Bonds, Series 2005A, 5.000%, 7/01/20 - SYNCORA GTY Insured | 7/15 at 100.0 |
| 1,530 | Raleigh Durham Airport Authority, North Carolina, Airport Revenue Bonds, Series 2001A, 5.250%, 11/01/18 - FGIC Insured | 5/11 at 101.0 |
| ----- | | |
| 5,610 | Total Transportation | |
| ----- | | |
| | U.S. GUARANTEED - 13.4% (8.3% OF TOTAL INVESTMENTS) (4) | |
| 100 | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA Carolinas Healthcare | 1/15 at 100.0 |

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| | | |
|-------|--|----------------|
| | System, Series 2005A, 5.000%, 1/15/45 (Pre-refunded 1/15/15) | |
| 500 | Greensboro, North Carolina, Combined Enterprise System Revenue Bonds, Series 2001A, 5.125%, 6/01/21 (Pre-refunded 6/01/11) | 6/11 at 101.0 |
| 620 | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University, Series 2001A, 5.125%, 10/01/26 (Pre-refunded 10/01/11) | 10/11 at 100.0 |
| 800 | North Carolina Medical Care Commission, Health System Revenue Bonds, Mission St. Joseph's Health System, Series 2001, 5.250%, 10/01/31 (Pre-refunded 10/01/11) | 10/11 at 101.0 |
| 300 | North Carolina Medical Care Commission, Revenue Bonds, Northeast Medical Center, Series 2004, 5.000%, 11/01/24 (Pre-refunded 11/01/14) | 11/14 at 100.0 |
| | University of North Carolina System, Pooled Revenue Refunding Bonds, Series 2002A: | |
| 1,020 | 5.375%, 4/01/17 (Pre-refunded 10/01/12) - AMBAC Insured | 10/12 at 100.0 |
| 910 | 5.375%, 4/01/17 (Pre-refunded 10/01/12) - AMBAC Insured | 10/12 at 100.0 |
| 4,250 | Total U.S. Guaranteed | |
| | UTILITIES - 18.0% (11.1% OF TOTAL INVESTMENTS) | |
| | Greenville, North Carolina, Combined Enterprise System Revenue Bonds, Series 2001: | |
| 1,000 | 5.250%, 9/01/20 - AGM Insured | 9/11 at 101.0 |
| 500 | 5.250%, 9/01/21 - AGM Insured | 9/11 at 101.0 |
| 500 | North Carolina Eastern Municipal Power Agency, Power System Revenue Bonds, Series 2005, 5.250%, 1/01/20 - AMBAC Insured | 1/16 at 100.0 |
| 2,500 | North Carolina Eastern Municipal Power Agency, Power System Revenue Refunding Bonds, Series 1993B, 5.500%, 1/01/17 - FGIC Insured | 7/10 at 100.0 |
| 25 | North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Refunding Series 2009A, 5.000%, 1/01/30 | 1/19 at 100.0 |
| 1,500 | Wake County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Revenue Refunding Bonds, Carolina Power and Light Company, Series 2002, 5.375%, 2/01/17 | 2/12 at 101.0 |
| 6,025 | Total Utilities | |
| | WATER AND SEWER - 43.6% (26.8% OF TOTAL INVESTMENTS) | |
| 100 | Brunswick County, North Carolina, Enterprise System Revenue Bonds, Series 2008A, 5.000%, 4/01/31 - AGM Insured | 4/18 at 100.0 |
| 505 | Cape Fear Public Utility Authority, North Carolina, Water & Sewer System Revenue Bonds, Series 2008, 5.000%, 8/01/35 | 8/18 at 100.0 |
| 2,250 | Charlotte, North Carolina, Water and Sewerage System Revenue Bonds, Series 2001, 5.125%, 6/01/26 | 6/11 at 101.0 |
| 1,000 | Charlotte, North Carolina, Water and Sewerage System Revenue Bonds, Series 2008, 5.000%, 7/01/38 | 7/18 at 100.0 |
| 500 | Greensboro, North Carolina, Combined Enterprise System Revenue Bonds, Series 2005A, 5.000%, 6/01/25 | 6/15 at 100.0 |
| 700 | Oak Island, North Carolina, Enterprise System Revenue Bonds, Series 2009A, 6.000%, 6/01/34 - AGC Insured | 6/19 at 100.0 |
| 400 | Onslow County, North Carolina, Combined Enterprise System Revenue Bonds, Series 2004B, 5.000%, 6/01/23 - SYNCORA GTY Insured | 6/14 at 100.0 |

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NRB | Nuveen North Carolina Dividend Advantage Municipal Fund (continued)
 | Portfolio of Investments May 31, 2010

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL CALL PROVISIONS (2) |
|---------------------------|---|---------------------------------|
| | WATER AND SEWER (continued) | |
| | Raleigh, North Carolina, Combined Enterprise System Revenue Bonds, Series 2006A: | |
| \$ 4,440 | 5.000%, 3/01/31 (UB) | 3/16 at 100.0 |
| 3,000 | 5.000%, 3/01/36 (UB) | 3/16 at 100.0 |
| 5 | Raleigh, North Carolina, Combined Enterprise System Revenue Bonds, Series 2006A, Residuals Series II-R-645-2, 13.564%, 3/01/36 (IF) | 3/16 at 100.0 |
| 1,385 | Winston-Salem, North Carolina, Water and Sewer System Revenue Bonds, Series 2007A, 5.000%, 6/01/37 (UB) | 6/17 at 100.0 |
| 14,285 | Total Water and Sewer | |
| \$ 55,785 | Total Investments (cost \$54,044,704) - 162.6% | |
| | Floating Rate Obligations - (20.7)% | |
| | MuniFund Term Preferred Shares, at Liquidation Value - (48.0)% (5) | |
| | Other Assets Less Liabilities - 6.1% | |
| | Net Assets Applicable to Common Shares - 100% | |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the highest of Standard & Poor's Group ("Standard & Poor's"), Moody's Investor Service, Inc. ("Moody's") or Fitch, Inc. ("Fitch") rating. Ratings below BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch are considered to be below investment grade.
- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities, which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
- (5) MuniFund Term Preferred Shares, at Liquidation Value as a percentage of Total Investments is 29.5%.
- N/R Not rated.
- (IF) Inverse floating rate investment.

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(UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction. See Notes to Financial Statements, Footnote 1 - Inverse Floating Rate Securities for more information.

See accompanying notes to financial statements.

46 Nuveen Investments

NNO | Nuveen North Carolina Dividend Advantage Municipal Fund 2
| Portfolio of Investments May 31, 2010

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL CALL PROVISIONS (2) |
|---------------------------|---|---------------------------------|
| ----- | | |
| | EDUCATION AND CIVIC ORGANIZATIONS - 13.8% (8.8% OF TOTAL INVESTMENTS) | |
| | Appalachian State University, North Carolina, Housing and Student Center System Revenue Refunding Bonds, Series 2002: | |
| \$ 1,040 | 5.000%, 7/15/14 - NCFG Insured | 7/12 at 100.0 |
| 1,000 | 5.000%, 7/15/15 - NCFG Insured | 7/12 at 100.0 |
| | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University, Series 2001A: | |
| 715 | 5.125%, 10/01/26 | 10/11 at 100.0 |
| 380 | 5.125%, 10/01/41 | 10/11 at 100.0 |
| 500 | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Johnson and Wales University, Series 2003A, 5.000%, 4/01/33 - SYNCORA GTY Insured | 4/13 at 100.0 |
| 130 | University of North Carolina System, Pooled Revenue Bonds, Series 2002B, 5.375%, 4/01/19 - AMBAC Insured | 10/12 at 100.0 |
| 1,000 | University of North Carolina System, Pooled Revenue Bonds, Series 2005A, 5.000%, 4/01/22 - AMBAC Insured | 4/15 at 100.0 |
| 500 | University of North Carolina Wilmington, Certificates of Participation, Student Housing Project Revenue Bonds, Series 2006, 5.000%, 6/01/21 - FGIC Insured | 6/16 at 100.0 |
| 1,500 | University of North Carolina, Chapel Hill, System Net Revenue Bonds, Series 2002B, 5.000%, 12/01/11 | No Opt. Cal |
| 250 | University of North Carolina, Charlotte, Certificates of Participation, Student Housing Project, Series 2005, 5.000%, 3/01/21 - AMBAC Insured | 3/15 at 100.0 |
| 400 | University of North Carolina, Greensboro, General Revenue Refunding Bonds, Series 2002B, 5.375%, 4/01/17 - AGM Insured | 4/11 at 101.0 |
| ----- | | |
| 7,415 | Total Education and Civic Organizations | |
| ----- | | |
| | HEALTH CARE - 25.2% (16.1% OF TOTAL INVESTMENTS) | |
| 1,015 | Albemarle Hospital Authority, North Carolina, Health Care Facilities Revenue Bonds, Series 2007, 5.250%, 10/01/38 | 10/17 at 100.0 |
| 1,000 | Charlotte-Mecklenberg Hospital Authority, North Carolina, Carolinas HealthCare System Revenue Bonds, Series 2008A, 5.000%, 1/15/47 | 1/18 at 100.0 |
| 1,640 | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, Carolinas Healthcare System, Series 2001A, 5.000%, 1/15/31 | 1/11 at 101.0 |
| 500 | Johnston Memorial Hospital Authority, North Carolina, Mortgage Revenue Bonds, Johnston Memorial Hospital Project, Series 2008, 5.250%, 10/01/36 - AGM Insured | 4/18 at 100.0 |

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| | | |
|-------|---|----------------|
| 120 | New Hanover County, North Carolina, Hospital Revenue Bonds, New Hanover Regional Medical Center, Series 2006B, 5.125%, 10/01/31 - AGM Insured | 10/19 at 100.0 |
| 455 | North Carolina Medical Care Commission, Health Care Facilities Revenue Bonds, WakeMed, Series 2009A, 5.625%, 10/01/38 - AGC Insured | 10/14 at 100.0 |
| 2,000 | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Novant Health Obligated Group, Series 2003A, 5.000%, 11/01/20 | 11/13 at 100.0 |
| 1,005 | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Union Regional Medical Center, Series 2002A, 5.250%, 1/01/13 | 1/12 at 100.0 |
| 1,000 | North Carolina Medical Care Commission, Hospital Revenue Bonds, Southeastern Regional Medical Center, Series 2002: 5.500%, 6/01/15 | 6/12 at 101.0 |
| 2,100 | 5.250%, 6/01/22 | 6/12 at 101.0 |
| 925 | North Carolina Medical Care Commission, Hospital Revenue Bonds, Wilson Medical Center, Series 2007, 5.000%, 11/01/27 | 11/17 at 100.0 |
| 1,250 | North Carolina Medical Care Commission, Revenue Bonds, Blue Ridge Healthcare System, Series 2005, 5.000%, 1/01/33 - FGIC Insured | 1/15 at 100.0 |
| 595 | North Carolina Medical Care Commission, Revenue Bonds, Cleveland County Healthcare System, Series 2004A: 5.250%, 7/01/20 - AMBAC Insured | 7/14 at 100.0 |
| 500 | 5.250%, 7/01/22 - AMBAC Insured | 7/14 at 100.0 |
| 150 | Northern Hospital District of Surry County, North Carolina, Health Care Facilities Revenue Bonds, Series 2008, 6.250%, 10/01/38 | 4/18 at 100.0 |

 14,255 Total Health Care

Nuveen Investments 47

NNO | Nuveen North Carolina Dividend Advantage Municipal Fund 2 (continued)
 | Portfolio of Investments May 31, 2010

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL CALL PROVISIONS (2) |
|------------------------|--|------------------------------|
| | HOUSING/SINGLE FAMILY - 3.7% (2.3% OF TOTAL INVESTMENTS) | |
| \$ 325 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, 1998 Trust Agreement, Series 10A, 5.400%, 7/01/32 - AMBAC Insured (Alternative Minimum Tax) | 7/10 at 100.0 |
| 615 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Series 13A: 4.700%, 7/01/12 (Alternative Minimum Tax) | 7/11 at 100.0 |
| 620 | 4.850%, 7/01/13 (Alternative Minimum Tax) | 7/11 at 100.0 |
| 510 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Series 25-A, 4.900%, 7/01/37 (Alternative Minimum Tax) | 7/16 at 100.0 |

 2,070 Total Housing/Single Family

LONG-TERM CARE - 1.7% (1.1% OF TOTAL INVESTMENTS)

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| | | | |
|-------|---|--|----------------|
| | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Presbyterian Homes, Series 2006: | | |
| 250 | 5.400%, 10/01/27 | | 10/16 at 100.0 |
| 600 | 5.500%, 10/01/31 | | 10/16 at 100.0 |
| 185 | North Carolina Medical Care Commission, Revenue Bonds, Pines at Davidson, Series 2006A, 5.000%, 1/01/36 | | 1/16 at 100.0 |
| ----- | | | |
| 1,035 | Total Long-Term Care | | |
| ----- | | | |
| | MATERIALS - 2.4% (1.5% OF TOTAL INVESTMENTS) | | |
| 300 | Columbus County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Environmental Improvement Revenue Bonds, International Paper Company Project, Series 2007A, 4.625%, 3/01/27 | | 3/17 at 100.0 |
| 1,100 | Northampton County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Environmental Improvement Revenue Bonds, International Paper Company, Series 2001A, 6.200%, 2/01/25 (Alternative Minimum Tax) | | 2/11 at 101.0 |
| ----- | | | |
| 1,400 | Total Materials | | |
| ----- | | | |
| | TAX OBLIGATION/GENERAL - 9.7% (6.2% OF TOTAL INVESTMENTS) | | |
| 1,475 | Durham, North Carolina, General Obligation Bonds, Series 2007, 5.000%, 4/01/22 | | 4/17 at 100.0 |
| 1,050 | Forsyth County, North Carolina, General Obligation Bonds, Limited Obligation Series 2009, 5.000%, 4/01/30 | | 4/20 at 100.0 |
| 500 | North Carolina, General Obligation Bonds, Series 2004A, 5.000%, 3/01/22 | | 3/14 at 100.0 |
| 2,000 | Wake County, North Carolina, Limited Obligation Bonds, Series 2010, 5.000%, 1/01/37 | | 1/20 at 100.0 |
| ----- | | | |
| 5,025 | Total Tax Obligation/General | | |
| ----- | | | |
| | TAX OBLIGATION/LIMITED - 35.6% (22.7% OF TOTAL INVESTMENTS) | | |
| 30 | Cabarrus County, North Carolina, Certificates of Participation, Series 2002, 5.250%, 2/01/16 | | 2/13 at 100.0 |
| 1,750 | Charlotte, North Carolina, Certificates of Participation, Governmental Facilities Projects, Series 2003G, 5.000%, 6/01/28 | | 6/13 at 100.0 |
| 400 | Charlotte, North Carolina, Certificates of Participation, Nascar Hall of Fame, Series 2009C, 5.000%, 6/01/39 | | 6/19 at 100.0 |
| 575 | Charlotte, North Carolina, Certificates of Participation, Transit Projects Phase 2, Series 2008A, 5.000%, 6/01/33 | | 6/18 at 100.0 |
| 1,850 | Charlotte, North Carolina, Storm Water Fee Revenue Bonds, Series 2002, 5.250%, 6/01/18 | | 6/12 at 101.0 |
| 800 | Craven County, North Carolina, Certificates of Participation, Series 2007, 5.000%, 6/01/27 - NPMF Insured | | 6/17 at 100.0 |
| 500 | Harnett County, North Carolina, Certificates of Participation, Series 2009, 5.000%, 6/01/29 - AGC Insured | | 6/19 at 100.0 |
| | Hartnett County, North Carolina, Certificates of Participation, Series 2002: | | |
| 1,000 | 5.250%, 12/01/15 - AGM Insured | | 12/12 at 101.0 |
| 2,025 | 5.375%, 12/01/16 - AGM Insured | | 12/12 at 101.0 |
| 715 | Lee County, North Carolina, Certificates of Participation, Public Schools and Community College, Series 2004, 5.250%, 4/01/20 - AGM Insured | | 4/14 at 100.0 |
| 1,380 | Pasquotank County, North Carolina, Certificates of Participation, Series 2004, 5.000%, 6/01/25 - NPMF Insured | | 6/14 at 100.0 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL CALL PROVISIONS (2) |
|---------------------------|---|---------------------------------|
| ----- | | |
| | TAX OBLIGATION/LIMITED (continued) | |
| \$ 2,070 | Pitt County, North Carolina, Certificates of Participation, School Facilities Project, Series 2004B, 5.000%, 4/01/29 - AMBAC Insured | 4/14 at 100.0 |
| 2,625 | Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, First Subordinate Series 2010A, 0.000%, 8/01/35 | No Opt. Cal |
| | Raleigh, North Carolina, Certificates of Participation, Downtown Improvement Project, Series 2004B: | |
| 805 | 5.000%, 6/01/20 | 6/14 at 100.0 |
| 1,310 | 5.000%, 6/01/21 | 6/14 at 100.0 |
| 115 | Raleigh, North Carolina, Certificates of Participation, Series 2007, 5.000%, 2/01/27 | 2/17 at 100.0 |
| 1,000 | Randolph County, North Carolina, Certificates of Participation, Series 2004, 5.000%, 6/01/20 - AGM Insured | 6/14 at 102.0 |
| 100 | Rutherford County, North Carolina, Certificates of Participation, Series 2007, 5.000%, 12/01/27 - AGM Insured | 12/17 at 100.0 |
| 1,150 | Sampson County, North Carolina, Certificates of Participation, Series 2006, 5.000%, 6/01/34 - AGM Insured (UB) | 6/17 at 100.0 |
| 500 | Wilmington, North Carolina, Certificates of Participation, Series 2008A, 5.000%, 6/01/29 | 6/18 at 100.0 |
| 400 | Wilson County, North Carolina, Certificates of Participation, School Facilities Project, Series 2007, 5.000%, 4/01/25 - AMBAC Insured | 4/17 at 100.0 |
| ----- | | |
| 21,100 | Total Tax Obligation/Limited | |
| ----- | | |
| | TRANSPORTATION - 21.6% (13.8% OF TOTAL INVESTMENTS) | |
| 1,000 | Charlotte, North Carolina, Airport Revenue Bonds, Charlotte Douglas International Refunding Series 2010A, 5.000%, 7/01/39 | 7/20 at 100.0 |
| 1,935 | Charlotte, North Carolina, Airport Revenue Bonds, Series 2004A, 5.000%, 7/01/34 - NPFG Insured | 7/14 at 100.0 |
| 660 | North Carolina State Ports Authority, Port Facilities Revenue Bonds, Senior Lien Series 2010A, 5.250%, 2/01/40 | 2/20 at 100.0 |
| | North Carolina Turnpike Authority, Triangle Expressway System Revenue Bonds, Series 2009A: | |
| 90 | 5.375%, 1/01/26 - AGC Insured | 1/19 at 100.0 |
| 105 | 5.500%, 1/01/29 - AGC Insured | 1/19 at 100.0 |
| 430 | 5.750%, 1/01/39 - AGC Insured | 1/19 at 100.0 |
| | North Carolina Turnpike Authority, Triangle Expressway System Senior Lien Revenue Bonds, Series 2009B: | |
| 150 | 0.000%, 1/01/31 - AGC Insured | No Opt. Cal |
| 100 | 0.000%, 1/01/33 - AGC Insured | No Opt. Cal |
| 50 | 0.000%, 1/01/35 - AGC Insured | No Opt. Cal |
| 5,600 | 0.000%, 1/01/37 - AGC Insured | No Opt. Cal |
| 350 | 0.000%, 1/01/38 - AGC Insured | No Opt. Cal |
| 435 | Piedmont Triad Airport Authority, North Carolina, Airport Revenue Bonds, Series 2005A, 5.000%, 7/01/20 - SYNCORA GTY Insured | 7/15 at 100.0 |
| | Raleigh Durham Airport Authority, North Carolina, Airport Revenue Bonds, Series 2001A: | |
| 1,000 | 5.250%, 11/01/15 - FGIC Insured | 5/11 at 101.0 |

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| | | |
|--------|--|----------------|
| 2,320 | 5.250%, 11/01/16 - FGIC Insured | 5/11 at 101.0 |
| 2,230 | 5.250%, 11/01/17 - FGIC Insured | 5/11 at 101.0 |
| 270 | University of North Carolina, Charlotte, Parking System Revenue Bonds, Series 2002, 5.000%, 1/01/20 - NCFG Insured | 1/12 at 101.0 |
| ----- | | |
| 16,725 | Total Transportation | |
| ----- | | |
| | U.S. GUARANTEED - 8.5% (5.4% OF TOTAL INVESTMENTS) (4) | |
| 490 | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, Carolinas Healthcare System, Series 2001A, 5.000%, 1/15/31 (Pre-refunded 1/15/11) | 1/11 at 101.0 |
| 200 | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA Carolinas Healthcare System, Series 2005A, 5.000%, 1/15/45 (Pre-refunded 1/15/15) | 1/15 at 100.0 |
| 370 | North Carolina Medical Care Commission, Health System Revenue Bonds, Mission St. Joseph's Health System, Series 2001, 5.250%, 10/01/31 (Pre-refunded 10/01/11) | 10/11 at 101.0 |
| 500 | North Carolina Medical Care Commission, Revenue Bonds, Northeast Medical Center, Series 2004, 5.000%, 11/01/24 (Pre-refunded 11/01/14) | 11/14 at 100.0 |
| | Raleigh, North Carolina, Combined Enterprise System Revenue Bonds, Series 2004: | |
| 1,000 | 5.000%, 3/01/21 (Pre-refunded 3/01/14) | 3/14 at 100.0 |
| 1,250 | 5.000%, 3/01/22 (Pre-refunded 3/01/14) | 3/14 at 100.0 |

Nuveen Investments 49

NNO | Nuveen North Carolina Dividend Advantage Municipal Fund 2 (continued)
| Portfolio of Investments May 31, 2010

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL CALL PROVISIONS (2) |
|------------------------|--|------------------------------|
| | U.S. GUARANTEED (4) (continued) | |
| \$ 505 | University of North Carolina System, Pooled Revenue Refunding Bonds, Series 2002A, 5.375%, 4/01/19 (Pre-refunded 10/01/12) - AMBAC Insured | 10/12 at 100.0 |
| ----- | | |
| 4,315 | Total U.S. Guaranteed | |
| ----- | | |
| | UTILITIES - 10.7% (6.8% OF TOTAL INVESTMENTS) | |
| 500 | North Carolina Eastern Municipal Power Agency, Power System Revenue Bonds, Series 2005, 5.250%, 1/01/20 - AMBAC Insured | 1/16 at 100.0 |
| | North Carolina Eastern Municipal Power Agency, Power System Revenue Refunding Bonds, Series 1993B: | |
| 2,500 | 5.500%, 1/01/17 - FGIC Insured | 7/10 at 100.0 |
| 25 | 5.500%, 1/01/21 | 7/10 at 100.0 |
| 225 | North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Refunding Series 2009A, 5.000%, 1/01/30 | 1/19 at 100.0 |
| 2,600 | Wake County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Revenue Refunding Bonds, Carolina Power and Light Company, Series 2002, 5.375%, 2/01/17 | 2/12 at 101.0 |

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| | | |
|-----------|---|---------------|
| 5,850 | Total Utilities | |
| ----- | | |
| | WATER AND SEWER - 23.9% (15.3% OF TOTAL INVESTMENTS) | |
| 500 | Brunswick County, North Carolina, Enterprise System Revenue Bonds, Series 2008A, 5.000%, 4/01/31 - AGM Insured | 4/18 at 100.0 |
| 500 | Cape Fear Public Utility Authority, North Carolina, Water & Sewer System Revenue Bonds, Series 2008, 5.000%, 8/01/35 | 8/18 at 100.0 |
| 2,520 | Charlotte, North Carolina, Water and Sewerage System Revenue Bonds, Series 2002A, 5.250%, 7/01/13 | No Opt. Cal |
| 1,000 | Durham County, North Carolina, Enterprise System Revenue Bonds, Series 2002, 5.000%, 6/01/23 - NCFG Insured | 6/13 at 100.0 |
| 700 | Oak Island, North Carolina, Enterprise System Revenue Bonds, Series 2009A, 6.000%, 6/01/34 - AGC Insured | 6/19 at 100.0 |
| | Raleigh, North Carolina, Combined Enterprise System Revenue Bonds, Series 2006A: | |
| 3,095 | 5.000%, 3/01/31 (UB) | 3/16 at 100.0 |
| 975 | 5.000%, 3/01/36 (UB) | 3/16 at 100.0 |
| 40 | Raleigh, North Carolina, Combined Enterprise System Revenue Bonds, Series 2006A, Residuals Series II-R-645-2, 13.274%, 3/01/31 (IF) | 3/16 at 100.0 |
| 1,000 | Wilmington, North Carolina, Water and Sewer Revenue Bonds, Series 2005, 5.000%, 6/01/25 - AGM Insured | 6/15 at 100.0 |
| 2,275 | Winston-Salem, North Carolina, Water and Sewer System Revenue Bonds, Series 2007A, 5.000%, 6/01/37 (UB) | 6/17 at 100.0 |
| ----- | | |
| 12,605 | Total Water and Sewer | |
| ----- | | |
| \$ 91,795 | Total Investments (cost \$85,399,890) - 156.8% | |
| ===== | | |
| | Floating Rate Obligations - (8.5)% | |
| | MuniFund Term Preferred Shares, at Liquidation Value - (52.5)% (5) | |
| | Other Assets Less Liabilities - 4.2% | |
| | Net Assets Applicable to Common Shares - 100% | |
| ===== | | |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the highest of Standard & Poor's Group ("Standard & Poor's"), Moody's Investor Service, Inc. ("Moody's") or Fitch, Inc. ("Fitch") rating. Ratings below BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch are considered to be below investment grade.
- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities, which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
- (5) MuniFund Term Preferred Shares, at Liquidation Value as a percentage of Total Investments is 33.5%.

