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NUVEEN QUALITY PREFERRED INCOME FUND 2
Form N-CSRS
September 08, 2006

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

NUVEEN QUALITY PREFERRED INCOME FUND 2

(Exact name of registrant as specified in charter)

Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606

(Address of principal executive offices) (Zip code)

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

(Name and address of agent for service)

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

Date of fiscal year end: December 31

Date of reporting period: June 30, 2006

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

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

ITEM 1. REPORTS TO STOCKHOLDERS.

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SEMIANNUAL REPORT JUNE 30, 2006

NUVEEN INVESTMENTS
EXCHANGE-TRADED
CLOSED-END
FUNDS

NUVEEN QUALITY
PREFERRED INCOME
FUND
JTP

NUVEEN QUALITY
PREFERRED INCOME
FUND 2
JPS

NUVEEN QUALITY
PREFERRED INCOME
FUND 3
JHP

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

NUVEEN LOGO

COVER PHOTO

INSIDE COVER PHOTO

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NUVEEN LOGO

(TIMOTHY SCHWERTFEGER PHOTO)
Timothy R. Schwertfeger
Chairman of the Board

CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholder:

I am very pleased to report that over the six-month period covered by this report, your Fund continued to provide you with attractive monthly income from a diversified portfolio of quality preferred securities. For more information on your Fund's performance, please read the Portfolio Managers' Comments, the Distribution and Share Price Information, and the Performance Overview sections of this report.

Portfolio diversification is a recognized way to try to reduce some of the risk that comes with investing. Since one part of your portfolio may be going up when another is going down, portfolio diversification may help smooth your investment returns over time. In addition to providing regular monthly income, an investment like your Fund may help you achieve and benefit from greater portfolio diversification. Your financial advisor can explain these potential advantages in more detail. I urge you to contact him or her soon for more information on this important investment strategy.

"IN ADDITION TO PROVIDING REGULAR MONTHLY INCOME, AN INVESTMENT LIKE YOUR FUND MAY HELP YOU ACHIEVE AND BENEFIT FROM GREATER PORTFOLIO DIVERSIFICATION."

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

Sincerely,

(TIMOTHY SCHWERTFEGER SIG)
Timothy R. Schwertfeger
Chairman of the Board

August 11, 2006

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

PORTFOLIO MANAGERS' COMMENTS

The Nuveen Quality Preferred Income Funds are sub-advised by a team of specialists at Spectrum Asset Management Inc. (Spectrum), an affiliate of Principal Capital(SM). 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, 2006.

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WHAT WAS YOUR OVERALL MANAGEMENT STRATEGY FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2006?

During the six-month period we generally maintained the 60/40 portfolio mix between the \$25 Par Preferred Securities (retail driven) asset type and the Capital Preferred Securities (institutionally driven) asset type in all three funds. Dividends Received Deduction (DRD) tax advantaged securities were sold and the proceeds were reinvested roughly equally in fully taxable \$25 Par Preferred Securities and in competitor closed-end funds (CEFs) (also retail driven). The CEFs were purchased over the first half of 2006 at prices that were a discount to the Net Asset Value of the fund. Concentrations in CEFs were between 1.6% and 1.9% for each of the funds at June 30, 2006.

In the Capital Preferred Securities asset type, we decreased concentrations in "Euro-listed" securities and purchased Yankee Tier 1 and Enhanced Capital Advantaged Preferred Securities, "ECAPS," that offered more return potential with less duration risk. We also sold some high coupon, callable Capital Preferred Securities that had little potential upside to purchase some new issues that were priced attractively. The above actions were part of an ongoing effort to increase book yield while maintaining credit quality and diversity.

HOW DID THE FUNDS PERFORM OVER THE SIX-MONTHS ENDED JUNE 30, 2006?

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, 2006

JTP	-0.73%
JPS	-0.85%
JHP	-0.56%
Lehman Brothers Aggregate Bond Index(1)	-0.72%
Comparative Benchmark(2)	-1.53%

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.

2 Comparative benchmark performance is a blended return consisting of: 1) 55% of the Merrill Lynch Preferred Stock Hybrid Securities Index, 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; and 2) 45% of the Lehman Tier 1 Capital Securities Index, an unmanaged index that includes securities that can generally be viewed as hybrid fixed income securities that either receive regulatory capital treatment or a degree of "equity credit" from a rating agency.

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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.

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For the six months ended June 30, 2006, JTP and JPS underperformed the unleveraged, unmanaged Lehman Brothers Aggregate Bond Index and all three funds outperformed their comparative benchmark.

Early in the year, we continued to opportunistically increase the Fund's concentration in DRDs due to the relative attractiveness of the sector. We had purchased Agency DRD securities at spreads ranging between +140-160 in 2005 and sold out the positions in the first half of 2006 at spreads of between +90-100. Other DRDs, largely Financial and Banking names, were also sold at spreads approximately 85 basis points tighter than our purchase spreads in 2005. We have also benefited from the capital performance of the IPO market for floating rate DRD paper.

Spreads on Capital Preferred Securities widened along with the overall corporate bond market but also suffered from the confusion and uncertainty over actions taken by the National Association of Insurance Commissioners (NAIC) to classify several Preferred structures as common equity for the insurance industry. We were able to take advantage of the widening in ECAPS and certain Yankee issues to pick up yield. For example, we sold a Barclays Bank \$25 par issue and bought a similar Barclays Capital Security for a yield pick up of 48 bps. We were also able to trade some of the higher beta issues for short term capital gains amidst the market uncertainty.

The NAIC's classification of the Lehman Brothers ECAPS and then of a Royal Bank of Scotland Yankee Tier 1 issue as common equity surprised the market and caused the Lehman Brothers Tier 1 Capital Security index to widen by 24 bps over the half. The Lehman Brothers Tier 1 Capital Security index returned -2.25% for the 1st half underperforming the Lehman Aggregate by 1.53%. The added volatility in the ECAPS and Tier 1 spaces provided some trading opportunities for the Funds, however, it caused the whole Capital Preferred Securities sector to weaken. Weakness in global corporate debt was also a factor contributing to the relatively weaker performance of Capital Preferred Securities within the funds.

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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 FundPreferred(TM) shareholders. As short-term rates rose through this reporting period, the Funds paid higher dividends to their FundPreferred shareholders.

Each of these Funds seeks to pay stable distributions at rates that reflect each

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Fund's past results and projected future performance. During certain periods, 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, 2006, JTP had a positive UNII balance for financial statement purposes and a positive UNII balance, based upon our best estimate, for tax purposes. JPS and JHP had negative UNII balances for financial statement purposes and positive UNII balances, based upon our best estimate, for tax purposes.

JTP and JPS each paid steady monthly distributions over the course of the period. JHP declared a monthly distribution decrease in March. The distribution decreased from \$0.0945 to \$0.0910 per share.

As of June 30, 2006, the Funds' shares were trading at discounts to their NAVs as shown in the accompanying table:

	6/30/06 DISCOUNT	6-MONTH AVERAGE DISCOUNT
JTP	-4.57%	-6.10%
JPS	-3.19%	-5.84%
JHP	-4.90%	-4.65%

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Nuveen Quality Preferred Income Fund
JTP

PERFORMANCE

OVERVIEW As of June 30, 2006

PORTFOLIO ALLOCATION

(as a % of total investments)

\$25 Par (or similar) Preferred Securities	56.3%
Capital Preferred Securities	38.9%
Short-Term Investments	1.9%
Investment Companies	1.9%
Corporate Bonds	0.8%

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Convertible Preferred Securities

0.2%

BAR CHART:

2005-2006 MONTHLY DISTRIBUTIONS PER SHARE

Jul	0.0935
Aug	0.0935
Sep	0.0900
Oct	0.0900
Nov	0.0900
Dec	0.0900
Jan	0.0900
Feb	0.0900
Mar	0.0900
Apr	0.0900
May	0.0900
Jun	0.0900

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

7/01/05	14.08
	13.95
	13.77
	13.65
	13.73
	13.67
	13.55
	13.44
	13.52
	13.70
	13.59
	13.24
	13.16
	13.06
	12.79
	12.37
	12.46
	12.40
	12.48
	12.27
	12.01
	12.28
	12.25
	12.17
	12.09
	12.21
	12.40
	12.71

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	12.95
	13.07
	12.92
	13.15
	13.33
	13.35
	13.53
	13.55
	13.30
	13.45
	13.66
	13.29
	13.15
	12.68
	12.75
	12.89
	13.04
	12.93
	12.81
	12.95
	13.28
	12.95
	12.87
	12.87
6/30/06	12.94

FUND SNAPSHOT

Common Share Price	\$12.94
Common Share Net Asset Value	\$13.56
Premium/(Discount) to NAV	-4.57%
Current Distribution Rate(1)	8.35%
Net Assets Applicable to Common Shares (\$000)	\$874,005

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

	ON SHARE PRICE	ON NAV
6-Month (Cumulative)	8.72%	-0.73%
1-Year	0.44%	-0.18%

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Since		
Inception	4.65%	6.91%

INDUSTRIES (as a % of total investments)

Commercial Banks	28.6%
Insurance	18.4%
Real Estate	16.9%
Capital Markets	10.0%
Diversified Financial Services	8.8%
Oil, Gas & Consumable Fuels	3.6%
Short-Term Investments	1.9%
Other	11.8%

TOP FIVE ISSUERS (EXCLUDING SHORT-TERM INVESTMENTS) (as a % of total investments)

ING Group NV	3.1%
JPMorgan Chase & Company	2.8%
Morgan Stanley	2.7%
Wachovia Corporation	2.6%
HSBC Holdings Public Limited Company	2.4%

1 Current Distribution Rate 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 Fund's cumulative net ordinary income and net realized gains are less than the amount of the Fund's distributions, a tax return of capital.

Nuveen Quality Preferred Income Fund 2
JPS

PERFORMANCE

OVERVIEW As of June 30, 2006

PORTFOLIO ALLOCATION

(as a % of total investments)

\$25 Par (or similar) Preferred Securities	55.9%
Capital Preferred Securities	40.0%
Short-Term Investments	1.7%
Investment Companies	1.6%
Corporate Bonds	0.6%
Convertible Preferred Securities	0.2%

Bar Chart:

2005-2006 MONTHLY DISTRIBUTIONS PER SHARE

Jul	0.0960
Aug	0.0960
Sep	0.0930
Oct	0.0930
Nov	0.0930
Dec	0.0930
Jan	0.0930
Feb	0.0930
Mar	0.0930
Apr	0.0930
May	0.0930
Jun	0.0930

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing price

Past performance is not predictive of future results.

7/01/05

14.50
14.59

	14.50
	14.33
	14.60
	14.35
	14.15
	14.10
	14.12
	14.28
	14.20
	13.81
	13.71
	13.62
	13.59
	13.03
	12.99
	13.12
	13.15
	12.91
	12.63
	12.81
	13.18
	13.21
	12.84
	12.70
	12.80
	13.39
	13.68
	13.89
	13.87
	14.09
	14.12
	13.90
	13.98
	13.93
	13.55
	13.74
	13.96
	13.65
	13.70
	13.24
	13.40
	13.64
	13.47
	13.48
	13.25
	13.34
	13.64
	13.40
	13.44
	13.59
6/30/06	13.64

FUND SNAPSHOT

Common Share Price	\$13.64

Common Share	

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Net Asset Value	\$14.09
Premium/(Discount) to NAV	-3.19%
Current Distribution Rate(1)	8.18%
Net Assets Applicable to Common Shares (\$000)	\$1,684,500

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

	ON SHARE PRICE	ON NAV
6-Month (Cumulative)	10.96%	-0.85%
1-Year	3.89%	-0.26%
Since Inception	6.61%	8.41%

INDUSTRIES (as a % of total investments)

Commercial Banks	30.1%
Insurance	20.4%
Real Estate	16.1%
Capital Markets	8.8%
Diversified Financial Services	7.8%
Electric Utilities	3.2%
Short-Term Investments	1.7%
Other	11.9%

TOP FIVE ISSUERS (EXCLUDING SHORT-TERM INVESTMENTS) (as a % of total investments)

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Wachovia Corporation	3.6%
ING Group NV	3.1%
Washington Mutual Incorporated	2.5%
JPMorgan Chase & Company	2.4%
Sun Life Financial Services of Canada	2.2%

1 Current Distribution Rate 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 Fund's cumulative net ordinary income and net realized gains are less than the amount of the Fund's distributions, a tax return of capital.

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Nuveen Quality Preferred Income Fund 3
JHP

PERFORMANCE

OVERVIEW As of June 30, 2006

PORTFOLIO ALLOCATION

(as a % of total investments)

\$25 Par (or similar) Preferred Securities	62.5%
Capital Preferred Securities	33.9%
Investment Companies	1.7%
Short-Term Investments	1.4%
Corporate Bonds	0.4%
Convertible Preferred Securities	0.1%

Bar Chart:

2005-2006 MONTHLY DISTRIBUTIONS PER SHARE

Jul	0.0965
Aug	0.0965

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Sep	0.0945
Oct	0.0945
Nov	0.0945
Dec	0.0945
Jan	0.0945
Feb	0.0945
Mar	0.0910
Apr	0.0910
May	0.0910
Jun	0.0910

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performanc is not predictive of future results.

7/01/05	14.56
	14.58
	14.54
	14.39
	14.84
	14.78
	14.69
	14.62
	14.65
	14.55
	14.59
	14.24
	13.99
	13.82
	13.73
	13.05
	13.06
	13.12
	13.23
	13.09
	12.73
	12.84
	12.90
	12.69
	12.57
	12.61
	12.92
	13.41
	13.71
	13.73
	13.65
	13.77
	14.14
	14.02
	14.08
	13.98
	13.51
	13.39
	13.49
	13.16
	13.29
	12.88

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	13.11
	13.24
	13.19
	13.10
	12.98
	12.82
	13.15
	13.08
	13.01
	13.02
6/30/06	12.99

FUND SNAPSHOT

Common Share Price	\$12.99
Common Share Net Asset Value	\$13.66
Premium/(Discount) to NAV	-4.90%
Current Distribution Rate(1)	8.41%
Net Assets Applicable to Common Shares (\$000)	\$322,886

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

	ON SHARE PRICE	ON NAV
6-Month (Cumulative)	4.76%	-0.56%
1-Year	-2.22%	0.22%
Since Inception	4.56%	7.22%

INDUSTRIES (as a % of total investments)

Commercial Banks	28.2%
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Insurance	23.2%
Real Estate	15.5%
Capital Markets	10.2%
Diversified Financial Services	6.4%
Oil, Gas & Consumable Fuels	2.7%
Short-Term Investments	1.4%
Other	12.4%

TOP FIVE ISSUERS
(EXCLUDING SHORT-TERM INVESTMENTS)
(as a % of total investments)

Wachovia Corporation	3.5%
ING Group NV	3.5%
Union Planters Corporation	2.6%
Sun Life Financial Services of Canada	2.2%
Aegon NV	2.1%

1 Current Distribution Rate 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 Fund's cumulative net ordinary income and net realized gains are less than the amount of the Fund's distributions, a tax return of capital.

