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NUVEEN QUALITY PREFERRED INCOME FUND 2  
Form N-CSRS  
September 07, 2005

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-21137  
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Nuveen Quality Preferred Income Fund 2  
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(Exact name of registrant as specified in charter)

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

(Address of principal executive offices) (Zip code)

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

(Name and address of agent for service)

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

Date of fiscal year end: December 31  
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Date of reporting period: June 30, 2005  
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Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

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

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ITEM 1. REPORTS TO STOCKHOLDERS.

SEMIANNUAL REPORT June 30, 2005

Nuveen Investments  
Closed-End  
Exchange-Traded  
Funds

NUVEEN QUALITY PREFERRED INCOME FUND  
JTP

NUVEEN QUALITY PREFERRED INCOME FUND 2  
JPS

NUVEEN QUALITY PREFERRED INCOME FUND 3  
JHP

Photo of: Man, woman and child at the beach.  
Photo of: A child.

HIGH CURRENT INCOME FROM A PORTFOLIO OF INVESTMENT-GRADE PREFERRED SECURITIES

Logo: NUVEEN Investments

Photo of: Woman  
Photo of: Man and child  
Photo of: Woman

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if you get your Nuveen Fund dividends  
and statements from your financial  
advisor or brokerage account.

OR

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WWW.NUVEEN.COM/ACCOUNTACCESS  
if you get your Nuveen Fund dividends  
and statements directly from Nuveen.

(Be sure to have the address sheet that accompanied this report handy. You'll need it to complete the enrollment process.)

Logo: NUVEEN Investments

Photo of: Timothy R. Schwertfeger

Timothy R. Schwertfeger  
Chairman of the Board

Chairman's  
LETTER TO SHAREHOLDERS

I am pleased to report that for the period ended June 30, 2005, your Fund continued to provide you with attractive monthly income from a diversified portfolio of quality preferred securities. For more details about the management strategy and performance of your Fund, please see the Portfolio Managers' Comments and Performance Overview sections of this report.

As you'll see as you review this report, we continue to believe that your Fund provides a valuable source of regular monthly income, and that it also may provide

"WE CONTINUE TO BELIEVE THAT YOUR FUND PROVIDES A VALUABLE SOURCE OF REGULAR MONTHLY INCOME, AND THAT IT ALSO MAY PROVIDE AN OPPORTUNITY TO REDUCE THE OVERALL RISK OF YOUR ENTIRE INVESTMENT PORTFOLIO."

an opportunity to reduce the overall risk of your entire investment portfolio. This is because the price of your Fund's shares may move differently than the prices of other investments that you may own. Your financial advisor can explain the advantages of portfolio diversification in more detail. I urge you to contact him or her soon for more information on this important investment strategy.

I also urge you to consider receiving future Fund reports and other Fund information faster by using e-mail and the Internet. Sign up is quick and easy - see the inside front cover of this report for step-by-step instructions.

Earlier in 2005, The St. Paul Travelers Companies, Inc., which owned 79% of Nuveen Investments, Inc. (the parent of your Fund's investment adviser), sold a substantial portion of its stake in Nuveen. More recently, St. Paul sold the balance of its shares in Nuveen to us or to others. Please be assured that these transactions only affect Nuveen's corporate structure, and they do not have any impact on the investment objectives or management of your Fund.

For more than 100 years, Nuveen has specialized in offering quality investments such as your Fund to those seeking to accumulate and preserve wealth. Our mission continues to be to assist you and your financial advisor by offering the investment solutions and services that can help you secure your long-term

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financial goals. We thank you for choosing us as a partner as you work toward that objective.

Sincerely,

/s/ Timothy R. Schwertfeger

Timothy R. Schwertfeger  
Chairman of the Board

August 15, 2005

Nuveen Closed-End Exchange-Traded Funds (JTP, JPS, JHP)

The Nuveen Quality Preferred Income Funds are subadvised by a team of specialists at Spectrum Asset Management, an affiliate of Principal CapitalSM. Mark Lieb, Bernie Sussman and Phil Jacoby, who have more than 50 years of combined experience in the preferred securities markets, lead the team. Here Mark, Bernie and Phil talk about their management strategy and the performance of each Fund for the six-month period ended June 30, 2005.

WHAT WAS YOUR OVERALL MANAGEMENT STRATEGY FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2005?

In a surprisingly strong bond market, our focus for this six-month period was on trying to maintain Fund income levels as much as possible without sacrificing quality. Contrary to what many market observers predicted, intermediate- and long-term interest rates dropped significantly during the first six months of 2005 at the same time as the Federal Reserve was raising short-term rates. As might be expected in this type of environment, a number of the Funds' higher coupon issues were called away and the proceeds generally had to be reinvested at lower current rates.

As the period progressed, we tried to turn some of this yield curve flattening to our advantage by shortening the durations - and therefore reducing the interest rate risk - of the Funds. We did this by purchasing securities with shorter effective maturities, since the flatter yield curve meant that we would give up less income to buy these less risky investments. Helping this process, certain sectors of both the \$1000 par capital securities market and the \$25 par listed securities market also afforded opportunities to reinvest in ways that provided more yield for a given level of interest rate risk.

Generally, as intermediate- and long-term bonds rallied during this reporting period, \$25 par issues tended to lag behind. This was especially true during the first three months of 2005, when the \$25 par sector experienced one of its worst quarters ever, both on an absolute basis as well as relative to the general fixed-income markets. While this hurt the overall performance of the Funds, it also meant that many \$25 par securities were available at yields that were the most attractive relative to the corporate bond market since 2001. To take advantage of this situation, we reallocated a small percentage of each Fund's portfolios into the \$25 par sector by selling some \$1000 par capital securities.

Other parts of the preferred market that appeared very attractive to us were

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Dividends Received Deduction (DRD) and the Qualified Dividend Income (QDI) issues. Due to a recent change by Moody's in how they would evaluate an issuer's preferred securities, there was a large amount of issuance of this type of paper during this reporting period. In nearly all cases, the new issues were priced attractively to the current market and at levels that allowed investors to buy without giving up much income relative to fully taxable securities. Even though the Funds do not emphasize tax-advantaged income to either individuals or corporations as an objective, we increased our concentration in these types of issues since we believed that we were getting the tax advantages for little or no cost. Moreover, we believed that there were potential total return benefits that existed if these types of preferred investments ever begin to trade at levels that reflect their tax benefits.

HOW DID THE FUNDS PERFORM OVER THE SIX-MONTHS ENDED JUNE 30, 2005?

The performance of each Fund, as well as the performance of several widely followed market indexes, is shown in the nearby chart.

TOTAL RETURN ON NET ASSET VALUE\*  
For periods ended June 30, 2005

|   | 6-MONTH | 1-YEAR |
|---|---------|--------|
| JTP   | 2.33%   | 11.99% |
| JPS   | 2.40%   | 12.01% |
| JHP   | 2.07%   | 11.68% |
| Lehman Brothers<br>Aggregate Bond Index <sup>1</sup>                  | 2.52%   | 6.81%  |
| Merrill Lynch Preferred Stock<br>Hybrid Securities Index <sup>2</sup> | -0.54%  | 8.00%  |

\*Six-month returns are cumulative; one-year returns are annualized.

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

For more information, please see the individual Performance Overview pages in this report.

For the six months ended June 30, 2005, all three Funds underperformed the unleveraged, unmanaged Lehman Brothers Aggregate Bond Index and outperformed the Merrill Lynch Preferred Stock Hybrid Securities Index.

1 The Lehman Brothers Aggregate Bond Index is an unmanaged index that includes all investment-grade, publicly issued, fixed-rate, dollar-denominated, nonconvertible debt issues and commercial mortgage backed securities with maturities of at least one year and outstanding par values of \$150 million or more. Index returns do not include the effects of any sales charges or management fees. It is not possible to invest directly in an index.

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- 2 The Merrill Lynch Preferred Stock Hybrid Securities Index is an unmanaged index of investment-grade, exchange-traded preferred stocks with outstanding market values of at least \$30 million and at least one year to maturity.

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Helping the performance of the Funds during this period was the decision to focus on some of the recent DRD and QDI issuance. These purchases produced positive results quickly as many of these offerings traded immediately to premiums. The Funds also benefited from the trades that took profits on a number of \$1000 par capital security positions such as Centaur, Abbey National and KN Energy, with the proceeds then reinvested in both fully taxable and QDI \$25 par securities. All three Funds also were helped by the profits resulting from the liquidation of a number of convertible securities positions during the period. We sold our positions in Ameren, Keyspan, Public Service Enterprise and Alltel at significant gains after having enjoyed book yields of 8% or more from these issues over the past couple of years.

On the other hand, auto industry securities were a bad news story during the six month period. As of June 30, 2005, we had liquidated all of our holdings in GM and Delphi, and most of our holdings in Ford. In hindsight, we wish we had acted more quickly. The bonds and preferred securities of these issuers traded down considerably as market share concerns and unfunded pension and healthcare obligations took center stage in the press. Rating agency downgrades followed and even though most of our investments were in the senior debt of these companies, prices of all securities of these companies dropped as investors reacted to the unfavorable news.

In addition, the underperformance of the \$25 par sector relative to both the \$1000 par capital securities sector and the general bond market hurt the performance of the Funds. We believed this to be a temporary phenomenon, and we actually increased our concentrations in this sector. While we believe this may help the Funds over the longer term, it did constrain their performance over this six month period.

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### Distribution and Share Price INFORMATION

Each of these Funds uses financial leverage in an effort to enhance its dividend-paying capabilities. While this strategy adds volatility to a Fund's net asset value and share price, it generally enhances the amount of income the Fund has to distribute to its common shareholders. The extent of this benefit is tied in part to the short-term rates these Funds pay their FundPreferredTM shareholders. As short-term rates rose through this reporting period, the Funds paid higher dividends to their FundPreferred shareholders. As a result, the leveraging strategy - while still beneficial - did not provide as much income enhancement as it did before short-term interest rates began to rise. Over this reporting period JTP and JHP announced two reductions in their monthly distribution to shareholders, while JPS announced three distribution reductions.

Each of these Funds seeks to pay stable distributions at rates that reflect each Fund's past results and projected future performance. During certain periods,

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each Fund may pay distributions 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 distributions, 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 distributions 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 in distributions to shareholders. As of June 30, 2005, each of the Funds in this report had positive UNII balances for both financial statement and tax purposes.

In addition, due to normal portfolio management activity, common shareholders of the following Funds received capital gains and/or net ordinary income distributions at the end of December 2004 as follows:

|     | LONG-TERM CAPITAL GAINS<br>(PER SHARE) | ORDINARY INCOME<br>(PER SHARE) |
|-----|--|--------------------------------|
| JPS | \$0.1587                               | \$0.0300                       |
| JHP | \$0.0588                               | --                             |

The relatively large distributions from JPS represented important parts of this Fund's total return for this period. Generally, these types of distributions were generated by bond calls or by sales of appreciated securities that occurred in the course of normal portfolio management activities. The proceeds of these calls or sales then were reinvested in securities paying lower, current interest rates. On balance, this had a slight negative impact on the Funds' earning power and was a minor factor in the reductions noted above.

As of June 30, 2005, the Funds' shares were trading at discounts to their NAVs as shown in the accompanying chart:

|     | 6/30/05<br>DISCOUNT | 6-MONTH AVERAGE<br>DISCOUNT |
|-----|---------------------|-----------------------------|
| JTP | -4.63%              | -6.31%                      |
| JPS | -6.35%              | -7.54%                      |
| JHP | -2.09%              | -3.05%                      |

Nuveen Quality Preferred Income Fund  
JTP

### Performance

OVERVIEW As of June 30, 2005

### Pie Chart:

#### PORTFOLIO ALLOCATION

(as a % of total investments)

|                                  |       |
|----------------------------------|-------|
| \$25 Par (or similar) Securities | 52.8% |
| Capital Preferred Securities     | 43.3% |
| Convertible Preferred Securities | 2.6%  |

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|                       |      |
|-----------------------|------|
| Repurchase Agreements | 1.1% |
| Corporate Bonds       | 0.2% |

### Bar Chart:

#### 2004-2005 MONTHLY DIVIDENDS PER SHARE

|     |        |
|-----|--------|
| Jul | 0.101  |
| Aug | 0.101  |
| Sep | 0.101  |
| Oct | 0.101  |
| Nov | 0.101  |
| Dec | 0.097  |
| Jan | 0.097  |
| Feb | 0.097  |
| Mar | 0.097  |
| Apr | 0.097  |
| May | 0.097  |
| Jun | 0.0935 |

### Line Chart:

#### SHARE PRICE PERFORMANCE

#### Weekly Closing Price

Past performance is not predictive of future results.

|        |       |
|--------|-------|
| 7/1/04 | 13.6  |
|        | 13.69 |
|        | 13.89 |
|        | 13.88 |
|        | 13.92 |
|        | 13.9  |
|        | 13.99 |
|        | 13.71 |
|        | 13.72 |
|        | 13.77 |
|        | 13.83 |
|        | 13.87 |
|        | 13.82 |
|        | 13.65 |
|        | 13.64 |
|        | 13.74 |
|        | 13.69 |
|        | 13.58 |
|        | 13.72 |
|        | 13.86 |
|        | 13.96 |
|        | 13.96 |
|        | 14.04 |
|        | 14.13 |
|        | 14.13 |
|        | 14.01 |
|        | 14.1  |
|        | 14.16 |
|        | 14.2  |
|        | 14.13 |
|        | 14.2  |
|        | 14.26 |
|        | 14.27 |
|        | 14.3  |
|        | 14.36 |
|        | 14.44 |
|        | 14.38 |
|        | 14.37 |
|        | 14.2  |
|        | 14.27 |



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14.46  
14.46  
14.5  
14.6  
14.55  
14.48  
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14.62  
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14.68  
14.63  
14.64  
14.58  
14.62  
14.67  
14.72  
14.8  
14.85  
14.92  
14.94  
14.97  
14.63  
14.22  
14.47  
14.52  
14.55  
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14.57  
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14.71  
14.7  
14.73  
14.75

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14.75  
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14.86  
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14.6  
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14.55  
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14.6  
14.52  
14.49  
14.51  
14.36  
14.15  
13.96  
13.81  
13.61  
13.65  
13.83  
13.83  
13.73  
13.71  
13.74  
13.82  
13.93  
14  
13.99  
13.99  
14.03  
14.11  
14.14  
14.27  
14.28  
14.2  
14.16  
14.18  
14.24  
14.24  
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14.21  
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14.67  
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14

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14.34  
14.29  
14.24  
14.21  
14.17  
14.19  
14.2  
14.1  
14.09  
13.85  
13.65  
13.51  
13.32  
13.3  
13.16  
12.96  
12.85  
13.02  
12.95  
12.63  
12.68  
13.08  
13.2  
13.14  
13.17  
12.97  
13.02  
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12.96  
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13.21  
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13.33  
13.43  
13.43  
13.4  
13.45  
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13.49  
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|         |       |
|---------|-------|
|         | 13.62 |
|         | 13.75 |
|         | 13.84 |
|         | 13.82 |
|         | 13.86 |
|         | 13.86 |
|         | 13.89 |
|         | 14.03 |
|         | 14    |
|         | 14.02 |
|         | 13.92 |
|         | 13.92 |
|         | 13.98 |
|         | 13.99 |
|         | 13.93 |
|         | 13.75 |
|         | 13.83 |
|         | 13.8  |
|         | 13.8  |
|         | 13.83 |
|         | 13.85 |
|         | 13.86 |
|         | 14    |
|         | 14.02 |
|         | 14.04 |
|         | 13.99 |
|         | 13.99 |
|         | 13.96 |
| 6/30/05 | 14    |

PORTFOLIO STATISTICS

|   |           |
|---|-----------|
| Common Share Price                                | \$14.00   |
| Common Share<br>Net Asset Value                   | \$14.68   |
| Premium/(Discount) to NAV                         | -4.63%    |
| Latest Dividend                                   | \$.0935   |
| Market Yield                                      | 8.01%     |
| Net Assets Applicable to<br>Common Shares (\$000) | \$946,257 |

INDUSTRIES

(as a % of total investments)

|                                |       |
|--------------------------------|-------|
| Commercial Banks               | 28.6% |
| Insurance                      | 17.5% |
| Real Estate                    | 16.3% |
| Diversified Financial Services | 10.7% |
| Capital Markets                | 8.4%  |
| Thriffs & Mortgage Finance     | 4.6%  |

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|                       |       |
|-----------------------|-------|
| Repurchase Agreements | 1.1%  |
| -----                 |       |
| Other                 | 12.8% |
| -----                 |       |

TOP FIVE ISSUERS  
(EXCLUDING REPURCHASE AGREEMENTS)  
(as a % of total investments)

|   |      |
|---|------|
| Wachovia Corporation                    | 3.4% |
| -----                                   |      |
| JPMorgan Chase & Company                | 3.1% |
| -----                                   |      |
| ING Groep NV                            | 3.0% |
| -----                                   |      |
| HSBC Holdings Public<br>Limited Company | 2.6% |
| -----                                   |      |
| Zurich Financial Services               | 2.5% |
| -----                                   |      |

AVERAGE ANNUAL TOTAL RETURN  
(Inception 6/25/02)

|                         | ON SHARE PRICE | ON NAV |
|-------------------------|----------------|--------|
| -----                   |                |        |
| 6-Month<br>(Cumulative) | 4.23%          | 2.33%  |
| -----                   |                |        |
| 1-Year                  | 13.01%         | 11.99% |
| -----                   |                |        |
| Since<br>Inception      | 6.09%          | 9.37%  |
| -----                   |                |        |

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Nuveen Quality Preferred Income Fund 2  
JPS

Performance

OVERVIEW As of June 30, 2005

Pie Chart:

PORTFOLIO ALLOCATION

(as a % of total investments)

|                                  |       |
|----------------------------------|-------|
| \$25 Par (or similar) Securities | 54.7% |
| Capital Preferred Securities     | 40.9% |
| Convertible Preferred Securities | 2.7%  |
| Repurchase Agreements            | 1.5%  |
| Corporate Bonds                  | 0.2%  |

Bar Chart:

2004-2005 MONTHLY DIVIDENDS PER SHARE<sup>1</sup>

|     |       |
|-----|-------|
| Jul | 0.105 |
| Aug | 0.105 |
| Sep | 0.105 |
| Oct | 0.105 |

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|     |       |
|-----|-------|
| Nov | 0.105 |
| Dec | 0.102 |
| Jan | 0.102 |
| Feb | 0.102 |
| Mar | 0.099 |
| Apr | 0.099 |
| May | 0.099 |
| Jun | 0.096 |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

|        |       |
|--------|-------|
| 7/1/04 | 14.2  |
|        | 14.32 |
|        | 14.33 |
|        | 14.31 |
|        | 14.46 |
|        | 14.48 |
|        | 14.65 |
|        | 14.47 |
|        | 14.44 |
|        | 14.43 |
|        | 14.6  |
|        | 14.55 |
|        | 14.47 |
|        | 14.34 |
|        | 14.45 |
|        | 14.43 |
|        | 14.25 |
|        | 14.24 |
|        | 14.45 |
|        | 14.52 |
|        | 14.61 |
|        | 14.61 |
|        | 14.73 |
|        | 14.7  |
|        | 14.72 |
|        | 14.61 |
|        | 14.77 |
|        | 14.8  |
|        | 14.89 |
|        | 14.8  |
|        | 14.88 |
|        | 14.87 |
|        | 14.82 |
|        | 14.85 |
|        | 14.9  |
|        | 14.92 |
|        | 14.88 |
|        | 14.84 |
|        | 14.81 |
|        | 14.81 |
|        | 14.96 |
|        | 15.02 |
|        | 15.01 |
|        | 15.1  |
|        | 15.06 |
|        | 14.95 |
|        | 15.04 |
|        | 15.09 |
|        | 15.09 |

15.06  
15.12  
15.01  
15.04  
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15.09  
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15.13  
15.25  
15.31  
15.33  
15.33  
15.41  
15.54  
15.64  
15.07  
14.72  
14.93  
15.12  
15.06  
15.03  
15.11  
15.16  
15.2  
15.27  
15.26  
15.16  
15.18  
15.22  
15.23  
15.06  
14.94  
14.95  
14.77  
14.8  
14.92

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14.94  
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14.73



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14.8  
14.55  
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13.75  
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14.01  
13.94  
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|         |       |
|---------|-------|
|         | 14.44 |
|         | 14.4  |
|         | 14.49 |
|         | 14.48 |
|         | 14.44 |
|         | 14.32 |
|         | 14.25 |
|         | 14.22 |
|         | 14.08 |
|         | 14.2  |
|         | 14.29 |
|         | 14.31 |
|         | 14.25 |
|         | 14.37 |
|         | 14.36 |
|         | 14.41 |
|         | 14.25 |
|         | 14.25 |
|         | 14.38 |
| 6/30/05 | 14.45 |

PORTFOLIO STATISTICS

|   |             |
|---|-------------|
| Common Share Price                                | \$14.45     |
| Common Share<br>Net Asset Value                   | \$15.43     |
| Premium/(Discount) to NAV                         | -6.35%      |
| Latest Dividend                                   | \$.0960     |
| Market Yield                                      | 7.97%       |
| Net Assets Applicable to<br>Common Shares (\$000) | \$1,844,588 |

INDUSTRIES

(as a % of total investments)

|                                |       |
|--------------------------------|-------|
| Commercial Banks               | 26.1% |
| Insurance                      | 20.2% |
| Real Estate                    | 13.8% |
| Diversified Financial Services | 9.9%  |
| Capital Markets                | 9.4%  |
| Thrifts & Mortgage Finance     | 4.5%  |
| Electric Utilities             | 3.8%  |
| Repurchase Agreements          | 1.5%  |
| Other                          | 10.8% |

TOP FIVE ISSUERS

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(EXCLUDING REPURCHASE AGREEMENTS)  
(as a % of total investments)

|  |      |
|--|------|
| Wachovia Corporation                     | 3.4% |
| JPMorgan Chase & Company                 | 3.1% |
| ING Groep NV                             | 3.0% |
| EverestRe Group                          | 2.6% |
| Sun Life Financial Services<br>of Canada | 2.5% |

AVERAGE ANNUAL TOTAL RETURN  
(Inception 9/24/02)

|                         | ON SHARE PRICE | ON NAV |
|-------------------------|----------------|--------|
| 6-Month<br>(Cumulative) | 4.57%          | 2.40%  |
| 1-Year                  | 13.17%         | 12.01% |
| Since<br>Inception      | 7.60%          | 11.72% |

- 1 The Fund also paid shareholders capital gains and net ordinary income distributions in December 2004 of \$0.1887 per share.

