

NUVEEN NORTH CAROLINA DIVIDEND ADVANTAGE MUNICIPAL FUND 2

Form N-Q

October 29, 2010

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT INVESTMENT  
COMPANY

Investment Company Act file number 811-10525

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

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

Kevin J. McCarthy  
Vice President and Secretary  
333 West Wacker Drive, Chicago, Illinois 60606  
(Name and address of agent for service)

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

Date of fiscal year end: 5/31

Date of reporting period: 8/31/10

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q 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 the 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. § 3507.



## Item 1. Schedule of Investments

Portfolio of Investments (Unaudited)  
 Nuveen North Carolina Dividend Advantage Municipal Fund 2  
 (NNO)  
 August 31, 2010

Principal Amount (000)	Description (1)	Optional Call Provisions (2)	Ratings (3)	Value
	Education and Civic Organizations – 12.0% (7.6% 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 – NPMG Insured	7/12 at 100.00	Aa3	\$ 1,116,794
1,000	5.000%, 7/15/15 – NPMG Insured North Carolina Capital Facilities Financing Agency, Revenue Bonds, Duke University, Series 2001A:	7/12 at 100.00	Aa3	1,062,540
715	5.125%, 10/01/26	10/11 at 100.00	AA+	731,338
380	5.125%, 10/01/41 North Carolina Capital Facilities Financing Agency, Revenue Bonds,	10/11 at 100.00	AA+	394,619
800	Johnson and Wales University, Series 2003A, 5.000%, 4/01/33 – SYNCORA GTY Insured	4/13 at 100.00	N/R	801,024
130	University of North Carolina System, Pooled Revenue Bonds, Series 2002B, 5.375%, 4/01/19 – AMBAC Insured	10/12 at 100.00	N/R	139,078
1,000	University of North Carolina System, Pooled Revenue Bonds, Series 2005A, 5.000%, 4/01/22 – AMBAC Insured	4/15 at 100.00	A+	1,076,360
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 100.00	A	550,380
400	University of North Carolina, Chapel Hill, System Net Revenue Bonds, Series 2002B, 5.000%, 12/01/11	No Opt. Call	Aaa	423,636
250	University of North Carolina, Charlotte, Certificates of Participation, Student Housing Project, Series 2005, 5.000%, 3/01/21 – AMBAC Insured	3/15 at 100.00	A	271,110
400	University of North Carolina, Greensboro, General Revenue Refunding Bonds, Series 2002B, 5.375%, 4/01/17 – AGM Insured	4/11 at 101.00	AAA	415,900

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6,615	Total Education and Civic Organizations			6,982,779
	Health Care – 26.4% (16.8% of Total Investments)			
	Albemarle Hospital Authority, North Carolina, Health Care Facilities	10/17 at		
1,015	Revenue Bonds, Series	100.00	N/R	820,029
	2007, 5.250%, 10/01/38			
	Charlotte-Mecklenberg Hospital Authority, North Carolina, Carolinas	1/18 at		
1,000	HealthCare System Revenue	100.00	AA–	1,030,390
	Bonds, Series 2008A, 5.000%, 1/15/47			
	Charlotte-Mecklenberg Hospital Authority, North Carolina, Carolinas	1/19 at		
750	HealthCare System, Health	100.00	AA–	800,700
	Care Refunding Revenue Bonds, Series 2009A, 5.250%, 1/15/39			
	Charlotte-Mecklenburg Hospital Authority, North Carolina,	1/11 at		
1,640	Healthcare System Revenue Bonds,	101.00	AA–	1,655,268
	Carolinas Healthcare System, Series 2001A, 5.000%, 1/15/31			
	Johnston Memorial Hospital Authority, North Carolina, Mortgage	4/18 at		
500	Revenue Bonds, Johnston	100.00	AAA	529,280
	Memorial Hospital Project, Series 2008, 5.250%, 10/01/36 – AGM			
	Insured			
	New Hanover County, North Carolina, Hospital Revenue Bonds,	10/19 at		
120	New Hanover Regional Medical	100.00	AAA	128,353
	Center, Series 2006B, 5.125%, 10/01/31 – AGM Insured			
	North Carolina Medical Care Commission, Health Care Facilities	10/14 at		
455	Revenue Bonds, WakeMed, Series	100.00	AAA	477,077
	2009A, 5.625%, 10/01/38 – AGC Insured			
	North Carolina Medical Care Commission, Healthcare Facilities	11/13 at		
2,000	Revenue Bonds, Novant Health	100.00	A+	2,108,740
	Obligated Group, Series 2003A, 5.000%, 11/01/20			
	North Carolina Medical Care Commission, Healthcare Facilities	1/12 at		
1,005	Revenue Bonds, Union Regional	100.00	A+	1,046,647
	Medical Center, Series 2002A, 5.250%, 1/01/13			
	North Carolina Medical Care Commission, Hospital Revenue Bonds,			
	Southeastern Regional Medical			
	Center, Series 2002:			
		6/12 at		
1,000	5.500%, 6/01/15	101.00	A	1,051,460
		6/12 at		
2,100	5.250%, 6/01/22	101.00	A	2,150,085
	North Carolina Medical Care Commission, Hospital Revenue Bonds,	11/17 at		
925	Wilson Medical Center, Series	100.00	A–	938,283
	2007, 5.000%, 11/01/27			
	North Carolina Medical Care Commission, Revenue Bonds, Blue	1/15 at		
1,250	Ridge Healthcare System, Series	100.00	A	1,271,325
	2005, 5.000%, 1/01/33 – FGIC Insured			
	North Carolina Medical Care Commission, Revenue Bonds,			
	Cleveland County Healthcare System,			
	Series 2004A:			
		7/14 at		
595	5.250%, 7/01/20 – AMBAC Insured	100.00	A	623,096
		7/14 at		
500	5.250%, 7/01/22 – AMBAC Insured	100.00	A	519,995
150			BBB	156,042

