

NUVEEN QUALITY PREFERRED INCOME FUND 2
Form N-CSRS
September 08, 2010

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

FORM N-CSR

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811-21137

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)

Kevin J. McCarthy

Nuveen Investments

333 West Wacker Drive

Chicago, IL 60606
(Name and address of agent for service)

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

Date of fiscal year end: December 31

Date of reporting period: June 30, 2010

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

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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.

Closed-End Funds

Nuveen Investments

Closed-End Funds

High Current Income from a Portfolio of Investment-Grade Preferred Securities

Semi-Annual Report

June 30, 2010

Nuveen Quality Preferred Income Fund

JTP

Nuveen Quality Preferred Income Fund 2

JPS

Nuveen Quality Preferred Income Fund 3

JHP

NUVEEN INVESTMENTS ANNOUNCES STRATEGIC COMBINATION WITH FAF ADVISORS

On July 29, 2010, Nuveen Investments, Inc. announced that U.S. Bancorp will receive a 9.5% stake in Nuveen Investments and cash consideration in exchange for the long-term asset business of U.S. Bancorp's FAF Advisors (FAF). Nuveen Investments is the parent of Nuveen Asset Management (NAM), the investment adviser for the Funds included in this report.

FAF Advisors, which currently manages about \$25 billion of long-term assets and serves as the advisor of the First American Funds, will be combined with NAM, which currently manages about \$75 billion in municipal fixed income assets. Upon completion of the transaction, Nuveen Investments, which currently manages about \$150 billion of assets across several high-quality affiliates, will manage a combined total of about \$175 billion in institutional and retail assets.

This combination will not affect the investment objectives, strategies or policies of the Funds in this report. Over time, Nuveen Investments expects that the combination will provide even more ways to meet the needs of investors who work with financial advisors and consultants by enhancing the multi-boutique model of Nuveen Investments, which also includes highly respected investment teams at NWQ Investment Management, Santa Barbara Asset Management, Symphony Asset Management, Tradewinds Global Investors, Winslow Capital and Nuveen HydePark.

The transaction is expected to close late in 2010, subject to customary conditions.

Chairman's Letter to Shareholders

Dear Shareholder,

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

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

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

Sincerely,

Robert P. Bremner
Chairman of the Board
August 17, 2010

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Portfolio Managers' Comments

Certain statements in this report are forward-looking statements. Discussions of specific investments are for illustration only and are not intended as recommendations of individual investments. The forward-looking statements and other views expressed herein are those of the portfolio managers as of the date of this report. Actual future results or occurrences may differ significantly from those anticipated in any forward-looking statements and the views expressed herein are subject to change at any time, due to numerous market and other factors. The Funds disclaim any obligation to update publicly or revise any forward-looking statements or views expressed herein.

Nuveen Quality Preferred Income Fund (JTP)
Nuveen Quality Preferred Income Fund 2 (JPS)
Nuveen Quality Preferred Income Fund 3 (JHP)

The Nuveen Quality Preferred Income Funds are sub-advised by a team of specialists at Spectrum Asset Management, a wholly-owned subsidiary of Principal Global Investors, LLC.. Mark Lieb and Phil Jacoby, who have more than 40 years of combined experience in the preferred securities markets, lead the team. Here Mark and Phil talk about their management strategy and the performance of each Fund for the six-month period ended June 30, 2010.

What was your management strategy during the period?

The investment objective of each Fund is to earn high current income consistent with capital preservation. Each Fund's secondary objective is to enhance portfolio value. Under normal market conditions, the Funds seek to invest at least 80% of their net assets in preferred securities and up to 20% in debt securities, including convertible debt securities and convertible preferred securities.

As we reported in the last shareholder report, the preferred securities market over the last several years has changed from an investment grade rated market, with more than 75% rated single A or higher, to a market where over 40% of all issues are rated below-investment grade, as measured by using the constituents of the Merrill Lynch Fixed Rated Preferred Index. In addition, the issuer concentration in the index has increased even further, with the largest five issuers now representing 40% of the Index's market value. As noted in the last report, the Funds' Board of Trustees adopted some changes in investment policies and procedures in response to these changing conditions. For much of the Funds' histories, all of their investments had to be rated investment grade at the time of purchase. The new guidelines now allow each Fund to have 20% of its net assets in securities rated below investment grade at the time of purchase. However, no Fund may purchase issues rated Caa1/CCC+ or lower, and if a portfolio holding is downgraded to that rating or below, the manager is required to sell the security as soon as practicable. Addressing the increase in issuer concentration, the new guidelines allow for a slightly greater concentration of higher rated securities from the same issuer within a portfolio, which allows managers more flexibility given the current market conditions.

The Board also expanded the internal duration guidelines followed by the Funds. Duration is a measure of price sensitivity to changes in market interest rates. The purpose of the Funds' duration guidelines is to help control their interest rate risk. This is a complex issue with regards to preferred securities since, depending on the underlying market

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

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

1 The Barclays Capital U.S. 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 Barclays Capital 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. Benchmark returns do not include the effects of any sales charges or management fees. It is not possible to invest directly in this Benchmark.

situation, preferreds could behave at times like equities and at other times like fixed income securities. In cases where preferred securities behave more like equities, interest rates are not drivers of performance and therefore not a significant risk factor. In other times, the market may perceive preferreds more as fixed income securities, making interest rate risk more relevant. The new internal guideline will help the Funds' managers distinguish between time periods when preferreds behave more like equities or fixed income, with specific duration policies implemented primarily during periods when preferred securities perform more like fixed income investments.

Looking at specific portfolio activity during this period, we increased our U.S. banking concentrations in the three Funds by about 2.4%. We also increased the Funds' holdings of real estate investment trusts (REITS) by about 0.6%. Additionally, we sold securities that we believed were trading at relatively attractive prices, and we used the proceeds to buy discounted preferred securities in an effort to preserve the capital of the Funds.

We also sought during this period to re-balance each Fund's foreign concentrations. Specifically, we reduced our Spanish banking concentrations 3% by closing the Banesto and Sovereign Bank positions. We also eliminated our exposure to Italy by closing UniCredito, and we sold the Mitsubishi UFJ Financial Group MUFG holdings to eliminate our Japan exposure. Conversely, we did increase French exposure by 2%. As a result of all these activities, we reduced our overall foreign issuer concentrations to 40% from 41%.

How did the Funds perform over this six-month period?

The performance of JTP, JPS and JHP, as well as a comparative index and benchmark, is presented in the accompanying table.

Average Annual Total Returns on Common Share Net Asset Value

For periods ended 6/30/10

| | 6-Month | 1-Year | 5-Year |
|---|---------|--------|--------|
| JTP | 8.80% | 40.90% | -4.36% |
| JPS | 7.11% | 39.63% | -3.53% |
| JHP | 6.14% | 36.69% | -3.90% |
| Barclays Capital U.S. Aggregate Bond Index ¹ | 5.33% | 9.50% | 5.54% |
| Comparative Benchmark ² | 5.03% | 21.10% | 1.35% |

Six-month returns are cumulative; all other returns are annualized.

For this six-month period, all three Funds outperformed the general market and comparative benchmark indexes.

Among our largest positive contributors to the Funds' returns over the six-month reporting period were Agfirst Farm Credit, CoBank, Kimco Realty, CapitalOne and Wachovia. In general, the U.S. bank trust preferred sector benefited performance as many of these securities gained in price because some market observers believed they are likely to be gradually redeemed in response to certain provisions in the recently enacted financial sector reform bill.

Proactively, we closed out all of the Funds' Euro currency denominated issues in advance of the protracted currency weakness during the period. As a result, the Funds benefited from their reduced exposure.

While we were able to close out of the Euro currency dominated issues, the Funds' remaining holdings of foreign preferred securities constrained performance due to concerns over slow growth and the commensurate fiscal challenges of many Eurozone countries.

Our insurance holdings also detracted from performance. Investors sold insurance-related names in May, right at the same time that many dealers were looking to sell. This caused securities issued by companies like XL, Aegon and Hartford to underperform.

IMPACT OF THE FUNDS' CAPITAL STRUCTURES AND LEVERAGE STRATEGIES ON PERFORMANCE

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

Over the course of this six-month reporting period, leverage proved to be a net benefit for the performance of all three Funds.

RECENT EVENTS CONCERNING THE FUNDS' REDEMPTION OF AUCTION RATE PREFERRED SHARES

Shortly after their inceptions, each Fund issued auction rate preferred shares (ARPS) to create financial leverage. As noted in past shareholder reports, the weekly auctions for those ARPS shares began in February 2008 to consistently fail, causing the Funds to pay the so-called "maximum rate" to ARPS shareholders under the terms of the ARPS in the Funds' charter documents. With the goal of lowering the relative cost of leverage over time for common shareholders and providing liquidity at par for preferred shareholders, the Funds sought to refinance all of their outstanding ARPS beginning shortly thereafter. The Funds completed this refinancing process during 2009 and since then have relied upon bank borrowings to create financial leverage.

In April and May 2010, 30 Nuveen leveraged closed-end funds, including these Funds, received a demand letter from a law firm on behalf of purported holders of common shares of each fund, alleging that Nuveen and the funds' officers and Board of Directors/Trustees breached their fiduciary duties related to the redemption at par of the funds' ARPS. In response, the Board established an ad hoc Demand Committee consisting of disinterested and independent Board members to investigate the claims.

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The Demand Committee retained independent counsel to assist it in conducting an extensive investigation.

Upon completion of its review, the Demand Committee found that it was not in the best interests of the Funds or its shareholders to take the actions suggested in the demand letters and recommended that the full Board reject the demands made in the demand letter. After reviewing the findings and recommendations of the Demand Committee, the Board of Trustees for the Funds unanimously adopted the Demand Committee's recommendation to reject the demands contained in the letters. At the time this report was produced, lawsuits pursuing claims made in the demand letter had been filed on behalf of shareholders of several funds, including these Funds, against Nuveen Asset Management, the Nuveen holding company, the majority owner of the holding company, the lone interested trustee, and current and former officers of the various funds. Nuveen Investments and other named defendants believe these lawsuits to be without merit, and all named parties intend to defend themselves vigorously. The Funds believe that these lawsuits will not have a material effect on the Funds or on Nuveen Investment Management's ability to serve as investment adviser to the Funds.

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Common Share Distribution and Share Price Information

The following information regarding your Fund's distributions is current as of June 30, 2010, and likely will vary over time based on each Fund's investment activities and portfolio investment value changes.

During the six-month reporting period, the Funds did not make any changes to their monthly distributions to common shareholders. Some of the important factors affecting the amount and composition of these distributions are summarized below.

The Funds employ financial leverage through the use of bank borrowings. Financial leverage provides the potential for higher earnings (net investment income), total returns and distributions over time, but as noted earlier also increases the variability of common shareholders' net asset value per share in response to changing market conditions. During the current reporting period, each Fund's financial leverage contributed positively to common share income and common share net asset value price return.

During certain periods, the Funds may pay dividends at a rate that may be more or less than the amount of net investment income actually earned by the Funds during the period. If a Fund has cumulatively earned more than it has paid in dividends, it holds excess in reserve as undistributed net investment income (UNII) as part of the Fund's NAV. Conversely, if a Fund has cumulatively paid dividends in excess of earnings, the excess constitutes negative UNII that is likewise reflected in a Funds' NAV. As of June 30, 2010, all three Funds had positive UNII balances, based upon our best estimate, for tax purposes and positive UNII balances for financial statement purposes.

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The following table provides estimated information regarding each Fund's common share distributions and total return performance for the six months ended June 30, 2010. The distribution information is presented on a tax basis rather than a generally accepted accounting principles (GAAP) basis. This information is intended to help you better understand whether the Funds' returns for the specified time period were sufficient to meet each Fund's distributions.

| As of 6/30/10 (Common Shares) | JTP | JPS | JHP |
|-------------------------------------|---------|---------|----------|
| Inception date | 6/25/02 | 9/24/02 | 12/18/02 |
| Six months ended June 30, 2010: | | | |
| Per share distribution: | | | |
| From net investment income | \$ 0.29 | \$ 0.32 | \$ 0.31 |
| From realized capital gains | 0.00 | 0.00 | 0.00 |
| Return of capital | 0.00 | 0.00 | 0.00 |
| Total per share distribution | \$ 0.29 | \$ 0.32 | \$ 0.31 |
| Annualized distribution rate on NAV | 7.84% | 8.12% | 8.17% |
| Average annual total returns: | | | |
| Six-Month (Cumulative) on NAV | 8.80% | 7.11% | 6.14% |
| 1-Year on NAV | 40.90% | 39.63% | 36.69% |
| 5-Year on NAV | -4.36% | -3.53% | -3.90% |
| Since inception on NAV | 0.59% | 1.65% | 0.61% |

Common Share Repurchases and Shares Price Information

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

As of June 30, 2010, the Funds' common share prices were trading at (-) discounts to their common share NAVs as shown in the accompanying table.

| Fund | 6/30/10 (-) Discount | Six-Month Average (-) Discount |
|------|-------------------------|-----------------------------------|
| JTP | -3.24% | -6.89% |
| JPS | -4.70% | -5.77% |
| JHP | -3.95% | -5.28% |

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Fund Snapshot

| | |
|--|------------|
| Common Share Price | \$ 7.16 |
| Common Share Net Asset Value | \$ 7.40 |
| Premium/(Discount) to NAV | -3.24% |
| Current Distribution Rate ¹ | 8.04% |
| Net Assets Applicable to | |
| Common Shares (\$000) | \$ 477,980 |

Average Annual Total Return

(Inception 6/25/02)

| | On Share Price | On NAV |
|-------------------------|----------------|--------|
| 6-Month (Cumulative) | 13.56% | 8.80% |
| 1-Year | 41.59% | 40.90% |
| 5-Year | -3.62% | -4.36% |
| Since Inception | -0.08% | 0.59% |

Portfolio Composition

(as a % of total investments)

| | |
|--------------------------------|-------|
| Insurance | 28.1% |
| Commercial Banks | 26.1% |
| Real Estate/Mortgage | 14.1% |
| Media | 6.2% |
| Capital Markets | 5.1% |
| Diversified Financial Services | 4.5% |
| Short-Term Investments | 1.6% |
| Other | 14.3% |

Top Five Issuers

(as a % of total investments)²

| | |
|--------------------------|------|
| Firstar Realty LLC | 3.7% |
| Viacom Inc. | 3.0% |
| Kimco Realty Corporation | 2.7% |
| Comcast Corporation | 2.7% |
| Wells Fargo | 2.6% |

JTP

Performance

OVERVIEW

Nuveen Quality Preferred Income Fund

as of June 30, 2010

Portfolio Allocation (as a % of total investments)

2009-2010 Monthly Distributions Per Common Share

Common Share Price Performance Weekly Closing Price

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.

2 Excluding short-term investments.

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JPS

Performance

OVERVIEW

Nuveen Quality Preferred Income Fund 2

as of June 30, 2010

Portfolio Allocation (as a % of total investments)

2009-2010 Monthly Distributions Per Common Share

Common Share Price Performance Weekly Closing Price

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.

2 Excluding short-term investments.

Fund Snapshot

| | | |
|---|----|---------|
| Common Share Price | \$ | 7.51 |
| Common Share Net Asset Value | \$ | 7.88 |
| Premium/(Discount) to NAV | | -4.70% |
| Current Distribution Rate ¹ | | 8.63% |
| Net Assets Applicable to Common Shares (\$000) | \$ | 947,569 |

Average Annual Total Return

(Inception 9/24/02)

| | On Share Price | On NAV |
|-------------------------|----------------|--------|
| 6-Month (Cumulative) | 8.09% | 7.11% |

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| | | |
|-----------------|--------|--------|
| 1-Year | 31.84% | 39.63% |
| 5-Year | -2.87% | -3.53% |
| Since Inception | 0.74% | 1.65% |

Portfolio Composition

(as a % of total investments)

| | |
|--------------------------------|-------|
| Commercial Banks | 28.1% |
| Insurance | 25.6% |
| Real Estate/Mortgage | 13.9% |
| Media | 6.0% |
| Diversified Financial Services | 5.4% |
| Capital Markets | 4.9% |
| Short-Term Investments | 1.9% |
| Other | 14.2% |

Top Five Issuers

(as a % of total investments)²

| | |
|-----------------------|------|
| Wells Fargo | 5.2% |
| Deutsche Bank AG | 3.1% |
| Credit Agricole, S.A. | 3.0% |
| Vodafone Group, PLC | 2.7% |
| Comcast Corporation | 2.6% |

Nuveen Investments

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Fund Snapshot

| | |
|---|------------|
| Common Share Price | \$ 7.29 |
| Common Share Net Asset Value | \$ 7.59 |
| Premium/(Discount) to NAV | -3.95% |
| Current Distribution Rate ¹ | 8.40% |
| Net Assets Applicable to Common Shares (\$000) | \$ 179,967 |

Average Annual Total Return

(Inception 12/18/02)

| | On Share Price | On NAV |
|-------------------------|----------------|--------|
| 6-Month (Cumulative) | 9.35% | 6.14% |
| 1-Year | 33.76% | 36.69% |
| 5-Year | -3.93% | -3.90% |
| Since Inception | -0.27% | 0.61% |

Portfolio Composition

(as a % of total investments)

| | |
|--------------------------------|-------|
| Commercial Banks | 30.0% |
| Insurance | 27.6% |
| Real Estate/Mortgage | 12.0% |
| Capital Markets | 5.9% |
| Diversified Financial Services | 5.0% |
| Media | 3.2% |
| Short-Term Investments | 1.6% |
| Other | 14.7% |

Top Five Issuers

(as a % of total investments)²

| | |
|-----------------------|------|
| Wells Fargo | 4.9% |
| Deutsche Bank AG | 3.5% |
| Societe Generale | 3.0% |
| Credit Agricole, S.A. | 2.8% |
| Viacom Inc. | 2.7% |

JHP

Performance

OVERVIEW

Nuveen Quality Preferred Income Fund 3

as of June 30, 2010

Portfolio Allocation (as a % of total investments)

2009-2010 Monthly Distributions Per Common Share

Common Share Price Performance Weekly Closing Price

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.