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Shareholder MEETING REPORT

The shareholder meeting was held in the offices of Nuveen Investments on March 29, 2006

JTP

APPROVAL OF THE BOARD MEMBERS WAS REACHED AS FOLLOWS:

Common and
Preferred

Preferred

Common
Preferred

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	shares voting together as a class	shares voting together as a class	shares to as a
Robert P. Bremner			
For	59,594,752	--	109,32
Withhold	1,395,424	--	1,38
Total	60,990,176	--	110,70
Lawrence H. Brown			
For	59,704,301	--	109,31
Withhold	1,285,875	--	1,39
Total	60,990,176	--	110,70
Jack B. Evans			
For	59,708,576	--	109,37
Withhold	1,281,600	--	1,33
Total	60,990,176	--	110,70
William C. Hunter			
For	59,654,400	--	109,35
Withhold	1,335,776	--	1,35
Total	60,990,176	--	110,70
David J. Kundert			
For	59,633,909	--	109,32
Withhold	1,356,267	--	1,38
Total	60,990,176	--	110,70
William J. Schneider			
For	--	16,013	
Withhold	--	179	
Total	--	16,192	
Timothy R. Schwertfeger			
For	--	16,013	
Withhold	--	179	
Total	--	16,192	
Judith M. Stockdale			
For	59,696,880	--	109,32
Withhold	1,293,296	--	1,38
Total	60,990,176	--	110,70
Eugene S. Sunshine			
For	59,671,537	--	109,35
Withhold	1,318,639	--	1,35
Total	60,990,176	--	110,70

JHP

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APPROVAL OF THE BOARD MEMBERS WAS REACHED AS FOLLOWS:

	Common and Preferred shares voting together as a class	Preferred shares voting together as a class
Robert P. Bremner		
For	21,991,167	--
Withhold	312,246	--
Total	22,303,413	--
Lawrence H. Brown		
For	22,051,813	--
Withhold	251,600	--
Total	22,303,413	--
Jack B. Evans		
For	22,061,897	--
Withhold	241,516	--
Total	22,303,413	--
William C. Hunter		
For	22,011,275	--
Withhold	292,138	--
Total	22,303,413	--
David J. Kundert		
For	22,013,718	--
Withhold	289,695	--
Total	22,303,413	--
William J. Schneider		
For	--	5,466
Withhold	--	20
Total	--	5,486
Timothy R. Schwertfeger		
For	--	5,465
Withhold	--	21
Total	--	5,486
Judith M. Stockdale		
For	22,067,611	--
Withhold	235,802	--
Total	22,303,413	--
Eugene S. Sunshine		
For	22,067,160	--
Withhold	236,253	--
Total	22,303,413	--

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Portfolio of
INVESTMENTS June 30, 2006 (Unaudited)

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31,900	Morgan Stanley Capital Trust V	5.750%
515,305	Morgan Stanley Capital Trust VI	6.600%
273,400	Morgan Stanley, Series 2006A (WI/DD)	5.777%
	Total Capital Markets	
	COMMERCIAL BANKS - 11.1%	
119,400	Abbey National PLC, Series B	7.375%
48,000	Abbey National PLC, Series B	7.250%
1,200	Abbey National PLC, Series C	7.375%
134,500	ABN AMRO Capital Fund Trust V	5.900%
39,500	ABN AMRO Capital Trust Fund VII	6.080%
104,900	ASBC Capital I	7.625%
13,500	BAC Capital Trust I	7.000%
64,500	BAC Capital Trust II	7.000%
82,500	BAC Capital Trust III	7.000%
7,200	BAC Capital Trust V	6.000%
11,700	BAC Capital Trust X	6.250%
172,927	Banco Santander	6.410%
52,300	Banco Totta & Acores Finance, Series A	8.875%
7,100	BancorpSouth Capital Trust I	8.150%

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Nuveen Quality Preferred Income Fund (JTP) (continued)

Portfolio of INVESTMENTS June 30, 2006 (Unaudited)

SHARES	DESCRIPTION (1)	COUPON	RA
	COMMERCIAL BANKS (continued)		
84,500	Banesto Holdings, Series A, 144A	10.500%	
64,300	Bank One Capital Trust VI	7.200%	
16,500	BankNorth Capital Trust II	8.000%	
17,717	Barclays Bank PLC	6.625%	
9,850,000	BOI Capital Funding 3, 144A	6.107%	
202,200	Chittenden Capital Trust I	8.000%	
116,800	Cobank ABC, 144A, (3)	7.000%	
142,700	Comerica Capital Trust I	7.600%	
9,800	Fleet Capital Trust IX	6.000%	
37,700	Fleet Capital Trust VII	1.800%	
11,500	Fleet Capital Trust VIII	7.200%	
4,400	HSBC Finance Corporation	6.875%	
68,000	KeyCorp (PCARS)	7.500%	
54,633	KeyCorp Capital Trust V	5.875%	
68,600	National Commerce Capital Trust II	7.700%	
6,350	PNC Capital Trust	6.125%	
10,218	Royal Bank of Scotland Group PLC, Series L	5.750%	
27,000	Royal Bank of Scotland Group PLC, Series M	6.400%	
224,762	Royal Bank of Scotland Group PLC, Series N	6.350%	
33,800	SunTrust Capital Trust IV	7.125%	
94,900	SunTrust Capital Trust V	7.050%	
423,005	USB Capital Trust IV	7.350%	
46,900	USB Capital Trust V	7.250%	
10,000	USB Capital Trust VII	5.875%	
37,200	VNB Capital Trust I	7.750%	

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25,500	Wells Fargo Capital Trust IV	7.000%
238,800	Wells Fargo Capital Trust V	7.000%
56,700	Wells Fargo Capital Trust VI	6.950%
21,900	Wells Fargo Capital Trust VII	5.850%
7,236	Wells Fargo Capital Trust IX	5.625%
382,250	Zions Capital Trust B	8.000%
	Total Commercial Banks	
	COMPUTERS & PERIPHERALS - 0.0%	
2,100	IBM Inc., Trust Certificates, Series 2001-2	7.100%
4,200	IBM Trust II (CORTS)	7.125%
4,900	IBM Trust III (CORTS)	7.200%
3,500	IBM Trust IV (CORTS)	7.000%
	Total Computers & Peripherals	
	CONSUMER FINANCE - 0.1%	
25,400	Household Capital Trust VII	7.500%
13,600	SLM Corporation	6.000%
	Total Consumer Finance	
	DIVERSIFIED FINANCIAL SERVICES - 9.0%	
17,000	BBVA Preferred Capital Ltd., Series B	7.750%
142,100	CIT Group Inc., Series A, (3)	6.350%
42,876	CIT Group Incorporated (CORTS)	7.750%
6,700	Citigroup Capital Trust IX	6.000%
260,400	Citigroup Capital Trust VII	7.125%
440,700	Citigroup Capital Trust VIII	6.950%
55,900	Citigroup Capital Trust XI	6.000%
39,400	Citigroup Inc., Series M, (3)	5.864%
8,300	General Electric Capital Corporation (CORTS)	6.000%
10,800	General Electric Capital Corporation	6.625%
1,800	General Electric Capital Corporation	4.500%
1,015,458	ING Group N.V.	7.200%
569,000	ING Group N.V.	7.050%
20,200	JPM Capital Trust (CORTS)	7.200%
6,900	JPMorgan Chase & Company (PCARS)	7.125%
81,500	JPMorgan Chase Capital Trust IX, Series I	7.500%
82,400	JPMorgan Chase Capital Trust X	7.000%
142,256	JPMorgan Chase Capital Trust XI	5.875%
9,800	JPMorgan Chase Capital Trust XIV	6.200%
71,100	JPMorgan Chase Capital Trust XVI	6.350%

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SHARES	DESCRIPTION (1)	COUPON	RA
	DIVERSIFIED FINANCIAL SERVICES (continued)		
20,300	JPMorgan Chase Trust, Series 2002-6, Class A (SATURNS)	7.125%	
59,200	Royal Bank of Scotland Public Limited Company, Series 2006Q	6.750%	
	Total Diversified Financial Services		

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	DIVERSIFIED TELECOMMUNICATION SERVICES - 0.8%	
95,900	AT&T Inc.	7.000%
13,300	BellSouth Capital Funding (CORTS)	7.100%
73,735	BellSouth Corporation (CORTS)	7.000%
29,300	BellSouth Corporation, Series 2001-3 (SATURNS)	7.125%
4,300	BellSouth Corporation	7.125%
7,300	BellSouth Inc. (CORTS)	7.000%
2,000	BellSouth Telecommunications (PPLUS)	7.300%
2,200	Verizon Communications (CORTS)	7.625%
9,700	Verizon Communications, Series 2004-1 (SATURNS)	6.125%
	Verizon Global Funding Corporation Trust III,	
2,300	Series III (CORTS)	6.250%
23,900	Verizon New England Inc., Series B	7.000%
19,900	Verizon South Inc., Series F	7.000%

	Total Diversified Telecommunication Services	

	ELECTRIC UTILITIES - 2.7%	
1,800	Consolidated Edison, Inc.	7.250%
77,740	DTE Energy Trust I	7.800%
109,205	Entergy Louisiana LLC	7.600%
2,000	Entergy Mississippi Inc.	7.250%
59,000	Georgia Power Capital Trust V	7.125%
5,200	Georgia Power Company	6.000%
118,651	Georgia Power Company	5.900%
2,000	Georgia Power Company	5.750%
2,100	Gulf Power Capital Trust III	7.375%
251,073	Interstate Power and Light Company, Series B, (3)	8.375%
	National Rural Utilities Cooperative Finance	
24,000	Corporation	7.400%
	National Rural Utilities Cooperative Finance	
38,100	Corporation	6.100%
	National Rural Utilities Cooperative Finance	
15,025	Corporation	5.950%
11,000	Southern Company Capital Trust VI	7.125%
191,400	Virginia Power Capital Trust	7.375%

	Total Electric Utilities	

	FOOD PRODUCTS - 0.7%	
64,000	Dairy Farmers of America Inc., 144A, (3)	7.875%

	HOUSEHOLD DURABLES - 1.0%	
365,700	Pulte Homes Inc.	7.375%

	INDUSTRIAL CONGLOMERATES - 0.1%	
21,700	General Electric Company, Series GE (CORTS)	6.800%

	INSURANCE - 17.6%	
641,900	Ace Ltd., Series C	7.800%
29,520	Aegon N.V.	6.500%
1,161,650	Aegon N.V.	6.375%
2,800	Allstate Corporation (PCARS)	7.150%
10,500	AMBAC Financial Group Inc.	7.000%
21,500	AMBAC Financial Group Inc.	5.950%
2,800	AMBAC Financial Group Inc.	5.875%
4,700	Arch Capital Group Limited, Series B	7.875%
519,312	Arch Capital Group Limited	8.000%
215,900	Delphi Financial Group, Inc.	8.000%
466,600	EverestRe Capital Trust II	6.200%
89,800	EverestRe Group Limited	7.850%

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6,600	Financial Security Assurance Holdings	6.875%
4,600	Financial Security Assurance Holdings	6.250%
230,577	Hartford Capital Trust III, Series C	7.450%
59,000	Hartford Life Capital Trust II, Series B	7.625%
79,600	Lincoln National Capital Trust V, Series E	7.650%
34,500	Lincoln National Capital Trust VI	6.750%
66,600	MetLife Inc., Series B, (3)	6.500%
296,700	PartnerRe Limited, Series C	6.750%

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Nuveen Quality Preferred Income Fund (JTP) (continued)

Portfolio of INVESTMENTS June 30, 2006 (Unaudited)

SHARES	DESCRIPTION (1)	COUPON	RA

	INSURANCE (continued)		
77,700	PartnerRe Limited, Series D	6.500%	
133,200	PartnerRe Limited	7.900%	
80,600	PLC Capital Trust III	7.500%	
413,100	PLC Capital Trust IV	7.250%	
6,500	PLC Capital Trust V	6.125%	
7,100	Prudential Financial Inc. (CORTS)	6.000%	
264,165	Prudential PLC	6.750%	
125,650	RenaissanceRe Holdings Limited, Series A	8.100%	
61,100	RenaissanceRe Holdings Limited, Series B	7.300%	
13,900	RenaissanceRe Holdings Limited, Series C	6.080%	
8,400	Safeco Capital Trust III (CORTS)	8.072%	
11,200	Safeco Corporation, Series 2001-7 (SATURNS)	8.250%	
3,300	Safeco Corporation, Series 2002-5 (SATURNS)	8.250%	
81,200	Saint Paul Capital Trust I	7.600%	
62,800	Torchmark Capital Trust I	7.750%	
5,200	Torchmark Capital Trust II	7.750%	
8,300	W.R. Berkley (CORTS)	8.250%	
27,900	W.R. Berkley Capital Trust, Series 2002-1 (CBTCS)	8.125%	
382,300	W.R. Berkley Corporation	6.750%	
445,854	XL Capital Ltd, Series A	8.000%	
156,900	XL Capital Ltd, Series B	7.625%	

	Total Insurance		

	IT SERVICES - 0.1%		
31,200	Vertex Industries Inc. (PPLUS)	7.625%	

	MEDIA - 0.7%		
127,800	CBS Corporation	7.250%	
123,200	Comcast Corporation	7.000%	
11,400	Walt Disney Company	7.000%	

	Total Media		

	MULTI-UTILITIES - 0.7%		
98,100	Dominion CNG Capital Trust I	7.800%	
56,700	Dominion Resources Capital Trust II	8.400%	
100,400	Energy East Capital Trust I	8.250%	

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Total Multi-Utilities		
OIL, GAS & CONSUMABLE FUELS - 1.8%		
532,332	Nexen Inc.	7.350%
108,500	TransCanada Pipeline	8.250%
Total Oil, Gas & Consumable Fuels		
PHARMACEUTICALS - 0.2%		
23,000	Bristol Myers Squibb Company (CORTS)	6.250%
13,800	Bristol-Myers Squibb Company Trust (CORTS)	6.800%
Total Pharmaceuticals		
REAL ESTATE - 25.2%		
50,458	AMB Property Corporation, Series M	6.750%
13,400	AvalonBay Communities, Inc., Series H	8.700%
128,788	BRE Properties, Series B	8.080%
42,544	BRE Properties, Series D	6.750%
380,190	CarrAmerica Realty Corporation, Series E	7.500%
56,900	Developers Diversified Realty Corporation, Series F	8.600%
47,300	Developers Diversified Realty Corporation, Series G	8.000%
406,400	Developers Diversified Realty Corporation, Series H	7.375%
29,600	Developers Diversified Realty Corporation	7.500%
156,800	Duke Realty Corporation, Series L	6.600%
157,779	Duke-Weeks Realty Corporation, Series B	7.990%
1,112,000	Equity Office Properties Trust, Series G	7.750%
25,800	Equity Residential Properties Trust, Series D	8.600%
12,000	First Industrial Realty Trust, Inc., Series C	8.625%
279,400	First Industrial Realty Trust, Inc., Series J	7.250%
19,000	Firststar Realty LLC, 144A	8.875%
989,210	HRPT Properties Trust, Series B	8.750%
82,000	New Plan Excel Realty Trust, Series D	7.800%

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SHARES	DESCRIPTION (1)	COUPON	RA
REAL ESTATE (continued)			
419,000	New Plan Excel Realty Trust, Series E	7.625%	
10,000	Prologis Trust, Series F	6.750%	
107,000	Prologis Trust, Series G	6.750%	
56,100	PS Business Parks, Inc., Series I	6.875%	
240,000	PS Business Parks, Inc., Series L	7.600%	
328,400	PS Business Parks, Inc.	7.000%	
64,800	Public Storage, Inc., Series C	6.600%	
91,300	Public Storage, Inc., Series D	6.180%	
2,900	Public Storage, Inc., Series E	6.750%	
59,400	Public Storage, Inc., Series F	6.450%	
116,600	Public Storage, Inc., Series R	8.000%	
209,600	Public Storage, Inc., Series S	7.875%	
17,100	Public Storage, Inc., Series T	7.625%	

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40,680	Public Storage, Inc., Series U	7.625%
347,600	Public Storage, Inc., Series V	7.500%
7,871	Public Storage, Inc., Series X	6.450%
4,100	Public Storage, Inc.	7.125%
94,000	Realty Income Corporation	7.375%
47,500	Regency Centers Corporation	7.450%
22,600	Regency Centers Corporation	7.250%
22,500	Simon Property Group, Inc., Series F	8.750%
176,600	Simon Property Group, Inc., Series G	7.890%
13,900	United Dominion Realty Trust	8.600%
323,633	Vornado Realty Trust, Series G	6.625%
40,200	Vornado Realty Trust, Series H	6.750%
90,600	Vornado Realty Trust, Series I	6.625%
489,900	Wachovia Preferred Funding Corporation	7.250%
2,500	Weingarten Realty Trust, Series E	6.950%