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	Northern Hospital District of Surry County, North Carolina, Health Care Facilities Revenue	4/18 at 100.00		
	Bonds, Series 2008, 6.250%, 10/01/38			
15,005	Total Health Care			15,306,770
	Housing/Single Family – 3.6% (2.3% of Total Investments)			
	North Carolina Housing Finance Agency, Home Ownership Revenue	1/11 at		
325	Bonds, 1998 Trust Agreement, Series 10A, 5.400%, 7/01/32 – AMBAC Insured (Alternative Minimum Tax)	100.00	AA	325,143
	North Carolina Housing Finance Agency, Home Ownership Revenue Bonds, Series 13A:			
		7/11 at		
615	4.700%, 7/01/12 (Alternative Minimum Tax)	100.00	AA	625,867
		7/11 at		
620	4.850%, 7/01/13 (Alternative Minimum Tax)	100.00	AA	630,528
	North Carolina Housing Finance Agency, Home Ownership Revenue	7/16 at		
510	Bonds, Series 25-A, 4.900%, 7/01/37 (Alternative Minimum Tax)	100.00	AA	512,535
2,070	Total Housing/Single Family			2,094,073
	Long-Term Care – 1.7% (1.1% of Total Investments)			
	North Carolina Medical Care Commission, Healthcare Facilities Revenue Bonds, Presbyterian Homes, Series 2006:			
		10/16 at		
250	5.400%, 10/01/27	100.00	N/R	248,060
		10/16 at		
600	5.500%, 10/01/31	100.00	N/R	577,524
	North Carolina Medical Care Commission, Revenue Bonds, Pines at	1/16 at		
185	Davidson, Series 2006A, 5.000%, 1/01/36	100.00	N/R	181,341
1,035	Total Long-Term Care			1,006,925
	Materials – 2.4% (1.5% of Total Investments)			
	Columbus County Industrial Facilities and Pollution Control	3/17 at		
300	Financing Authority, North Carolina, Environmental Improvement Revenue Bonds, International Paper Company Project, Series 2007A, 4.625%, 3/01/27	100.00	BBB	275,433
	Northampton County Industrial Facilities and Pollution Control	2/11 at		
1,100	Financing Authority, North Carolina, Environmental Improvement Revenue Bonds, International Paper Company, Series 2001A, 6.200%, 2/01/25 (Alternative Minimum Tax)	101.00	BBB	1,116,368
1,400	Total Materials			1,391,801
	Tax Obligation/General – 9.7% (6.2% of Total Investments)			
	Durham, North Carolina, General Obligation Bonds, Series 2007,	4/17 at		
1,475	5.000%, 4/01/22	100.00	AAA	1,711,118
	Forsyth County, North Carolina, General Obligation Bonds, Limited	4/20 at		
1,050	Obligation Series 2009, 5.000%, 4/01/30	100.00	AA+	1,178,625
	North Carolina, General Obligation Bonds, Series 2004A, 5.000%,	3/14 at		
500	3/01/22	100.00	AAA	559,270