² Excluding short-term investments.

Nuveen Investments

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JTP

JPS

JHP

Shareholder MEETING REPORT

The annual meeting of shareholders was held in the offices of Nuveen Investments on April 6, 2010; at this meeting the shareholders were asked to vote on the election of Board Members.

| | JTP Common Shares | JPS Common Shares | JHP Common Shares |
|--|--------------------------------|--------------------------------|--------------------------------|
| Approval of the Board Members was reached as follows: | | | |
| William C. Hunter | | | |
| For | 56,578,350 | 105,129,948 | 20,383,849 |
| Withhold | 2,072,580 | 5,097,835 | 636,303 |
| Total | 58,650,930 | 110,227,783 | 21,020,152 |
| Judith M. Stockdale | | | |
| For | 56,472,028 | 105,075,120 | 20,357,886 |
| Withhold | 2,178,902 | 5,152,663 | 662,266 |
| Total | 58,650,930 | 110,227,783 | 21,020,152 |
| Carole E. Stone | | | |
| For | 56,418,564 | 105,125,911 | 20,357,001 |
| Withhold | 2,232,366 | 5,101,872 | 663,151 |
| Total | 58,650,930 | 110,227,783 | 21,020,152 |
| William J. Schneider | | | |
| For | 56,583,020 | 105,078,707 | 20,385,029 |
| Withhold | 2,067,910 | 5,149,076 | 635,123 |
| Total | 58,650,930 | 110,227,783 | 21,020,152 |

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JTP

Nuveen Quality Preferred Income Fund

Portfolio of INVESTMENTS

June 30, 2010 (Unaudited)

| Shares | Description (1) | Coupon | Ratings (2) | Value |
|-----------|--|---|-------------|--------------|
| | \$25 Par (or similar) Preferred Securities | 71.3% (53.8% of Total Investments) | | |
| | Capital Markets 6.2% | | | |
| 137,200 | Ameriprise Financial, Inc. | 7.750% | A | \$ 3,644,032 |
| 123,400 | BNY Capital Trust V, Series F | 5.950% | A1 | 3,103,510 |
| 554,676 | Credit Suisse | 7.900% | A3 | 14,116,504 |
| 241,721 | Deutsche Bank Capital Funding Trust II | 6.550% | BBB+ | 4,989,121 |
| 83,000 | Deutsche Bank Contingent Capital Trust III | 7.600% | BBB+ | 1,934,730 |
| 37,900 | Goldman Sachs Group Inc., Series GSC-3 (PPLUS) | 6.000% | A3 | 762,927 |
| 43,900 | Morgan Stanley Capital Trust IV | 6.250% | BBB | 935,948 |
| | Total Capital Markets | | | 29,486,772 |
| | Commercial Banks 10.0% | | | |
| 327,038 | Banco Santander Finance | 10.500% | A- | 8,718,833 |
| 2,100 | Barclays Bank PLC | 6.625% | A- | 42,714 |
| 118,500 | BB&T Capital Trust VI | 9.600% | A3 | 3,225,570 |
| 30,800 | BB&T Capital Trust VII | 8.100% | A3 | 801,724 |
| 116,800 | CoBank ACB, 144A | 7.000% | N/R | 5,128,256 |
| 46,000 | CoBank ACB | 11.000% | A | 2,511,315 |
| 48,600 | CoBank ACB | 11.000% | A | 2,698,821 |
| 1,500 | First Union Institutional Capital II (CORTS) | 8.200% | A- | 39,225 |
| 6,300 | Goldman Sachs Group Inc., Series 2003-06 (SATURNS) | 6.000% | Aa3 | 134,946 |
| 2,200 | Goldman Sachs Group Inc., Series GSG-1 (PPLUS) | 6.000% | A1 | 47,102 |
| 4,500 | Goldman Sachs Group Inc., Series GSG-2 (PPLUS) | 5.750% | A1 | 91,800 |
| 13,800 | HSBC Holdings PLC | 6.200% | A- | 296,010 |
| 80,308 | Merrill Lynch Preferred Capital Trust V | 7.280% | Baa3 | 1,790,868 |
| 5,000,000 | National Australia Bank | 8.000% | A+ | 5,181,250 |
| 275,041 | National City Capital Trust II | 6.625% | BBB | 6,391,953 |
| 19,400 | National City Capital Trust II | 6.625% | BBB | 441,156 |
| 200,000 | PFCI Capital Corporation | 7.750% | BBB+ | 5,200,000 |
| 20,400 | Wachovia Capital Trust IX | 6.375% | A- | 469,404 |
| 120,000 | Wells Fargo Capital Trust XII | 7.875% | A- | 3,078,000 |
| 60,000 | Wells Fargo Capital Trust IX | 5.625% | A- | 1,314,000 |
| | Total Commercial Banks | | | 47,602,947 |
| | Diversified Financial Services 3.3% | | | |
| 800 | Citigroup Capital XIV | 6.875% | Ba1 | 16,608 |

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| | | | | |
|---------|--|--------|------|------------|
| 36,200 | ING Groep N.V. | 7.375% | Ba1 | 679,474 |
| 625,276 | ING Groep N.V. | 7.200% | Ba1 | 11,648,892 |
| 47,500 | JPMorgan Chase Capital Trust XXIX | 6.700% | A2 | 1,126,225 |
| 35,100 | National Rural Utilities Cooperative Finance Corporation | 6.100% | A3 | 874,341 |
| 62,465 | National Rural Utilities Cooperative Finance Corporation | 5.950% | A3 | 1,533,516 |
| | Total Diversified Financial Services | | | 15,879,056 |
| | Diversified Telecommunication Services 0.5% | | | |
| 13,300 | BellSouth Capital Funding (CORTS) | 7.120% | A | 334,994 |
| 79,135 | BellSouth Corporation (CORTS) | 7.000% | A | 1,975,906 |
| 7,594 | Verizon Communications, Series 2004-1 (SATURNS) | 6.125% | A | 190,913 |
| | Total Diversified Telecommunication Services | | | 2,501,813 |
| | Electric Utilities 2.0% | | | |
| 44,916 | Entergy Louisiana LLC | 6.000% | A- | 1,119,756 |
| 181,800 | Entergy Texas Inc. | 7.875% | BBB+ | 5,063,130 |
| 47,425 | FPL Group Capital Inc. | 6.600% | BBB | 1,206,018 |
| 89,700 | PPL Energy Supply LLC | 7.000% | BBB | 2,275,689 |
| | Total Electric Utilities | | | 9,664,593 |

Nuveen Investments

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| Shares | Description (1) | Coupon | Ratings (2) | Value |
|---------|---|--------|-------------|--------------|
| | Food Products 0.5% | | | |
| 28,100 | Dairy Farmers of America Inc., 144A | 7.875% | BBB- | \$ 2,373,573 |
| | Insurance 20.3% | | | |
| 795,723 | Aegon N.V. | 6.375% | BBB | 13,988,810 |
| 277,700 | Allianz SE | 8.375% | A+ | 7,037,973 |
| 492,912 | Arch Capital Group Limited | 8.000% | BBB- | 12,426,312 |
| 2,200 | Arch Capital Group Limited, Series B | 7.875% | BBB- | 55,572 |
| 179,491 | Delphi Financial Group, Inc. | 8.000% | BBB | 4,519,583 |
| 228,300 | Delphi Financial Group, Inc. | 7.376% | BB+ | 4,508,925 |
| 621,204 | EverestRe Capital Trust II | 6.200% | Baa1 | 12,610,441 |
| 210,720 | Markel Corporation | 7.500% | BBB | 5,459,755 |
| 276,599 | PartnerRe Limited, Series C | 6.750% | BBB+ | 6,264,967 |
| 46,939 | PartnerRe Limited, Series D | 6.500% | BBB+ | 1,027,964 |
| 40,600 | PLC Capital Trust III | 7.500% | BBB | 971,152 |
| 386,042 | PLC Capital Trust IV | 7.250% | BBB | 9,315,193 |
| 4,200 | PLC Capital Trust V | 6.125% | BBB | 86,730 |
| 166,360 | Prudential PLC | 6.750% | A- | 3,841,252 |
| 64,600 | RenaissanceRe Holdings Limited, Series B | 7.300% | BBB+ | 1,551,046 |
| 34,500 | RenaissanceRe Holdings Limited, Series C | 6.080% | BBB+ | 675,855 |
| 235,502 | RenaissanceRe Holdings Limited, Series D | 6.600% | BBB+ | 5,075,068 |
| 317,100 | W. R. Berkley Corporation, Capital Trust II | 6.750% | BBB- | 7,680,162 |
| | Total Insurance | | | 97,096,760 |
| | IT Services 0.1% | | | |
| 21,800 | Vertex Industries Inc. (PPLUS) | 7.625% | A | 562,658 |
| | Media 8.2% | | | |
| 16,000 | CBS Corporation | 7.250% | BBB- | 390,560 |
| 131,141 | CBS Corporation | 6.750% | BBB- | 3,126,401 |
| 618,684 | Comcast Corporation | 7.000% | BBB+ | 15,702,200 |
| 47,000 | Comcast Corporation | 6.625% | BBB+ | 1,149,150 |
| 747,738 | Viacom Inc. | 6.850% | BBB | 18,626,154 |
| | Total Media | | | 38,994,465 |
| | Multi-Utilities 3.7% | | | |
| 245,000 | Dominion Resources Inc. | 8.375% | BBB | 6,811,000 |
| 10,000 | Scana Corporation | 7.700% | BBB- | 273,900 |
| 396,642 | Xcel Energy Inc. | 7.600% | BBB | 10,590,341 |
| | Total Multi-Utilities | | | 17,675,241 |
| | Oil, Gas & Consumable Fuels 2.5% | | | |
| 477,470 | Nexen Inc. | 7.350% | BB+ | 11,793,509 |
| | Pharmaceuticals 0.1% | | | |
| 19,600 | Bristol Myers Squibb Company (CORTS) | 6.250% | A+ | 497,252 |
| 900 | Bristol-Myers Squibb Company Trust (CORTS) | 6.800% | A+ | 23,445 |
| | Total Pharmaceuticals | | | 520,697 |
| | Real Estate/Mortgage 13.9% | | | |
| 153,147 | Developers Diversified Realty Corporation, Series H | 7.375% | Ba1 | 3,156,360 |
| 80,607 | Duke Realty Corporation, Series L | 6.600% | Baa3 | 1,661,310 |
| 31,000 | Duke Realty Corporation, Series N | 7.250% | Baa3 | 690,060 |

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| | | | | |
|---------|------------------------------------|--------|------|------------|
| 3,800 | HRPT Properties Trust | 7.500% | BBB | 75,202 |
| 501,339 | HRPT Properties Trust, Series B | 8.750% | Baa3 | 12,638,756 |
| 18,500 | Kimco Realty Corporation, Series F | 6.650% | Baa2 | 436,415 |
| 652,387 | Kimco Realty Corporation, Series G | 7.750% | Baa2 | 16,590,201 |
| 92,378 | Prologis Trust, Series G | 6.750% | Baa3 | 1,814,304 |

Nuveen Investments

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Nuveen Quality Preferred Income Fund (continued)

Portfolio of INVESTMENTS June 30, 2010 (Unaudited)

| Shares | Description (1) | Coupon | | Ratings (2) | Value |
|--|--|---------|----------|-------------|--------------------|
| Real Estate/Mortgage (continued) | | | | | |
| 11,800 | Public Storage, Inc., Series E | 6.750% | | Baa1 | \$ 289,454 |
| 3,300 | Public Storage, Inc., Series F | 6.450% | | Baa1 | 77,121 |
| 800 | Public Storage, Inc., Series H | 6.950% | | Baa1 | 20,016 |
| 4,000 | Public Storage, Inc., Series K | 7.250% | | Baa1 | 101,400 |
| 10,000 | Public Storage, Inc., Series M | 6.625% | | Baa1 | 243,600 |
| 2,000 | Public Storage, Inc., Series W | 6.500% | | Baa1 | 46,920 |
| 107,100 | Public Storage, Inc., Series Y, (3) | 6.850% | | Baa1 | 2,573,752 |
| 44,400 | Realty Income Corporation | 7.375% | | Baa2 | 1,143,744 |
| 105,700 | Realty Income Corporation, Series E | 6.750% | | Baa2 | 2,537,857 |
| 10,155 | Regency Centers Corporation | 7.250% | | BBB- | 234,378 |
| 437,734 | Vornado Realty LP | 7.875% | | BBB | 10,995,879 |
| 165,282 | Wachovia Preferred Funding Corporation | 7.250% | | A- | 3,824,626 |
| 299,102 | Weingarten Realty Investors, Series F | 6.500% | | Baa3 | 6,520,425 |
| 34,365 | Weingarten Realty Trust | 8.100% | | BBB | 763,590 |
| 100 | Weingarten Realty Trust, Series E | 6.950% | | Baa3 | 2,230 |
| | Total Real Estate/Mortgage | | | | 66,437,600 |
| Wireless Telecommunication Services 0.0% | | | | | |
| 2,100 | United States Cellular Corporation | 7.500% | | Baa2 | 52,269 |
| | Total \$25 Par (or similar) Preferred Securities (cost \$353,208,464) | | | | 340,641,953 |
| Principal Amount (000) | Description (1) | Coupon | Maturity | Ratings (2) | Value |
| Corporate Bonds 0.7% (0.5% of Total Investments) | | | | | |
| Electric Utilities 0.7% | | | | | |
| \$ 3,400 | FPL Group Capital Inc. | 6.650% | 6/15/17 | BBB | \$ 3,115,189 |
| \$ 3,400 | Total Corporate Bonds (cost \$3,244,478) | | | | 3,115,189 |
| Principal Amount (000)/ Shares | Description (1) | Coupon | Maturity | Ratings (2) | Value |
| Capital Preferred Securities 55.3% (41.7% of Total Investments) | | | | | |
| Capital Markets 0.6% | | | | | |
| 900 | Goldman Sachs Group, Inc. | 6.345% | 2/15/34 | A3 | \$ 809,879 |
| 2,200 | UBS Preferred Funding Trust I | 8.622% | 10/01/51 | BBB- | 2,148,513 |
| | Total Capital Markets | | | | 2,958,392 |
| Commercial Banks 24.6% | | | | | |
| 9,600 | AgFirst Farm Credit Bank | 8.393% | 12/15/11 | A | 9,384,000 |
| 2,400 | AgFirst Farm Credit Bank | 7.300% | 12/15/53 | A | 2,113,783 |
| 4,420 | Banco Santander Finance | 10.500% | 9/29/49 | A- | 4,647,727 |
| 2,800 | Barclays Bank PLC | 6.278% | 12/15/34 | A- | 2,128,000 |
| 2,500 | BB&T Capital Trust IV | 6.820% | 6/12/37 | A3 | 2,284,375 |
| 2,800 | BBVA International Unipersonal | 5.919% | 4/18/17 | A- | 2,035,670 |
| 1,000 | BNP Paribas, 144A | 7.195% | 12/25/37 | A | 880,000 |
| 408 | CBA Capital Trust I, 144A | 5.805% | 12/30/49 | A+ | 398,125 |
| 5,550 | Credit Agricole, S.A., 144A | 8.375% | 12/31/49 | A- | 5,272,500 |

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| | | | | | |
|--------|---------------------------------------|---------|----------|------|------------|
| 9,550 | Credit Agricole, S.A. | 9.750% | 12/26/54 | A- | 9,836,500 |
| 850 | First Union Capital Trust I, Series A | 7.935% | 1/15/27 | A- | 863,770 |
| | First Union Institutional Capital | | | | |
| 5,400 | Securities I | 8.040% | 12/01/26 | A- | 5,543,872 |
| 3,500 | Fulton Capital Trust I | 6.290% | 2/01/36 | BBB- | 2,313,091 |
| 11,650 | HSBC Capital Funding LP, Debt | 10.176% | 6/30/50 | A- | 14,009,125 |
| 2,000 | KeyCorp Capital III | 7.750% | 7/15/29 | Baa3 | 1,984,430 |
| 2,509 | NB Capital Trust II | 7.830% | 12/15/26 | Baa3 | 2,484,983 |
| 5,000 | Nordea Bank AB | 8.375% | 3/25/15 | A- | 5,300,000 |
| | Northgroup Preferred Capital | | | | |
| 400 | Corporation, 144A | 6.378% | 10/15/57 | A | 359,955 |