	Total Real Estate	

	THRIFTS & MORTGAGE FINANCE - 2.4%	
16,100	Countrywide Capital Trust II, Series II (CORTS)	8.000%
12,800	Countrywide Capital Trust III (PPLUS)	8.050%
799,020	Countrywide Capital Trust IV	6.750%
	Countrywide Financial Corporation Capital Trust I	
2,200	(CORTS)	8.000%
58,500	Harris Preferred Capital Corporation, Series A	7.375%

	Total Thrifts & Mortgage Finance	

	WIRELESS TELECOMMUNICATION SERVICES - 1.2%	
159,700	United States Cellular Corporation	8.750%
268,100	United States Cellular Corporation	7.500%

	Total Wireless Telecommunication Services	

	TOTAL \$25 PAR (OR SIMILAR) PREFERRED SECURITIES	
	(COST \$744,743,830)	

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	COUPON

	CORPORATE BONDS - 1.2% (0.8% OF TOTAL INVESTMENTS)	
	COMMERCIAL BANKS - 0.3%	
\$ 1,800	HBOS PLC, Series 144A	6.413%

	INSURANCE - 0.5%	
4,900	Great West Life and Annuity Insurance Company	7.153%

	THRIFTS & MORTGAGE FINANCE - 0.4%	
4,000	Caisse Nationale Des Caisses d'Epargne et de Prevoyance	6.750%

\$ 10,700	TOTAL CORPORATE BONDS (COST \$10,521,149)	

PRINCIPAL AMOUNT (000)	VALUE
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	CORPORATE
	BONDS - 1.2%
	(0.8% OF
	TOTAL
	INVESTMENTS)
	COMMERCIAL
	BANKS - 0.3%
\$ 1,800	\$ 1,617,347

4,900	INSURANCE - 0.5%
-----	4,794,307
	THRIFTS &
	MORTGAGE
	FINANCE - 0.4%
4,000	3,799,820

\$ 10,700	10,211,474

PRINCIPAL AMOUNT (000)/ SHARES	DESCRIPTION (1)	COUPON	MATURITY
	CAPITAL PREFERRED SECURITIES - 58.1% (38.9% OF TOTAL INVESTMENTS)		
	CAPITAL MARKETS - 6.3%		
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

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Nuveen Quality Preferred Income Fund (JTP) (continued)

Portfolio of INVESTMENTS June 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)/ SHARES	DESCRIPTION (1)	COUPON	MATURITY
	CAPITAL MARKETS (continued)		
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
13,463	First Union Institutional Capital Securities I	8.040%	12/01/26
5,500	UBS Preferred Funding Trust I	8.622%	10/29/49
7,250	Washington Mutual Capital Trust I	8.375%	6/01/27
	Total Capital Markets		
	COMMERCIAL BANKS - 31.3%		

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9,000	AB Svensk Exportkredit, 144A	6.375%	10/27/49
18,250	Abbey National Capital Trust I	8.963%	6/30/50
3,000	AgFirst Farm Credit Bank	7.300%	12/15/53
2,500	Bank One Capital III	8.750%	9/01/30
1,500	BanPonce Trust I, Series A	8.327%	2/01/27
7,200	Barclays Bank PLC, 144A	8.550%	6/15/49
100	Barclays Bank PLC	6.278%	12/15/55
3,000	Centura Capital Trust I, 144A	8.845%	6/01/27
2,000	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
1,500	First Midwest Bancorp Inc.	6.950%	12/01/33
24,700	HBOS Capital Funding LP, Notes	6.850%	3/23/49
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%	5/02/50
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
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
260,400	PFCI Capital Corporation	7.750%	8/17/52
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
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%	9/17/50
2,000	Union Planters Capital Trust A	8.200%	12/15/26
4,000	Wachovia Capital Trust I, Capital Securities, 144A	7.640%	1/15/27
14,100	Washington Mutual Preferred Funding Cayman, Series A-1, 144A	7.250%	3/15/49
3,300	Washington Mutual Preferred Funding Delaware, Series A-1, 144A	6.534%	3/15/49
3,000	Zions Institutional Capital Trust, Series A	8.536%	12/15/26
	Total Commercial Banks		
	DIVERSIFIED FINANCIAL SERVICES - 4.2%		
1,500	BNP Paribas Capital Trust, 144A	9.003%	12/29/49
4,250	BNP Paribas Capital Trust	7.200%	12/31/49
3,000	Citigroup Capital X	6.100%	9/30/33
1,900	Fulton Capital Trust I	6.290%	2/01/36
19,500	JPM Capital Trust II	7.950%	2/01/27
8,100	Old Mutual Capital Funding, Notes	8.000%	6/22/53
	Total Diversified Financial Services		
	DIVERSIFIED TELECOMMUNICATION SERVICES - 1.5%		
11,250	Centaur Funding Corporation, Series B, 144A	9.080%	4/21/20
	HOUSEHOLD DURABLES - 0.6%		
4,500	Stanley Works Capital Trust I, 144A	5.902%	12/01/45
	INSURANCE - 9.1%		
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

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PRINCIPAL AMOUNT (000) / SHARES	DESCRIPTION (1)	COUPON	MATURITY
	INSURANCE (continued)		
2,500	Mangrove Bay, Class 3, 144A	6.102%	7/15/33
4,000	MIC Financing Trust I	8.375%	2/01/27
6,000	Oil Insurance Limited, 144A	7.550%	12/30/49
3,000	Prudential PLC	6.500%	6/29/49
26,216	Sun Life Canada Capital Trust, Capital Securities, 144A	8.526%	5/06/47
22,750	Zurich Capital Trust I, 144A	8.376%	6/01/37
	Total Insurance		
	OIL, GAS & CONSUMABLE FUELS - 3.5%		
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
	Total Oil, Gas & Consumable Fuels		
	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 Thrifts & Mortgage Finance		
	TOTAL CAPITAL PREFERRED SECURITIES (COST \$517,132,184)		
SHARES	DESCRIPTION (1)		
	INVESTMENT COMPANIES - 2.8% (1.9% OF TOTAL INVESTMENTS)		
296,759	Flaherty and Crumrine/Claymore Preferred Securities Income Fund Inc.		
153,048	Flaherty and Crumrine/Claymore Total Return Fund Inc.		
3,764	John Hancock Preferred Income Fund		
21,726	John Hancock Preferred Income Fund II		
347,499	John Hancock Preferred Income Fund III		
88,193	Preferred and Corporate Strategies Fund Inc.		
340,599	Preferred Income Strategies Fund Inc.		
	TOTAL INVESTMENT COMPANIES (COST \$24,612,052)		

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Nuveen Quality Preferred Income Fund (JTP) (continued)

Portfolio of INVESTMENTS June 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	COUPON	MATURITY
\$ 25,247	SHORT-TERM INVESTMENTS - 2.9% (1.9% OF TOTAL INVESTMENTS) Repurchase Agreement with State Street Bank, dated 6/30/06, repurchase price \$25,255,786, collateralized by \$19,030,000 U.S. Treasury Bonds, 9.875%, due 11/15/15, value \$25,752,937	4.130%	7/03/06

TOTAL SHORT-TERM INVESTMENTS (COST \$25,247,097)			

TOTAL INVESTMENTS (COST \$1,324,365,953) - 149.2%			

OTHER ASSETS LESS LIABILITIES - 1.1%			

PREFERRED SHARES, AT LIQUIDATION VALUE - (50.3)%			

NET ASSETS APPLICABLE TO COMMON SHARES - 100%			

INTEREST RATE SWAPS OUTSTANDING AT JUNE 30, 2006:

COUNTERPARTY	NOTIONAL AMOUNT	FIXED RATE PAID BY THE FUND (ANNUALIZED)	FIXED RATE PAYMENT FREQUENCY	FLOATING RATE RECEIVED BY THE FUND (4)	FLOATING RATE PAYMENT FREQUENCY	TERMINA
Citigroup Inc.	\$ 55,000,000	4.713%	Monthly	5.138%	Monthly	12/0
Citigroup Inc.	110,000,000	3.860	Monthly	5.350	Monthly	8/2
Citigroup Inc.	110,000,000	4.350	Monthly	5.350	Monthly	8/2

- (1) All percentages shown in the Portfolio of Investments are based on net assets ap
to Common shares unless otherwise noted.
- (2) Ratings: Using the higher of Standard & Poor's or Moody's rating. Ratings below
Standard & Poor's Group or Baa by Moody's Investor Service, Inc. are considered
below investment grade.
- (3) Investment is eligible for the Dividends Received Deduction.
- (4) Based on USD-LIBOR (United States Dollar - London Inter-Bank Offered Rate).
- N/R Not rated.
- WI/DD Purchased on a when-issued or delayed delivery basis.
- 144A Investment is exempt from registration under Rule 144A of the Securities Act of
amended. These investments may only be resold in transactions exempt from regist
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.

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Portfolio of
INVESTMENTS June 30, 2006 (Unaudited)

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4,600	Goldman Sachs Group Inc., Series 2004-06 (SATURNS)	6.000%
10,300	Goldman Sachs Group Inc., Series GSC-3 (PPLUS)	6.000%
6,100	Goldman Sachs Group Inc., Series GSG-2 (PPLUS)	5.750%
4,300	Goldman Sachs Group Incorporated (SATURNS)	5.750%
324,900	Lehman Brothers Holdings Capital Trust III, Series K	6.375%
102,900	Lehman Brothers Holdings Capital Trust IV, Series L	6.375%
60,300	Lehman Brothers Holdings Capital Trust V, Series M	6.000%
122,400	Merrill Lynch Capital Trust II	8.000%
214,500	Merrill Lynch Preferred Capital Trust III	7.000%
140,700	Merrill Lynch Preferred Capital Trust IV	7.120%
235,500	Merrill Lynch Preferred Capital Trust V	7.280%
107,900	Merrill Lynch Preferred Capital Trust	7.750%
53,200	Morgan Stanley (PPLUS)	7.050%
168,008	Morgan Stanley Capital Trust II	7.250%
430,350	Morgan Stanley Capital Trust III	6.250%
380,900	Morgan Stanley Capital Trust IV	6.250%
51,100	Morgan Stanley Capital Trust V	5.750%
495,300	Morgan Stanley Capital Trust VI	6.600%
518,300	Morgan Stanley, Series 2006A (WI/DD)	5.777%
	Total Capital Markets	
	COMMERCIAL BANKS - 11.6%	
119,000	ABN AMRO Capital Fund Trust V	5.900%
7,000	ABN AMRO Capital Trust Fund VII	6.080%
158,960	ASBC Capital I	7.625%
136,100	BAC Capital Trust I	7.000%
168,500	BAC Capital Trust II	7.000%
168,300	BAC Capital Trust III	7.000%
267,551	Banco Santander	6.410%

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Nuveen Quality Preferred Income Fund 2 (JPS) (continued)

Portfolio of INVESTMENTS June 30, 2006 (Unaudited)

SHARES	DESCRIPTION (1)	COUPON	RA
	COMMERCIAL BANKS (continued)		
54,100	Banco Totta & Acores Finance, Series A	8.875%	
14,900	BancorpSouth Capital Trust I	8.150%	
731,000	Banesto Holdings, Series A, 144A	10.500%	
204,700	Bank One Capital Trust VI	7.200%	
67,200	BankNorth Capital Trust II	8.000%	
27,412	Barclays Bank PLC	6.625%	
18,200,000	BOI Capital Funding 3, 144A	6.107%	
605,000	Capital One Capital II Corporation	7.500%	
122,800	Chittenden Capital Trust I	8.000%	
225,500	Cobank ABC, 144A, (3)	7.000%	
268,700	Comerica Capital Trust I	7.600%	
379,700	HSBC Finance Corporation	6.875%	
46,300	KeyCorp (PCARS)	7.500%	
7,867	KeyCorp Capital Trust V	5.875%	

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23,298	Keycorp Capital VIII	7.000%
277,700	National Commerce Capital Trust II	7.700%
5,000	National Westminster Bank PLC	7.760%
3,800	PNC Capital Trust	6.125%
596,876	Royal Bank of Scotland Group PLC, Series N	6.350%
173,800	SunTrust Capital Trust IV	7.125%
162,700	SunTrust Capital Trust V	7.050%
330,600	USB Capital Trust IV	7.350%
140,200	USB Capital Trust V	7.250%
63,300	USB Capital Trust VI	5.750%
118,600	USB Capital Trust VII	5.875%
92,300	VNB Capital Trust I	7.750%
38,900	Wells Fargo Capital Trust IV	7.000%
308,100	Wells Fargo Capital Trust V	7.000%
41,300	Wells Fargo Capital Trust VI	6.950%
45,975	Wells Fargo Capital Trust VII	5.850%
55,900	Wells Fargo Capital Trust IX	5.625%
578,650	Zions Capital Trust B	8.000%
	Total Commercial Banks	
	COMPUTERS & PERIPHERALS - 0.2%	
2,600	IBM Inc., Series 2001-1 (SATURNS)	7.125%
11,700	IBM Inc., Trust Certificates, Series 2001-2	7.100%
20,200	IBM Trust II (CORTS)	7.125%
45,500	IBM Trust III (CORTS)	7.200%
	Total Computers & Peripherals	
	CONSUMER FINANCE - 1.0%	
73,600	Household Capital Trust VII	7.500%
584,000	HSBC Finance Corporation	6.360%
24,350	SLM Corporation	6.000%
	Total Consumer Finance	
	DIVERSIFIED FINANCIAL SERVICES - 8.8%	
78,800	BBVA Preferred Capital Ltd., Series B	7.750%
279,100	CIT Group Inc., Series A, (3)	6.350%
40,200	CIT Group Incorporated (CORTS)	7.750%
5,960	Citigroup Capital Trust IX	6.000%
587,400	Citigroup Capital Trust VII	7.125%
779,495	Citigroup Capital Trust VIII	6.950%
28,500	Citigroup Capital Trust XI	6.000%
10,700	Citigroup, Series CIT (CORTS)	6.750%
3,900	General Electric Capital Corporation (CORTS)	6.000%
199,700	General Electric Capital Corporation	6.625%
1,523,600	ING Group N.V.	7.200%
1,445,555	ING Group N.V.	7.050%
8,900	ING Group N.V.	6.200%
5,000	JP Morgan Chase Capital Trust XII	6.250%
92,500	JPM Capital Trust (CORTS)	7.200%
10,600	JPMorgan Chase & Company (PCARS)	7.125%
323,000	JPMorgan Chase Capital Trust IX, Series I	7.500%
198,600	JPMorgan Chase Capital Trust X	7.000%
22,156	JPMorgan Chase Capital Trust XI	5.875%

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SHARES	DESCRIPTION (1)	COUPON	RA
	DIVERSIFIED FINANCIAL SERVICES (continued)		
210,900	JPMorgan Chase Capital Trust XVI	6.350%	
52,900	JPMorgan Chase Trust, Series 2002-6, Class A (SATURNS)	7.125%	
	Total Diversified Financial Services		
	DIVERSIFIED TELECOMMUNICATION SERVICES - 0.6%		
116,999	AT&T Inc.	7.000%	
17,500	BellSouth Capital Funding (CORTS)	7.100%	
21,600	BellSouth Corporation (CORTS)	7.000%	
16,300	BellSouth Corporation, Series 2001-3 (SATURNS)	7.125%	
16,200	BellSouth Corporation, Series BLS (CORTS)	7.000%	
42,600	BellSouth Corporation	7.125%	
17,500	BellSouth Inc. (CORTS)	7.000%	
29,200	BellSouth Telecommunications (PPLUS)	7.300%	
1,400	Deutsche Telekom International Finance B.V., Series 2001-24, Class A-1 (CORTS)	7.875%	
30,600	Verizon Communications (CORTS)	7.625%	
7,600	Verizon Communications (CORTS)	7.375%	
70,100	Verizon Global Funding Corporation (SATURNS)	7.500%	
22,100	Verizon New England Inc., Series B	7.000%	
13,000	Verizon South Inc., Series F	7.000%	
	Total Diversified Telecommunication Services		
	ELECTRIC UTILITIES - 4.6%		
162,600	Alabama Power Company, (3)	5.830%	
17,200	Consolidated Edison Company of New York Inc.	7.500%	
2,800	Consolidated Edison, Inc.	7.250%	
27,400	DTE Energy Trust I	7.800%	
4,200	Entergy Arkansas Inc.	6.700%	
57,650	Entergy Louisiana LLC	7.600%	
1,299,100	Entergy Mississippi Inc.	7.250%	
1,700	Georgia Power Capital Trust VII	5.875%	
12,700	Georgia Power Capital Trust V	7.125%	
59,500	Georgia Power Company	5.900%	
941,500	Interstate Power and Light Company, Series B, (3)	8.375%	
30,200	National Rural Utilities Cooperative Finance Corporation	7.400%	
7,700	National Rural Utilities Cooperative Finance Corporation	6.100%	
19,600	National Rural Utilities Cooperative Finance Corporation	5.950%	
2,600	Southern Company Capital Trust I (CORTS)	8.190%	
3,900	Southern Company Capital Trust I (CORTS)	7.375%	
265,500	Virginia Power Capital Trust	7.375%	
	Total Electric Utilities		
	FOOD PRODUCTS - 0.7%		
122,000	Dairy Farmers of America Inc., 144A, (3)	7.875%	
	HOUSEHOLD DURABLES - 0.7%		
462,400	Pulte Homes Inc.	7.375%	
	INDUSTRIAL CONGLOMERATES - 0.0%		