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Nuveen Quality Preferred Income Fund 3  
JHP

Performance

OVERVIEW As of June 30, 2005

Pie Chart:

PORTFOLIO ALLOCATION

(as a % of total investments)

|                                  |       |
|----------------------------------|-------|
| \$25 Par (or similar) Securities | 58.4% |
| Capital Preferred Securities     | 38.0% |
| Convertible Preferred Securities | 2.5%  |
| Repurchase Agreements            | 0.9%  |
| Corporate Bonds                  | 0.2%  |

Bar Chart:

2004-2005 MONTHLY DIVIDENDS PER SHARE<sup>1</sup>

|     |       |
|-----|-------|
| Jul | 0.103 |
| Aug | 0.103 |
| Sep | 0.103 |
| Oct | 0.103 |
| Nov | 0.103 |
| Dec | 0.1   |
| Jan | 0.1   |

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|     |        |
|-----|--------|
| Feb | 0.1    |
| Mar | 0.1    |
| Apr | 0.1    |
| May | 0.1    |
| Jun | 0.0965 |

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

|        |       |
|--------|-------|
| 7/1/04 | 13.71 |
|        | 13.89 |
|        | 14.1  |
|        | 14.11 |
|        | 14.25 |
|        | 14.28 |
|        | 14.45 |
|        | 14.36 |
|        | 14.31 |
|        | 14.27 |
|        | 14.37 |
|        | 14.3  |
|        | 14.32 |
|        | 14.16 |
|        | 14.23 |
|        | 14.22 |
|        | 14.15 |
|        | 14.24 |
|        | 14.35 |
|        | 14.34 |
|        | 14.34 |
|        | 14.34 |
|        | 14.44 |
|        | 14.43 |
|        | 14.47 |
|        | 14.42 |
|        | 14.49 |
|        | 14.46 |
|        | 14.54 |
|        | 14.39 |
|        | 14.42 |
|        | 14.52 |
|        | 14.61 |
|        | 14.6  |
|        | 14.64 |
|        | 14.57 |
|        | 14.57 |
|        | 14.6  |
|        | 14.51 |
|        | 14.53 |
|        | 14.61 |
|        | 14.68 |
|        | 14.87 |
|        | 14.91 |
|        | 14.92 |
|        | 14.89 |
|        | 14.91 |
|        | 14.98 |
|        | 14.98 |
|        | 14.88 |
|        | 14.95 |
|        | 14.98 |

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14.74  
14.72  
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14.85  
14.85  
14.85  
14.75  
14.89  
15.02  
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15.3  
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|         |       |
|---------|-------|
|         | 14.69 |
|         | 14.5  |
|         | 14.47 |
|         | 14.65 |
|         | 14.74 |
|         | 14.56 |
|         | 14.47 |
|         | 14.6  |
|         | 14.51 |
|         | 14.54 |
|         | 14.52 |
|         | 14.54 |
|         | 14.55 |
|         | 14.49 |
|         | 14.42 |
|         | 14.54 |
| 6/30/05 | 14.53 |

PORTFOLIO STATISTICS

|   |           |
|---|-----------|
| Common Share Price                                | \$14.53   |
| Common Share<br>Net Asset Value                   | \$14.84   |
| Premium/(Discount) to NAV                         | -2.09%    |
| Latest Dividend                                   | \$.0965   |
| Market Yield                                      | 7.97%     |
| Net Assets Applicable to<br>Common Shares (\$000) | \$350,887 |

INDUSTRIES

(as a % of total investments)

|                                |       |
|--------------------------------|-------|
| Commercial Banks               | 24.3% |
| Insurance                      | 22.8% |
| Real Estate                    | 12.9% |
| Diversified Financial Services | 11.2% |
| Capital Markets                | 9.9%  |
| Thrifts & Mortgage Finance     | 4.2%  |
| Consumer Finance               | 2.9%  |
| Repurchase Agreements          | 0.9%  |
| Other                          | 10.9% |

TOP FIVE ISSUERS

(EXCLUDING REPURCHASE AGREEMENTS)

(as a % of total investments)



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|                            |      |
|----------------------------|------|
| Wachovia Corporation       | 3.8% |
| -----                      |      |
| ING Groep NV               | 3.3% |
| -----                      |      |
| JPMorgan Chase & Company   | 3.0% |
| -----                      |      |
| Union Planters Corporation | 2.5% |
| -----                      |      |
| Zurich Financial Services  | 2.5% |
| -----                      |      |

AVERAGE ANNUAL TOTAL RETURN  
(Inception 12/18/02)

|                         | ON SHARE PRICE | ON NAV |
|-------------------------|----------------|--------|
| -----                   |                |        |
| 6-Month<br>(Cumulative) | 4.80%          | 2.07%  |
| -----                   |                |        |
| 1-Year                  | 17.06%         | 11.68% |
| -----                   |                |        |
| Since<br>Inception      | 7.36%          | 10.12% |
| -----                   |                |        |

1 The Fund also paid shareholders a capital gains distribution in December 2004 of \$0.0588 per share.

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### Shareholder MEETING REPORT

The annual shareholder meeting was held on March 22, 2005, in Chicago at Nuveen's headquarters.

|                               | JTP  |  | JPS  |  |
|-------------------------------|--|--|--|--|
| -----                         |  |  |  |  |
| APPROVAL OF THE BOARD MEMBERS |  |  |  |  |
| WAS REACHED AS FOLLOWS:       |  |  |  |  |
|                               | Common and<br>Preferred<br>shares voting<br>together<br>as a class | Preferred<br>shares voting<br>together<br>as a class | Common and<br>Preferred<br>shares voting<br>together<br>as a class | Preferred<br>shares voting<br>together<br>as a class |
| =====                         |  |  |  |  |
| Robert P. Bremner             |  |  |  |  |
| For                           | 62,271,854   | --   | 115,370,348  |  |
| Withhold                      | 764,305  | --   | 945,001  |  |
| -----                         |  |  |  |  |
| Total                         | 63,036,159   | --   | 116,315,349  |  |
| =====                         |  |  |  |  |
| Lawrence H. Brown             |  |  |  |  |
| For                           | 62,265,166   | --   | 115,377,065  |  |
| Withhold                      | 770,993  | --   | 938,284  |  |
| -----                         |  |  |  |  |
| Total                         | 63,036,159   | --   | 116,315,349  |  |

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|                         |            |        |             |      |  |
|-------------------------|------------|--------|-------------|------|--|
| =====                   |            |        |             |      |  |
| Jack B. Evans           |            |        |             |      |  |
| For                     | 62,285,293 | --     | 115,397,150 |      |  |
| Withhold                | 750,866    | --     | 918,199     |      |  |
| -----                   |            |        |             |      |  |
| Total                   | 63,036,159 | --     | 116,315,349 |      |  |
| =====                   |            |        |             |      |  |
| William C. Hunter       |            |        |             |      |  |
| For                     | 62,287,700 | --     | 115,368,108 |      |  |
| Withhold                | 748,459    | --     | 947,241     |      |  |
| -----                   |            |        |             |      |  |
| Total                   | 63,036,159 | --     | 116,315,349 |      |  |
| =====                   |            |        |             |      |  |
| David J. Kundert        |            |        |             |      |  |
| For                     | 62,283,388 | --     | 115,371,707 |      |  |
| Withhold                | 752,771    | --     | 943,642     |      |  |
| -----                   |            |        |             |      |  |
| Total                   | 63,036,159 | --     | 116,315,349 |      |  |
| =====                   |            |        |             |      |  |
| William J. Schneider    |            |        |             |      |  |
| For                     | --         | 16,654 | --          | 30,0 |  |
| Withhold                | --         | 39     | --          | 1    |  |
| -----                   |            |        |             |      |  |
| Total                   | --         | 16,693 | --          | 30,1 |  |
| =====                   |            |        |             |      |  |
| Timothy R. Schwertfeger |            |        |             |      |  |
| For                     | --         | 16,654 | --          | 30,0 |  |
| Withhold                | --         | 39     | --          | 1    |  |
| -----                   |            |        |             |      |  |
| Total                   | --         | 16,693 | --          | 30,1 |  |
| =====                   |            |        |             |      |  |

11

Shareholder  
MEETING REPORT (continued)

|  |  | JTP  | JPS  |
|--|--|--|--|
| APPROVAL OF THE BOARD MEMBERS<br>WAS REACHED AS FOLLOWS: |  |  |  |
|  | Common and<br>Preferred<br>shares voting<br>together<br>as a class | Preferred<br>shares voting<br>together<br>as a class | Common and<br>Preferred<br>shares voting<br>together<br>as a class |
|  |  |  | Preferred<br>shares voti<br>togeth<br>as a cla                     |
| =====  |  |  |  |
| Judith M. Stockdale                                      |  |  |  |
| For  | 62,278,191   | --   | 115,374,498  |
| Withhold   | 757,968  | --   | 940,851  |
| -----  |  |  |  |
| Total  | 63,036,159   | --   | 116,315,349  |
| =====  |  |  |  |
| Eugene S. Sunshine                                       |  |  |  |
| For  | 62,287,681   | --   | 115,388,082  |

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|          |            |    |             |
|----------|------------|----|-------------|
| Withhold | 748,478    | -- | 927,267     |
| -----    |            |    |             |
| Total    | 63,036,159 | -- | 116,315,349 |
| =====    |            |    |             |

12

Nuveen Quality Preferred Income Fund (JTP)  
 Portfolio of  
 INVESTMENTS June 30, 2005 (Unaudited)

| SHARES  | DESCRIPTION(1)                                       | COUPON | RATING<br>MOODY'S |
|---|--|--------|-------------------|
| -----   |  |        |                   |
| \$25 PAR (OR SIMILAR) SECURITIES - 77.0% (52.8% OF TOTAL INVESTMENTS) |  |        |                   |
| AUTOMOBILES - 0.1%  |  |        |                   |
| 5,300   | Daimler Chrysler (CORTS)                             | 7.250% | A3                |
| 25,801  | Ford Motor Company, Series F (CORTS)                 | 8.000% | Baa3              |
| -----   |  |        |                   |
| CAPITAL MARKETS - 5.5%  |  |        |                   |
| 1,250   | ABN AMRO North America, Series L, 144A               | 6.460% | A3                |
| 60,900  | Bear Stearns Capital Trust III                       | 7.800% | A2                |
| 31,300  | BNY Capital Trust V, Series F                        | 5.950% | A1                |
| 228,095   | Compass Capital Trust III                            | 7.350% | A3                |
| 30,700  | First Union Capital II, Series II (CORTS)            | 7.500% | A1                |
| 11,300  | First Union Institutional Capital II (CORTS)         | 8.200% | A1                |
| 8,700   | Goldman Sachs Capital I, Series A (CORTS)            | 6.000% | A1                |
| 6,500   | Goldman Sachs Group Inc. (CORTS)                     | 6.300% | A3                |
| 500   | Goldman Sachs Group Inc. (SATURNS)                   | 5.750% | Aa3               |
| 81,500  | JPMorgan Chase Capital Trust IX, Series I            | 7.500% | A1                |
| 108,549   | Lehman Brothers Holdings Capital Trust III, Series K | 6.375% | A2                |
| 63,400  | Lehman Brothers Holdings Capital Trust IV, Series L  | 6.375% | A2                |
| 13,200  | Lehman Brothers Holdings Capital Trust V, Series M   | 6.000% | A2                |
| 103,420   | Lehman Brothers Holdings Capital Trust VI, Series N  | 6.240% | A2                |
| 35,000  | Lehman Brothers Holdings Inc., Series C              | 5.940% | N/R               |
| 50,000  | Lehman Brothers Holdings Inc., Series F              | 6.500% | A3                |
| 81,600  | Merrill Lynch Capital Trust                          | 7.000% | A1                |
| 71,800  | Merrill Lynch Preferred Capital Trust IV             | 7.120% | A1                |
| 88,600  | Merrill Lynch Preferred Capital Trust V              | 7.280% | A1                |
| 196,100   | Merrill Lynch Preferred Capital Trust                | 7.750% | A1                |
| 178,400   | Morgan Stanley Capital Trust II                      | 7.250% | A1                |
| 226,700   | Morgan Stanley Capital Trust III                     | 6.250% | A1                |
| 249,095   | Morgan Stanley Capital Trust IV                      | 6.250% | A1                |
| 10,800  | Morgan Stanley Capital Trust V                       | 5.750% | A1                |
| 3,400   | Morgan Stanley (PPLUS)                               | 7.050% | Aa3               |
| -----   |  |        |                   |
| COMMERCIAL BANKS - 10.1%  |  |        |                   |
| 24,800  | Abbey National plc, Series B                         | 7.250% | A1                |
| 68,500  | Abbey National plc, Series B                         | 7.375% | A2                |

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|         |   |         |      |
|---------|---|---------|------|
| 130,000 | ABN AMRO Capital Fund Trust V           | 5.900%  | A2   |
| 28,000  | ABN AMRO Capital Trust Fund VII         | 6.080%  | A2   |
| 103,100 | ASBC Capital I                          | 7.625%  | Baa1 |
| 7,200   | BAC Capital Trust I                     | 7.000%  | Aa3  |
| 64,500  | BAC Capital Trust II                    | 7.000%  | Aa3  |
| 80,000  | BAC Capital Trust III                   | 7.000%  | Aa3  |
| 185,450 | Banco Santander                         | 6.410%  | A2   |
| 52,300  | Banco Totta & Acores Finance, Series A  | 8.875%  | A3   |
| 66,000  | Banesto Holdings, Series A, 144A        | 10.500% | A2   |
| 59,400  | Bank One Capital Trust VI               | 7.200%  | A1   |
| 198,900 | Chittenden Capital Trust I              | 8.000%  | Baa1 |
| 116,800 | Cobank ABC, 144A                        | 7.000%  | N/R  |
| 133,700 | Comerica Capital Trust I                | 7.600%  | A3   |
| 33,900  | Fleet Capital Trust VII                 | 7.200%  | Aa3  |
| 3,800   | KeyCorp Capital Trust V                 | 5.875%  | A3   |
| 62,900  | KeyCorp (PCARS)                         | 7.500%  | A3   |
| 18,500  | KeyCorp, Series 2001-7 (CORTS)          | 7.750%  | A3   |
| 31,300  | KeyCorp, Series B (CORTS)               | 8.250%  | A3   |
| 64,900  | National Commerce Capital Trust II      | 7.700%  | A1   |
| 55,300  | National Westminster Bank plc, Series A | 7.875%  | Aa2  |

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Nuveen Quality Preferred Income Fund (JTP) (continued)  
Portfolio of INVESTMENTS June 30, 2005 (Unaudited)

| SHARES                                  | DESCRIPTION(1)  | COUPON | RATING<br>-----<br>MOODY'S |
|---|---|--------|----------------------------|
| COMMERCIAL BANKS (continued)            |   |        |                            |
| 200,000                                 | PFCI Capital Corporation  | 7.750% | A3                         |
| 5,000                                   | PNC Capital Trust   | 6.125% | A3                         |
| 30,900                                  | Regions Finance Trust I   | 8.000% | A2                         |
| 13,500                                  | Royal Bank of Scotland Group plc, Series L                              | 5.750% | A1                         |
| 27,400                                  | Royal Bank of Scotland Group plc, Series M                              | 6.400% | A1                         |
| 216,762                                 | Royal Bank of Scotland Group plc, Series N                              | 6.350% | A1                         |
| 23,500                                  | SunTrust Capital Trust IV   | 7.125% | A1                         |
| 79,000                                  | SunTrust Capital Trust V  | 7.050% | A1                         |
| 175,000                                 | USB Capital Trust III   | 7.750% | Aa3                        |
| 423,005                                 | USB Capital Trust IV  | 7.350% | Aa3                        |
| 46,800                                  | USB Capital Trust V   | 7.250% | Aa3                        |
| 36,700                                  | VNB Capital Trust I   | 7.750% | Baa1                       |
| 28,500                                  | Washington Mutual Capital Trust I, Series 2001-22,<br>Class A-1 (CORTS) | 7.650% | Baa1                       |
| 6,236                                   | Well Fargo Capital Trust IX   | 5.625% | Aa2                        |
| 25,500                                  | Wells Fargo Capital Trust IV  | 7.000% | Aa2                        |
| 179,700                                 | Wells Fargo Capital Trust V   | 7.000% | Aa2                        |
| 15,900                                  | Wells Fargo Capital Trust VI  | 6.950% | Aa2                        |
| 15,900                                  | Wells Fargo Capital Trust VII   | 5.850% | Aa2                        |
| 379,250                                 | Zions Capital Trust B   | 8.000% | Baa1                       |
| -----<br>COMPUTERS & PERIPHERALS - 0.0% |   |        |                            |
| 1,800                                   | IBM Inc., Trust Certificates, Series 2001-2                             | 7.100% | A1                         |

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|   |  |        |      |
|---|--|--------|------|
| 1,400   | IBM Trust II (CORTS)                                   | 7.125% | A1   |
| -----   |  |        |      |
| CONSUMER FINANCE - 0.2%                       |  |        |      |
| 60,300  | Household Capital Trust VI                             | 8.250% | A2   |
| 25,400  | Household Capital Trust VII                            | 7.500% | A2   |
| -----   |  |        |      |
| DIVERSIFIED FINANCIAL SERVICES - 7.6%         |  |        |      |
| 17,000  | BBVA Preferred Capital Ltd., Series B                  | 7.750% | A1   |
| 32,476  | CIT Group Incorporated (CORTS)                         | 7.750% | A3   |
| 5,000   | Citigroup Capital Trust IX                             | 6.000% | Aa2  |
| 237,600                                       | Citigroup Capital Trust VII                            | 7.125% | Aa2  |
| 272,700                                       | Citigroup Capital Trust VIII                           | 6.950% | Aa2  |
| 51,500  | Citigroup Capital Trust XI                             | 6.000% | Aa2  |
| 66,300  | Citigroup Inc., Series H                               | 6.231% | Aa3  |
| 39,400  | Citigroup Inc., Series M                               | 5.864% | Aa3  |
| 3,000   | General Electric Capital Corporation (CORTS)           | 6.000% | Aaa  |
| 2,000   | General Electric Capital Corporation                   | 5.875% | N/R  |
| 7,400   | General Electric Capital Corporation                   | 6.100% | Aaa  |
| 1,800   | Goldman Sachs Group Inc., Series 2004-04 (SATURNS)     | 6.000% | A1   |
| 569,000                                       | ING Group NV   | 7.050% | N/R  |
| 1,015,458                                     | ING Group NV   | 7.200% | A2   |
| 32,600  | JPM Capital Trust I, Series 2001-1, Class A-1 (CORTS)  | 7.850% | A1   |
| 73,600  | JPMorgan Chase Capital Trust X                         | 7.000% | A1   |
| 90,106  | JPMorgan Chase Capital Trust XI                        | 5.875% | A1   |
| 68,900  | JPMorgan Chase Capital Trust XVI                       | 6.350% | A1   |
| 20,000  | JPMorgan Chase Trust, Series 2002-6, Class A (SATURNS) | 7.125% | A1   |
| 46,000  | Merrill Lynch Capital Trust II                         | 8.000% | A1   |
| -----   |  |        |      |
| DIVERSIFIED TELECOMMUNICATION SERVICES - 0.4% |  |        |      |
| 3,300   | BellSouth Capital Funding (CORTS)                      | 7.100% | A1   |
| 1,400   | BellSouth Corporation (CORTS)                          | 7.000% | Aa3  |
| 14,800  | BellSouth Corporation, Series 2001-3 (SATURNS)         | 7.125% | A2   |
| 5,900   | BellSouth Inc. (CORTS)                                 | 7.000% | A2   |
| 83,200  | SBC Communications Inc.                                | 7.000% | A2   |
| 1,600   | Verizon Communications (CORTS)                         | 7.625% | A2   |
| 5,000   | Verizon Communications, Series 2004-1 (SATURNS)        | 6.125% | A2   |
| 23,700  | Verizon New England Inc., Series B                     | 7.000% | A2   |
| 18,500  | Verizon South Inc., Series F                           | 7.000% | A2   |
| -----   |  |        |      |
| ELECTRIC UTILITIES - 3.5%                     |  |        |      |
| 77,740  | DTE Energy Trust I                                     | 7.800% | Baa3 |
| 95,305  | Entergy Louisiana Inc.                                 | 7.600% | Baa1 |
| 293,196                                       | Georgia Power Company                                  | 5.700% | Aaa  |
| 118,651                                       | Georgia Power Company                                  | 5.900% | A2   |
| 2,100   | Gulf Power Capital Trust III                           | 7.375% | A3   |

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RATING

| SHARES                    | DESCRIPTION(1)               | COUPON | MOODY'S |
|---------------------------|------------------------------|--------|---------|
| -----                     |                              |        |         |
| ELECTRIC UTILITIES - 3.5% |                              |        |         |
| 77,740                    | DTE Energy Trust I           | 7.800% | Baa3    |
| 95,305                    | Entergy Louisiana Inc.       | 7.600% | Baa1    |
| 293,196                   | Georgia Power Company        | 5.700% | Aaa     |
| 118,651                   | Georgia Power Company        | 5.900% | A2      |
| 2,100                     | Gulf Power Capital Trust III | 7.375% | A3      |

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|           |  |        |      |
|-----------|--|--------|------|
| 251,073   | Interstate Power and Light Company, Series B             | 8.375% | Baa3 |
| 1,800     | National Rural Utilities Cooperative Finance Corporation | 7.600% | A3   |
| 17,800    | National Rural Utilities Cooperative Finance Corporation | 7.400% | A3   |
| 143,743   | National Rural Utilities Cooperative Finance Corporation | 5.950% | A3   |
| 7,000     | Tennessee Valley Authority, Series D                     | 6.750% | Aaa  |
| 187,000   | Virginia Power Capital Trust                             | 7.375% | Baa1 |
| -----     |  |        |      |
|           | FOOD PRODUCTS - 0.7%                                     |        |      |
| 64,000    | Dairy Farmers of America Inc., 144A                      | 7.875% | Ba1  |
| -----     |  |        |      |
|           | GAS UTILITIES - 0.1%                                     |        |      |
| 32,300    | AGL Capital Trust II                                     | 8.000% | Baa2 |
| -----     |  |        |      |
|           | INDUSTRIAL CONGLOMERATES - 0.1%                          |        |      |
| 19,400    | General Electric Company, Series GE (CORTS)              | 6.800% | Aaa  |
| -----     |  |        |      |
|           | INSURANCE - 14.5%  |        |      |
| 673,500   | Ace Ltd., Series C                                       | 7.800% | Baa2 |
| 1,102,550 | Aegon NV   | 6.375% | A3   |
| 1,800     | Allstate Corporation (PCARS)                             | 7.150% | A2   |
| 10,500    | AMBAC Financial Group Inc.                               | 7.000% | Aa2  |
| 21,500    | AMBAC Financial Group Inc.                               | 5.950% | Aa2  |
| 1,800     | AMBAC Financial Group Inc.                               | 5.875% | Aa2  |
| 18,700    | American General Capital III                             | 8.050% | Aa3  |
| 202,000   | Delphi Financial Group Inc.                              | 8.000% | Baa3 |
| 271,600   | EverestRe Capital Trust II                               | 6.200% | Ba1  |
| 79,400    | EverestRe Group Limited                                  | 7.850% | Ba1  |
| 2,000     | Financial Security Assurance Holdings                    | 6.875% | Aa2  |
| 1,400     | Financial Security Assurance Holdings                    | 5.600% | Aa2  |
| 189,777   | Hartford Capital Trust III, Series C                     | 7.450% | Ba1  |
| 50,700    | Hartford Life Capital Trust II, Series B                 | 7.625% | Ba1  |
| 79,200    | Lincoln National Capital Trust V, Series E               | 7.650% | Ba1  |
| 31,500    | Lincoln National Capital Trust VI                        | 6.750% | Ba1  |
| 24,427    | MBIA Inc.  | 8.000% | Aa2  |
| 1,900     | MetLife Inc.   | 5.875% | A2   |
| 556,700   | MetLife Inc., Series B                                   | 6.500% | Ba1  |
| 250,000   | PartnerRe Limited, Series C                              | 6.750% | Ba1  |
| 67,300    | PartnerRe Limited, Series D                              | 6.500% | Ba1  |
| 113,800   | PartnerRe Limited  | 7.900% | A3   |
| 79,400    | PLC Capital Trust III                                    | 7.500% | Ba1  |
| 410,200   | PLC Capital Trust IV                                     | 7.250% | Ba1  |
| 264,165   | Prudential plc   | 6.750% | Ba1  |
| 61,100    | RenaissanceRe Holdings Ltd., Series B                    | 7.300% | Baa2 |
| 13,900    | RenaissanceRe Holdings Ltd., Series C                    | 6.080% | Baa2 |
| 125,650   | RenaissanceRe Holdings Ltd., Series A                    | 8.100% | Baa2 |
| 40,000    | Safeco Capital Trust I (CORTS)                           | 8.700% | Baa2 |
| 34,300    | Safeco Capital Trust I, Series 2001-4 (CORTS)            | 8.750% | Baa2 |
| 2,000     | Safeco Capital Trust III (CORTS)                         | 8.072% | Baa2 |
| 62,500    | Torchmark Capital Trust I                                | 7.750% | Ba1  |
| 17,800    | W.R. Berkley Capital Trust, Series 2002-1, (CBTCS)       | 8.125% | Baa3 |
| 4,600     | W.R. Berkley (CORTS)                                     | 8.250% | Baa3 |
| 391,854   | XL Capital Ltd., Series A                                | 8.000% | Ba1  |

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|        |                           |        |      |
|--------|---------------------------|--------|------|
| 75,200 | XL Capital Ltd., Series B | 7.625% | Baa1 |
|--------|---------------------------|--------|------|

-----  
IT SERVICES - 0.1%

|        |                                |        |    |
|--------|--------------------------------|--------|----|
| 28,700 | Vertex Industries Inc. (PPLUS) | 7.625% | A2 |
|--------|--------------------------------|--------|----|

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Nuveen Quality Preferred Income Fund (JTP) (continued)  
Portfolio of INVESTMENTS June 30, 2005 (Unaudited)

|  |   |        | RATING  |
|--|---|--------|---------|
| SHARES                                     | DESCRIPTION(1)                                      | COUPON | MOODY'S |
| -----                                      |   |        |         |
| MEDIA - 0.3%                               |   |        |         |
| 5,300                                      | The Walt Disney Company                             | 7.000% | Baa1    |
| 123,700                                    | Viacom Inc.   | 7.300% | A3      |
| -----                                      |   |        |         |
| MULTI-UTILITIES & UNREGULATED POWER - 0.7% |   |        |         |
| 96,200                                     | Dominion CNG Capital Trust I                        | 7.800% | Baa1    |
| 59,100                                     | Dominion Resources Capital Trust II                 | 8.400% | Baa2    |
| 98,300                                     | Energy East Capital Trust I                         | 8.250% | Baa3    |
| -----                                      |   |        |         |
| OIL & GAS - 1.8%                           |   |        |         |
| 531,632                                    | Nexen Inc.  | 7.350% | Baa3    |
| 108,500                                    | TransCanada Pipeline                                | 8.250% | A3      |
| -----                                      |   |        |         |
| PHARMACEUTICALS - 0.1%                     |   |        |         |
| 23,000                                     | Bristol Myers Squibb Company (CORTS)                | 6.250% | A1      |
| 5,500                                      | Bristol-Myers Squibb Company Trust (CORTS)          | 6.800% | A1      |
| -----                                      |   |        |         |
| REAL ESTATE - 23.8%                        |   |        |         |
| 49,658                                     | AMB Property Corporation, Series M                  | 6.750% | Baa2    |
| 13,400                                     | AvalonBay Communities, Inc., Series H               | 8.700% | Baa2    |
| 409,400                                    | BRE Properties, Series B                            | 8.080% | Baa3    |
| 17,800                                     | BRE Properties, Series C                            | 6.750% | Baa3    |
| 42,644                                     | BRE Properties, Series D                            | 6.750% | Baa3    |
| 541,048                                    | CarrAmerica Realty Corporation, Series E            | 7.500% | Baa3    |
| 385,100                                    | Developers Diversified Realty Corporation, Series H | 7.375% | Ba1     |
| 46,200                                     | Developers Diversified Realty Corporation, Series G | 8.000% | Ba1     |
| 56,500                                     | Developers Diversified Realty Corporation, Series F | 8.600% | Ba1     |
| 156,800                                    | Duke Realty Corporation, Series L                   | 6.600% | Baa2    |
| 157,779                                    | Duke-Weeks Realty Corporation, Series B             | 7.990% | Baa2    |
| 10,800                                     | Duke-Weeks Realty Corporation, Series I             | 8.450% | Baa2    |
| 1,097,400                                  | Equity Office Properties Trust, Series G            | 7.750% | Baa3    |
| 24,700                                     | Equity Residential Properties Trust, Series D       | 8.600% | Baa2    |
| 30,400                                     | Equity Residential Properties Trust                 | 9.125% | Baa2    |
| 10,600                                     | First Industrial Realty Trust Inc., Series C        | 8.625% | Baa3    |