Nuveen Investments

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| Principal Amount (000)/ Shares | Description (1) | Coupon | Maturity | Ratings (2) | Value |
|--|---|---------|----------|-------------|---------------|
| Commercial Banks (continued) | | | | | |
| \$ 13,100 | Rabobank Nederland, 144A | 11.000% | 6/30/19 | AA- | \$ 16,224,009 |
| 17,500 | Reliance Capital Trust I, Series B | 8.170% | 5/01/28 | N/R | 13,562,203 |
| 7,000 | Societe Generale | 8.750% | 10/07/49 | BBB+ | 7,065,072 |
| 1,600 | Sovereign Capital Trust VI | 7.908% | 6/13/36 | BBB+ | 1,485,760 |
| 3,000 | Sparebanken Rogaland, Notes, 144A | 6.443% | 5/01/49 | Ba1 | 2,699,508 |
| 2,600 | Standard Chartered PLC, 144A | 6.409% | 1/30/17 | BBB | 2,274,145 |
| 1,550 | Standard Chartered PLC, 144A | 7.014% | 7/30/37 | BBB | 1,385,071 |
| 1,200 | Wachovia Capital Trust V, 144A | 7.965% | 6/01/27 | A- | 1,200,517 |
| | Total Commercial Banks | | | | 117,736,191 |
| Diversified Financial Services 2.6% | | | | | |
| 400 | Bank One Capital III | 8.750% | 9/01/30 | A2 | 470,636 |
| 2 | Citigroup Capital Trust XII | 8.500% | 3/30/15 | Ba1 | 47,481 |
| 4,800 | JPMorgan Chase & Company | 7.900% | 4/30/49 | BBB+ | 4,963,675 |
| 4,000 | JPMorgan Chase Capital Trust XXVII | 7.000% | 11/01/39 | A2 | 4,080,512 |
| 1,140 | JPMorgan Chase Capital XXV | 6.800% | 10/01/37 | A2 | 1,130,205 |
| 1,800 | MBNA Corporation, Capital Trust A | 8.278% | 12/01/26 | Baa3 | 1,768,500 |
| | Total Diversified Financial Services | | | | 12,461,009 |
| Diversified Telecommunication Services 3.3% | | | | | |
| 15 | Centaur Funding Corporation, Series B | 9.080% | 4/21/20 | BBB | 15,898,125 |
| Electric Utilities 0.5% | | | | | |
| 2,300 | Dominion Resources Inc. | 7.500% | 6/30/16 | BBB | 2,268,184 |
| Insurance 17.0% | | | | | |
| 3,500 | Allstate Corporation | 6.125% | 5/15/17 | Baa1 | 3,101,875 |
| 11,550 | AXA S.A., 144A | 6.463% | 12/14/18 | Baa1 | 9,110,063 |
| 3,000 | AXA S.A., 144A | 6.379% | 12/14/36 | Baa1 | 2,381,250 |
| 5,500 | Great West Life & Annuity Capital I, 144A | 6.625% | 11/15/34 | A- | 5,297,738 |
| 3,800 | Great West Life and Annuity Insurance Company, 144A | 7.153% | 5/16/16 | A- | 3,382,000 |
| 5,200 | Hartford Financial Services Group Inc. | 8.125% | 6/15/18 | BB+ | 4,758,000 |
| 2,500 | Lincoln National Corporation | 6.050% | 4/20/17 | BBB | 1,900,000 |
| 5,100 | Lincoln National Corporation | 7.000% | 5/17/66 | BBB | 4,296,750 |
| 6,300 | MetLife Capital Trust IV, 144A | 7.875% | 12/15/37 | BBB | 6,079,500 |
| 10,150 | National Financial Services Inc. | 6.750% | 5/15/37 | Baa2 | 7,655,739 |
| 1,400 | Nationwide Financial Services Capital Trust | 7.899% | 3/01/37 | Baa2 | 902,566 |
| 4,700 | Oil Insurance Limited, 144A | 7.558% | 6/30/11 | Baa1 | 4,103,363 |
| 7,400 | Old Mutual Capital Funding, Notes | 8.000% | 6/22/53 | Baa3 | 6,475,000 |
| 3,200 | Prudential Financial Inc. | 8.875% | 6/15/18 | BBB+ | 3,408,000 |
| 2,000 | Prudential PLC | 6.500% | 6/29/49 | A- | 1,665,000 |
| 22,000 | XL Capital, Limited | 6.500% | 10/15/57 | BBB- | 15,400,000 |
| 1,260 | ZFS Finance USA Trust V | 6.500% | 5/09/67 | A | 1,140,300 |
| | Total Insurance | | | | 81,057,144 |
| Real Estate 4.8% | | | | | |
| 19 | Firststar Realty LLC, 144A | 8.875% | 12/31/50 | A2 | 22,912,813 |
| Road & Rail 1.5% | | | | | |
| 7,600 | Burlington Northern Santa Fe Funding Trust I | 6.613% | 1/15/26 | BBB | 7,256,685 |
| Thriffs & Mortgage Finance 0.4% | | | | | |

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| | | | | | |
|-------|---|--------|---------|------|--------------------|
| 2,000 | Caisse Nationale Des Caisses d'Epargne et de Prevoyance | 6.750% | 1/27/49 | BBB- | 1,600,000 |
| | Total Capital Preferred Securities (cost \$282,677,307) | | | | 264,148,543 |

Nuveen Investments
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JTP

Nuveen Quality Preferred Income Fund (continued)

Portfolio of INVESTMENTS June 30, 2010 (Unaudited)

| Shares | Description (1) | | | Value |
|------------------------|--|--------|----------|-----------------------|
| | Investment Companies 3.1% (2.4% of Total Investments) | | | |
| 315,548 | BlackRock Credit Allocation Income Trust II | | | \$ 3,101,837 |
| 415,561 | Flaherty and Crumrine/Claymore Preferred Securities Income Fund Inc. | | | 6,491,063 |
| 352,012 | John Hancock Preferred Income Fund III | | | 5,431,545 |
| | Total Investment Companies (cost \$20,895,950) | | | 15,024,445 |
| Principal Amount (000) | Description (1) | Coupon | Maturity | Value |
| | Short-Term Investments 2.1% (1.6% of Total Investments) | | | |
| | Repurchase Agreement with Fixed Income Clearing Corporation, dated 6/30/10, repurchase price \$10,213,203, collateralized by \$10,460,000 U.S. Treasury Notes, 2.500%, due 6/30/17, value \$10,420,775 | 0.000% | 7/01/10 | \$ 10,213,203 |
| | Total Short-Term Investments (cost \$10,213,203) | | | 10,213,203 |
| | Total Investments (cost \$670,239,402) 132.5% | | | 633,143,333 |
| | Borrowings (32.1)% (4), (5) | | | (153,375,000) |
| | Other Assets Less Liabilities (0.4)% | | | (1,788,117) |
| | Net Assets Applicable to Common Shares 100% | | | \$ 477,980,216 |

For Fund portfolio compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine industry sub-classifications into sectors for reporting ease.

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

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

(3) Non-income producing; issuer has not declared a dividend within the past twelve months.

(4) Borrowings as a percentage of Total Investments is 24.2%.

(5) The Fund may pledge up to 100% of its eligible investments in the Portfolio of Investments as collateral for Borrowings. As of June 30, 2010, investments with a value of \$375,403,323 have been pledged as collateral for Borrowings.

N/R Not rated.

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

CORTS Corporate Backed Trust Securities.

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PPLUS PreferredPlus Trust.

SATURNS Structured Asset Trust Unit Repackaging.

See accompanying notes to financial statements.

Nuveen Investments

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JPS

Nuveen Quality Preferred Income Fund 2

Portfolio of INVESTMENTS

June 30, 2010 (Unaudited)

| Shares | Description (1) | Coupon | Ratings (2) | Value |
|------------|--|---|-------------|-------------------|
| | \$25 Par (or similar) Preferred Securities | 70.4% (54.3% of Total Investments) | | |
| | Capital Markets 5.2% | | | |
| 381,200 | Ameriprise Financial, Inc. | 7.750% | A | \$ 10,124,672 |
| 6,400 | Credit Suisse | 7.900% | A3 | 162,880 |
| 92,800 | Deutsche Bank Capital Funding Trust I | 7.350% | BBB+ | 2,092,640 |
| 1,253,735 | Deutsche Bank Capital Funding Trust II | 6.550% | BBB+ | 25,877,090 |
| 40,500 | Deutsche Bank Capital Funding Trust V | 8.050% | BBB+ | 1,004,400 |
| 95,651 | Deutsche Bank Capital Funding Trust VIII | 6.375% | BBB+ | 1,995,280 |
| 35,600 | Deutsche Bank Capital Funding Trust IX | 6.625% | BBB+ | 758,636 |
| 256,400 | Deutsche Bank Contingent Capital Trust III | 7.600% | BBB+ | 5,976,684 |
| 1,800 | Goldman Sachs Group Inc., Series 2003-11 (SATURNS) | 5.625% | A1 | 36,270 |
| 70,214 | Goldman Sachs Group Inc., Series GSC-3 (PPLUS) | 6.000% | A3 | 1,413,408 |
| 2,200 | Morgan Stanley Capital Trust III | 6.250% | BBB | 47,608 |
| 2,800 | Morgan Stanley Capital Trust V | 5.750% | Baa2 | 56,084 |
| | Total Capital Markets | | | 49,545,652 |
| | Commercial Banks 8.4% | | | |
| 599,080 | Assured Guaranty Municipal Holdings | 6.250% | A+ | 10,711,550 |
| 216,324 | Banco Santander Finance | 10.500% | A- | 5,767,198 |
| 243,928 | BB&T Capital Trust VI | 9.600% | A3 | 6,639,720 |
| 66,429 | BB&T Capital Trust VII | 8.100% | A3 | 1,729,147 |
| 227,100 | CoBank ACB, 144A | 7.000% | N/R | 9,971,121 |
| 82,000 | CoBank ACB | 11.000% | A | 4,476,692 |
| 42,800 | CoBank ACB | 11.000% | A | 2,376,740 |
| 5,000 | Goldman Sachs Group Inc., Series GSC-4 Class A (PPLUS) | 6.000% | A3 | 103,450 |
| 4,000 | Goldman Sachs Group Inc., Series GSG-1 (PPLUS) | 6.000% | A1 | 85,640 |
| 10,500,000 | HSBC Bank PLC | 1.000% | A | 6,378,750 |
| 390,000 | HSBC Holdings PLC, (3) | 8.000% | A- | 9,835,332 |
| 102,700 | HSBC Holdings PLC | 6.200% | A- | 2,202,915 |
| 7,100,000 | National Australia Bank | 8.000% | A+ | 7,357,375 |
| 202,101 | National City Capital Trust II | 6.625% | BBB | 4,696,827 |
| 289,600 | PFCI Capital Corporation | 7.750% | BBB+ | 7,529,600 |
| | Total Commercial Banks | | | 79,862,057 |
| | Consumer Finance 0.1% | | | |
| 19,700 | HSBC USA Inc., Series H | 6.500% | A- | 475,164 |

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| Diversified Financial Services 3.0% | | | | |
|--|---|--------|------|------------|
| 799,762 | ING Groep N.V. | 7.200% | Ba1 | 14,899,566 |
| 729,555 | ING Groep N.V. | 7.050% | Ba1 | 13,336,265 |
| 23,600 | JPMorgan Chase Capital Trust XI | 5.875% | A2 | 542,328 |
| Total Diversified Financial Services | | | | 28,778,159 |
| Diversified Telecommunication Services 0.2% | | | | |
| 6,896 | BellSouth Capital Funding (CORTS) | 7.120% | A | 173,693 |
| 43,200 | BellSouth Corporation (CORTS) | 7.000% | A | 1,078,652 |
| 4,900 | Verizon Communications, Series 2004-1 (SATURNS) | 6.125% | A | 123,186 |
| Total Diversified Telecommunication Services | | | | 1,375,531 |
| Electric Utilities 1.7% | | | | |
| 69,300 | Entergy Texas Inc. | 7.875% | BBB+ | 1,930,005 |
| 10,942 | FPL Group Capital Inc. | 6.600% | BBB | 278,255 |
| 218,000 | PPL Capital Funding, Inc. | 6.850% | BBB- | 5,526,300 |
| 319,475 | PPL Energy Supply LLC | 7.000% | BBB | 8,105,081 |
| Total Electric Utilities | | | | 15,839,641 |

Nuveen Investments

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JPS

Nuveen Quality Preferred Income Fund 2 (continued)

Portfolio of INVESTMENTS June 30, 2010 (Unaudited)

| Shares | Description (1) | Coupon | Ratings (2) | Value |
|-----------|---|--------|-------------|--------------|
| | Food Products 0.5% | | | |
| 53,400 | Dairy Farmers of America Inc., 144A | 7.875% | BBB- | \$ 4,510,634 |
| | Insurance 19.1% | | | |
| 1,300 | Aegon N.V. | 6.875% | BBB | 24,323 |
| 1,742,889 | Aegon N.V. | 6.375% | BBB | 30,639,989 |
| 617,913 | Allianz SE | 8.375% | A+ | 15,660,263 |
| 963,483 | Arch Capital Group Limited | 8.000% | BBB- | 24,289,406 |
| 1,400 | Arch Capital Group Limited, Series B | 7.875% | BBB- | 35,364 |
| 558,538 | Delphi Financial Group, Inc. | 8.000% | BBB | 14,063,987 |
| 404,400 | Delphi Financial Group, Inc. | 7.376% | BB+ | 7,986,900 |
| 301,900 | EverestRe Capital Trust II | 6.200% | Baa1 | 6,128,570 |
| 485,400 | Markel Corporation | 7.500% | BBB | 12,576,714 |
| 604,741 | PartnerRe Limited, Series C | 6.750% | BBB+ | 13,697,384 |
| 107,300 | PLC Capital Trust III | 7.500% | BBB | 2,566,616 |
| 443,898 | PLC Capital Trust IV | 7.250% | BBB | 10,711,259 |
| 12,463 | Protective Life Corporation | 7.250% | BBB | 297,866 |
| 200,842 | Prudential Financial Inc. | 9.000% | BBB+ | 5,458,886 |
| 322,005 | Prudential PLC | 6.750% | A- | 7,435,095 |
| 139,500 | RenaissanceRe Holdings Limited, Series B | 7.300% | BBB+ | 3,349,395 |
| 410,974 | RenaissanceRe Holdings Limited, Series D | 6.600% | BBB+ | 8,856,490 |
| 4,200 | Torchmark Capital Trust III | 7.100% | BBB+ | 104,244 |
| 720,846 | W. R. Berkley Corporation, Capital Trust II | 6.750% | BBB- | 17,458,890 |
| | Total Insurance | | | 181,341,641 |
| | IT Services 0.0% | | | |
| 1,900 | Vertex Industries Inc. (PPLUS) | 7.625% | A | 49,039 |
| | Media 7.8% | | | |
| 28,163 | CBS Corporation | 7.250% | BBB- | 687,459 |
| 746,750 | CBS Corporation | 6.750% | BBB- | 17,802,520 |
| 1,084,356 | Comcast Corporation | 7.000% | BBB+ | 27,520,955 |
| 145,000 | Comcast Corporation | 6.625% | BBB+ | 3,545,250 |
| 965,340 | Viacom Inc. | 6.850% | BBB | 24,046,619 |
| | Total Media | | | 73,602,803 |
| | Multi-Utilities 4.2% | | | |
| 543,823 | Dominion Resources Inc. | 8.375% | BBB | 15,118,279 |
| 148,500 | Scana Corporation | 7.700% | BBB- | 4,067,415 |
| 773,482 | Xcel Energy Inc. | 7.600% | BBB | 20,651,969 |
| | Total Multi-Utilities | | | 39,837,663 |
| | Oil, Gas & Consumable Fuels 2.1% | | | |
| 803,273 | Nexen Inc. | 7.350% | BB+ | 19,840,843 |
| | Pharmaceuticals 0.0% | | | |
| 5,000 | | 6.250% | A+ | 126,850 |

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| | | | | |
|---------|---|--------|------|------------|
| | Bristol Myers Squibb Company (CORTS) | | | |
| | Real Estate/Mortgage 18.0% | | | |
| 268,403 | Developers Diversified Realty Corporation, Series G | 8.000% | Ba1 | 6,114,220 |
| 19,908 | Developers Diversified Realty Corporation, Series H | 7.375% | Ba1 | 410,304 |
| 162,167 | Duke Realty Corporation, Series L | 6.600% | Baa3 | 3,342,262 |
| 8,300 | Harris Preferred Capital Corporation, Series A | 7.375% | A- | 206,504 |
| 957,365 | HRPT Properties Trust, Series B | 8.750% | Baa3 | 24,135,172 |
| 42,480 | HRPT Properties Trust, Series C | 7.125% | Baa3 | 967,694 |
| 73,300 | Kimco Realty Corporation, Series F | 6.650% | Baa2 | 1,729,147 |
| 799,689 | Kimco Realty Corporation, Series G | 7.750% | Baa2 | 20,336,091 |
| 89,050 | Prologis Trust, Series G | 6.750% | Baa3 | 1,748,942 |