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2,000	Wake County, North Carolina, Limited Obligation Bonds, Series 2010, 5.000%, 1/01/37	1/20 at 100.00	AA+	2,181,260
5,025	Total Tax Obligation/General Tax Obligation/Limited – 35.2% (22.4% of Total Investments)			5,630,273
30	Cabarrus County, North Carolina, Certificates of Participation, Series 2002, 5.250%, 2/01/16	2/13 at 100.00	AA	32,556
1,750	Charlotte, North Carolina, Certificates of Participation, Governmental Facilities Projects, Series 2003G, 5.000%, 6/01/28	6/13 at 100.00	AA+	1,830,570
400	Charlotte, North Carolina, Certificates of Participation, Nascar Hall of Fame, Series 2009C, 5.000%, 6/01/39	6/19 at 100.00	AA+	428,500
575	Charlotte, North Carolina, Certificates of Participation, Transit Projects Phase 2, Series 2008A, 5.000%, 6/01/33	6/18 at 100.00	AA+	616,325
1,850	Charlotte, North Carolina, Storm Water Fee Revenue Bonds, Series 2002, 5.250%, 6/01/18	6/12 at 101.00	AAA	2,012,467
800	Craven County, North Carolina, Certificates of Participation, Series 2007, 5.000%, 6/01/27 – NPFPG Insured	6/17 at 100.00	AA–	864,056
500	Harnett County, North Carolina, Certificates of Participation, Series 2009, 5.000%, 6/01/29 – AGC Insured	6/19 at 100.00	AAA	545,255
1,000	Hartnett County, North Carolina, Certificates of Participation, Series 2002: 5.250%, 12/01/15 – AGM Insured	12/12 at 101.00	AAA	1,100,230
2,025	5.375%, 12/01/16 – AGM Insured	12/12 at 101.00	AAA	2,233,575
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 100.00	AAA	778,900
1,380	Pasquotank County, North Carolina, Certificates of Participation, Series 2004, 5.000%, 6/01/25 – NPFPG Insured	6/14 at 100.00	A	1,432,150
2,070	Pitt County, North Carolina, Certificates of Participation, School Facilities Project, Series 2004B, 5.000%, 4/01/29 – AMBAC Insured	4/14 at 100.00	AA–	2,132,121
2,625	Puerto Rico Sales Tax Financing Corporation, Sales Tax Revenue Bonds, First Subordinate Series 2010A, 0.000%, 8/01/35	No Opt. Call	A+	590,205
805	Raleigh, North Carolina, Certificates of Participation, Downtown Improvement Project, Series 2004B: 5.000%, 6/01/20	6/14 at 100.00	AA+	876,581
1,310	5.000%, 6/01/21	6/14 at 100.00	AA+	1,419,293
115	Raleigh, North Carolina, Certificates of Participation, Series 2007, 5.000%, 2/01/27	2/17 at 100.00	AA+	125,697
1,000			AAA	1,098,040

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	Randolph County, North Carolina, Certificates of Participation, Series 2004, 5.000%, 6/01/20 – AGM Insured	6/14 at 102.00		
100	Rutherford County, North Carolina, Certificates of Participation, Series 2007, 5.000%, 12/01/27 – AGM Insured	12/17 at 100.00	AAA	109,426
1,150	Sampson County, North Carolina, Certificates of Participation, Series 2006, 5.000%, 6/01/34 – AGM Insured (UB)	6/17 at 100.00	AAA	1,210,766
500	Wilmington, North Carolina, Certificates of Participation, Series 2008A, 5.000%, 6/01/29	6/18 at 100.00	AA	547,830
400	Wilson County, North Carolina, Certificates of Participation, School Facilities Project, Series 2007, 5.000%, 4/01/25 – AMBAC Insured	4/17 at 100.00	Aa3	428,910
21,100	Total Tax Obligation/Limited Transportation – 23.6% (15.0% of Total Investments)			20,413,453
1,000	Charlotte, North Carolina, Airport Revenue Bonds, Charlotte Douglas International Refunding Series 2010A, 5.000%, 7/01/39	7/20 at 100.00	A+	1,049,050
1,935	Charlotte, North Carolina, Airport Revenue Bonds, Series 2004A, 5.000%, 7/01/34 – NPMFG Insured	7/14 at 100.00	A+	1,981,595
660	North Carolina State Ports Authority, Port Facilities Revenue Bonds, Senior Lien Series 2010A, 5.250%, 2/01/40	2/20 at 100.00	A3	691,126
	North Carolina Turnpike Authority, Triangle Expressway System Revenue Bonds, Series 2009A:			
90	5.375%, 1/01/26 – AGC Insured	1/19 at 100.00	AAA	100,618
105	5.500%, 1/01/29 – AGC Insured	1/19 at 100.00	AAA	116,258
430	5.750%, 1/01/39 – AGC Insured	1/19 at 100.00	AAA	472,463
	North Carolina Turnpike Authority, Triangle Expressway System Senior Lien Revenue Bonds, Series 2009B:			
150	0.000%, 1/01/31 – AGC Insured	No Opt. Call	AAA	52,503
100	0.000%, 1/01/33 – AGC Insured	No Opt. Call	AAA	31,091
50	0.000%, 1/01/35 – AGC Insured	No Opt. Call	AAA	13,804
5,600	0.000%, 1/01/37 – AGC Insured	No Opt. Call	AAA	1,366,064
350	0.000%, 1/01/38 – AGC Insured	No Opt. Call	AAA	80,283
435	Piedmont Triad Airport Authority, North Carolina, Airport Revenue Bonds, Series 2005A, 5.000%, 7/01/20 – SYNCORA GTY Insured	7/15 at 100.00	A2	475,699
1,100	Raleigh Durham Airport Authority, North Carolina, Airport Revenue Bonds, Refunding Series 2010A, 5.000%, 5/01/36 (WI/DD, Settling 9/02/10)	No Opt. Call	Aa3	1,186,493