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|           |  |        |      |
|-----------|--|--------|------|
| 19,000    | Firststar Realty LLC, 144A                     | 8.875% | Aa3  |
| 57,900    | Harris Preferred Capital Corporation, Series A | 7.375% | A1   |
| 2,200     | HRPT Properties Trust, Series A                | 9.875% | Baa3 |
| 1,019,610 | HRPT Properties Trust, Series B                | 8.750% | Baa3 |
| 22,000    | New Plan Excel Realty Trust, Series D          | 7.800% | Baa3 |
| 416,000   | New Plan Excel Realty Trust, Series E          | 7.625% | N/R  |
| 10,000    | Prologis Trust, Series F                       | 6.750% | Baa2 |
| 107,000   | Prologis Trust, Series G                       | 6.750% | Baa2 |
| 328,400   | PS Business Parks Inc.                         | 7.000% | Ba1  |
| 57,000    | PS Business Parks Inc., Series I               | 6.875% | Ba1  |
| 240,000   | PS Business Parks Inc., Series L               | 7.600% | Ba1  |
| 2,700     | Public Storage Inc.                            | 7.125% | Baa2 |
| 64,800    | Public Storage Inc., Series C                  | 6.600% | Baa2 |
| 90,000    | Public Storage Inc., Series D                  | 6.180% | Baa2 |
| 2,900     | Public Storage Inc., Series E                  | 6.750% | Baa2 |
| 25,100    | Public Storage Inc., Series Q                  | 8.600% | Baa2 |
| 107,000   | Public Storage Inc., Series R                  | 8.000% | Baa2 |
| 202,600   | Public Storage Inc., Series S                  | 7.875% | Baa2 |
| 11,500    | Public Storage Inc., Series T                  | 7.625% | Baa2 |
| 40,680    | Public Storage Inc., Series U                  | 7.625% | Baa2 |
| 345,600   | Public Storage Inc., Series V                  | 7.500% | Baa2 |
| 6,971     | Public Storage Inc., Series X                  | 6.450% | Baa2 |
| 91,200    | Realty Income Corporation                      | 7.375% | Baa3 |
| 47,500    | Regency Centers Corporation                    | 7.450% | Baa3 |
| 21,200    | Regency Centers Corporation                    | 7.250% | Baa3 |
| 20,500    | Simon Property Group, Inc., Series F           | 8.750% | Baa2 |
| 176,600   | Simon Property Group, Inc., Series G           | 7.890% | Baa2 |
| 13,600    | United Dominion Realty Trust                   | 8.600% | Baa3 |
| 323,633   | Vornado Realty Trust, Series G                 | 6.625% | Baa3 |

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| SHARES                            | DESCRIPTION(1)                                  | COUPON | RATING<br>-----<br>MOODY'S |
|-----------------------------------|---|--------|----------------------------|
| REAL ESTATE (continued)           |   |        |                            |
| 319,300                           | Wachovia Preferred Funding Corporation          | 7.250% | A2                         |
| 2,000                             | Weingarten Realty Trust, Preferred Securities   | 6.750% | Baa1                       |
| 2,500                             | Weingarten Realty Trust, Series E               | 6.950% | Baa1                       |
| -----                             |   |        |                            |
| SPECIALTY RETAIL - 0.1%           |   |        |                            |
| 40,000                            | Sherwin Williams Company, Series III (CORTS)    | 7.250% | A2                         |
| -----                             |   |        |                            |
| THRIFTS & MORTGAGE FINANCE - 5.0% |   |        |                            |
| 5,600                             | Countrywide Capital Trust II, Series II (CORTS) | 8.000% | Baa1                       |
| 795,520                           | Countrywide Capital Trust IV                    | 6.750% | Baa1                       |
| 214,900                           | Fannie Mae                                      | 0.000% | Aa3                        |
| 110,300                           | Fannie Mae                                      | 3.780% | Aa3                        |
| 58,300                            | Federal Home Loan Mortgage Corporation          | 6.000% | Aa3                        |
| 65,600                            | Federal Home Loan Mortgage Corporation          | 6.140% | Aa3                        |
| 58,600                            | Federal Home Loan Mortgage Corporation          | 5.100% | Aa3                        |



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|         |   |        |      |
|---------|---|--------|------|
| -----   |   |        |      |
|         | U.S. AGENCY - 0.1%  |        |      |
| 19,000  | Federal Home Loan Mortgage Corporation                              | 5.300% | Aa3  |
| -----   |   |        |      |
|         | WIRELESS TELECOMMUNICATION SERVICES - 2.2%                          |        |      |
| 355,846 | Telephone and Data Systems Inc.                                     | 7.600% | Baa1 |
| 159,700 | United States Cellular Corporation                                  | 8.750% | Baa1 |
| 271,900 | United States Cellular Corporation                                  | 7.500% | Baa1 |
| -----   |   |        |      |
|         | Total \$25 Par (or similar) Securities (cost \$699,230,017)         |        |      |
| -----   |   |        |      |
|         | CONVERTIBLE PREFERRED SECURITIES - 3.7% (2.6% OF TOTAL INVESTMENTS) |        |      |
|         | DIVERSIFIED FINANCIAL SERVICES - 0.8%                               |        |      |
| 154,000 | Citigroup Global Markets  | 2.000% | Aa1  |
| -----   |   |        |      |
|         | ELECTRIC UTILITIES - 0.2%   |        |      |
| 30,000  | FPL Group Inc.  | 8.000% | N/R  |
| -----   |   |        |      |
|         | FOOD & STAPLES RETAILING - 0.6%                                     |        |      |
| 269,148 | Albertson's, Inc.   | 7.250% | Baa2 |
| -----   |   |        |      |
|         | HEALTHCARE EQUIPMENT & SUPPLIES - 0.3%                              |        |      |
| 54,500  | Baxter International Inc.   | 7.000% | Baa1 |
| -----   |   |        |      |
|         | INSURANCE - 0.1%  |        |      |
| 50,000  | XL Capital Ltd.   | 6.500% | A2   |
| -----   |   |        |      |
|         | MULTI-UTILITIES & UNREGULATED POWER - 1.6%                          |        |      |
| 260,200 | Dominion Resources Inc.   | 8.750% | Baa1 |
| -----   |   |        |      |
|         | THRIFTS & MORTGAGE FINANCE - 0.1%                                   |        |      |
| 54,000  | PMI Group Inc.  | 5.875% | A1   |
| -----   |   |        |      |
|         | Total Convertible Preferred Securities (cost \$32,048,267)          |        |      |
| -----   |   |        |      |

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Nuveen Quality Preferred Income Fund (JTP) (continued)  
Portfolio of INVESTMENTS June 30, 2005 (Unaudited)

PRINCIPAL

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| AMOUNT (000)/<br>SHARES   | DESCRIPTION(1)   | COUPON  | MATURITY |
|---|--|---------|----------|
| CAPITAL PREFERRED SECURITIES - 63.0% (43.3% OF TOTAL INVESTMENTS) |  |         |          |
| CAPITAL MARKETS - 6.7%  |  |         |          |
| 2,500   | Bank of New York Capital I, Series B                       | 7.970%  | 12/31/26 |
| 2,000   | BT Capital Trust, Series B1                                | 7.900%  | 1/15/27  |
| 1,000   | BT Institutional Capital Trust B, 144A                     | 7.750%  | 12/01/26 |
| 7,900   | BT Preferred Capital Trust II                              | 7.875%  | 2/25/27  |
| 2,250   | C.A. Preferred Fund Trust II                               | 7.000%  | 10/30/49 |
| 11,250  | C.A. Preferred Funding Trust                               | 7.000%  | 1/30/49  |
| 26,463  | First Union Institutional Capital Securities I             | 8.040%  | 12/01/26 |
| 5,500   | UBS Preferred Funding Trust I                              | 8.622%  | 10/29/49 |
| COMMERCIAL BANKS - 31.6%  |  |         |          |
| 9,000   | AB Svensk Exportkredit, 144A                               | 6.375%  | 10/27/49 |
| 18,250  | Abbey National Capital Trust I                             | 8.963%  | 12/30/49 |
| 3,000   | AgFirst Farm Credit Bank                                   | 7.300%  | 12/15/53 |
| 2,500   | Bank One Capital III                                       | 8.750%  | 9/01/30  |
| 2,000   | BankAmerica Institutional Capital Trust,<br>Series B, 144A | 7.700%  | 12/31/26 |
| 5,700   | BankBoston Capital Trust II, Series B                      | 7.750%  | 12/15/26 |
| 1,500   | BanPonce Trust I, Series A                                 | 8.327%  | 2/01/27  |
| 7,200   | Barclays Bank plc, 144A                                    | 8.550%  | 6/15/49  |
| 10  | BBVA Privanza International Gibraltar, 144A                | 7.764%  | 9/30/47  |
| 3,000   | Centura Capital Trust I, 144A                              | 8.845%  | 6/01/27  |
| 3,000   | Corestates Capital Trust I, 144A                           | 8.000%  | 12/15/26 |
| 1,700   | DBS Capital Funding Corporation, 144A                      | 7.657%  | 3/15/49  |
| 1,000   | First Chicago NBD Institutional Capital,144A               | 7.950%  | 12/01/26 |
| 1,000   | First Empire Capital Trust II                              | 8.277%  | 6/01/27  |
| 1,500   | First Midwest Bancorp Inc.                                 | 6.950%  | 12/01/33 |
| 5,750   | HSBC Capital Funding LP, 144A                              | 9.547%  | 12/31/49 |
| 17,150  | HSBC Capital Funding LP, Debt                              | 10.176% | 6/30/50  |
| 12,000  | KBC Bank Fund Trust III, 144A                              | 9.860%  | 11/02/49 |
| 2,000   | KeyCorp Capital III  | 7.750%  | 7/15/29  |
| 2,000   | KeyCorp Institutional Capital Trust A                      | 7.826%  | 12/01/26 |
| 8,850   | Lloyds TSB Bank plc, Subordinated Note                     | 6.900%  | 11/22/49 |
| 11,150  | NB Capital Trust II  | 7.830%  | 12/15/26 |
| 7,655   | Nordbanken AB, 144A  | 8.950%  | 11/29/49 |
| 1,000   | North Fork Capital Trust I, Capital Securities             | 8.700%  | 12/15/26 |
| 8,000   | Peoples Heritage Capital Trust I, Series B                 | 9.060%  | 2/01/27  |
| 19,000  | PNC Institutional Capital Securities, 144A                 | 7.950%  | 12/15/26 |
| 2,000   | Popular North American Capital Trust I                     | 6.564%  | 9/15/34  |
| 16,000  | RBS Capital Trust B  | 6.800%  | 12/31/49 |
| 17,500  | Reliance Capital Trust I, Series B                         | 8.170%  | 5/01/28  |
| 1,400   | Republic New York Capital II, Capital Securities           | 7.530%  | 12/04/26 |
| 1,100   | Royal Bank of Scotland Group plc                           | 7.648%  | 8/31/49  |
| 2,000   | SocGen Real Estate Company LLC, 144A                       | 7.640%  | 12/29/49 |
| 5,000   | Sparebanken Rogaland, Notes, 144A                          | 6.443%  | 5/01/49  |
| 23,000  | Summit Capital Trust I, Capital Securities                 | 8.400%  | 3/15/27  |
| 1,800   | Swedbank ForeningsSparbanken AB, 144A                      | 9.000%  | 12/29/49 |
| 6,676   | Union Planters Capital Trust A                             | 8.200%  | 12/15/26 |
| 4,000   | Wachovia Capital Trust I, Capital Securities, 144A         | 7.640%  | 1/15/27  |
| 7,250   | Washington Mutual Capital Trust I                          | 8.375%  | 6/01/27  |
| 1,050   | Wells Fargo Capital Securities                             | 7.950%  | 12/01/26 |
| 3,000   | Zions Institutional Capital Trust, Series A                | 8.536%  | 12/15/26 |

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| PRINCIPAL<br>AMOUNT (000)/<br>SHARES                    | DESCRIPTION(1)  | COUPON | MATURITY |
|---|---|--------|----------|
| -----   |   |        |          |
| DIVERSIFIED FINANCIAL SERVICES - 7.2%                   |   |        |          |
| 1,500   | BNP Paribas Capital Trust, 144A                         | 9.003% | 12/29/49 |
| 4,250   | BNP Paribas Capital Trust                               | 7.200% | 12/31/49 |
| 5,000   | Chase Capital Trust I, Series A                         | 7.670% | 12/01/26 |
| 25,500  | HBOS Capital Funding LP, Notes                          | 6.850% | 3/01/49  |
| 19,500  | JPM Capital Trust II                                    | 7.950% | 2/01/27  |
| 8,100   | Old Mutual Capital Funding, Notes                       | 8.000% | 6/22/53  |
| -----   |   |        |          |
| 18  |   |        |          |
| -----   |   |        |          |
| DIVERSIFIED TELECOMMUNICATION SERVICES - 1.6%           |   |        |          |
| 11,250  | Centaur Funding Corporation, Series B, 144A             | 9.080% | 4/21/20  |
| -----   |   |        |          |
| INSURANCE - 10.7%                                       |   |        |          |
| 7,570   | Ace Capital Trust II                                    | 9.700% | 4/01/30  |
| 1,000   | Allstate Financing II                                   | 7.830% | 12/01/45 |
| 2,000   | American General Capital II                             | 8.500% | 7/01/30  |
| 7,500   | Berkeley Capital Trust                                  | 8.197% | 12/15/45 |
| 2,500   | Mangrove Bay, Class 3, 144A                             | 6.102% | 7/15/33  |
| 4,000   | MIC Financing Trust I                                   | 8.375% | 2/01/27  |
| 7,000   | Prudential plc  | 6.500% | 6/29/49  |
| 2,000   | RenaissanceRe Capital Trust                             | 8.540% | 3/01/27  |
| 26,216  | Sun Life Canada Capital Trust, Capital Securities, 144A | 8.526% | 5/06/47  |
| 31,373  | Zurich Capital Trust I, 144A                            | 8.376% | 6/01/37  |
| -----   |   |        |          |
| OIL & GAS - 3.6%  |   |        |          |
| 4,000   | KN Capital Trust I, Preferred Securities                | 8.560% | 4/15/27  |
| 5,860   | KN Capital Trust III                                    | 7.630% | 4/15/28  |
| 20,900  | Phillips 66 Capital Trust II                            | 8.000% | 1/15/37  |
| -----   |   |        |          |
| THRIFTS & MORTGAGE FINANCE - 1.6%                       |   |        |          |
| 8,500   | Dime Capital Trust I, Series A                          | 9.330% | 5/06/27  |
| 5,000   | Great Western Financial Trust II, Series A              | 8.206% | 2/01/27  |
| -----   |   |        |          |
| Total Capital Preferred Securities (cost \$566,119,794) |   |        |          |
| -----   |   |        |          |
| CORPORATE BONDS - 0.4% (0.2% OF TOTAL INVESTMENTS)      |   |        |          |
| AUTOMOBILES - 0.4%                                      |   |        |          |
| 1,150   | Ford Motor Company, Debenture                           | 7.400% | 11/01/46 |
| 4,200   | Ford Motor Company, Debenture                           | 7.400% | 5/15/97  |
| -----   |   |        |          |

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Total Corporate Bonds (cost \$4,351,418)

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Nuveen Quality Preferred Income Fund (JTP) (continued)  
Portfolio of INVESTMENTS June 30, 2005 (Unaudited)

PRINCIPAL  
AMOUNT (000)/  
SHARES

DESCRIPTION(1)

| PRINCIPAL AMOUNT (000)/SHARES | DESCRIPTION(1)   |
|-------------------------------|--|
|                               | REPURCHASE AGREEMENTS - 1.5% (1.1% OF TOTAL INVESTMENTS)   |
|                               | State Street Bank, 2.600%, dated 6/30/05, due 7/01/05, repurchase price \$14,641,274, collateralized by \$10,340,000 |
| \$ 14,640                     | U.S. Treasury Bonds, 8.125%, due 8/15/19, value \$14,936,326   |
| =====                         |  |
|                               | Total Repurchase Agreements (cost \$14,640,217)  |
|                               | -----  |
|                               | Total Investments (cost \$1,316,389,713) - 145.6%  |
|                               | -----  |
|                               | Other Assets Less Liabilities - 0.9%   |
|                               | -----  |
|                               | Fund Preferred Shares, at Liquidation Value - (46.5)%  |
|                               | -----  |
|                               | Net Assets Applicable to Common Shares - 100%  |
|                               | =====  |

INTEREST RATE SWAP TRANSACTIONS OUTSTANDING AT JUNE 30, 2005:

| COUNTERPARTY   | NOTIONAL AMOUNT | FIXED RATE | FLOATING RATE |
|----------------|-----------------|------------|---------------|
| Citibank, N.A. | \$110,000,000   | 3.1300%    | 3.32          |
| Citibank, N.A. | 110,000,000     | 3.8600     | 3.32          |
| Citibank, N.A. | 110,000,000     | 4.3500     | 3.32          |

(1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.

\* Ratings: Below Baa by Moody's Investor Service, Inc. or BBB by Standard & Poor's Group are considered to be below investment grade.

\*\* Based on LIBOR (London Interbank Offered Rate)

144A 144A securities are those which are exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may only be resold in transactions exempt from registration which are normally those transactions with qualified

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institutional buyers.

(CBTCS) Corporate Backed Trust Certificates.

(CORTS) Corporate Backed Trust Securities.

(PCARS) Public Credit and Repackaged Securities.

(PPLUS) PreferredPlus Trust.

(SATURNS) Structured Asset Trust Unit Repackaging.

N/R Security is not rated.

See accompanying notes to financial statements.

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Nuveen Quality Preferred Income Fund 2 (JPS)  
Portfolio of  
INVESTMENTS June 30, 2005 (Unaudited)

| SHARES  | DESCRIPTION(1)                                       | COUPON | RATING<br>MOODY'S |
|---|--|--------|-------------------|
| \$25 PAR (OR SIMILAR) SECURITIES - 77.9% (54.7% OF TOTAL INVESTMENTS) |  |        |                   |
| AUTOMOBILES - 0.1%  |  |        |                   |
| 4,300   | Daimler Chrysler (CORTS)                             | 7.500% | A3                |
| 2,400   | Daimler Chrysler (CORTS)                             | 8.250% | A3                |
| 3,000   | Daimler Chrysler (CORTS)                             | 6.875% | A3                |
| 3,400   | DaimlerChrysler AG (CORTS)                           | 7.875% | A3                |
| 23,300  | DaimlerChrysler Corp. (PPLUS)                        | 7.250% | A3                |
| 32,403  | Ford Motor Company, Series F (CORTS)                 | 8.000% | Baa3              |
| 11,015  | Ford Motor Company                                   | 0.000% | Baa1              |
| CAPITAL MARKETS - 4.7%  |  |        |                   |
| 103,100   | Bear Stearns Capital Trust III                       | 7.800% | A2                |
| 19,300  | BNY Capital Trust IV, Series E                       | 6.875% | A1                |
| 47,800  | BNY Capital Trust V, Series F                        | 5.950% | A1                |
| 383,825   | Compass Capital Trust III                            | 7.350% | A3                |
| 26,900  | CSFB USA, Series 2002-10 (SATURNS)                   | 7.000% | Aa3               |
| 63,300  | First Union Capital II, Series II (CORTS)            | 7.500% | A1                |
| 31,300  | First Union Institutional Capital II (CORTS)         | 8.200% | A1                |
| 2,100   | Goldman Sachs Capital I, Series A (CORTS)            | 6.000% | A1                |
| 2,000   | Goldman Sachs Group Inc. (PPLUS)                     | 6.000% | Aa3               |
| 3,800   | Goldman Sachs Group Inc. (SATURNS)                   | 5.750% | Aa3               |
| 366,000   | JPMorgan Chase Capital Trust IX, Series I            | 7.500% | A1                |
| 323,400   | Lehman Brothers Holdings Capital Trust III, Series K | 6.375% | A2                |
| 102,900   | Lehman Brothers Holdings Capital Trust IV, Series L  | 6.375% | A2                |
| 37,800  | Lehman Brothers Holdings Capital Trust V, Series M   | 6.000% | A2                |
| 42,000  | Lehman Brothers Holdings Inc., Series C              | 5.940% | N/R               |
| 70,000  | Lehman Brothers Holdings Inc., Series F              | 6.500% | A3                |

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|         |  |        |      |
|---------|--|--------|------|
| 198,200 | Merrill Lynch Capital Trust              | 7.000% | A1   |
| 113,500 | Merrill Lynch Preferred Capital Trust IV | 7.120% | A1   |
| 188,200 | Merrill Lynch Preferred Capital Trust V  | 7.280% | A1   |
| 103,500 | Merrill Lynch Preferred Capital Trust    | 7.750% | A1   |
| 166,508 | Morgan Stanley Capital Trust II          | 7.250% | A1   |
| 457,500 | Morgan Stanley Capital Trust III         | 6.250% | A1   |
| 380,000 | Morgan Stanley Capital Trust IV          | 6.250% | A1   |
| 21,300  | Morgan Stanley Capital Trust V           | 5.750% | A1   |
| 55,200  | Morgan Stanley (PPLUS)                   | 7.050% | Aa3  |
| 20,000  | Safeco Capital Trust I (CORTS)           | 8.750% | Baa2 |
| 1,500   | Safeco Capital Trust IV (CORTS)          | 8.375% | Baa2 |
| 7,600   | UBS Preferred Funding Trust III          | 7.250% | A1   |

-----  
 COMMERCIAL BANKS - 10.3%

|         |  |         |      |
|---------|--|---------|------|
| 119,000 | ABN AMRO Capital Fund Trust V          | 5.900%  | A2   |
| 152,060 | ASBC Capital I                         | 7.625%  | Baa1 |
| 135,900 | BAC Capital Trust I                    | 7.000%  | Aa3  |
| 168,500 | BAC Capital Trust II                   | 7.000%  | Aa3  |
| 218,300 | BAC Capital Trust III                  | 7.000%  | Aa3  |
| 304,100 | Banco Santander                        | 6.410%  | A2   |
| 54,100  | Banco Totta & Acores Finance, Series A | 8.875%  | A3   |
| 3,600   | BancorpSouth Capital Trust I           | 8.150%  | Baa2 |
| 82,100  | BancWest Capital I                     | 9.500%  | A3   |
| 731,000 | Banesto Holdings, Series A, 144A       | 10.500% | A2   |
| 198,500 | Bank One Capital Trust VI              | 7.200%  | A1   |
| 58,600  | BankNorth Capital Trust II             | 8.000%  | A3   |
| 121,500 | Chittenden Capital Trust I             | 8.000%  | Baa1 |
| 14,300  | Citigroup Capital X                    | 6.100%  | Aa2  |

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Nuveen Quality Preferred Income Fund 2 (JPS) (continued)  
 Portfolio of INVESTMENTS June 30, 2005 (Unaudited)

| SHARES                       | DESCRIPTION(1)                             | COUPON | RATING<br>MOODY'S |
|------------------------------|--|--------|-------------------|
| -----                        |  |        |                   |
| COMMERCIAL BANKS (continued) |  |        |                   |
| 225,500                      | Cobank ABC, 144A                           | 7.000% | N/R               |
| 265,100                      | Comerica Capital Trust I                   | 7.600% | A3                |
| 36,400                       | KeyCorp (PCARS)                            | 7.500% | A3                |
| 32,100                       | KeyCorp, Series 2001-7 (CORTS)             | 7.750% | A3                |
| 92,900                       | KeyCorp, Series B (CORTS)                  | 8.250% | A3                |
| 267,600                      | National Commerce Capital Trust II         | 7.700% | A1                |
| 112,200                      | National Westminster Bank plc, Series A    | 7.875% | Aa2               |
| 289,600                      | PFCI Capital Corporation                   | 7.750% | A3                |
| 40,500                       | Regions Finance Trust I                    | 8.000% | A2                |
| 596,876                      | Royal Bank of Scotland Group plc, Series N | 6.350% | A1                |
| 142,400                      | SunTrust Capital Trust IV                  | 7.125% | A1                |
| 157,500                      | SunTrust Capital Trust V                   | 7.050% | A1                |
| 714,300                      | USB Capital Trust III                      | 7.750% | Aa3               |
| 271,300                      | USB Capital Trust IV                       | 7.350% | Aa3               |
| 123,300                      | USB Capital Trust V                        | 7.250% | Aa3               |
| 12,100                       | USB Capital Trust VI                       | 5.750% | Aa3               |
| 92,300                       | VNB Capital Trust I                        | 7.750% | Baa1              |

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|         |   |        |      |
|---------|---|--------|------|
| 43,500  | Washington Mutual Capital Trust I, Series 2001-22,<br>Class A-1 (CORTS) | 7.650% | Baa1 |
| 49,900  | Well Fargo Capital Trust IX   | 5.625% | Aa2  |
| 34,400  | Wells Fargo Capital Trust IV  | 7.000% | Aa2  |
| 247,000 | Wells Fargo Capital Trust V   | 7.000% | Aa2  |
| 42,800  | Wells Fargo Capital Trust VI  | 6.950% | Aa2  |
| 61,300  | Wells Fargo Capital Trust VII   | 5.850% | Aa2  |
| 578,650 | Zions Capital Trust B   | 8.000% | Baa1 |

-----  
COMPUTERS & PERIPHERALS - 0.1%

|        |   |        |    |
|--------|---|--------|----|
| 20,700 | IBM Inc. (CORTS)                            | 7.125% | A1 |
| 5,600  | IBM Inc., Trust Certificates, Series 2001-2 | 7.100% | A1 |
| 14,500 | IBM Trust II (CORTS)                        | 7.125% | A1 |
| 33,300 | IBM Trust III (CORTS)                       | 7.200% | A1 |

-----  
CONSUMER FINANCE - 2.8%

|         |                             |        |    |
|---------|-----------------------------|--------|----|
| 620,196 | Household Capital Trust VI  | 8.250% | A2 |
| 72,200  | Household Capital Trust VII | 7.500% | A2 |
| 917,000 | HSBC Finance Corporation    | 6.360% | A3 |
| 362,100 | HSBC Finance Corporation    | 6.875% | A1 |
| 2,700   | HSBC Finance Corporation    | 6.000% | A1 |
| 16,100  | SLM Corporation             | 6.000% | A2 |