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N/R Not rated.

(IF) Inverse floating rate investment.

(UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction. See Notes to Financial Statements, Footnote 1 - Inverse Floating Rate Securities for more information.

See accompanying notes to financial statements.

Nuveen Investments 50

NII | Nuveen North Carolina Dividend Advantage Municipal Fund 3
| Portfolio of Investments May 31, 2010

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL CALL PROVISIONS (2) |
|---------------------------|---|---------------------------------|
| | CONSUMER STAPLES - 3.0% (1.9% OF TOTAL INVESTMENTS) | |
| \$ 2,000 | Puerto Rico, The Children's Trust Fund, Tobacco Settlement Asset-Backed Refunding Bonds, Series 2002, 5.500%, 5/15/39 | 5/12 at 100.0 |
| | EDUCATION AND CIVIC ORGANIZATIONS - 2.9% (1.8% OF TOTAL INVESTMENTS) | |
| | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University, Series 2001A: | |
| 330 | 5.125%, 10/01/26 | 10/11 at 100.0 |
| 95 | 5.125%, 10/01/41 | 10/11 at 100.0 |
| 705 | University of North Carolina System, Pooled Revenue Refunding Bonds, Series 2002A, 5.000%, 4/01/27 - AMBAC Insured | 10/12 at 100.0 |
| 500 | University of North Carolina Wilmington, Certificates of Participation, Student Housing Project Revenue Bonds, Series 2006, 5.000%, 6/01/21 - FGIC Insured | 6/16 at 100.0 |
| 1,630 | Total Education and Civic Organizations | |
| | HEALTH CARE - 12.4% (7.8% OF TOTAL INVESTMENTS) | |
| 695 | Albemarle Hospital Authority, North Carolina, Health Care Facilities Revenue Bonds, Series 2007, 5.250%, 10/01/27 | 10/17 at 100.0 |
| 1,200 | Charlotte-Mecklenberg Hospital Authority, North Carolina, Carolinas HealthCare System Revenue Bonds, Series 2008A, 5.000%, 1/15/47 | 1/18 at 100.0 |
| 580 | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, Carolinas Healthcare System, Series 2001A, 5.000%, 1/15/31 | 1/11 at 101.0 |
| 500 | Johnston Memorial Hospital Authority, North Carolina, Mortgage Revenue Bonds, Johnston Memorial Hospital Project, Series 2008, 5.250%, 10/01/36 - AGM Insured | 4/18 at 100.0 |
| 180 | New Hanover County, North Carolina, Hospital Revenue Bonds, New Hanover Regional Medical Center, Series 2006B, 5.125%, 10/01/31 - AGM Insured | 10/19 at 100.0 |
| 545 | North Carolina Medical Care Commission, Health Care Facilities Revenue Bonds, WakeMed, Series 2009A, 5.625%, 10/01/38 - AGC Insured | 10/14 at 100.0 |
| 2,000 | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Novant Health Obligated Group, Series | 11/13 at 100.0 |

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| | | |
|-------|--|----------------|
| | 2003A, 5.000%, 11/01/18 | |
| 1,000 | North Carolina Medical Care Commission, Hospital Revenue Bonds, Wilson Medical Center, Series 2007, 5.000%, 11/01/27 | 11/17 at 100.0 |
| 300 | North Carolina Medical Care Commission, Revenue Bonds, Blue Ridge Healthcare System, Series 2005, 5.000%, 1/01/33 - FGIC Insured | 1/15 at 100.0 |
| 150 | Northern Hospital District of Surry County, North Carolina, Health Care Facilities Revenue Bonds, Series 2008, 6.250%, 10/01/38 | 4/18 at 100.0 |
| ----- | | |
| 7,150 | Total Health Care | |
| ----- | | |
| | HOUSING/MULTIFAMILY - 1.8% (1.1% OF TOTAL INVESTMENTS) | |
| 1,000 | Mecklenburg County, North Carolina, FNMA Multifamily Housing Revenue Bonds, Little Rock Apartments, Series 2003, 5.150%, 1/01/22 (Alternative Minimum Tax) | 7/13 at 105.0 |
| ----- | | |
| | HOUSING/SINGLE FAMILY - 2.7% (1.7% OF TOTAL INVESTMENTS) | |
| 590 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, 1998 Trust Agreement, Series 5A, 5.625%, 7/01/30 (Alternative Minimum Tax) | 7/10 at 100.0 |
| 500 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Series 2007-29A, 4.800%, 7/01/33 (Alternative Minimum Tax) | 1/17 at 100.0 |
| 505 | North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Series 25-A, 4.900%, 7/01/37 (Alternative Minimum Tax) | 7/16 at 100.0 |
| ----- | | |
| 1,595 | Total Housing/Single Family | |
| ----- | | |
| | LONG-TERM CARE - 1.7% (1.1% OF TOTAL INVESTMENTS) | |
| | North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Presbyterian Homes, Series 2006: | |
| 250 | 5.400%, 10/01/27 | 10/16 at 100.0 |
| 600 | 5.500%, 10/01/31 | 10/16 at 100.0 |

Nuveen Investments 51

NII | Nuveen North Carolina Dividend Advantage Municipal Fund 3 (continued)
| Portfolio of Investments May 31, 2010

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL CALL PROVISIONS (2) |
|------------------------|--|------------------------------|
| | LONG-TERM CARE (continued) | |
| \$ 190 | North Carolina Medical Care Commission, Revenue Bonds, Pines at Davidson, Series 2006A, 5.000%, 1/01/36 | 1/16 at 100.0 |
| ----- | | |
| 1,040 | Total Long-Term Care | |
| ----- | | |
| | MATERIALS - 0.3% (0.2% OF TOTAL INVESTMENTS) | |
| 200 | Columbus County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Environmental Improvement Revenue Bonds, International Paper Company Project, Series 2007A, 4.625%, 3/01/27 | 3/17 at 100.0 |

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| | | |
|-------|---|----------------|
| | TAX OBLIGATION/GENERAL - 14.5% (9.2% OF TOTAL INVESTMENTS) | |
| 3,900 | Cary, North Carolina, General Obligation Water and Sewer Bonds, Series 2001, 5.000%, 3/01/20 | 3/11 at 102.0 |
| | Lincoln County, North Carolina, General Obligation Bonds, Series 2002A: | |
| 850 | 5.000%, 6/01/19 - FGIC Insured | 6/12 at 101.0 |
| 900 | 5.000%, 6/01/20 - FGIC Insured | 6/12 at 101.0 |
| 1,050 | 5.000%, 6/01/21 - FGIC Insured | 6/12 at 101.0 |
| 300 | North Carolina, General Obligation Bonds, Series 2004A, 5.000%, 3/01/22 | 3/14 at 100.0 |
| 400 | Raleigh, North Carolina, General Obligation Bonds, Series 2002, 5.000%, 6/01/21 | 6/12 at 100.0 |
| 550 | Wake County, North Carolina, Limited Obligation Bonds, Series 2010, 5.000%, 1/01/37 | 1/20 at 100.0 |
| <hr/> | | |
| 7,950 | Total Tax Obligation/General | |
| <hr/> | | |
| | TAX OBLIGATION/LIMITED - 35.1% (22.1% OF TOTAL INVESTMENTS) | |
| 1,800 | Catawba County, North Carolina, Certificates of Participation, Series 2004, 5.250%, 6/01/22 - NPMG Insured | 6/14 at 100.0 |
| 2,750 | Charlotte, North Carolina, Certificates of Participation, Governmental Facilities Projects, Series 2003G, 5.000%, 6/01/33 | 6/13 at 100.0 |
| 600 | Charlotte, North Carolina, Certificates of Participation, Nascar Hall of Fame, Series 2009C, 5.000%, 6/01/39 | 6/19 at 100.0 |
| 575 | Charlotte, North Carolina, Certificates of Participation, Transit Projects Phase 2, Series 2008A, 5.000%, 6/01/33 | 6/18 at 100.0 |
| 800 | Craven County, North Carolina, Certificates of Participation, Series 2007, 5.000%, 6/01/27 - NPMG Insured | 6/17 at 100.0 |
| 3,000 | Dare County, North Carolina, Certificates of Participation, Series 2002, 5.000%, 6/01/23 - AMBAC Insured | 12/12 at 100.0 |
| 200 | Harnett County, North Carolina, Certificates of Participation, Series 2009, 5.000%, 6/01/28 - AGC Insured | 6/19 at 100.0 |
| 500 | Lee County, North Carolina, Certificates of Participation, Public Schools and Community College, Series 2004, 5.250%, 4/01/20 - AGM Insured | 4/14 at 100.0 |
| 200 | Mecklenburg County, North Carolina, Certificates of Participation, Series 2009A, 5.000%, 2/01/27 | No Opt. Cal |
| 1,000 | North Carolina, Certificates of Participation, Repair and Renovation Project, Series 2004B, 5.000%, 6/01/20 | 6/14 at 100.0 |
| 2,625 | Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, First Subordinate Series 2010A, 0.000%, 8/01/35 | No Opt. Cal |
| 565 | Raleigh, North Carolina, Certificates of Participation, Series 2007, 5.000%, 2/01/27 | 2/17 at 100.0 |
| 2,000 | Rutherford County, North Carolina, Certificates of Participation, Series 2002, 5.000%, 9/01/21 - AMBAC Insured | 9/12 at 101.0 |
| 1,000 | Rutherford County, North Carolina, Certificates of Participation, Series 2007, 5.000%, 12/01/27 - AGM Insured | 12/17 at 100.0 |
| 1,200 | Sampson County, North Carolina, Certificates of Participation, Series 2006, 5.000%, 6/01/34 - AGM Insured (UB) | 6/17 at 100.0 |
| 1,785 | Union County, North Carolina, Certificates of Participation, Series 2003, 5.000%, 6/01/20 - AMBAC Insured | 6/13 at 101.0 |
| 500 | Wilmington, North Carolina, Certificates of Participation, Series 2008A, 5.000%, 6/01/29 | 6/18 at 100.0 |

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| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL CALL PROVISIONS (2) |
|---------------------------|--|---------------------------------|
| ----- | | |
| | TAX OBLIGATION/LIMITED (continued) | |
| \$ 400 | Wilson County, North Carolina, Certificates of Participation, School Facilities Project, Series 2007, 5.000%, 4/01/25 - AMBAC Insured | 4/17 at 100.0 |
| ----- | | |
| 21,500 | Total Tax Obligation/Limited | |
| ----- | | |
| | TRANSPORTATION - 12.6% (7.9% OF TOTAL INVESTMENTS) | |
| 500 | Charlotte, North Carolina, Airport Revenue Bonds, Charlotte Douglas International Refunding Series 2010A, 5.000%, 7/01/39 | 7/20 at 100.0 |
| 660 | North Carolina State Ports Authority, Port Facilities Revenue Bonds, Senior Lien Series 2010A, 5.250%, 2/01/40 | 2/20 at 100.0 |
| | North Carolina Turnpike Authority, Triangle Expressway System Revenue Bonds, Series 2009A: | |
| 50 | 5.500%, 1/01/29 - AGC Insured | 1/19 at 100.0 |
| 400 | 5.750%, 1/01/39 - AGC Insured | 1/19 at 100.0 |
| | North Carolina Turnpike Authority, Triangle Expressway System Senior Lien Revenue Bonds, Series 2009B: | |
| 2,195 | 0.000%, 1/01/35 - AGC Insured | No Opt. Cal |
| 100 | 0.000%, 1/01/37 - AGC Insured | No Opt. Cal |
| 300 | 0.000%, 1/01/38 - AGC Insured | No Opt. Cal |
| | Raleigh Durham Airport Authority, North Carolina, Airport Revenue Bonds, Series 2001A: | |
| 1,780 | 5.250%, 11/01/15 - FGIC Insured | 5/11 at 101.0 |
| 3,100 | 5.000%, 11/01/20 - FGIC Insured | 5/11 at 101.0 |
| ----- | | |
| 9,085 | Total Transportation | |
| ----- | | |
| | U.S. GUARANTEED - 17.2% (10.8% OF TOTAL INVESTMENTS) (4) | |
| 170 | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, Carolinas Healthcare System, Series 2001A, 5.000%, 1/15/31 (Pre-refunded 1/15/11) | 1/11 at 101.0 |
| 200 | Charlotte-Mecklenburg Hospital Authority, North Carolina, Healthcare System Revenue Bonds, DBA Carolinas Healthcare System, Series 2005A, 5.000%, 1/15/45 (Pre-refunded 1/15/15) | 1/15 at 100.0 |
| | Forsyth County, North Carolina, Certificates of Participation, Public Facilities and Equipment Project, Series 2002: | |
| 1,325 | 5.125%, 1/01/16 (Pre-refunded 1/01/13) | 1/13 at 101.0 |
| 770 | 5.250%, 1/01/19 (Pre-refunded 1/01/13) | 1/13 at 101.0 |
| | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University, Series 2001A: | |
| 920 | 5.125%, 10/01/26 (Pre-refunded 10/01/11) | 10/11 at 100.0 |
| 405 | 5.125%, 10/01/41 (Pre-refunded 10/01/11) | 10/11 at 100.0 |
| 1,600 | North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University, Series 2002A, 5.125%, 7/01/42 (Pre-refunded 10/01/12) | 10/12 at 100.0 |
| 500 | North Carolina Medical Care Commission, Health System Revenue Bonds, Mission St. Joseph's Health System, Series 2001, 5.250%, 10/01/31 (Pre-refunded 10/01/11) | 10/11 at 101.0 |
| 500 | North Carolina Medical Care Commission, Revenue Bonds, | 11/14 at 100.0 |

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| | | | |
|-----------------------|---|--|----------------|
| | Northeast Medical Center, Series 2004, 5.000%, 11/01/24 (Pre-refunded 11/01/14) | | |
| | University of North Carolina System, Pooled Revenue Refunding Bonds, Series 2002A: | | |
| 610 | 5.000%, 4/01/27 (Pre-refunded 10/01/12) - AMBAC Insured | | 10/12 at 100.0 |
| 585 | 5.000%, 4/01/27 (Pre-refunded 10/01/12) - AMBAC Insured | | 10/12 at 100.0 |
| 1,500 | Winston-Salem, North Carolina, Water and Sewerage System Revenue Bonds, Series 2002A, 5.000%, 6/01/19 (Pre-refunded 6/01/12) | | 6/12 at 100.0 |
| ----- | | | |
| 9,085 | Total U.S. Guaranteed | | |
| ----- | | | |
| | UTILITIES - 19.3% (12.1% OF TOTAL INVESTMENTS) | | |
| 150 | North Carolina Eastern Municipal Power Agency, Power System Revenue Bonds, Series 2003F, 5.500%, 1/01/16 | | 1/13 at 100.0 |
| 500 | North Carolina Eastern Municipal Power Agency, Power System Revenue Bonds, Series 2005, 5.250%, 1/01/20 - AMBAC Insured | | 1/16 at 100.0 |
| 1,400 | North Carolina Eastern Municipal Power Agency, Power System Revenue Bonds, Series 2009B, 5.000%, 1/01/26 | | 1/19 at 100.0 |
| 4,060 | North Carolina Eastern Municipal Power Agency, Power System Revenue Refunding Bonds, Series 1993B, 5.500%, 1/01/17 - FGIC Insured | | 7/10 at 100.0 |
| ----- | | | |
| Nuveen Investments 53 | | | |

NII | Nuveen North Carolina Dividend Advantage Municipal Fund 3 (continued)
| Portfolio of Investments May 31, 2010

| PRINCIPAL AMOUNT (000) | DESCRIPTION (1) | OPTIONAL CALL PROVISIONS (2) |
|---------------------------|---|---------------------------------|
| ----- | | |
| | UTILITIES (continued) | |
| \$ 275 | North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Refunding Series 2009A, 5.000%, 1/01/30 | 1/19 at 100.0 |
| 2,665 | North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 2003A, 5.250%, 1/01/15 - AMBAC Insured | 1/13 at 100.0 |
| 250 | North Carolina Municipal Power Agency 1, Catawba Electric Revenue Bonds, Series 2008A, 5.250%, 1/01/20 | 1/18 at 100.0 |
| 1,400 | Wake County Industrial Facilities and Pollution Control Financing Authority, North Carolina, Revenue Refunding Bonds, Carolina Power and Light Company, Series 2002, 5.375%, 2/01/17 | 2/12 at 101.0 |
| ----- | | |
| 10,700 | Total Utilities | |
| ----- | | |
| | WATER AND SEWER - 35.4% (22.3% OF TOTAL INVESTMENTS) | |
| 2,000 | Brunswick County, North Carolina, Enterprise System Revenue Bonds, Series 2008A, 5.000%, 4/01/31 - AGM Insured | 4/18 at 100.0 |
| 425 | Cape Fear Public Utility Authority, North Carolina, Water & Sewer System Revenue Bonds, Series 2008, 5.000%, 8/01/28 | 8/18 at 100.0 |
| | Charlotte, North Carolina, Water and Sewerage System Revenue Bonds, Series 2001: | |
| 750 | 5.125%, 6/01/26 | 6/11 at 101.0 |
| 1,780 | 5.125%, 6/01/26 - FGIC Insured | 6/11 at 101.0 |

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| | | |
|-----------|--|---------------|
| 300 | Durham County, North Carolina, Enterprise System Revenue Bonds, Series 2002, 5.000%, 6/01/18 - NCFG Insured | 6/13 at 100.0 |
| 2,500 | Kannapolis, North Carolina, Water and Sewerage System Revenue Bonds, Series 2001B, 5.250%, 2/01/26 - AGM Insured (Alternative Minimum Tax) | 2/12 at 101.0 |
| 50 | Oak Island, North Carolina, Enterprise System Revenue Bonds, Series 2009A, 6.000%, 6/01/34 - AGC Insured | 6/19 at 100.0 |
| 500 | Onslow County, North Carolina, Combined Enterprise System Revenue Bonds, Series 2004B, 5.000%, 6/01/23 - SYNCORA GTY Insured | 6/14 at 100.0 |
| 1,000 | Orange Water and Sewerage Authority, North Carolina, Water and Sewerage System Revenue Bonds, Series 2001, 5.000%, 7/01/26 | 7/11 at 101.0 |
| | Raleigh, North Carolina, Combined Enterprise System Revenue Bonds, Series 2006A: | |
| 4,950 | 5.000%, 3/01/31 (UB) | 3/16 at 100.0 |
| 3,000 | 5.000%, 3/01/36 (UB) | 3/16 at 100.0 |
| 5 | Raleigh, North Carolina, Combined Enterprise System Revenue Bonds, Series 2006A, Residuals Series II-R-645-2, 13.564%, 3/01/36 (IF) | 3/16 at 100.0 |
| 2,375 | Winston-Salem, North Carolina, Water and Sewer System Revenue Bonds, Series 2007A, 5.000%, 6/01/37 (UB) | 6/17 at 100.0 |
| ----- | | |
| 19,635 | Total Water and Sewer | |
| ----- | | |
| \$ 92,570 | Total Investments (cost \$89,373,923) - 158.9% | |
| ===== | | |
| | Floating Rate Obligations - (12.9)% | |
| ----- | | |
| | MuniFund Term Preferred Shares, at Liquidation Value - (49.5)% (5) | |
| ----- | | |
| | Other Assets Less Liabilities - 3.5% | |
| ----- | | |
| | Net Assets Applicable to Common Shares - 100% | |
| ===== | | |

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Optional Call Provisions (not covered by the report of independent registered public accounting firm): Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
- (3) Ratings (not covered by the report of independent registered public accounting firm): Using the highest of Standard & Poor's Group ("Standard & Poor's"), Moody's Investor Service, Inc. ("Moody's") or Fitch, Inc. ("Fitch") rating. Ratings below BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch are considered to be below investment grade.
- (4) Backed by an escrow or trust containing sufficient U.S. Government or U.S. Government agency securities, which ensure the timely payment of principal and interest. Such investments are normally considered to be equivalent to AAA rated securities.
- (5) MuniFund Term Preferred Shares, at Liquidation Value as a percentage of Total Investments is 31.1%.

N/R Not rated.

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(IF) Inverse floating rate investment.

(UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction. See Notes to Financial Statements, Footnote 1 - Inverse Floating Rate Securities for more information.

See accompanying notes to financial statements.