Nuveen Investments

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| Shares | Description (1) | Coupon | | Ratings (2) | Value |
|--|--|---------|----------|-------------|--------------------|
| Real Estate/Mortgage (continued) | | | | | |
| 11,500 | Public Storage, Inc., Series C | 6.600% | | Baa1 | \$ 276,460 |
| 110,300 | Public Storage, Inc., Series E | 6.750% | | Baa1 | 2,705,659 |
| 10,900 | Public Storage, Inc., Series F | 6.450% | | Baa1 | 254,733 |
| 400 | Public Storage, Inc., Series G | 7.000% | | Baa1 | 10,072 |
| 17,530 | Public Storage, Inc., Series H | 6.950% | | Baa1 | 438,601 |
| 18,000 | Public Storage, Inc., Series I | 7.250% | | Baa1 | 454,680 |
| 40,600 | Public Storage, Inc., Series K | 7.250% | | Baa1 | 1,029,210 |
| 67,600 | Public Storage, Inc., Series Y, (3) | 6.850% | | Baa1 | 1,624,516 |
| 115,100 | Realty Income Corporation | 7.375% | | Baa2 | 2,964,976 |
| 447,758 | Realty Income Corporation, Series E | 6.750% | | Baa2 | 10,750,670 |
| 190,545 | Regency Centers Corporation | 7.450% | | Baa3 | 4,553,073 |
| 221,836 | Regency Centers Corporation | 7.250% | | BBB- | 5,119,975 |
| 1,079,521 | Vornado Realty LP | 7.875% | | BBB | 27,117,568 |
| 1,870,792 | Wachovia Preferred Funding Corporation | 7.250% | | A- | 43,290,125 |
| 198,268 | Weingarten Realty Investors, Series F | 6.500% | | Baa3 | 4,322,242 |
| 160,100 | Weingarten Realty Trust | 8.100% | | BBB | 3,557,422 |
| 149,245 | Weingarten Realty Trust, Series E | 6.950% | | Baa3 | 3,328,164 |
| | Total Real Estate/Mortgage | | | | 170,788,482 |
| Wireless Telecommunication Services 0.1% | | | | | |
| 37,100 | Telephone and Data Systems Inc. | 7.600% | | Baa2 | 926,387 |
| 3,900 | United States Cellular Corporation | 7.500% | | Baa2 | 97,072 |
| | Total Wireless Telecommunication Services | | | | 1,023,459 |
| | Total \$25 Par (or similar) Preferred Securities (cost \$700,252,738) | | | | 666,997,618 |
| Principal Amount (000) | Description (1) | Coupon | Maturity | Ratings (2) | Value |
| Corporate Bonds 0.8% (0.6% of Total Investments) | | | | | |
| Commercial Banks 0.0% | | | | | |
| \$ 650 | Swedbank ForeningsSparbanken AB, 144A | 7.500% | 9/11/12 | Ba1 | \$ 631,338 |
| Electric Utilities 0.8% | | | | | |
| 8,000 | FPL Group Capital Inc. | 6.650% | 6/15/17 | BBB | 7,329,856 |
| \$ 8,650 | Total Corporate Bonds (cost \$8,140,963) | | | | 7,961,194 |
| Principal Amount (000)/ Shares | Description (1) | Coupon | Maturity | Ratings (2) | Value |
| Capital Preferred Securities 52.3% (40.3% of Total Investments) | | | | | |
| Capital Markets 1.2% | | | | | |
| 1,500 | Credit Suisse Guernsey | 1.126% | 5/15/17 | A3 | \$ 1,068,075 |
| 2,700 | Goldman Sachs Group, Inc. | 6.345% | 2/15/34 | A3 | 2,429,638 |
| 7,900 | UBS Perferred Funding Trust I | 8.622% | 10/01/51 | BBB- | 7,715,116 |
| | Total Capital Markets | | | | 11,212,829 |
| Commercial Banks 27.9% | | | | | |
| 5,500 | AB Svensk Exportkredit, (3) | 6.375% | 10/27/49 | Aa3 | 4,667,718 |
| 20,400 | AgFirst Farm Credit Bank | 8.393% | 12/15/11 | A | 19,941,000 |
| 6,800 | AgFirst Farm Credit Bank | 7.300% | 12/15/53 | A | 5,989,052 |
| 10,724 | Banco Santander Finance | 10.500% | 9/29/49 | A- | 11,276,522 |
| 481 | Barclays Bank PLC, 144A | 7.434% | 12/15/17 | A- | 432,900 |
| 5,000 | Barclays Bank PLC | 6.278% | 12/15/34 | A- | 3,800,000 |

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| | | | | | |
|-------|--------------------------------|--------|----------|----|-----------|
| 6,353 | BB&T Capital Trust IV | 6.820% | 6/12/37 | A3 | 5,805,054 |
| 8,650 | BBVA International Unipersonal | 5.919% | 4/18/17 | A- | 6,288,766 |
| 7,000 | BNP Paribas, 144A | 7.195% | 12/25/37 | A | 6,160,000 |
| 6,475 | Credit Agricole, S.A., 144A | 8.375% | 12/31/49 | A- | 6,151,250 |

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JPS

Nuveen Quality Preferred Income Fund 2 (continued)

Portfolio of INVESTMENTS June 30, 2010 (Unaudited)

| Principal Amount (000)/ Shares | Description (1) | Coupon | Maturity | Ratings (2) | Value |
|--|--|---------|----------|-------------|---------------|
| Commercial Banks (continued) | | | | | |
| 29,174 | Credit Agricole, S.A. | 9.750% | 12/26/54 | A- | \$ 30,049,220 |
| 8,500 | Credit Suisse thru Claudius Limited | 8.250% | 6/27/49 | A3 | 8,818,750 |
| 1,500 | First Empire Capital Trust I | 8.234% | 2/01/27 | Baa2 | 1,394,702 |
| 17,095 | First Union Capital Trust II, Series A | 7.950% | 11/15/29 | A- | 19,015,948 |
| 6,800 | Fulton Capital Trust I | 6.290% | 2/01/36 | BBB- | 4,494,004 |
| 5,500 | HSBC Bank PLC | 0.850% | 6/11/49 | A | 3,355,000 |
| 4,650 | HSBC Capital Funding LP, Debt | 10.176% | 6/30/50 | A- | 5,591,625 |
| 6,000 | KeyCorp Capital III | 7.750% | 7/15/29 | Baa3 | 5,953,290 |
| 6,900 | LBG Capital I PLC | 8.000% | 6/15/20 | B+ | 5,416,500 |
| 11,900 | Nordea Bank AB | 8.375% | 3/25/15 | A- | 12,614,000 |
| 8,000 | North Fork Capital Trust II | 8.000% | 12/15/27 | Baa3 | 7,840,000 |
| 5,600 | Northgroup Preferred Capital Corporation, 144A | 6.378% | 10/15/57 | A | 5,039,367 |
| 24,200 | Rabobank Nederland, 144A | 11.000% | 6/30/19 | AA- | 29,971,071 |
| 8,000 | Reliance Capital Trust I, Series B | 8.170% | 5/01/28 | N/R | 6,199,864 |
| 28,316 | Societe Generale | 8.750% | 10/07/49 | BBB+ | 28,579,226 |
| 5,000 | Sparebanken Rogaland, Notes, 144A | 6.443% | 5/01/49 | Ba1 | 4,499,180 |
| 650 | Standard Chartered PLC, 144A | 7.014% | 7/30/37 | BBB | 580,836 |
| (4) | Union Planters Preferred Fund, 144A | 7.750% | 7/15/53 | Ba3 | 14,527,500 |
| | Total Commercial Banks | | | | 264,452,345 |
| Consumer Finance 0.4% | | | | | |
| 4,819 | Capital One Capital IV Corporation | 6.745% | 2/17/32 | Baa3 | 4,072,055 |
| Diversified Financial Services 3.9% | | | | | |
| 5,000 | Bank One Capital III | 8.750% | 9/01/30 | A2 | 5,882,950 |
| 12,811 | Countrywide Capital Trust III, Series B | 8.050% | 6/15/27 | Baa3 | 12,743,998 |
| 2,500 | JPMorgan Chase & Company | 7.900% | 4/30/49 | BBB+ | 2,585,248 |
| 3,000 | JPMorgan Chase Capital Trust XVIII | 6.950% | 8/17/36 | A2 | 3,007,368 |
| 1,775 | JPMorgan Chase Capital Trust XX Series T | 6.550% | 9/29/36 | A2 | 1,702,213 |
| 8,000 | JPMorgan Chase Capital Trust XXVII | 7.000% | 11/01/39 | A2 | 8,161,024 |
| 3,200 | MBNA Corporation, Capital Trust A | 8.278% | 12/01/26 | Baa3 | 3,144,000 |
| | Total Diversified Financial Services | | | | 37,226,801 |
| Diversified Telecommunication Services 3.4% | | | | | |
| 31 | Centaur Funding Corporation, Series B | 9.080% | 4/21/20 | BBB | 32,578,125 |
| Electric Utilities 0.7% | | | | | |
| 6,400 | Dominion Resources Inc. | 7.500% | 6/30/16 | BBB | 6,311,469 |
| Insurance 14.1% | | | | | |
| 2,200 | AXA S.A., 144A | 6.463% | 12/14/18 | Baa1 | 1,735,250 |
| 12,680 | AXA S.A., 144A | 6.379% | 12/14/36 | Baa1 | 10,064,750 |
| 6,750 | AXA-UAP | 8.600% | 12/15/30 | A3 | 7,643,484 |

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| | | | | | |
|--------|---|--------|----------|------|------------|
| 117 | Axis Capital Holdings Limited | 7.500% | 12/01/15 | BBB | 9,857,509 |
| 7,100 | Catlin Insurance Company Limited | 7.249% | 1/19/17 | BBB+ | 5,733,250 |
| 6,600 | Great West Life and Annuity Insurance Company, 144A | 7.153% | 5/16/16 | A- | 5,874,000 |
| 800 | Hartford Financial Services Group Inc. | 8.125% | 6/15/18 | BB+ | 732,000 |
| 2,500 | Lincoln National Corporation | 6.050% | 4/20/17 | BBB | 1,900,000 |
| 3,446 | Lincoln National Corporation | 7.000% | 5/17/66 | BBB | 2,903,255 |
| 14,800 | MetLife Capital Trust IV, 144A | 7.875% | 12/15/37 | BBB | 14,282,000 |
| 1,200 | Nationwide Financial Services Capital Trust | 7.899% | 3/01/37 | Baa2 | 773,628 |
| 12,600 | National Financial Services Inc. | 6.750% | 5/15/37 | Baa2 | 9,503,676 |
| 8,800 | Oil Insurance Limited, 144A | 7.558% | 6/30/11 | Baa1 | 7,682,893 |
| 17,600 | Old Mutual Capital Funding, Notes | 8.000% | 6/22/53 | Baa3 | 15,400,000 |
| 6,600 | Prudential Financial Inc. | 8.875% | 6/15/18 | BBB+ | 7,029,000 |
| 8,250 | Prudential PLC | 6.500% | 6/29/49 | A- | 6,868,125 |
| 3,300 | Swiss Re Capital I | 6.854% | 5/25/16 | A- | 2,722,500 |
| 30,900 | XL Capital, Limited | 6.500% | 10/15/57 | BBB- | 21,630,000 |

Nuveen Investments

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| Principal Amount (000)/ Shares | Description (1) | Coupon | Maturity | Ratings (2) | Value |
|--------------------------------|--|--------|----------|-------------|-----------------------|
| | Insurance (continued) | | | | |
| 957 | ZFS Finance USA Trust V | 6.500% | 5/09/67 | A | \$ 866,085 |
| | Total Insurance | | | | 133,201,405 |
| | Road & Rail 0.7% | | | | |
| 6,400 | Burlington Northern Santa Fe Funding Trust I | 6.613% | 1/15/26 | BBB | 6,110,892 |
| | Total Capital Preferred Securities (cost \$528,274,148) | | | | 495,165,921 |
| Shares | Description (1) | | | | Value |
| | Investment Companies 3.7% (2.9% of Total Investments) | | | | |
| 838,654 | BlackRock Credit Allocation Income Trust II | | | | \$ 8,243,969 |
| 1,025,979 | Flaherty and Crumrine/Claymore Preferred Securities Income Fund Inc. | | | | 16,025,792 |
| 728,065 | John Hancock Preferred Income Fund III | | | | 11,234,043 |
| | Total Investment Companies (cost \$51,111,125) | | | | 35,503,804 |
| Principal Amount (000) | Description (1) | Coupon | Maturity | Ratings (2) | Value |
| | Short-Term Investments 2.5% (1.9% of Total Investments) | | | | |
| | U.S. Government and Agency Obligations 0.7% (0.5% of Total Investments) | | | | |
| \$ 7,000 | U.S. Treasury Notes | 1.500% | 10/31/10 | AAA | \$ 7,031,171 |
| | Repurchase Agreements 1.8% (1.4% of Total Investments) | | | | |
| | Repurchase Agreement with Fixed Income Clearing Corporation, dated 6/30/10, repurchase price \$16,635,641, collateralized by \$17,035,000 U.S. Treasury Notes, 2.500%, due 6/30/17, value \$16,971,119 | | | | |
| 16,636 | | 0.000% | 7/01/10 | N/A | 16,635,641 |
| | Total Short-Term Investments (cost \$23,650,859) | | | | 23,666,812 |
| \$ 23,636 | Total Investments (cost \$1,311,429,833) 129.7% | | | | 1,229,295,349 |
| | Borrowings (30.6%) (5), (6) | | | | (289,500,000) |
| | Other Assets Less Liabilities 0.9% | | | | 7,774,016 |
| | Net Assets Applicable to Common Shares 100% | | | | \$ 947,569,365 |

For Fund portfolio compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine industry sub-classifications into sectors for reporting ease.

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

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

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(3) Non-income producing; issuer has not declared a dividend within the past twelve months.

(4) Principal Amount (000) rounds to less than \$1,000.

(5) Borrowings as a percentage of Total Investments is 23.6%.

(6) The Fund may pledge up to 100% of its eligible investments in the Portfolio of Investments as collateral for Borrowings. As of June 30, 2010, investments with a value of \$925,083,560 have been pledged as collateral for Borrowings.

N/A Not applicable.

N/R Not rated.

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

CORTS Corporate Backed Trust Securities.

PPLUS PreferredPlus Trust.

SATURNS Structured Asset Trust Unit Repackaging.

See accompanying notes to financial statements.

Nuveen Investments
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JHP

Nuveen Quality Preferred Income Fund 3

Portfolio of INVESTMENTS

June 30, 2010 (Unaudited)

| Shares | Description (1) | Coupon | Ratings (2) | Value |
|-----------|--|---|-------------|--------------|
| | \$25 Par (or similar) Preferred Securities | 68.9% (52.9% of Total Investments) | | |
| | Capital Markets 7.4% | | | |
| 60,600 | Ameriprise Financial, Inc. | 7.750% | A | \$ 1,609,536 |
| 136,600 | Credit Suisse | 7.900% | A3 | 3,476,470 |
| 388,759 | Deutsche Bank Capital Funding Trust II | 6.550% | BBB+ | 8,023,986 |
| 2,100 | Deutsche Bank Contingent Capital Trust III | 7.600% | BBB+ | 48,951 |
| 12,200 | Goldman Sachs Group Inc., Series GSC-3 (PPLUS) | 6.000% | A3 | 245,586 |
| | Total Capital Markets | | | 13,404,529 |
| | Commercial Banks 11.4% | | | |
| 142,875 | Assured Guaranty Municipal Holdings | 6.250% | A+ | 2,554,605 |
| 110,170 | Banco Santander Finance | 10.500% | A- | 2,937,132 |
| 37,400 | BB&T Capital Trust VI | 9.600% | A3 | 1,018,028 |
| 21,200 | BB&T Capital Trust VII | 8.100% | A3 | 551,836 |
| 44,500 | CoBank ACB, 144A | 7.000% | N/R | 1,953,830 |
| 16,000 | CoBank ACB | 11.000% | A | 873,501 |
| 20,200 | CoBank ACB | 11.000% | A | 1,121,732 |
| 1,500,000 | HSBC Bank PLC | 1.000% | A | 911,250 |
| 111,802 | HSBC Finance Corporation | 6.875% | A | 2,729,087 |
| 20,000 | HSBC Holdings PLC, (3) | 8.000% | A- | 504,376 |
| 7,600 | Merrill Lynch Capital Trust I | 6.450% | Baa3 | 151,088 |
| 2,700,000 | National Australia Bank | 8.000% | A+ | 2,797,875 |
| 100,278 | National City Capital Trust II | 6.625% | BBB | 2,330,461 |
| | Total Commercial Banks | | | 20,434,801 |
| | Diversified Financial Services 3.2% | | | |
| 36,800 | BAC Capital Trust XII | 6.875% | Baa3 | 812,544 |
| 35,700 | BAC Capital Trust X | 6.250% | Baa3 | 732,564 |
| 53,800 | Countrywide Capital Trust IV | 6.750% | Baa3 | 1,129,800 |
| 113,800 | ING Groep N.V. | 7.050% | Ba1 | 2,080,264 |
| 3,300 | Merrill Lynch Capital Trust II | 6.450% | Baa3 | 65,373 |
| 19,600 | Merrill Lynch Capital Trust III | 7.375% | Baa3 | 448,840 |
| 19,980 | National Rural Utilities Cooperative Finance Corporation | 5.950% | A3 | 490,509 |
| | Total Diversified Financial Services | | | 5,759,894 |
| | Diversified Telecommunication Services 0.7% | | | |
| 39,609 | AT&T Inc. | 6.375% | A | 1,049,639 |
| 600 | BellSouth Capital Funding (CORTS) | 7.120% | A | 15,113 |
| 4,600 | BellSouth Corporation (CORTS) | 7.000% | A | 114,856 |

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| | | | | |
|---------|--|--------|------|-----------|
| | Total Diversified Telecommunication Services | | | 1,179,608 |
| | Electric Utilities 1.6% | | | |
| 78,100 | Entergy Texas Inc. | 7.875% | BBB+ | 2,175,085 |
| 28,700 | PPL Energy Supply LLC | 7.000% | BBB | 728,119 |
| | Total Electric Utilities | | | 2,903,204 |
| | Food Products 0.5% | | | |
| 10,400 | Dairy Farmers of America Inc., 144A | 7.875% | BBB- | 878,476 |
| | Insurance 18.1% | | | |
| 319,390 | Aegon N.V. | 6.375% | BBB | 5,614,876 |
| 75,054 | Allianz SE | 8.375% | A+ | 1,902,154 |
| 188,583 | Arch Capital Group Limited | 8.000% | BBB- | 4,754,177 |
| 92,716 | Delphi Financial Group, Inc. | 8.000% | BBB | 2,334,589 |