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9,200	General Electric Company, Series GE (CORTS)	6.800%
	INSURANCE - 18.6%	
1,214,900	Ace Ltd., Series C	7.800%
94,000	Aegon N.V.	6.500%
2,129,500	Aegon N.V.	6.375%
20,200	AMBAC Financial Group Inc.	7.000%
63,400	AMBAC Financial Group Inc.	5.950%
9,100	AMBAC Financial Group Inc.	5.875%
8,400	Arch Capital Group Limited, Series B	7.875%
980,283	Arch Capital Group Limited	8.000%
479,357	Delphi Financial Group, Inc.	8.000%
1,702,521	EverestRe Group Limited	7.850%
61,400	Financial Security Assurance Holdings	6.875%
710,100	Financial Security Assurance Holdings	6.250%
369,700	Hartford Capital Trust III, Series C	7.450%
105,300	Hartford Life Capital Trust II, Series B	7.625%
96,900	Lincoln National Capital Trust V, Series E	7.650%
55,300	Lincoln National Capital Trust VI	6.750%
118,600	MetLife Inc., Series B, (3)	6.500%

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Nuveen Quality Preferred Income Fund 2 (JPS) (continued)

Portfolio of INVESTMENTS June 30, 2006 (Unaudited)

SHARES	DESCRIPTION (1)	COUPON	RA
	INSURANCE (continued)		
646,320	PartnerRe Limited, Series C	6.750%	
27,400	PartnerRe Limited, Series D	6.500%	
301,581	PartnerRe Limited	7.900%	
108,700	PLC Capital Trust III	7.500%	
453,940	PLC Capital Trust IV	7.250%	
22,200	PLC Capital Trust V	6.125%	
6,500	Prudential Financial Inc. (CORTS)	6.000%	
223,000	Prudential PLC	6.750%	
145,800	RenaissanceRe Holdings Limited, Series B	7.300%	
20,200	RenaissanceRe Holdings Limited, Series C	6.080%	
324,060	RenaissanceRe Holdings Ltd., Series A	8.100%	
22,400	Safeco Capital Trust I (CORTS)	8.750%	
6,300	Safeco Capital Trust III (CORTS)	8.072%	
2,300	Safeco Capital Trust IV (CORTS)	8.375%	
2,600	Safeco Corporation, Series 2001-7 (SATURNS)	8.250%	
8,500	Safeco Corporation, Series 2002-5 (SATURNS)	8.250%	
144,100	Saint Paul Capital Trust I	7.600%	
130,400	Torchmark Capital Trust I	7.750%	
8,300	Torchmark Capital Trust II	7.750%	
22,500	W.R. Berkley (CORTS)	8.250%	
26,800	W.R. Berkley Capital Trust, Series 2002-1 (CBTCS)	8.125%	
711,146	W.R. Berkley Corporation	6.750%	
572,200	XL Capital Ltd, Series A	8.000%	
600,417	XL Capital Ltd, Series B	7.625%	
	Total Insurance		

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	IT SERVICES - 0.0%	
16,100	Vertex Industries Inc. (PPLUS)	7.625%

	MEDIA - 0.3%	
166,800	CBS Corporation	7.250%
6,500	Comcast Corporation	7.000%
3,900	Walt Disney Company (CORTS)	6.875%
18,200	Walt Disney Company	7.000%

	Total Media	

	MULTI-UTILITIES - 0.4%	
119,400	Dominion CNG Capital Trust I	7.800%
46,300	Dominion Resources Capital Trust II	8.400%
120,200	Energy East Capital Trust I	8.250%

	Total Multi-Utilities	

	OIL, GAS & CONSUMABLE FUELS - 1.6%	
906,911	Nexen Inc.	7.350%
147,400	TransCanada Pipeline	8.250%

	Total Oil, Gas & Consumable Fuels	

	PHARMACEUTICALS - 0.0%	
10,800	Bristol Myers Squibb Company (CORTS)	6.250%
8,300	Bristol-Myers Squibb Company Trust (CORTS)	6.800%

	Total Pharmaceuticals	

	REAL ESTATE - 23.5%	
95,400	AvalonBay Communities, Inc., Series H	8.700%
16,400	BRE Properties, Series B	8.080%
155,943	BRE Properties, Series C	6.750%
81,006	BRE Properties, Series D	6.750%
717,370	CarrAmerica Realty Corporation, Series E	7.500%
	Developers Diversified Realty Corporation, Series	
135,925	F	8.600%
	Developers Diversified Realty Corporation, Series	
639,813	G	8.000%
	Developers Diversified Realty Corporation, Series	
187,823	H	7.375%
40,467	Developers Diversified Realty Corporation	7.500%
298,900	Duke Realty Corporation, Series L	6.600%
220,650	Duke-Weeks Realty Corporation, Series B	7.990%
150,000	Duke-Weeks Realty Corporation	6.950%
5,600	Duke-Weeks Realty Corporation	6.625%
536,000	Equity Office Properties Trust, Series G	7.750%

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SHARES	DESCRIPTION (1)	COUPON	RA

	REAL ESTATE (continued)		
54,000	Equity Residential Properties Trust, Series C	9.125%	

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68,250	Equity Residential Properties Trust, Series D	8.600%
36,484	Equity Residential Properties Trust, Series N	6.480%
332,800	Federal Realty Investment Trust	8.500%
446,000	First Industrial Realty Trust, Inc., Series C	8.625%
279,700	First Industrial Realty Trust, Inc., Series J	7.250%
1,805,025	HRPT Properties Trust, Series B	8.750%
71,980	HRPT Properties Trust, Series C	7.125%
119,680	Kimco Realty Corporation, Series F	6.650%
199,550	New Plan Excel Realty Trust, Series D	7.800%
771,600	New Plan Excel Realty Trust, Series E	7.625%
1,700	Prologis Trust, Series F	6.750%
97,728	Prologis Trust, Series G	6.750%
108,300	PS Business Parks, Inc., Series I	6.875%
110,700	PS Business Parks, Inc., Series K	7.950%
401,000	PS Business Parks, Inc., Series L	7.600%
735,970	PS Business Parks, Inc.	7.000%
390,700	Public Storage Inc., Series I	7.250%
234,300	Public Storage, Inc., Series C	6.600%
36,000	Public Storage, Inc., Series D	6.180%
38,600	Public Storage, Inc., Series E	6.750%
72,566	Public Storage, Inc., Series F	6.450%
128,300	Public Storage, Inc., Series H	6.950%
268,295	Public Storage, Inc., Series R	8.000%
69,600	Public Storage, Inc., Series S	7.875%
137,065	Public Storage, Inc., Series T	7.625%
114,900	Public Storage, Inc., Series U	7.625%
148,000	Public Storage, Inc., Series V	7.500%
2,129	Public Storage, Inc., Series X	6.450%
7,500	Public Storage, Inc.	7.125%
165,900	Realty Income Corporation	7.375%
309,100	Regency Centers Corporation	7.450%
245,800	Regency Centers Corporation	7.250%
17,200	Regency Centers Corporation	6.700%
34,500	Simon Property Group, Inc., Series F	8.750%
326,041	Simon Property Group, Inc., Series G	7.890%
82,000	United Dominion Realty Trust	8.600%
22,300	Vornado Realty Trust, Series F	6.750%
213,940	Vornado Realty Trust, Series G	6.625%
113,500	Vornado Realty Trust, Series H	6.750%
220,250	Vornado Realty Trust, Series I	6.625%
2,461,900	Wachovia Preferred Funding Corporation	7.250%
158,600	Weingarten Realty Trust, Series E	6.950%

Total Real Estate

THRIFTS & MORTGAGE FINANCE - 1.5%		
10,900	Countrywide Capital Trust II, Series II (CORTS)	8.000%
1,050,000	Countrywide Capital Trust IV	6.750%
16,800	Harris Preferred Capital Corporation, Series A	7.375%

Total Thrifts & Mortgage Finance

WIRELESS TELECOMMUNICATION SERVICES - 1.6%		
1,043,372	United States Cellular Corporation	8.750%

TOTAL \$25 PAR (OR SIMILAR) PREFERRED SECURITIES
(COST \$1,386,536,164)

PRINCIPAL

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AMOUNT (000)	DESCRIPTION (1)	COUPON
	CORPORATE BONDS - 0.9% (0.6% OF TOTAL INVESTMENTS)	
	COMMERCIAL BANKS - 0.3%	
\$ 6,500	HBOS PLC, Series 144A	6.413%
	INSURANCE - 0.5%	
8,600	Great West Life and Annuity Insurance Company	7.153%

PRINCIPAL AMOUNT (000)	VALUE
---------------------------	-------

	CORPORATE BONDS - 0.9% (0.6% OF TOTAL INVESTMENTS)	
\$ 6,500	COMMERCIAL BANKS - 0.3%	\$ 5,840,419
	INSURANCE - 0.5%	
8,600		8,414,498

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Nuveen Quality Preferred Income Fund 2 (JPS) (continued)

Portfolio of INVESTMENTS June 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	COUPON
	THRIFTS & MORTGAGE FINANCE - 0.1%	
\$ 1,000	Caisse Nationale Des Caisses d'Epargne et de Prevoyance	6.750%
\$ 16,100	TOTAL CORPORATE BONDS (COST \$15,534,686)	

PRINCIPAL AMOUNT (000)	VALUE
---------------------------	-------

	THRIFTS & MORTGAGE FINANCE - 0.1%	
\$ 1,000		\$ 949,955
\$ 16,100		15,204,872

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PRINCIPAL AMOUNT (000)/ SHARES	DESCRIPTION (1)	COUPON	MATURITY
CAPITAL PREFERRED SECURITIES - 58.6% (40.0% OF TOTAL INVESTMENTS)			
CAPITAL MARKETS - 7.1%			
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
20,000	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
Total Capital Markets			
COMMERCIAL BANKS - 32.0%			
19,000	AB Svensk Exportkredit, 144A	6.375%	10/27/49
37,250	Abbey National Capital Trust I	8.963%	6/30/50
7,100	AgFirst Farm Credit Bank	7.300%	12/15/53
6,500	Bank One Capital III	8.750%	9/01/30
21,000	BankBoston Capital Trust I, Series B	8.250%	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
200	Barclays Bank PLC	6.278%	12/15/55
2,000	Corestates Capital Trust I, 144A	8.000%	12/15/26
3,700	DBS Capital Funding Corporation, 144A	7.657%	3/15/49
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
39,510	HBOS Capital Funding LP, Notes	6.850%	3/23/49
2,400	HSBC Capital Funding LP, 144A	9.547%	12/31/49
6,250	HSBC Capital Funding LP, Debt	10.176%	6/30/50
32,000	KBC Bank Fund Trust III, 144A	9.860%	5/02/50
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
25,000	M&I Capital Trust A	7.650%	12/01/26
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
289,600	PFCI Capital Corporation	7.750%	8/17/52
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
12,100	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
5,000	Sparebanken Rogaland, Notes, 144A	6.443%	5/01/49

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9,000	St. George Funding Company LLC, 144A	8.485%	12/31/47
3,400	Swedbank ForeningsSparbanken AB, 144A	9.000%	9/17/50
7,500	Union Planters Capital Trust A	8.200%	12/15/26
240	Union Planters Preferred Fund, 144A	7.750%	7/15/53
26,500	Washington Mutual Preferred Funding Cayman, Series A-1, 144A	7.250%	3/15/49

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PRINCIPAL AMOUNT (000)/ SHARES	DESCRIPTION (1)	COUPON	MATURITY
	COMMERCIAL BANKS (continued)		
6,300	Washington Mutual Preferred Funding Delaware, Series A-1, 144A	6.534%	3/15/49
10,000	Zions Institutional Capital Trust, Series A	8.536%	12/15/26
	Total Commercial Banks		
	DIVERSIFIED FINANCIAL SERVICES - 2.7%		
1,000	BNP Paribas Capital Trust, 144A	9.003%	12/29/49
2,750	BNP Paribas Capital Trust	7.200%	12/31/49
21,200	Citigroup Capital X	6.100%	9/30/33
3,700	Fulton Capital Trust I	6.290%	2/01/36
22,085	JPM Capital Trust II	7.950%	2/01/27
13,800	Old Mutual Capital Funding, Notes	8.000%	6/22/53
	Total Diversified Financial Services		
	DIVERSIFIED TELECOMMUNICATION SERVICES - 2.1%		
30,250	Centaur Funding Corporation, Series B, 144A	9.080%	4/21/20
	HOUSEHOLD DURABLES - 0.6%		
8,600	Stanley Works Capital Trust I, 144A	5.902%	12/01/45
	INSURANCE - 10.5%		
14,280	Ace Capital Trust II	9.700%	4/01/30
28,000	American General Institutional Capital, 144A	8.125%	3/15/46
2,000	Mangrove Bay, Class 3, 144A	6.102%	7/15/33
6,000	MIC Financing Trust I	8.375%	2/01/27
12,000	Oil Insurance Limited, 144A	7.550%	12/30/49
10,250	Prudential PLC	6.500%	6/29/49
51,700	Sun Life Canada Capital Trust, Capital Securities, 144A	8.526%	5/06/47
40,500	Zurich Capital Trust I, 144A	8.376%	6/01/37
	Total Insurance		
	OIL, GAS & CONSUMABLE FUELS - 1.2%		
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
	Total Oil, Gas & Consumable Fuels		

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THRIFTS & MORTGAGE FINANCE - 2.4%				
5,595	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	
13,000	Great Western Financial Trust II, Series A	8.206%	2/01/27	

	Total Thrifts & Mortgage Finance			

	TOTAL CAPITAL PREFERRED SECURITIES (COST			
	\$999,449,191)			

SHARES	DESCRIPTION (1)			

	INVESTMENT COMPANIES - 2.4% (1.6% OF TOTAL INVESTMENTS)			
	Flaherty and Crumrine/Claymore Preferred			
486,173	Securities Income Fund Inc.			
	Flaherty and Crumrine/Claymore Total Return Fund			
257,293	Inc.			
8,222	John Hancock Preferred Income Fund			
40,989	John Hancock Preferred Income Fund II			
583,827	John Hancock Preferred Income Fund III			
139,021	Preferred and Corporate Strategies Fund Inc.			
563,812	Preferred Income Strategies Fund Inc.			