-----  
DIVERSIFIED FINANCIAL SERVICES - 8.1%

|           |   |        |     |
|-----------|---|--------|-----|
| 75,800    | BBVA Preferred Capital Ltd., Series B                 | 7.750% | A1  |
| 34,600    | CIT Group Incorporated (CORTS)                        | 7.750% | A3  |
| 6,800     | Citigroup Capital Trust IX                            | 6.000% | Aa2 |
| 467,700   | Citigroup Capital Trust VII                           | 7.125% | Aa2 |
| 789,107   | Citigroup Capital Trust VIII                          | 6.950% | Aa2 |
| 16,700    | Citigroup Capital Trust XI                            | 6.000% | Aa2 |
| 36,900    | Citigroup Inc., Series H                              | 6.231% | Aa3 |
| 39,000    | Citigroup Inc., Series M                              | 5.864% | Aa3 |
| 10,100    | General Electric Capital Corporation                  | 5.875% | N/R |
| 300,700   | General Electric Capital Corporation                  | 6.100% | Aaa |
| 199,700   | General Electric Capital Corporation                  | 6.625% | Aaa |
| 3,600     | Goldman Sachs Capital I (CORTS)                       | 6.000% | A1  |
| 12,000    | Goldman Sachs Group Inc., Series 2004-04 (SATURNS)    | 6.000% | A1  |
| 1,433,655 | ING Group NV  | 7.050% | N/R |
| 1,519,300 | ING Group NV  | 7.200% | A2  |
| 11,000    | ING Group NV  | 6.200% | A2  |
| 800       | JP Morgan Chase Capital Trust XII                     | 6.250% | A1  |
| 10,600    | JPM Capital Trust I, Series 2001-1, Class A-1 (CORTS) | 7.850% | A1  |
| 89,600    | JPM Capital Trust (CORTS)                             | 7.200% | A2  |
| 3,000     | JPMorgan Chase & Company (PCARS)                      | 7.125% | A2  |
| 203,600   | JPMorgan Chase Capital Trust X                        | 7.000% | A1  |
| 10,156    | JPMorgan Chase Capital Trust XI                       | 5.875% | A1  |

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| SHARES | DESCRIPTION(1) | COUPON | RATING<br>MOODY'S |
|--------|----------------|--------|-------------------|
|--------|----------------|--------|-------------------|

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DIVERSIFIED FINANCIAL SERVICES (continued)

|         |  |        |     |
|---------|--|--------|-----|
| 210,300 | JPMorgan Chase Capital Trust XVI                       | 6.350% | A1  |
| 51,200  | JPMorgan Chase Trust, Series 2002-6, Class A (SATURNS) | 7.125% | A1  |
| 117,500 | Merrill Lynch Capital Trust II                         | 8.000% | A1  |
| 5,000   | National Westminster Bank plc                          | 7.760% | Aa3 |

DIVERSIFIED TELECOMMUNICATION SERVICES - 0.5%

|         |  |        |     |
|---------|--|--------|-----|
| 11,500  | BellSouth Capital Funding (CORTS)              | 7.100% | A1  |
| 15,200  | BellSouth Corporation (CORTS)                  | 7.000% | Aa3 |
| 10,200  | BellSouth Corporation, Series 2001-3 (SATURNS) | 7.125% | A2  |
| 14,000  | BellSouth Corporation (CORTS)                  | 7.000% | A2  |
| 30,900  | BellSouth Corporation                          | 7.125% | A2  |
| 16,300  | BellSouth Inc. (CORTS)                         | 7.000% | A2  |
| 22,800  | BellSouth Telecommunications (PPLUS)           | 7.300% | Aa3 |
| 104,199 | SBC Communications Inc.                        | 7.000% | A2  |
| 30,000  | Verizon Communications (CORTS)                 | 7.625% | A2  |
| 6,700   | Verizon Communications (CORTS)                 | 7.375% | A2  |
| 68,000  | Verizon Global Funding Corporation (SATURNS)   | 7.500% | A2  |
| 15,200  | Verizon New England Inc., Series B             | 7.000% | A2  |
| 7,800   | Verizon South Inc., Series F                   | 7.000% | A2  |

ELECTRIC UTILITIES - 5.0%

|           |  |        |      |
|-----------|--|--------|------|
| 189,500   | Alabama Power Company                                    | 5.830% | Baa1 |
| 17,200    | Consolidated Edison Company of New York Inc.             | 7.500% | A1   |
| 27,400    | DTE Energy Trust I                                       | 7.800% | Baa3 |
| 5,500     | Entergy Arkansas Inc.                                    | 6.700% | Aaa  |
| 49,000    | Entergy Louisiana Inc.                                   | 7.600% | Baa1 |
| 1,299,100 | Entergy Mississippi Inc.                                 | 7.250% | Baa2 |
| 3,000     | Georgia Power Capital Trust V                            | 7.125% | A3   |
| 1,500     | Georgia Power Capital Trust VII                          | 5.875% | A3   |
| 28,800    | Georgia Power Company                                    | 5.700% | Aaa  |
| 941,500   | Interstate Power and Light Company, Series B             | 8.375% | Baa3 |
| 7,700     | National Rural Utilities Cooperative Finance Corporation | 7.600% | A3   |
| 5,400     | National Rural Utilities Cooperative Finance Corporation | 7.400% | A3   |
| 20,000    | National Rural Utilities Cooperative Finance Corporation | 6.100% | A3   |
| 269,400   | National Rural Utilities Cooperative Finance Corporation | 5.950% | A3   |
| 53,200    | Public Service Company of Oklahoma, Series B             | 6.000% | Aaa  |
| 1,900     | Southern Company Capital Trust I (CORTS)                 | 7.375% | Baa1 |
| 56,700    | Tennessee Valley Authority, Series D                     | 6.750% | Aaa  |
| 257,300   | Virginia Power Capital Trust                             | 7.375% | Baa1 |

FOOD PRODUCTS - 0.7%

|         |                                     |        |     |
|---------|-------------------------------------|--------|-----|
| 122,000 | Dairy Farmers of America Inc., 144A | 7.875% | Ba1 |
|---------|-------------------------------------|--------|-----|

GAS UTILITIES - 0.1%

|        |                      |        |      |
|--------|----------------------|--------|------|
| 53,500 | AGL Capital Trust II | 8.000% | Baa2 |
|--------|----------------------|--------|------|



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HEALTHCARE PROVIDERS & SERVICES - 0.1%

|        |                    |        |      |
|--------|--------------------|--------|------|
| 62,900 | Aetna Incorporated | 8.500% | Baa1 |
|--------|--------------------|--------|------|

INDUSTRIAL CONGLOMERATES - 0.0%

|       |                                  |        |     |
|-------|----------------------------------|--------|-----|
| 8,200 | General Electric Company (CORTS) | 6.800% | Aaa |
|-------|----------------------------------|--------|-----|

INSURANCE - 17.6%

|           |                                       |        |      |
|-----------|---------------------------------------|--------|------|
| 972,600   | Ace Ltd., Series C                    | 7.800% | Baa2 |
| 2,097,900 | Aegon NV                              | 6.375% | A3   |
| 5,400     | AMBAC Financial Group Inc.            | 7.000% | Aa2  |
| 39,300    | AMBAC Financial Group Inc.            | 5.950% | Aa2  |
| 3,000     | AMBAC Financial Group Inc.            | 5.875% | Aa2  |
| 38,800    | American General Capital III          | 8.050% | Aa3  |
| 474,557   | Delphi Financial Group Inc.           | 8.000% | Baa3 |
| 2,639,100 | EverestRe Group Limited               | 7.850% | Baa1 |
| 46,500    | Financial Security Assurance Holdings | 6.875% | Aa2  |
| 698,000   | Financial Security Assurance Holdings | 6.250% | Aa2  |

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Nuveen Quality Preferred Income Fund 2 (JPS) (continued)  
Portfolio of INVESTMENTS June 30, 2005 (Unaudited)

| SHARES                | DESCRIPTION(1)                                     | COUPON | RATING<br>MOODY'S |
|-----------------------|--|--------|-------------------|
| INSURANCE (continued) |  |        |                   |
| 6,300                 | Financial Security Assurance Holdings              | 5.600% | Aa2               |
| 339,900               | Hartford Capital Trust III, Series C               | 7.450% | Baa1              |
| 104,600               | Hartford Life Capital Trust II, Series B           | 7.625% | Baa1              |
| 94,000                | Lincoln National Capital Trust V, Series E         | 7.650% | Baa1              |
| 44,700                | Lincoln National Capital Trust VI                  | 6.750% | Baa1              |
| 19,413                | MBIA Inc.  | 8.000% | Aa2               |
| 7,500                 | MetLife Inc.                                       | 5.875% | A2                |
| 1,097,500             | MetLife Inc., Series B                             | 6.500% | Baa1              |
| 639,020               | PartnerRe Limited, Series C                        | 6.750% | Baa1              |
| 25,000                | PartnerRe Limited, Series D                        | 6.500% | Baa1              |
| 274,681               | PartnerRe Limited                                  | 7.900% | A3                |
| 108,700               | PLC Capital Trust III                              | 7.500% | Baa1              |
| 443,040               | PLC Capital Trust IV                               | 7.250% | Baa1              |
| 11,700                | PLC Capital Trust V                                | 6.125% | Baa1              |
| 222,200               | Prudential plc                                     | 6.750% | Baa1              |
| 145,800               | RenaissanceRe Holdings Ltd., Series B              | 7.300% | Baa2              |
| 20,200                | RenaissanceRe Holdings Ltd., Series C              | 6.080% | Baa2              |
| 324,060               | RenaissanceRe Holdings Ltd., Series A              | 8.100% | Baa2              |
| 89,700                | Safeco Capital Trust I (CORTS)                     | 8.700% | Baa2              |
| 60,200                | Safeco Capital Trust I, Series 2001-4 (CORTS)      | 8.750% | Baa2              |
| 4,700                 | Safeco Capital Trust III (CORTS)                   | 8.072% | Baa2              |
| 2,300                 | Safeco Corporation, Series 2001-7 (SATURNS)        | 8.250% | Baa2              |
| 6,900                 | Safeco Corporation, Series 2002-5 (SATURNS)        | 8.250% | Baa2              |
| 132,300               | Torchmark Capital Trust I                          | 7.750% | Baa1              |
| 2,000                 | Torchmark Capital Trust II                         | 7.750% | Baa1              |
| 21,400                | W.R. Berkley Capital Trust, Series 2002-1, (CBTCS) | 8.125% | Baa3              |

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|  |   |        |      |
|--|---|--------|------|
| 18,100                                     | W.R. Berkley (CORTS)                                | 8.250% | Baa3 |
| 565,200                                    | XL Capital Ltd., Series A                           | 8.000% | Baa1 |
| 598,417                                    | XL Capital Ltd., Series B                           | 7.625% | Baa1 |
| -----                                      |   |        |      |
| IT SERVICES - 0.0%                         |   |        |      |
| 9,200                                      | Vertex Industries Inc. (PPLUS)                      | 7.625% | A2   |
| -----                                      |   |        |      |
| MEDIA - 0.2%                               |   |        |      |
| 4,400                                      | The Walt Disney Company                             | 7.000% | Baa1 |
| 144,200                                    | Viacom Inc.   | 7.300% | A3   |
| -----                                      |   |        |      |
| MULTI-UTILITIES & UNREGULATED POWER - 0.4% |   |        |      |
| 107,800                                    | Dominion CNG Capital Trust I                        | 7.800% | Baa1 |
| 46,300                                     | Dominion Resources Capital Trust II                 | 8.400% | Baa2 |
| 113,100                                    | Energy East Capital Trust I                         | 8.250% | Baa3 |
| -----                                      |   |        |      |
| OIL & GAS - 1.5%                           |   |        |      |
| 909,511                                    | Nexen Inc.  | 7.350% | Baa3 |
| 151,900                                    | TransCanada Pipeline                                | 8.250% | A3   |
| -----                                      |   |        |      |
| PHARMACEUTICALS - 0.0%                     |   |        |      |
| 14,700                                     | Bristol Myers Squibb Company (CORTS)                | 6.250% | A1   |
| 1,400                                      | Bristol-Myers Squibb Company Trust (CORTS)          | 6.800% | A1   |
| -----                                      |   |        |      |
| REAL ESTATE - 19.6%                        |   |        |      |
| 95,400                                     | AvalonBay Communities, Inc., Series H               | 8.700% | Baa2 |
| 16,400                                     | BRE Properties, Series B                            | 8.080% | Baa3 |
| 356,900                                    | BRE Properties, Series C                            | 6.750% | Baa3 |
| 81,006                                     | BRE Properties, Series D                            | 6.750% | Baa3 |
| 1,004,095                                  | CarrAmerica Realty Corporation, Series E            | 7.500% | Baa3 |
| 1,200                                      | Developers Diversified Realty Corporation           | 7.500% | Ba1  |
| 142,900                                    | Developers Diversified Realty Corporation, Series H | 7.375% | Ba1  |
| 564,413                                    | Developers Diversified Realty Corporation, Series G | 8.000% | Ba1  |
| 103,900                                    | Developers Diversified Realty Corporation, Series F | 8.600% | Ba1  |
| 297,700                                    | Duke Realty Corporation, Series L                   | 6.600% | Baa2 |
| 220,650                                    | Duke-Weeks Realty Corporation, Series B             | 7.990% | Baa2 |
| 38,600                                     | Duke-Weeks Realty Corporation, Series I             | 8.450% | Baa2 |

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| SHARES | DESCRIPTION(1) | COUPON | MOODY'S | RATING |
|--------|----------------|--------|---------|--------|
| -----  |                |        |         |        |

REAL ESTATE (continued)

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|           |  |        |      |
|-----------|--|--------|------|
| 5,600     | Duke-Weeks Realty Corporation                  | 6.625% | Baa2 |
| 378,600   | Equity Office Properties Trust, Series G       | 7.750% | Baa3 |
| 54,000    | Equity Residential Properties Trust, Series C  | 9.125% | Baa2 |
| 36,484    | Equity Residential Properties Trust, Series N  | 6.480% | Baa2 |
| 65,050    | Equity Residential Properties Trust, Series D  | 8.600% | Baa2 |
| 88,800    | Equity Residential Properties Trust            | 9.125% | Baa2 |
| 329,500   | Federal Realty Investment Trust                | 8.500% | Baa3 |
| 18,600    | First Industrial Realty Trust Inc., Series C   | 8.625% | Baa3 |
| 16,800    | Harris Preferred Capital Corporation, Series A | 7.375% | A1   |
| 211,200   | HRPT Properties Trust, Series A                | 9.875% | Baa3 |
| 1,546,125 | HRPT Properties Trust, Series B                | 8.750% | Baa3 |
| 153,000   | Kimco Realty Corporation, Series F             | 6.650% | Baa2 |
| 147,350   | New Plan Excel Realty Trust, Series D          | 7.800% | Baa3 |
| 768,000   | New Plan Excel Realty Trust, Series E          | 7.625% | N/R  |
| 1,700     | Prologis Trust, Series F                       | 6.750% | Baa2 |
| 97,728    | Prologis Trust, Series G                       | 6.750% | Baa2 |
| 734,970   | PS Business Parks Inc.                         | 7.000% | Ba1  |
| 107,600   | PS Business Parks Inc., Series I               | 6.875% | Ba1  |
| 401,000   | PS Business Parks Inc., Series L               | 7.600% | Ba1  |
| 4,100     | Public Storage Inc.                            | 7.125% | Baa2 |
| 230,400   | Public Storage Inc., Series C                  | 6.600% | Baa2 |
| 25,000    | Public Storage Inc., Series D                  | 6.180% | Baa2 |
| 35,000    | Public Storage Inc., Series E                  | 6.750% | Baa2 |
| 86,300    | Public Storage Inc., Series Q                  | 8.600% | Baa2 |
| 260,795   | Public Storage Inc., Series R                  | 8.000% | Baa2 |
| 46,100    | Public Storage Inc., Series S                  | 7.875% | Baa2 |
| 100,665   | Public Storage Inc., Series T                  | 7.625% | Baa2 |
| 106,200   | Public Storage Inc., Series U                  | 7.625% | Baa2 |
| 148,000   | Public Storage Inc., Series V                  | 7.500% | Baa2 |
| 2,129     | Public Storage Inc., Series X                  | 6.450% | Baa2 |
| 161,000   | Realty Income Corporation                      | 7.375% | Baa3 |
| 303,200   | Regency Centers Corporation                    | 7.450% | Baa3 |
| 156,300   | Regency Centers Corporation                    | 7.250% | Baa3 |
| 34,500    | Simon Property Group, Inc., Series F           | 8.750% | Baa2 |
| 326,041   | Simon Property Group, Inc., Series G           | 7.890% | Baa2 |
| 56,200    | United Dominion Realty Trust                   | 8.600% | Baa3 |
| 3,000     | Vornado Realty Trust, Series E                 | 7.000% | Baa3 |
| 21,500    | Vornado Realty Trust, Series F                 | 6.750% | Baa3 |
| 211,940   | Vornado Realty Trust, Series G                 | 6.625% | Baa3 |
| 2,461,900 | Wachovia Preferred Funding Corporation         | 7.250% | A2   |
| 156,500   | Weingarten Realty Trust, Series E              | 6.950% | Baa1 |

-----  
SPECIALTY RETAIL - 0.1%

|        |  |        |    |
|--------|--|--------|----|
| 39,800 | Sherwin Williams Company, Series III (CORTS) | 7.250% | A2 |
|--------|--|--------|----|

-----  
THRIFTS & MORTGAGE FINANCE - 3.6%

|           |   |        |      |
|-----------|---|--------|------|
| 2,200     | Countrywide Capital Trust II, Series II (CORTS) | 8.000% | Baa1 |
| 1,043,000 | Countrywide Capital Trust IV                    | 6.750% | Baa1 |
| 245,500   | Fannie Mae                                      | 0.000% | Aa3  |
| 70,200    | Fannie Mae                                      | 5.125% | Aa3  |
| 83,500    | Fannie Mae                                      | 3.780% | Aa3  |
| 45,000    | Fannie Mae                                      | 5.810% | Aa3  |
| 124,200   | Federal Home Loan Mortgage Corporation          | 6.000% | Aa3  |
| 58,200    | Federal Home Loan Mortgage Corporation          | 6.140% | Aa3  |
| 107,900   | Federal Home Loan Mortgage Corporation          | 5.100% | Aa3  |
| 66,600    | Federal Home Loan Mortgage Corporation          | 5.000% | Aa3  |

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U.S. AGENCY - 0.2%

|        |  |        |     |
|--------|--|--------|-----|
| 60,000 | Federal Home Loan Mortgage Corporation | 5.100% | Aa3 |
| 34,000 | Federal Home Loan Mortgage Corporation | 5.300% | Aa3 |

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Nuveen Quality Preferred Income Fund 2 (JPS) (continued)  
Portfolio of INVESTMENTS June 30, 2005 (Unaudited)

| SHARES  | DESCRIPTION(1)                     | COUPON | RATING  |
|---|------------------------------------|--------|---------|
|   |                                    |        | MOODY'S |
| -----   |                                    |        |         |
| WIRELESS TELECOMMUNICATION SERVICES - 2.2%                          |                                    |        |         |
| 163,100   | Telephone and Data Systems Inc.    | 7.600% | Baa1    |
| 1,319,200   | United States Cellular Corporation | 8.750% | Baa1    |
| -----   |                                    |        |         |
| Total \$25 Par (or similar) Securities (cost \$1,380,800,603)       |                                    |        |         |
| -----   |                                    |        |         |
| CONVERTIBLE PREFERRED SECURITIES - 3.8% (2.7% OF TOTAL INVESTMENTS) |                                    |        |         |
| -----   |                                    |        |         |
| DIVERSIFIED FINANCIAL SERVICES - 0.6%                               |                                    |        |         |
| 210,000   | Citigroup Global Markets           | 2.000% | Aa1     |
| -----   |                                    |        |         |
| ELECTRIC UTILITIES - 0.4%   |                                    |        |         |
| 126,500   | FPL Group Inc.                     | 8.000% | N/R     |
| -----   |                                    |        |         |
| FOOD & STAPLES RETAILING - 0.6%                                     |                                    |        |         |
| 511,790   | Albertson's, Inc.                  | 7.250% | Baa2    |
| -----   |                                    |        |         |
| HEALTHCARE EQUIPMENT & SUPPLIES - 0.4%                              |                                    |        |         |
| 128,600   | Baxter International Inc.          | 7.000% | Baa1    |
| -----   |                                    |        |         |
| INSURANCE - 0.2%  |                                    |        |         |
| 118,000   | XL Capital Ltd.                    | 6.500% | A2      |
| -----   |                                    |        |         |
| MULTI-UTILITIES & UNREGULATED POWER - 1.4%                          |                                    |        |         |
| 468,500   | Dominion Resources Inc.            | 8.750% | Baa1    |
| -----   |                                    |        |         |
| THRIFTS & MORTGAGE FINANCE - 0.2%                                   |                                    |        |         |
| 172,300   | PMI Group Inc.                     | 5.875% | A1      |
| -----   |                                    |        |         |

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Total Convertible Preferred Securities (cost \$61,683,044)

| PRINCIPAL<br>AMOUNT (000)/<br>SHARES                              | DESCRIPTION(1)                                 | COUPON | MATURITY |
|---|--|--------|----------|
| CAPITAL PREFERRED SECURITIES - 58.3% (40.9% OF TOTAL INVESTMENTS) |  |        |          |
| CAPITAL MARKETS - 8.7%  |  |        |          |
| 15,000  | Ahmanson Capital Trust I, 144A                 | 8.360% | 12/01/26 |
| 1,465   | Bank of New York Capital I, Series B           | 7.970% | 12/31/26 |
| 4,000   | BT Capital Trust, Series B1                    | 7.900% | 1/15/27  |
| 2,000   | BT Institutional Capital Trust B, 144A         | 7.750% | 12/01/26 |
| 500   | BT Preferred Capital Trust II                  | 7.875% | 2/25/27  |
| 5,000   | C.A. Preferred Fund Trust II                   | 7.000% | 10/30/49 |
| 18,600  | C.A. Preferred Funding Trust                   | 7.000% | 1/30/49  |
| 5,050   | First Hawaiian Capital Trust I, Series B       | 8.343% | 7/01/27  |
| 1,000   | First Security Capital I                       | 8.410% | 12/15/26 |
| 17,095  | First Union Capital Trust II, Series A         | 7.950% | 11/15/29 |
| 25,000  | M&I Capital Trust A                            | 7.650% | 12/01/26 |
| 25,000  | Mellon Capital Trust I, Series A               | 7.720% | 12/01/26 |
| 3,240   | State Street Institutional Capital Trust, 144A | 7.940% | 12/30/26 |
| 19,800  | UBS Preferred Funding Trust I                  | 8.622% | 10/29/49 |

COMMERCIAL BANKS - 27.0%

|        |   |        |          |
|--------|---|--------|----------|
| 19,000 | AB Svensk Exportkredit, 144A                  | 6.375% | 10/27/49 |
| 37,250 | Abbey National Capital Trust I                | 8.963% | 12/30/49 |
| 7,100  | AgFirst Farm Credit Bank                      | 7.300% | 12/15/53 |
| 6,500  | Bank One Capital III                          | 8.750% | 9/01/30  |
| 26,355 | BankBoston Capital Trust I, Series B          | 8.250% | 12/15/26 |
| 3,031  | BankBoston Capital Trust II, Series B         | 7.750% | 12/15/26 |
| 5,000  | BanPonce Trust I, Series A                    | 8.327% | 2/01/27  |
| 36,000 | Barclays Bank plc, 144A                       | 8.550% | 6/15/49  |
| 5,300  | Barnett Capital I                             | 8.060% | 12/01/26 |
| 2,229  | Corestates Capital Trust I, 144A              | 8.000% | 12/15/26 |
| 3,700  | DBS Capital Funding Corporation, 144A         | 7.657% | 3/15/49  |
| 3,500  | First Chicago NBD Institutional Capital, 144A | 7.950% | 12/01/26 |

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Nuveen Quality Preferred Income Fund 2 (JPS) (continued)  
Portfolio of INVESTMENTS June 30, 2005 (Unaudited)

| PRINCIPAL<br>AMOUNT (000)/<br>SHARES | DESCRIPTION(1)                | COUPON | MATURITY |
|--------------------------------------|-------------------------------|--------|----------|
| COMMERCIAL BANKS (continued)         |                               |        |          |
| 1,500                                | First Empire Capital Trust I  | 8.234% | 2/01/27  |
| 1,500                                | First Midwest Bancorp Inc.    | 6.950% | 12/01/33 |
| 22,080                               | Fleet Capital Trust II        | 7.920% | 12/11/26 |
| 2,400                                | HSEC Capital Funding LP, 144A | 9.547% | 12/31/49 |

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|        |  |         |          |
|--------|--|---------|----------|
| 6,250  | HSBC Capital Funding LP, Debt                    | 10.176% | 6/30/50  |
| 32,000 | KBC Bank Fund Trust III, 144A                    | 9.860%  | 11/02/49 |
| 8,000  | KeyCorp Capital III                              | 7.750%  | 7/15/29  |
| 2,500  | KeyCorp Institutional Capital Trust A            | 7.826%  | 12/01/26 |
| 13,500 | Lloyds TSB Bank plc, Subordinated Note           | 6.900%  | 11/22/49 |
| 19,500 | NB Capital Trust II                              | 7.830%  | 12/15/26 |
| 14,000 | Nordbanken AB, 144A                              | 8.950%  | 11/29/49 |
| 2,000  | North Fork Capital Trust I, Capital Securities   | 8.700%  | 12/15/26 |
| 8,000  | North Fork Capital Trust II                      | 8.000%  | 12/15/27 |
| 2,000  | Peoples Heritage Capital Trust I, Series B       | 9.060%  | 2/01/27  |
| 33,085 | PNC Institutional Capital Securities, 144A       | 7.950%  | 12/15/26 |
| 2,000  | Popular North American Capital Trust I           | 6.564%  | 9/15/34  |
| 13,100 | RBS Capital Trust B                              | 6.800%  | 12/31/49 |
| 8,000  | Reliance Capital Trust I, Series B               | 8.170%  | 5/01/28  |
| 500    | Republic New York Capital II, Capital Securities | 7.530%  | 12/04/26 |
| 17,500 | Royal Bank of Scotland Group plc                 | 9.118%  | 3/31/49  |
| 2,150  | Royal Bank of Scotland Group plc                 | 7.648%  | 8/31/49  |
| 5,000  | Sparebanken Rogaland, Notes, 144A                | 6.443%  | 5/01/49  |
| 9,000  | St. George Funding Company LLC, 144A             | 8.485%  | 6/30/47  |
| 3,400  | Swedbank ForeningsSparbanken AB, 144A            | 9.000%  | 12/29/49 |
| 7,500  | Union Planters Capital Trust A                   | 8.200%  | 12/15/26 |
| 240    | Union Planters Preferred Fund, 144A              | 7.750%  | 7/15/53  |
| 1,000  | Wells Fargo Capital Securities                   | 7.950%  | 12/01/26 |
| 10,000 | Zions Institutional Capital Trust, Series A      | 8.536%  | 12/15/26 |