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	Raleigh Durham Airport Authority, North Carolina, Airport Revenue Bonds, Series 2001A:			
		5/11 at		
1,000	5.250%, 11/01/15 – FGIC Insured	101.00	Aa3	1,043,420
		5/11 at		
2,320	5.250%, 11/01/16 – FGIC Insured	101.00	Aa3	2,420,734
		5/11 at		
2,230	5.250%, 11/01/17 – FGIC Insured	101.00	Aa3	2,326,827
	University of North Carolina, Charlotte, Parking System Revenue	1/12 at		
270	Bonds, Series 2002, 5.000%,	101.00	A1	289,316
	1/01/20 – NPPG Insured			
17,825	Total Transportation			13,697,344
	U.S. Guaranteed – 8.4% (5.3% of Total Investments) (4)			
	Charlotte-Mecklenburg Hospital Authority, North Carolina,	1/11 at		
490	Healthcare System Revenue Bonds,	101.00	Aa3 (4)	503,617
	Carolinas Healthcare System, Series 2001A, 5.000%, 1/15/31			
	(Pre-refunded 1/15/11)			
	Charlotte-Mecklenburg Hospital Authority, North Carolina,	1/15 at		
200	Healthcare System Revenue Bonds, DBA	100.00	AAA	233,970
	Carolinas Healthcare System, Series 2005A, 5.000%, 1/15/45			
	(Pre-refunded 1/15/15)			
	North Carolina Medical Care Commission, Health System Revenue	10/11 at		
370	Bonds, Mission St. Joseph’s	101.00	AA (4)	393,965
	Health System, Series 2001, 5.250%, 10/01/31 (Pre-refunded			
	10/01/11)			
	North Carolina Medical Care Commission, Revenue Bonds,	11/14 at		
500	Northeast Medical Center, Series 2004,	100.00	Aa3 (4)	585,525
	5.000%, 11/01/24 (Pre-refunded 11/01/14)			
	Raleigh, North Carolina, Combined Enterprise System Revenue			
	Bonds, Series 2004:			
		3/14 at		
1,000	5.000%, 3/01/21 (Pre-refunded 3/01/14)	100.00	AAA	1,148,490
		3/14 at		
1,250	5.000%, 3/01/22 (Pre-refunded 3/01/14)	100.00	AAA	1,435,613
	University of North Carolina System, Pooled Revenue Refunding	10/12 at		
505	Bonds, Series 2002A, 5.375%,	100.00	N/R (4)	556,571
	4/01/19 (Pre-refunded 10/01/12) – AMBAC Insured			
4,315	Total U.S. Guaranteed			4,857,751
	Utilities – 10.5% (6.7% of Total Investments)			
	North Carolina Eastern Municipal Power Agency, Power System	1/16 at		
500	Revenue Bonds, Series 2005,	100.00	A–	551,675
	5.250%, 1/01/20 – AMBAC Insured			
	North Carolina Eastern Municipal Power Agency, Power System			
	Revenue Refunding Bonds,			
	Series 1993B:			
		1/11 at		
2,500	5.500%, 1/01/17 – FGIC Insured	100.00	Baa1	2,506,000
		1/21 at		
25	5.500%, 1/01/21	100.00	A–	25,044
	North Carolina Municipal Power Agency 1, Catawba Electric	1/19 at		
225	Revenue Bonds, Refunding Series	100.00	A	239,814