	TOTAL INVESTMENT COMPANIES (COST \$40,967,715)			

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Nuveen Quality Preferred Income Fund 2 (JPS) (continued)

Portfolio of INVESTMENTS June 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	COUPON	MATURITY

SHORT-TERM INVESTMENTS - 2.5% (1.7% OF TOTAL INVESTMENTS)			
Repurchase Agreement with State Street Bank, dated			
\$ 42,417	6/30/06, repurchase price \$42,431,269,	4.130%	7/03/06
	collateralized by \$46,030,000 U.S. Treasury		
	Notes, 4.000%, due 2/15/14, value \$43,268,200		

TOTAL SHORT-TERM INVESTMENTS (COST \$42,416,671)			

TOTAL INVESTMENTS (COST \$2,490,536,140) - 146.4%			

OTHER ASSETS LESS LIABILITIES - 1.1%			

PREFERRED SHARES, AT LIQUIDATION VALUE - (47.5)%			

NET ASSETS APPLICABLE TO COMMON SHARES - 100%			

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INTEREST RATE SWAPS OUTSTANDING AT JUNE 30, 2006:

COUNTERPARTY	NOTIONAL AMOUNT	FIXED RATE	FIXED RATE	FLOATING RATE	FLOATING RATE	TER
		PAID BY THE FUND (ANNUALIZED)	PAYMENT FREQUENCY	RECEIVED BY THE FUND (4)	PAYMENT FREQUENCY	
Citigroup Inc.	\$100,000,000	4.713%	Monthly	5.138%	Monthly	
Citigroup Inc.	200,000,000	3.375	Monthly	5.138	Monthly	
Citigroup Inc.	200,000,000	3.910	Monthly	5.138	Monthly	

(1)	All percentages shown in the Portfolio of Investments are based on net assets ap to Common shares unless otherwise noted.
(2)	Ratings: Using the higher of Standard & Poor's or Moody's rating. Ratings below Standard & Poor's Group or Baa by Moody's Investor Service, Inc. are considered below investment grade.
(3)	Investment is eligible for the Dividends Received Deduction.
(4)	Based on USD-LIBOR (United States Dollar - London Inter-Bank Offered Rate).
N/R	Not rated.
WI/DD	Purchased on a when-issued or delayed delivery basis.
144A	Investment is exempt from registration under Rule 144A of the Securities Act of amended. These investments may only be resold in transactions exempt from regist 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.

See accompanying notes to financial statements.

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Nuveen Quality Preferred Income Fund 3 (JHP)

Portfolio of
INVESTMENTS June 30, 2006 (Unaudited)

SHARES	DESCRIPTION (1)	COUPON	RA
	CONVERTIBLE PREFERRED SECURITIES - 0.1% (0.1% OF TOTAL INVESTMENTS)		
	THRIFTS & MORTGAGE FINANCE - 0.1%		
13,400	PMI Group Inc.	5.875%	
	TOTAL CONVERTIBLE PREFERRED SECURITIES (COST \$326,331)		

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SHARES	DESCRIPTION (1)	COUPON	RA

	\$25 PAR (OR SIMILAR) PREFERRED SECURITIES - 91.8% (62.5% OF TOTAL INVESTMENTS)		
	AUTOMOBILES - 0.1%		
8,000	DaimlerChrysler AG (CORTS)	7.875%	

	CAPITAL MARKETS - 8.5%		
21,206	Bear Stearns Capital Trust III	7.800%	
59,900	Compass Capital Trust III	7.350%	
39,900	CSFB USA, Series 2002-10 (SATURNS)	7.000%	
11,300	First Union Institutional Capital II (CORTS)	8.200%	
5,500	Goldman Sachs Group Inc., Series GSC-3 (PPLUS)	6.000%	
5,300	Goldman Sachs Group Incorporated (SATURNS)	5.750%	
	Lehman Brothers Holdings Capital Trust III, Series		
356,800	K	6.375%	
800	Lehman Brothers Holdings Capital Trust V, Series M	6.000%	
22,000	Merrill Lynch Capital Trust II	8.000%	
70,800	Merrill Lynch Preferred Capital Trust III	7.000%	
20,400	Merrill Lynch Preferred Capital Trust IV	7.120%	
84,400	Merrill Lynch Preferred Capital Trust V	7.280%	
38,500	Merrill Lynch Preferred Capital Trust	7.750%	
41,900	Morgan Stanley (PPLUS)	7.050%	
80,000	Morgan Stanley Capital Trust II	7.250%	
197,741	Morgan Stanley Capital Trust III	6.250%	
10,100	Morgan Stanley Capital Trust V	5.750%	
75,700	Morgan Stanley Capital Trust VI	6.600%	

	Total Capital Markets		

	COMMERCIAL BANKS - 17.7%		
23,900	Abbey National PLC, Series B	7.375%	
61,800	Abbey National PLC, Series B	7.250%	
108,898	ABN AMRO Capital Trust Fund VII	6.080%	
38,200	ASBC Capital I	7.625%	
66,694	BAC Capital Trust I	7.000%	
41,300	BAC Capital Trust II	7.000%	
96,300	BAC Capital Trust III	7.000%	
6,000	BAC Capital Trust IV	5.875%	
65,600	BAC Capital Trust V	6.000%	
8,900	BAC Capital Trust VIII	6.000%	
30,618	Banco Santander	6.410%	
59,300	Banco Totta & Acores Finance, Series A	8.875%	
2,800	BancorpSouth Capital Trust I	8.150%	
244,100	Banesto Holdings, Series A, 144A	10.500%	
33,200	Bank One Capital Trust VI	7.200%	
6,100	BankNorth Capital Trust II	8.000%	
3,700,000	BOI Capital Funding 3, 144A	6.107%	
26,800	Capital One Capital II Corporation	7.500%	
24,800	Chittenden Capital Trust I	8.000%	
44,500	Cobank ABC, 144A, (3)	7.000%	
57,500	Comerica Capital Trust I	7.600%	
164,700	Fleet Capital Trust VII	1.800%	
35,316	Fleet Capital Trust VIII	7.200%	
141,700	HSBC Finance Corporation	6.875%	
8,700	KeyCorp (PCARS)	7.500%	
5,733	KeyCorp Capital Trust V	5.875%	

Nuveen Quality Preferred Income Fund 3 (JHP) (continued)

Portfolio of INVESTMENTS June 30, 2006 (Unaudited)

SHARES	DESCRIPTION (1)	COUPON	RA
	COMMERCIAL BANKS (continued)		
25,900	National Commerce Capital Trust II	7.700%	
16,500	National Westminster Bank PLC, Series B	7.875%	
12,200	PNC Capital Trust	6.125%	
40,000	Royal Bank of Scotland Group PLC, Series M	6.400%	
104,465	Royal Bank of Scotland Group PLC, Series N	6.350%	
18,000	SunTrust Capital Trust IV	7.125%	
27,000	SunTrust Capital Trust V	7.050%	
103,500	USB Capital Trust IV	7.350%	
70,400	USB Capital Trust V	7.250%	
16,100	USB Capital Trust VII	5.875%	
19,000	VNB Capital Trust I	7.750%	
51,000	Wells Fargo Capital Trust V	7.000%	
6,800	Wells Fargo Capital Trust VI	6.950%	
65,925	Wells Fargo Capital Trust VII	5.850%	
16,000	Wells Fargo Capital Trust IX	5.625%	
80,800	Zions Capital Trust B	8.000%	
	Total Commercial Banks		
	COMPUTERS & PERIPHERALS - 0.0%		
2,700	IBM Inc., Trust Certificates, Series 2001-2	7.100%	
	CONSUMER FINANCE - 1.4%		
101,800	Household Capital Trust VII	7.500%	
77,100	HSBC Finance Corporation	6.360%	
	Total Consumer Finance		
	DIVERSIFIED FINANCIAL SERVICES - 8.1%		
10,000	BBVA Preferred Capital Ltd., Series B	7.750%	
26,700	CIT Group Inc., Series A, (3)	6.350%	
45,500	CIT Group Incorporated (CORTS)	7.750%	
51,100	Citigroup Capital Trust VII	7.125%	
14,202	Citigroup Capital Trust VIII	6.950%	
2,880	Citigroup Capital Trust IX	6.000%	
17,800	Citigroup Capital Trust XI	6.000%	
50,901	Citigroup Inc., Series M, (3)	5.864%	
3,500	General Electric Capital Corporation (CORTS)	6.000%	
1,100	General Electric Capital Corporation	6.625%	
504,300	ING Group N.V.	7.200%	
142,900	ING Group N.V.	7.050%	
42,600	JPMorgan Chase Capital Trust X	7.000%	
43,800	JPMorgan Chase Capital Trust XVI	6.350%	
	JPMorgan Chase Trust, Series 2002-6, Class A		
25,800	(SATURNS)	7.125%	
6,300	Royal Bank of Scotland Public Limited Company, Series 2006Q	6.750%	
	Total Diversified Financial Services		

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	DIVERSIFIED TELECOMMUNICATION SERVICES - 0.8%	
32,500	AT&T Inc.	7.000%
1,900	BellSouth Capital Funding (CORTS)	7.100%
4,200	BellSouth Corporation (CORTS)	7.000%
6,900	BellSouth Corporation, Series 2001-3 (SATURNS)	7.125%
8,000	BellSouth Corporation, Series BLS (CORTS)	7.000%
15,700	BellSouth Inc. (CORTS)	7.000%
7,600	BellSouth Telecommunications (PPLUS)	7.300%
25,600	Verizon Communications (CORTS)	7.625%

	Total Diversified Telecommunication Services	

	ELECTRIC UTILITIES - 2.4%	
54,500	Entergy Louisiana LLC	7.600%
203,447	Entergy Mississippi Inc.	7.250%
	National Rural Utilities Cooperative Finance	
5,300	Corporation	7.400%
	National Rural Utilities Cooperative Finance	
2,300	Corporation	6.100%
	National Rural Utilities Cooperative Finance	
33,018	Corporation	5.950%
8,900	Virginia Power Capital Trust	7.375%

	Total Electric Utilities	

	FOOD PRODUCTS - 0.7%	
23,500	Dairy Farmers of America Inc., 144A, (3)	7.875%

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SHARES	DESCRIPTION (1)	COUPON	RA

	INDUSTRIAL CONGLOMERATES - 0.0%		
1,400	General Electric Company, Series GE (CORTS)		6.800%

	INSURANCE - 21.6%		
194,400	Ace Ltd., Series C		7.800%
26,400	Aegon N.V.		6.500%
406,738	Aegon N.V.		6.375%
2,600	Allstate Corporation (PCARS)		7.150%
32,400	AMBAC Financial Group Inc.		5.950%
95,400	AMBAC Financial Group Inc.		5.875%
195,649	Arch Capital Group Limited		8.000%
138,600	Delphi Financial Group, Inc.		8.000%
45,067	EverestRe Capital Trust II		6.200%
293,816	EverestRe Group Limited		7.850%
151,100	Financial Security Assurance Holdings		6.250%
246,000	Hartford Capital Trust III, Series C		7.450%
107,300	Lincoln National Capital Trust V, Series E		7.650%
20,900	MetLife Inc., Series B, (3)		6.500%
144,900	PartnerRe Limited, Series C		6.750%
3,000	PartnerRe Limited, Series D		6.500%
65,000	PartnerRe Limited		7.900%
57,100	PLC Capital Trust III		7.500%

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15,600	PLC Capital Trust IV	7.250%
4,500	PLC Capital Trust V	6.125%
52,544	Prudential PLC	6.750%
41,500	RenaissanceRe Holdings Limited, Series A	8.100%
60,401	RenaissanceRe Holdings Limited, Series B	7.300%
32,800	Safeco Corporation, Series 2001-7 (SATURNS)	8.250%
28,900	Saint Paul Capital Trust I	7.600%
32,600	W.R. Berkley Capital Trust, Series 2002-1 (CBTCS)	8.125%
7,000	W.R. Berkley Corporation	6.750%
65,100	XL Capital Ltd, Series A	8.000%
294,200	XL Capital Ltd, Series B	7.625%
	Total Insurance	
	MEDIA - 2.3%	
1,700	CBS Corporation	7.250%
294,700	Comcast Corporation	7.000%
1,900	Walt Disney Company	7.000%
	Total Media	
	MULTI-UTILITIES - 0.2%	
17,900	Dominion CNG Capital Trust I	7.800%
24,500	Energy East Capital Trust I	8.250%
	Total Multi-Utilities	
	OIL, GAS & CONSUMABLE FUELS - 1.8%	
194,200	Nexen Inc.	7.350%
34,700	TransCanada Pipeline	8.250%
	Total Oil, Gas & Consumable Fuels	
	PHARMACEUTICALS - 0.1%	
10,400	Bristol Myers Squibb Company (CORTS)	6.250%
4,300	Bristol-Myers Squibb Company Trust (CORTS)	6.800%
	Total Pharmaceuticals	
	REAL ESTATE - 22.8%	
10,700	AvalonBay Communities, Inc., Series H	8.700%
43,037	BRE Properties, Series C	6.750%
8,029	BRE Properties, Series D	6.750%
140,517	CarrAmerica Realty Corporation, Series E	7.500%
	Developers Diversified Realty Corporation, Series	
26,700	F	8.600%
	Developers Diversified Realty Corporation, Series	
171,200	G	8.000%
	Developers Diversified Realty Corporation, Series	
32,000	H	7.375%
112,900	Duke Realty Corporation, Series L	6.600%
149,000	Duke-Weeks Realty Corporation	6.950%
61,444	Equity Office Properties Trust, Series G	7.750%
18,500	Equity Residential Properties Trust, Series C	9.125%
20,800	Equity Residential Properties Trust, Series D	8.600%

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Portfolio of INVESTMENTS June 30, 2006 (Unaudited)

SHARES	DESCRIPTION (1)	COUPON	RA
	REAL ESTATE (continued)		
56,200	Federal Realty Investment Trust	8.500%	
223,471	First Industrial Realty Trust, Inc., Series C	8.625%	
145,900	First Industrial Realty Trust, Inc., Series J	7.250%	
247,207	HRPT Properties Trust, Series B	8.750%	
129,611	HRPT Properties Trust, Series C	7.125%	
21,000	New Plan Excel Realty Trust, Series D	7.800%	
36,300	New Plan Excel Realty Trust, Series E	7.625%	
20,000	Prologis Trust, Series G	6.750%	
8,300	PS Business Parks, Inc., Series F	8.750%	
120,000	PS Business Parks, Inc., Series L	7.600%	
136,000	PS Business Parks, Inc.	7.000%	
16,100	Public Storage, Inc., Series F	6.450%	
2,100	Public Storage, Inc., Series H	6.950%	
167,633	Public Storage, Inc., Series R	8.000%	
26,900	Public Storage, Inc., Series S	7.875%	
31,100	Public Storage, Inc., Series T	7.625%	
15,200	Public Storage, Inc., Series U	7.625%	
17,000	Public Storage, Inc., Series V	7.500%	
3,700	Public Storage, Inc., Series X	6.450%	
3,000	Public Storage, Inc.	7.125%	
5,900	Realty Income Corporation	7.375%	
12,600	Regency Centers Corporation	7.450%	
84,500	Regency Centers Corporation	7.250%	
19,600	Regency Centers Corporation	6.700%	
7,500	Simon Property Group, Inc., Series F	8.750%	
68,600	Simon Property Group, Inc., Series G	7.890%	
41,000	United Dominion Realty Trust	8.600%	
61,800	Vornado Realty Trust, Series G	6.625%	
7,500	Vornado Realty Trust, Series I	6.625%	
252,700	Wachovia Preferred Funding Corporation	7.250%	
39,900	Weingarten Realty Trust, Series E	6.950%	
	Total Real Estate		
	THRIFTS & MORTGAGE FINANCE - 2.0%		
21,100	Countrywide Capital Trust II, Series II (CORTS)	8.000%	
241,430	Countrywide Capital Trust IV	6.750%	
3,300	Harris Preferred Capital Corporation, Series A	7.375%	
	Total Thrifts & Mortgage Finance		
	WIRELESS TELECOMMUNICATION SERVICES - 1.3%		
157,500	United States Cellular Corporation	8.750%	
4,300	United States Cellular Corporation	7.500%	
	Total Wireless Telecommunication Services		
	TOTAL \$25 PAR (OR SIMILAR) PREFERRED SECURITIES (COST \$303,618,579)		