-----  
 DIVERSIFIED FINANCIAL SERVICES - 5.5%

|        |                                   |        |          |
|--------|-----------------------------------|--------|----------|
| 1,000  | BNP Paribas Capital Trust, 144A   | 9.003% | 12/29/49 |
| 2,750  | BNP Paribas Capital Trust         | 7.200% | 12/31/49 |
| 8,750  | Chase Capital Trust I, Series A   | 7.670% | 12/01/26 |
| 44,010 | HBOS Capital Funding LP, Notes    | 6.850% | 3/01/49  |
| 3,600  | JPM Capital Trust I               | 7.540% | 1/15/27  |
| 22,085 | JPM Capital Trust II              | 7.950% | 2/01/27  |
| 13,800 | Old Mutual Capital Funding, Notes | 8.000% | 6/22/53  |

-----  
 DIVERSIFIED TELECOMMUNICATION SERVICES - 2.2%

|        |   |        |         |
|--------|---|--------|---------|
| 30,250 | Centaur Funding Corporation, Series B, 144A | 9.080% | 4/21/20 |
|--------|---|--------|---------|

-----  
 INSURANCE - 11.1%

|        |   |        |          |
|--------|---|--------|----------|
| 14,280 | Ace Capital Trust II                                    | 9.700% | 4/01/30  |
| 2,000  | Allstate Financing II                                   | 7.830% | 12/01/45 |
| 28,000 | American General Institutional Capital, 144A            | 8.125% | 3/15/46  |
| 10,000 | Berkeley Capital Trust                                  | 8.197% | 12/15/45 |
| 2,000  | Mangrove Bay, Class 3, 144A                             | 6.102% | 7/15/33  |
| 6,000  | MIC Financing Trust I                                   | 8.375% | 2/01/27  |
| 10,250 | Prudential plc  | 6.500% | 6/29/49  |
| 10,000 | RenaissanceRe Capital Trust                             | 8.540% | 3/01/27  |
| 51,700 | Sun Life Canada Capital Trust, Capital Securities, 144A | 8.526% | 5/06/47  |
| 43,000 | Zurich Capital Trust I, 144A                            | 8.376% | 6/01/37  |

-----  
 OIL & GAS - 1.3%

|        |  |        |         |
|--------|--|--------|---------|
| 3,680  | KN Capital Trust I, Preferred Securities | 8.560% | 4/15/27 |
| 10,750 | KN Capital Trust III                     | 7.630% | 4/15/28 |
| 7,355  | Phillips 66 Capital Trust II             | 8.000% | 1/15/37 |

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THRIFTS & MORTGAGE FINANCE - 2.5%

|        |   |        |          |
|--------|---|--------|----------|
| 8,595  | Countrywide Capital Trust I             | 8.000% | 12/15/26 |
| 8,460  | Countrywide Capital Trust III, Series B | 8.050% | 6/15/27  |
| 11,825 | Dime Capital Trust I, Series A          | 9.330% | 5/06/27  |

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Nuveen Quality Preferred Income Fund 2 (JPS) (continued)  
Portfolio of INVESTMENTS June 30, 2005 (Unaudited)

| PRINCIPAL<br>AMOUNT (000)/<br>SHARES                      | DESCRIPTION(1)   | COUPON | MATURITY |
|---|--|--------|----------|
| THRIFTS & MORTGAGE FINANCE (continued)                    |  |        |          |
| 13,000  | Great Western Financial Trust II, Series A   | 8.206% | 2/01/27  |
| Total Capital Preferred Securities (cost \$1,007,768,223) |  |        |          |
| CORPORATE BONDS - 0.3% (0.2% OF TOTAL INVESTMENTS)        |  |        |          |
| AUTOMOBILES - 0.3%  |  |        |          |
| 7,150   | Ford Motor Company, Debenture  | 7.400% | 11/01/46 |
| Total Corporate Bonds (cost \$5,679,599)                  |  |        |          |
| REPURCHASE AGREEMENTS - 2.2% (1.5% OF TOTAL INVESTMENTS)  |  |        |          |
| \$ 41,296   | State Street Bank, 2.600%, dated 6/30/05, due 7/01/05, repurchase price \$41,299,4<br>collateralized by \$30,670,000 U.S. Treasury Bonds, 7.125%, due 2/15/23,<br>value \$42,123,589 |        |          |
| Total Repurchase Agreements (cost \$41,296,420)           |  |        |          |
| Total Investments (cost \$2,497,227,889) - 142.5%         |  |        |          |
| Other Assets Less Liabilities - 0.9%                      |  |        |          |
| FundPreferred Shares, at Liquidation Value - (43.4)%      |  |        |          |
| Net Assets Applicable to Common Shares - 100%             |  |        |          |

INTEREST RATE SWAP TRANSACTIONS OUTSTANDING AT JUNE 30, 2005:

| COUNTERPARTY   | NOTIONAL<br>AMOUNT | FIXED RATE | FLOATING RATE |
|----------------|--------------------|------------|---------------|
| Citibank, N.A. | \$200,000,000      | 2.6300%    | 3.15          |
| Citibank, N.A. | 200,000,000        | 3.3750     | 3.15          |
| Citibank, N.A. | 200,000,000        | 3.9100     | 3.15          |

(1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.

\* Ratings: Below Baa by Moody's Investor Service, Inc. or BBB by Standard & Poor's Group are considered to be below investment grade.

\*\* Based on LIBOR (London Interbank Offered Rate)

144A 144A securities are those which are exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may only be resold in transactions exempt from registration which are normally those transactions with qualified institutional buyers.

(CBTCS) Corporate Backed Trust Certificates.

(CORTS) Corporate Backed Trust Securities.

(PCARS) Public Credit and Repackaged Securities.

(PPLUS) PreferredPlus Trust.

(SATURNS) Structured Asset Trust Unit Repackaging.

N/R Security is not rated.

See accompanying notes to financial statements.

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Nuveen Quality Preferred Income Fund 3 (JHP)  
Portfolio of  
INVESTMENTS June 30, 2005 (Unaudited)

| SHARES  | DESCRIPTION(1)                 | COUPON | RATING<br>MOODY'S |
|---|--------------------------------|--------|-------------------|
| -----   |                                |        |                   |
| \$25 PAR (OR SIMILAR) SECURITIES - 85.2% (58.4% OF TOTAL INVESTMENTS) |                                |        |                   |
| AUTOMOBILES - 0.1%  |                                |        |                   |
| 8,000   | DaimlerChrysler AG (CORTS)     | 7.875% | A3                |
| -----   |                                |        |                   |
| CAPITAL MARKETS - 7.1%  |                                |        |                   |
| 32,000  | Bear Stearns Capital Trust III | 7.800% | A2                |
| 50,100  | Compass Capital Trust III      | 7.350% | A3                |



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|         |  |        |     |
|---------|--|--------|-----|
| 39,900  | CSFB USA, Series 2002-10 (SATURNS)                   | 7.000% | Aa3 |
| 23,100  | First Union Capital II, Series II (CORTS)            | 7.500% | A1  |
| 11,300  | First Union Institutional Capital II (CORTS)         | 8.200% | A1  |
| 355,900 | Lehman Brothers Holdings Capital Trust III, Series K | 6.375% | A2  |
| 18,300  | Merrill Lynch Preferred Capital Trust IV             | 7.120% | A1  |
| 76,100  | Merrill Lynch Preferred Capital Trust V              | 7.280% | A1  |
| 36,300  | Merrill Lynch Preferred Capital Trust                | 7.750% | A1  |
| 80,000  | Morgan Stanley Capital Trust II                      | 7.250% | A1  |
| 212,600 | Morgan Stanley Capital Trust III                     | 6.250% | A1  |
| 40,900  | Morgan Stanley (PPLUS)                               | 7.050% | Aa3 |

-----  
 COMMERCIAL BANKS - 14.4%

|         |   |         |      |
|---------|---|---------|------|
| 3,700   | Abbey National plc, Series B  | 7.375%  | A2   |
| 105,898 | ABN AMRO Capital Trust Fund VII   | 6.080%  | A2   |
| 34,100  | ASBC Capital I  | 7.625%  | Baa1 |
| 60,394  | BAC Capital Trust I   | 7.000%  | Aa3  |
| 38,700  | BAC Capital Trust II  | 7.000%  | Aa3  |
| 99,500  | BAC Capital Trust III   | 7.000%  | Aa3  |
| 64,900  | BAC Capital Trust V   | 6.000%  | Aa3  |
| 32,800  | Banco Santander   | 6.410%  | A2   |
| 37,300  | Banco Totta & Acores Finance, Series A                                  | 8.875%  | A3   |
| 18,600  | BancWest Capital I  | 9.500%  | A3   |
| 222,200 | Banesto Holdings, Series A, 144A  | 10.500% | A2   |
| 32,300  | Bank One Capital Trust VI   | 7.200%  | A1   |
| 4,800   | BankNorth Capital Trust II  | 8.000%  | A3   |
| 23,000  | Chittenden Capital Trust I  | 8.000%  | Baa1 |
| 44,500  | Cobank ABC, 144A  | 7.000%  | N/R  |
| 54,200  | Comerica Capital Trust I  | 7.600%  | A3   |
| 161,300 | Fleet Capital Trust VII   | 7.200%  | Aa3  |
| 26,516  | Fleet Capital Trust VIII  | 7.200%  | Aa3  |
| 6,400   | KeyCorp Capital Trust V   | 5.875%  | A3   |
| 7,100   | KeyCorp (PCARS)   | 7.500%  | A3   |
| 7,200   | KeyCorp, Series 2001-7 (CORTS)  | 7.750%  | A3   |
| 12,500  | KeyCorp, Series B (CORTS)   | 8.250%  | A3   |
| 22,400  | National Commerce Capital Trust II                                      | 7.700%  | A1   |
| 30,400  | National Westminster Bank plc, Series A                                 | 7.875%  | Aa2  |
| 16,500  | National Westminster Bank plc, Series B                                 | 7.875%  | Aa3  |
| 20,100  | PNC Capital Trust   | 6.125%  | A3   |
| 40,000  | Royal Bank of Scotland Group plc, Series M                              | 6.400%  | A1   |
| 104,465 | Royal Bank of Scotland Group plc, Series N                              | 6.350%  | A1   |
| 17,000  | SunTrust Capital Trust IV   | 7.125%  | A1   |
| 25,500  | SunTrust Capital Trust V  | 7.050%  | A1   |
| 110,300 | USB Capital Trust III   | 7.750%  | Aa3  |
| 59,500  | USB Capital Trust IV  | 7.350%  | Aa3  |
| 50,000  | USB Capital Trust V   | 7.250%  | Aa3  |
| 19,000  | VNB Capital Trust I   | 7.750%  | Baa1 |
| 31,600  | Washington Mutual Capital Trust I, Series 2001-22,<br>Class A-1 (CORTS) | 7.650%  | Baa1 |
| 16,000  | Well Fargo Capital Trust IX   | 5.625%  | Aa2  |

Nuveen Quality Preferred Income Fund 3 (JHP) (continued)  
 Portfolio of INVESTMENTS June 30, 2005 (Unaudited)

| SHARES | DESCRIPTION(1) | COUPON | RATING<br>MOODY'S |
|--------|----------------|--------|-------------------|
|--------|----------------|--------|-------------------|

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COMMERCIAL BANKS (continued)

|        |                               |        |      |
|--------|-------------------------------|--------|------|
| 35,800 | Wells Fargo Capital Trust V   | 7.000% | Aa2  |
| 87,900 | Wells Fargo Capital Trust VII | 5.850% | Aa2  |
| 80,800 | Zions Capital Trust B         | 8.000% | Baa1 |

CONSUMER FINANCE - 4.3%

|         |                             |        |      |
|---------|-----------------------------|--------|------|
| 14,600  | Household Capital Trust VI  | 8.250% | A2   |
| 100,500 | Household Capital Trust VII | 7.500% | A2   |
| 120,000 | HSEC Finance Corporation    | 6.360% | A3   |
| 136,000 | HSEC Finance Corporation    | 6.875% | A1   |
| 95,300  | SLM Corporation, Series A   | 6.970% | Baa1 |

DIVERSIFIED FINANCIAL SERVICES - 8.9%

|         |  |        |     |
|---------|--|--------|-----|
| 10,000  | BBVA Preferred Capital Ltd., Series B                  | 7.750% | A1  |
| 42,900  | CIT Group Incorporated (CORTS)                         | 7.750% | A3  |
| 25,600  | Citigroup Capital Trust VII                            | 7.125% | Aa2 |
| 51,200  | Citigroup Capital Trust VIII                           | 6.950% | Aa2 |
| 13,000  | Citigroup Capital Trust XI                             | 6.000% | Aa2 |
| 16,549  | Citigroup Inc., Series F                               | 6.365% | Aa3 |
| 68,500  | Citigroup Inc., Series H                               | 6.231% | Aa3 |
| 50,901  | Citigroup Inc., Series M                               | 5.864% | Aa3 |
| 142,900 | ING Group NV   | 7.050% | N/R |
| 504,300 | ING Group NV   | 7.200% | A2  |
| 42,600  | JPMorgan Chase Capital Trust X                         | 7.000% | A1  |
| 43,800  | JPMorgan Chase Capital Trust XVI                       | 6.350% | A1  |
| 25,800  | JPMorgan Chase Trust, Series 2002-6, Class A (SATURNS) | 7.125% | A1  |
| 22,000  | Merrill Lynch Capital Trust II                         | 8.000% | A1  |

DIVERSIFIED TELECOMMUNICATION SERVICES - 0.4%

|        |                                    |        |    |
|--------|------------------------------------|--------|----|
| 6,000  | BellSouth Corporation (CORTS)      | 7.000% | A2 |
| 12,900 | BellSouth Inc. (CORTS)             | 7.000% | A2 |
| 25,200 | Verizon Communications (CORTS)     | 7.625% | A2 |
| 15,300 | Verizon New England Inc., Series B | 7.000% | A2 |

ELECTRIC UTILITIES - 2.3%

|         |  |        |      |
|---------|--|--------|------|
| 53,400  | Entergy Louisiana Inc.                                   | 7.600% | Baa1 |
| 203,447 | Entergy Mississippi Inc.                                 | 7.250% | Baa2 |
| 13,100  | Georgia Power Company                                    | 5.700% | Aaa  |
| 10,500  | National Rural Utilities Cooperative Finance Corporation | 7.600% | A3   |
| 4,500   | National Rural Utilities Cooperative Finance Corporation | 7.400% | A3   |
| 18,300  | Tennessee Valley Authority, Series D                     | 6.750% | Aaa  |

FOOD PRODUCTS - 0.7%

|        |                                     |        |     |
|--------|-------------------------------------|--------|-----|
| 23,500 | Dairy Farmers of America Inc., 144A | 7.875% | Ba1 |
|--------|-------------------------------------|--------|-----|

GAS UTILITIES - 0.2%

|        |                      |        |      |
|--------|----------------------|--------|------|
| 32,900 | AGL Capital Trust II | 8.000% | Baa2 |
|--------|----------------------|--------|------|

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| HEALTHCARE PROVIDERS & SERVICES - 0.1% |  |        |        |
|--|--|--------|--------|
| SHARES                                 | DESCRIPTION(1)                             | COUPON | RATING |
| 12,500                                 | Aetna Incorporated                         | 8.500% | Baa1   |
| INSURANCE - 19.0%                      |  |        |        |
| 133,000                                | Ace Ltd., Series C                         | 7.800% | Baa2   |
| 398,838                                | Aegon NV                                   | 6.375% | A3     |
| 30,700                                 | AMBAC Financial Group Inc.                 | 5.950% | Aa2    |
| 95,000                                 | AMBAC Financial Group Inc.                 | 5.875% | Aa2    |
| 8,500                                  | American General Capital III               | 8.050% | Aa3    |
| 134,400                                | Delphi Financial Group Inc.                | 8.000% | Baa3   |
| 261,171                                | EverestRe Group Limited                    | 7.850% | Baa1   |
| 151,100                                | Financial Security Assurance Holdings      | 6.250% | Aa2    |
| 68,900                                 | Hartford Capital Trust III, Series C       | 7.450% | Baa1   |
| 106,900                                | Lincoln National Capital Trust V, Series E | 7.650% | Baa1   |
| 4,000                                  | MetLife Inc.                               | 5.875% | A2     |
| 193,700                                | MetLife Inc., Series B                     | 6.500% | Baa1   |
| 140,000                                | PartnerRe Limited, Series C                | 6.750% | Baa1   |

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| INSURANCE (continued)                      |   |        |         |
|--|---|--------|---------|
| SHARES                                     | DESCRIPTION(1)                                | COUPON | MOODY'S |
| 55,700                                     | PartnerRe Limited                             | 7.900% | A3      |
| 55,700                                     | PLC Capital Trust III                         | 7.500% | Baa1    |
| 15,500                                     | PLC Capital Trust IV                          | 7.250% | Baa1    |
| 52,544                                     | Prudential plc                                | 6.750% | Baa1    |
| 217,000                                    | RenaissanceRe Holdings Ltd., Series B         | 7.300% | Baa2    |
| 41,500                                     | RenaissanceRe Holdings Ltd., Series A         | 8.100% | Baa2    |
| 16,400                                     | Safeco Capital Trust I (CORTS)                | 8.700% | Baa2    |
| 9,300                                      | Safeco Capital Trust I, Series 2001-4 (CORTS) | 8.750% | Baa2    |
| 32,200                                     | Safeco Corporation, Series 2001-7 (SATURNS)   | 8.250% | Baa2    |
| 61,800                                     | XL Capital Ltd., Series A                     | 8.000% | Baa1    |
| 289,400                                    | XL Capital Ltd., Series B                     | 7.625% | Baa1    |
| MULTI-UTILITIES & UNREGULATED POWER - 0.3% |   |        |         |
| 17,900                                     | Dominion CNG Capital Trust I                  | 7.800% | Baa1    |
| 24,300                                     | Energy East Capital Trust I                   | 8.250% | Baa3    |
| OIL & GAS - 1.7%                           |   |        |         |
| 187,900                                    | Nexen Inc.                                    | 7.350% | Baa3    |
| 34,700                                     | TransCanada Pipeline                          | 8.250% | A3      |
| PHARMACEUTICALS - 0.1%                     |   |        |         |
| 10,000                                     | Bristol Myers Squibb Company (CORTS)          | 6.250% | A1      |

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| REAL ESTATE - 18.8% |   |        |      |
|---------------------|---|--------|------|
| 10,700              | AvalonBay Communities, Inc., Series H               | 8.700% | Baa2 |
| 135,900             | BRE Properties, Series C                            | 6.750% | Baa3 |
| 8,829               | BRE Properties, Series D                            | 6.750% | Baa3 |
| 200,533             | CarrAmerica Realty Corporation, Series E            | 7.500% | Baa3 |
| 30,000              | Developers Diversified Realty Corporation, Series H | 7.375% | Ba1  |
| 170,900             | Developers Diversified Realty Corporation, Series G | 8.000% | Ba1  |
| 26,300              | Developers Diversified Realty Corporation, Series F | 8.600% | Ba1  |
| 112,500             | Duke Realty Corporation, Series L                   | 6.600% | Baa2 |
| 60,644              | Equity Office Properties Trust, Series G            | 7.750% | Baa3 |
| 18,500              | Equity Residential Properties Trust, Series C       | 9.125% | Baa2 |
| 20,800              | Equity Residential Properties Trust, Series D       | 8.600% | Baa2 |
| 25,900              | Equity Residential Properties Trust                 | 9.125% | Baa2 |
| 55,300              | Federal Realty Investment Trust                     | 8.500% | Baa3 |
| 5,100               | First Industrial Realty Trust Inc., Series C        | 8.625% | Baa3 |
| 131,900             | HRPT Properties Trust, Series A                     | 9.875% | Baa3 |
| 240,207             | HRPT Properties Trust, Series B                     | 8.750% | Baa3 |
| 21,000              | New Plan Excel Realty Trust, Series D               | 7.800% | Baa3 |
| 35,600              | New Plan Excel Realty Trust, Series E               | 7.625% | N/R  |
| 20,000              | Prologis Trust, Series G                            | 6.750% | Baa2 |
| 136,000             | PS Business Parks Inc.                              | 7.000% | Ba1  |
| 36,900              | PS Business Parks Inc., Series D                    | 9.500% | Ba2  |
| 8,300               | PS Business Parks Inc., Series F                    | 8.750% | Ba2  |
| 120,000             | PS Business Parks Inc., Series L                    | 7.600% | Ba1  |
| 40,900              | Public Storage Inc., Series Q                       | 8.600% | Baa2 |
| 129,533             | Public Storage Inc., Series R                       | 8.000% | Baa2 |
| 19,300              | Public Storage Inc., Series S                       | 7.875% | Baa2 |
| 22,500              | Public Storage Inc., Series T                       | 7.625% | Baa2 |
| 11,000              | Public Storage Inc., Series U                       | 7.625% | Baa2 |
| 17,000              | Public Storage Inc., Series V                       | 7.500% | Baa2 |
| 12,600              | Regency Centers Corporation                         | 7.450% | Baa3 |
| 80,700              | Regency Centers Corporation                         | 7.250% | Baa3 |
| 7,500               | Simon Property Group, Inc., Series F                | 8.750% | Baa2 |
| 68,600              | Simon Property Group, Inc., Series G                | 7.890% | Baa2 |
| 36,400              | United Dominion Realty Trust                        | 8.600% | Baa3 |
| 61,800              | Vornado Realty Trust, Series G                      | 6.625% | Baa3 |
| 252,700             | Wachovia Preferred Funding Corporation              | 7.250% | A2   |
| 39,600              | Weingarten Realty Trust, Series E                   | 6.950% | Baa1 |

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Nuveen Quality Preferred Income Fund 3 (JHP) (continued)  
Portfolio of INVESTMENTS June 30, 2005 (Unaudited)

| SHARES                            | DESCRIPTION(1)                                  | COUPON | RATING<br>MOODY'S |
|-----------------------------------|---|--------|-------------------|
| SPECIALTY RETAIL - 0.2%           |   |        |                   |
| 20,000                            | Sherwin Williams Company, Series III (CORTS)    | 7.250% | A2                |
| THRIFTS & MORTGAGE FINANCE - 4.4% |   |        |                   |
| 16,600                            | Countrywide Capital Trust II, Series II (CORTS) | 8.000% | Baa1              |
| 240,430                           | Countrywide Capital Trust IV                    | 6.750% | Baa1              |

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|                                      |   |        |          |
|--------------------------------------|---|--------|----------|
| 25,600                               | Fannie Mae  | 0.000% | Aa3      |
| 42,700                               | Fannie Mae  | 5.125% | Aa3      |
| 43,800                               | Fannie Mae  | 3.780% | Aa3      |
| 20,900                               | Federal Home Loan Mortgage Corporation                              | 6.000% | Aa3      |
| 9,000                                | Federal Home Loan Mortgage Corporation                              | 6.140% | Aa3      |
| 19,900                               | Federal Home Loan Mortgage Corporation                              | 5.100% | Aa3      |
| 20,800                               | Federal Home Loan Mortgage Corporation                              | 5.000% | Aa3      |
| -----                                |   |        |          |
|                                      | U.S. AGENCY - 0.1%  |        |          |
| 7,000                                | Federal Home Loan Mortgage Corporation                              | 5.300% | Aa3      |
| -----                                |   |        |          |
|                                      | WIRELESS TELECOMMUNICATION SERVICES - 2.1%                          |        |          |
| 116,901                              | Telephone and Data Systems Inc.                                     | 7.600% | Baa1     |
| 157,500                              | United States Cellular Corporation                                  | 8.750% | Baa1     |
| 5,300                                | United States Cellular Corporation                                  | 7.500% | Baa1     |
| -----                                |   |        |          |
|                                      | Total \$25 Par (or similar) Securities (cost \$293,637,462)         |        |          |
| -----                                |   |        |          |
|                                      | CONVERTIBLE PREFERRED SECURITIES - 3.7% (2.5% OF TOTAL INVESTMENTS) |        |          |
|                                      | DIVERSIFIED FINANCIAL SERVICES - 0.9%                               |        |          |
| 61,000                               | Citigroup Global Markets  | 2.000% | Aa1      |
| -----                                |   |        |          |
|                                      | FOOD & STAPLES RETAILING - 0.7%                                     |        |          |
| 100,196                              | Albertson's, Inc.   | 7.250% | Baa2     |
| -----                                |   |        |          |
|                                      | HEALTHCARE EQUIPMENT & SUPPLIES - 0.4%                              |        |          |
| 28,000                               | Baxter International Inc.   | 7.000% | Baa1     |
| -----                                |   |        |          |
|                                      | MULTI-UTILITIES & UNREGULATED POWER - 1.6%                          |        |          |
| 102,400                              | Dominion Resources Inc.   | 8.750% | Baa1     |
| -----                                |   |        |          |
|                                      | THRIFTS & MORTGAGE FINANCE - 0.1%                                   |        |          |
| 20,100                               | PMI Group Inc.  | 5.875% | A1       |
| -----                                |   |        |          |
|                                      | Total Convertible Preferred Securities (cost \$11,385,461)          |        |          |
| -----                                |   |        |          |
| PRINCIPAL<br>AMOUNT (000)/<br>SHARES | DESCRIPTION(1)  | COUPON | MATURITY |
| -----                                |   |        |          |
|                                      | CAPITAL PREFERRED SECURITIES - 55.5% (38.0% OF TOTAL INVESTMENTS)   |        |          |
|                                      | CAPITAL MARKETS - 7.4%  |        |          |

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|       |  |        |          |
|-------|--|--------|----------|
| 5,000 | Ahmanson Capital Trust I, 144A           | 8.360% | 12/01/26 |
| 1,000 | Bank of New York Capital I, Series B     | 7.970% | 12/31/26 |
| 1,000 | BT Capital Trust, Series B1              | 7.900% | 1/15/27  |
| 1,000 | BT Institutional Capital Trust B, 144A   | 7.750% | 12/01/26 |
| 500   | BT Preferred Capital Trust II            | 7.875% | 2/25/27  |
| 250   | C.A. Preferred Fund Trust II             | 7.000% | 10/30/49 |
| 3,750 | C.A. Preferred Funding Trust             | 7.000% | 1/30/49  |
| 1,000 | First Hawaiian Capital Trust I, Series B | 8.343% | 7/01/27  |
| 8,485 | First Union Capital Trust II, Series A   | 7.950% | 11/15/29 |