Nuveen Investments

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| Shares | Description (1) | Coupon | Ratings (2) | Value |
|---------|--|--------|-------------|--------------------|
| | Insurance (continued) | | | |
| 90,100 | Delphi Financial Group, Inc. | 7.376% | BB+ | \$ 1,779,475 |
| 108,767 | EverestRe Capital Trust II | 6.200% | Baa1 | 2,207,970 |
| 170,100 | PartnerRe Limited, Series C | 6.750% | BBB+ | 3,852,765 |
| 59,843 | PLC Capital Trust III | 7.500% | BBB | 1,431,445 |
| 20,500 | PLC Capital Trust IV | 7.250% | BBB | 494,665 |
| 8,500 | PLC Capital Trust V | 6.125% | BBB | 175,525 |
| 147,963 | Protective Life Corporation | 7.250% | BBB | 3,536,316 |
| 63,344 | Prudential PLC | 6.750% | A- | 1,462,613 |
| 73,466 | RenaissanceRe Holdings Limited, Series B | 7.300% | BBB+ | 1,763,919 |
| 53,300 | W. R. Berkley Corporation, Capital Trust II | 6.750% | BBB- | 1,290,926 |
| | Total Insurance | | | 32,601,415 |
| | Media 4.2% | | | |
| 58,700 | CBS Corporation | 6.750% | BBB- | 1,399,408 |
| 247,414 | Viacom Inc. | 6.850% | BBB | 6,163,083 |
| | Total Media | | | 7,562,491 |
| | Multi-Utilities 3.5% | | | |
| 105,500 | Dominion Resources Inc. | 8.375% | BBB | 2,932,900 |
| 128,000 | Xcel Energy Inc. | 7.600% | BBB | 3,417,600 |
| | Total Multi-Utilities | | | 6,350,500 |
| | Oil, Gas & Consumable Fuels 2.6% | | | |
| 192,700 | Nexen Inc. | 7.350% | BB+ | 4,759,690 |
| | Pharmaceuticals 0.1% | | | |
| 6,500 | Bristol Myers Squibb Company (CORTS) | 6.250% | A+ | 164,905 |
| | Real Estate/Mortgage 15.6% | | | |
| 56,000 | Developers Diversified Realty Corporation, Series G | 8.000% | Ba1 | 1,275,680 |
| 108,611 | HRPT Properties Trust, Series B | 8.750% | Baa3 | 2,738,083 |
| 48,011 | HRPT Properties Trust, Series C | 7.125% | Baa3 | 1,093,691 |
| 21,800 | Kimco Realty Corporation, Series F | 6.650% | Baa2 | 514,262 |
| 122,736 | Kimco Realty Corporation, Series G | 7.750% | Baa2 | 3,121,176 |
| 11,100 | Prologis Trust, Series G | 6.750% | Baa3 | 218,004 |
| 109,620 | Public Storage, Inc. | 6.750% | Baa1 | 2,686,786 |
| 14,000 | Public Storage, Inc., Series H | 6.950% | Baa1 | 350,280 |
| 26,299 | Public Storage, Inc., Series X | 6.450% | Baa1 | 616,975 |
| 77,300 | Public Storage, Inc., Series Y, (3) | 6.850% | Baa1 | 1,857,619 |
| 20,600 | Realty Income Corporation | 6.750% | Baa2 | 494,606 |
| 18,272 | Regency Centers Corporation | 7.450% | Baa3 | 436,609 |
| 69,809 | Regency Centers Corporation | 7.250% | BBB- | 1,611,192 |
| 31,800 | United Dominion Realty Trust | 6.750% | Baa3 | 732,354 |
| 150,320 | Vornado Realty LP | 7.875% | BBB | 3,776,038 |
| 80,367 | Wachovia Preferred Funding Corporation | 7.250% | A- | 1,859,692 |
| 209,635 | Weingarten Realty Trust | 8.100% | BBB | 4,658,090 |
| | Total Real Estate/Mortgage | | | 28,041,137 |
| | Total \$25 Par (or similar) Preferred Securities (cost \$128,708,364) | | | 124,040,650 |

Principal Amount (000)/ Shares

Description (1) Coupon Maturity Ratings (2) Value

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Capital Preferred Securities 55.0% (42.2% of Total Investments)

Capital Markets 0.2%

| | | | | | | |
|-----|---------------------------|--------|---------|----|----|---------|
| 500 | Goldman Sachs Group, Inc. | 6.345% | 2/15/34 | A3 | \$ | 449,933 |
|-----|---------------------------|--------|---------|----|----|---------|

Nuveen Investments
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JHP

Nuveen Quality Preferred Income Fund 3 (continued)

Portfolio of INVESTMENTS June 30, 2010 (Unaudited)

| Principal Amount (000)/ Shares | Description (1) | Coupon | Maturity | Ratings (2) | Value |
|--|--|---------|----------|-------------|--------------|
| Commercial Banks 27.7% | | | | | |
| 2,200 | Abbey National Capital Trust I | 8.963% | 6/30/30 | A- | \$ 2,217,068 |
| 1,800 | AgFirst Farm Credit Bank | 7.300% | 12/15/53 | A | 1,585,337 |
| 3,300 | Barclays Bank PLC, 144A | 7.434% | 12/15/17 | A- | 2,970,000 |
| 1,000 | Barclays Bank PLC | 6.278% | 12/15/34 | A- | 760,000 |
| 1,800 | BB&T Capital Trust IV | 6.820% | 6/12/37 | A3 | 1,644,750 |
| 1,400 | BBVA International Unipersonal | 5.919% | 4/18/17 | A- | 1,017,835 |
| 1,000 | BNP Paribas, 144A | 7.195% | 12/25/37 | A | 880,000 |
| 1,100 | Credit Agricole, S.A., 144A | 8.375% | 12/31/49 | A- | 1,045,000 |
| 5,150 | Credit Agricole, S.A. | 9.750% | 12/26/54 | A- | 5,304,500 |
| 1,000 | First Empire Capital Trust I | 8.234% | 2/01/27 | Baa2 | 929,801 |
| 8,485 | First Union Capital Trust II, Series A | 7.950% | 11/15/29 | A- | 9,438,448 |
| 500 | Fulton Capital Trust I | 6.290% | 2/01/36 | BBB- | 330,442 |
| 2,400 | HBOS Capital Funding LP, 144A | 6.071% | 6/30/14 | BB- | 1,680,000 |
| 1,500 | HSBC Bank PLC | 0.850% | 6/11/49 | A | 915,000 |
| 1,900 | Nordea Bank AB | 8.375% | 3/25/15 | A- | 2,014,000 |
| 1,400 | Northgroup Preferred Capital Corporation, 144A | 6.378% | 10/15/57 | A | 1,259,842 |
| 3,000 | Rabobank Nederland, 144A | 11.000% | 6/30/19 | AA- | 3,715,422 |
| 6,800 | Societe Generale | 8.750% | 10/07/49 | BBB+ | 6,863,213 |
| 1,200 | Standard Chartered PLC, 144A | 7.014% | 7/30/37 | BBB | 1,072,313 |
| (4) | Union Planters Preferred Fund, 144A | 7.750% | 7/15/53 | Ba3 | 4,237,188 |
| | Total Commercial Banks | | | | 49,880,159 |
| Diversified Financial Services 3.3% | | | | | |
| 100 | JPMorgan Chase & Company | 7.900% | 4/30/49 | BBB+ | 103,410 |
| 2,000 | JPMorgan Chase Capital Trust XX Series T | 6.550% | 9/29/36 | A2 | 1,917,986 |
| 1,500 | JPMorgan Chase Capital Trust XXVII | 7.000% | 11/01/39 | A2 | 1,530,192 |
| 2,340 | JPMorgan Chase Capital XXV | 6.800% | 10/01/37 | A2 | 2,319,895 |
| | Total Diversified Financial Services | | | | 5,871,483 |
| Diversified Telecommunication Services 3.0% | | | | | |
| 5 | Centaur Funding Corporation, Series B | 9.080% | 4/21/20 | BBB | 5,483,550 |
| Electric Utilities 1.4% | | | | | |
| 500 | Dominion Resources Inc. | 7.500% | 6/30/16 | BBB | 493,084 |
| 2,000 | FPL Group Capital Inc. | 7.300% | 9/01/17 | BBB | 1,972,700 |
| | Total Electric Utilities | | | | 2,465,784 |
| Insurance 17.9% | | | | | |
| 1,300 | Allstate Corporation | 6.125% | 5/15/17 | Baa1 | 1,152,125 |
| 2,300 | AXA S.A., 144A | 6.463% | 12/14/18 | Baa1 | 1,814,125 |
| 5,000 | AXA S.A., 144A | 6.379% | 12/14/36 | Baa1 | 3,968,750 |
| 34 | Axis Capital Holdings Limited | 7.500% | 12/01/15 | BBB | 2,871,939 |
| 1,200 | Catlin Insurance Company Limited | 7.249% | 1/19/17 | BBB+ | 969,000 |

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| | | | | | |
|-------|---|--------|----------|------|------------|
| 1,850 | Great West Life and Annuity Insurance Company, 144A | 7.153% | 5/16/16 | A- | 1,646,500 |
| 1,700 | Hartford Financial Services Group Inc. | 8.125% | 6/15/18 | BB+ | 1,555,500 |
| 3,000 | Lincoln National Corporation | 7.000% | 5/17/66 | BBB | 2,527,500 |
| 3,000 | MetLife Capital Trust IV, 144A | 7.875% | 12/15/37 | BBB | 2,895,000 |
| 400 | Nationwide Financial Services Capital Trust | 7.899% | 3/01/37 | Baa2 | 257,876 |
| 2,500 | National Financial Services Inc. | 6.750% | 5/15/37 | Baa2 | 1,885,650 |
| 1,400 | Oil Insurance Limited, 144A | 7.558% | 6/30/11 | Baa1 | 1,222,278 |
| 1,600 | Old Mutual Capital Funding, Notes | 8.000% | 6/22/53 | Baa3 | 1,400,000 |
| 1,500 | Prudential Financial Inc. | 8.875% | 6/15/18 | BBB+ | 1,597,500 |
| 1,700 | Prudential PLC | 6.500% | 6/29/49 | A- | 1,415,250 |
| 900 | Swiss Re Capital I | 6.854% | 5/25/16 | A- | 742,500 |
| 6,000 | XL Capital, Limited | 6.500% | 10/15/57 | BBB- | 4,200,000 |
| 54 | ZFS Finance USA Trust V | 6.500% | 5/09/67 | A | 48,870 |
| | Total Insurance | | | | 32,170,363 |

Nuveen Investments

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| Principal Amount (000)/ Shares | Description (1) | Coupon | Maturity | Ratings (2) | Value |
|--------------------------------|---|--------|----------|-------------|-----------------------|
| | Road & Rail - 1.5% | | | | |
| 2,785 | Burlington Northern Santa Fe Funding Trust I | 6.613% | 1/15/26 | BBB | \$ 2,659,193 |
| | Total Capital Preferred Securities (cost \$104,652,105) | | | | 98,980,465 |
| Shares | Description (1) | | | | Value |
| | Investment Companies 4.2% (3.2% of Total Investments) | | | | |
| 172,099 | BlackRock Credit Allocation Income Trust II | | | | \$ 1,691,733 |
| 215,941 | Flaherty and Crumrine/Claymore Preferred Securities Income Fund Inc. | | | | 3,372,998 |
| 157,399 | John Hancock Preferred Income Fund III | | | | 2,428,667 |
| | Total Investment Companies (cost \$10,816,114) | | | | 7,493,398 |
| Principal Amount (000) | Description (1) | Coupon | Maturity | | Value |
| | Short-Term Investments 2.1% (1.7% of Total Investments) | | | | |
| \$3,815 | Repurchase Agreement with Fixed Income Clearing Corporation, dated 6/30/10, repurchase price \$3,815,095, collateralized by \$3,750,000 U.S. Treasury Notes, 2.375%, due 9/30/14, value \$3,895,313 | 0.000% | 7/01/10 | | \$3,815,095 |
| | Total Short-Term Investments (cost \$3,815,095) | | | | 3,815,095 |
| | Total Investments (cost \$247,991,678) 130.2% | | | | 234,329,608 |
| | Borrowings (30.6%) (5), (6) | | | | (55,000,000) |
| | Other Assets Less Liabilities 0.4% | | | | 637,357 |
| | Net Assets Applicable to Common Shares 100% | | | | \$ 179,966,965 |

For Fund portfolio compliance purposes, the Fund's industry classifications refer to any one or more of the industry sub-classifications used by one or more widely recognized market indexes or ratings group indexes, and/or as defined by Fund management. This definition may not apply for purposes of this report, which may combine industry sub-classifications into sectors for reporting ease.

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

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

(3) Non-income producing; issuer has not declared a dividend within the past twelve months.

(4) Principal Amount (000) rounds to less than \$1,000.

(5) Borrowings as a percentage of Total Investments is 23.5%.

(6) The Fund may pledge up to 100% of its eligible investments in the Portfolio of Investments as collateral for Borrowings. As of June 30, 2010, investments with a value of \$134,034,448 have been pledged as collateral for Borrowings.

N/R Not rated.

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

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CORTS Corporate Backed Trust Securities.

PPLUS PreferredPlus Trust.

See accompanying notes to financial statements.

Nuveen Investments

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Statement of

ASSETS & LIABILITIES

June 30, 2010 (Unaudited)

| | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) | Quality Preferred Income 3 (JHP) |
|---|---|---|---|
| Assets | | | |
| Investments, at value (cost \$670,239,402, \$1,311,429,833 and \$247,991,678, respectively) | \$ 633,143,333 | \$ 1,229,295,349 | \$ 234,329,608 |
| Cash | 243,503 | 361,494 | 86,000 |
| Receivables: | | | |
| Dividends | 943,061 | 1,700,207 | 246,833 |
| Interest | 2,566,477 | 4,817,140 | 993,938 |
| Investments sold | 1,718,214 | 8,294,485 | 2,365,323 |
| Other assets | 134,401 | 237,237 | 48,795 |
| Total assets | 638,748,989 | 1,244,705,912 | 238,070,497 |
| Liabilities | | | |
| Borrowings | 153,375,000 | 289,500,000 | 55,000,000 |
| Payables: | | | |
| Investments purchased | 3,636,391 | | 1,644,809 |
| Common share dividends | 3,018,179 | 6,242,266 | 1,180,488 |
| Accrued expenses: | | | |
| Interest on borrowings | 12,728 | 24,375 | 4,537 |
| Management fees | 412,331 | 794,631 | 154,491 |
| Other | 314,144 | 575,275 | 119,207 |
| Total liabilities | 160,768,773 | 297,136,547 | 58,103,532 |
| Net assets applicable to Common shares | \$ 477,980,216 | \$ 947,569,365 | \$ 179,966,965 |
| Common shares outstanding | 64,632,295 | 120,321,842 | 23,714,024 |
| Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding) | \$ 7.40 | \$ 7.88 | \$ 7.59 |
| Net assets applicable to Common shares consist of: | | | |
| Common shares, \$.01 par value per share | \$ 646,323 | \$ 1,203,218 | \$ 237,140 |
| Paid-in surplus | 893,248,924 | 1,684,817,813 | 327,398,615 |
| Undistributed (Over-distribution of) net investment income | 7,342,669 | 3,445,281 | 1,159,126 |
| Accumulated net realized gain (loss) | (386,161,631) | (659,762,463) | (135,165,846) |
| Net unrealized appreciation (depreciation) | (37,096,069) | (82,134,484) | (13,662,070) |
| Net assets applicable to Common shares | \$ 477,980,216 | \$ 947,569,365 | \$ 179,966,965 |
| Authorized shares: | | | |
| Common | Unlimited | Unlimited | Unlimited |
| FundPreferred | Unlimited | Unlimited | Unlimited |

See accompanying notes to financial statements.

Statement of

OPERATIONS

Six Months Ended June 30, 2010 (Unaudited)

| | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) | Quality Preferred Income 3 (JHP) |
|--|---|---|---|
| Investment Income | | | |
| Dividends | \$ 14,803,376 | \$ 29,783,915 | \$ 5,626,316 |
| Interest | 9,620,303 | 18,516,994 | 3,298,773 |
| Total investment income | 24,423,679 | 48,300,909 | 8,925,089 |
| Expenses | | | |
| Management fees | 2,759,717 | 5,367,059 | 1,042,192 |
| Shareholders' servicing agent fees and expenses | 3,645 | 4,773 | 791 |
| Interest expense on borrowings | 1,000,885 | 1,920,790 | 356,439 |
| Custodian's fees and expenses | 62,268 | 120,347 | 28,751 |
| Trustees' fees and expenses | 8,811 | 17,440 | 3,308 |
| Professional fees | 21,522 | 29,918 | 5,675 |
| Shareholders' reports printing and mailing expenses | 102,029 | 176,154 | 36,977 |
| Stock exchange listing fees | 10,949 | 20,884 | 4,540 |
| Investor relations expense | 54,403 | 97,782 | 19,486 |
| Other expenses | 4,874 | 5,133 | 4,584 |
| Total expenses before custodian fee credit and expense reimbursement | 4,029,103 | 7,760,280 | 1,502,743 |
| Custodian fee credit | (22) | (88) | (15) |
| Expense reimbursement | (250,465) | (495,399) | (94,032) |
| Net expenses | 3,778,616 | 7,264,793 | 1,408,696 |
| Net investment income | 20,645,063 | 41,036,116 | 7,516,393 |
| Realized and Unrealized Gain (Loss) | | | |
| Net realized gain (loss) from investments and foreign currency | (3,058,808) | (9,583,248) | 79,946 |
| Change in net unrealized appreciation (depreciation) of investments and foreign currency | 22,821,904 | 32,746,661 | 2,950,108 |
| Net realized and unrealized gain (loss) | 19,763,096 | 23,163,413 | 3,030,054 |
| Net increase (decrease) in net assets applicable to Common shares from operations | \$ 40,408,159 | \$ 64,199,529 | \$ 10,546,447 |

See accompanying notes to financial statements.