54 Nuveen Investments

| Statement of
| Assets & Liabilities May 31, 2010

| | GEORGIA PREMIUM INCOME (NPG) | GEORGIA DIVIDEND ADVANTAGE (NZX) | A |
|---|---------------------------------------|---|----|
| ----- | | | |
| ASSETS | | | |
| Investments, at value (cost \$79,615,332, \$42,041,084 and \$93,933,803, respectively) | \$ 83,035,864 | \$ 43,465,504 | \$ |
| Cash | 4,399 | -- | |
| Receivables: | | | |
| Interest | 1,434,692 | 734,727 | |
| Investments sold | -- | -- | |
| Deferred offering costs | 619,737 | 397,423 | |
| Other assets | 9,238 | 5,006 | |
| ----- | | | |
| Total assets | 85,103,930 | 44,602,660 | |
| ----- | | | |
| LIABILITIES | | | |
| Cash overdraft | -- | 50,277 | |
| Floating rate obligations | 1,190,000 | 660,000 | |
| Payables: | | | |
| Investments purchased | -- | -- | |
| Common share dividends | 207,189 | 119,887 | |
| Interest | 62,584 | 31,667 | |
| Offering costs | 201,653 | 176,739 | |
| MuniFund Term Preferred shares, at liquidation value | 28,340,000 | 14,340,000 | |
| Accrued expenses: | | | |
| Management fees | 46,059 | 20,259 | |
| Other | 38,491 | 24,647 | |
| ----- | | | |
| Total liabilities | 30,085,976 | 15,423,476 | |
| ----- | | | |
| Auction Rate Preferred shares, at liquidation value | -- | -- | |
| ----- | | | |
| Net assets applicable to Common shares | \$ 55,017,954 | \$ 29,179,184 | \$ |
| ===== | | | |
| Common shares outstanding | 3,805,652 | 1,970,036 | |
| ===== | | | |
| Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding) | \$ 14.46 | \$ 14.81 | \$ |
| ===== | | | |
| NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF: | | | |
| ----- | | | |

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| | | | | | |
|--|----|-------------|----|------------|----|
| Common shares, \$.01 par value per share | \$ | 38,057 | \$ | 19,700 | \$ |
| Paid-in surplus | | 52,342,836 | | 27,889,665 | |
| Undistributed (Over-distribution of) net investment income | | 536,108 | | 267,475 | |
| Accumulated net realized gain (loss) | | (1,319,579) | | (422,076) | |
| Net unrealized appreciation (depreciation) | | 3,420,532 | | 1,424,420 | |
| ----- | | | | | |
| Net assets applicable to Common shares | \$ | 55,017,954 | \$ | 29,179,184 | \$ |
| ===== | | | | | |
| Authorized shares: | | | | | |
| Common | | Unlimited | | Unlimited | |
| Auction Rate Preferred | | Unlimited | | Unlimited | |
| MuniFund Term Preferred | | Unlimited | | Unlimited | |
| ===== | | | | | |

See accompanying notes to financial statements.

Nuveen Investments 55

| Statement of
| Assets & Liabilities (continued) May 31, 2010

| | | NORTH CAROLINA PREMIUM INCOME (NNC) | | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | |
|---|----|---|----|---|----|
| ----- | | | | | |
| ASSETS | | | | | |
| Investments, at value (cost \$136,722,688, \$54,044,704, \$85,399,890 and \$89,373,923, respectively) | \$ | 142,179,077 | \$ | 56,281,380 | \$ |
| Cash | | -- | | 71,956 | |
| Receivables: | | | | | |
| Interest | | 2,448,372 | | 957,956 | |
| Investments sold | | 179,185 | | 1,045,811 | |
| Deferred offering costs | | 621,783 | | 486,640 | |
| Other assets | | 23,375 | | 5,672 | |
| ----- | | | | | |
| Total assets | | 145,451,792 | | 58,849,415 | |
| ----- | | | | | |
| LIABILITIES | | | | | |
| Cash overdraft | | 1,525 | | -- | |
| Floating rate obligations | | 5,195,000 | | 7,160,000 | |
| Payables: | | | | | |
| Investments purchased | | -- | | -- | |
| Common share dividends | | 363,266 | | 153,272 | |
| Interest | | 53,663 | | 35,967 | |
| Offering costs | | 289,272 | | 229,400 | |
| MuniFund Term Preferred shares, at liquidation value | | 24,300,000 | | 16,600,000 | |
| Accrued expenses: | | | | | |
| Management fees | | 75,815 | | 25,901 | |
| Other | | 53,366 | | 27,918 | |
| ----- | | | | | |
| Total liabilities | | 30,331,907 | | 24,232,458 | |
| ----- | | | | | |
| Auction Rate Preferred shares, at liquidation value | | 21,550,000 | | -- | |

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| | | | | | |
|---|----|------------|----|------------|----|
| Net assets applicable to Common shares | \$ | 93,569,885 | \$ | 34,616,957 | \$ |
| Common shares outstanding | | 6,357,623 | | 2,269,054 | |
| Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding) | \$ | 14.72 | \$ | 15.26 | \$ |
| NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF: | | | | | |
| Common shares, \$.01 par value per share | \$ | 63,576 | \$ | 22,691 | \$ |
| Paid-in surplus | | 87,865,715 | | 32,163,559 | |
| Undistributed (Over-distribution of) net investment income | | 910,543 | | 398,182 | |
| Accumulated net realized gain (loss) | | (726,338) | | (204,151) | |
| Net unrealized appreciation (depreciation) | | 5,456,389 | | 2,236,676 | |
| Net assets applicable to Common shares | \$ | 93,569,885 | \$ | 34,616,957 | \$ |
| Authorized shares: | | | | | |
| Common | | Unlimited | | Unlimited | |
| Auction Rate Preferred | | Unlimited | | Unlimited | |
| MuniFund Term Preferred | | Unlimited | | Unlimited | |

See accompanying notes to financial statements.

56 Nuveen Investments

| Statement of
| Operations Year Ended May 31, 2010

| | | | | |
|--|----|--|-----------|---------------------------------------|
| | | | | GEORGIA PREMIUM INCOME (NPG) |
| INVESTMENT INCOME | \$ | | 3,883,725 | \$ |
| EXPENSES | | | | |
| Management fees | | | 535,997 | |
| Auction fees | | | 29,477 | |
| Dividend disbursing agent fees | | | 12,521 | |
| Shareholders' servicing agent fees and expenses | | | 3,999 | |
| Interest expense and amortization of offering costs | | | 247,563 | |
| Custodian's fees and expenses | | | 20,360 | |
| Trustees' fees and expenses | | | 2,345 | |
| Professional fees | | | 13,204 | |
| Shareholders' reports - printing and mailing expenses | | | 24,454 | |
| Stock exchange listing fees | | | 537 | |
| Investor relations expense | | | 6,661 | |
| Other expenses | | | 15,301 | |
| Total expenses before custodian fee credit and expense reimbursement | | | 912,419 | |
| Custodian fee credit | | | (565) | |

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| | | |
|--|----|-----------|
| Expense reimbursement | | -- |
| Net expenses | | 911,854 |
| Net investment income | | 2,971,871 |
| REALIZED AND UNREALIZED GAIN (LOSS) | | |
| Net realized gain (loss) from investments | | (80,448) |
| Change in net unrealized appreciation (depreciation) of investments | | 2,560,292 |
| Net realized and unrealized gain (loss) | | 2,479,844 |
| DISTRIBUTIONS TO AUCTION RATE PREFERRED SHAREHOLDERS | | |
| From net investment income | | (86,098) |
| From accumulated net realized gains | | -- |
| Decrease in net assets applicable to Common shares from distributions to Auction Rate Preferred shareholders | | (86,098) |
| Net increase (decrease) in net assets applicable to Common shares from operations | \$ | 5,365,617 |

See accompanying notes to financial statements.

Nuveen Investments 57

| Statement of
| Operations (continued) Year Ended May 31, 2010

| | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) |
|--|-------------------------------------|---|
| INVESTMENT INCOME | \$ 6,574,075 | \$ 2,635,650 |
| EXPENSES | | |
| Management fees | 882,393 | 326,709 |
| Auction fees | 58,342 | 20,274 |
| Dividend disbursing agent fees | 10,000 | 7,479 |
| Shareholders' servicing agent fees and expenses | 7,078 | 431 |
| Interest expense and amortization of offering costs | 313,964 | 127,070 |
| Custodian's fees and expenses | 31,471 | 15,919 |
| Trustees' fees and expenses | 3,882 | 1,396 |
| Professional fees | 18,025 | 10,642 |
| Shareholders' reports - printing and mailing expenses | 32,442 | 18,049 |
| Stock exchange listing fees | 9,168 | 320 |
| Investor relations expense | 11,622 | 4,267 |
| Other expenses | 22,791 | 22,330 |
| Total expenses before custodian fee credit and expense reimbursement | 1,401,178 | 554,886 |
| Custodian fee credit | (700) | (275) |
| Expense reimbursement | -- | (42,519) |

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| | | |
|--|---------------|--------------|
| Net expenses | 1,400,478 | 512,092 |
| Net investment income | 5,173,597 | 2,123,558 |
| REALIZED AND UNREALIZED GAIN (LOSS) | | |
| Net realized gain (loss) from investments | 423,483 | 28,829 |
| Change in net unrealized appreciation (depreciation) of investments | 5,030,176 | 1,416,200 |
| Net realized and unrealized gain (loss) | 5,453,659 | 1,445,029 |
| DISTRIBUTIONS TO AUCTION RATE PREFERRED SHAREHOLDERS | | |
| From net investment income | (162,889) | (62,338) |
| From accumulated net realized gains | -- | -- |
| Decrease in net assets applicable to Common shares from distributions to Auction Rate Preferred shareholders | (162,889) | (62,338) |
| Net increase (decrease) in net assets applicable to Common shares from operations | \$ 10,464,367 | \$ 3,506,249 |

See accompanying notes to financial statements.

58 Nuveen Investments

| Statement of
| Changes in Net Assets

| | GEORGIA PREMIUM INCOME (NPG) | | GEORGIA DIVIDEND ADVANTAGE (NZ) | |
|---|---------------------------------|--------------------------|------------------------------------|--------------------------|
| | YEAR ENDED 5/31/10 | YEAR ENDED 5/31/09 | YEAR ENDED 5/31/10 | YEAR ENDED 5/31/09 |
| OPERATIONS | | | | |
| Net investment income | \$ 2,971,871 | \$ 3,224,577 | \$ 1,657,597 | \$ 1,792,338 |
| Net realized gain (loss) from: | | | | |
| Investments | (80,448) | (1,167,344) | (247,298) | (336,292) |
| Forward swaps | -- | -- | -- | 153,117 |
| Futures | -- | -- | -- | 53,023 |
| Change in net unrealized appreciation (depreciation) of: | | | | |
| Investments | 2,560,292 | (875,690) | 1,731,310 | (865,310) |
| Forward swaps | -- | -- | -- | (139,292) |
| Futures | -- | -- | -- | -- |
| Distributions to Auction Rate Preferred Shareholders: | | | | |
| From net investment income | (86,098) | (626,715) | (47,292) | (337,292) |
| From accumulated net realized gains | -- | -- | -- | -- |
| Net increase (decrease) in net assets applicable to Common shares from operations | 5,365,617 | 554,828 | 3,094,317 | 320,000 |

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| | | | | |
|---|---------------|---------------|---------------|---------------|
| DISTRIBUTIONS TO COMMON SHAREHOLDERS | | | | |
| From net investment income | (2,574,524) | (2,338,573) | (1,447,538) | (1,295,000) |
| From accumulated net realized gains | -- | -- | -- | -- |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | | | | |
| | (2,574,524) | (2,338,573) | (1,447,538) | (1,295,000) |
| CAPITAL SHARE TRANSACTIONS | | | | |
| Net proceeds from Common shares issued to shareholders due to reinvestment of distributions | -- | -- | 10,096 | -- |
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | | | | |
| | -- | -- | 10,096 | -- |
| Net increase (decrease) in net assets applicable to Common shares | | | | |
| | 2,791,093 | (1,783,745) | 1,656,875 | (975,000) |
| Net assets applicable to Common shares at the beginning of year | | | | |
| | 52,226,861 | 54,010,606 | 27,522,309 | 28,498,000 |
| Net assets applicable to Common shares at the end of year | | | | |
| | \$ 55,017,954 | \$ 52,226,861 | \$ 29,179,184 | \$ 27,522,000 |
| Undistributed (Over-distribution of) net investment income at the end of year | | | | |
| | \$ 536,108 | \$ 189,537 | \$ 267,475 | \$ 82,000 |

See accompanying notes to financial statements.

Nuveen Investments 59

| Statement of
| Changes in Net Assets (continued)

| | NORTH CAROLINA PREMIUM INCOME (NNC) | | DI |
|---|--|--------------------------|--------------|
| | YEAR ENDED 5/31/10 | YEAR ENDED 5/31/09 | |
| OPERATIONS | | | |
| Net investment income | \$ 5,173,597 | \$ 5,380,918 | \$ 2,000,000 |
| Net realized gain (loss) from: | | | |
| Investments | 423,483 | (897,516) | |
| Forward swaps | -- | -- | |
| Futures | -- | 115,239 | |
| Change in net unrealized appreciation (depreciation) of: | | | |
| Investments | 5,030,176 | (968,029) | 1,000,000 |
| Forward swaps | -- | -- | |
| Futures | -- | 5,056 | |
| Distributions to Auction Rate | | | |

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| | | | |
|--|---------------|---------------|-------|
| Preferred Shareholders: | | | |
| From net investment income | (162,889) | (1,055,046) | |
| From accumulated net realized gains | -- | -- | |
| ----- | | | |
| Net increase (decrease) in net assets applicable to Common shares from operations | 10,464,367 | 2,580,622 | 3 |
| ----- | | | |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS | | | |
| From net investment income | (4,536,632) | (3,849,214) | (1) |
| From accumulated net realized gains | -- | -- | |
| ----- | | | |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (4,536,632) | (3,849,214) | (1) |
| ----- | | | |
| CAPITAL SHARE TRANSACTIONS | | | |
| Net proceeds from Common shares issued to shareholders due to reinvestment of distributions | 84,012 | -- | |
| ----- | | | |
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | 84,012 | -- | |
| ----- | | | |
| Net increase (decrease) in net assets applicable to Common shares | 6,011,747 | (1,268,592) | 1 |
| Net assets applicable to Common shares at the beginning of year | 87,558,138 | 88,826,730 | 32 |
| ----- | | | |
| Net assets applicable to Common shares at the end of year | \$ 93,569,885 | \$ 87,558,138 | \$ 34 |
| ===== | | | |
| Undistributed (Over-distribution of) net investment income at the end of year | \$ 910,543 | \$ 388,750 | \$ |
| ===== | | | |

See accompanying notes to financial statements.

60 Nuveen Investments

| | NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO) | | NO DIVIDEN E |
|---|--|--------------------------|--------------------|
| | YEAR ENDED 5/31/10 | YEAR ENDED 5/31/09 | |
| ----- | | | |
| OPERATIONS | | | |
| Net investment income | \$ 3,324,701 | \$ 3,430,965 | \$ 3,337 |
| Net realized gain (loss) from: | | | |
| Investments | 59,796 | (604,487) | 112 |
| Forward swaps | -- | -- | |
| Futures | -- | 117,502 | |
| Change in net unrealized appreciation (depreciation) of: | | | |
| Investments | 2,550,370 | (466,301) | 2,553 |
| Forward swaps | -- | -- | |
| Futures | -- | 5,332 | |
| Distributions to Auction Rate | | | |

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| | | | |
|---|---------------|---------------|-----------|
| Preferred Shareholders: | | | |
| From net investment income | (104,048) | (632,076) | (91) |
| From accumulated net realized gains | (2,285) | -- | |
| ----- | | | |
| Net increase (decrease) in net assets applicable to Common shares from operations | 5,828,534 | 1,850,935 | 5,911 |
| ----- | | | |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS | | | |
| From net investment income | (2,908,243) | (2,437,267) | (2,956) |
| From accumulated net realized gains | (8,625) | -- | |
| ----- | | | |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (2,916,868) | (2,437,267) | (2,956) |
| ----- | | | |
| CAPITAL SHARE TRANSACTIONS | | | |
| Net proceeds from Common shares issued to shareholders due to reinvestment of distributions | 24,591 | -- | 34 |
| ----- | | | |
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | 24,591 | -- | 34 |
| ----- | | | |
| Net increase (decrease) in net assets applicable to Common shares | 2,936,257 | (586,332) | 2,989 |
| Net assets applicable to Common shares at the beginning of year | 53,653,406 | 54,239,738 | 55,064 |
| ----- | | | |
| Net assets applicable to Common shares at the end of year | \$ 56,589,663 | \$ 53,653,406 | \$ 58,054 |
| ===== | | | |
| Undistributed (Over-distribution of) net investment income at the end of year | \$ 607,929 | \$ 271,032 | \$ 481 |
| ===== | | | |

See accompanying notes to financial statements.

Nuveen Investments 61

| Statement of
| Cash Flows Year Ended May 31, 2010

| | | | | |
|--|--|--|----|---------------------------------------|
| | | | | GEORGIA PREMIUM INCOME (NPG) |
| ----- | | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | |
| NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON SHARES FROM OPERATIONS | | | \$ | 5,365,617 |
| Adjustments to reconcile the net increase (decrease) in net assets applicable to Common shares from operations to net cash provided by (used in) operating activities: | | | | |
| Purchases of investments | | | | (4,664,465) |
| Proceeds from sales and maturities of investments | | | | 1,758,497 |
| Amortization (Accretion) of premiums and discounts, net | | | | 186,442 |

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| | |
|---|--------------|
| (Increase) Decrease in receivable for interest | (82,636) |
| (Increase) Decrease in receivable for investments sold | -- |
| (Increase) Decrease in other assets | 994 |
| Increase (Decrease) in payable for Auction Rate Preferred share dividends | (1,182) |
| Increase (Decrease) in payable for investments purchased | -- |
| Increase (Decrease) in payable for interest | 62,584 |
| Increase (Decrease) in accrued management fees | 1,964 |
| Increase (Decrease) in accrued other liabilities | 9,454 |
| Net realized (gain) loss from investments | 80,448 |
| Change in net unrealized (appreciation) depreciation of investments | (2,560,292) |
| Taxes paid on undistributed capital gains | (25) |
| ----- | |
| Net cash provided by (used in) operating activities | 157,400 |
| ----- | |
| CASH FLOWS FROM FINANCING ACTIVITIES: | |
| Increase (Decrease) in cash overdraft balance | -- |
| Cash distributions paid to Common shareholders | (2,552,794) |
| Increase (Decrease) in Auction Rate Preferred shares noticed for redemption, at liquidation value | -- |
| (Increase) Decrease in deferred offering costs | (619,737) |
| Increase (Decrease) in payable for offering costs | 201,653 |
| Increase (Decrease) in Auction Rate Preferred shares, at liquidation value | (27,800,000) |
| Increase (Decrease) in MuniFund Term Preferred shares, at liquidation value | 28,340,000 |
| ----- | |
| Net cash provided by (used in) financing activities | (2,430,878) |
| ----- | |
| NET INCREASE (DECREASE) IN CASH | (2,273,478) |
| Cash at the beginning of year | 2,277,877 |
| ----- | |
| CASH AT THE END OF YEAR | \$ 4,399 |
| ===== | |

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Non-cash financing activities not included herein consist of reinvestments of Common share distributions as follows:

| | |
|-------|---------------------------------------|
| | GEORGIA PREMIUM INCOME (NPG) |
| ----- | |
| | \$ -- |
| ===== | |

Cash paid for interest (excluding amortization of offering costs, was as follows:

| | |
|-------|---------------------------------------|
| | GEORGIA PREMIUM INCOME (NPG) |
| ----- | |
| | \$ 149,616 |

See accompanying notes to financial statements.

62 Nuveen Investments

| | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) |
|--|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| NET INCREASE (DECREASE) IN NET ASSETS APPLICABLE TO COMMON SHARES FROM OPERATIONS | \$ 10,464,367 | \$ 3,506,249 |
| Adjustments to reconcile the net increase (decrease) in net assets applicable to Common shares from operations to net cash provided by (used in) operating activities: | | |
| Purchases of investments | (9,879,787) | (3,186,401) |
| Proceeds from sales and maturities of investments | 8,768,489 | 3,670,646 |
| Amortization (Accretion) of premiums and discounts, net | 369,413 | 127,107 |
| (Increase) Decrease in receivable for interest | (5,470) | (22,227) |
| (Increase) Decrease in receivable for investments sold | (179,185) | (1,045,811) |
| (Increase) Decrease in other assets | (3,045) | 6,543 |
| Increase (Decrease) in payable for Auction Rate Preferred share dividends | (1,989) | (1,349) |
| Increase (Decrease) in payable for investments purchased | (223,875) | (29,850) |
| Increase (Decrease) in payable for interest | 53,663 | 35,967 |
| Increase (Decrease) in accrued management fees | 2,009 | 2,625 |
| Increase (Decrease) in accrued other liabilities | 7,421 | 7,367 |
| Net realized (gain) loss from investments | (423,483) | (28,829) |
| Change in net unrealized (appreciation) depreciation of investments | (5,030,176) | (1,416,200) |
| Taxes paid on undistributed capital gains | (170) | -- |
| Net cash provided by (used in) operating activities | 3,918,182 | 1,625,837 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Increase (Decrease) in cash overdraft balance | 1,525 | -- |
| Cash distributions paid to Common shareholders | (4,409,438) | (1,764,882) |
| Increase (Decrease) in Auction Rate Preferred shares noticed for redemption, at liquidation value | (1,650,000) | -- |
| (Increase) Decrease in deferred offering costs | (621,783) | (486,640) |
| Increase (Decrease) in payable for offering costs | 289,272 | 229,400 |
| Increase (Decrease) in Auction Rate Preferred shares, at liquidation value | (23,600,000) | (17,000,000) |
| Increase (Decrease) in MuniFund Term Preferred shares, at liquidation value | 24,300,000 | 16,600,000 |
| Net cash provided by (used in) financing activities | (5,690,424) | (2,422,122) |
| NET INCREASE (DECREASE) IN CASH | (1,772,242) | (796,285) |
| Cash at the beginning of year | 1,772,242 | 868,241 |
| CASH AT THE END OF YEAR | \$ -- | \$ 71,956 |

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Non-cash financing activities not included herein consist of reinvestments of Common share distributions as follows:

| | NORTH CAROLINA PREMIUM INCOME (NNC) | | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) |
|-------|---|----|---|
| ----- | | | |
| | \$ 84,012 | \$ | 47,006 |
| ===== | | | |

Cash paid for interest (excluding amortization of offering costs, was as follows:

| | NORTH CAROLINA PREMIUM INCOME (NNC) | | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) |
|-------|---|----|---|
| ----- | | | |
| | \$ 212,584 | \$ | 73,742 |
| ===== | | | |

See accompanying notes to financial statements.

Nuveen Investments 63

| Notes to
| Financial Statements

1. GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

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

Each Fund seeks to provide current income exempt from both regular federal and

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designated state income taxes by investing primarily in a portfolio of municipal obligations issued by state and local government authorities within a single state or certain U.S. territories.

In June 2009, the Financial Accounting Standards Board ("FASB") established the FASB Accounting Standards Codification(TM) (the "Codification") as the single source of authoritative accounting principles recognized by the FASB in the preparation of financial statements in conformity with U.S. generally accepted accounting principles ("GAAP"). The Codification supersedes existing non-grandfathered, non-SEC accounting and reporting standards. The Codification did not change GAAP but rather organized it into a hierarchy where all guidance within the Codification carries an equal level of authority. The Codification became effective for financial statements issued for interim and annual periods ending after September 15, 2009. The Codification did not have a material effect on the Funds' financial statements.

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

Investment Valuation

The prices of municipal bonds in each Fund's investment portfolio are provided by a pricing service approved by the Fund's Board of Trustees. Prices of forward swap contracts are also provided by an independent pricing service approved by each Fund's Board of Trustees. Futures contracts are valued using the closing settlement price or, in the absence of such a price, at the mean of the bid and asked prices. When market price quotes are not readily available (which is usually the case for municipal securities), the pricing service or, in the absence of a pricing service for a particular investment or derivative instrument, the Board of Trustees of the Fund, or its designee, may establish fair value using a wide variety of market data including yields or prices of investments of comparable quality, type of issue, coupon, maturity and rating, market quotes or indications of value from security dealers, evaluations of anticipated cash flows or collateral, general market conditions and other information and analysis, including the obligor's credit characteristics considered relevant. Temporary investments in securities that have variable rate and demand features qualifying them as short-term investments are valued at amortized cost, which approximates value.