-----  
 COMMERCIAL BANKS - 21.2%

|       |                                       |        |          |
|-------|---------------------------------------|--------|----------|
| 2,000 | AB Svensk Exportkredit, 144A          | 6.375% | 10/27/49 |
| 1,000 | Abbey National Capital Trust I        | 8.963% | 12/30/49 |
| 1,900 | AgFirst Farm Credit Bank              | 7.300% | 12/15/53 |
| 1,000 | BankAmerica Capital II, Series 2      | 8.000% | 12/15/26 |
| 1,500 | BankBoston Capital Trust II, Series B | 7.750% | 12/15/26 |

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| PRINCIPAL<br>AMOUNT (000)/<br>SHARES | DESCRIPTION(1) | COUPON | MATURITY |
|--------------------------------------|----------------|--------|----------|
|--------------------------------------|----------------|--------|----------|

-----  
 COMMERCIAL BANKS (continued)

|       |  |        |          |
|-------|--|--------|----------|
| 1,000 | BanPonce Trust I, Series A                     | 8.327% | 2/01/27  |
| 6,200 | Barclays Bank plc, 144A                        | 8.550% | 6/15/49  |
| 900   | DBS Capital Funding Corporation, 144A          | 7.657% | 3/15/49  |
| 1,000 | First Chicago NBD Institutional Capital, 144A  | 7.950% | 12/01/26 |
| 1,000 | First Empire Capital Trust I                   | 8.234% | 2/01/27  |
| 500   | First Midwest Bancorp Inc.                     | 6.950% | 12/01/33 |
| 1,430 | HSBC USA Capital Trust II, 144A                | 8.380% | 5/15/27  |
| 2,500 | KBC Bank Fund Trust III, 144A                  | 9.860% | 11/02/49 |
| 1,000 | KeyCorp Capital II                             | 6.875% | 3/17/29  |
| 2,500 | Lloyds TSB Bank plc, Subordinated Note         | 6.900% | 11/22/49 |
| 4,000 | North Fork Capital Trust I, Capital Securities | 8.700% | 12/15/26 |
| 1,500 | North Fork Capital Trust II                    | 8.000% | 12/15/27 |
| 3,150 | Peoples Heritage Capital Trust I, Series B     | 9.060% | 2/01/27  |
| 9,200 | PNC Institutional Capital Trust B, 144A        | 8.315% | 5/15/27  |
| 1,000 | Popular North American Capital Trust I         | 6.564% | 9/15/34  |
| 4,500 | RBS Capital Trust B                            | 6.800% | 12/31/49 |
| 2,500 | St. George Funding Company LLC, 144A           | 8.485% | 6/30/47  |
| 655   | Swedbank ForeningsSparbanken AB, 144A          | 9.000% | 12/29/49 |
| 4,600 | Union Planters Capital Trust A                 | 8.200% | 12/15/26 |
| 70    | Union Planters Preferred Fund, 144A            | 7.750% | 7/15/53  |
| 3,000 | Zions Institutional Capital Trust, Series A    | 8.536% | 12/15/26 |

-----  
 DIVERSIFIED FINANCIAL SERVICES - 6.6%

|       |                                   |        |          |
|-------|-----------------------------------|--------|----------|
| 1,000 | BNP Paribas Capital Trust         | 7.200% | 12/31/49 |
| 1,000 | Chase Capital Trust I, Series A   | 7.670% | 12/01/26 |
| 9,100 | HBOS Capital Funding LP, Notes    | 6.850% | 3/01/49  |
| 9,000 | JPM Capital Trust I               | 7.540% | 1/15/27  |
| 1,800 | Old Mutual Capital Funding, Notes | 8.000% | 6/22/53  |

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DIVERSIFIED TELECOMMUNICATION SERVICES - 2.0%

|       |   |        |         |
|-------|---|--------|---------|
| 5,260 | Centaur Funding Corporation, Series B, 144A | 9.080% | 4/21/20 |
|-------|---|--------|---------|

-----  
INSURANCE - 14.3%

|        |   |        |          |
|--------|---|--------|----------|
| 3,450  | Ace Capital Trust II                                    | 9.700% | 4/01/30  |
| 500    | Allstate Financing II                                   | 7.830% | 12/01/45 |
| 5,000  | Berkeley Capital Trust                                  | 8.197% | 12/15/45 |
| 750    | Mangrove Bay, Class 3, 144A                             | 6.102% | 7/15/33  |
| 10,000 | MIC Financing Trust I                                   | 8.375% | 2/01/27  |
| 1,500  | Prudential plc  | 6.500% | 6/29/49  |
| 3,000  | RenaissanceRe Capital Trust                             | 8.540% | 3/01/27  |
| 10,000 | Sun Life Canada Capital Trust, Capital Securities, 144A | 8.526% | 5/06/47  |
| 11,500 | Zurich Capital Trust I, 144A                            | 8.376% | 6/01/37  |

-----  
OIL & GAS - 2.4%

|       |                              |        |         |
|-------|------------------------------|--------|---------|
| 3,000 | KN Capital Trust III         | 7.630% | 4/15/28 |
| 4,500 | Phillips 66 Capital Trust II | 8.000% | 1/15/37 |

-----  
THRIFTS & MORTGAGE FINANCE - 1.6%

|       |                                |        |          |
|-------|--------------------------------|--------|----------|
| 1,000 | Countrywide Capital Trust I    | 8.000% | 12/15/26 |
| 4,225 | Dime Capital Trust I, Series A | 9.330% | 5/06/27  |

-----  
Total Capital Preferred Securities (cost \$187,773,615)  
-----

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Nuveen Quality Preferred Income Fund 3 (JHP) (continued)  
Portfolio of INVESTMENTS June 30, 2005 (Unaudited)

| PRINCIPAL<br>AMOUNT (000)/<br>SHARES                     | DESCRIPTION(1)   | COUPON | MATURITY |
|--|--|--------|----------|
| -----  |  |        |          |
| CORPORATE BONDS - 0.4% (0.2% OF TOTAL INVESTMENTS)       |  |        |          |
| AUTOMOBILES - 0.4%                                       |  |        |          |
| 1,700  | Ford Motor Company, Debenture  | 7.400% | 11/01/46 |
| -----  |  |        |          |
| Total Corporate Bonds (cost \$1,458,959)                 |  |        |          |
| -----  |  |        |          |
| REPURCHASE AGREEMENTS - 1.3% (0.9% OF TOTAL INVESTMENTS) |  |        |          |
| \$ 4,424   | State Street Bank, 2.600%, dated 6/30/05, due 7/01/05, repurchase price \$4,423,82 collateralized by \$3,125,000 U.S. Treasury Bonds, 8.125%, due 8/15/19, value \$4 |        |          |
| =====  | -----  |        |          |
| Total Repurchase Agreements (cost \$4,423,508)           |  |        |          |
| -----  |  |        |          |

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Total Investments (cost \$498,679,005) - 146.1%

-----  
 Other Assets Less Liabilities - 1.2%

-----  
 FundPreferred Shares, at Liquidation Value - (47.3)%

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

=====

INTEREST RATE SWAP CONTRACTS OUTSTANDING AT JUNE 30, 2005:

| COUNTERPARTY   | NOTIONAL<br>AMOUNT | FIXED RATE | FLOATING RATE |
|----------------|--------------------|------------|---------------|
| Citibank, N.A. | \$42,000,000       | 2.4125%    | 3.15          |
| Citibank, N.A. | 42,000,000         | 3.2550     | 3.15          |
| Citibank, N.A. | 42,000,000         | 3.8150     | 3.15          |

-----

(1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.

\* Ratings: Below Baa by Moody's Investor Service, Inc. or BBB by Standard & Poor's Group are considered to be below investment grade.

\*\* Based on LIBOR (London Interbank Offered Rate)

144A 144A securities are those which are exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may only be resold in transactions exempt from registration which are normally those transactions with qualified institutional buyers.

(CORTS) Corporate Backed Trust Securities.

(PCARS) Public Credit and Repackaged Securities.

(PPLUS) PreferredPlus Trust.

(SATURNS) Structured Asset Trust Unit Repackaging.

N/R Security is not rated.

See accompanying notes to financial statements.



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|  | INCOME<br>(JTP) |
|--|-----------------|
| -----  |                 |
| ASSETS   |                 |
| Investments, at market value (cost \$1,316,389,713, \$2,497,227,889<br>and \$498,679,005, respectively)                        | \$1,377,825,446 |
| Cash   | 190,291         |
| Interest rate swaps, at value  | --              |
| Receivables:   |                 |
| Dividends  | 2,020,152       |
| Interest   | 7,125,453       |
| Investments sold   | 1,350,178       |
| Reclaims   | --              |
| Other assets   | 62,049          |
| -----  |                 |
| Total assets   | 1,388,573,569   |
| -----  |                 |
| LIABILITIES  |                 |
| Interest rate swaps, at value  | 1,227,305       |
| Payable for investments purchased  | 36,449          |
| Accrued expenses:  |                 |
| Management fees  | 622,447         |
| Other  | 298,066         |
| FundPreferred share dividends payable  | 131,871         |
| -----  |                 |
| Total liabilities  | 2,316,138       |
| -----  |                 |
| FundPreferred shares, at liquidation value   | 440,000,000     |
| =====  |                 |
| Net assets applicable to Common shares   | \$ 946,257,431  |
| =====  |                 |
| Common shares outstanding  | 64,462,104      |
| =====  |                 |
| Net asset value per Common share outstanding (net assets applicable to<br>Common shares, divided by Common shares outstanding) | \$ 14.68        |
| =====  |                 |
| NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF:   |                 |
| -----  |                 |
| Common shares, \$.01 par value per share   | \$ 644,621      |
| Paid-in surplus  | 911,539,984     |
| Undistributed net investment income  | 6,077,844       |
| Accumulated net realized gain (loss) from investments, futures<br>and interest rate swaps                                      | (32,213,446)    |
| Net unrealized appreciation (depreciation) of investments and interest rate swaps  | 60,208,428      |
| -----  |                 |
| Net assets applicable to Common shares   | \$ 946,257,431  |
| =====  |                 |
| Authorized shares:   |                 |
| Common   | Unlimited       |
| FundPreferred shares   | Unlimited       |
| =====  |                 |

See accompanying notes to financial statements.

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Statement of  
OPERATIONS Six Months Ended June 30, 2005 (Unaudited)

|  | QUALITY<br>PREFERRED<br>INCOME<br>(JTP) |
|--|---|
| <hr/>  |   |
| INVESTMENT INCOME  |   |
| Dividends (net of foreign tax withheld of \$8,366,<br>\$11,731 and \$4,093, respectively)              | \$ 25,701,862                           |
| Interest   | 22,317,315                              |
| Total investment income  | 48,019,177                              |
| <hr/>  |   |
| EXPENSES   |   |
| Management fees  | 5,974,494                               |
| FundPreferred shares - auction fees  | 545,480                                 |
| FundPreferred shares - dividend disbursing agent fees  | 12,495                                  |
| Shareholders' servicing agent fees and expenses  | 5,811                                   |
| Custodian's fees and expenses  | 159,635                                 |
| Trustees' fees and expenses  | 14,087                                  |
| Professional fees  | 38,445                                  |
| Shareholders' reports - printing and mailing expenses  | 133,282                                 |
| Stock exchange listing fees  | 12,431                                  |
| Investor relations expense   | 94,510                                  |
| Other expenses   | 20,938                                  |
| <hr/>  |   |
| Total expenses before custodian fee credit and expense reimbursement                                   | 7,011,608                               |
| Custodian fee credit   | (433)                                   |
| Expense reimbursement  | (2,201,043)                             |
| <hr/>  |   |
| Net expenses   | 4,810,132                               |
| <hr/>  |   |
| Net investment income  | 43,209,045                              |
| <hr/>  |   |
| REALIZED AND UNREALIZED GAIN (LOSS) Net realized gain (loss) from:                                     |   |
| Investments  | 4,890,576                               |
| Futures  | --                                      |
| Interest rate swaps  | (1,670,662)                             |
| Change in net unrealized appreciation (depreciation) of:   |   |
| Investments  | (20,736,577)                            |
| Futures  | --                                      |
| Interest rate swaps  | 2,246,485                               |
| <hr/>  |   |
| Net realized and unrealized gain (loss)  | (15,270,178)                            |
| <hr/>  |   |
| DISTRIBUTIONS TO FUNDPREFERRED SHAREHOLDERS  |   |
| From net investment income   | (5,973,035)                             |
| From accumulated net realized gains from investments   | --                                      |
| <hr/>  |   |
| Decrease in net assets applicable to Common shares from<br>distributions to FundPreferred shareholders | (5,973,035)                             |
| <hr/>  |   |
| Net increase in net assets applicable to Common shares from operations                                 | \$ 21,965,83                            |
| <hr/>  |   |

See accompanying notes to financial statements.

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Statement of  
CHANGES IN NET ASSETS (Unaudited)

|  | QUALITY PREFERRED INCOME (JTP) |                                  |                       | QUAL                           |
|--|--------------------------------|----------------------------------|-----------------------|--------------------------------|
|  | SIX MONTHS<br>ENDED<br>6/30/05 | FIVE MONTHS<br>ENDED<br>12/31/04 | YEAR ENDED<br>7/31/04 | SIX MONTHS<br>ENDED<br>6/30/05 |
| <hr/>  |                                |                                  |                       |                                |
| OPERATIONS   |                                |                                  |                       |                                |
| Net investment income  | \$ 43,209,045                  | \$ 38,406,778                    | \$ 88,172,724         | \$ 81,824,678                  |
| Net realized gain (loss) from:   |                                |                                  |                       |                                |
| Investments  | 4,890,576                      | (789,063)                        | 6,457,519             | 20,637,419                     |
| Futures  | --                             | --                               | --                    | 626,810                        |
| Interest rate swaps  | (1,670,662)                    | (2,754,561)                      | (8,829,243)           | (1,927,391)                    |
| Change in net unrealized<br>appreciation (depreciation) of:  |                                |                                  |                       |                                |
| Investments  | (20,736,577)                   | 34,446,726                       | 15,444,743            | (49,899,713)                   |
| Futures  | --                             | --                               | --                    | 313,500                        |
| Interest rate swaps  | 2,246,485                      | (130,099)                        | 3,409,919             | 2,985,352                      |
| Distributions to FundPreferred<br>shareholders:  |                                |                                  |                       |                                |
| From net investment income   | (5,973,035)                    | (3,338,840)                      | (5,266,011)           | (10,889,411)                   |
| From accumulated net<br>realized gains<br>from investments   | --                             | --                               | --                    | --                             |
| <hr/>  |                                |                                  |                       |                                |
| Net increase in net assets<br>applicable to Common shares<br>from operations                       | 21,965,832                     | 65,840,941                       | 99,389,651            | 43,671,244                     |
| <hr/>  |                                |                                  |                       |                                |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS   |                                |                                  |                       |                                |
| From net investment income   | (37,291,330)                   | (32,291,619)                     | (80,656,204)          | (71,366,480)                   |
| From accumulated net<br>realized gains<br>from investments   | --                             | --                               | --                    | --                             |
| <hr/>  |                                |                                  |                       |                                |
| Decrease in net assets applicable to<br>Common shares from distributions<br>to Common shareholders | (37,291,330)                   | (32,291,619)                     | (80,656,204)          | (71,366,480)                   |
| <hr/>  |                                |                                  |                       |                                |
| CAPITAL SHARE TRANSACTIONS   |                                |                                  |                       |                                |
| Common shares:   |                                |                                  |                       |                                |
| Net proceeds from sale of shares   | --                             | --                               | (2,071)               | --                             |
| Net proceeds from shares issued to<br>shareholders due to<br>reinvestment of distributions         | --                             | 141,543                          | 1,421,340             | --                             |
| FundPreferred shares offering costs  | --                             | 92                               | (7,166)               | --                             |
| <hr/>  |                                |                                  |                       |                                |
| Net increase in net assets<br>applicable to Common shares from<br>capital share transactions       | --                             | 141,635                          | 1,412,103             | --                             |
| <hr/>  |                                |                                  |                       |                                |
| Net increase in net<br>assets applicable<br>to Common shares                                       | (15,325,498)                   | 33,690,957                       | 20,145,550            | (27,695,236)                   |
| Net assets applicable<br>to Common shares<br>at the beginning of period                            | 961,582,929                    | 927,891,972                      | 907,746,422           | 1,872,283,332                  |

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|   |               |               |               |                 |
|---|---------------|---------------|---------------|-----------------|
| Net assets applicable to Common shares at the end of period | \$946,257,431 | \$961,582,929 | \$927,891,972 | \$1,844,588,096 |
| Undistributed net investment income at the end of period    | \$ 6,077,844  | \$ 6,133,164  | \$ 3,356,845  | \$ 7,054,735    |

See accompanying notes to financial statements.

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

|  | QUALITY PREFERRED INCOME FUND 2 |
|--|---------------------------------|
|  | SIX MONTH PERIOD ENDED 6/30/08  |
| <hr/>  |                                 |
| OPERATIONS   |                                 |
| Net investment income  | \$ 15,579,088                   |
| Net realized gain (loss) from:   |                                 |
| Investments  | 2,083,531                       |
| Futures  | -                               |
| Interest rate swaps  | (312,911)                       |
| Change in net unrealized appreciation (depreciation) of:                                     |                                 |
| Investments  | (8,764,211)                     |
| Futures  | -                               |
| Interest rate swaps  | 519,591                         |
| Distributions to FundPreferred shareholders:   |                                 |
| From net investment income   | (2,312,861)                     |
| From accumulated net realized gains from investments   | -                               |
| <hr/>  |                                 |
| Net increase in net assets applicable to Common shares from operations                       | 6,792,228                       |
| <hr/>  |                                 |
| DISTRIBUTIONS TO COMMON SHAREHOLDERS   |                                 |
| From net investment income   | (14,102,881)                    |
| From accumulated net realized gains from investments   | -                               |
| <hr/>  |                                 |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (14,102,881)                    |
| <hr/>  |                                 |
| CAPITAL SHARE TRANSACTIONS   |                                 |
| Common shares:   |                                 |
| Net proceeds from sale of shares   | -                               |
| Net proceeds from shares issued to shareholders due to reinvestment of distributions         | -                               |
| FundPreferred shares offering costs  | -                               |
| <hr/>  |                                 |

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|  |               |
|--|---------------|
| Net increase in net assets applicable to Common shares from capital share transactions | --            |
| <hr style="border-top: 1px dashed black;"/>  |               |
| Net increase in net assets applicable to Common shares                                 | (7,310,654)   |
| Net assets applicable to Common shares at the beginning of period                      | 358,197,431   |
| <hr style="border-top: 1px dashed black;"/>  |               |
| Net assets applicable to Common shares at the end of period                            | \$350,886,777 |
| <hr style="border-top: 3px double black;"/>  |               |
| Undistributed net investment income at the end of period                               | \$ 2,148,767  |
| <hr style="border-top: 3px double black;"/>  |               |

See accompanying notes to financial statements.

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Notes to  
FINANCIAL STATEMENTS (Unaudited)

1. GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

The funds (the "Funds") covered in this report and their corresponding Common share New York Stock Exchange symbols are Nuveen Quality Preferred Income Fund (JTP), Nuveen Quality Preferred Income Fund 2 (JPS) and Nuveen Quality Preferred Income Fund 3 (JHP). The Funds are registered under the Investment Company Act of 1940, as amended, as non-diversified, closed-end management investment companies.

Each Fund seeks to provide high current income consistent with capital preservation by investing primarily in a portfolio of preferred securities, debt securities including convertible debt securities and convertible preferred securities.

Effective January 1, 2005, Nuveen Institutional Advisory Corp. ("NIAC"), the Funds' previous Adviser, and its affiliate, Nuveen Advisory Corp. ("NAC"), were merged into Nuveen Asset Management ("NAM"), each wholly owned subsidiaries of Nuveen Investments, Inc. ("Nuveen"). As a result of the merger, NAM is now the Adviser to all funds previously advised by either NIAC or NAC.

The Board of Trustees of the Funds approved a change in the Funds' fiscal year end from July 31 to December 31 upon completion of the Funds' July 31, 2004 fiscal year.

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.

Securities Valuation

Exchange-listed securities and instruments are generally valued at the last sales price on the exchange on which such securities or instruments are primarily traded. Securities or instruments traded on an exchange for which there are no transactions on a given day or securities or instruments not listed on an exchange are valued at the mean of the closing bid and asked prices.

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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. Securities traded on Nasdaq are valued at the Nasdaq Official Closing Price. The prices of fixed-income securities are generally provided by an independent pricing service approved by the Funds' Board of Trustees and based on the mean between the bid and asked prices. When price quotes are not readily available, the pricing service or, in the absence of a pricing service for a particular security or instrument, the Board of Trustees of the Funds, or its designee, may establish fair market value using a wide variety of market data including yields or prices of securities 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 by the pricing service or the Board of Trustee's designee. Short-term securities are valued at amortized cost, which approximates market value.

### Securities Transactions

Securities transactions are recorded on a trade date basis. Realized gains and losses from transactions are determined on the specific identification method. Securities purchased on a when-issued or delayed delivery basis may have extended settlement periods. Any securities so purchased are subject to market fluctuation during this period. The Funds have instructed the custodian to segregate assets with a current value at least equal to the amount of the when-issued and delayed delivery purchase commitments. At June 30, 2005, there were no such outstanding purchase commitments in any of the Funds.

### Investment Income

Dividend income is recorded on the ex-dividend date or, for foreign securities, when information is available. Interest income, which includes the amortization of premiums and accretion of discounts for financial reporting purposes, is recorded on an accrual basis.

### Notes to

#### FINANCIAL STATEMENTS (Unaudited) (continued)

### Income Taxes

Each Fund is a separate taxpayer for federal income tax purposes. Each Fund intends to distribute substantially all net investment income and net capital gains to shareholders and to otherwise comply with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies. Therefore, no federal income tax provision is required.

### Dividends and Distributions to Common Shareholders

Distributions to Common shareholders are recorded on the ex-dividend date. The amount and timing of distributions are determined in accordance with federal income tax regulations, which may differ from U.S. generally accepted accounting principles.

Dividends to Common shareholders are declared monthly. With respect to the REIT securities held in the Funds' Portfolio of Investments, distributions received by the Funds are generally comprised of investment income, long-term and short-term capital gains, and a return of REIT capital. The actual character of amounts received during the period is not known until after the fiscal year-end. For the twelve months ended December 31, 2004, the character of distributions to

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the Funds from the REITs was as follows:

| 2004                                   | QUALITY<br>PREFERRED<br>INCOME<br>(JTP) | QUALITY<br>PREFERRED<br>INCOME 2<br>(JPS) | QUALITY<br>PREFERRED<br>INCOME 3<br>(JHP) |
|--|---|---|---|
| Ordinary income*                       | 91.42%                                  | 91.38%                                    | 84.61%                                    |
| Long-term and short-term capital gains | 8.37                                    | 7.83                                      | 14.31                                     |
| Return of REIT capital                 | .21                                     | .79                                       | 1.08                                      |
|  |   |   |   |

\* Ordinary income consists of net taxable income derived from dividends, interest and net short-term capital gains, if any.

For the six months ended June 30, 2005, each Fund applied the actual percentages for the twelve months ended December 31, 2004, described above, to its receipts from the REITs and treated as income in the Statement of Operations only the amount of ordinary income so calculated. Each Fund adjusts that estimated breakdown of income type (and consequently its net investment income) as necessary early in the following calendar year when the REITs inform their shareholders of the actual breakdown of income type. For the fiscal period ended December 31, 2004, each Fund applied the actual character of distributions reported by the REITs in which the Fund invests to its receipts from the REITs. If a REIT held in the portfolio of investments did not report the actual character of its distributions during the period, the Fund treated the distributions as ordinary income.

For fiscal year ended July 31, 2004, each Fund applied a percentage estimate for the breakdown of income type, to its receipts from the REITs and treated as income in the Statement of Operations only the amount of ordinary income so calculated. Each Fund adjusted that estimated breakdown of income type (and consequently its net investment income) as necessary in the following calendar year when the REITs informed their shareholders of the actual breakdown of income type.

With respect to the portion of each Fund's monthly distribution to its shareholders derived from the Fund's investments in REIT securities for the six months ended June 30, 2005, each Fund treated that portion of its distributions as being entirely from net investment income. The Funds will recharacterize those distributions as being from ordinary income, long-term and short-term capital gains, and return of capital, if necessary, at the beginning of the subsequent year, based upon the income type breakdown information conveyed at that time by the REITs whose securities are held in each Fund's portfolio. For the fiscal period ended December 31, 2004, each Fund applied the actual character of distributions reported by the REITs in which the Fund invests to the distributions paid to each Funds shareholders.

With respect to the portion of each Fund's monthly distribution to its shareholders derived from the Fund's investments in REIT securities for the fiscal year ended July 31, 2004, each Fund treated that portion of its distribution as being entirely from net investment income. The Funds recharacterized those distributions as being from ordinary income, long-term and short-term capital gains, and return of capital, if necessary, in the subsequent calendar year, based upon the income type breakdown information conveyed at that time by the REITs whose securities are held in each Fund's portfolio.

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### FundPreferred Shares

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

| 2004              | QUALITY<br>PREFERRED<br>INCOME<br>(JTP) | QUALITY<br>PREFERRED<br>INCOME 2<br>(JPS) | QUALITY<br>PREFERRED<br>INCOME 3<br>(JHP) |
|-------------------|---|---|---|
| -----             |   |   |   |
| Number of shares: |   |   |   |
| Series M          | 3,520                                   | 4,800                                     | 3,320                                     |
| Series T          | 3,520                                   | 4,800                                     | --  |
| Series T2         | --                                      | 4,000                                     | --  |
| Series W          | 3,520                                   | 4,800                                     | --  |
| Series TH         | 3,520                                   | 4,800                                     | 3,320                                     |
| Series TH2        | --                                      | 4,000                                     | --  |
| Series F          | 3,520                                   | 4,800                                     | --  |
| -----             |   |   |   |
| Total             | 17,600                                  | 32,000                                    | 6,640                                     |
| =====             |   |   |   |

### Interest Rate Swap Transactions

The Funds may invest in certain derivative financial instruments. The Funds' use of interest rate swap transactions is intended to mitigate the negative impact that an increase in short-term interest rates could have on Common share net earnings as a result of leverage. Interest rate swap transactions involve each Fund's agreement with the counterparty to pay a fixed rate payment in exchange for the counterparty paying the Fund a variable rate payment that is intended to approximate each Fund's variable rate payment obligation on FundPreferred shares or any variable rate borrowing. The payment obligation is based on the notional amount of the interest rate swap contract. Interest rate swaps do not involve the delivery of securities or other underlying assets or principal. Accordingly, the risk of loss with respect to the swap counterparty on such transactions is limited to the net amount of interest payments that each Fund is to receive. Interest rate swap positions are valued daily. Although there are economic advantages of entering into interest rate swap transactions, there are also additional risks. The Funds help manage the credit risks associated with interest rate swap transactions by entering into agreements only with counterparties the Adviser believes have the financial resources to honor their obligations and by having the Adviser continually monitor the financial stability of the swap counterparties.