Nuveen Investments

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Statement of

CHANGES in NET ASSETS (Unaudited)

| | Quality Preferred Income (JTP) | | Quality Preferred Income 2 (JPS) | |
|---|--------------------------------|---------------------------|----------------------------------|---------------------------|
| | Six Months Ended 6/30/10 | Year Ended 12/31/09 | Six Months Ended 6/30/10 | Year Ended 12/31/09 |
| Operations | | | | |
| Net investment income | \$ 20,645,063 | \$ 40,511,264 | \$ 41,036,116 | \$ 82,528,209 |
| Net realized gain (loss) from: | | | | |
| Investments and foreign currency | (3,058,808) | (138,350,977) | (9,583,248) | (269,653,346) |
| Interest rate swaps | | (2,823,614) | | (5,931,494) |
| Change in net unrealized appreciation (depreciation) of: | | | | |
| Investments and foreign currency | 22,821,904 | 256,613,684 | 32,746,661 | 547,248,464 |
| Interest rate swaps | | 2,348,600 | | 4,813,203 |
| Distributions to FundPreferred Shareholders: | | | | |
| From net investment income | | (147,774) | | (292,317) |
| Net increase (decrease) in net assets applicable to Common shares | | | | |
| from operations | 40,408,159 | 158,151,183 | 64,199,529 | 358,712,719 |
| Distributions to Common Shareholders | | | | |
| From and in excess of net investment income | | | | |
| | (18,614,101) | | (38,984,277) | |
| From net investment income | | (37,188,166) | | (83,758,923) |
| Return of capital | | (4,357,413) | | (4,197,409) |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | | | | |
| | (18,614,101) | (41,545,579) | (38,984,277) | (87,956,332) |
| Capital Share Transactions | | | | |
| Net proceeds from Common shares issued to shareholders due to reinvestment of distributions | | | | |
| | | 310,310 | | 2,220,602 |
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | | | | |
| | | 310,310 | | 2,220,602 |
| Net increase (decrease) in net assets applicable to Common shares | | | | |
| | 21,794,058 | 116,915,914 | 25,215,252 | 272,976,989 |
| Net assets applicable to Common shares at the beginning of period | | | | |
| | 456,186,158 | 339,270,244 | 922,354,113 | 649,377,124 |
| Net assets applicable to Common shares at the end of period | | | | |
| | \$ 477,980,216 | \$ 456,186,158 | \$ 947,569,365 | \$ 922,354,113 |
| Undistributed (Over-distribution of) net investment income at the end of period | | | | |
| | \$ 7,342,669 | \$ 5,311,707 | \$ 3,445,281 | \$ 1,393,442 |

See accompanying notes to financial statements.

Statement of

CHANGES in NET ASSETS (Unaudited) (continued)

| | Quality Preferred Income 3 (JHP) | |
|---|---|------------------------------------|
| | Six Months Ended 6/30/10 | Year Ended 12/31/09 |
| Operations | | |
| Net investment income | \$ 7,516,393 | \$ 14,940,000 |
| Net realized gain (loss) from: | | |
| Investments and foreign currency | 79,946 | (41,942,712) |
| Interest rate swaps | | (1,522,105) |
| Change in net unrealized appreciation (depreciation) of: | | |
| Investments and foreign currency | 2,950,108 | 97,506,634 |
| Interest rate swaps | | 1,294,639 |
| Distributions to FundPreferred Shareholders: | | |
| From net investment income | | (40,469) |
| Net increase (decrease) in net assets applicable to Common shares | | |
| from operations | 10,546,447 | 70,235,987 |
| Distributions to Common Shareholders | | |
| From and in excess of net investment income | (7,256,491) | |
| From net investment income | | (13,719,498) |
| Return of capital | | (1,810,986) |
| Decrease in net assets applicable to Common shares from distributions | | |
| to Common shareholders | (7,256,491) | (15,530,484) |
| Capital Share Transactions | | |
| Net proceeds from Common shares issued to shareholders due to | | |
| reinvestment of distributions | | 101,319 |
| Net increase (decrease) in net assets applicable to Common shares from | | |
| capital share transactions | | 101,319 |
| Net increase (decrease) in net assets applicable to Common shares | 3,289,956 | 54,806,822 |
| Net assets applicable to Common shares at the beginning of period | 176,677,009 | 121,870,187 |
| Net assets applicable to Common shares at the end of period | \$ 179,966,965 | \$ 176,677,009 |
| Undistributed (Over-distribution of) net investment income at the end of period | \$ 1,159,126 | \$ 899,224 |

See accompanying notes to financial statements.

Statement of

CASH FLOWS

Six Months Ended June 30, 2010 (Unaudited)

See accompanying notes to financial statements.

| | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) | Quality Preferred Income 3 (JHP) |
|--|---|---|---|
| Cash Flows from Operating Activities: | | | |
| Net Increase (Decrease) in Net Assets Applicable to Common Shares from Operations | \$ 40,408,159 | \$ 64,199,529 | \$ 10,546,447 |
| Adjustments to reconcile the net increase (decrease) in net assets applicable to Common shares from operations to net cash provided by (used in) operating activities: | | | |
| Purchases of investments | (65,269,076) | (182,615,340) | (35,994,575) |
| Proceeds from sales and maturities of investments | 54,525,439 | 162,241,015 | 31,236,905 |
| Proceeds from (Purchases of) short-term investments, net | 3,756,004 | 21,293,481 | 5,794,200 |
| Proceeds from (Payments for) closed foreign currency spot contracts | (11,137) | (30,489) | (5,455) |
| Amortization (Accretion) of premiums and discounts, net | 90,273 | 155,140 | 6,301 |
| (Increase) Decrease in receivable for dividends | 130,002 | 263,451 | 266,595 |
| (Increase) Decrease in receivable for interest | 23,434 | (531,785) | (197,668) |
| (Increase) Decrease in receivable for investments sold | (1,706,338) | (8,213,182) | (2,359,385) |
| (Increase) Decrease in other assets | (20,608) | (40,155) | (7,693) |
| Increase (Decrease) in payable for investments purchased | 3,636,391 | (518,383) | (113,062) |
| Increase (Decrease) in accrued interest on borrowings | (2,733) | (5,334) | (966) |
| Increase (Decrease) in accrued management fees | 2,376 | (4,887) | 13,801 |
| Increase (Decrease) in accrued other liabilities | 36,331 | 65,851 | 5,083 |
| Net realized (gain) loss from investments and foreign currency | 3,058,808 | 9,583,248 | (79,946) |
| Change in net unrealized (appreciation) depreciation of investments and foreign currency | (22,821,904) | (32,746,661) | (2,950,108) |
| Net cash provided by (used in) operating activities | 15,835,421 | 33,095,499 | 6,160,474 |
| Cash Flows from Financing Activities: | | | |
| Cash distributions paid to Common shareholders | (15,595,922) | (32,742,011) | (6,076,003) |
| Net cash provided by (used in) financing activities | (15,595,922) | (32,742,011) | (6,076,003) |
| Net Increase (Decrease) in Cash | 239,499 | 353,488 | 84,471 |
| Cash at the beginning of period | 4,004 | 8,006 | 1,529 |
| Cash at the End of Period | \$ 243,503 | \$ 361,494 | \$ 86,000 |

Supplemental Disclosure of Cash Flow Information

Cash paid for interest on borrowings was \$1,003,618, \$1,926,124 and \$357,405 for Quality Preferred Income (JTP), Quality Preferred Income 2 (JPS) and Quality Preferred Income 3 (JHP), respectively.

Nuveen Investments

Notes to

FINANCIAL STATEMENTS (Unaudited)

1. General Information and Significant Accounting Policies

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

Quality Preferred Income's (JTP) investment objective is high current income consistent with capital preservation. The Fund's secondary investment objective is to enhance portfolio value. The Fund invests at least 80% of its managed assets in taxable preferred securities, that, at the time of investment, are rated investment grade (Baa/BBB or better). The Fund may invest up to 20% of its managed assets in debt securities, including convertibles, rated investment grade at the time of investment.

Quality Preferred Income 2's (JPS) and Quality Preferred Income 3's (JHP) investment objective is high current income consistent with capital preservation. Each Fund's secondary investment objective is to enhance portfolio value. Each Fund invests at least 80% of its net assets in preferred securities; up to 20% of its net assets in debt securities, including convertible debt securities and convertible preferred securities; and 100% of each Fund's total assets in securities that, at the time of investment, are investment grade quality (BBB/Baa or better), which may include up to 10% in securities that are rated investment grade by at least one nationally recognized statistical rating organization and lower by another.

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

Investment Valuation

Common stocks and other equity-type securities are valued at the last sales price on the securities exchange on which such securities are primarily traded and are generally classified as Level 1. Securities primarily traded on the NASDAQ National Market ("NASDAQ") are valued, except as indicated below, at the NASDAQ Official Closing Price and are generally classified as Level 1. However, securities traded on a securities exchange or NASDAQ for which there were no transactions on a given day or securities not listed on a securities exchange or NASDAQ are valued at the mean between the quoted bid and ask prices.

Prices of fixed-income securities and interest rate swaps are provided by a pricing service approved by the Funds' Board of Trustees. Fixed-income securities are valued by a pricing service that values portfolio securities at the mean between the quoted bid and ask prices or the yield equivalent when quotations are readily available. These securities are generally classified as Level 2. Securities for which quotations are not readily available are valued at fair value as determined by the pricing service using methods that may include consideration of the following: yields or prices of investments of comparable quality, type of issue, coupon, maturity and rating, market quotes or indications of value from security dealers, evaluations of anticipated cash flows or collateral, general market conditions and other information and analysis, including the obligor's credit characteristics considered relevant. The pricing service may employ electronic data processing techniques and/or a matrix system to determine valuations. These securities are generally classified as Level 2. Highly rated zero coupon fixed-income securities, like U.S. Treasury Bills, issued with maturities of one year or less, are valued using the amortized cost method when 60 days or less remain until maturity. With amortized cost, any discount or premium is amortized each day, regardless of the impact of fluctuating rates on the market value of the security. These securities will generally be classified as Level 1 or Level 2.

Temporary investments in securities that have variable rate and demand features qualifying them as short-term investments are valued at amortized cost, which approximates market value. These securities are generally classified as Level 1.

Nuveen Investments

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Notes to

FINANCIAL STATEMENTS (Unaudited) (continued)

Certain securities may not be able to be priced by the pre-established pricing methods as described above. Such securities may be valued by the Funds' Board of Trustees or its designee at fair value. These securities generally include, but are not limited to, restricted securities (securities which may not be publicly sold without registration under the Securities Act) for which a pricing service is unable to provide a market price; securities whose trading has been formally suspended; fixed-income securities that have gone into default and for which there is no current market quotation; a security whose market price is not available from a pre-established pricing source; a security with respect to which an event has occurred that is likely to materially affect the value of the security after the market has closed but before the calculation of a Fund's net asset value (as may be the case in non-U.S. markets on which the security is primarily traded) or make it difficult or impossible to obtain a reliable market quotation; and a security whose price, as provided by the pricing service, is not deemed to reflect the security's fair value. As a general principle, the fair value of an issue of securities would appear to be the amount that the owner might reasonably expect to receive for them in a current sale. A variety of factors may be considered in determining the fair value of these securities, which may include consideration of the following: yields or prices of investments of comparable quality, type of issue, coupon, maturity and rating, market quotes or indications of value from security dealers, evaluations of anticipated cash flows or collateral, general market conditions and other information and analysis, including the obligor's credit characteristics considered relevant. These securities are classified as Level 2 or as Level 3 depending on the priority of the significant inputs. Regardless of the method employed to value a particular security, all valuations are subject to review by the Funds' Board of Trustees or its designee.

Refer to Footnote 2 Fair Value Measurements for further details on the leveling of securities held by the Funds as of the end of the reporting period.

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/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, 2010, there were no such outstanding purchase commitments in any of the Funds.

Investment Income

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

Income Taxes

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

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

Dividends and Distributions to Common Shareholders

Dividends to Common shareholders are declared monthly. Net realized capital gains from investment transactions, if any, are declared and distributed to shareholders at least annually. Furthermore, capital gains are distributed only to the extent they exceed available capital loss carryforwards.

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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. GAAP.

The final determination of the source and character of all distributions for the fiscal year are made after the end of the fiscal year and are reflected in the financial statements contained in the annual report as of December 31 each year.

The actual character of distributions made by the Fund during the fiscal year December 31, 2009, is reflected in the accompanying financial statements.

The distributions made by the Funds during the six months ended June 30, 2010, 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, 2010, the distribution amounts provisionally classified as "From and in excess of net investment income" were treated as being entirely from net investment income.

FundPreferred Shares

The Funds are authorized to issue FundPreferred Shares. As of December 31, 2009, Quality Preferred Income (JTP), Quality Preferred Income 2 (JPS) and Quality Preferred Income 3 (JHP) redeemed all of their outstanding FundPreferred shares, at liquidation values of \$440,000,000, \$800,000,000 and \$166,000,000, respectively.

Foreign Currency Transactions

Each Fund is authorized to engage in foreign currency exchange transactions, including foreign currency forward, futures, options and swap contracts. To the extent that each Fund invests in securities and/or contracts that are denominated in a currency other than U.S. dollars, the Fund will be subject to currency risk, which is the risk that an increase in the U.S. dollar relative to the foreign currency will reduce returns or portfolio value. Generally, when the U.S. dollar rises in value against a foreign currency, the Fund's investments denominated in that currency will lose value because its currency is worth fewer U.S. dollars; the opposite effect occurs if the U.S. dollar falls in relative value. Investments and other assets and liabilities denominated in foreign currencies are converted into U.S. dollars on a spot (i.e. cash) basis at the spot rate prevailing in the foreign currency exchange market at the time of valuation. Purchases and sales of investments and dividend and interest income denominated in foreign currencies are translated into U.S. dollars on the respective dates of such transactions.

The books and records of the Funds are maintained in U.S. dollars. Foreign currencies, investments, other assets and liabilities are translated into U.S. dollars at 4:00 p.m. Eastern time. Investments, income and expenses are translated on the respective dates of such transactions. Net realized foreign currency gains and losses resulting from changes in exchange rates include foreign currency gains and losses between trade date and settlement date of the transactions, foreign currency transactions, and the difference between the amounts of interest and dividends recorded on the books of a Fund and the amounts actually received.

The realized and unrealized gains or losses resulting from changes in foreign exchange rates are recognized as a component of "Net realized gain (loss) from investments and foreign currency" and "Change in net unrealized appreciation (depreciation) of investments and foreign currency" on the Statement of Operations, when applicable.

Interest Rate Swaps

Each Fund is subject to interest rate risk in the normal course of pursuing its investment objectives and is authorized to invest in interest rate swap transactions in an attempt to manage such risk. Each Fund's use of interest rate swap contracts is intended to synthetically convert certain Fund positions in fixed-rate securities effectively into adjustable rate instruments and thereby shorten the average interest rate reset time and duration of each Fund's portfolio of investments. Interest rate swap contracts involve each Fund's agreement with the counterparty to pay or receive a fixed rate payment in exchange for the counterparty receiving or paying a variable rate payment. The amount of the payment obligation is based on the notional amount of the interest rate swap contract. Interest rate swap contracts 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. Each Fund accrues the fixed rate payment expected to be paid or received and the variable rate payment expected to be received or paid on interest rate swap contracts on a daily basis, and recognizes the daily change in the market value of the Fund's contractual rights and obligations under the contracts. The net amount recorded on these transactions for each counterparty is recognized on the Statement of Assets and Liabilities as a component of "Unrealized appreciation or depreciation on interest rate swaps" with the change during the fiscal period recognized on the Statement of Operations as "Change in net unrealized appreciation (depreciation) of interest rate swaps." Once periodic payments are settled in cash, the net amount is recognized as "Net realized gain (loss) from interest rate swaps" on the Statement of Operations, in addition to the net realized gain or loss recorded upon the termination of interest rate swap contracts. For tax purposes, periodic payments are treated as ordinary income or expense. The Funds did not invest in interest rate swap contracts during the six months ended June 30, 2010.

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FINANCIAL STATEMENTS (Unaudited) (continued)

Market and Counterparty Credit Risk

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

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

Repurchase Agreements

In connection with transactions in repurchase agreements, it is each Fund's 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 net credits earned on each Fund's cash on deposit with the bank. Such deposit arrangements are an alternative to overnight investments. Credits for cash balances may be offset by charges for any days on which a Fund overdraws its account at the custodian bank.

Indemnifications

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

Use of Estimates

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

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2. Fair Value Measurements

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

Level 1 Quoted prices in active markets for identical securities.

Level 2 Other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.).

Level 3 Significant unobservable inputs (including management's assumptions in determining the fair value of investments).

The inputs or methodologies used for valuing securities are not an indication of the risk associated with investing in those securities. The following is a summary of each Fund's fair value measurements as of June 30, 2010:

| Quality Preferred Income (JTP) | Level 1 | Level 2 | Level 3 | Total |
|---|-----------------------|-----------------------|----------------|-------------------------|
| Investments: | | | | |
| Preferred Securities* | \$ 305,673,594 | \$ 299,116,902 | \$ | \$ 604,790,496 |
| Corporate Bonds | | 3,115,189 | | 3,115,189 |
| Investment Companies | 15,024,445 | | | 15,024,445 |
| Short-Term Investments | 10,213,203 | | | 10,213,203 |
| Total | \$ 330,911,242 | \$ 302,232,091 | \$ | \$ 633,143,333 |
| Quality Preferred Income 2 (JPS) | Level 1 | Level 2 | Level 3 | Total |
| Investments: | | | | |
| Preferred Securities* | \$ 596,024,250 | \$ 566,139,289 | \$ | \$ 1,162,163,539 |
| Corporate Bonds | | 7,961,194 | | 7,961,194 |
| Investment Companies | 35,503,804 | | | 35,503,804 |
| Short-Term Investments | 23,666,812 | | | 23,666,812 |
| Total | \$ 655,194,866 | \$ 574,100,483 | \$ | \$ 1,229,295,349 |
| Quality Preferred Income 3 (JHP) | Level 1 | Level 2 | Level 3 | Total |
| Investments: | | | | |
| Preferred Securities* | \$ 111,109,867 | \$ 111,911,248 | \$ | \$ 223,021,115 |
| Investment Companies | 7,493,398 | | | 7,493,398 |
| Short-Term Investments | 3,815,095 | | | 3,815,095 |
| Total | \$ 122,418,360 | \$ 111,911,248 | \$ | \$ 234,329,608 |

* Preferred Securities includes Convertible Preferred Securities, \$25 Par (or similar) Preferred Securities and Capital Preferred Securities held by the Fund at the end of the reporting period, if any.