Investment Transactions

Investment transactions are recorded on a trade date basis. Realized gains and losses from transactions are determined on the specific identification method. Investments purchased on a when-issued/delayed delivery basis may have extended settlement periods. Any investments so purchased are subject to market fluctuation during this period. The Funds have instructed the custodian to segregate assets with a current value at least equal to the amount of the when-issued/delayed delivery purchase commitments. At May 31, 2010, there were no such outstanding purchase commitments in any of the Funds.

Investment Income

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

64 Nuveen Investments

Income Taxes

Each Fund is a separate taxpayer for federal income tax purposes. Each Fund intends to distribute substantially all of its net investment income and net capital gains to shareholders and to otherwise comply with the requirements of

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

For all open tax years and all major taxing jurisdictions, management of the Funds has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. Open tax years are those that are open for examination by taxing authorities (i.e., generally the last four tax year ends and the interim tax period since then). Furthermore, management of the Funds is also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

Dividends and Distributions to Common Shareholders

Dividends from tax-exempt net investment income are declared monthly. Net realized capital gains and/or market discount from investment transactions, if any, are distributed to shareholders at least annually. Furthermore, capital gains are distributed only to the extent they exceed available capital loss carryforwards.

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

Auction Rate Preferred Shares

The following Fund has issued and outstanding Auction Rate Preferred Shares ("ARPS"), \$25,000 stated value per share, which approximates market value, as a means of effecting financial leverage. The Fund's ARPS are issued in one Series. The dividend rate paid by the Fund on the Series is determined every seven days, pursuant to a dutch auction process overseen by the auction agent, and is payable at the end of each rate period. As of May 31, 2010, the number of ARPS outstanding for the Fund is as follows:

| | |
|-------------------|---|
| | NORTH CAROLINA PREMIUM INCOME (NNC) |
| ----- | |
| Number of shares: | |
| Series TH | 862 |
| ===== | |

Beginning in February 2008, more shares for sale were submitted in the regularly scheduled auctions for the ARPS issued by the Funds than there were offers to buy. This meant that these auctions "failed to clear," and that many ARPS shareholders who wanted to sell their shares in these auctions were unable to do so. ARPS shareholders unable to sell their shares received distributions at the "maximum rate" applicable to failed auctions as calculated in accordance with the pre-established terms of the ARPS. As of May 31, 2010, the aggregate amount of outstanding ARPS redeemed by each Fund is as follows:

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

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| | | | |
|-------------------------------------|-------------------------------------|---|---|
| ARPS redeemed, at liquidation value | \$27,800,000 | \$15,000,000 | \$33,000,000 |
| | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO) |
| | | | NORTH CAROLINA DIVIDEND ADVANTAGE 3 (NII) |
| ARPS redeemed, at liquidation value | \$25,250,000 | \$17,000,000 | \$28,000,000 |

Nuveen Investments 65

| Notes to
| Financial Statements (continued)

MuniFund Term Preferred Shares

Each Fund has issued and outstanding MuniFund Term Preferred ("MTP") Shares, with a \$10 stated value per share. Proceeds from the issuance of MTP Shares, net of offering expenses, were used to redeem all, or a portion of, each Fund's outstanding ARPS. Each Fund's MTP Shares are issued in one Series. Dividends, which are recognized as interest expense for financial reporting purposes, are paid monthly at a fixed annual rate, subject to adjustments in certain circumstances. The MTP Shares trade on the NYSE. As of May 31, 2010, the number of MTP Shares outstanding, annual interest rate and the NYSE "ticker" symbol for each Fund are as follows:

| | GEORGIA PREMIUM INCOME (NPG) | | | GEORGIA DIVIDEND ADVANTAGE (NZX) | | |
|-------------|------------------------------|----------------------------|----------------|----------------------------------|----------------------------|----------------|
| | SHARES OUTSTANDING | ANNUAL INTEREST RATE | NYSE TICKER | SHARES OUTSTANDING | ANNUAL INTEREST RATE | NYSE TICKER |
| Series 2015 | 2,834,000 | 2.65% | NPG Pr C | 1,434,000 | 2.65% | NZX Pr |

| | GEORGIA DIVIDEND ADVANTAGE 2 (NKG) | | | NORTH CAROLINA PREMIUM INCOME (NNC) | | |
|-------------|------------------------------------|----------------------------|----------------|-------------------------------------|----------------------------|----------------|
| | SHARES OUTSTANDING | ANNUAL INTEREST RATE | NYSE TICKER | SHARES OUTSTANDING | ANNUAL INTEREST RATE | NYSE TICKER |
| Series 2015 | 3,226,500 | 2.65% | NKG Pr C | 2,430,000 | 2.65% | NNC Pr |

| | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | | | NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO) | | |
|--|---|--------------------|------|---|--------------------|------|
| | SHARES | ANNUAL INTEREST | NYSE | SHARES | ANNUAL INTEREST | NYSE |

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| | OUTSTANDING | RATE | TICKER | OUTSTANDING | RATE | TICKER |
|-------------|-------------|-------|----------|-------------|-------|----------|
| Series 2015 | 1,660,000 | 2.60% | NRB Pr C | 2,970,000 | 2.60% | NNO Pr C |

NORTH CAROLINA DIVIDEND ADVANTAGE 3 (NII)

| | SHARES OUTSTANDING | ANNUAL INTEREST RATE | NYSE TICKER |
|-------------|-----------------------|----------------------------|----------------|
| Series 2015 | 2,872,500 | 2.65% | NII Pr C |

Each Fund is obligated to redeem its MTP Shares by the date as specified in its offering document ("Term Redemption Date"), unless earlier redeemed or repurchased by the Fund. MTP Shares are subject to optional and mandatory redemption in certain circumstances. MTP Shares will be subject to redemption at the option of each Fund ("Optional Redemption Date"), subject to a payment of premium for one year following the Optional Redemption Date ("Premium Expiration Date"), and at par thereafter. MTP Shares also will be subject to redemption, at the option of each Fund, at par in the event of certain changes in the credit rating of the MTP Shares. Each Fund may be obligated to redeem certain of the MTP Shares if the Fund fails to maintain certain asset coverage and leverage ratio requirements and such failures are not cured by the applicable cure date. The redemption price per share is equal to the sum of the liquidation value per share plus any accumulated but unpaid dividends. The Term Redemption Date, Optional Redemption Date and Premium Expiration Date for each Fund's MTP Shares are as follows:

| | GEORGIA PREMIUM INCOME (NPG) SERIES 2015 | GEORGIA DIVIDEND ADVANTAGE (NZX) SERIES 2015 | GEORGIA DIVIDEND ADVANTAGE 2 (NKG) SERIES 2015 |
|--------------------------|--|--|--|
| Term Redemption Date | March 1, 2015 | March 1, 2015 | February 1, 2015 |
| Optional Redemption Date | March 1, 2011 | March 1, 2011 | February 1, 2011 |
| Premium Expiration Date | February 29, 2012 | February 29, 2012 | January 31, 2012 |

| | NORTH CAROLINA PREMIUM INCOME (NNC) SERIES 2015 | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) SERIES 2015 | NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO) SERIES 2015 | NORTH CAROLINA DIVIDEND ADVANTAGE 3 (NII) SERIES 2015 |
|----------------------|--|--|--|--|
| Term Redemption Date | February 1, 2015 | April 1, 2015 | April 1, 2015 | March 1, 2015 |

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Optional Redemption Date February 1, 2011 April 1, 2011 April 1, 2011 March 1, 2011
 Premium Expiration Date January 31, 2012 March 31, 2012 March 31, 2012 February 29, 2012

66 Nuveen Investments

The average liquidation value of MTP Shares outstanding for each Fund during the fiscal year ended May 31, 2010, was as follows:

| | GEORGIA PREMIUM INCOME (NPG) * | GEORGIA DIVIDEND ADVANTAGE (NZX) * | GEORGIA DIVIDEND ADVANTAGE 2 (NKG) ** |
|--|---|---|--|
| Average liquidation value of MTP Shares outstanding | \$28,057,172 | \$14,340,000 | \$32,063,780 |

| | NORTH CAROLINA PREMIUM INCOME (NNC) *** | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) **** | NO CAROL DIVID ADVANTAG (|
|---|---|--|---------------------------------------|
| Average liquidation value of MTP Shares outstanding | \$24,238,931 | \$16,600,000 | \$29,493, |

* For the period February 22, 2010 (first issuance date of shares) through May 31, 2010.

** For the period January 29, 2010 (first issuance date of shares) through May 31, 2010.

*** For the period January 21, 2010 (first issuance date of shares) through May 31, 2010.

**** For the period March 30, 2010 (first issuance date of shares) through May 31, 2010.

***** For the period February 9, 2010 (first issuance date of shares) through May 31, 2010.

For financial reporting purposes only, the liquidation value of MTP Shares is recorded as a liability on the Statement of Assets and Liabilities. Unpaid dividends on MTP Shares are recognized as "Interest payable" on the Statement of Assets and Liabilities. Dividends paid on MTP Shares are recognized as a component of "Interest expense and amortization of offering costs" on the Statement of Operations.

Net amounts earned by Nuveen Investments, Inc. ("Nuveen") as underwriter of each Fund's MTP Share offering were recorded as reductions of offering costs recognized by the Funds. For the fiscal year ended May 31, 2010, the net amounts earned by Nuveen were as follows:

GEORGIA GEORGIA GEORGIA

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| | PREMIUM INCOME (NPG) | DIVIDEND ADVANTAGE (NZX) | DIVIDEND ADVANTAGE 2 (NKG) |
|------------------------------|----------------------------|--------------------------------|----------------------------------|
| Net amounts earned by Nuveen | \$1,320 | \$500 | \$1,742 |

| | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO) | NORTH CAROLINA DIVIDEND ADVANTAGE 3 (NII) |
|------------------------------|---|---|---|---|
| Net amounts earned by Nuveen | \$1,302 | \$-- | \$-- | \$1,760 |

Inverse Floating Rate Securities

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

A Fund may purchase an inverse floating rate security in a secondary market transaction without first owning the underlying bond (referred to as an "externally-deposited inverse floater"), or instead by first selling a fixed-rate bond to a broker-dealer for deposit into the special purpose trust and receiving in turn the residual interest in the trust (referred to as a "self-deposited inverse floater"). The inverse floater held by a Fund gives the Fund the right (a) to cause the holders of the floating rate certificates to tender their notes at par, and (b) to have the broker transfer the fixed-rate bond held by the trust to the Fund, thereby collapsing the trust. An investment in an externally-deposited inverse floater is identified in the Portfolio of Investments as "(IF) - Inverse floating rate investment." An investment in a self-deposited inverse floater is accounted for as a financing transaction. In such instances, a fixed-rate bond deposited into a special purpose trust is identified in the Portfolio of Investments as "(UB) - Underlying bond of an inverse floating rate trust reflected as a financing transaction," with the Fund accounting for the short-term floating rate certificates issued by the trust as "Floating rate obligations" on the Statement of Assets and Liabilities. In addition, the Fund reflects in "Investment Income" the entire earnings of

Nuveen Investments 67

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the underlying bond and recognizes the related interest paid to the holders of the short-term floating rate certificates as a component of "Interest expense and amortization of offering costs" on the Statement of Operations.

During the fiscal year ended May 31, 2010, each Fund invested in externally-deposited inverse floaters and/or self-deposited inverse floaters.

Each Fund may also enter into shortfall and forbearance agreements (sometimes referred to as a "recourse trust" or "credit recovery swap") (such agreements referred to herein as "Recourse Trusts") with a broker-dealer by which a Fund agrees to reimburse the broker-dealer, in certain circumstances, for the difference between the liquidation value of the fixed-rate bond held by the trust and the liquidation value of the floating rate certificates issued by the trust plus any shortfalls in interest cash flows. Under these agreements, a Fund's potential exposure to losses related to or on inverse floaters may increase beyond the value of a Fund's inverse floater investments as a Fund may potentially be liable to fulfill all amounts owed to holders of the floating rate certificates. At period end, any such shortfall is recognized as "Unrealized depreciation on Recourse Trusts" on the Statement of Assets and Liabilities.

At May 31, 2010, the Funds were not invested in externally-deposited Recourse Trusts.

| | GEORGIA PREMIUM INCOME (NPG) | GEORGIA DIVIDEND ADVANTAGE (NZX) | GEORGIA DIVIDEND ADVANTAGE 2 (NKG) | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | CAROLINA DIVIDEND ADVANTAGE (NCA) |
|-------------------------------------|---------------------------------------|---|---|---|---|--|
| Maximum exposure to Recourse Trusts | \$-- | \$-- | \$-- | \$-- | \$-- | \$-- |

The average floating rate obligations outstanding and average annual interest rate and fees related to self-deposited inverse floaters during the fiscal year ended May 31, 2010, were as follows:

| | GEORGIA PREMIUM INCOME (NPG) | GEORGIA DIVIDEND ADVANTAGE (NZX) | GEORGIA DIVIDEND ADVANTAGE 2 (NKG) | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | CAROLINA DIVIDEND ADVANTAGE (NCA) |
|---|---------------------------------------|---|---|---|---|--|
| Average floating rate obligations outstanding | \$1,190,000 | \$660,000 | \$1,395,000 | \$5,195,000 | \$7,195,000 | \$7,195,000 |
| Average annual interest rate and fees | 0.65% | 0.65% | 0.65% | 0.66% | 0.66% | 0.66% |

Forward Swap Contracts

Each Fund is authorized to enter into forward interest rate swap contracts consistent with their investment objectives and policies to reduce, increase or otherwise alter its risk profile or to alter its portfolio characteristics (i.e. duration, yield curve positioning and credit quality).

Each Fund is subject to interest rate risk in the normal course of pursuing its investment objectives. Each Fund's use of forward interest rate swap transactions is intended to help the Fund manage its overall interest rate sensitivity, either shorter or longer, generally to more closely align the Fund's interest rate sensitivity with that of the broader municipal market. Forward interest rate swap transactions involve each Fund's agreement with a counterparty to pay, in the future, a fixed or variable rate payment in exchange for the counterparty paying the Fund a variable or fixed rate payment, the accruals for which would begin at a specified date in the future (the "effective date"). The amount of the payment obligation is based on the notional amount of the swap contract and the termination date of the swap (which is akin to a bond's maturity). The value of the Fund's swap commitment would increase or decrease based primarily on the extent to which long-term interest rates for bonds having a maturity of the swap's termination date increases or decreases. Forward interest rate swap contracts are valued daily. The net amount recorded on these transactions for each counterparty is recognized on the Statement of Assets and Liabilities as "Unrealized appreciation or depreciation on forward swaps" with the change during the fiscal period recognized on the Statement of Operations as "Change in net unrealized appreciation (depreciation) of forward swaps."

The Funds may terminate a swap contract prior to the effective date, at which point a realized gain or loss is recognized. When a forward interest rate swap is terminated, it ordinarily does not involve the delivery of securities or other underlying assets or principal, but rather is settled in cash on a net basis. Net realized gains and losses during the fiscal period are recognized on the Statement of Operations as "Net realized gain (loss) from forward swaps." Each Fund intends, but is not obligated, to terminate its forward interest rate swaps before the effective date. Accordingly, the risk of loss with respect to the swap counterparty on such transactions is limited to the credit risk associated with a counterparty failing to honor its commitment to pay any realized gain to the Fund upon termination. The Funds did not invest in forward interest rate swap transactions during the fiscal year ended May 31, 2010.

Futures Contracts

Each Fund is subject to interest rate risk in the normal course of pursuing its investment objectives and is authorized to invest in futures contracts in attempt to manage such risk. Upon entering into a futures contract, a Fund is required to deposit with the broker an amount of cash or liquid securities equal to a specified percentage of the contract amount. This is known as the "initial margin." Cash held by the broker to cover initial margin

68 Nuveen Investments

requirements on open futures contracts, if any, is recognized as "Deposits with brokers for open futures contracts" on the Statement of Assets and Liabilities. Subsequent payments ("variation margin") are made or received by a Fund each day, depending on the daily fluctuation of the value of the contract. Variation margin is recognized as a receivable or payable for "Variation margin on futures contracts" on the Statement of Assets and Liabilities, when applicable.

During the period the futures contract is open, changes in the value of the contract are recorded as an unrealized gain or loss by "marking-to-market" on a daily basis to reflect the changes in market value of the contract and is recognized as "Change in net unrealized appreciation (depreciation) of futures contracts" on the Statement of Operations. When the contract is closed or expired, a Fund records a realized gain or loss equal to the difference between the value of the contract on the closing date and value of the contract when originally entered into and is recognized as "Net realized gain (loss) from futures contracts" on the Statement of Operations.

Risks of investments in futures contracts include the possible adverse movement of the securities or indices underlying the contracts, the possibility that there may not be a liquid secondary market for the contracts and/or that a change in the value of the contract may not correlate with a change in the value of the underlying securities or indices. The Funds did not invest in futures contracts during the fiscal year ended May 31, 2010.

Market and Counterparty Credit Risk

In the normal course of business each Fund may invest in financial instruments and enter into financial transactions where risk of potential loss exists due to changes in the market (market risk) or failure of the other party to the transaction to perform (counterparty credit risk). The potential loss could exceed the value of the financial assets recorded on the financial statements. Financial assets, which potentially expose each Fund to counterparty credit risk, consist principally of cash due from counterparties on forward, option and swap transactions, where applicable. The extent of each Fund's exposure to counterparty credit risk in respect to these financial assets approximates their carrying value as recorded on the Statement of Assets and Liabilities. Futures contracts, when applicable, expose a Fund to minimal counterparty credit risk as they are exchange traded and the exchange's clearinghouse, which is counterparty to all exchange traded futures, guarantees the futures contracts against default.

Each Fund helps manage counterparty credit risk by entering into agreements only with counterparties Nuveen Asset Management (the "Adviser"), a wholly-owned subsidiary of Nuveen, believes have the financial resources to honor their obligations and by having the Adviser monitor the financial stability of the counterparties. Additionally, counterparties may be required to pledge collateral daily (based on the daily valuation of the financial asset) on behalf of each Fund with a value approximately equal to the amount of any unrealized gain above a pre-determined threshold. Reciprocally, when each Fund has an unrealized loss, the Funds have instructed the custodian to pledge assets of the Funds as collateral with a value approximately equal to the amount of the unrealized loss above a pre-determined threshold. Collateral pledges are monitored and subsequently adjusted if and when the valuations fluctuate, either up or down, by at least the predetermined threshold amount.

Zero Coupon Securities

Each Fund is authorized to invest in zero coupon securities. A zero coupon security does not pay a regular interest coupon to its holders during the life of the security. Tax-exempt income to the holder of the security comes from accretion of the difference between the original purchase price of the security at issuance and the par value of the security at maturity and is effectively paid at maturity. The market prices of zero coupon securities generally are more volatile than the market prices of securities that pay interest periodically.

Offering Costs

Costs incurred by the Funds in connection with their offerings of MTP Shares were recorded as a deferred charge, which will be amortized over the 5-year life of the shares. Each Fund's amortized deferred charges are recognized as a component of "Interest expense and amortization of offering costs" on the Statement of Operations. Each Fund's offering costs incurred were as follows:

| | GEORGIA PREMIUM INCOME (NPG) | GEORGIA DIVIDEND ADVANTAGE (NZX) | GEORGIA DIVIDEND ADVANTAGE 2 (NKG) |
|---------------------------|---------------------------------------|---|---|
| MTP Shares offering costs | \$653,780 | \$419,600 | \$737,233 |

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| | North Carolina Premium Income (NNC) | North Carolina Dividend Advantage (NRB) | North Carolina Dividend Advantage 2 (NNO) | North Carolina Dividend Advantage 3 (NII) |
|---------------------------|---|---|---|---|
| MTP Shares offering costs | \$668,198 | \$504,000 | \$710,500 | \$699,115 |

Nuveen Investments 69

| Notes to
| Financial Statements (continued)

Custodian Fee Credit

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

Indemnifications

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

Use of Estimates

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

2. FAIR VALUE MEASUREMENTS

In determining the value of each Fund's investments, various inputs are used. These inputs are summarized in the three broad levels listed below:

- Level 1 - Quoted prices in active markets for identical securities.
- Level 2 - Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).
- Level 3 - Significant unobservable inputs (including management's assumptions in determining the fair value of investments).

The inputs or methodologies used for valuing securities are not an indication of the risk associated with investing in those securities. The following is a summary of each Fund's fair value measurements as of May 31, 2010:

| GEORGIA PREMIUM INCOME (NPG) | LEVEL 1 | LEVEL 2 | LEVEL 3 |
|------------------------------|---------|---------|---------|
|------------------------------|---------|---------|---------|

Investments:

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| | | | | |
|---|---------|---------------|---------|---------|
| Municipal Bonds | \$-- | \$83,035,864 | \$-- | \$83,0 |
| ===== | | | | |
| GEORGIA DIVIDEND ADVANTAGE (NZX) | LEVEL 1 | LEVEL 2 | LEVEL 3 | |
| ----- | | | | |
| Investments: | | | | |
| Municipal Bonds | \$-- | \$43,465,504 | \$-- | \$43,4 |
| ===== | | | | |
| GEORGIA DIVIDEND ADVANTAGE 2 (NKG) | LEVEL 1 | LEVEL 2 | LEVEL 3 | |
| ----- | | | | |
| Investments: | | | | |
| Municipal Bonds | \$-- | \$96,755,675 | \$-- | \$96,7 |
| ===== | | | | |
| NORTH CAROLINA PREMIUM INCOME (NNC) | LEVEL 1 | LEVEL 2 | LEVEL 3 | |
| ----- | | | | |
| Investments: | | | | |
| Municipal Bonds | \$-- | \$142,179,077 | \$-- | \$142,1 |
| ===== | | | | |
| NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | LEVEL 1 | LEVEL 2 | LEVEL 3 | |
| ----- | | | | |
| Investments: | | | | |
| Municipal Bonds | \$-- | \$56,281,380 | \$-- | \$56,2 |
| ===== | | | | |
| NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO) | LEVEL 1 | LEVEL 2 | LEVEL 3 | |
| ----- | | | | |
| Investments: | | | | |
| Municipal Bonds | \$-- | \$88,737,834 | \$-- | \$88,7 |
| ===== | | | | |
| NORTH CAROLINA DIVIDEND ADVANTAGE 3 (NII) | LEVEL 1 | LEVEL 2 | LEVEL 3 | |
| ----- | | | | |
| Investments: | | | | |
| Municipal Bonds | \$-- | \$92,259,761 | \$-- | \$92,2 |
| ===== | | | | |

70 Nuveen Investments

3. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

The Funds record derivative instruments at fair value with changes in fair value recognized on the Statement of Operations, when applicable. Even though the Funds' investments in derivatives may represent economic hedges, they are not considered to be hedge transactions for financial reporting purposes. The Funds did not invest in derivative instruments during the fiscal year ended May 31, 2010.

4. FUND SHARES

Common Shares

Since the inception of the Funds' repurchase program, the Funds have not repurchased any of their outstanding Common shares.