Due to recent clarification provided by the SEC to regulated investment companies, effective with the July 31, 2004, reporting period, the Funds changed the way they present net interest expense on interest rate swap transactions in the financial statements. Net interest expense amounts paid during the year are included in "Net realized gain (loss) from interest rate swap transactions". Net interest expense amounts accrued, but not yet paid, at the end of the fiscal year, are included in "Change in net unrealized appreciation (depreciation) of interest rate swap transactions". Previously, net interest expense was presented in "Expenses" and reported as "Net interest expense on interest rate swap transactions". This reclassification does not alter the tax treatment of interest rate payments on swap transactions which is to include such payments as an operating expense for tax purposes.

For the fiscal year ended July 31, 2004, this reclassification, for financial reporting purposes only, resulted in increases to net investment income, decreases to net realized gain (loss) from interest rate swap transactions and



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decreases to change in net unrealized appreciation (depreciation) of interest rate swap transactions as follows:

|  | QUALITY<br>PREFERRED<br>INCOME<br>(JTP) | QUALITY<br>PREFERRED<br>INCOME 2<br>(JPS) |
|--|---|---|
| Net investment income  | \$ 8,892,767                            | \$ 13,237,853                             |
| Net realized gain (loss) from interest rate swap transactions                              | (8,829,243)                             | (12,395,021)                              |
| Change in net unrealized appreciation (depreciation) of<br>interest rate swap transactions | (63,524)                                | (842,832)                                 |

### Futures Contracts

Each Fund may use futures contracts to hedge against changes in the values of securities the Fund owns. Each Fund bears the market risk arising from changes in the value of these financial instruments. At the time a Fund enters into a futures contract, the Fund deposits and maintains as collateral an initial margin as required by the exchange on which the transaction is affected. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contract. Such receipts or payments are known as variation margin and are recorded by the Fund as unrealized gains or losses on futures contracts. Risk may arise from the potential inability of the counterparty to meet the terms of the contract. When a contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the time it was closed.

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Notes to  
FINANCIAL STATEMENTS (Unaudited) (continued)

### Repurchase Agreements

In connection with transactions in repurchase agreements, it is the Funds' policy that its custodian take possession of the underlying collateral securities, the fair value of which exceeds the principal amount of the repurchase transaction, including accrued interest, at all times. If the seller defaults, and the fair value of the collateral declines, realization of the collateral may be delayed or limited.

### Custodian Fee Credit

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

### Indemnifications

Under the Funds' organizational documents, their Officers and Trustees are indemnified against certain liabilities arising out of the performance of their duties to the Funds. In addition, in the normal course of business, the Funds

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enter into contracts that provide general indemnifications to other parties. The Funds' maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Funds that have not yet occurred. However, the Funds have not had prior claims or losses pursuant to these contracts and expect the risk of loss to be remote.

Use of Estimates

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

2. FUND SHARES

Transactions in Common shares were as follows:

|   | QUALITY PREFERRED<br>INCOME (JTP) |                   |                  | QUALITY P<br>INCOME |           |
|---|-----------------------------------|-------------------|------------------|---------------------|-----------|
|   | SIX MONTHS                        | FIVE MONTHS       | YEAR             | SIX MONTHS          | FIVE MO   |
|   | ENDED<br>6/30/05                  | ENDED<br>12/31/04 | ENDED<br>7/31/04 | ENDED<br>6/30/05    | E<br>12/3 |
| Common shares issued to<br>shareholders due to<br>reinvestment of distributions | --                                | 9,641             | 95,759           | --                  |           |

|   | QUALITY PR<br>INCOME 3 |           |
|---|------------------------|-----------|
|   | SIX MONTHS             | FIVE MO   |
|   | ENDED<br>6/30/05       | E<br>12/3 |
| Common shares issued to<br>shareholders due to<br>reinvestment of distributions | --                     |           |

3. SECURITIES TRANSACTIONS

Purchases and sales (including maturities but excluding short-term investments) of investment securities during the six months ended June 30, 2005, were as follows:

|  | QUALITY<br>PREFERRED<br>INCOME<br>(JTP) | QUALITY<br>PREFERRED<br>INCOME 2<br>(JPS) |
|--|---|---|
|  |   |   |

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|                      |               |               |
|----------------------|---------------|---------------|
| Purchases            | \$166,908,075 | \$313,811,495 |
| Sales and maturities | 173,037,854   | 360,754,575   |

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#### 4. INCOME TAX INFORMATION

The following information is presented on an income tax basis based on the information currently available to the Funds. Differences between amounts for financial statement and federal income tax purposes are primarily due to the recognition of income on certain securities which are treated as debt securities for income tax purposes and equity securities for financial statement purposes, and timing differences in recognizing certain gains and losses on investment transactions.

At June 30, 2005, the cost of investments was as follows:

|                     | QUALITY<br>PREFERRED<br>INCOME<br>(JTP) | QUALITY<br>PREFERRED<br>INCOME 2<br>(JPS) |
|---------------------|---|---|
| Cost of investments | \$1,319,062,587                         | \$2,501,971,122                           |

---

Gross unrealized appreciation and gross unrealized depreciation of investments at June 30, 2005, were as follows:

|  | QUALITY<br>PREFERRED<br>INCOME<br>(JTP) | QUALITY<br>PREFERRED<br>INCOME 2<br>(JPS) |
|--|---|---|
| Gross unrealized:                          |   |   |
| Appreciation                               | \$67,622,748                            | \$142,286,492                             |
| Depreciation                               | (8,859,889)                             | (15,745,928)                              |
| Net unrealized appreciation of investments | \$58,762,859                            | \$126,540,564                             |

---

The tax components of undistributed net ordinary income and net realized gains at July 31, 2004, the Funds' last tax year end, were as follows:

|   | QUALITY<br>PREFERRED<br>INCOME<br>(JTP) | QUALITY<br>PREFERRED<br>INCOME 2<br>(JPS) |
|---|---|---|
| Undistributed net ordinary income *       | \$7,699,609                             | \$14,357,609                              |
| Undistributed net long-term capital gains | --                                      | 20,000,209                                |

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\* Net ordinary income consists of net taxable income derived from dividends, interest and net short-term capital gains, if any.

The tax character of distributions paid during the tax year ended July 31, 2004, the Funds' last tax year end, was designated for purposes of the dividends paid deduction as follows:

|  | QUALITY<br>PREFERRED<br>INCOME<br>(JTP) | QUALITY<br>PREFERRED<br>INCOME 2<br>(JPS) |
|--|---|---|
| JULY 31, 2004                                  |   |   |
| -----  |   |   |
| Distributions from net ordinary income *       | \$86,134,890                            | \$171,962,461                             |
| Distributions from net long-term capital gains | --                                      | --  |
| =====  |   |   |

\* Net ordinary income consists of net taxable income derived from dividends, interest and net short-term capital gains, if any.

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### Notes to FINANCIAL STATEMENTS (Unaudited) (continued)

At July 31, 2004, the Funds' last tax year end, Quality Preferred Income (JTP) had unused capital loss carryforwards of \$25,060,612 available for federal income tax purposes to be applied against future capital gains, if any. If not applied, \$693,161 of the carryforwards will expire in the year 2011 and \$24,367,451 will expire in 2012.

Calculation of certain of the amounts presented above (namely, undistributed net ordinary income for tax purposes) involves the application of complex aspects of the Internal Revenue Code to certain securities held by the Funds. In calculating the amount of taxable income derived from these securities, management made assumptions as to the correct tax treatment of certain of those securities and made estimates about the tax characteristics of income received from those securities, based on information currently available to the Funds. The use of these assumptions and estimates will not affect the qualification of the Funds as regulated investment companies under Subchapter M of the Internal Revenue Code, nor is it expected that these assumptions and estimates will be used in computing taxable income for purposes of preparing the federal and state income and excise tax returns.

#### 5. MANAGEMENT FEE AND OTHER TRANSACTIONS WITH AFFILIATES

Each Fund's management fee is separated into two components - a complex-level component, based on the aggregate amount of all fund assets managed by the Adviser, and a specific fund-level component, based only on the amount of assets within each individual fund. This pricing structure enables Nuveen fund shareholders to benefit from growth in the assets within each individual fund as well as from growth in the amount of complex-wide assets managed by the Adviser. As of July 31, 2005, the complex-level fee rate was .1899%.

The annual fund-level fee, payable monthly, for each of the Funds is based upon the average daily Managed Assets of each Fund as follows:

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| AVERAGE DAILY MANAGED ASSETS        | FUND-LEVEL FEE RATE |
|-------------------------------------|---------------------|
| For the first \$500 million         | .7000%              |
| For the next \$500 million          | .6750               |
| For the next \$500 million          | .6500               |
| For the next \$500 million          | .6250               |
| For Managed Assets over \$2 billion | .6000               |

The annual complex-level fee, payable monthly, which is additive to the fund-level fee, for all Nuveen sponsored funds in the U.S., is based on the aggregate amount of total fund assets managed as follows:

| COMPLEX-LEVEL ASSETS (1)                 | COMPLEX-LEVEL FEE RATE |
|--|------------------------|
| For the first \$55 billion               | .2000%                 |
| For the next \$1 billion                 | .1800                  |
| For the next \$1 billion                 | .1600                  |
| For the next \$3 billion                 | .1425                  |
| For the next \$3 billion                 | .1325                  |
| For the next \$3 billion                 | .1250                  |
| For the next \$5 billion                 | .1200                  |
| For the next \$5 billion                 | .1175                  |
| For the next \$15 billion                | .1150                  |
| For Managed Assets over \$91 billion (2) | .1400                  |

- (1) The complex-level fee component of the management fee for the funds is calculated based upon the aggregate Managed Assets ("Managed Assets" means the average daily net assets of each fund including assets attributable to all types of leverage used by the Nuveen funds) of Nuveen-sponsored funds in the U.S.
- (2) With respect to the complex-wide Managed Assets over \$91 billion, the fee rate or rates that will apply to such assets will be determined at a later date. In the unlikely event that complex-wide Managed Assets reach \$91 billion prior to a determination of the complex-level fee rate or rates to be applied to Managed Assets in excess of \$91 billion, the complex-level fee rate for such complex-wide Managed Assets shall be .1400% until such time as a different rate or rates is determined.

The management fee compensates the Adviser for overall investment advisory and administrative services and general office facilities. The Adviser has entered into Sub-Advisory Agreements with Spectrum Asset Management, Inc. ("Spectrum"), under which Spectrum manages the investment portfolios of the Funds. Spectrum is compensated for its services to the Funds from the management fees paid to the Adviser. Spectrum also receives compensation on certain portfolio transactions for providing brokerage services to the Funds.

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

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been invested in shares of select Nuveen advised Funds.

For the first eight years of Quality Preferred Income's (JTP) operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily Managed Assets, for fees and expenses in the amounts and for the time periods set forth below:

| YEAR ENDING<br>JUNE 30, |      | YEAR ENDING<br>JUNE 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 Quality Preferred Income (JTP) for any portion of its fees and expenses beyond June 30, 2010.

For the first eight years of Quality Preferred Income 2's (JPS) operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily Managed Assets, for fees and expenses in the amounts and for the time periods set forth below:

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

\* From the commencement of operations.

The Adviser has not agreed to reimburse Quality Preferred Income 2 (JPS) for any portion of its fees and expenses beyond September 30, 2010.

For the first eight years of Quality Preferred Income 3's (JHP) operations, the Adviser has agreed to reimburse the Fund, as a percentage of average daily Managed Assets, for fees and expenses in the amounts and for the time periods set forth below:

| YEAR ENDING<br>DECEMBER 31, |      | YEAR ENDING<br>DECEMBER 31, |      |
|-----------------------------|------|-----------------------------|------|
| 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 Quality Preferred Income 3 (JHP) for any portion of its fees and expenses beyond December 31, 2010.

Notes to  
FINANCIAL STATEMENTS (Unaudited) (continued)

6. ANNOUNCEMENT REGARDING PARENT COMPANY OF ADVISER

In early April, 2005, The St. Paul Travelers Companies, Inc. ("St. Paul Travelers"), which owned 79% of Nuveen, (A) completed a public offering of a substantial portion of its equity stake in Nuveen, (B) sold Nuveen \$200 million of its Nuveen shares, (C) entered into an agreement with Nuveen to sell an additional \$400 million of its Nuveen shares on a "forward" basis with payment for and settlement of these shares delayed for several months, and (D) entered into agreements with two unaffiliated investment banking firms to sell an amount equal to most or all of its remaining Nuveen shares for current payment but for future settlement. Transactions (C) and (D) above were settled in late July, which effectively reduced St. Paul Travelers' controlling stake in Nuveen and was deemed an "assignment" (as defined in the 1940 Act) of the investment management agreements between the Funds and the Adviser, which resulted in the automatic termination of each agreement under the 1940 Act. In anticipation of such deemed assignment, the Board of Trustees had approved new ongoing investment management agreements for each Fund and the submission of those agreements for approval by each respective Fund's shareholders, which shareholder approval was received prior to the settlement of transactions (C) and (D). The new ongoing management agreements took effect upon such settlement.

7. SUBSEQUENT EVENTS - DISTRIBUTIONS TO COMMON SHAREHOLDERS

The Funds declared Common share dividend distributions from their net investment income which were paid on August 1, 2005, to shareholders of record on July 15, 2005, as follows:

|                    | QUALITY<br>PREFERRED<br>INCOME<br>(JTP) | QUALITY<br>PREFERRED<br>INCOME 2<br>(JPS) | QUALITY<br>PREFERRED<br>INCOME 3<br>(JHP) |
|--------------------|---|---|---|
| Dividend per share | \$ .0935                                | \$ .0960                                  | \$ .0965                                  |

Financial  
HIGHLIGHTS (Unaudited)

Financial  
HIGHLIGHTS (Unaudited)

Selected data for a Common share outstanding throughout each period:

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|                                  | Investment Operations                              |                                 |   |   |   |  | Total  |
|----------------------------------|--|---------------------------------|---|---|---|--|--------|
|                                  | Beginning<br>Common<br>Share<br>Net Asset<br>Value | Net<br>Investment<br>Income (a) | Net<br>Realized/<br>Unrealized<br>Gain (Loss) | Distributions<br>from Net<br>Investment<br>Income to<br>FundPreferred<br>Share-<br>holders+ | Distributions<br>from<br>Capital<br>Gains to<br>FundPreferred<br>Share-<br>holders+ |  |        |
| QUALITY PREFERRED INCOME (JTP)   |  |                                 |   |   |   |  |        |
| 2005 (f)                         | \$14.92  | \$ .67                          | \$ (.24)                                      | \$ (.09)  | \$ --   |  | \$ .34 |
| 8/1/04-12/31/04                  | 14.40  | .60                             | .47   | (.05)   | --  |  | 1.02   |
| Year Ended 7/31:                 |  |                                 |   |   |   |  |        |
| 2004 (b)                         | 14.10  | 1.37                            | .26   | (.08)   | --  |  | 1.55   |
| 2003                             | 14.12  | 1.31                            | .16   | (.09)   | --  |  | 1.38   |
| 2002 (c)                         | 14.33  | .06                             | (.25)   | --  | --  |  | (.19)  |
| QUALITY PREFERRED INCOME 2 (JPS) |  |                                 |   |   |   |  |        |
| 2005 (f)                         | 15.66  | .68                             | (.22)   | (.09)   | --  |  | .37    |
| 8/1/04-12/31/04                  | 15.32  | .60                             | .50   | (.04)   | (.01)   |  | 1.05   |
| Year Ended 7/31:                 |  |                                 |   |   |   |  |        |
| 2004 (b)                         | 14.97  | 1.42                            | .37   | (.08)   | --  |  | 1.71   |
| 2003 (d)                         | 14.33  | 1.02                            | .79   | (.07)   | --  |  | 1.74   |
| QUALITY PREFERRED INCOME 3 (JHP) |  |                                 |   |   |   |  |        |
| 2005 (f)                         | 15.15  | .66                             | (.27)   | (.10)   | --  |  | .29    |
| 8/1/04-12/31/04                  | 14.71  | .60                             | .46   | (.05)   | --  |  | 1.01   |
| Year Ended 7/31:                 |  |                                 |   |   |   |  |        |
| 2004 (b)                         | 14.38  | 1.38                            | .40   | (.08)   | (.01)   |  | 1.69   |
| 2003 (e)                         | 14.33  | .67                             | .22   | (.04)   | --  |  | .85    |

|                                | Total Returns  |   |                           |                                  |   |
|--------------------------------|--|---|---------------------------|----------------------------------|---|
|                                | Offering<br>Costs and<br>FundPreferred<br>Share<br>Underwriting<br>Discounts | Ending<br>Common<br>Share<br>Net Asset<br>Value | Ending<br>Market<br>Value | Based<br>on<br>Market<br>Value** | Based<br>on<br>Common<br>Share<br>Net<br>Asset<br>Value** |
| QUALITY PREFERRED INCOME (JTP) |  |   |                           |                                  |   |
| 2005 (f)                       | \$ --  | \$14.68   | \$14.00                   | 4.23%                            | 2.33%   |
| 8/1/04-12/31/04                | --   | 14.92   | 14.00                     | 3.79                             | 7.10  |
| Year Ended 7/31:               |  |   |                           |                                  |   |
| 2004 (b)                       | --   | 14.40   | 13.96                     | 4.20                             | 11.17   |
| 2003                           | (.15)  | 14.10   | 14.59                     | 4.95                             | 9.15  |
| 2002 (c)                       | (.02)  | 14.12   | 15.15                     | 1.00                             | (1.47)  |



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QUALITY PREFERRED  
INCOME 2 (JPS)

|                  |       |       |       |      |       |
|------------------|-------|-------|-------|------|-------|
| 2005 (f)         | --    | 15.43 | 14.45 | 4.57 | 2.40  |
| 8/1/04-12/31/04  | --    | 15.66 | 14.40 | 3.34 | 6.94  |
| Year Ended 7/31: |       |       |       |      |       |
| 2004 (b)         | --    | 15.32 | 14.61 | 8.98 | 11.60 |
| 2003 (d)         | (.15) | 14.97 | 14.65 | 4.02 | 11.22 |

QUALITY PREFERRED  
INCOME 3 (JHP)

|                  |       |       |       |       |       |
|------------------|-------|-------|-------|-------|-------|
| 2005 (f)         | --    | 14.84 | 14.53 | 4.80  | 2.07  |
| 8/1/04-12/31/04  | --    | 15.15 | 14.44 | 4.64  | 6.81  |
| Year Ended 7/31: |       |       |       |       |       |
| 2004 (b)         | --    | 14.71 | 14.34 | 9.36  | 11.93 |
| 2003 (e)         | (.18) | 14.38 | 14.36 | (.19) | 4.62  |

Ratios/Supplemental Data

|                  | Before Credit/Reimbursement                         |  |   | After Credit/Reimbursement                                 |   |
|------------------|---|--|---|--|---|
|                  | Ending Net Assets Applicable to Common Shares (000) | Ratio of Expenses to Average Net Assets to Common Shares++ | Ratio of Net Investment Income to Average Net Assets to Common Shares++ | Ratio of Expenses to Average Net Assets to Common Shares++ | Ratio of Net Investment Income to Average Net Assets to Common Shares++ |
| 2005 (f)         | \$ 946,257  | 1.49%*   | 8.73%*  | 1.02%*   |   |
| 8/1/04-12/31/04  | 961,583   | 1.49*  | 9.15*   | 1.02*  |   |
| Year Ended 7/31: |   |  |   |  |   |
| 2004 (b)         | 927,892   | 1.51   | 8.87  | 1.04   |   |
| 2003             | 907,746   | 2.38   | 8.84  | 1.91   |   |
| 2002 (c)         | 880,006   | .96*   | 4.51*   | .64*   |   |

QUALITY PREFERRED  
INCOME (JTP)

|                  |            |        |        |        |
|------------------|------------|--------|--------|--------|
| 2005 (f)         | \$ 946,257 | 1.49%* | 8.73%* | 1.02%* |
| 8/1/04-12/31/04  | 961,583    | 1.49*  | 9.15*  | 1.02*  |
| Year Ended 7/31: |            |        |        |        |
| 2004 (b)         | 927,892    | 1.51   | 8.87   | 1.04   |
| 2003             | 907,746    | 2.38   | 8.84   | 1.91   |
| 2002 (c)         | 880,006    | .96*   | 4.51*  | .64*   |

QUALITY PREFERRED  
INCOME 2 (JPS)

|                  |           |       |       |       |
|------------------|-----------|-------|-------|-------|
| 2005 (f)         | 1,844,588 | 1.40* | 8.48* | .94*  |
| 8/1/04-12/31/04  | 1,872,283 | 1.40* | 8.69* | .94*  |
| Year Ended 7/31: |           |       |       |       |
| 2004 (b)         | 1,830,878 | 1.41  | 8.64  | .95   |
| 2003 (d)         | 1,789,809 | 1.99* | 7.59* | 1.54* |

QUALITY PREFERRED  
INCOME 3 (JHP)

|                  |         |       |       |       |
|------------------|---------|-------|-------|-------|
| 2005 (f)         | 350,887 | 1.54* | 8.44* | 1.07* |
| 8/1/04-12/31/04  | 358,197 | 1.54* | 9.03* | 1.07* |
| Year Ended 7/31: |         |       |       |       |
| 2004 (b)         | 347,900 | 1.55  | 8.75  | 1.08  |
| 2003 (e)         | 339,499 | 1.97* | 7.14* | 1.53* |

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| FundPreferred Shares at End of Period |   |   |                                |
|---------------------------------------|---|---|--------------------------------|
|                                       | Aggregate<br>Amount<br>Outstanding<br>(000) | Liquidation<br>and Market<br>Value<br>Per Share | Asset<br>Coverage<br>Per Share |
| QUALITY PREFERRED INCOME (JTP)        |   |   |                                |
| 2005 (f)                              | \$440,000                                   | \$25,000  | \$78,765                       |
| 8/1/04-12/31/04                       | 440,000                                     | 25,000  | 79,635                         |
| Year Ended 7/31:                      |   |   |                                |
| 2004 (b)                              | 440,000                                     | 25,000  | 77,721                         |
| 2003                                  | 440,000                                     | 25,000  | 76,577                         |
| 2002 (c)                              | --  | --  | --                             |
| QUALITY PREFERRED INCOME 2 (JPS)      |   |   |                                |
| 2005 (f)                              | 800,000                                     | 25,000  | 82,643                         |
| 8/1/04-12/31/04                       | 800,000                                     | 25,000  | 83,509                         |
| Year Ended 7/31:                      |   |   |                                |
| 2004 (b)                              | 800,000                                     | 25,000  | 82,215                         |
| 2003 (d)                              | 800,000                                     | 25,000  | 80,932                         |
| QUALITY PREFERRED INCOME 3 (JHP)      |   |   |                                |
| 2005 (f)                              | 166,000                                     | 25,000  | 77,844                         |
| 8/1/04-12/31/04                       | 166,000                                     | 25,000  | 78,945                         |
| Year Ended 7/31:                      |   |   |                                |
| 2004 (b)                              | 166,000                                     | 25,000  | 77,395                         |
| 2003 (e)                              | 166,000                                     | 25,000  | 76,129                         |

\* Annualized.

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

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

+ The amounts shown are based on Common share equivalents.

++ o Ratios do not reflect the effect of dividend payments to FundPreferred shareholders.

o Income ratios reflect income earned on assets attributable to FundPreferred shares.

o For the periods presented below each ratio includes the effect of the interest expense paid on interest rate swap transactions as follows:

Ratio of Net Interest Expense to Average  
Net Assets Applicable to Common Shares

QUALITY PREFERRED INCOME (JTP)

Year Ended 7/31:

2003

.80%

2002 (c)

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|                                  |      |
|----------------------------------|------|
| QUALITY PREFERRED INCOME 2 (JPS) |      |
| Year Ended 7/31:                 |      |
| 2003(d)                          | .58* |
| QUALITY PREFERRED INCOME 3 (JHP) |      |
| Year Ended 7/31:                 |      |
| 2003(e)                          | .51* |

- (a) Per share Net Investment Income is calculated using the average daily shares method.
- (b) As discussed in the accompanying notes to financial statements the Funds changed their method of presentation for net interest expense on interest rate swap transactions. The effect of this reclassification for the fiscal year ended July 31, 2004, was as follows:

|   | QUALITY<br>PREFERRED<br>INCOME<br>(JTP) | QUALITY<br>PREFERRED<br>INCOME 2<br>(JPS) | QUALITY<br>PREFERRED<br>INCOME 3<br>(JHP) |
|---|---|---|---|
| Increase of Net Investment Income per share with a corresponding decrease in Net Realized/Unrealized Investment Gain (Loss)   | \$ .14                                  | \$ .11                                    | \$ .11                                    |
| Decrease in each of the Ratios of Expenses to Average Net Assets Applicable to Common Shares with a corresponding increase in each of the Ratios of Net Investment Income to Average Net Assets Applicable to Common Shares | .94%                                    | .71%                                      | .73%                                      |

- (c) For the period June 25, 2002 (commencement of operations) through July 31, 2002.
- (d) For the period September 24, 2002 (commencement of operations) through July 31, 2003.
- (e) For the period December 18, 2002 (commencement of operations) through July 31, 2003.
- (f) For the six months ended June 30, 2005.

See accompanying notes to financial statements.