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PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	COUPON
	CORPORATE BONDS - 0.5% (0.4% OF TOTAL INVESTMENTS)	
	COMMERCIAL BANKS - 0.1%	
\$ 300	HBOS PLC, Series 144A	6.413%
	INSURANCE - 0.4%	
1,500	Great West Life and Annuity Insurance Company	7.153%
\$ 1,800	TOTAL CORPORATE BONDS (COST \$1,768,093)	

PRINCIPAL AMOUNT (000)	VALUE
	CORPORATE BONDS - 0.5% (0.4% OF TOTAL INVESTMENTS)
\$ 300	\$ 269,558
	COMMERCIAL BANKS - 0.1%
1,500	1,467,645
	INSURANCE - 0.4%
\$ 1,800	1,737,203

PRINCIPAL AMOUNT (000) / SHARES	DESCRIPTION (1)	COUPON	MATURITY	RATING
	CAPITAL PREFERRED SECURITIES - 49.7% (33.9% OF TOTAL INVESTMENTS)			
	CAPITAL MARKETS - 6.5%			
2,500	Ahmanson Capital Trust I, 144A	8.360%	12/01/26	Ba
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	

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PRINCIPAL AMOUNT (000) / SHARES	DESCRIPTION (1)	COUPON	MATURITY	RATING
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CAPITAL MARKETS (continued)			
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
Total Capital Markets			
COMMERCIAL BANKS - 23.7%			
2,000	AB Svensk Exportkredit, 144A	6.375%	10/27/49
1,000	Abbey National Capital Trust I	8.963%	6/30/50
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
1,000	BanPonce Trust I, Series A	8.327%	2/01/27
6,200	Barclays Bank PLC, 144A	8.550%	6/15/49
100	Barclays Bank PLC	6.278%	12/15/55
900	DBS Capital Funding Corporation, 144A	7.657%	3/15/49
1,000	First Empire Capital Trust I	8.234%	2/01/27
500	First Midwest Bancorp Inc.	6.950%	12/01/33
8,800	HBOS Capital Funding LP, Notes	6.850%	3/23/49
1,430	HSBC USA Capital Trust II, 144A	8.380%	5/15/27
2,500	KBC Bank Fund Trust III, 144A	9.860%	5/02/50
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
3,150	Peoples Heritage Capital Trust I, Series B	9.060%	2/01/27
5,000	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%	12/31/47
655	Swedbank ForeningsSparbanken AB, 144A	9.000%	9/17/50
4,600	Union Planters Capital Trust A	8.200%	12/15/26
70	Union Planters Preferred Fund, 144A	7.750%	7/15/53
5,300	Washington Mutual Preferred Funding Cayman, Series A-1, 144A	7.250%	3/15/49
1,200	Washington Mutual Preferred Funding Delaware, Series A-1, 144A	6.534%	3/15/49
3,000	Zions Institutional Capital Trust, Series A	8.536%	12/15/26
Total Commercial Banks			
DIVERSIFIED FINANCIAL SERVICES - 1.2%			
1,000	BNP Paribas Capital Trust	7.200%	12/31/49
10,300	Citigroup Capital X	6.100%	9/30/33
700	Fulton Capital Trust I	6.290%	2/01/36
12,550	General Electric Capital Corporation	6.450%	6/15/46
1,800	Old Mutual Capital Funding, Notes	8.000%	6/22/53
Total Diversified Financial Services			
DIVERSIFIED TELECOMMUNICATION SERVICES - 1.9%			
5,260	Centaur Funding Corporation, Series B, 144A	9.080%	4/21/20
HOUSEHOLD DURABLES - 0.6%			
1,700	Stanley Works Capital Trust I, 144A	5.902%	12/01/45
INSURANCE - 11.9%			
3,450	Ace Capital Trust II	9.700%	4/01/30

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750	Mangrove Bay, Class 3, 144A	6.102%	7/15/33
10,000	MIC Financing Trust I	8.375%	2/01/27
2,000	Oil Insurance Limited, 144A	7.550%	12/30/49
1,500	Prudential PLC	6.500%	6/29/49
10,000	Sun Life Canada Capital Trust, Capital Securities, 144A	8.526%	5/06/47
1,000	ZFS FINANCE USA TRUST II 144A	6.450%	12/15/65
8,000	Zurich Capital Trust I, 144A	8.376%	6/01/37
	Total Insurance		

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Nuveen Quality Preferred Income Fund 3 (JHP) (continued)

Portfolio of INVESTMENTS June 30, 2006 (Unaudited)

PRINCIPAL AMOUNT (000) / SHARES	DESCRIPTION (1)	COUPON	MATURITY	RATIO
	OIL, GAS & CONSUMABLE FUELS - 2.2%			
3,000	KN Capital Trust III	7.630%	4/15/28	
4,500	Phillips 66 Capital Trust II	8.000%	1/15/37	
	Total Oil, Gas & Consumable Fuels			
	THRIFTS & MORTGAGE FINANCE - 1.7%			
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 Thrifts & Mortgage Finance			
	TOTAL CAPITAL PREFERRED SECURITIES (COST \$165,689,369)			

SHARES	DESCRIPTION (1)
	INVESTMENT COMPANIES - 2.5% (1.7% OF TOTAL INVESTMENTS)
112,569	Flaherty and Crumrine/Claymore Preferred Securities Income Fund Inc.
50,222	Flaherty and Crumrine/Claymore Total Return Fund Inc.
4,025	John Hancock Preferred Income Fund
9,846	John Hancock Preferred Income Fund II
115,889	John Hancock Preferred Income Fund III
33,458	Preferred and Corporate Strategies Fund Inc.
95,416	Preferred Income Strategies Fund Inc.
	TOTAL INVESTMENT COMPANIES (COST \$8,321,030)

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PRINCIPAL AMOUNT (000)	DESCRIPTION (1)	COUPON	MATURITY
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\$ 6,783	SHORT-TERM INVESTMENTS - 2.1% (1.4% OF TOTAL INVESTMENTS) Repurchase Agreement with State Street Bank, dated 6/30/06, repurchase price \$6,785,140, collateralized by \$7,365,000 U.S. Treasury Notes, 4.000%, due 2/15/14, value \$6,923,100	4.130%	7/03/06
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TOTAL SHORT-TERM INVESTMENTS (COST \$6,782,806)

TOTAL INVESTMENTS (COST \$486,506,208) - 146.7%

OTHER ASSETS LESS LIABILITIES - 4.7%

PREFERRED SHARES, AT LIQUIDATION VALUE - (51.4)%

NET ASSETS APPLICABLE TO COMMON SHARES - 100%

INTEREST RATE SWAPS OUTSTANDING AT JUNE 30, 2006:

COUNTERPARTY	NOTIONAL AMOUNT	FIXED RATE PAID BY THE FUND (ANNUALIZED)	FIXED RATE PAYMENT FREQUENCY	FLOATING RATE RECEIVED BY THE FUND (4)	FLOATING RATE PAYMENT FREQUENCY	TERMINATION DATE
Citigroup Inc.	\$42,000,000	3.255%	Monthly	5.138%	Monthly	3/06
Citigroup Inc.	42,000,000	3.815	Monthly	5.138	Monthly	3/06
JPMorgan Chase	21,000,000	5.338	Monthly	5.138	Monthly	11/06
JPMorgan Chase	21,000,000	5.318	Monthly	5.138	Monthly	5/06

- (1) All percentages shown in the Portfolio of Investments are based on net assets ap
to Common shares unless otherwise noted.
- (2) Ratings: Using the higher of Standard & Poor's or Moody's rating. Ratings below
Standard & Poor's Group or Baa by Moody's Investor Service, Inc. are considered
below investment grade.
- (3) Investment is eligible for the Dividends Received Deduction.
- (4) Based on USD-LIBOR (United States Dollar - London Inter-Bank Offered Rate).
- N/R Not rated.
- 144A Investment is exempt from registration under Rule 144A of the Securities Act of
amended. These investments may only be resold in transactions exempt from regist
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.

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See accompanying notes to financial statements.

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Statement of

ASSETS AND LIABILITIES June 30, 2006 (Unaudited)

	QUALITY PREFERRED INCOME (JTP)	QUALITY PREFERRED INCOME 2 (JPS)
ASSETS		
Investments, at value (cost \$1,324,365,953, \$2,490,536,140 and \$486,506,208, respectively)	\$1,304,040,496	\$2,465,979,850
Cash	--	1,292
Unrealized appreciation on interest rate swaps	5,909,220	16,044,098
Receivables:		
Dividends	1,915,043	2,761,807
Interest	6,335,109	9,831,743
Investments sold	9,505,163	15,767,947
Reclaims	--	40,864
Other assets	76,831	150,026
Total assets	1,327,781,862	2,510,577,627
LIABILITIES		
Payable for investments purchased	12,736,635	24,261,612
Accrued expenses:		
Management fees	591,721	1,061,949
Other	271,423	466,089
FundPreferred share dividends payable	176,671	288,375
Total liabilities	13,776,450	26,078,025
FundPreferred shares, at liquidation value	440,000,000	800,000,000
Net assets applicable to Common shares	\$ 874,005,412	\$1,684,499,602
Common shares outstanding	64,462,104	119,541,842
Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding)	\$ 13.56	\$ 14.09
NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF:		
Common shares, \$.01 par value per share	\$ 644,621	\$ 1,195,418
Paid-in surplus	911,539,983	1,693,035,834
Undistributed (Over-distribution of) net investment income	1,002,892	(2,419,837)
Accumulated net realized gain (loss) from investments and derivative transactions	(24,765,847)	1,200,379
Net unrealized appreciation (depreciation) of investments and derivative transactions	(14,416,237)	(8,512,192)
Net assets applicable to Common shares	\$ 874,005,412	\$1,684,499,602

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Authorized shares:

Common

Unlimited

Unlimited

FundPreferred

Unlimited

Unlimited

See accompanying notes to financial statements.

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Statement of

OPERATIONS Six Months Ended June 30, 2006 (Unaudited)

	QUALITY PREFERRED INCOME (JTP)	QUALITY PREFERRED INCOME 2 (JPS)
INVESTMENT INCOME		
Dividends (net of foreign tax withheld of \$8,392 \$11,400 and \$2,684, respectively)	\$ 21,795,947	\$ 40,897,850
Interest	19,505,188	35,958,492
Total investment income	41,301,135	76,856,342
EXPENSES		
Management fees	5,750,242	10,522,042
FundPreferred shares - auction fees	545,480	991,780
FundPreferred shares - dividend disbursing agent fees	14,914	20,568
Shareholders' servicing agent fees and expenses	6,405	9,611
Custodian's fees and expenses	161,517	272,303
Trustees' fees and expenses	13,560	27,308
Professional fees	34,853	53,412
Shareholders' reports - printing and mailing expenses	91,886	177,015
Stock exchange listing fees	11,682	21,663
Investor relations expense	37,925	68,690
Other expenses	22,885	26,812
Total expenses before custodian fee credit and expense reimbursement	6,691,349	12,191,204
Custodian fee credit	(6,198)	(2,484)
Expense reimbursement	(2,122,692)	(4,016,976)
Net expenses	4,562,459	8,171,744
Net investment income	36,738,676	68,684,598
REALIZED AND UNREALIZED GAIN (LOSS)		
Net realized gain (loss) from:		
Investments	6,913,146	12,478,976
Interest rate swaps	728,782	2,052,055
Change in net unrealized appreciation (depreciation) of:		
Investments	(44,410,068)	(85,289,694)
Interest rate swaps	2,898,118	5,089,432
Net realized and unrealized gain (loss)	(33,870,022)	(65,669,231)

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DISTRIBUTIONS TO FUNDPREFERRED SHAREHOLDERS		
From and in excess of net investment income	(9,651,430)	(17,353,925)
From accumulated net realized gains	--	--

Decrease in net assets applicable to Common shares from distributions to FundPreferred shareholders	(9,651,430)	(17,353,925)

Net increase (decrease) in net assets applicable to Common shares from operations	\$ (6,782,776)	\$ (14,338,558)

See accompanying notes to financial statements.

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Statement of CHANGES IN NET ASSETS (Unaudited)

	QUALITY PREFERRED INCOME (JTP)		
	SIX MONTHS ENDED 6/30/06	YEAR ENDED 12/31/05	

OPERATIONS			
Net investment income	\$ 36,738,676	\$ 83,656,560	\$
Net realized gain (loss) from:			
Investments	6,913,146	10,256,942	
Futures	--	--	
Interest rate swaps	728,782	(1,997,325)	
Change in net unrealized appreciation (depreciation) of:			
Investments	(44,410,068)	(58,087,700)	
Futures	--	--	
Interest rate swaps	2,898,118	6,484,892	
Distributions to FundPreferred shareholders:			
From and in excess of net investment income	(9,651,430)	--	
From net investment income	--	(13,746,475)	
From accumulated net realized gains	--	--	

Net increase (decrease) in net assets applicable to Common shares from operations	(6,782,776)	26,566,894	

DISTRIBUTIONS TO COMMON SHAREHOLDERS			
From and in excess of net investment income	(34,809,536)		
From net investment income	--	(72,552,099)	
From accumulated net realized gains	--	--	

Decrease in net assets applicable to Common shares from distributions to Common shareholders	(34,809,536)	(72,552,099)	

Net increase (decrease) in net assets applicable to Common shares	(41,592,312)	(45,985,205)	
Net assets applicable to Common shares at the beginning of period	915,597,724	961,582,929	

Net assets applicable to Common shares at the end of			

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period	\$874,005,412	\$915,597,724	\$
Undistributed (Over-distribution of) net investment income at the end of period	\$ 1,002,892	\$ 8,725,182	\$

See accompanying notes to financial statements.

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

	QUALITY PREFERRED INCOME 3 (JHP)	
	SIX MONTHS ENDED 6/30/06	YEAR ENDED 12/31/05
OPERATIONS		
Net investment income	\$ 13,613,359	\$ 31,177,398
Net realized gain (loss) from:		
Investments	1,059,136	2,801,561
Futures	--	--
Interest rate swaps	607,805	(22,484)
Change in net unrealized appreciation (depreciation) of:		
Investments	(14,358,827)	(21,236,219)
Futures	--	--
Interest rate swaps	880,419	2,007,568
Distributions to FundPreferred shareholders:		
From and in excess of net investment income	(3,699,289)	--
From net investment income	--	(4,959,898)
From accumulated net realized gains	--	(324,959)
Net increase (decrease) in net assets applicable to Common shares from operations	(1,897,397)	9,442,967
DISTRIBUTIONS TO COMMON SHAREHOLDERS		
From and in excess of net investment income	(13,074,425)	--
From net investment income	--	(27,602,875)
From accumulated net realized gains	--	(2,179,859)
Decrease in net assets applicable to Common shares from distributions to Common shareholders	(13,074,425)	(29,782,734)
Net increase (decrease) in net assets applicable to Common shares	(14,971,822)	(20,339,767)
Net assets applicable to Common shares at the beginning of period	337,857,664	358,197,431
Net assets applicable to Common shares at the end of period	\$322,885,842	\$337,857,664
Undistributed (Over-distribution of) net investment income at the end of period	\$ (1,211,353)	\$ 1,949,002

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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.

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

Investment Valuation

Exchange-listed securities and instruments, other than futures, 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. Securities traded on Nasdaq are valued at the Nasdaq Official Closing Price. 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. Prices of the other derivative instruments are provided by an independent pricing service approved by the Funds' Board of Trustees. The prices of fixed-income securities are generally also 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 investments are valued at amortized cost, which approximates market value.

Investment Transactions

Investment transactions are recorded on a trade date basis. Realized gains and losses from investment transactions are determined on the specific identification method. Investments purchased on a when-issued or delayed delivery basis may have extended settlement periods. Any investments so purchased are subject to market fluctuation during this period. The Funds have instructed the custodian to segregate assets with a current value at least equal to the amount of the when issued/delayed delivery purchase commitments. At June 30, 2006, Preferred Income (JTP) and Preferred Income 2 (JPS) had outstanding when-issued/delayed delivery purchase commitments of \$6,821,720 and \$12,932,311,

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respectively. There were no such outstanding purchase commitments in the other Fund.