Transactions in Common shares were as follows:

| | GEORGIA PREMIUM INCOME (NPG) | | GEORGIA DIVIDEND ADVANTAGE (NZX) | |
|-------|---------------------------------|-----------------------|-------------------------------------|-----------------------|
| | YEAR ENDED 5/31/10 | YEAR ENDED 5/31/09 | YEAR ENDED 5/31/10 | YEAR ENDED 5/31/09 |
| ----- | | | | |

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| | | | | |
|--|----|----|-----|----|
| Common shares issued to shareholders due to reinvestment of distributions | -- | -- | 686 | -- |
|--|----|----|-----|----|

NORTH CAROLINA
PREMIUM INCOME (NNC)

| | |
|-----------------------|-----------------------|
| YEAR ENDED 5/31/10 | YEAR ENDED 5/31/09 |
|-----------------------|-----------------------|

| | | | | |
|--|--|--|-------|----|
| Common shares issued to shareholders due to reinvestment of distributions | | | 5,785 | -- |
|--|--|--|-------|----|

NORTH CAROLINA
DIVIDEND
ADVANTAGE 2 (NNO)

| | |
|-----------------------|-----------------------|
| YEAR ENDED 5/31/10 | YEAR ENDED 5/31/09 |
|-----------------------|-----------------------|

| | | | | |
|--|--|--|-------|----|
| Common shares issued to shareholders due to reinvestment of distributions | | | 1,620 | -- |
|--|--|--|-------|----|

Preferred Shares

Transactions in ARPS were as follows:

GEORGIA PREMIUM INCOME (NPG)

GEORGIA DIVIDEND ADVANTAGE 2 (NKG)

| | | |
|-----------------------|-----------------------|-----------------------|
| YEAR ENDED 5/31/10 | YEAR ENDED 5/31/09 | YEAR ENDED 5/31/09 |
|-----------------------|-----------------------|-----------------------|

| | | | | |
|--------|--------|--------|--------|--------|
| SHARES | AMOUNT | SHARES | AMOUNT | SHARES |
|--------|--------|--------|--------|--------|

ARPS redeemed and/or noticed for
redemption:

| | | | | | | |
|-----------|-------|---------------|----|-------|-----|-------|
| Series M | -- | \$ -- | -- | \$ -- | 600 | \$ -- |
| Series TH | 1,112 | 27,800,000 | -- | -- | -- | -- |
| Total | 1,112 | \$ 27,800,000 | -- | \$ -- | 600 | \$ -- |

GEORGIA DIVIDEND ADVANTAGE 2 (NKG)

NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO)

| | |
|------------|------------|
| YEAR ENDED | YEAR ENDED |
|------------|------------|

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| | 5/31/10 | | 5/31/09 | | SHARES | |
|--|---------|---------------|---------|--------------|--------|----|
| | SHARES | AMOUNT | SHARES | AMOUNT | | |
| ARPS redeemed and/or noticed for redemption: | | | | | | |
| Series TH | -- | \$ -- | -- | \$ -- | 944 | \$ |
| Series F | 1,268 | 31,700,000 | 52 | 1,300,000 | -- | |
| Total | 1,268 | \$ 31,700,000 | 52 | \$ 1,300,000 | 944 | \$ |

Nuveen Investments 71

| Notes to
| Financial Statements (continued)

| | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | | | | NORTH CAR | |
|--|---|---------------|-----------------------|--------|----------------|----|
| | YEAR ENDED 5/31/10 | | YEAR ENDED 5/31/09 | | YEAR E 5/31 | |
| | SHARES | AMOUNT | SHARES | AMOUNT | SHARES | |
| ARPS redeemed and/or noticed for redemption: | | | | | | |
| Series T | 680 | \$ 17,000,000 | -- | \$ -- | -- | \$ |
| Series F | -- | -- | -- | -- | 1,120 | |
| Total | 680 | \$ 17,000,000 | -- | \$ -- | 1,120 | \$ |

| | NORTH CAR | |
|--|----------------|----|
| | YEAR E 5/31 | |
| | SHARES | |
| ARPS redeemed and/or noticed for redemption: | | |
| Series W | 1,120 | \$ |

Transactions in MTP Shares were as follows:

| GEORGIA PREMIUM INCOME (NPG) | GEOR |
|------------------------------|------|
|------------------------------|------|

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| | YEAR ENDED 5/31/10 | | YEAR ENDED 5/31/09 | | YEAR ENDED 5/31/08 | |
|-----------------------------------|-----------------------|---------------|-----------------------|--------|-----------------------|---------------|
| | SHARES | AMOUNT | SHARES | AMOUNT | SHARES | AMOUNT |
| MTP Shares issued: Series 2015 | 2,834,000 | \$ 28,340,000 | -- | \$ -- | 1,434,000 | \$ 14,340,000 |

| | GEORGIA DIVIDEND ADVANTAGE 2 (NKG) | | | | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | |
|-----------------------------------|------------------------------------|---------------|-----------------------|--------|---|---------------|
| | YEAR ENDED 5/31/10 | | YEAR ENDED 5/31/09 | | YEAR ENDED 5/31/08 | |
| | SHARES | AMOUNT | SHARES | AMOUNT | SHARES | AMOUNT |
| MTP Shares issued: Series 2015 | 3,226,500 | \$ 32,265,000 | -- | \$ -- | 2,430,000 | \$ 24,300,000 |

| | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | | | | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | |
|-----------------------------------|---|---------------|-----------------------|--------|---|---------------|
| | YEAR ENDED 5/31/10 | | YEAR ENDED 5/31/09 | | YEAR ENDED 5/31/08 | |
| | SHARES | AMOUNT | SHARES | AMOUNT | SHARES | AMOUNT |
| MTP Shares issued: Series 2015 | 1,660,000 | \$ 16,600,000 | -- | \$ -- | 2,970,000 | \$ 29,700,000 |

| | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | | | |
|-----------------------------------|---|--------|---|--------|-----------|---------------|
| | YEAR ENDED 5/31/10 | | YEAR ENDED 5/31/09 | | | |
| | SHARES | AMOUNT | SHARES | AMOUNT | | |
| MTP Shares issued: Series 2015 | | | | | 2,872,500 | \$ 28,725,000 |

72 Nuveen Investments

5. INVESTMENT TRANSACTIONS

Purchases and sales (including maturities but excluding short-term investments)

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during the fiscal year ended May 31, 2010, were as follows:

| | GEORGIA PREMIUM INCOME (NPG) | GEORGIA DIVIDEND ADVANTAGE (NZX) | GEORGIA DIVIDEND ADVANTAGE 2 (NKG) |
|----------------------|---------------------------------------|---|---|
| Purchases | \$ 4,664,465 | \$ 2,182,634 | \$ 6,206,103 |
| Sales and maturities | 1,758,497 | 1,702,038 | 3,138,515 |

| | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO) | NORTH CAROLINA DIVIDEND ADVANTAGE 3 (NII) |
|----------------------|---|---|---|---|
| Purchases | \$ 9,879,787 | \$ 3,186,401 | \$ 8,727,576 | \$ 5,986,415 |
| Sales and maturities | 8,768,489 | 3,670,646 | 7,785,058 | 5,484,524 |

6. 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 taxable market discount, timing differences in recognizing certain gains and losses on investment transactions and the treatment of investments in inverse floating rate securities reflected as financing transactions, if any. To the extent that differences arise that are permanent in nature, such amounts are reclassified within the capital accounts as detailed below. Temporary differences do not require reclassification. Temporary and permanent differences do not impact the net asset values of the Funds.

At May 31, 2010, the cost and unrealized appreciation (depreciation) of investments as determined on a federal income tax basis, were as follows:

| | GEORGIA PREMIUM INCOME (NPG) | GEORGIA DIVIDEND ADVANTAGE (NZX) | GEORGIA DIVIDEND ADVANTAGE 2 (NKG) |
|--|---------------------------------------|---|---|
| Cost of investments | \$ 78,402,726 | \$ 41,376,204 | \$ 92,525,026 |
| Gross unrealized: | | | |
| Appreciation | \$ 3,794,243 | \$ 1,646,441 | \$ 3,372,562 |
| Depreciation | (350,733) | (216,722) | (537,751) |
| Net unrealized appreciation (depreciation) of investments | \$ 3,443,510 | \$ 1,429,719 | \$ 2,834,811 |

| | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO) | NORTH CAROLINA DIVIDEND ADVANTAGE 3 (NII) |
|---------------------|---|---|---|---|
| Cost of investments | \$ 131,535,366 | \$ 46,859,730 | \$ 80,584,751 | \$ 81,890,907 |

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| | | | | |
|--|--------------|--------------|--------------|--------------|
| Gross unrealized: | | | | |
| Appreciation | \$ 5,861,410 | \$ 2,425,584 | \$ 3,671,565 | \$ 3,264,432 |
| Depreciation | (411,655) | (164,122) | (323,515) | (375,035) |
| ----- | | | | |
| Net unrealized appreciation (depreciation) of investments | \$ 5,449,755 | \$ 2,261,462 | \$ 3,348,050 | \$ 2,889,397 |
| ===== | | | | |

Nuveen Investments 73

| Notes to
| Financial Statements (continued)

Permanent differences, primarily due to federal taxes paid, taxable market discount and distribution character reclassifications, resulted in reclassifications among the Funds' components of common share net assets at May 31, 2010, the Funds' tax year end, as follows:

| | GEORGIA PREMIUM INCOME (NPG) | GEORGIA DIVIDEND ADVANTAGE (NZX) | GEORGIA DIVIDEND ADVANTAGE 2 (NKG) |
|---|---------------------------------------|---|---|
| Paid-in-surplus | \$ (35,347) | \$ (22,672) | \$ (49,649) |
| Undistributed (Over-distribution of) net investment income | 35,322 | 22,661 | 49,646 |
| Accumulated net realized gain (loss) | 25 | 11 | 3 |
| ===== | | | |

| | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | NOR CAROLI DIVIDE ADVANTAGE (N |
|---|---|---|--|
| Paid-in-surplus | \$ (47,887) | \$ (17,360) | \$ (24,4 |
| Undistributed (Over-distribution of) net investment income | 47,717 | 17,360 | 24,4 |
| Accumulated net realized gain (loss) | 170 | -- | |
| ===== | | | |

The tax components of undistributed net tax-exempt income, net ordinary income and net long-term capital gains at May 31, 2010, the Funds' tax year end, were as follows:

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

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| | | |
|---|------------|------------|
| Undistributed net tax-exempt income * | \$ 798,730 | \$ 419,283 |
| Undistributed net ordinary income ** | 1,516 | 640 |
| Undistributed net long-term capital gains | -- | -- |

| | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO) |
|---|---|---|---|
| Undistributed net tax-exempt income * | \$ 1,341,801 | \$ 583,187 | \$ 917,261 |
| Undistributed net ordinary income ** | 5,418 | -- | -- |
| Undistributed net long-term capital gains | -- | -- | -- |

* Undistributed net tax-exempt income (on a tax basis) has not been reduced for the dividend declared on May 3, 2010, paid on June 1, 2010.

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

74 Nuveen Investments

The tax character of distributions paid during the Funds' tax years ended May 31, 2010 and May 31, 2009, was designated for purposes of the dividends paid deduction as follows:

| | GEORGIA PREMIUM INCOME (NPG) | |
|--|---------------------------------------|------|
| 2010 | | |
| Distributions from net tax-exempt income*** | \$ 2,778,948 | \$ 1 |
| Distributions from net ordinary income** | -- | |
| Distributions from net long-term capital gains**** | -- | |

| | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | ADV |
|--|---|---|------|
| 2010 | | | |
| Distributions from net tax-exempt income*** | \$ 4,835,850 | \$ 1,912,327 | \$ 3 |
| Distributions from net ordinary income** | -- | -- | |
| Distributions from net long-term capital gains**** | -- | -- | |

| | GEORGIA PREMIUM INCOME (NPG) | |
|--|---------------------------------------|------|
| 2009 | | |
| Distributions from net tax-exempt income | \$ 2,958,373 | \$ 1 |
| Distributions from net ordinary income** | -- | |
| Distributions from net long-term capital gains | -- | |

| | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | |
|--|---|---|------|
| 2009 | | | |
| Distributions from net tax-exempt income | \$ 4,870,524 | \$ 1,960,838 | \$ 3 |
| Distributions from net ordinary income** | -- | -- | |
| Distributions from net long-term capital gains | -- | -- | |

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

*** The Funds hereby designate these amounts paid during the fiscal year ended May 31, 2010, as Exempt Interest Dividends.

**** The Funds designate as a long term capital gain dividend, pursuant to the Internal Revenue Code Section 852(b)(3), the amount necessary to reduce earnings and profits of the Funds related to net capital gain to zero for the tax year ended May 31, 2010.

Nuveen Investments 75

| Notes to
| Financial Statements (continued)

At May 31, 2010, the Funds' tax year end, the Funds had unused capital loss carryforwards available for federal income tax purposes to be applied against future capital gains, if any. If not applied, the carryforwards will expire as follows:

| GEORGIA PREMIUM INCOME (NPG) | GEORGIA DIVIDEND ADVANTAGE (NZX) | GEORGIA DIVIDEND ADVANTAGE 2 (NKG) | NORTH CAROLINA PREMIUM INCOME (NNC) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) |
|---------------------------------------|---|---|--|--|
| | | | | |

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Expiration:

| | | | | | | | | | | |
|--------------|----|-----------|----|---------|----|-----------|----|---------|----|---------|
| May 31, 2012 | \$ | -- | \$ | -- | \$ | -- | \$ | -- | \$ | -- |
| May 31, 2013 | | -- | | -- | | 102,004 | | -- | | -- |
| May 31, 2014 | | -- | | 28,170 | | 287,093 | | -- | | -- |
| May 31, 2015 | | -- | | 17,587 | | -- | | -- | | -- |
| May 31, 2016 | | -- | | -- | | -- | | -- | | 38,847 |
| May 31, 2017 | | 903,290 | | 129,031 | | 1,087,212 | | 356,246 | | 3,765 |
| May 31, 2018 | | 393,867 | | 247,287 | | 1,329,548 | | 353,181 | | 174,232 |
| ----- | | | | | | | | | | |
| Total | \$ | 1,297,157 | \$ | 422,075 | \$ | 2,805,857 | \$ | 709,427 | \$ | 216,844 |
| ===== | | | | | | | | | | |

The following Funds have elected to defer net realized losses from investments incurred from November 1, 2009 through May 31, 2010, the Funds' tax year end, ("post-October losses") in accordance with federal income tax regulations. Post-October losses are treated as having arisen on the first day of the following fiscal year:

| | GEORGIA PREMIUM INCOME (NPG) | GEORGIA DIVIDEND ADVANTAGE 2 (NKG) | NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) |
|-----------------------------|---------------------------------------|---|--|
| Post-October capital losses | \$ 22,422 | \$ 51,040 | \$ 2,300 |

7. MANAGEMENT FEES AND OTHER TRANSACTIONS WITH AFFILIATES

Each Fund's management fee is separated into two components - a fund-level fee, based only on the amount of assets within each individual Fund, and a complex-level fee, based on the aggregate amount of all fund assets managed by the Adviser. This pricing structure enables each Fund's shareholders to benefit from growth in the assets within their respective Fund as well as from growth in the amount of complex-wide assets managed by the Adviser.

The annual fund-level fee for each Fund, payable monthly, is calculated according to the following schedule:

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

| AVERAGE DAILY NET ASSETS* | GEORGIA DIVIDEND ADVANTAGE (NZX) GEORGIA DIVIDEND ADVANTAGE 2 (NKG) NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO) NORTH CAROLINA DIVIDEND ADVANTAGE 3 (NII) FUND-LEVEL FEE RATE |
|-----------------------------|--|
| For the first \$125 million | .4500% |
| For the next \$125 million | .4375 |
| For the next \$250 million | .4250 |

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| | |
|---------------------------------|-------|
| For the next \$500 million | .4125 |
| For the next \$1 billion | .4000 |
| For net assets over \$2 billion | .3750 |

76 Nuveen Investments

The annual complex-level fee for each Fund, payable monthly, is calculated according to the following schedule:

| COMPLEX-LEVEL MANAGED ASSET BREAKPOINT LEVEL* | EFFECTIVE RATE AT BREAKPOINT LEVEL |
|--|------------------------------------|
| \$55 billion | .2000% |
| \$56 billion | .1996 |
| \$57 billion | .1989 |
| \$60 billion | .1961 |
| \$63 billion | .1931 |
| \$66 billion | .1900 |
| \$71 billion | .1851 |
| \$76 billion | .1806 |
| \$80 billion | .1773 |
| \$91 billion | .1691 |
| \$125 billion | .1599 |
| \$200 billion | .1505 |
| \$250 billion | .1469 |
| \$300 billion | .1445 |

* The complex-level fee is calculated based upon the aggregate daily managed assets of all Nuveen funds, with such daily managed assets defined separately for each fund in its management agreement, but excluding assets attributable to investments in other Nuveen funds. For the complex-level and fund-level fees, daily net assets and managed assets include closed-end fund assets managed by the Adviser that are attributable to financial leverage. For these purposes, financial leverage includes the funds' use of preferred stock and borrowings and certain investments in the residual interest certificates (also called inverse floating rate securities) in tender option bond (TOB) trusts, including the portion of assets held by a TOB trust that has been effectively financed by the trust's issuance of floating rate securities, subject to an agreement by the Adviser to limit the amount of such assets for determining managed assets in certain circumstances. As of May 31, 2010, the complex-level fee rate was .1855%.

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

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

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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, for fees and expenses in the amounts and for the time periods set forth below:

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

* From the commencement of operations.

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

Nuveen Investments 77

| Notes to
| Financial Statements (continued)

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, 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 | | |

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* From the commencement of operations.

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

For the first ten years of North Carolina Dividend Advantage 2's (NNO) operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily net assets, 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.

8. NEW ACCOUNTING STANDARDS

Fair Value Measurements

On January 21, 2010, FASB issued changes to the authoritative guidance under U.S. GAAP for fair value measurements. The objective of this guidance is to provide guidance on how investment assets and liabilities are to be valued and disclosed. Specifically, the amendment requires reporting entities to disclose i) the input and valuation techniques used to measure fair value for both recurring and nonrecurring fair value measurements, for both Level 2 and Level 3 positions, ii) transfers between all levels (including Level 1 and Level 2) on a gross basis (i.e., transfers out must be disclosed separately from transfers in) as well as the reason(s) for the transfer and iii) purchases, sales, issuances and settlements in the Level 3 rollforward must be shown on a gross basis rather than as one net number. The effective date of the amendment is for interim and annual periods beginning after December 15, 2009, however, the requirement to provide the Level 3 activity for purchases, sales, issuances and settlements on a gross basis will be effective for interim and annual periods beginning after December 15, 2010. At this time, management is evaluating the implications of this guidance and the impact it will have to the financial statement amounts and footnote disclosures, if any.

78 Nuveen Investments

| Financial
| Highlights

Nuveen Investments 79

| Financial
| Highlights

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Selected data for a Common share outstanding throughout each period:

| | | | | | | INVESTMENT OPERATIONS | |
|---|---------------------------------------|--------------------------------------|--|----------|--|--|---|
| | | | | | | DISTRIBUTIONS FROM NET INVESTMENT INCOME TO COMMON SHARE-HOLDERS (a) | DISTRIBUTIONS FROM CAPITAL GAINS TO PREFERRED SHARE-HOLDERS |
| BEGINNING COMMON SHARE NET ASSET VALUE | NET INVESTMENT INCOME | NET REALIZED/ UNREALIZED GAIN (LOSS) | NET AUCTION RATE PREFERRED SHARE-HOLDERS (a) | | | | |
| ----- | | | | | | | |
| GEORGIA PREMIUM INCOME (NPG) | | | | | | | |
| ----- | | | | | | | |
| Year Ended 5/31: | | | | | | | |
| 2010 | \$ 13.72 | \$.78 | \$.66 | \$ (.02) | | \$ -- | |
| 2009 | 14.19 | .85 | (.55) | (.16) | | -- | |
| 2008 | 14.55 | .84 | (.30) | (.24) | | (.01) | |
| 2007 | 14.55 | .86 | .04 | (.23) | | -- | |
| 2006 | 15.19 | .87 | (.48) | (.17) | | (.01) | |
| ----- | | | | | | | |
| GEORGIA DIVIDEND ADVANTAGE (NZX) | | | | | | | |
| ----- | | | | | | | |
| Year Ended 5/31: | | | | | | | |
| 2010 | 13.98 | .84 | .75 | (.02) | | -- | |
| 2009 | 14.47 | .91 | (.57) | (.17) | | -- | |
| 2008 | 14.65 | .90 | (.16) | (.26) | | -- | |
| 2007 | 14.71 | .92 | .02 | (.25) | | -- | |
| 2006 | 15.30 | .94 | (.47) | (.19) | | -- | |
| ===== | | | | | | | |
| | | | | | | LESS DISTRIBUTIONS | |
| | | | | | | ENDING COMMON SHARE NET ASSET VALUE | ENDING MARKET VALUE |
| NET INVESTMENT INCOME TO COMMON SHARE-HOLDERS | CAPITAL GAINS TO COMMON SHARE-HOLDERS | TOTAL | | | | | |
| ----- | | | | | | | |
| GEORGIA PREMIUM INCOME (NPG) | | | | | | | |
| ----- | | | | | | | |
| Year Ended 5/31: | | | | | | | |
| 2010 | \$ (.68) | \$ -- | \$ (.68) | \$ 14.46 | | \$ 13.9 | |
| 2009 | (.61) | -- | (.61) | 13.72 | | 12.1 | |
| 2008 | (.61) | (.04) | (.65) | 14.19 | | 13.1 | |
| 2007 | (.67) | -- | (.67) | 14.55 | | 14.1 | |
| 2006 | (.78) | (.07) | (.85) | 14.55 | | 15.1 | |
| ----- | | | | | | | |
| GEORGIA DIVIDEND ADVANTAGE (NZX) | | | | | | | |
| ----- | | | | | | | |
| Year Ended 5/31: | | | | | | | |
| 2010 | (.74) | -- | (.74) | 14.81 | | 15.1 | |
| 2009 | (.66) | -- | (.66) | 13.98 | | 13.4 | |
| 2008 | (.66) | -- | (.66) | 14.47 | | 13.4 | |
| 2007 | (.75) | -- | (.75) | 14.65 | | 16.0 | |

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2006 (.87) -- (.87) 14.71 15.5

| AUCTION RATE PREFERRED SHARES AT END OF PERIOD | | | MUNIFUND TERM PREFERRED SHARES AT END OF PERIOD | | |
|---|-----------------------------------|--------------------------------|--|-----------------------------------|--|
| AGGREGATE AMOUNT OUTSTANDING (000) | LIQUIDATION VALUE PER SHARE | ASSET COVERAGE PER SHARE | AGGREGATE AMOUNT OUTSTANDING (000) | LIQUIDATION VALUE PER SHARE | ENDING MARKET VALUE PER SHARE |

GEORGIA PREMIUM INCOME (NPG)

Year Ended 5/31:

| | | | | | | |
|------|--------|--------|--------|-----------|----------|---------|
| 2010 | \$ -- | \$ -- | \$ -- | \$ 28,340 | \$ 10.00 | \$ 9.00 |
| 2009 | 27,800 | 25,000 | 71,967 | -- | -- | -- |
| 2008 | 27,800 | 25,000 | 73,571 | -- | -- | -- |
| 2007 | 27,800 | 25,000 | 74,784 | -- | -- | -- |
| 2006 | 27,800 | 25,000 | 74,747 | -- | -- | -- |

GEORGIA DIVIDEND ADVANTAGE (NZX)

Year Ended 5/31:

| | | | | | | |
|------|--------|--------|--------|--------|-------|------|
| 2010 | -- | -- | -- | 14,340 | 10.00 | 9.00 |
| 2009 | 15,000 | 25,000 | 70,871 | -- | -- | -- |
| 2008 | 15,000 | 25,000 | 72,497 | -- | -- | -- |
| 2007 | 15,000 | 25,000 | 73,052 | -- | -- | -- |
| 2006 | 15,000 | 25,000 | 73,187 | -- | -- | -- |

80 Nuveen Investments

RATIOS/SUPPLEMENTAL DATA

| TOTAL RETURNS | RATIOS TO AVERAGE NET ASSETS APPLICABLE TO COMMON SHARES BEFORE REIMBURSEMENT (c) | | | RATIOS TO AVERAGE NET ASSETS APPLICABLE TO COMMON SHARES AFTER REIMBURSEMENT (c) | | | |
|---------------|---|--|---------------------------------------|--|-----------------------------|---------------------------------------|-----------------------------------|
| | BASED ON COMMON SHARE NET ASSET VALUE (b) | ENDING NET ASSETS APPLICABLE TO COMMON SHARES (000) | EXPENSES INCLUDING INTEREST (e) | EXPENSES EXCLUDING INTEREST | NET INVESTMENT INCOME | EXPENSES INCLUDING INTEREST (e) | EXPENSES EXCLUDING INTEREST |
| 21.21% | 10.52% | \$ 55,018 | 1.69% | 1.30% | 5.51% | N/A | N/A |
| (2.86) | 1.33 | 52,227 | 1.44 | 1.33 | 6.44 | N/A | N/A |
| (2.17) | 2.06 | 54,011 | 1.25 | 1.25 | 5.86 | N/A | N/A |
| (2.55) | 4.62 | 55,359 | 1.25 | 1.25 | 5.84 | N/A | N/A |
| (4.12) | 1.42 | 55,318 | 1.25 | 1.25 | 5.87 | N/A | N/A |

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| | | | | | | | | |
|---------|-------|--------|------|------|------|-------|-------|---|
| 18.75 | 11.41 | 29,179 | 1.76 | 1.37 | 5.62 | 1.58% | 1.19% | 5 |
| 5.67 | 1.46 | 27,522 | 1.53 | 1.42 | 6.50 | 1.27 | 1.16 | 6 |
| (11.73) | 3.33 | 28,498 | 1.32 | 1.32 | 5.86 | .99 | .99 | 6 |
| 8.10 | 4.75 | 28,831 | 1.35 | 1.35 | 5.74 | .94 | .94 | 6 |
| 2.91 | 1.87 | 28,912 | 1.31 | 1.31 | 5.82 | .86 | .86 | 6 |

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

Total Return Based on Common Share Net Asset Value is the combination of changes in Common share net asset value, reinvested dividend income at net asset value and reinvested capital gains distributions at net asset value, if any. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its net asset value), and therefore may be different from the price used in the calculation. Total returns are not annualized.