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	2009A, 5.000%, 1/01/30			
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 101.00	A1	2,777,372
5,850	Total Utilities			6,099,905
	Water and Sewer – 23.8% (15.1% of Total Investments)			
500	Brunswick County, North Carolina, Enterprise System Revenue Bonds, Series 2008A, 5.000%, 4/01/31 – AGM Insured	4/18 at 100.00	AAA	538,000
500	Cape Fear Public Utility Authority, North Carolina, Water & Sewer System Revenue Bonds, Series 2008, 5.000%, 8/01/35	8/18 at 100.00	AA	541,205
2,520	Charlotte, North Carolina, Water and Sewerage System Revenue Bonds, Series 2002A, 5.250%, 7/01/13	No Opt. Call	AAA	2,860,528
1,000	Durham County, North Carolina, Enterprise System Revenue Bonds, Series 2002, 5.000%, 6/01/23 – NPFG Insured	6/13 at 100.00	AA	1,083,180
700	Oak Island, North Carolina, Enterprise System Revenue Bonds, Series 2009A, 6.000%, 6/01/34 – AGC Insured	6/19 at 100.00	AAA	782,712
3,095	Raleigh, North Carolina, Combined Enterprise System Revenue Bonds, Series 2006A: 5.000%, 3/01/31 (UB)	3/16 at 100.00	AAA	3,345,540
975	Raleigh, North Carolina, Combined Enterprise System Revenue Bonds, Series 2006A, Residuals 5.000%, 3/01/36 (UB)	3/16 at 100.00	AAA	1,042,314
40	Series 11-R-645-2, 13.254%, 3/01/14 (IF)	No Opt. Call	AAA	49,714
1,000	Wilmington, North Carolina, Water and Sewer Revenue Bonds, Series 2005, 5.000%, 6/01/25 – AGM Insured	6/15 at 100.00	AAA	1,131,100
2,275	Winston-Salem, North Carolina, Water and Sewer System Revenue Bonds, Series 2007A, 5.000%, 6/01/37 (UB)	6/17 at 100.00	AAA	2,445,170
12,605	Total Water and Sewer			13,819,463
\$ 92,845	Total Investments (cost \$86,472,372) – 157.3%			91,300,537
	Floating Rate Obligations – (8.3)%			(4,805,000)
	MuniFund Term Preferred Shares, at Liquidation Value – (51.2)% (5)			(29,700,000)
	Other Assets Less Liabilities – 2.2%			1,254,278
	Net Assets Applicable to Common Shares – 100%			\$ 58,049,815

### Fair Value Measurements

In determining the value of the 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 the Fund's fair value measurements as of August 31, 2010:

	Level 1	Level 2	Level 3	Total
Investments:				
Municipal Bonds	\$ —	\$91,300,537	\$ —	\$91,300,537

### 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 on the Statement of Assets and Liabilities presented in the annual report, based on their federal tax basis treatment; temporary differences do not require reclassification. Temporary and permanent differences do not impact the net asset value of the Fund.

At August 31, 2010, the cost of investments was \$81,655,575.

Gross unrealized appreciation and gross unrealized depreciation of investments at August 31, 2010, were as follows:

Gross unrealized:	
Appreciation	\$5,041,642

Depreciation	(201,710)
Net unrealized appreciation (depreciation) of investments	\$4,839,932

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
  - (2) Optional Call Provisions: Dates (month and year) and prices of the earliest optional call or redemption. There may be other call provisions at varying prices at later dates. Certain mortgage-backed securities may be subject to periodic principal paydowns.
  - (3) Ratings: Using the 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. Holdings designated N/R are not rated by any of these national rating agencies.
  - (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 32.5%.
- N/R Not rated.
- WI/DD Purchased on a when-issued or delayed delivery basis.
- (IF) Inverse floating rate investment.
- (UB) Underlying bond of an inverse floating rate trust reflected as a financing transaction.
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Item 2. 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 Rule 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934 (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 registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

File as exhibits as part of this Form 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)), exactly as set forth below: See EX-99 CERT attached hereto.

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SIGNATURES

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

(Registrant) Nuveen North Carolina Dividend Advantage Municipal Fund 2

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

Date October 29, 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 October 29, 2010

By (Signature and Title) /s/ Stephen D. Foy  
Stephen D. Foy  
Vice President and Controller (principal financial officer)

Date October 29, 2010