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.

Professional Fees

Professional fees presented in the Statement of Operations consist of legal fees incurred in the normal course of operations, audit fees, tax consulting fees and, in some cases, workout expenditures. Workout expenditures are incurred in an attempt to protect or enhance an investment, or to pursue other claims or legal actions on behalf of Fund shareholders.

Federal 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.

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Notes to

FINANCIAL STATEMENTS (Unaudited) (continued)

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.

Distributions to Common shareholders are declared monthly. Real Estate Investment Trust ("REIT") distributions received by the Funds are generally comprised of ordinary 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 fiscal year ended December 31, 2005, the character of distributions to the Funds from the REITs was as follows:

	QUALITY PREFERRED INCOME (JTP)	QUALITY PREFERRED INCOME 2 (JPS)
Ordinary income	77.28%	74.67%
Long-term and short-term capital gains	22.72	25.33
Return of REIT capital	--	--

For the fiscal year ended December 31, 2005, the Funds applied the actual character of distributions reported by the REITs in which the Funds invest to their 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

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Fund treated the distributions as ordinary income.

For the six months ended June 30, 2006, each Fund applied the actual percentages for the twelve months ended December 31, 2005, 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. The Funds adjust that estimated breakdown of income type (and consequently their net investment income) as necessary early in the following calendar year when REITs inform their shareholders of the actual breakdown of income type.

The actual character of distributions made by the Funds during the fiscal year ended December 31, 2005, are reflected in the accompanying financial statements.

The distributions made by the Funds during the six months ended June 30, 2006, are provisionally classified as being "From and in excess of net investment income", and those distributions will be classified as being from net investment income, net realized capital gains and/or a return of capital for tax purposes after the fiscal year end. For purposes of calculating "Undistributed (Over-distribution of) net investment income as of June 30, 2006, the distribution amounts provisionally classified as "From and in excess of net investment income" were treated as being entirely from net investment income. Consequently, the financial statements at June 30, 2006, reflect an over-distribution of net investment income.

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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 paid by the Funds on each Series is determined every seven days, pursuant to a dutch auction process overseen by the auction agent, and is payable at the end of each rate period. The number of FundPreferred shares outstanding, by Series and in total, for each Fund is as follows:

	QUALITY PREFERRED INCOME (JTP)	QUALITY PREFERRED INCOME 2 (JPS)
Number of shares:		
Series M	3,520	4,800
Series T	3,520	4,800
Series T2	--	4,000
Series W	3,520	4,800
Series TH	3,520	4,800
Series TH2	--	4,000
Series F	3,520	4,800
Total	17,600	32,000

Interest Rate Swap Transactions

The Funds are authorized to 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

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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 Fund Preferred 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.

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. At June 30, 2006, there were no open futures contracts in any of the Funds.

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 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.

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FINANCIAL STATEMENTS (Unaudited) (continued)

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

The Funds did not engage in transactions in their own shares during the six months ended June 30, 2006, nor during the fiscal year ended December 31, 2005.

3. INVESTMENT TRANSACTIONS

Purchases and sales (including maturities but excluding short-term investments and derivative transactions) during the six months ended June 30, 2006, were as follows:

	QUALITY PREFERRED INCOME (JTP)	QUALITY PREFERRED INCOME 2 (JPS)
Purchases	\$188,495,048	\$325,427,708
Sales and maturities	185,107,542	315,384,763

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 timing differences in the recognition of income and timing differences in recognizing certain gains and losses on investment transactions.

At June 30, 2006, the cost of investments was as follows:

	QUALITY PREFERRED INCOME (JTP)	QUALITY PREFERRED INCOME 2 (JPS)
Cost of investments	\$1,324,864,665	\$2,495,074,775

Gross unrealized appreciation and gross unrealized depreciation of investments at June 30, 2006, were as follows:

QUALITY PREFERRED INCOME (JTP)	QUALITY PREFERRED INCOME 2 (JPS)
---	---

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Gross unrealized:		
Appreciation	\$17,590,918	\$41,833,835
Depreciation	(38,415,087)	(70,928,760)
Net unrealized appreciation (depreciation) of investments	\$ (20,824,169)	\$ (29,094,925)

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The tax components of undistributed net ordinary income and net long-term capital gains at July 31, 2005, the Funds' last tax year end, were as follows:

	QUALITY PREFERRED INCOME (JTP)	QUALITY PREFERRED INCOME 2 (JPS)
Undistributed net ordinary income *	\$3,556,793	\$8,682,726
Undistributed net long-term capital gains	--	19,370,073

* 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 Funds' last tax year ended July 31, 2005, was designated for purposes of the dividends paid deduction as follows:

	QUALITY PREFERRED INCOME (JTP)	QUALITY PREFERRED INCOME 2 (JPS)
Distributions from net ordinary income *	\$86,458,729	\$168,985,896
Distributions from net long-term capital gains	--	19,485,262

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

At July 31, 2005, the Funds' last tax year end, Quality Preferred Income (JTP) had unused capital loss carryforwards of \$22,268,801 available for federal income tax purposes to be applied against future capital gains, if any. If not applied, the carryforwards will expire in the year 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

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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 Nuveen Asset Management (the "Adviser"), a wholly owned subsidiary of Nuveen Investments, Inc. ("Nuveen"), and a specific fund-level component, based only on the amount of assets within each individual fund. This pricing structure enables Nuveen fund shareholders to benefit from growth in the assets within each individual fund as well as from growth in the amount of complex-wide assets managed by the Adviser.

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

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

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Notes to

FINANCIAL STATEMENTS (Unaudited) (continued)

The annual complex-level fee, payable monthly, which is additive to the fund-level fee, for all Nuveen sponsored funds in the U.S., is based on the aggregate amount of total fund assets managed as stated in the table below. As of June 30, 2006, the complex-level fee rate was .1887%.

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

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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 their Trustees who are affiliated with the Adviser or to its Officers, all of whom receive remuneration for their services to the Funds from the Adviser or its affiliates. The Board of Trustees has adopted a deferred compensation plan for independent Trustees that enables Trustees to elect to defer receipt of all or a portion of the annual compensation they are entitled to receive from certain Nuveen advised Funds. Under the plan, deferred amounts are treated as though equal dollar amounts had been invested in shares of select Nuveen advised Funds.

For the first 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 JUNE 30,		YEAR ENDING 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.

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

* From the commencement of operations.

The Adviser has not agreed to reimburse 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 DECEMBER 31,		YEAR ENDING 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.

6. NEW ACCOUNTING PRONOUNCEMENT

On July 13, 2006, the Financial Accounting Standards Board (FASB) released FASB Interpretation No. 48 Accounting for Uncertainty in Income Taxes (FIN 48). FIN 48 provides guidance for how uncertain tax positions should be recognized, measured, presented and disclosed in the financial statements. FIN 48 requires the evaluation of tax positions taken or expected to be taken in the course of preparing the Fund's tax returns to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. Tax positions not deemed to meet the more-likely-than-not threshold would be recorded as a tax benefit or expense in the current year. Adoption of FIN 48 is required for fiscal years beginning after December 15, 2006 and is to be applied to all open tax years as of the effective date. At this time, management is evaluating the implications of FIN 48 and does not expect the adoption of FIN 48

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will have a significant impact on the net assets or results of operations of the Funds.

7. SUBSEQUENT EVENTS

Distributions to Common Shareholders

The Funds declared Common share distributions which were paid on August 1, 2006, to shareholders of record on July 15, 2006, as follows:

	QUALITY PREFERRED INCOME (JTP)	QUALITY PREFERRED INCOME 2 (JPS)
Distributions per share	\$.0900	\$.0930

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Financial

HIGHLIGHTS (Unaudited)

Selected data for a Common share outstanding throughout each period:

	Investment Operations					
	Beginning Common Share Net Asset Value	Net Investment Income (a)	Net Realized/ Unrealized Gain (Loss)	Distributions from Net Investment Income to FundPreferred Share- holders+	Distribution from Capital Gains to FundPreferred Share- holders	
QUALITY PREFERRED INCOME (JTP)						
2006 (f)	\$ 14.20	\$.57	\$ (.52)	\$ (.15) *	\$ --	
Year ended 12/31:						
2005	14.92	1.30	(.68)	(.21)	--	
8/1/04-12/31/04	14.40	.60	.47	(.05)	--	
Year Ended 7/31:						
2004 (b)	14.10	1.37	.26	(.08)	--	
2003	14.12	1.31	.16	(.09)	--	
2002 (c)	14.33	.06	(.25)	--	--	
QUALITY PREFERRED INCOME 2 (JPS)						
2006 (f)	14.77	.57	(.54)	(.15) *	--	
Year ended 12/31:						
2005	15.66	1.34	(.69)	(.18)	(.00)	
8/1/04-12/31/04	15.32	.60	.50	(.04)	(.00)	
Year Ended 7/31:						
2004 (b)	14.97	1.42	.37	(.08)	--	
2003 (d)	14.33	1.02	.79	(.07)	--	
QUALITY PREFERRED INCOME 3 (JHP)						

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2006 (f)	14.29	.58	(.50)	(.16) *	—
Year ended 12/31:					
2005	15.15	1.32	(.70)	(.21)	(.0
8/1/04–12/31/04	14.71	.60	.46	(.05)	—
Year Ended 7/31:					
2004 (b)	14.38	1.38	.40	(.08)	(.0
2003 (e)	14.33	.67	.22	(.04)	—

Less Distributions

	Net Investment Income to Common Share- holders	Capital Gains to Common Share- holders	Total	Offering Costs and FundPreferred Share Underwriting Discounts	Ending Common Share Net Asset Value	Ending Market Value
QUALITY PREFERRED INCOME (J)						
2006 (f)	\$ (.54) *	\$ --	\$ (.54)	\$ --	\$ 13.56	\$ 12.94
Year ended 12/31:						
2005	(1.13)	--	(1.13)	--	14.20	12.40
8/1/04–12/31/04	(.50)	--	(.50)	--	14.92	14.00
Year Ended 7/31:						
2004 (b)	(1.25)	--	(1.25)	--	14.40	13.96
2003	(1.25)	--	(1.25)	(.15)	14.10	14.59
2002 (c)	--	--	--	(.02)	14.12	15.15
QUALITY PREFERRED INCOME 2						
2006 (f)	(.56) *	--	(.56)	--	14.09	\$ 13.64
Year ended 12/31:						
2005	(1.16)	(.18)	(1.34)	--	14.77	12.80
8/1/04–12/31/04	(.53)	(.18)	(.71)	--	15.66	14.40
Year Ended 7/31:						
2004 (b)	(1.32)	(.04)	(1.36)	--	15.32	14.61
2003 (d)	(.95)	--	(.95)	(.15)	14.97	14.65
QUALITY PREFERRED INCOME 3						
2006 (f)	(.55) *	--	(.55)	--	13.66	\$ 12.99
Year ended 12/31:						
2005	(1.17)	(.09)	(1.26)	--	14.29	12.92
8/1/04–12/31/04	(.51)	(.06)	(.57)	--	15.15	14.44
Year Ended 7/31:						
2004 (b)	(1.24)	(.12)	(1.36)	--	14.71	14.34
2003 (e)	(.62)	--	(.62)	(.18)	14.38	14.36

* Represents distributions paid "From and in excess of net investment income" for the six months ended June 30, 2006.

** Annualized.

*** Total Return on Market Value is the combination of changes in the market price per share and the effect of reinvested dividend income and reinvested capital gains distributions, if any, at the average price paid per share at the time of reinvestment. 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.

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- **** After custodian fee credit and expense reimbursement, where applicable.
- + The amounts shown are based on Common share equivalents.
- ++ - Ratios do not reflect the effect of dividend payments to FundPreferred shareholders.
- Income ratios reflect income earned on assets attributable to FundPreferred shares.
- 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)	--
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) 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 PREFERRED INCOME (JTP)	
Increase of Net Investment Income per share with a corresponding decrease in Net Realized/Unrealized Investment Gain (Loss)		\$.14
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%

- (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, 2006.

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Ratios/Supplemental Data						
Total Returns			Before Credit/Reimbursement		After Credit/Reimbursement	
Based on Market Value***	Based on Common Share Net Asset Value***	Ending Net Assets Applicable to Common Shares (000)	Ratio of Expenses to Average Net Assets Applicable to Common Shares++	Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares++	Ratio of Expenses to Average Net Assets Applicable to Common Shares++	Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares++
8.72%	(.73)%	\$ 874,005	1.50%**	7.78%**	1.03%**	
(3.69)	2.89	915,598	1.49	8.47	1.02	
3.79	7.10	961,583	1.49**	9.15**	1.02**	
4.20	11.17	927,892	1.51	8.87	1.04	
4.95	9.15	907,746	2.38	8.84	1.91	
1.00	(1.47)	880,006	.96**	4.51**	.64**	
10.96	(.85)	1,684,500	1.42**	7.54**	.95**	
(2.06)	3.01	1,765,543	1.40	8.32	.94	
3.34	6.94	1,872,283	1.40**	8.69**	.94**	
8.98	11.60	1,830,878	1.41	8.64	.95	
4.02	11.22	1,789,809	1.99**	7.59**	1.54**	
4.76	(.56)	322,886	1.56**	7.80**	1.08**	
(2.16)	2.88	337,858	1.54	8.48	1.07	
4.64	6.81	358,197	1.54**	9.03**	1.07**	
9.36	11.93	347,900	1.55	8.75	1.08	
(.19)	4.62	339,499	1.97**	7.14**	1.53**	

FundPreferred Shares at End of Period			
Aggregate Amount Outstanding (000)	Liquidation and Market Value Per Share	Asset Coverage Per Share	
\$ 440,000	\$ 25,000	\$ 74,659	
440,000	25,000	77,023	
440,000	25,000	79,635	
440,000	25,000	77,721	
440,000	25,000	76,577	
--	--	--	
800,000	25,000	77,641	
800,000	25,000	80,173	
800,000	25,000	83,509	
800,000	25,000	82,215	
800,000	25,000	80,932	
166,000	25,000	73,627	

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166,000	25,000	75,882
166,000	25,000	78,945
166,000	25,000	77,395
166,000	25,000	76,129

See accompanying notes to financial statements.

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ANNUAL INVESTMENT MANAGEMENT AGREEMENT APPROVAL PROCESS

The Board of Trustees is responsible for overseeing the performance of the investment adviser to the Funds and determining whether to continue the advisory arrangements. At a meeting held on May 23-25, 2006 (the "May Meeting"), the Board of Trustees of the Funds, including the independent Trustees, unanimously approved the continuance of the Investment Management Agreement between each Fund and NAM and the Sub-Advisory Agreement between NAM and Spectrum (the "Sub-Adviser"). NAM and the Sub-Adviser are each a "Fund Adviser."