- (c) Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders; Net Investment Income ratios reflect income earned and expenses incurred on assets attributable to Auction Rate Preferred shares and/or MuniFund Term Preferred shares, where applicable.
- (d) After expense reimbursement from the Adviser, where applicable. Ratios do not reflect the effect of custodian fee credits earned on the Fund's net cash on deposit with the custodian bank, where applicable.
- (e) The expense ratios reflect, among other things, payments to MuniFund Term Preferred shareholders and/or the interest expense deemed to have been paid by the Fund on the floating rate certificates issued by the special purpose trusts for the self-deposited inverse floaters held by the Fund, where applicable, as described in Footnote 1 - MuniFund Term Preferred Shares and Inverse Floating Rate Securities, respectively.

N/A Fund does not have a contractual reimbursement with the Adviser.

* For the period February 22, 2010 (first issuance dates of shares) through May 31, 2010.

See accompanying notes to financial statements.

Nuveen Investments 81

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Selected data for a Common share outstanding throughout each period:

| | INVESTMENT OPERATIONS | | | | |
|------------------------------------|--|-----------------------|--------------------------------------|--|--|
| | BEGINNING COMMON SHARE NET ASSET VALUE | NET INVESTMENT INCOME | NET REALIZED/ UNREALIZED GAIN (LOSS) | DISTRIBUTIONS FROM NET INVESTMENT INCOME TO AUCTION RATE PREFERRED SHARE-HOLDERS (a) | DISTRIBUTIONS FROM CAPITAL GAINS TO AUCTION RATE PREFERRED SHARE-HOLDERS |
| GEORGIA DIVIDEND ADVANTAGE 2 (NKG) | | | | | |
| Year Ended 5/31: | | | | | |
| 2010 | \$ 13.27 | \$.78 | \$.87 | \$ (.02) | \$ -- |
| 2009 | 13.92 | .87 | (.73) | (.16) | -- |
| 2008 | 14.44 | .88 | (.50) | (.26) | -- |
| 2007 | 14.25 | .89 | .17 | (.24) | -- |
| 2006 | 14.71 | .88 | (.45) | (.19) | -- |

| | LESS DISTRIBUTIONS | | | | |
|------------------------------------|---|---------------------------------------|----------|-------------------------------------|---------------------|
| | NET INVESTMENT INCOME TO COMMON SHARE-HOLDERS | CAPITAL GAINS TO COMMON SHARE-HOLDERS | TOTAL | ENDING COMMON SHARE NET ASSET VALUE | ENDING MARKET VALUE |
| GEORGIA DIVIDEND ADVANTAGE 2 (NKG) | | | | | |
| Year Ended 5/31: | | | | | |
| 2010 | \$ (.69) | \$ -- | \$ (.69) | \$ 14.21 | \$ 14.00 |
| 2009 | (.63) | -- | (.63) | 13.27 | 11.88 |
| 2008 | (.64) | -- | (.64) | 13.92 | 13.18 |
| 2007 | (.63) | -- | (.63) | 14.44 | 14.50 |
| 2006 | (.70) | -- | (.70) | 14.25 | 13.26 |

| | AUCTION RATE PREFERRED SHARES AT END OF PERIOD | | | MUNIFUND TERM PREFERRED SHARES AT END OF PERIOD | | |
|------------------------------------|--|-----------------------------|--------------------------|---|-----------------------------|-------------------------------|
| | AGGREGATE AMOUNT OUTSTANDING (000) | LIQUIDATION VALUE PER SHARE | ASSET COVERAGE PER SHARE | AGGREGATE AMOUNT OUTSTANDING (000) | LIQUIDATION VALUE PER SHARE | ENDING MARKET VALUE PER SHARE |
| GEORGIA DIVIDEND ADVANTAGE 2 (NKG) | | | | | | |

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Year Ended 5/31:

| | | | | | | |
|------|--------|--------|--------|-----------|----------|----------|
| 2010 | \$ -- | \$ -- | \$ -- | \$ 32,265 | \$ 10.00 | \$ 10.00 |
| 2009 | 31,700 | 25,000 | 72,649 | -- | -- | -- |
| 2008 | 33,000 | 25,000 | 73,032 | -- | -- | -- |
| 2007 | 33,000 | 25,000 | 74,825 | -- | -- | -- |
| 2006 | 33,000 | 25,000 | 74,168 | -- | -- | -- |

82 Nuveen Investments

RATIOS/SUPPLEMENTAL DATA

| TOTAL RETURNS | RATIOS TO AVERAGE NET ASSETS APPLICABLE TO COMMON SHARES BEFORE REIMBURSEMENT (c) | | | | | RATIOS TO AVERAGE APPLICABLE TO COMMON SHARES AFTER REIMBURSEMENT (d) | | |
|---------------|---|--|--|---------------------------------------|-----------------------------------|---|---------------------------------------|-----------------------------------|
| | BASED ON MARKET VALUE (b) | BASED ON COMMON SHARE NET ASSET VALUE (b) | ENDING NET ASSETS TO COMMON SHARES (000) | EXPENSES INCLUDING INTEREST (e) | EXPENSES EXCLUDING INTEREST | NET INVESTMENT INCOME | EXPENSES INCLUDING INTEREST (e) | EXPENSES EXCLUDING INTEREST |
| 24.23% | 12.54% | \$ 64,721 | 1.75% | 1.28% | 5.43% | 1.59% | 1.11% | |
| (4.77) | .20 | 60,419 | 1.42 | 1.32 | 6.54 | 1.13 | 1.00 | |
| (4.64) | .89 | 63,402 | 1.23 | 1.23 | 5.82 | .83 | .88 | |
| 14.40 | 5.79 | 65,770 | 1.24 | 1.24 | 5.63 | .75 | .77 | |
| (1.61) | 1.68 | 64,901 | 1.24 | 1.24 | 5.63 | .76 | .77 | |

(a) The amounts shown are based on Common share equivalents.

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

Total Return Based on Common Share Net Asset Value is the combination of changes in Common share net asset value, reinvested dividend income at net asset value and reinvested capital gains distributions at net asset value, if any. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its net asset value), and therefore may be different from the price used in the calculation. Total

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returns are not annualized.

- (c) Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders; Net Investment Income ratios reflect income earned and expenses incurred on assets attributable to Auction Rate Preferred shares and/or MuniFund Term Preferred shares, where applicable.
 - (d) After expense reimbursement from the Adviser, where applicable. Ratios do not reflect the effect of custodian fee credits earned on the Fund's net cash on deposit with the custodian bank, where applicable.
 - (e) The expense ratios reflect, among other things, payments to MuniFund Term Preferred shareholders and/or the interest expense deemed to have been paid by the Fund on the floating rate certificates issued by the special purpose trusts for the self-deposited inverse floaters held by the Fund, where applicable, as described in Footnote 1 - MuniFund Term Preferred Shares and Inverse Floating Rate Securities, respectively.
- * For the period January 29, 2010 (first issuance dates of shares) through May 31, 2010.

See accompanying notes to financial statements.

Nuveen Investments 83

| Financial
| Highlights (continued)

Selected data for a Common share outstanding throughout each period:

| INVESTMENT OPERATIONS | | | | | | |
|--|-----------------------------|---|---|---|-------|--|
| BEGINNING COMMON SHARE NET ASSET VALUE | NET INVESTMENT INCOME | NET REALIZED/ UNREALIZED GAIN (LOSS) | DISTRIBUTIONS | DISTRIBUTIONS | | |
| | | | FROM NET INVESTMENT INCOME TO AUCTION RATE PREFERRED SHARE- HOLDERS (a) | FROM CAPITAL GAINS TO AUCTION RATE PREFERRED SHARE- HOLDERS (a) | | |
| ----- | | | | | | |
| NORTH CAROLINA PREMIUM INCOME (NNC) | | | | | | |
| ----- | | | | | | |
| Year Ended 5/31: | | | | | | |
| 2010 | \$ 13.78 | \$.81 | \$.87 | \$ (.03) | \$ -- | |
| 2009 | 13.98 | .85 | (.27) | (.17) | -- | |
| 2008 | 14.36 | .84 | (.35) | (.23) | (.01) | |
| 2007 | 14.34 | .85 | .07 | (.23) | --* | |
| 2006 | 15.16 | .88 | (.57) | (.16) | (.02) | |
| ----- | | | | | | |
| NORTH CAROLINA DIVIDEND ADVANTAGE (NRB) | | | | | | |
| ----- | | | | | | |
| Year Ended 5/31: | | | | | | |
| 2010 | 14.52 | .94 | .64 | (.03) | -- | |
| 2009 | 14.52 | .95 | (.08) | (.17) | -- | |
| 2008 | 14.78 | .93 | (.22) | (.24) | (.01) | |
| 2007 | 14.87 | .93 | .03 | (.22) | (.01) | |

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2006 15.46 .94 (.48) (.17) --

LESS DISTRIBUTIONS

| | NET INVESTMENT INCOME TO COMMON SHARE- HOLDERS | CAPITAL GAINS TO COMMON SHARE- HOLDERS | TOTAL | ENDING COMMON SHARE NET ASSET VALUE | ENDING MARKET VALUE |
|--|---|--|-------|---|---------------------------|
|--|---|--|-------|---|---------------------------|

NORTH CAROLINA PREMIUM INCOME (NNC)

Year Ended 5/31:

| | | | | | |
|------|----------|-------|----------|----------|----------|
| 2010 | \$ (.71) | \$ -- | \$ (.71) | \$ 14.72 | \$ 15.37 |
| 2009 | (.61) | -- | (.61) | 13.78 | 12.60 |
| 2008 | (.59) | (.04) | (.63) | 13.98 | 13.30 |
| 2007 | (.66) | (.01) | (.67) | 14.36 | 14.30 |
| 2006 | (.79) | (.16) | (.95) | 14.34 | 15.09 |

NORTH CAROLINA DIVIDEND ADVANTAGE (NRB)

Year Ended 5/31:

| | | | | | |
|------|-------|-------|-------|-------|-------|
| 2010 | (.81) | -- | (.81) | 15.26 | 16.15 |
| 2009 | (.70) | -- | (.70) | 14.52 | 14.26 |
| 2008 | (.69) | (.03) | (.72) | 14.52 | 15.28 |
| 2007 | (.77) | (.05) | (.82) | 14.78 | 16.44 |
| 2006 | (.88) | -- | (.88) | 14.87 | 17.70 |

AUCTION RATE PREFERRED SHARES
AT END OF PERIOD

MUNIFUND TERM PREFER
AT END OF PER

| | AGGREGATE AMOUNT OUTSTANDING (000) | LIQUIDATION VALUE PER SHARE | ASSET COVERAGE PER SHARE | AGGREGATE AMOUNT OUTSTANDING (000) | LIQUIDATION VALUE PER SHARE | ENDING MARKET VALU PER SHAR |
|--|---|-----------------------------------|--------------------------------|---|-----------------------------------|--------------------------------------|
|--|---|-----------------------------------|--------------------------------|---|-----------------------------------|--------------------------------------|

NORTH CAROLINA PREMIUM INCOME (NNC)

Year Ended 5/31:

| | | | | | | |
|------|-----------|-----------|-----------|-----------|----------|--------|
| 2010 | \$ 21,550 | \$ 25,000 | \$ 76,020 | \$ 24,300 | \$ 10.00 | \$ 9.9 |
| 2009 | 46,800 | 25,000 | 71,773 | -- | -- | -- |
| 2008 | 46,800 | 25,000 | 72,450 | -- | -- | -- |
| 2007 | 46,800 | 25,000 | 73,713 | -- | -- | -- |
| 2006 | 46,800 | 25,000 | 73,629 | -- | -- | -- |

NORTH CAROLINA DIVIDEND ADVANTAGE (NRB)

Year Ended 5/31:

| | | | | | | |
|------|--------|--------|--------|--------|-------|------|
| 2010 | -- | -- | -- | 16,600 | 10.00 | 10.0 |
| 2009 | 17,000 | 25,000 | 73,373 | -- | -- | -- |
| 2008 | 17,000 | 25,000 | 73,335 | -- | -- | -- |
| 2007 | 17,000 | 25,000 | 74,130 | -- | -- | -- |

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2006 17,000 25,000 74,319 -- --

AUCTION RATE PREFERRED SHARES
AND MUNIFUND TERM PREFERRED SHARES
AT END OF PERIOD

ASSET COVERAGE PER \$1
LIQUIDATION PREFERENCE

NORTH CAROLINA PREMIUM INCOME (NNC)

Year Ended 5/31:

| | |
|------|---------|
| 2010 | \$ 3.04 |
| 2009 | -- |
| 2008 | -- |
| 2007 | -- |
| 2006 | -- |

NORTH CAROLINA DIVIDEND ADVANTAGE (NRB)

Year Ended 5/31:

| | |
|------|----|
| 2010 | -- |
| 2009 | -- |
| 2008 | -- |
| 2007 | -- |
| 2006 | -- |

84 Nuveen Investments

RATIOS/SUPPLEMENTAL DATA

| TOTAL RETURNS | RATIOS TO AVERAGE NET ASSETS APPLICABLE TO COMMON SHARES BEFORE REIMBURSEMENT (c) | | | | RATIOS TO AVERAGE APPLICABLE TO COM AFTER REIMBURSE | | |
|---------------|---|--|--|---------------------------------------|---|-----------------------------|---------------------------------------|
| | BASED ON MARKET VALUE (b) | BASED ON COMMON SHARE NET ASSET VALUE (b) | ENDING NET ASSETS APPLICABLE TO COMMON SHARES (000) | EXPENSES INCLUDING INTEREST (e) | EXPENSES EXCLUDING INTEREST | NET INVESTMENT INCOME | EXPENSES INCLUDING INTEREST (e) |
| 28.20% | 12.24% | \$ 93,570 | 1.54% | 1.25% | 5.68% | N/A | N/A |
| (.44) | 3.22 | 87,558 | 1.39 | 1.32 | 6.43 | N/A | N/A |
| (2.52) | 1.76 | 88,827 | 1.39 | 1.25 | 5.94 | N/A | N/A |
| (.78) | 4.84 | 91,191 | 1.27 | 1.24 | 5.82 | N/A | N/A |
| (6.84) | .87 | 91,033 | 1.25 | 1.25 | 5.98 | N/A | N/A |
| 19.40 | 10.88 | 34,617 | 1.63 | 1.31 | 6.13 | 1.51% | 1.19% |
| (1.82) | 5.17 | 32,894 | 1.71 | 1.37 | 6.63 | 1.51 | 1.16 |

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| | | | | | | | |
|--------|------|--------|------|------|------|------|------|
| (2.28) | 3.26 | 32,868 | 1.91 | 1.29 | 6.07 | 1.63 | 1.01 |
| (2.26) | 4.98 | 33,409 | 1.68 | 1.29 | 5.82 | 1.34 | .95 |
| 8.03 | 1.93 | 33,537 | 1.29 | 1.29 | 5.79 | .86 | .86 |

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

Total Return Based on Common Share Net Asset Value is the combination of changes in Common share net asset value, reinvested dividend income at net asset value and reinvested capital gains distributions at net asset value, if any. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its net asset value), and therefore may be different from the price used in the calculation. Total returns are not annualized.

- (c) Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders; Net Investment Income ratios reflect income earned and expenses incurred on assets attributable to Auction Rate Preferred shares and/or MuniFund Term Preferred shares, where applicable.
- (d) After expense reimbursement from the Adviser, where applicable. Ratios do not reflect the effect of custodian fee credits earned on the Fund's net cash on deposit with the custodian bank, where applicable.
- (e) The expense ratios reflect, among other things, payments to MuniFund Term Preferred shareholders and/or the interest expense deemed to have been paid by the Fund on the floating rate certificates issued by the special purpose trusts for the self-deposited inverse floaters held by the Fund, where applicable, as described in Footnote 1 - MuniFund Term Preferred Shares and Inverse Floating Rate Securities, respectively.

N/A Fund does not have a contractual reimbursement with the Adviser.

* Rounds to less than \$.01 per share.

** For the period January 21, 2010 (first issuance dates of shares) through May 31, 2010.

*** For the period March 30, 2010 (first issuance dates of shares) through May 31, 2010.

See accompanying notes to financial statements.

Nuveen Investments 85

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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 GAIN (LOSS) | DISTRIBUTIONS FROM NET INVESTMENT INCOME TO AUCTION RATE PREFERRED SHARE- HOLDERS (a) | DISTRIBUTIONS FROM CAPITAL GAINS TO AUCTION RATE PREFERRED SHARE- HOLDERS (a) | |
| NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO) | | | | | | |
| Year Ended 5/31: | | | | | | |
| 2010 | \$ 14.31 | \$.89 | \$.70 | \$ (.03) | \$ --* | \$ |
| 2009 | 14.47 | .92 | (.26) | (.17) | -- | |
| 2008 | 14.76 | .91 | (.24) | (.25) | (.02) | |
| 2007 | 14.75 | .91 | .10 | (.23) | (.01) | |
| 2006 | 15.55 | .92 | (.60) | (.17) | (.01) | |
| NORTH CAROLINA DIVIDEND ADVANTAGE 3 (NII) | | | | | | |
| Year Ended 5/31: | | | | | | |
| 2010 | 14.00 | .85 | .67 | (.02) | -- | |
| 2009 | 14.13 | .90 | (.21) | (.16) | -- | |
| 2008 | 14.38 | .88 | (.25) | (.23) | -- | |
| 2007 | 14.26 | .89 | .11 | (.23) | -- | |
| 2006 | 14.78 | .88 | (.50) | (.18) | -- | |

| LESS DISTRIBUTIONS | | | | | | |
|---|---|--|----------|---|---------------------------|--|
| | NET INVESTMENT INCOME TO COMMON SHARE- HOLDERS | CAPITAL GAINS TO COMMON SHARE- HOLDERS | TOTAL | ENDING COMMON SHARE NET ASSET VALUE | ENDING MARKET VALUE | |
| NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO) | | | | | | |
| Year Ended 5/31: | | | | | | |
| 2010 | \$ (.78) | \$ --* | \$ (.78) | \$ 15.09 | \$ 15.73 | |
| 2009 | (.65) | -- | (.65) | 14.31 | 13.60 | |
| 2008 | (.63) | (.06) | (.69) | 14.47 | 13.66 | |
| 2007 | (.71) | (.05) | (.76) | 14.76 | 15.50 | |
| 2006 | (.82) | (.12) | (.94) | 14.75 | 15.28 | |

NORTH CAROLINA DIVIDEND ADVANTAGE 3 (NII)

Year Ended 5/31:

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| | | | | | |
|------|-------|----|-------|-------|-------|
| 2010 | (.75) | -- | (.75) | 14.75 | 15.86 |
| 2009 | (.66) | -- | (.66) | 14.00 | 13.60 |
| 2008 | (.65) | -- | (.65) | 14.13 | 14.12 |
| 2007 | (.65) | -- | (.65) | 14.38 | 14.64 |
| 2006 | (.72) | -- | (.72) | 14.26 | 14.42 |

| | AUCTION RATE PREFERRED SHARES AT END OF PERIOD | | | MUNIFUND TERM AT END | | |
|--|---|-----------------------------------|--------------------------------|---|-----------------------------------|----------------------------|
| | AGGREGATE AMOUNT OUTSTANDING (000) | LIQUIDATION VALUE PER SHARE | ASSET COVERAGE PER SHARE | AGGREGATE AMOUNT OUTSTANDING (000) | LIQUIDATION VALUE PER SHARE | END MAR VA PER SH |

NORTH CAROLINA DIVIDEND ADVANTAGE 2 (NNO)

Year Ended 5/31:

| | | | | | | |
|------|--------|--------|--------|-----------|----------|------|
| 2010 | \$ -- | \$ -- | \$ -- | \$ 29,700 | \$ 10.00 | \$ 9 |
| 2009 | 28,000 | 25,000 | 72,905 | -- | -- | |
| 2008 | 28,000 | 25,000 | 73,428 | -- | -- | |
| 2007 | 28,000 | 25,000 | 74,418 | -- | -- | |
| 2006 | 28,000 | 25,000 | 74,332 | -- | -- | |

NORTH CAROLINA DIVIDEND ADVANTAGE 3 (NII)

Year Ended 5/31:

| | | | | | | |
|------|--------|--------|--------|--------|-------|----|
| 2010 | -- | -- | -- | 28,725 | 10.00 | 10 |
| 2009 | 28,000 | 25,000 | 74,165 | -- | -- | |
| 2008 | 28,000 | 25,000 | 74,602 | -- | -- | |
| 2007 | 28,000 | 25,000 | 75,457 | -- | -- | |
| 2006 | 28,000 | 25,000 | 75,044 | -- | -- | |

86 Nuveen Investments

RATIOS/SUPPLEMENTAL DATA

| TOTAL RETURNS | RATIOS TO AVERAGE NET ASSETS APPLICABLE TO COMMON SHARES BEFORE REIMBURSEMENT (c) | | | | RATIOS TO AVERAGE APPLICABLE TO C AFTER REIMBURS | | |
|---------------|---|--|---------------------------------------|-----------------------------------|--|---------------------------------------|-----------------------------------|
| | BASED ON COMMON SHARE NET ASSET VALUE (b) | ENDING NET ASSETS TO COMMON SHARES (000) | EXPENSES INCLUDING INTEREST (e) | EXPENSES EXCLUDING INTEREST | NET INVESTMENT INCOME | EXPENSES INCLUDING INTEREST (e) | EXPENSES EXCLUDING INTEREST |
| 21.86% | 11.11% | \$ 56,590 | 1.55% | 1.27% | 5.80% | 1.36% | 1.09% |

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| | | | | | | | |
|--------|-------|--------|------|------|------|------|------|
| 4.72 | 3.69 | 53,653 | 1.48 | 1.32 | 6.39 | 1.21 | 1.05 |
| (7.33) | 2.83 | 54,240 | 1.54 | 1.25 | 5.87 | 1.21 | .91 |
| 6.64 | 5.24 | 55,349 | 1.39 | 1.24 | 5.68 | .97 | .83 |
| (.18) | .97 | 55,251 | 1.24 | 1.24 | 5.62 | .79 | .79 |
| ----- | | | | | | | |
| 22.76 | 10.95 | 58,054 | 1.76 | 1.28 | 5.71 | 1.60 | 1.12 |
| 1.43 | 4.11 | 55,065 | 1.55 | 1.31 | 6.39 | 1.26 | 1.02 |
| 1.12 | 2.90 | 55,555 | 1.68 | 1.24 | 5.79 | 1.28 | .84 |
| 6.23 | 5.48 | 56,511 | 1.49 | 1.23 | 5.62 | 1.02 | .76 |
| (1.59) | 1.41 | 56,049 | 1.23 | 1.23 | 5.58 | .76 | .76 |
| ===== | | | | | | | |

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

Total Return Based on Common Share Net Asset Value is the combination of changes in Common share net asset value, reinvested dividend income at net asset value and reinvested capital gains distributions at net asset value, if any. The last dividend declared in the period, which is typically paid on the first business day of the following month, is assumed to be reinvested at the ending net asset value. The actual reinvest price for the last dividend declared in the period may often be based on the Fund's market price (and not its net asset value), and therefore may be different from the price used in the calculation. Total returns are not annualized.