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### ANNUAL INVESTMENT MANAGEMENT AGREEMENT APPROVAL PROCESS

At a meeting held on May 10-12, 2005, the Board of Trustees of the Funds, including the independent Trustees, unanimously approved the Investment Management Agreement between each Fund and NAM and the Sub-Advisory Agreement between NAM and Spectrum for each Fund (NAM and Spectrum are each a "Fund Adviser").

#### THE APPROVAL PROCESS

To assist the Board in its evaluation of an advisory contract with a Fund Adviser, the independent Trustees received a report in adequate time in advance of their meeting which outlined, among other things, the services provided by the Fund Adviser; the organization of the Fund Adviser, including the

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responsibilities of various departments and key personnel; the Fund's past performance as well as the Fund's performance compared to funds of similar investment objectives compiled by an independent third party (a "Peer Group") as described below and with recognized and/or customized benchmarks (as appropriate); the profitability of the Fund Adviser and certain industry profitability analyses for advisers to unaffiliated investment companies; the expenses of the Fund Adviser in providing the various services; the advisory fees of the Fund Adviser, including comparisons of such fees with the management fees of comparable funds in its Peer Group as well as comparisons of the Fund Adviser's management fees with the fees the Fund Adviser assesses to other types of investment products or accounts, if any; the soft dollar practices of the Fund Adviser; and the expenses of each Fund, including comparisons of the Fund's expense ratios (after any fee waivers) with the expense ratios of its Peer Group. This information supplements that received by the Board throughout the year regarding Fund performance, expense ratios, portfolio composition, trade execution and sales activity.

In addition to the foregoing materials, independent legal counsel to the independent Trustees provided, in advance of the meeting, a legal memorandum outlining, among other things, the duties of the Trustees under the 1940 Act as well as the general principles of relevant state law in reviewing and approving advisory contracts; the requirements of the 1940 Act in such matters; an adviser's fiduciary duty with respect to advisory agreements and compensation; the standards used by courts in determining whether investment company boards of directors have fulfilled their duties and factors to be considered by the board in voting on advisory agreements.

At the Board meeting, NAM made a presentation to and responded to questions from the Board. In addition, the independent Trustees noted that Spectrum has also previously made written or oral presentations to the Board providing it with the opportunity to explain its investment strategies, discuss market conditions, and highlight any material issues. Many of these presentations were part of site visits by the Board throughout the year. After the presentations and after reviewing the written materials, the independent Trustees met privately with their legal counsel to review the Board's duties in reviewing advisory contracts and consider the renewal of the advisory contract. It is with this background that the Trustees considered each advisory contract (which includes sub-advisory contracts) with a Fund Adviser. The independent Trustees, in consultation with independent counsel, reviewed the factors set out in judicial decisions and SEC directives relating to the renewal of advisory contracts. As outlined in more detail below, the Trustees considered all factors they believed relevant with respect to each Fund, including the following: (a) the nature, extent and quality of the services to be provided by the Fund Adviser; (b) the investment performance of the Fund and the Fund Adviser; (c) the costs of the services to be provided and profits to be realized by the Fund Adviser and its affiliates from the relationship with the Fund; (d) the extent to which economies of scale would be realized as the Fund grows; and (e) whether fee levels reflect these economies of scale for the benefit of Fund investors.

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

In evaluating the nature, extent and quality of the respective Fund Adviser's services, the Trustees reviewed information concerning the types of services that a Fund Adviser or its affiliates provide and are expected to provide to the Nuveen Funds; narrative and statistical information concerning the Fund's performance record and how such performance compares to the Fund's Peer Group and recognized benchmarks and/or customized benchmarks (as described in further detail in Section B below); information describing the Fund Adviser's organization and its various departments, the experience and responsibilities of key personnel, and available resources. In the discussion of key personnel, the Trustees received materials regarding the changes or additions in personnel of the applicable Fund Adviser. The Trustees further noted the willingness of the personnel of NAM to engage in open, candid discussions with the Board. The

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Trustees further considered the quality of the Fund Adviser's investment process in making portfolio management decisions, including any refinements or improvements to the portfolio management processes, enhancements to technology and systems that are available to portfolio managers, and any additions of new personnel which may strengthen or expand the research and investment capabilities of the Fund Adviser. In their review of the advisory contracts for the fixed income funds, the Trustees also noted that Nuveen won the Lipper Award for Best Fund Family: Fixed Income-Large Asset Class, for 2004. Given the Trustees' experience with the Funds, other Nuveen funds and the Fund Advisers, the Trustees noted that they were familiar with and continue to have a good understanding of the organization, operations and personnel of the Fund Advisers.

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In addition to advisory services, the independent Trustees considered the quality of the administrative or non-advisory services provided. In this regard, NAM provides the Funds with such administrative and other services (exclusive of, and in addition to, any such services provided by others for the Funds) and officers and other personnel as are necessary for the operations of the respective Fund. In addition to investment management services, NAM and its affiliates provide each Fund with a wide range of services, including: preparing shareholder reports; providing daily accounting; providing quarterly financial statements; overseeing and coordinating the activities of other service providers; administering and organizing Board meetings and preparing the Board materials for such meetings; providing legal support (such as helping to prepare registration statements, amendments thereto and proxy statements and responding to regulatory inquiries); and performing other Fund administrative tasks necessary for the operation of the respective Fund (such as tax reporting and fulfilling regulatory filing requirements). In addition, in evaluating the administrative services, the Trustees considered, in particular, a Fund Adviser's policies and procedures for assuring compliance with applicable laws and regulations in light of the new SEC regulations governing compliance. The Trustees noted NAM's focus on compliance and its compliance systems. In their review, the Trustees considered, among other things, the additions of experienced personnel to NAM's compliance group and modifications and other enhancements to NAM's computer systems. In addition to the foregoing, the Trustees also noted that NAM outsources certain services that cannot be replicated without significant costs or at the same level of expertise. Such outsourcing has been a beneficial and efficient use of resources by keeping expenses low while obtaining quality services. Further, as the Funds utilize a sub-adviser, the Trustees considered NAM's ability and procedures to monitor Spectrum's performance, business practices and compliance policies and procedures. In this regard, the Trustees noted the role of NAM's investment oversight committee, including its increased personnel, the responsibilities and experience of the staff, and procedures to monitor sub-advisers, including the use of site visits.

In addition to the above, in reviewing the variety of additional services that NAM or its affiliates must provide to closed-end funds, such as the Funds, the independent Trustees determined that Nuveen's commitment to supporting the secondary market for the common shares of its closed-end funds is particularly noteworthy. In this regard, the Trustees noted Nuveen's efforts to sponsor numerous forums for analysts and specialists regarding the various Nuveen closed-end funds, its creation of a new senior position dedicated to providing secondary market support services and enhancing communications with investors and analysts, and its advertising and media relations efforts designed to raise investor and analyst awareness of the closed-end funds.

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In evaluating the services of Spectrum, the independent Trustees noted that the Sub-Advisory Agreements were essentially agreements for portfolio management services only and Spectrum was not expected to supply other significant administrative services to the Funds.

Based on their review, the Trustees found that, overall, the nature, extent and quality of services provided (and expected to be provided) to the Fund under the Investment Management Agreement or Sub-Advisory Agreement, as applicable, were of a high level and were quite satisfactory.

### B. THE INVESTMENT PERFORMANCE OF THE FUND AND FUND ADVISERS

As previously noted, the Board received a myriad of performance information regarding each Fund and its Peer Group, if available. Among other things, the Board received materials reflecting a Fund's historic performance, the Fund's performance compared to its Peer Group (as available) and its performance compared to recognized and/or customized benchmarks (as applicable). The Trustees reviewed performance information including, among other things, total return information compared with a Fund's Peer Group as well as recognized and/or customized benchmarks (as appropriate) for the one-, three- and five-year periods (as applicable) ending December 31, 2004. This information supplements the Fund performance information provided to the Board at each of their quarterly meetings. Based on their review, the Trustees determined that the respective Fund's absolute and relative investment performance over time had been satisfactory.

### C. FEES, EXPENSES AND PROFITABILITY

#### 1. FEES AND EXPENSES

In evaluating the management fees and expenses that a Fund is expected to bear, the Trustees considered the Fund's current management fee structure, the sub-advisory fee arrangements and the Fund's expected expense ratios in absolute terms as well as compared with the fees and expense ratios of the unaffiliated funds in its Peer Group. The Trustees reviewed the financial information of the respective Fund Adviser, including its respective revenues, expenses and profitability. In reviewing fees, the Trustees, among other things, reviewed comparisons of the Fund's gross management fees (fees after fund-level and complex-wide level breakpoints but before reimbursement and fee waivers), net management fees (after breakpoints and reimbursements and fee waivers) and total expense ratios (before and after waivers) with those of the unaffiliated funds in its Peer Group and peer averages. In this regard, the Trustees noted that the relative ranking of the Nuveen funds on fees and expenses was aided by the significant level of fee reductions provided by the fund-level and complex-wide breakpoint schedules, and the fee waivers and reimbursements provided by Nuveen for certain funds launched since 1999. The complex-wide breakpoint schedule was instituted in 2004 and is described in further detail below in Section D entitled "Economies of Scale and Whether Fee Levels Reflect These Economies of Scale." In its review, the Trustees noted that all taxable closed-end exchange-traded Nuveen funds had net expense ratios below or within an acceptable range compared to peers.

#### 2. COMPARISONS WITH THE FEES OF OTHER CLIENTS

The Trustees further compared the fees of NAM to the fees NAM or an affiliate thereof assessed for other types of clients (such as separate managed accounts as well as fees charged on funds that are not offered by Nuveen but are sub-advised by one of Nuveen's investment management teams). With respect to separately managed accounts, the advisory fees to such separate managed accounts are generally lower than those charged to the Fund. The Trustees noted, however, the additional services that are provided and the costs incurred by Nuveen in managing and operating registered investment companies, such as the Funds,

ANNUAL INVESTMENT MANAGEMENT  
AGREEMENT APPROVAL PROCESS (continued)

compared to individually managed separate accounts. For instance, as described above, NAM and its affiliates provide numerous services to the Funds including, but not limited to, preparing shareholder reports; providing daily accounting; preparing quarterly financial statements; overseeing and coordinating the activities of other service providers; administering and organizing Board meetings and preparing the Board materials for such meetings; providing legal support; and administering all other aspects of the Fund's operations. Further, the Trustees noted the increased compliance requirements for funds in light of new SEC regulations and other legislation. These services are generally not required to the same extent, if at all, for separate accounts. In addition to the differences in services, the Trustees also considered, among other things, the differences in product distribution, investor profiles and account sizes. Accordingly, the Trustees believe that the nature and number of services provided to operate a Fund merit the higher fees than those to separate managed accounts.

In considering the fees of Spectrum, the Trustees also considered the pricing schedule Spectrum charges for similar investment management services for other fund sponsors or clients. Generally, the sub-advisory fees were at the lower end of the Sub-Adviser's fee schedule. In addition, the Trustees noted that such sub-advisory fees and arrangements with the unaffiliated sub-advisers were established through arms-length negotiations between Spectrum and NAM.

### 3. PROFITABILITY OF ADVISERS

In conjunction with its review of fees, the Trustees also considered the profitability of NAM as well as the profitability of Spectrum. The Trustees reviewed the respective Fund Adviser's revenues, expenses and profitability margins (on both a pre-tax and after-tax basis). In reviewing profitability, the Trustees recognized that one of the most difficult issues in determining profitability is establishing a method of allocating expenses. Accordingly, the Trustees reviewed a Fund Adviser's assumptions and methodology of allocating expenses. In this regard, the methods of allocation used appeared reasonable but the Board noted the inherent limitations in allocating costs among various advisory products. The Trustees also recognized that individual fund or product line profitability of other advisers is generally not publicly available. Further, profitability may be affected by numerous factors including the types of funds managed, expense allocations, business mix, etc. and therefore comparability of profitability is somewhat limited. Nevertheless, to the extent available, the Trustees considered the respective Fund Adviser's profit margin compared to the profitability of various publicly-traded investment management companies and/or investment management companies that publicly disclose some or all of their financial results compiled by three independent third-party service providers. The Trustees also reviewed the revenues, expenses and profit margins of various unaffiliated advisory firms with similar amounts of assets under management for the last year prepared by NAM. Based on their review, the Trustees were satisfied that each Fund Adviser's level of profitability from its relationship with each Fund was reasonable in light of the services provided.

In evaluating the reasonableness of the compensation, the Trustees also considered any other revenues paid to a Fund Adviser as well as any indirect benefits (such as soft dollar arrangements, if any) the Fund Adviser and its affiliates are expected to receive that are directly attributable to their

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management of the Funds, if any. See Section E below for additional information. Based on their review of the overall fee arrangements of the applicable Fund, the Trustees determined that the advisory fees and expenses of the respective Fund were reasonable.

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

In reviewing the compensation, the Trustees have long understood the benefits of economies of scale as the assets of a fund grows and have sought to ensure that shareholders share in these benefits. One method for shareholders to share in economies of scale is to include breakpoints in the advisory fee schedules that reduce fees as fund assets grow. Accordingly, the Trustees received and reviewed the schedules of advisory fees for each Fund, including fund-level breakpoints thereto. In addition, after lengthy negotiations with management, the Board in May, 2004 approved a complex-wide fee arrangement pursuant to which fees of the funds in the Nuveen complex, including the Funds, are reduced as the assets in the fund complex reach certain levels. The complex-wide fee arrangement was introduced on August 1, 2004 and the Trustees reviewed data regarding the reductions of fees for the Funds for the period of August 1, 2004 to December 31, 2004. In evaluating the complex-wide fee arrangement, the Trustees considered, among other things, the historic and expected fee savings to shareholders as assets grow, the amount of fee reductions at various asset levels, and that the arrangement would extend to all Funds in the Nuveen complex. The Trustees also considered the impact, if any, the complex-wide fee arrangement may have on the level of services provided. Based on their review, the Trustees concluded that the breakpoint schedule and complex-wide fee arrangement currently was acceptable and desirable in providing benefits from economies of scale to shareholders.

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### E. INDIRECT BENEFITS

In evaluating fees, the Trustees also considered any indirect benefits or profits the respective Fund Adviser or its affiliates may receive as a result of its relationship with each Fund. In this regard, the Trustees considered any benefits from soft dollar arrangements. The Trustees noted that although NAM manages a large amount of assets, it has very little, if any, brokerage to allocate. This is due to the fact that NAM typically manages the portfolios of the municipal funds in the Nuveen complex and municipal bonds generally trade on a principal basis. Accordingly, NAM does not currently have any soft dollar arrangements and does not pay excess brokerage commissions (or spreads on principal transactions) in order to receive research services. The Trustees also considered the soft dollar arrangements of the sub-adviser. The Trustees noted that Spectrum also does not use soft dollar arrangements. However, the Trustees received materials and considered any revenues received by Spectrum in executing trades through its internal broker-dealer.

In addition to soft dollar arrangements, the Trustees also considered any other revenues, if any, received by NAM or its affiliates. In this regard, for Nuveen funds with outstanding preferred shares and new closed-end funds, the Trustees also considered revenues received by Nuveen for serving as agent for broker-dealers at its preferred trading desk and for acting as co-manager in the initial public offering of new closed-end exchange-traded funds.

### F. OTHER CONSIDERATIONS

Nuveen, until recently, was a majority owned subsidiary of St. Paul Travelers Companies, Inc. ("St. Paul"). As noted, St. Paul earlier this year announced its intention to divest its equity stake in Nuveen. Nuveen is the parent of NAM. Pursuant to a series of transactions, St. Paul had begun to reduce its interest in Nuveen which would ultimately result in a change of control of Nuveen and



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therefore NAM. As mandated by the 1940 Act, such a change in control would result in an assignment of the Investment Management Agreement with NAM and the automatic termination of such agreement. Accordingly, the Board also considered the approval of a New Investment Management Agreement with each Fund in light of, and which would take effect upon, the anticipated change of control. More specifically, the Board considered for each Fund a New Investment Management Agreement on substantially identical terms to the existing Investment Management Agreement, to take effect after the change of control has occurred and the contract has been approved by Fund shareholders. In its review, the Board considered whether the various transactions necessary to divest St. Paul's interest will have an impact on the various factors they considered in approving NAM, such as the scope and quality of services to be provided following the change of control. In reviewing the St. Paul transactions, the Board considered, among other things, the impact, if any, on the operations and organizational structure of NAM; the possible benefits and costs of the transactions to the respective Fund; the potential implications of any arrangements used by Nuveen to finance certain of the transactions; the ability of NAM to perform its duties after the transactions; whether a Fund's fee structure or expense ratio would change; any changes to the current practices of the respective Fund; any changes to the terms of the advisory agreement; and any anticipated changes to the operations of NAM. Based on its review, the Board determined that St. Paul's divestiture would not affect the nature and quality of services provided by NAM, the terms of the Investment Management Agreement, including the fees thereunder, and would not materially affect the organization or operations of NAM. Accordingly, the Board determined that their analysis of the various factors regarding their approval of NAM would continue to apply after the change of control.

In addition to the foregoing, a change in control of NAM may be deemed an assignment of the Sub-Advisory Agreement between NAM and Spectrum. The Board therefore considered approval of a New Sub-Advisory Agreement with Spectrum in light of the anticipated change of control. More specially, the Board considered approval of each New Sub-Advisory Agreement on substantially identical terms as the respective Original Sub-Advisory Agreement, to take effect after the change of control has occurred and the agreement has been approved by Fund shareholders. In reviewing the impact of the St. Paul divestiture on Spectrum, the Board considered the same factors as outlined previously with respect to their review of NAM. As with NAM, the Board concluded that the St. Paul divestiture would not affect the nature and quality of services provided by Spectrum, the terms of the Sub-Advisory Agreement, including the fees paid thereunder, and would not materially affect the organization or operations of Spectrum. Accordingly, the Board determined that their analysis of the various factors regarding their review and approval of Spectrum, as sub-adviser, would continue to apply following the change in control.

### G. APPROVAL

The Trustees did not identify any single factor discussed previously as all-important or controlling. The Trustees, including a majority of independent Trustees, concluded that the terms of the Investment Management and Sub-Advisory Agreements were fair and reasonable, that the respective Fund Adviser's fees are reasonable in light of the services provided to each Fund, that the renewal of the NAM Investment Management Agreement and each Sub-Advisory Agreement should be approved, and that the new, post-change of control NAM Investment Management Agreement and the Sub-Advisory Agreements be approved and recommended to shareholders.

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### EASILY AND CONVENIENTLY

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

### NUVEEN CLOSED-END EXCHANGE-TRADED FUNDS DIVIDEND REINVESTMENT PLAN

Your Nuveen Closed-End Exchange-Traded Fund allows you to conveniently reinvest dividends and/or capital gains distributions in additional fund shares. By choosing to reinvest, you'll be able to invest money regularly and automatically, and watch your investment grow through the power of compounding. It is important to note that an automatic reinvestment plan does not ensure a profit, nor does it protect you against loss in a declining market.

### EASY AND CONVENIENT

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

### HOW SHARES ARE PURCHASED

The shares you acquire by reinvesting will either be purchased on the open market or newly issued by the Fund. If the shares are trading at or above net asset value at the time of valuation, the Fund will issue new shares at the greater of the net asset value or 95% of the then-current market price. If the shares are trading at less than net asset value, shares for your account will be purchased on the open market. Dividends and distributions received to purchase shares in the open market will normally be invested shortly after the dividend payment date. No interest will be paid on dividends and distributions awaiting reinvestment. Because the market price of the shares may increase before purchases are completed, the average purchase price per share may exceed the market price at the time of valuation, resulting in the acquisition of fewer shares than if the dividend or distribution had been paid in shares issued by the Fund. A pro rata portion of any applicable brokerage commissions on open market purchases will be paid by Plan participants. These commissions usually will be lower than those charged on individual transactions.

### FLEXIBLE

You may change your distribution option or withdraw from the Plan at any time, should your needs or situation change. Should you withdraw, you can receive a certificate for all whole shares credited to your reinvestment account and cash payment for fractional shares, or cash payment for all reinvestment account shares, less brokerage commissions and a \$2.50 service fee.

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

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

CALL TODAY TO START REINVESTING DIVIDENDS AND/OR DISTRIBUTIONS

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

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### Other Useful INFORMATION

In April, 2005, The St. Paul Travelers Companies, Inc. ('St. Paul Travelers") sold the majority of its controlling equity interest in Nuveen Investments, Inc. ('Nuveen") to the general public. Nuveen is the parent of Nuveen Asset Management ("NAM"), which is each Fund's investment manager. This sale was deemed to be an 'assignment" of the investment management agreement between each Fund and NAM and, if applicable, of the sub-advisory agreement between NAM and the Fund's sub-adviser. As required by law, the shareholders of each Fund were asked to approve a new investment management agreement and, if applicable, a new subadvisory agreement that reflected this change in ownership. The shareholders of each Fund voted this approval at a Shareholders' Meeting on July 26, 2005. There were no changes to the investment objectives or management of any Fund as a result of these actions.

### QUARTERLY PORTFOLIO OF INVESTMENTS AND PROXY VOTING INFORMATION

The Fund's (i) quarterly portfolio of investments, (ii) information regarding how the Funds voted proxies relating to portfolio securities held during the most recent 12-month period ended June 30, 2005, and (iii) a description of the policies and procedures that the Fund used to determine how to vote proxies relating to portfolio securities are available without charge, upon request, by calling Nuveen Investments toll-free at (800) 257-8787 or on Nuveen's website at [www.nuveen.com](http://www.nuveen.com).

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

### UNAUDITED INFORMATION

Nuveen Quality Preferred Income Fund, Nuveen Quality Preferred Income Fund 2 and Nuveen Quality Preferred Income Fund 3 designate up to \$86,085,930, \$164,333,449 and \$32,560,562, respectively, of dividends declared from net investment income as dividends qualifying for the 70% dividends received deduction for corporations and as qualified dividend income for individuals under the Jobs and Growth Tax Relief Reconciliation Act of 2003. The actual amounts will be disclosed and sent with your other tax information in early 2006.

### GLOSSARY OF TERMS USED IN THIS REPORT

**AVERAGE ANNUAL TOTAL RETURN:** This is a commonly used method to express an investment's performance over a particular, usually multi-year time period. It expresses the return that would have been necessary each year to equal the investment's actual cumulative performance (including change in NAV or market price and reinvested dividends and capital gains distributions, if any) over the time period being considered.

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MARKET YIELD: Market yield is based on the Fund's current annualized monthly distribution divided by the Fund's current market price. The Fund's monthly distributions to its shareholders may be comprised of ordinary income, net realized capital gains and, if at the end of the calendar year the Funds' cumulative net ordinary income and net realized gains are less than the amount of the Fund's distributions, a tax return of capital.

NET ASSET VALUE (NAV): A Fund's common share NAV per share is calculated by subtracting the liabilities of the Fund (including any MuniPreferred shares issued in order to leverage the Fund) from its total assets and then dividing the remainder by the number of shares outstanding. Fund NAVs are calculated at the end of each business day.

### BOARD OF TRUSTEES

Robert P. Bremner  
Lawrence H. Brown  
Jack B. Evans  
William C. Hunter  
David J. Kundert  
William J. Schneider  
Timothy R. Schwertfeger  
Judith M. Stockdale  
Eugene S. Sunshine

### FUND MANAGER

Nuveen Asset Management  
333 West Wacker Drive  
Chicago, IL 60606

### CUSTODIAN

State Street Bank & Trust  
Boston, MA

### TRANSFER AGENT AND SHAREHOLDER SERVICES

State Street Bank & Trust  
Nuveen Funds  
P.O. Box 43071  
Providence, RI 02940-3071

(800) 257-8787

### LEGAL COUNSEL

Chapman and Cutler LLP  
Chicago, IL

### INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Ernst & Young LLP  
Chicago, IL

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

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Nuveen Investments:  
SERVING Investors  
For GENERATIONS

Photo of: 2 women looking at a photo album.

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

Building on this tradition, we today offer a range of high quality equity and fixed-income solutions that are integral to a well-diversified core portfolio. Our clients have come to appreciate this diversity, as well as our continued adherence to proven, long-term investing principles.

WE OFFER MANY DIFFERENT INVESTING SOLUTIONS FOR OUR CLIENTS' DIFFERENT NEEDS.

Managing more than \$120 billion in assets, Nuveen Investments offers access to a number of different asset classes and investing solutions through a variety of products. Nuveen Investments markets its capabilities under four distinct brands: Nuveen, a leader in fixed-income investments; NWQ, a leader in value-style equities; Rittenhouse, a leader in growth-style equities; and Symphony, a leading institutional manager of market-neutral alternative investment portfolios.

FIND OUT HOW WE CAN HELP YOU REACH YOUR FINANCIAL GOALS.

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

Be sure to obtain a prospectus, where applicable. Investors should consider the investment objective and policies, risk considerations, charges and expenses of the Fund carefully before investing. The prospectus contains this and other information relevant to an investment in the Fund. For a prospectus, please contact your securities representative or Nuveen Investments, 333 W. Wacker Dr., Chicago, IL 60606. Please read the prospectus carefully before you invest or send money.

Learn more  
about Nuveen Funds at  
[WWW.NUVEEN.COM/ETF](http://WWW.NUVEEN.COM/ETF)

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

Logo: NUVEEN Investments

ESA-E-0605D

ITEM 2. CODE OF ETHICS.

Not applicable to this filing.

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### ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable to this filing.

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

Not applicable to this filing.

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

Not applicable to this filing.

### ITEM 6. SCHEDULE OF INVESTMENTS.

See Portfolio of Investments in Item 1.

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

Not applicable to this filing.

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

Not applicable at this time.

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

Not applicable.

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

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

### ITEM 11. CONTROLS AND PROCEDURES.

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

### ITEM 12. EXHIBITS.

File the exhibits listed below as part of this Form.

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(a)(1) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit: Not applicable to this filing.

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

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

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

SIGNATURES

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

(Registrant) Nuveen Quality Preferred Income Fund 2  
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By (Signature and Title)\* /s/ Jessica R. Droeger  
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Jessica R. Droeger  
Vice President and Secretary

Date: September 7, 2005  
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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  
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Gifford R. Zimmerman  
Chief Administrative Officer  
(principal executive officer)

Date: September 7, 2005  
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By (Signature and Title)\* /s/ Stephen D. Foy  
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Stephen D. Foy  
Vice President and Controller  
(principal financial officer)

Date: September 7, 2005  
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\* Print the name and title of each signing officer under his or her signature.