THE APPROVAL PROCESS

During the course of the year, the Board received a wide variety of materials relating to the services provided by the Fund Advisers and the performance of each Fund. To assist the Board in its evaluation of the advisory contract with a Fund Adviser at the May Meeting, the independent Trustees received extensive materials in advance of their meeting which outlined, among other things:

- the nature, extent and quality of services provided by the Fund Adviser;
- the organization and business operations of the Fund Adviser, including the responsibilities of various departments and key personnel;
- the Fund's past performance, the Fund's performance compared to funds of similar investment objectives compiled by an independent third party and with recognized and/or customized benchmarks (as appropriate);
- the profitability of the Fund Adviser and certain industry profitability analyses for unaffiliated advisers;
- the expenses of the Fund Adviser in providing the various services;
- the advisory fees (gross and net management fees) and total expense ratios of the Fund, including comparisons of such fees and expenses with those of comparable, unaffiliated funds based on information and data provided by Lipper (the "Peer Universe") as well as compared to a subset of funds within the Peer Universe (the "Peer Group") to the respective Fund (as applicable);
- the advisory fees the Fund Adviser assesses to other types of investment products or clients;
- the soft dollar practices of the Fund Adviser, if any; and
- from independent legal counsel, a legal memorandum describing, among other things, the duties of the Trustees under the Investment Company Act of

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1940 (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 May Meeting, NAM made a presentation to and responded to questions from the Board. 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 contracts. It is with this background that the Trustees considered each advisory contract (which includes the Sub-Advisory Agreements) with the respective 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 profitability of the Fund Adviser and its affiliates; (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 reviewing the Fund Advisers, the Trustees considered the nature, extent and quality of the respective Fund Adviser's services. The Trustees reviewed materials outlining, among other things, the Fund Adviser's organization and business; the types of services that the Fund Adviser or its affiliates provide and are expected to provide to the Funds; the performance record of the applicable Fund (as described in further detail below); and any initiatives Nuveen has taken for its fund product line. In connection with their continued service as Trustees, the Trustees also have a good understanding of each Fund Adviser's organization, operations and personnel. In this regard, the Trustees are familiar with and have evaluated the professional experience, qualifications and credentials of the Fund Adviser's personnel. With respect to the Sub-Adviser, the Trustees also received and reviewed an evaluation of the Sub-Adviser from NAM. Such evaluation outlined, among other things, the Sub-Adviser's organizational history, client base, product mix, investment team and any changes thereto, investment process and any changes to its investment strategy, the Fund's investment objectives and performance (as applicable). The Trustees noted that NAM recommended the renewal of the Sub-Advisory Agreements and

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considered the basis for such recommendation and any qualifications in connection therewith. Given the Trustees' experience with the Funds (including any other Nuveen funds advised by a Fund Adviser) and each Fund Adviser, the Trustees recognized and considered the quality of their investment processes in making portfolio management decisions as well as any refinements or improvements thereto. In this regard, the Trustees considered the continued quality of the Fund Adviser's investment process in making portfolio management decisions as well as any additional refinements and improvements adopted to the portfolio management processes.

In addition to advisory services, the independent Trustees considered the quality of any administrative or non-advisory services provided. With respect to

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

With respect to NAM, 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 connection with the review of the Investment Management Agreement, the Trustees considered the extent and quality of these other services which include, among other things, providing: product management (e.g., product positioning, performance benchmarking, risk management); fund administration (e.g., daily net asset value pricing and reconciliation, tax reporting, fulfilling regulatory filing requirements); oversight of third party service providers; administration of board relations (e.g., organizing board meetings and preparing related materials); compliance (e.g., monitoring compliance with investment policies and guidelines and regulatory requirements); and legal support (e.g., helping prepare and file registration statements, amendments thereto, proxy statements and responding to regulatory requests and/or inquiries). As the Funds operate in a highly regulated industry and given the importance of compliance, the Trustees considered, in particular, the additions of experienced personnel to the compliance teams and the enhancements to technology and related systems to support the compliance activities for the Funds (including a new reporting system for quarterly portfolio holdings). In addition to the above, because the Funds utilize a Sub-Adviser, the Trustees also considered NAM's ability and procedures to monitor the Sub-Adviser's performance, business practices and compliance policies and procedures. In this regard, the Trustees noted the enhancements in the investment oversight process, including increased site visits and departments participating in investment oversight.

In addition to the foregoing, the Trustees also noted the additional services that the Fund Adviser or its affiliates provide to closed-end funds, including, in particular, secondary market support activities. The Trustees recognized Nuveen's continued commitment to supporting the secondary market for the common shares of its closed-end funds through a variety of initiatives designed to raise investor and analyst awareness and understanding of closed-end funds. These efforts include providing advertising and other media relations programs, continued contact with analysts, maintaining and enhancing its website for closed-end funds, and targeted advisor communication programs. With respect to Funds that utilize leverage through the issuance of preferred shares, the Trustees noted Nuveen's continued support for the preferred shares by maintaining, among other things, an in-house preferred trading desk; designating a product manager whose responsibilities include creating and disseminating product information and managing relations in connection with the preferred share auction; and maintaining systems necessary to test compliance with rating agency requirements.

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

B. THE INVESTMENT PERFORMANCE OF THE FUND AND FUND ADVISERS

The Board considered the investment performance for each Fund, including the Fund's historic performance as well as its performance compared to funds with similar investment objectives identified by an independent third party (the "Performance Peer Group") and recognized and/or customized benchmarks (as applicable). In evaluating the performance information, in certain instances, the Trustees noted that the closest Performance Peer Group for a Fund still may not adequately reflect such Fund's investment objectives, strategies and portfolio duration, thereby limiting the usefulness of the comparisons of such

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Fund's performance with that of the Performance Peer Group (such as, the Nuveen Diversified Dividend and Income Fund, Nuveen Preferred and Convertible Income Fund, Nuveen Preferred and Convertible Income Fund 2, Nuveen Tax-Advantaged Floating Rate Fund, and the Nuveen Real Estate Income Fund).

In reviewing performance, the Trustees reviewed performance information including, among other things, total return information compared with the Fund's Performance 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, 2005. 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 of a Fund, the Board reviewed, among other things, the Fund's advisory fees (net and gross management fees) and total expense ratios (before and after expense reimbursements and/or waivers) in absolute terms as well as comparisons to the gross management fees (before waivers), net management fees (after waivers) and total expense ratios (before and after waivers) of comparable funds in the Peer Universe and the Peer Group. The Trustees reviewed data regarding the construction of Peer Groups as well as the methods of measurement for the fee and expense analysis and the performance analysis. In certain cases, due to the small number of peers in the Peer Universe, the Peer Universe and the Peer Group may be the same. Further, the Trustees recognized that in certain cases the closest Peer Universe and/or Peer Group may not adequately reflect the Fund's investment objectives and strategies limiting the usefulness of

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ANNUAL INVESTMENT

MANAGEMENT AGREEMENT APPROVAL PROCESS (continued)

comparisons. In reviewing comparisons, the Trustees also considered the size of the Peer Universe and/or Peer Group, the composition of the Peer Group (including differences in the use of leverage) as well as differing levels of fee waivers and/or expense reimbursements. In this regard, the Trustees considered the fund-level and complex-wide breakpoint schedules (described in further detail below) and any fee waivers and reimbursements provided by Nuveen (applicable, in particular, for certain funds launched since 1999). Based on their review of the fee and expense information provided, the Trustees determined that each Fund's net total expense ratio was within an acceptable range compared to peers.

2. COMPARISONS WITH THE FEES OF OTHER CLIENTS

The Trustees further reviewed data comparing the advisory fees of NAM with fees NAM charges to other clients (such as separate managed accounts and funds that are not offered by Nuveen Investments but are sub-advised by one of Nuveen's investment management teams). In general, the advisory fees charged for separate accounts are somewhat lower than the advisory fees assessed to the Funds. The Trustees recognized that the differences in fees are attributable to a variety of factors, including the differences in services provided, product distribution, portfolio investment policies, investor profiles, account sizes and regulatory requirements. The Trustees noted, in particular, that the range of services provided to the Funds is more extensive than that provided to managed separate accounts. As described in further detail above, such additional services include, but are not limited to, providing: product management, fund administration, oversight of third party service providers, administration of board relations, and legal

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support. Funds further operate in a highly regulated industry requiring extensive compliance functions compared to the other investment products. In addition to the costs of the additional services, administrative costs may also be greater for funds as the average account size for separate accounts is notably larger than the retail accounts of funds. Given the differences in the product structures, particularly the extensive services provided to closed-end funds, the Trustees believe such facts justify the different levels of fees.

In considering the advisory fees of the Sub-Adviser, the Trustees also considered the pricing schedule that the Sub-Adviser charges for similar investment management services for other sponsors or clients.

3. PROFITABILITY OF FUND ADVISERS

In conjunction with its review of fees, the Trustees also considered the profitability of Nuveen Investments for advisory activities (which incorporated Nuveen's wholly-owned affiliated sub-advisers). The Trustees reviewed data comparing Nuveen's profitability with other fund sponsors prepared by three independent third party service providers as well as comparisons of the revenues, expenses and profits margins of various unaffiliated management firms with similar amounts of assets under management prepared by Nuveen. The Trustees further reviewed the 2005 Annual Report for Nuveen Investments. In considering profitability, the Trustees recognized the inherent limitations in determining profitability as well as the difficulties in comparing the profitability of other unaffiliated advisers. Profitability may be affected by numerous factors, including the methodology for allocating expenses, the adviser's business mix, the types of funds managed, the adviser's capital structure and cost of capital. Further, individual fund or product line profitability of other sponsors is generally not publicly available. Accordingly, the profitability information that is publicly available from various investment advisory or management firms may not be representative of the industry.

Notwithstanding the foregoing, in reviewing profitability, the Trustees reviewed Nuveen's methodology and assumptions for allocating expenses across product lines to determine profitability. In this regard, the methods of allocation used appeared reasonable. The Trustees also, to the extent available, compared Nuveen's profitability margins (including pre- and post-marketing profit margins) with the profitability of various unaffiliated management firms. The Trustees noted that Nuveen's profitability is enhanced due to its efficient internal business model. The Trustees also recognized that while a number of factors affect profitability, Nuveen's profitability may change as fee waivers and/or expense reimbursement commitments of Nuveen to various funds in the Nuveen complex expire. To keep apprised of profitability and developments that may affect profitability, the Trustees have requested profitability analysis be provided periodically during the year. The Trustees also considered the Sub-Adviser's revenues from serving as a Sub-Adviser to the Funds, expenses (including the basis for allocating expenses) and profitability margins (pre- and post-tax). Based on their review, the Trustees were satisfied that the respective Fund Adviser's level of profitability 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 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

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With respect to economies of scale, the Trustees recognized the potential benefits resulting from the costs of a fund being spread over a larger asset base as a fund grows. To help ensure the shareholders share in these benefits, the Trustees have reviewed and considered the breakpoints in the advisory fee schedules that reduce advisory fees as the applicable Fund's assets grow. In addi-

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tion to advisory fee breakpoints as assets in a respective Fund rise, after lengthy discussions with management, the Board also approved a complex-wide fee arrangement that was introduced on August 1, 2004. Pursuant to the complex-wide fee arrangement, the fees of the funds in the Nuveen complex, including the Funds, are reduced as the assets in the fund complex reach certain levels. In evaluating the complex-wide fee arrangement, the 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 noted that 2005 was the first full year to reflect the fee reductions from the complex wide fee arrangement. 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.

E. INDIRECT BENEFITS

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

In addition to the above, the Trustees considered whether the Fund Adviser received any benefits from soft dollar arrangements. With respect to NAM, the Trustees noted that 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; however, NAM may from time to time receive and have access to research generally provided to institutional clients.

The Trustees also considered the soft dollar arrangements, if any, of the Sub-Adviser, and noted that Sub-Adviser does not currently use soft dollar arrangements.

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 Agreement 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, and that the renewal of the respective Investment Management Agreement and Sub-Advisory Agreement should be approved.

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Reinvest Automatically
EASILY AND CONVENIENTLY

NUVEEN EXCHANGE-TRADED CLOSED-END FUNDS
DIVIDEND REINVESTMENT PLAN

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

By choosing to reinvest, you'll be able to invest money regularly and automatically, and watch your investment grow through the power of 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

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

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

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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AUTOMATIC DIVIDEND
REINVESTMENT PLAN

NOTICE OF AMENDMENT TO THE TERMS AND CONDITIONS

The Fund is amending the terms and conditions of its Automatic Dividend Reinvestment Plan (the "Plan") as further described below effective with the close of business on December 1, 2006. THESE CHANGES ARE INTENDED TO ENABLE PLAN PARTICIPANTS UNDER CERTAIN CIRCUMSTANCES TO REINVEST FUND DISTRIBUTIONS AT A LOWER AGGREGATE COST THAN IS POSSIBLE UNDER THE EXISTING PLAN. Shareholders who do not wish to continue as participants under the amended Plan may withdraw from the Plan by notifying the Plan Agent prior to the effective date of the amendments. Participants should refer to their Plan document for notification instructions, or may simply call Nuveen at (800) 257-8787.

Fund shareholders who elect to participate in the Plan are able to have Fund distributions consisting of income dividends, realized capital gains and returns of capital automatically reinvested in additional Fund shares. Under the Plan's existing terms, the Plan Agent purchases Fund shares in the open market if the Fund's shares are trading at a discount to their net asset value on the payable date for the distribution. If the Fund's shares are trading at or above their net asset value on the payable date for the distribution, the Plan Agent purchases newly-issued Fund shares directly from the Fund at a price equal to the greater of the shares' net asset value or 95% of the shares' market value.

Under the Plan's amended terms, if the Plan Agent begins purchasing Fund shares on the open market while shares are trading below net asset value, but the Fund's shares subsequently trade at or above their net asset value before the Plan Agent is able to complete its purchases, the Plan Agent may cease open-market purchases and may invest the uninvested portion of the distribution in newly-issued Fund shares at a price equal to the greater of the shares' net asset value or 95% of the shares' market value. This change will permit Plan participants under these circumstances to reinvest Fund distributions at a lower aggregate cost than is possible under the existing Plan.

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Notes

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Notes

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Notes

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OTHER USEFUL

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INFORMATION

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, 2006, 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.

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 or by writing to the SEC's Public Reference Section at 450 Fifth Street NW, Washington, D.C. 20549.

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.

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 Company
Boston, MA

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

LEGAL COUNSEL
Chapman and Cutler LLP
Chicago, IL

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

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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(back cover photo)

NUVEEN INVESTMENTS:

SERVING INVESTORS

FOR GENERATIONS

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

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

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

Managing more than \$149 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 six distinct brands: Nuveen, a leader in fixed-income investments; NWQ, a leader in value-style equities; Rittenhouse, a leader in growth-style equities; Symphony, a leading institutional manager of market-neutral alternative investment portfolios; Santa Barbara, a leader in growth equities; and Tradewinds NWQ, a leader in global equities.

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

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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.

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

LEARN MORE
ABOUT NUVEEN FUNDS AT
WWW.NUVEEN.COM/CEF

ESA-E-0606D

NUVEEN LOGO

ITEM 2. CODE OF ETHICS.

Not applicable to this filing.

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 to this filing.

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

Not applicable.

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

During this reporting period, the registrant's Board of Trustees implemented a

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change to the procedures by which shareholders may recommend nominees to the registrant's board of trustees by amending the registrant's by-laws to include a provision specifying the date by which shareholder nominations for election as trustee at a subsequent meeting must be submitted to the registrant. Shareholders must deliver or mail notice to the registrant not less than forty-five days nor more than sixty days prior to the first anniversary date of the date on which the registrant first mailed its proxy materials for the prior year's annual meeting; provided, however, if and only if the annual meeting is not scheduled to be held within a period that commences thirty days before the first anniversary date of the annual meeting for the preceding year and ends thirty days after such anniversary date (an annual meeting date outside such period being referred to as an "Other Annual Meeting Date" hereafter), the shareholder notice must be given no later than the close of business on the date forty-five days prior to such Other Annual Meeting Date or the tenth business day following the date such Other Annual Meeting Date is first publicly announced or disclosed. The shareholder's notice must be in writing and set forth the name, age, date of birth, business address, residence address and nationality of the person(s) being nominated and the class or series, number of all shares of the registrant owned of record or beneficially by each such person(s), any other information regarding such person required by Item 401 of Regulation S-K or Item 22 of Rule 14a-101 (Schedule 14A) under the Securities Exchange Act of 1934, as amended, any other information regarding the person(s) to be nominated that would be required to be disclosed in a proxy statement or other filings required to be made in connection with solicitation of proxies for election of trustees, and whether such shareholder believes any nominee is or will be an "interested person" (as that term is defined in the Investment Company Act of 1940, as amended) of the registrant or sufficient information to enable the registrant to make that determination and the written and signed consent of the person(s) to be nominated.

ITEM 11. CONTROLS AND PROCEDURES.

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

ITEM 12. EXHIBITS.

File the exhibits listed below as part of this Form.

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

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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

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

Jessica R. Droeger
Vice President and Secretary

Date: September 8, 2006

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

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

Gifford R. Zimmerman
Chief Administrative Officer
(principal executive officer)

Date: September 8, 2006

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

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

Date: September 8, 2006

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