- (c) Ratios do not reflect the effect of dividend payments to Auction Rate Preferred shareholders; Net Investment Income ratios reflect income earned and expenses incurred on assets attributable to Auction Rate Preferred shares and/or MuniFund Term Preferred shares, where applicable.
- (d) After expense reimbursement from the Adviser, where applicable. Ratios do not reflect the effect of custodian fee credits earned on the Fund's net cash on deposit with the custodian bank, where applicable.
- (e) The expense ratios reflect, among other things, payments to MuniFund Term Preferred shareholders and/or the interest expense deemed to have been paid by the Fund on the floating rate certificates issued by the special purpose trusts for the self-deposited inverse floaters held by the Fund, where applicable, as described in Footnote 1 - MuniFund Term Preferred Shares and Inverse Floating Rate Securities, respectively.

* Rounds to less than \$.01 per share.

** For the period March 30, 2010 (first issuance dates of shares) through May 31, 2010.

*** For the period February 9, 2010 (first issuance dates of shares) through May 31, 2010.

See accompanying notes to financial statements.

Board Members & Officers

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

| NAME, BIRTHDATE & ADDRESS | POSITION(S) HELD WITH THE FUNDS | YEAR FIRST ELECTED OR APPOINTED AND TERM(1) | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY BOARD MEMBER | PRINCIPAL OCCUPATION(S) INCLUDING OTHER DIRECTORSHIPS DURING PAST 5 YEA |
|---|--|--|---|--|
| Independent Board Members: | | | | |
| ROBERT P. BREMNER(2) 8/22/40 333 W. Wacker Drive Chicago, IL 60606 | Chairman of the Board and Board Member | 1996 | 200 | Private Investor and Treasurer and Director Washington, D.C. |
| JACK B. EVANS 10/22/48 333 W. Wacker Drive Chicago, IL 60606 | Board Member | 1999 | 200 | President, The Hall private philanthropy Director and Chairman held company; President of Regents for the System; Director, G Trustee of Coe Coll Foundation; formerl Energy; formerly, D Bank of Chicago; fo Operating Officer, a regional financial |
| WILLIAM C. HUNTER 3/6/48 333 W. Wacker Drive Chicago, IL 60606 | Board Member | 2004 | 200 | Dean, Tippie Colleg (since 2006); Director Corporation; Director Sigma International Dean and Distinguis School of Business Connecticut (2003-2 President and Direc Federal Reserve Ban Director, SS&C Tech October 2005); form Credit Research Cen |
| DAVID J. KUNDERT(2) 10/28/42 333 W. Wacker Drive Chicago, IL 60606 | Board Member | 2005 | 200 | Director, Northwest Company; retired (s JPMorgan Fleming As and CEO, Banc One I |

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WILLIAM J. SCHNEIDER(2)
9/24/44
333 W. Wacker Drive
Chicago, IL 60606

Board Member

1997

200

Corporation, and Pr
Funds; prior theret
Banc One Corporatio
Banc One Investment
Board of Regents, L
the Wisconsin Bar A
of Directors, Frien
Gardens; member of
of Investment Commi
Foundation.

Chairman of Miller-
estate investment c
and Chief Operating
Miller-Valentine Gr
Dayton Business Sch
Mid-America Health
member and chair, D
Association; former
Advisory Council, Cl
Bank; formerly, Dir
Coalition.

88 Nuveen Investments

NAME,
BIRTHDATE
& ADDRESS

POSITION(S) HELD
WITH THE FUNDS

YEAR FIRST
ELECTED OR
APPOINTED
AND TERM(1)

NUMBER
OF PORTFOLIOS
IN FUND COMPLEX
OVERSEEN BY
BOARD MEMBER

PRINCIPAL
OCCUPATION(S)
INCLUDING OTHER
DIRECTORSHIPS
DURING PAST 5 YEAR

Independent Board Members:

JUDITH M. STOCKDALE
12/29/47
333 W. Wacker Drive
Chicago, IL 60606

Board Member

1997

200

Executive Director
Foundation (since
Director, Great La

CAROLE E. STONE(2)
6/28/47
333 W. Wacker Drive
Chicago, IL 60606

Board Member

2007

200

Director, Chicago
2006); Director, C
(since 2009); Comm
Commission on Publ
2005); formerly, C
Oversight Board (2

TERENCE J. TOTH(2)
9/29/59
333 W. Wacker Drive
Chicago, IL 60606

Board Member

2008

200

Director, Legal &
America, Inc. (sin
Promus Capital (si
President, Norther
(2004-2007); Execu
Management & Secu
thereto, various p
Company (since 199
(since 2004), Chic
2005), University
Board (since 2007)

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Board (since 2008)
 Mutual Funds Board
 Global Investments
 Trust Japan Board
 Securities Inc. Bo
 Trust Hong Kong Bo

Interested Board Member:

JOHN P. AMBOIAN(3)
 6/14/61
 333 W. Wacker Drive Board Member 2008 200
 Chicago, IL 60606

Chief Executive Of
 (since 1999) and C
 Investments, Inc.;
 2007) of Nuveen As
 Investments Adviso
 of Nuveen Commodit

Nuveen Investments 89

Board Members & Officers (continued)

| NAME, BIRTHDATE AND ADDRESS | POSITION(S) HELD WITH THE FUNDS | YEAR FIRST ELECTED OR APPOINTED(4) | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY OFFICER | PRINCIPAL OCCUPATION(S) DURING PAST 5 Y |
|-----------------------------------|------------------------------------|--|--|---|
|-----------------------------------|------------------------------------|--|--|---|

Officers of the Funds:

| | | | | |
|--|------------------------------------|------|-----|--|
| GIFFORD R. ZIMMERMAN 9/9/56 333 W. Wacker Drive Chicago, IL 60606 | Chief Administrative Officer | 1988 | 200 | Managing Direct Secretary and A Nuveen Investme Associate Gener Secretary, of N 2002) and of Sy (since 2003); V Secretary of NW LLC.(since 2002 Inc. (since 200 LLC, and Santa (since 2006), N Nuveen Investme Managing Direct Secretary (sinc Inc.; Managing Commodities Ass Financial Analy |
|--|------------------------------------|------|-----|--|

| | | | | |
|--|----------------|------|-----|---|
| WILLIAM ADAMS IV 6/9/55 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2007 | 125 | Executive Vice Inc.; Executive Products of Nuve 1999), ; Execut of Nuveen Commo |
|--|----------------|------|-----|---|

| | | | | |
|--|----------------|------|-----|--|
| CEDRIC H. ANTOSIEWICZ 1/11/62 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2007 | 125 | Managing Direct Vice President Investments, LL |
|--|----------------|------|-----|--|

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| | | | | |
|---|--|------|-----|---|
| NIZIDA ARRIAGA 6/1/68 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2009 | 200 | Senior Vice Pre (since 2010); f (2007-2010); pr Allstate Invest Financial Analy |
| MICHAEL T. ATKINSON 2/3/66 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Assistant Secretary | 2000 | 200 | Vice President Investments, LL Asset Managemen |
| MARGO L. COOK 4/11/64 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2009 | 200 | Executive Vice Nuveen Investme Institutional A Bear Stearns As Institutional A NY Mellon; Char |
| LORNA C. FERGUSON 10/24/45 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 1998 | 200 | Managing Direct Investments, LL (2005) of Nuveen |
| STEPHEN D. FOY 5/31/54 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Controller | 1998 | 200 | Senior Vice Pre Vice President (since 1998) of President (2005 Management; Cer |
| SCOTT S. GRACE 8/20/70 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Treasurer | 2009 | 200 | Managing Direct Development, Tr Nuveen Investme Treasurer of Nu 2009); formerly Vice President President (2006 Inc.; formerly, Stanley's Globa 2003); Chartere |

90 Nuveen Investments

| NAME, BIRTHDATE AND ADDRESS | POSITION(S) HELD WITH THE FUNDS | YEAR FIRST ELECTED OR APPOINTED (4) | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY OFFICER | PRINCIPAL OCCUPATION(S) DURING PAST 5 YE |
|-----------------------------------|------------------------------------|---|--|--|
|-----------------------------------|------------------------------------|---|--|--|

Officers of the Funds:

| | | | | |
|--|----------------|------|-----|--|
| WILLIAM T. HUFFMAN 5/7/69 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2009 | 136 | Chief Operating (since 2008) of previously, Chai Executive Office Trust Global Adv |
|--|----------------|------|-----|--|

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| Name | Address | Position | Year | Value | Description |
|--|---------|---|------|-------|--|
| WALTER M. KELLY 2/24/70 333 W. Wacker Drive Chicago, IL 60606 | | Chief Compliance Officer and Vice President | 2003 | 200 | Investments Offi Global Limited; Senior Vice Pres President (2006- President and As 2006) of Nuveen President (since (2006-2008) and of Nuveen Asset |
| DAVID J. LAMB 3/22/63 333 W. Wacker Drive Chicago, IL 60606 | | Vice President | 2000 | 200 | Senior Vice Pres Vice President (Investments, LLC 2005) of Nuveen Public Accountan |
| TINA M. LAZAR 8/27/61 333 W. Wacker Drive Chicago, IL 60606 | | Vice President | 2002 | 200 | Senior Vice Pres Vice President o (1999-2009); Vic Nuveen Asset Man |
| LARRY W. MARTIN 7/27/51 333 W. Wacker Drive Chicago, IL 60606 | | Vice President and Assistant Secretary | 1988 | 200 | Senior Vice Pres Vice President (and Assistant Ge Investments, LLC Assistant Secret Vice President (Secretary (since Management; Vice Secretary of Nuv (since 2002); NW LLC (since 2002) (since 2003), Tr Santa Barbara As and of Nuveen Hy Investment Solut |
| KEVIN J. MCCARTHY 3/26/66 333 W. Wacker Drive Chicago, IL 60606 | | Vice President and Secretary | 2007 | 200 | Managing Directo President (2007- Managing Directo President, and A Management, and Inc.; Vice Presi Secretary, Nuvee Investment Manag Global Investors Asset Management Management LLC, Nuveen Investmen prior thereto, P (1997-2007). |
| JOHN V. MILLER 4/10/67 333 W. Wacker Drive Chicago, IL 60606 | | Vice President | 2007 | 136 | Chief Investment (since 2007), fo (2002-2007) of N Managing Directo President (2002- Chartered Financ |

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Board Members & Officers (continued)

| NAME, BIRTHDATE AND ADDRESS | POSITION(S) HELD WITH THE FUNDS | YEAR FIRST ELECTED OR APPOINTED (4) | NUMBER OF PORTFOLIOS IN FUND COMPLEX OVERSEEN BY OFFICER | PRINCIPAL OCCUPATION(S) DURING PAST 5 YEAR |
|-----------------------------------|------------------------------------|---|--|--|
|-----------------------------------|------------------------------------|---|--|--|

Officers of the Funds:

| | | | | |
|---|--|------|-----|--|
| GREGORY MINO 1/4/71 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2009 | 200 | Senior Vice President, Nuveen Investments, LLC, (2008-2010); previously Senior Vice President and Executive Director, Nuveen Asset Management; (2000-2003) and Director, Lynch Investment Analyst. |
| CHRISTOPHER M. ROHRBACHER 8/1/71 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Assistant Secretary | 2008 | 200 | Vice President, Nuveen (2008); Vice President, Nuveen Asset Management thereto, Associate Counsel, Meagher & Flom LLP |
| JAMES F. RUANE 7/3/62 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Assistant Secretary | 2007 | 200 | Vice President, Nuveen (2007); prior thereto, Vice President, USA LLP (2005-2006) (2002-2005); Cert |
| MARK L. WINGET 12/21/68 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Assistant Secretary | 2008 | 200 | Vice President, Nuveen (2008); Vice President, Nuveen Asset Management thereto, Counsel, |

- (1) Board Members serve three year terms, except for two board members who are elected by the holders of Preferred Shares. The Board of Trustees is divided into three classes, Class I, Class II, and Class III, with each being elected to serve until the third succeeding annual shareholders' meeting subsequent to its election or thereafter in each case when its respective successors are duly elected or appointed, except two board members are elected by the holders of Preferred Shares to serve until the next annual shareholders' meeting subsequent to its election or thereafter in each case when its respective successors are duly elected or appointed. The first year elected or appointed represents the year in which the board member was first elected or appointed to any fund in the Nuveen Complex.
- (2) Also serves as a trustee of the Nuveen Diversified Commodity Fund, a Nuveen-sponsored commodity pool that has filed a registration statement on Form S-1 with the SEC for a proposed initial public offering. The S-1 has not been declared effective, and the commodity pool has not commenced operations.
- (3) Mr. Amboian is an interested trustee because of his position with Nuveen Investments, Inc. and certain of its subsidiaries, which are affiliates of

the Nuveen Funds.

- (4) Officers serve one year terms through July of each year. The year first elected or appointed represents the year in which the Officer was first elected or appointed to any fund in the Nuveen Complex.

92 Nuveen Investments

Annual Investment Management Agreement Approval Process

The Investment Company Act of 1940, as amended (the "1940 Act"), provides, in substance, that each investment advisory agreement between a fund and its investment adviser will continue in effect from year to year only if its continuance is approved at least annually by the fund's board members, including by a vote of a majority of the board members who are not parties to the advisory agreement or "interested persons" of any parties (the "Independent Board Members"), cast in person at a meeting called for the purpose of considering such approval. In connection with such approvals, the fund's board members must request and evaluate, and the investment adviser is required to furnish, such information as may be reasonably necessary to evaluate the terms of the advisory agreement. Accordingly, at a meeting held on May 25-26, 2010 (the "May Meeting"), the Boards of Trustees or Directors (as the case may be) (each a "Board" and each Trustee or Director, a "Board Member") of the Funds, including a majority of the Independent Board Members, considered and approved the continuation of the advisory agreements (each an "Advisory Agreement") between each Fund and Nuveen Asset Management ("NAM") for an additional one-year period. In preparation for their considerations at the May Meeting, the Board also held a separate meeting on April 21-22, 2010 (the "April Meeting"). Accordingly, the factors considered and determinations made regarding the renewals by the Independent Board Members include those made at the April Meeting.

In addition, in evaluating the Advisory Agreements, the Independent Board Members reviewed a broad range of information relating to the Funds and NAM, including absolute and comparative performance, fee and expense information for the Funds (as described in more detail below), the profitability of Nuveen for its advisory activities (which includes its wholly owned subsidiaries), and other information regarding the organization, personnel, and services provided by NAM. The Independent Board Members also met quarterly as well as at other times as the need arose during the year and took into account the information provided at such meetings and the knowledge gained therefrom. Prior to approving the renewal of the Advisory Agreements, the Independent Board Members reviewed the foregoing information with their independent legal counsel and with management, reviewed materials from independent legal counsel describing applicable law and their duties in reviewing advisory contracts, and met with independent legal counsel in private sessions without management present. The Independent Board Members considered the legal advice provided by independent legal counsel and relied upon their knowledge of NAM, its services and the Funds resulting from their meetings and other interactions throughout the year and their own business judgment in determining the factors to be considered in evaluating the Advisory Agreements. Each Board Member may have accorded different weight to the various factors in reaching his or her conclusions with respect to a Fund's Advisory Agreement. The Independent Board Members did not identify any single factor as

Nuveen Investments 93

Annual Investment Management Agreement

Approval Process (continued)

all-important or controlling. The Independent Board Members' considerations were instead based on a comprehensive consideration of all the information presented. The principal factors considered by the Board and its conclusions are described below.

A. NATURE, EXTENT AND QUALITY OF SERVICES

In considering renewal of the Advisory Agreements, the Independent Board Members considered the nature, extent and quality of NAM's services, including advisory services and administrative services. The Independent Board Members reviewed materials outlining, among other things, NAM's organization and business; the types of services that NAM or its affiliates provide and are expected to provide to the Funds; the performance record of the applicable Fund (as described in further detail below); and any initiatives Nuveen had taken for the applicable fund product line, including continued activities to refinance auction rate preferred securities, manage leverage during periods of market turbulence and implement an enhanced leverage management process, modify investment mandates in light of market conditions and seek shareholder approval as necessary, maintain the fund share repurchase program and maintain shareholder communications to keep shareholders apprised of Nuveen's efforts in refinancing preferred shares. In addition to the foregoing, the Independent Board Members also noted the additional services that NAM or its affiliates provide to closed-end funds, including, in particular, Nuveen's continued commitment to supporting the secondary market for the common shares of its closed-end funds through a variety of programs designed to raise investor and analyst awareness and understanding of closed-end funds. These efforts include maintaining an investor relations program to provide timely information and education to financial advisers and investors; providing marketing for the closed-end funds; maintaining and enhancing a closed-end fund website; participating in conferences and having direct communications with analysts and financial advisers.

As part of their review, the Independent Board Members also evaluated the background, experience and track record of NAM's investment personnel. In this regard, the Independent Board Members considered any changes in the personnel, and the impact on the level of services provided to the Funds, if any. The Independent Board Members also reviewed information regarding portfolio manager compensation arrangements to evaluate NAM's ability to attract and retain high quality investment personnel, preserve stability, and reward performance but not provide an incentive for taking undue risks.

In addition to advisory services, the Independent Board Members considered the quality of administrative services provided by NAM and its affiliates including product management, fund administration, oversight of service providers, shareholder services, administration of Board relations, regulatory and portfolio compliance and legal support. Given the importance of compliance, the Independent Board Members also considered NAM's compliance program, including the report of the chief compliance officer regarding the Funds' compliance policies and procedures.

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

94 Nuveen Investments

B. THE INVESTMENT PERFORMANCE OF THE FUNDS AND NAM

The Board considered the performance results of each Fund over various time periods. The Board reviewed, among other things, each Fund's historic investment performance as well as information comparing the Fund's performance information with that of other funds (the "Performance Peer Group") based on data provided by an independent provider of mutual fund data and with recognized and/or customized benchmarks. In this regard, the Board reviewed each Fund's total return information compared to its Performance Peer Group for the quarter, one-, three- and five-year periods ending December 31, 2009 and for the same periods ending March 31, 2010 (or for the periods available for Funds that did not exist during part of the foregoing time frame). In addition, the Board reviewed each Fund's total return information compared to recognized and/or customized benchmarks for the quarter, one- and three-year periods ending December 31, 2009 and for the same periods ending March 31, 2010 (or for the periods available for Funds that did not exist during part of the foregoing time frame). Moreover, the Board reviewed the peer ranking of the Nuveen municipal funds advised by NAM in the aggregate. The Independent Board Members also reviewed historic premium and discount levels. This information supplemented the Fund performance information provided to the Board at each of its quarterly meetings.

In reviewing peer comparison information, the Independent Board Members recognized that the Performance Peer Group of certain funds may not adequately represent the objectives and strategies of the funds, thereby limiting the usefulness of comparing a fund's performance with that of its Performance Peer Group. In this regard, the Independent Board Members considered that the Performance Peer Groups of certain funds (including the Funds) were classified as having significant differences from such funds based on considerations such as special fund objectives, potential investable universe and the composition of the peer set (e.g., the number and size of competing funds and number of competing managers).

Based on their review, the Independent Board Members determined that each Fund's investment performance over time had been satisfactory. The Independent Board Members noted that the Nuveen North Carolina Dividend Advantage Municipal Fund 3, the Nuveen North Carolina Premium Income Municipal Fund, the Nuveen North Carolina Dividend Advantage Municipal Fund 2 and the Nuveen North Carolina Dividend Advantage Municipal Fund outperformed or matched the performance of their respective benchmarks in the one- and three-year periods, whereas the Nuveen Georgia Premium Income Municipal Fund, the Nuveen Georgia Dividend Advantage Municipal Fund and the Nuveen Georgia Dividend Advantage Municipal Fund 2 outperformed the performance of their respective benchmarks in the one-year period, but underperformed their benchmarks in the three-year period.

C. FEES, EXPENSES AND PROFITABILITY

1. Fees and Expenses

The Board evaluated the management fees and expenses of each Fund reviewing, among other things, such Fund's gross management fees, net management fees and net expense ratios in absolute terms as well as compared to the fee and expenses of a comparable universe of unaffiliated funds based on data provided by an independent

Nuveen Investments 95

Annual Investment Management Agreement
Approval Process (continued)

fund data provider (the "Peer Universe") and in certain cases, to a more focused subset of funds in the Peer Universe (the "Peer Group") and any expense

limitations.

The Independent Board Members further reviewed the methodology regarding the construction of the applicable Peer Universe and/or Peer Group. In reviewing the comparisons of fee and expense information, the Independent Board Members took into account that in certain instances various factors such as: the asset level of a fund relative to peers; the limited size and particular composition of the Peer Universe or Peer Group; the investment objectives of the peers; expense anomalies; changes in the funds comprising the Peer Universe or Peer Group from year to year; levels of reimbursement; the timing of information used; the differences in the type and use of leverage; and differences in the states reflected in the Peer Universe or Peer Group may impact the comparative data, thereby limiting the ability to make a meaningful comparison with peers.

In reviewing the fee schedule for a Fund, the Independent Board Members also considered the fund-level and complex-wide breakpoint schedules (described in further detail below) and any fee waivers and reimbursements provided by Nuveen (applicable, in particular, for certain closed-end funds launched since 1999). Except as set forth in the following sentence, the Independent Board Members noted that the Funds had net management fees and/or net expense ratios below, at or near (within 5 basis points or less) the peer averages of their Peer Group or Peer Universe. The Nuveen Georgia Premium Income Municipal Fund and the Nuveen North Carolina Premium Income Municipal Fund had net advisory fees above the peer average but net expense ratios below the peer expense ratio average.