The following is a reconciliation of each Fund's Level 3 investments held at the beginning and end of the measurement period:

| | Quality Preferred Income (JTP) Level 3 Corporate Bonds | Quality Preferred Income 2 (JPS) Level 3 Corporate Bonds | Quality Preferred Income 3 (JHP) Level 3 Corporate Bonds |
|--|---|---|---|
| Balance at the beginning of period | \$ 5,125,000 | \$ 6,150,000 | \$ 2,050,000 |
| Gains (losses): | | | |
| Net realized gains (losses) | | | |
| Net change in unrealized appreciation (depreciation) | 56,250 | 24,875 | (4,625) |
| Net purchases at cost (sales at proceeds) | | 1,182,500 | 752,500 |
| Net discounts (premiums) | | | |

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| | | | |
|--|-------------|-------------|-------------|
| Net transfers in to (out of) at end of period fair value | (5,181,250) | (7,357,375) | (2,797,875) |
| Balance at the end of period | \$ | \$ | \$ |

3. Derivative Instruments and Hedging Activities

The Funds record derivative instruments at fair value, with changes in fair value recognized on the Statement of Operations, when applicable. Even though the Funds' investments in derivatives may represent economic hedges, they are not considered to be hedge transactions for financial reporting purposes. The Funds did not invest in derivative instruments during the six months ended June 30, 2010.

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FINANCIAL STATEMENTS (Unaudited) (continued)

4. Fund Shares

Common Shares

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

Transactions in Common shares were as follows:

| | Quality Preferred Income (JTP) | | Quality Preferred Income 2 (JPS) | | Quality Preferred Income 3 (JHP) | |
|---|-----------------------------------|---------------------------|-------------------------------------|---------------------------|-------------------------------------|---------------------------|
| | Six Months Ended 6/30/10 | Year Ended 12/31/09 | Six Months Ended 6/30/10 | Year Ended 12/31/09 | Six Months Ended 6/30/10 | Year Ended 12/31/09 |
| Common shares issued to shareholders due to reinvestment of distributions | | 64,645 | | 409,462 | | 18,863 |

FundPreferred Shares

Transactions in FundPreferred shares were as follows:

| | Quality Preferred Income (JTP) | | | | Quality Preferred Income 2 (JPS) | | | |
|--------------------------------|-----------------------------------|--------|------------------------|---------------|-------------------------------------|--------|------------------------|----------------|
| | Six Months Ended 6/30/10 | | Year Ended 12/31/09 | | Six Months Ended 6/30/10 | | Year Ended 12/31/09 | |
| | Shares | Amount | Shares | Amount | Shares | Amount | Shares | Amount |
| FundPreferred shares redeemed: | | | | | | | | |
| Series M | N/A | N/A | 519 | \$ 12,975,000 | N/A | N/A | 780 | \$ 19,500,000 |
| Series T | N/A | N/A | 519 | 12,975,000 | N/A | N/A | 780 | 19,500,000 |
| Series T2 | N/A | N/A | | | N/A | N/A | 650 | 16,250,000 |
| Series W | N/A | N/A | 519 | 12,975,000 | N/A | N/A | 780 | 19,500,000 |
| Series TH | N/A | N/A | 519 | 12,975,000 | N/A | N/A | 780 | 19,500,000 |
| Series TH2 | N/A | N/A | | | N/A | N/A | 650 | 16,250,000 |
| Series F | N/A | N/A | 519 | 12,975,000 | N/A | N/A | 780 | 19,500,000 |
| Total | N/A | N/A | 2,595 | \$ 64,875,000 | N/A | N/A | 5,200 | \$ 130,000,000 |

| | Quality Preferred Income 3 (JHP) | | | |
|--------------------------------|-------------------------------------|--------|------------------------|---------------|
| | Six Months Ended 6/30/10 | | Year Ended 12/31/09 | |
| | Shares | Amount | Shares | Amount |
| FundPreferred shares redeemed: | | | | |
| Series M | N/A | N/A | 362 | \$ 9,050,000 |
| Series TH | N/A | N/A | 362 | 9,050,000 |
| Total | N/A | N/A | 724 | \$ 18,100,000 |

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N/A-Quality Preferred Income (JTP), Quality Preferred Income 2 (JPS) and Quality Preferred Income 3 (JHP) redeemed all \$440,000,000, \$800,000,000 and \$166,000,000, respectively, of their outstanding FundPreferred shares as of December 31, 2009.

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5. Investment Transactions

Purchases and sales (including maturities but excluding short-term investments) during the six months ended June 30, 2010, were as follows:

| | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) | Quality Preferred Income 3 (JHP) |
|----------------------|---|---|---|
| Purchases | \$ 65,269,076 | \$ 182,615,340 | \$ 35,994,575 |
| Sales and maturities | 54,525,439 | 162,241,015 | 31,236,905 |

6. 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 recognition of premium amortization, timing differences in the recognition of income and timing differences in recognizing certain gains and losses on investment transactions. To the extent that differences arise that are permanent in nature, such amounts are reclassified within the capital accounts on the Statement of Assets and Liabilities presented in the annual report, based on their federal tax basis treatment; temporary differences do not require reclassification. Temporary and permanent differences do not impact the net asset values of the Funds.

At June 30, 2010, the cost and unrealized appreciation (depreciation) of investments, as determined on a federal income tax basis, were as follows:

| | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) | Quality Preferred Income 3 (JHP) |
|---|---|---|---|
| Cost of investments | \$ 670,812,335 | \$ 1,314,905,987 | \$ 248,443,353 |
| Gross unrealized: | | | |
| Appreciation | \$ 12,361,923 | \$ 24,242,212 | \$ 5,949,076 |
| Depreciation | (50,030,925) | (109,852,850) | (20,062,821) |
| Net unrealized appreciation (depreciation) of investments | \$ (37,669,002) | \$ (85,610,638) | \$ (14,113,745) |

The tax components of undistributed net ordinary income and net long-term capital gains at July 31, 2009, the Funds' last tax year end, were as follows:

| | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) | Quality Preferred Income 3 (JHP) |
|---|---|---|---|
| Undistributed net ordinary income * | \$ | \$ | \$ |
| Undistributed net long-term capital gains | | | |

* Net ordinary income consists of net taxable income derived from dividends, interest and net short-term capital gains, if any. Undistributed net ordinary income (on a tax basis) has not been reduced for the dividend declared on July 1, 2009, paid on August 3, 2009.

The tax character of distributions paid during the Funds' last tax year ended July 31, 2009, was designated for purposes of the dividends paid deduction as follows:

| | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) | Quality Preferred Income 3 (JHP) |
|--|---|---|---|
| Distributions from net ordinary income * | \$ 53,683,205 | \$ 104,844,629 | \$ 17,613,692 |
| Distributions from net long-term capital gains | | | |
| Return of capital | 4,357,413 | 4,197,409 | 1,810,986 |

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

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FINANCIAL STATEMENTS (Unaudited) (continued)

At July 31, 2009, the Funds' last tax year end, the Funds had unused capital loss carryforwards available for federal income tax purposes to be applied against future capital gains, if any. If not applied, the carryforwards will expire as follows:

| | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) | Quality Preferred Income 3 (JHP) |
|---------------|---|---|---|
| Expiration: | | | |
| July 31, 2011 | \$ 16,197,046 | \$ | \$ |
| July 31, 2015 | 1,000,781 | | 1,054,637 |
| July 31, 2016 | 14,951,415 | 19,410,408 | 8,151,820 |
| July 31, 2017 | 185,142,331 | 307,494,854 | 77,582,335 |
| Total | \$ 217,291,573 | \$ 326,905,262 | \$ 86,788,792 |

The Funds have elected to defer net realized losses from investments incurred from November 1, 2008 through July 31, 2009, the Funds' last tax year end, ("post-October losses") in accordance with federal income tax regulations. Post-October losses are treated as having arisen on the first day of the current fiscal year:

| | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) | Quality Preferred Income 3 (JHP) |
|------------------------------|---|---|---|
| Post-October capital losses | \$ 137,887,480 | \$ 250,776,457 | \$ 37,348,709 |
| Post-October currency losses | | | 43,701 |

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

7. Management Fees and Other Transactions with Affiliates

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

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

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

| Complex-Level Managed Asset Breakpoint Level* | Effective Rate at Breakpoint Level |
|---|------------------------------------|
| \$55 billion | .2000% |
| \$56 billion | .1996 |
| \$57 billion | .1989 |
| \$60 billion | .1961 |
| \$63 billion | .1931 |
| \$66 billion | .1900 |
| \$71 billion | .1851 |
| \$76 billion | .1806 |
| \$80 billion | .1773 |
| \$91 billion | .1691 |
| \$125 billion | .1599 |
| \$200 billion | .1505 |
| \$250 billion | .1469 |
| \$300 billion | .1445 |

* The complex-level fee is calculated based upon the aggregate daily managed assets of all Nuveen funds, with such daily managed assets defined separately for each fund in its management agreement, but excluding assets attributable to investments in other Nuveen funds. For the complex-level and fund-level fees, daily managed assets, include closed-end fund assets managed by the Adviser that are attributable to financial leverage. For these purposes, financial leverage includes the funds' use of preferred stock and borrowings and certain investments in the residual interest certificates (also called inverse floating rate securities) in tender option bond (TOB) trusts, including the portion of assets held by a TOB trust that has been effectively financed by the trust's issuance of floating rate securities, subject to an agreement by the Adviser to limit the amount of such assets for determining managed assets in certain circumstances. As of June 30, 2010, the complex-level fee rate was .1857%.

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

The Funds pay no compensation directly to those of its trustees who are affiliated with the Adviser or to its officers, all of whom receive remuneration for their services to the Funds from the Adviser or its affiliates. The Board of Trustees has adopted a deferred compensation plan for independent trustees that enables trustees to elect to defer receipt of all or a portion of the annual compensation they are entitled to receive from certain Nuveen advised funds. Under the plan, deferred amounts are treated as though equal dollar amounts had 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.

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:

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| 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.

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FINANCIAL STATEMENTS (Unaudited) (continued)

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.

8. Borrowing Arrangements

Quality Preferred Income (JTP) has entered into a \$155 million committed facility agreement with BNP Paribas Prime Brokerage, Inc. ("BNP"). As of June 30, 2010, the Fund's outstanding balance on this facility was \$153,375,000. For the six months ended June 30, 2010, the average daily balance outstanding and average interest rate on these borrowings were \$153,375,000 and 1.32%, respectively.

Quality Preferred Income 2 (JPS) has entered into a \$300 million committed facility agreement with BNP. As of June 30, 2010, the Fund's outstanding balance on this facility was \$289,500,000. For the six months ended June 30, 2010, the average daily balance outstanding and average interest rate on these borrowings were \$289,500,000 and 1.34%, respectively.

Quality Preferred Income 3 (JHP) has entered into a \$55 million committed facility agreement with BNP. As of June 30, 2010, the Fund's outstanding balance on this facility was \$55,000,000. For the six months ended June 30, 2010, the average daily balance outstanding and average interest rate on these borrowings were \$55,000,000 and 1.31%, respectively.

In order to maintain these borrowing facilities, the Funds must meet certain collateral, asset coverage and other requirements. Borrowings outstanding are fully secured by securities held in the Funds' Portfolios of Investments.

Interest on these borrowings is charged at 3-Month London Inter-Bank Offered Rate (LIBOR) plus .95% on the amounts borrowed and .85% on the undrawn balances.

Amounts borrowed on these facilities are recognized as "Borrowings" on the Statement of Assets and Liabilities. Interest expense incurred on each Fund's amount borrowed and undrawn balance are recognized as "Interest expense on borrowings" on the Statement of Operations.

9. New Accounting Standards

Fair Value Measurements

On January 21, 2010, Financial Accounting Standards Board issued changes to the authoritative guidance under U.S. GAAP for fair value measurements. The objective of which is to provide guidance on how investment assets and liabilities are to be valued and disclosed. Specifically, the amendment requires reporting entities disclose Level 3 activity for purchases, sales, issuances and settlements in the Level 3 roll-forward on a gross basis rather than as one net number. The effective date of the amendment is for interim and annual periods beginning after December 15, 2010. At this time, management is evaluating the implications of this guidance and the impact it will have to the financial statement amounts and footnote disclosures, if any.

10. Subsequent Events

Other Matters

As discussed in the Portfolio Managers' Comments section of this report, lawsuits pursuing claims made in the demand letter alleging that the Funds' Board of Trustees breached their fiduciary duties related to the redemption at par of the Funds' FundPreferred shares had been filed on behalf of shareholders of the Funds, against the Adviser, the Nuveen holding company, the majority owner of the holding company, the lone interested trustee, and current and former officers of the Funds. Nuveen and the other named defendants believe these lawsuits to be without merit, and all named parties intend to defend themselves vigorously. The Funds believe that these lawsuits will not have a material effect on the Funds or on the Adviser's ability to serve as investment adviser to the Funds.

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HIGHLIGHTS (Unaudited)

Selected data for a Common share outstanding throughout each period:

| | Beginning Common Share Net Asset Value | Net Investment Income(a) | Net Realized/ Unrealized Gain (Loss) | Investment Operations | | Total | Net Investment Income to Common Share- holders | Less Distributions | | Total |
|---|--|--------------------------------|---|--|--|---------|---|--|--|----------|
| | | | | Distributions from Net Investment Income to Share- holders(b) | Distributions from Capital Gains to Share- holders(b) | | | Capital Gains to Common Share- holders | Return of Capital to Common Share- holders | |
| Quality Preferred Income (JTP) | | | | | | | | | | |
| Year ended 12/31: | | | | | | | | | | |
| 2010(g) | \$ 7.06 | \$.32 | \$.31 | \$ | \$ | \$ 0.63 | \$ (.29)*** | \$ | \$ | \$ (.29) |
| 2009 | 5.25 | .63 | 1.82 | ** | | 2.45 | (.57) | | (.07) | (.64) |
| 2008 | 11.06 | 1.10 | (5.81) | (.19) | | (4.90) | (.90) | | (.01) | (.91) |
| 2007 | 14.10 | 1.29 | (2.96) | (.35) | | (2.02) | (.93) | | (.09) | (1.02) |
| 2006 | 14.20 | 1.28 | .02 | (.32) | | .98 | (1.08) | | | (1.08) |
| 2005 | 14.92 | 1.30 | (.68) | (.21) | | .41 | (1.13) | | | (1.13) |
| Quality Preferred Income 2 (JPS) | | | | | | | | | | |
| Year ended 12/31: | | | | | | | | | | |
| 2010(g) | 7.67 | .34 | .19 | | | .53 | (.32)*** | | | (.32) |
| 2009 | 5.42 | .69 | 2.29 | ** | | 2.98 | (.70) | | (.03) | (.73) |
| 2008 | 11.57 | 1.18 | (6.18) | (.18) | | (5.18) | (.97) | | | (.97) |
| 2007 | 14.66 | 1.34 | (2.96) | (.34) | (.01) | (1.97) | (1.04) | (.04) | (.04) | (1.12) |
| 2006 | 14.77 | 1.33 | (.01) | (.31) | | 1.01 | (1.12) | | | (1.12) |
| 2005 | 15.66 | 1.34 | (.69) | (.18) | (.02) | .45 | (1.16) | (.18) | | (1.34) |
| Quality Preferred Income 3 (JHP) | | | | | | | | | | |
| Year ended 12/31: | | | | | | | | | | |
| 2010(g) | 7.45 | .32 | .13 | | | .45 | (.31)*** | | | (.31) |
| 2009 | 5.14 | .63 | 2.34 | ** | | 2.97 | (.58) | | (.08) | (.66) |
| 2008 | 11.02 | 1.08 | (5.85) | (.19) | | (4.96) | (.90) | | (.02) | (.92) |
| 2007 | 14.22 | 1.31 | (3.09) | (.37) | | (2.15) | (.95) | | (.10) | (1.05) |
| 2006 | 14.29 | 1.31 | .05 | (.33) | | 1.03 | (1.09) | | (.01) | (1.10) |
| 2005 | 15.15 | 1.32 | (.70) | (.21) | (.01) | .40 | (1.17) | (.09) | | (1.26) |

(a) Per share Net Investment Income is calculated using the average daily shares method.

(b) The amounts shown are based on Common Share equivalents.

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

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

(d) • Ratios do not reflect the effect of dividend payments to FundPreferred shareholders, where applicable.

• Net Investment Income ratios reflect income earned and expenses incurred on assets attributable to FundPreferred shares and/or borrowings, where applicable.