Based on their review of the fee and expense information provided, the Independent Board Members determined that each Fund's management fees were reasonable in light of the nature, extent and quality of services provided to the Fund.

2. Comparisons with the Fees of Other Clients

The Independent Board Members further reviewed information regarding the nature of services and fee rates offered by NAM to other clients, including municipal separately managed accounts and passively managed municipal bond exchange traded funds (ETFs) that are sub-advised by NAM. In evaluating the comparisons of fees, the Independent Board Members noted that the fee rates charged to the Funds and other clients vary, among other things, because of the different services involved and the additional regulatory and compliance requirements associated with registered investment companies, such as the Funds. Accordingly, the Independent Board Members considered the differences in the product types, including, but not limited to, the services provided, the structure and operations, product distribution and costs thereof, portfolio investment policies, investor profiles, account sizes and regulatory requirements. The Independent Board Members noted, in particular, that the range of services provided to the Funds (as discussed above) is much more extensive than that provided to separately managed accounts. Given the inherent differences in the products, particularly the extensive services provided to the Funds, the Independent Board Members believe such facts justify the different levels of fees.

96 Nuveen Investments

3. Profitability of Nuveen

In conjunction with its review of fees, the Independent Board Members also considered the profitability of Nuveen for its advisory activities (which incorporated Nuveen's wholly-owned affiliated sub-advisers) and its financial condition. The Independent Board Members reviewed the revenues and expenses of Nuveen's advisory activities for the last two years, the allocation

methodology used in preparing the profitability data and an analysis of the key drivers behind the changes in revenues and expenses that impacted profitability in 2009. The Independent Board Members noted this information supplemented the profitability information requested and received during the year to help keep them apprised of developments affecting profitability (such as changes in fee waivers and expense reimbursement commitments). In this regard, the Independent Board Members noted that they had also appointed an Independent Board Member as a point person to review and keep them apprised of changes to the profitability analysis and/or methodologies during the year. The Independent Board Members also considered Nuveen's revenues for advisory activities, expenses, and profit margin compared to that of various unaffiliated management firms with similar amounts of assets under management and relatively comparable asset composition prepared by Nuveen.

In reviewing profitability, the Independent Board Members recognized the subjective nature of determining profitability which may be affected by numerous factors including the allocation of expenses. Further, the Independent Board Members recognized the difficulties in making comparisons as the profitability of other advisers generally is not publicly available and the profitability information that is available for certain advisers or management firms may not be representative of the industry and may be affected by, among other things, the adviser's particular business mix, capital costs, types of funds managed and expense allocations. Notwithstanding the foregoing, the Independent Board Members reviewed Nuveen's methodology and assumptions for allocating expenses across product lines to determine profitability. In reviewing profitability, the Independent Board Members recognized Nuveen's investment in its fund business. Based on their review, the Independent Board Members concluded that Nuveen's level of profitability for its advisory activities was reasonable in light of the services provided.

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

Nuveen Investments 97

Annual Investment Management Agreement
Approval Process (continued)

D. ECONOMIES OF SCALE AND WHETHER FEE LEVELS REFLECT THESE ECONOMIES OF SCALE
With respect to economies of scale, the Independent Board Members have recognized the potential benefits resulting from the costs of a fund being spread over a larger asset base, although economies of scale are difficult to measure and predict with precision, particularly on a fund-by-fund basis. One method to help ensure the shareholders share in these benefits is to include breakpoints in the advisory fee schedule. Generally, management fees for funds in the Nuveen complex are comprised of a fund-level component and a complex-level component, subject to certain exceptions. Accordingly, the Independent Board Members reviewed and considered the applicable fund-level breakpoints in the advisory fee schedules that reduce advisory fees as asset levels increase. Further, the Independent Board Members noted that although closed-end funds may from time-to-time make additional share offerings, the growth of their assets will occur primarily through the appreciation of such funds' investment portfolio.

In addition to fund-level advisory fee breakpoints, the Board also considered the Funds' complex-wide fee arrangement. Pursuant to the complex-wide fee arrangement, the fees of the funds in the Nuveen complex are generally reduced as the assets in the fund complex reach certain levels. The complex-wide fee arrangement seeks to provide the benefits of economies of scale to fund shareholders when total fund complex assets increase, even if assets of a particular fund are unchanged or have decreased. The approach reflects the notion that some of Nuveen's costs are attributable to services provided to all its funds in the complex and therefore all funds benefit if these costs are spread over a larger asset base.

Based on their review, the Independent Board Members concluded that the breakpoint schedules and complex-wide fee arrangement were acceptable and reflect economies of scale to be shared with shareholders when assets under management increase.

E. INDIRECT BENEFITS

In evaluating fees, the Independent Board Members received and considered information regarding potential "fall out" or ancillary benefits NAM or its affiliates may receive as a result of its relationship with each Fund. In this regard, the Independent Board Members considered any revenues received by affiliates of NAM for serving as agent at Nuveen's trading desk and as co-manager in initial public offerings of new closed-end funds.

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

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

98 Nuveen Investments

F. OTHER CONSIDERATIONS

The Independent Board Members did not identify any single factor discussed previously as all-important or controlling. The Board Members, including the Independent Board Members, unanimously concluded that the terms of the Advisory Agreements are fair and reasonable, that NAM's fees are reasonable in light of the services provided to each Fund and that the Advisory Agreements be renewed.

Nuveen Investments 99

Reinvest Automatically
Easily and Conveniently

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

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NUVEEN CLOSED-END FUNDS AUTOMATIC REINVESTMENT PLAN

Your Nuveen Closed-End Fund allows you to conveniently reinvest 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 compounding. Just like distributions in cash, there may be times when income or capital gains taxes may be payable on 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 quarter you'll receive a statement showing your total distributions, the date of investment, the shares acquired and the price per share, and the total number of shares you own.

HOW SHARES ARE PURCHASED

The shares you acquire by reinvesting will either be purchased on the open market or newly issued by the Fund. If the shares are trading at or above net asset value at the time of valuation, the Fund will issue new shares at the greater of the net asset value or 95% of the then-current market price. If the shares are trading at less than net asset value, shares for your account will be purchased on the open market. If the Plan Agent begins purchasing Fund shares on the open market while shares are trading below net asset value, but the Fund's shares subsequently trade at or above their net asset value before the Plan Agent is able to complete its purchases, the Plan Agent may cease open-market purchases and may invest the uninvested portion of the distribution in newly-issued Fund shares at a price equal to the greater of the shares' net asset value or 95% of the shares' market value on the last business day immediately prior to the purchase date. Distributions received to purchase shares in the open market will normally be invested shortly after the distribution payment date. No interest will be paid on distributions awaiting reinvestment. Because the market price of the shares may increase before purchases are completed, the average purchase price per share may

100 Nuveen Investments

exceed the market price at the time of valuation, resulting in the acquisition of fewer shares than if the distribution had been paid in shares issued by the Fund. A pro rata portion of any applicable brokerage commissions on open market purchases will be paid by Plan participants. These commissions usually will be lower than those charged on individual transactions.

FLEXIBLE

You may change your distribution option or withdraw from the Plan at any time, should your needs or situation change.

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 financial advisor if his or her firm will participate on your behalf. Participants whose shares are registered in the name of one firm may not be able to transfer the shares to another firm and continue to participate in the Plan.

The Fund reserves the right to amend or terminate the Plan at any time. Although the Fund reserves the right to amend the Plan to include a service charge

payable by the participants, there is no direct service charge to participants in the Plan at this time.

CALL TODAY TO START REINVESTING DISTRIBUTIONS

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

Nuveen Investments 101

Glossary of Terms
Used in this Report

- O AUCTION RATE BOND: An auction rate bond is a security whose interest payments are adjusted periodically through an auction process, which process typically also serves as a means for buying and selling the bond. Auctions that fail to attract enough buyers for all the shares offered for sale are deemed to have "failed," with current holders receiving a formula-based interest rate until the next scheduled auction.
- O AVERAGE ANNUAL TOTAL RETURN: This is a commonly used method to express an investment's performance over a particular, usually multi-year time period. It expresses the return that would have been necessary each year to equal the investment's actual cumulative performance (including change in NAV or market price and reinvested dividends and capital gains distributions, if any) over the time period being considered.
- O AVERAGE EFFECTIVE MATURITY: The average of the number of years to maturity of the bonds in a Fund's portfolio, computed by weighting each bond's time to maturity (the date the security comes due) by the market value of the security. This figure does not account for the likelihood of prepayments or the exercise of call provisions unless an escrow account has been established to redeem the bond before maturity. The market value weighting for an investment in an inverse floating rate security is the value of the portfolio's residual interest in the inverse floating rate trust, and does not include the value of the floating rate securities issued by the trust.
- O DURATION: Duration is a measure of the expected period over which a bond's principal and interest will be paid, and consequently is a measure of the sensitivity of a bond's or bond Fund's value to changes when market interest rates change. Generally, the longer a bond's or Fund's duration, the more the price of the bond or Fund will change as interest rates change. Leverage-adjusted duration takes into account the leveraging process for a Fund and therefore is longer than the duration of the Fund's portfolio of bonds.

102 Nuveen Investments

- O INVERSE FLOATERS: Inverse floating rate securities, also known as inverse floaters, are created by depositing a municipal bond, typically with a fixed interest rate, into a special purpose trust created by a broker-dealer. This trust, in turn, (a) issues floating rate certificates typically paying short-term tax-exempt interest rates to third parties in amounts equal to some fraction of the deposited bond's par amount or market value, and (b) issues an inverse floating rate certificate (sometimes referred to as an "inverse floater") to an investor (such as a Fund) interested in gaining investment exposure to a long-term municipal bond. The income received by the

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holder of the inverse floater varies inversely with the short-term rate paid to the floating rate certificates' holders, and in most circumstances the holder of the inverse floater bears substantially all of the underlying bond's downside investment risk. The holder of the inverse floater typically also benefits disproportionately from any potential appreciation of the underlying bond's value. Hence, an inverse floater essentially represents an investment in the underlying bond on a leveraged basis.

- O MARKET YIELD (ALSO KNOWN AS DIVIDEND YIELD OR CURRENT YIELD): An investment's current annualized dividend divided by its current market price.
- O NET ASSET VALUE (NAV): A Fund's NAV per common share is calculated by subtracting the liabilities of the Fund (including any Preferred shares issued in order to leverage the Fund) from its total assets and then dividing the remainder by the number of common shares outstanding. Fund NAVs are calculated at the end of each business day.
- O PRE-REFUNDING: Pre-refunding, also known as advanced refundings or refinancings, is a procedure used by state and local governments to refinance municipal bonds to lower interest expenses. The issuer sells new bonds with a lower yield and uses the proceeds to buy U.S. Treasury securities, the interest from which is used to make payments on the higher-yielding bonds. Because of this collateral, pre-refunding generally raises a bond's credit rating and thus its value.
- O TAXABLE-EQUIVALENT YIELD: The yield necessary from a fully taxable investment to equal, on an after-tax basis, the yield of a municipal bond investment.
- O ZERO COUPON BOND: A zero coupon bond does not pay a regular interest coupon to its holders during the life of the bond. Tax-exempt income to the holder of the bond comes from accretion of the difference between the original purchase price of the bond at issuance and the par value of the bond at maturity and is effectively paid at maturity. The market prices of zero coupon bonds generally are more volatile than the market prices of bonds that pay interest periodically.

Nuveen Investments 103

Notes

104 Nuveen Investments

Other Useful Information

BOARD OF TRUSTEES

John P. Amboian
Robert P. Bremner
Jack B. Evans
William C. Hunter
David J. Kundert
William J. Schneider
Judith M. Stockdale
Carole E. Stone
Terence J. Toth

FUND MANAGER

Nuveen Asset Management
333 West Wacker Drive

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Chicago, IL 60606

CUSTODIAN
State Street Bank & Trust
Company
Boston, MA

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

LEGAL COUNSEL
Chapman and Cutler LLP
Chicago, IL

INDEPENDENT REGISTERED
PUBLIC ACCOUNTING FIRM
Ernst & Young LLP
Chicago, IL

QUARTERLY PORTFOLIO OF INVESTMENTS AND PROXY VOTING INFORMATION

You may obtain (i) each Fund's quarterly portfolio of investments, (ii) information regarding how the Funds voted proxies relating to portfolio securities held during the twelve-month period ended June 30, 2009, and (iii) a description of the policies and procedures that the Funds used to determine how to vote proxies relating to portfolio securities without charge, upon request, by calling Nuveen Investments toll-free at (800) 257-8787 or on Nuveen's website at www.nuveen.com.

You may also obtain this and other Fund information directly from the Securities and Exchange Commission ("SEC"). The SEC may charge a copying fee for this information. Visit the SEC on-line at <http://www.sec.gov> or in person at the SEC's Public Reference Room in Washington, D.C. Call the SEC at (202) 942-8090 for room hours and operation. You may also request Fund information by sending an e-mail request to publicinfo@sec.gov or by writing to the SEC's Public References Section at 100 F Street NE, Washington, D.C. 20549.

CEO CERTIFICATION DISCLOSURE

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

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

COMMON AND PREFERRED SHARE INFORMATION

Each Fund intends to repurchase and/or redeem shares of its own common and/or preferred stock in the future at such times and in such amounts as is deemed advisable. During the period covered by this report, the Funds repurchased and/or redeemed shares of their common and/or preferred stock as shown in the accompanying table.

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| FUND | COMMON SHARES REPURCHASED | PREFERRED SHARES REDEEMED |
|------|------------------------------|------------------------------|
| NPG | -- | 1,112 |
| NZX | -- | 600 |
| NKG | -- | 1,268 |
| NNC | -- | 944 |
| NRB | -- | 680 |
| NNO | -- | 1,120 |
| NII | -- | 1,120 |

Any future repurchases and/or redemptions will be reported to shareholders in the next annual or semi-annual report.

Nuveen Investments 105

Nuveen Investments:
Serving Investors for Generations

Since 1898, financial advisors and their clients have relied on Nuveen Investments to provide dependable investment solutions through continued adherence to proven, longterm investing principles. Today, we offer a range of high quality equity and fixed-income solutions designed to be integral components of a well-diversified core portfolio.

FOCUSED ON MEETING INVESTOR NEEDS.

Nuveen Investments is a global investment management firm that seeks to help secure the long-term goals of institutions and high net worth investors as well as the consultants and financial advisors who serve them. We market our growing range of specialized investment solutions under the high-quality brands of HydePark, NWQ, Nuveen, Santa Barbara, Symphony, Tradewinds and Winslow Capital. In total, Nuveen Investments managed approximately \$150 billion of assets on March 31, 2010.

FIND OUT HOW WE CAN HELP YOU.

To learn more about the products and services of Nuveen Investments may be able to help you meet your financial goals, talk to your financial advisor, or call us at (800) 257-8787. Please read the information provided carefully before you invest.

Investors should consider the investment objective and policies, risk considerations, charges and expenses of any investment carefully. Where applicable, be sure to obtain a prospectus, which contains this and other relevant information. To obtain a prospectus, please contact your securities representative or NUVEEN INVESTMENTS, 333 W. WACKER DR., CHICAGO, IL 60606. Please read the prospectus carefully before you invest or send money.

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

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

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Chicago, IL 60606
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EAN-C-0510D

ITEM 2. CODE OF ETHICS.

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

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

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

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

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Nuveen Georgia Dividend Advantage Municipal Fund 2

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

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

SERVICES THAT THE FUND'S AUDITOR BILLED TO THE FUND

| FISCAL YEAR ENDED | AUDIT FEES BILLED TO FUND (1) | AUDIT-RELATED FEES BILLED TO FUND (2) | TAX BILLED TO |
|---|----------------------------------|--|------------------|
| May 31, 2010 | \$ 10,486 | \$ 15,000 | \$ |
| Percentage approved pursuant to pre-approval exception | 0% | 0% | |
| May 31, 2009 | \$ 10,345 | \$ 0 | \$ |
| Percentage approved pursuant to pre-approval exception | 0% | 0% | |

- (1) "Audit Fees" are the aggregate fees billed for professional services for the audit of the Fund's annual financial statements and services provided in connection with statutory and regulatory filings or engagements.
- (2) "Audit Related Fees" are the aggregate fees billed for assurance and related services reasonably related to the performance of the audit or review of financial statements and are not reported under "Audit Fees".
- (3) "Tax Fees" are the aggregate fees billed for professional services for tax advice, tax compliance, and tax planning.
- (4) "All Other Fees" are the aggregate fees billed for products and services for agreed upon procedures engagements performed for leveraged funds.

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

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

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

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the Committee (or its delegate) approves the services before the Fund's audit is completed.

| FISCAL YEAR ENDED | AUDIT-RELATED FEES BILLED TO ADVISER AND AFFILIATED FUND SERVICE PROVIDERS | TAX FEES BILLED ADVISER AND AFFILIATED FUND SERVICE PROVIDERS |
|--|---|--|
| May 31, 2010 | \$ 0 | \$ 0 |
| Percentage approved pursuant to pre-approval exception | 0% | 0% |
| May 31, 2009 | \$ 0 | \$ 0 |
| Percentage approved pursuant to pre-approval exception | 0% | 0% |

NON-AUDIT SERVICES

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

| FISCAL YEAR ENDED | TOTAL NON-AUDIT FEES BILLED TO FUND | TOTAL NON-AUDIT FEES BILLED TO ADVISER AND AFFILIATED FUND SERVICE PROVIDERS (ENGAGEMENTS RELATED DIRECTLY TO THE OPERATIONS AND FINANCIAL REPORTING OF THE FUND) | TOTAL BILLED AFFILIA PROVI E |
|-------------------|--|---|--|
| May 31, 2010 | \$ 850 | \$ 0 | |
| May 31, 2009 | \$ 850 | \$ 0 | |

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

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

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

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

ITEM 6. SCHEDULE OF INVESTMENTS.

- a) See Portfolio of Investments in Item 1.
- b) Not applicable.

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

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

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

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

THE PORTFOLIO MANAGER

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

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

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

| PORTFOLIO MANAGER | TYPE OF ACCOUNT MANAGED | NUMBER OF ACCOUNTS | ASSETS* |
|-------------------|----------------------------------|--------------------|-----------------|
| Daniel J. Close | Registered Investment Company | 22 | \$4.476 billion |
| | Other Pooled Investment Vehicles | 3 | \$70 million |
| | Other Accounts | 5 | \$.28 million |

* Assets are as of May 31, 2010. None of the assets in these accounts are subject to an advisory fee based on performance.

Compensation. Each portfolio manager's compensation consists of three basic elements--base salary, cash bonus and long-term incentive compensation. The compensation strategy is to annually compare overall compensation to the market in order to create a compensation structure that is competitive and consistent with similar financial services companies. As discussed below, several factors are considered in determining each portfolio manager's total compensation. In any year these factors may include, among others, the effectiveness of the investment strategies recommended by the portfolio manager's investment team, the investment performance of the accounts managed by the portfolio manager, and the overall performance of Nuveen Investments, Inc. (the parent company of NAM). Although investment performance is a factor in determining the portfolio manager's compensation, it is not necessarily a decisive factor. The portfolio manager's performance is evaluated in part by comparing manager's performance against a specified investment benchmark. This fund-specific benchmark is a customized subset (limited to bonds in each Fund's specific state and with certain maturity parameters) of the S&P/Investortools Municipal Bond index, an index comprised of bonds held by managed municipal bond fund customers of Standard & Poor's Securities Pricing, Inc. that are priced daily and whose fund holdings aggregate at least \$2 million. As of May 31, 2010, the S&P/Investortools Municipal Bond index was comprised of 55,306 securities with an aggregate current market value of \$1,205 billion.

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

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

Long-term incentive compensation. In connection with the acquisition of Nuveen

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Investments, Inc., by a group of investors lead by Madison Dearborn Partners in November 2007, certain employees, including portfolio managers, received profit interests in Nuveen's parent. These profit interests entitle the holders to participate in the appreciation in the value of Nuveen beyond the issue date and vest over five to seven years, or earlier in the case of a liquidity event. In addition, in July 2009, Nuveen Investments created and funded a trust, as part of a newly-established incentive program, which purchased shares of certain Nuveen Mutual Funds and awarded such shares, subject to vesting, to certain employees, including portfolio managers.

Material Conflicts of Interest. Each portfolio manager's simultaneous management of the registrant and the other accounts noted above may present actual or apparent conflicts of interest with respect to the allocation and aggregation of securities orders placed on behalf of the Registrant and the other account. NAM, however, believes that such potential conflicts are mitigated by the fact that the NAM has adopted several policies that address potential conflicts of interest, including best execution and trade allocation policies that are designed to ensure (1) that portfolio management is seeking the best price for portfolio securities under the circumstances, (2) fair and equitable allocation of investment opportunities among accounts over time and (3) compliance with applicable regulatory requirements. All accounts are to be treated in a non-preferential manner, such that allocations are not based upon account performance, fee structure or preference of the portfolio manager, although the allocation procedures may provide allocation preferences to funds with special characteristics (such as favoring state funds versus national funds for allocations of in-state bonds). In addition, NAM has adopted a Code of Conduct that sets forth policies regarding conflicts of interest.

Beneficial Ownership of Securities. As of May 31, 2010, the portfolio manager beneficially owned the following dollar range of equity securities issued by the Registrant and other Nuveen Funds managed by NAM's municipal investment team.

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

PORTFOLIO MANAGER BIO:

Daniel J. Close, CFA, is a Senior Vice President of Nuveen Investments. Mr. Close joined Nuveen Investments in 2000 as a member of Nuveen's product management and development team, where he was responsible for the oversight and development of Nuveen's mutual fund product line. He then served as a research analyst for Nuveen's municipal investing team, covering corporate-backed, energy, transportation and utility credits. He also serves as a portfolio manager for various Nuveen Build America Bond strategies. Currently, he manages investments for 23 Nuveen-sponsored investment companies.

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

Not applicable.

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

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

ITEM 11. CONTROLS AND PROCEDURES.

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

ITEM 12. EXHIBITS.

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

- (a)(1) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit: Not applicable because the code is posted on registrant's website at www.nuveen.com/CEF/Info/Shareholder and there were no amendments during the period covered by this report. (To view the code, click on Fund Governance and then Code of Conduct.)
- (a)(2) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the 1940 Act (17 CFR 270.30a-2(a)) in the exact form set forth below: Ex-99.CERT Attached hereto.
- (a)(3) Any written solicitation to purchase securities under Rule 23c-1 under the 1940 Act (17 CFR 270.23c-1) sent or given during the period covered by the report by or on behalf of the registrant to 10 or more persons. Not applicable.
- (b) If the report is filed under Section 13(a) or 15(d) of the Exchange Act, provide the certifications required by Rule 30a-2(b) under the 1940 Act (17 CFR 270.30a-2(b)); Rule 13a-14(b) or Rule 15d-14(b) under the Exchange Act (17 CFR 240.13a-14(b) or 240.15d-14(b)), and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350) as an exhibit. A certification furnished pursuant to this paragraph will not be deemed "filed" for purposes of Section 18 of the Exchange Act (15 U.S.C. 78r), or otherwise subject to the liability of that section. Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except to the extent that the registrant specifically incorporates it by reference. Ex-99.906 CERT attached hereto.

SIGNATURES

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

(Registrant) Nuveen Georgia Dividend Advantage Municipal Fund 2

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

Kevin J. McCarthy
Vice President and Secretary

Date: August 6, 2010

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 6, 2010

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

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

Date: August 6, 2010