• Each ratio includes the effect of interest expense paid on borrowings as shown in the following table:

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| | Ending Common Share Net Asset Value | Ending Market Value | Total Returns Based on Market Value(c) | Based on Common Share Net Asset Value(c) | Ending Net Assets Applicable to Common Shares (000) | Ratios/Supplemental Data | | Portfolio Turnover Rate | | |
|---|-------------------------------------|---------------------|--|--|---|--|--|-------------------------|--------|----|
| | | | | | | Ratios to Average Net Assets Applicable to Common Shares Before Reimbursement(d) | Ratios to Average Net Assets Applicable to Common Shares After Reimbursement(d)(e) | | | |
| | | | | | Expenses | Net Investment Income | Expenses | Net Investment Income | | |
| Quality Preferred Income (JTP) | | | | | | | | | | |
| Year ended 12/31: | | | | | | | | | | |
| 2010(g) | \$ 7.40 | \$ 7.16 | 13.56% | 8.80% | \$ 477,980 | 1.70%* | 8.60%* | 1.59%* | 8.71%* | 9% |
| 2009 | 7.06 | 6.57 | 53.05 | 51.85 | 456,186 | 1.86 | 11.04 | 1.71 | 11.19 | 29 |
| 2008 | 5.25 | 4.86 | (47.05) | (46.97) | 339,270 | 2.01 | 11.65 | 1.67 | 11.99 | 24 |
| 2007 | 11.06 | 10.33 | (24.60) | (15.32) | 713,945 | 1.54 | 9.43 | 1.11 | 9.86 | 32 |
| 2006 | 14.10 | 14.84 | 29.51 | 7.26 | 909,608 | 1.50 | 8.70 | 1.02 | 9.18 | 34 |
| 2005 | 14.20 | 12.40 | (3.69) | 2.89 | 915,598 | 1.49 | 8.47 | 1.02 | 8.94 | 19 |
| Quality Preferred Income 2 (JPS) | | | | | | | | | | |
| Year ended 12/31: | | | | | | | | | | |
| 2010(g) | 7.88 | 7.51 | 8.09 | 7.11 | 947,569 | 1.63* | 8.52* | 1.53* | 8.62* | 13 |
| 2009 | 7.67 | 7.25 | 63.90 | 61.22 | 922,354 | 1.82 | 11.27 | 1.64 | 11.45 | 27 |
| 2008 | 5.42 | 5.04 | (47.49) | (47.58) | 649,377 | 1.96 | 12.02 | 1.59 | 12.39 | 18 |
| 2007 | 11.57 | 10.81 | (22.24) | (14.32) | 1,386,125 | 1.45 | 9.35 | 1.00 | 9.80 | 31 |
| 2006 | 14.66 | 15.12 | 27.75 | 7.09 | 1,753,392 | 1.42 | 8.72 | .95 | 9.19 | 34 |
| 2005 | 14.77 | 12.80 | (2.06) | 3.01 | 1,765,543 | 1.40 | 8.32 | .94 | 8.78 | 17 |
| Quality Preferred Income 3 (JHP) | | | | | | | | | | |
| Year ended 12/31: | | | | | | | | | | |
| 2010(g) | 7.59 | 7.29 | 9.35 | 6.14 | 179,967 | 1.66* | 8.22* | 1.56* | 8.33* | 14 |
| 2009 | 7.45 | 6.95 | 54.50 | 63.23 | 176,677 | 1.87 | 10.56 | 1.66 | 10.77 | 35 |
| 2008 | 5.14 | 5.08 | (45.66) | (48.00) | 121,870 | 2.00 | 11.51 | 1.60 | 11.91 | 30 |
| 2007 | 11.02 | 10.51 | (23.61) | (16.01) | 261,081 | 1.60 | 9.38 | 1.10 | 9.87 | 35 |
| 2006 | 14.22 | 14.92 | 25.00 | 7.49 | 336,540 | 1.56 | 8.81 | 1.08 | 9.29 | 39 |
| 2005 | 14.29 | 12.92 | (2.16) | 2.88 | 337,858 | 1.54 | 8.48 | 1.07 | 8.96 | 16 |

| Quality Preferred Income (JTP) | Ratios of Borrowings Interest Expense to Average Net Assets Applicable to Common Shares(f) | Quality Preferred Income 2 (JPS) | Ratios of Borrowings Interest Expense to Average Net Assets Applicable to Common Shares(f) | Quality Preferred Income 3 (JHP) | Ratios of Borrowings Interest Expense to Average Net Assets Applicable to Common Shares(f) |
|--------------------------------|--|----------------------------------|--|----------------------------------|--|
| Year Ended 12/31: | | | | | |
| 2010(g) | .42%* | 2010(g) | .40%* | 2010(g) | .39%* |
| 2009 | .61 | 2009 | .59 | 2009 | .59 |
| 2008 | .26 | 2008 | .30 | 2008 | .20 |
| 2007 | | 2007 | | 2007 | |
| 2006 | | 2006 | | 2006 | |
| 2005 | | 2005 | | 2005 | |

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(e) After expense reimbursement from Adviser, where applicable. Ratios do not reflect the effect of custodian fee credits earned on the Fund's net cash on deposit with the custodian bank, where applicable. As of June 30, 2010, the Adviser is no longer reimbursing Quality Preferred Income (JTP) for any fees and expenses.

(f) Borrowings Interest Expense includes amortization of borrowing costs. Borrowing costs were fully amortized and expensed as of December 31, 2009.

(g) For the six months ended June 30, 2010.

* Annualized.

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

*** Represents distributions paid "From and in excess of net investment income" for the six months ended June 30, 2010.

See accompanying notes to financial statements.

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HIGHLIGHTS (Unaudited) (continued)

| | FundPreferred Shares at End of Period | | | Borrowings at End of Period | |
|---|---|---|--------------------------------|---|----------------------------------|
| | Aggregate Amount Outstanding (000) | Liquidation and Market Value Per Share | Asset Coverage Per Share | Aggregate Amount Outstanding (000) | Asset Coverage Per \$1,000 |
| Quality Preferred Income (JTP) | | | | | |
| Year Ended 12/31: | | | | | |
| 2010(g) | \$ | \$ | \$ | \$ 153,375 | \$ 4,116 |
| 2009 | | | | 153,375 | 3,974 |
| 2008 | 64,875 | 25,000 | 155,740 | 86,500 | 5,672 |
| 2007 | 440,000 | 25,000 | 65,565 | | |
| 2006 | 440,000 | 25,000 | 76,682 | | |
| 2005 | 440,000 | 25,000 | 77,023 | | |
| Quality Preferred Income 2 (JPS) | | | | | |
| Year Ended 12/31: | | | | | |
| 2010(g) | | | | 289,500 | 4,273 |
| 2009 | | | | 289,500 | 4,186 |
| 2008 | 130,000 | 25,000 | 149,880 | 165,200 | 5,718 |
| 2007 | 800,000 | 25,000 | 68,316 | | |
| 2006 | 800,000 | 25,000 | 79,794 | | |
| 2005 | 800,000 | 25,000 | 80,173 | | |
| Quality Preferred Income 3 (JHP) | | | | | |
| Year Ended 12/31: | | | | | |
| 2010(g) | | | | 55,000 | 4,272 |
| 2009 | | | | 55,000 | 4,212 |
| 2008 | 18,100 | 25,000 | 193,329 | 33,000 | 5,242 |
| 2007 | 166,000 | 25,000 | 64,319 | | |
| 2006 | 166,000 | 25,000 | 75,684 | | |
| 2005 | 166,000 | 25,000 | 75,882 | | |

(g) For the six months ended June 30, 2010.

See accompanying notes to financial statements.

Annual Investment Management Agreement Approval Process

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

In addition, in evaluating the applicable advisory agreements (each, an "*Investment Management Agreement*") and sub-advisory agreements (each, a "*Sub-advisory Agreement*," and each Investment Management Agreement and Sub-advisory Agreement, an "*Advisory Agreement*"), the Independent Board Members reviewed a broad range of information relating to the Funds, NAM and the Sub-Adviser (NAM and the Sub-Adviser are each a "*Fund Adviser*"), including absolute and comparative performance, fee and expense information for the Funds (as described in more detail below), the profitability of Nuveen for its advisory activities (which includes its wholly owned subsidiaries), and other information regarding the organization, personnel, and services provided by the respective Fund Adviser. The Independent Board Members also met quarterly as well as at other times as the need arose during the year and took into account the information provided at such meetings and the knowledge gained therefrom. Prior to approving the renewal of the Advisory Agreements, the Independent Board Members reviewed the foregoing information with their independent legal counsel and with management, reviewed materials from independent legal counsel describing applicable law and their duties in reviewing advisory contracts, and met with independent legal counsel in private

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sessions without management present. The Independent Board Members considered the legal advice provided by independent legal counsel and relied upon their knowledge of the Fund Adviser, its services and the Funds resulting from their meetings and other interactions throughout the year and their own business judgment in determining the factors to be considered in evaluating the Advisory Agreements. Each Board Member may have accorded different weight to the various factors in reaching his or her conclusions with respect to a Fund's Advisory Agreements. The Independent Board Members did not identify any single factor as all-important or controlling. The Independent Board Members' considerations were instead based on a comprehensive consideration of all the information presented. The principal factors considered by the Board and its conclusions are described below.

A. Nature, Extent and Quality of Services

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

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

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

The Independent Board Members also considered NAM's oversight of the performance, business activities and compliance of the Sub-Adviser. In that regard, the Independent Board Members reviewed an evaluation of the Sub-Adviser from NAM. The evaluation also included information relating to the Sub-Adviser's organization, operations, personnel, assets under management, investment philosophy, strategies and techniques in managing the Funds, developments affecting the Sub-Adviser, and an analysis of the Sub-Adviser. As described in further detail below, the Board also considered the performance of the Funds. In addition, the Board recognized 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. As part of their oversight, the Independent Board Members also continued their program of seeking to visit each sub-adviser to the Nuveen funds at least once over a multiple year rotation, meeting with key investment and business personnel. The Independent Board Members noted that NAM recommended the renewal of the Sub-advisory Agreements and considered the basis for such recommendations.

Based on their review, the Independent Board Members found that, overall, the nature, extent and quality of services provided (and expected to be provided) to the Funds under the respective Investment Management Agreement or Sub-advisory Agreement, as applicable, were satisfactory.

B. The Investment Performance of the Funds and Fund Advisers

The Board considered the performance results of each Fund over various time periods. The Board reviewed, among other things, each Fund's historic investment performance as well as information comparing the Fund's performance information with that of other funds (the "*Performance Peer Group*") based on data provided by an independent provider of mutual fund data and with recognized and/or customized benchmarks. In this regard, the performance information the Board reviewed included the Fund's total return information compared to the returns of its Performance Peer Group and recognized and/or customized benchmarks for the quarter, one-, three- and five-year periods ending December 31, 2009 and for the same periods ending March 31, 2010. Moreover, the Board reviewed the peer ranking of the Nuveen funds sub-advised by the Sub-Adviser in the aggregate. The Independent Board Members also reviewed historic premium and discount levels. This information supplemented the Fund performance information provided to the Board at each of its quarterly meetings. In reviewing peer comparison information, the Independent Board Members recognized that the Performance Peer Group of certain funds may not adequately represent the objectives and strategies of

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the funds, thereby limiting the usefulness of comparing a fund's performance with that of its Performance Peer Group.

Based on their review, the Independent Board Members determined that each Fund's investment performance over time had been satisfactory. The Independent Board Members noted that although the performance of the Nuveen Quality Preferred Income Fund (the "*Preferred Income Fund*") and the Nuveen Quality Preferred Income Fund 3 (the "*Preferred Income Fund 3*") lagged their respective peers somewhat in the longer periods, the performance had improved in the one-year period, performing in the first or second quartile. They further noted that the performance of the Nuveen Quality Preferred Income Fund 2 (the "*Preferred Income Fund 2*") over time was satisfactory compared to peers, falling within the second or third quartile over various periods. The Funds also outperformed their benchmarks for the one-year period.

C. Fees, Expenses and Profitability

1. Fees and Expenses

The Board evaluated the management fees and expenses of each Fund reviewing, among other things, such Fund's gross management fees, net management fees and net expense ratios in absolute terms as well as compared to the fee and expenses of a comparable universe of funds based on data provided by an independent fund data provider (the "*Peer Universe*") and in certain cases, to a more focused subset of funds in the Peer Universe (the "*Peer Group*") and any expense limitations.

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

In reviewing the fee schedule for a Fund, the Independent Board Members also considered the fund-level and complex-wide breakpoint schedules (described in further detail below) and any fee waivers and reimbursements provided by Nuveen (applicable, in particular, for certain closed-end funds launched since 1999). The Independent Board Members noted that the Preferred Income Fund 2 had net management fees and/or a net expense ratio below, at or near (within 5 basis points or less) the peer average of its Peer Group or Peer Universe. They further noted that the Preferred Income Fund and the Preferred Income Fund 3 each had an advisory fee above its respective Peer Group average, but a net expense ratio near its respective Peer Group average.

Based on their review of the fee and expense information provided, the Independent Board Members determined that each Fund's management fees were

reasonable in light of the nature, extent and quality of services provided to the Fund.

2. Comparisons with the Fees of Other Clients

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

In considering the fees of the Sub-Adviser, the Independent Board Members also considered the pricing schedule or fees that the Sub-Adviser charges for similar investment management services for other fund sponsors or clients (such as retail and/or institutional managed accounts) as applicable. The Independent Board Members noted that such fees were the result of arm's-length negotiations.

3. Profitability of Fund Advisers

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

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

Based on their review, the Independent Board Members concluded that Nuveen's level of profitability for its advisory activities was reasonable in light of the services provided. The Independent Board Members also considered the Sub-Adviser's revenues, expenses and profitability margins (pre- and post-tax). Based on their review, the Independent Board Members were satisfied that the Sub-Adviser's level of profitability was reasonable in light of the services provided.

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

D. Economies of Scale and Whether Fee Levels Reflect These Economies of Scale

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

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

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

E. Indirect Benefits

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

In addition to the above, the Independent Board Members considered whether each Fund Adviser received any benefits from soft dollar arrangements whereby a portion of the commissions paid by a Fund for brokerage may be used to acquire research that may be useful to the Fund Adviser in managing the assets of the Funds and other clients. With respect to NAM, the Independent Board Members noted that NAM does not currently have any soft dollar arrangements; however, to the extent certain bona fide agency transactions that occur on markets that traditionally trade on a principal basis and riskless principal transactions are considered as generating "commissions," NAM intends to comply with the applicable safe harbor provisions. With respect to the Sub-Adviser, the Board noted that the Sub-Adviser does not direct trades through non-affiliated broker-dealers and therefore does not have any brokerage to provide in order to receive research or related services on a soft dollar basis. The Sub-Adviser, however, may from time to time receive research from various firms with which it transacts client business, but it has no arrangements with these firms and clients do not pay higher commissions to receive such research. The Sub-Adviser also serves as its own broker for portfolio transactions for the Nuveen funds it advises and therefore may receive some indirect compensation.

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

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Approval Process (continued)

F. Other Considerations

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

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Reinvest Automatically Easily and Conveniently

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

Nuveen Closed-End Funds Dividend Reinvestment Plan

Your Nuveen 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. Just like dividends or distributions in cash, there may be times when income or capital gains taxes may be payable on dividends or distributions that are reinvested.

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

Easy and convenient

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

How shares are purchased

The shares you acquire by reinvesting will either be purchased on the open market or newly issued by the Fund. If the shares are trading at or above net asset value at the time of valuation, the Fund will issue new shares at the greater of the net asset value or 95% of the then-current market price. If the shares are trading at less than net asset value, shares for your account will be purchased on the open market. If the Plan Agent begins purchasing Fund shares on the open market while shares are trading below net asset value, but the Fund's shares subsequently trade at or above their net asset value before the Plan Agent is able to complete its purchases, the Plan Agent may cease open-market purchases and may invest the uninvested portion of the distribution in newly-issued Fund shares at a price equal to the greater of the shares' net asset value or 95% of the shares' market value on the last business day immediately prior to the purchase date. 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

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Reinvest Automatically
Easily and Conveniently (continued)

open market purchases will be paid by Plan participants. These commissions usually will be lower than those charged on individual transactions.

Flexible

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

You can reinvest whether your shares are registered in your name, or in the name of a brokerage firm, bank, or other nominee. Ask your 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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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.
- **Current Distribution Rate (also known as Market Yield, Dividend Yield or Current Yield):** Current distribution rate is based on the Fund's current annualized monthly distribution divided by the Fund's current market price.
- **Net Asset Value (NAV):** A Fund's NAV per common share is calculated by subtracting the liabilities of the Fund (including any debt and preferred shares issued in order to leverage the Fund) from its total assets and then dividing the remainder by the number of common shares outstanding. Fund NAVs are calculated at the end of each business day.

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Notes

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Other Useful Information

Board of Trustees

John P. Amboian

Robert P. Bremner

Jack B. Evans

William C. Hunter

David J. Kundert

William J. Schneider

Judith M. Stockdale

Carole E. Stone

Terence J. Toth

Fund Manager

Nuveen Asset Management
333 West Wacker Drive
Chicago, IL 60606

Custodian

State Street Bank & Trust Company
Boston, MA

Transfer Agent and Shareholder Services

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

Legal Counsel

Chapman and Cutler LLP
Chicago, IL

Independent Registered Public Accounting Firm

Ernst & Young LLP
Chicago, IL

Quarterly Portfolio of Investments and Proxy Voting Information

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

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

CEO Certification Disclosure

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

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

Distribution Information

The following federal income tax information is provided with respect to the Funds' distributions paid during the taxable year ended July 31, 2010. The Funds hereby designate their amounts, (or the maximum amount eligible), as dividends qualifying for the 70% dividends received deduction ("DRD") for corporations and their amounts, (or the maximum amount eligible), as qualified dividend income ("QDI") for individuals under Section 1(h)(11) of the Internal Revenue Code as shown in the accompanying table. The actual qualified dividend income distributions will be reported to shareholders on Form 1099-DIV which will be sent to shareholders shortly after calendar year end.

| Fund | DRD | QDI |
|--|--------------|---------------|
| Nuveen Quality Preferred Income Fund (JTP) | \$ 4,435,557 | \$ 16,497,964 |
| Nuveen Quality Preferred Income Fund 2 (JPS) | \$ 8,853,641 | \$ 33,625,724 |
| Nuveen Quality Preferred Income Fund 3 (JHP) | \$ 1,991,620 | \$ 6,654,229 |

Common Share Information

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

| Fund | Common Shares Repurchased |
|-------------|----------------------------------|
| JTP | |
| JPS | |
| JHP | |

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

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333 West Wacker Drive
Chicago, IL 60606
www.nuveen.com

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

Focused on meeting investor needs.

Nuveen Investments is a global investment management firm that seeks to help secure the long-term goals of institutions and high net worth investors as well as the consultants and financial advisors who serve them. We market our growing range of specialized investment solutions under the high-quality brands of HydePark, NWQ, Nuveen, Santa Barbara, Symphony, Tradewinds and Winslow Capital. In total, Nuveen Investments managed approximately \$150 billion of assets on June 30, 2010.

Find out how we can help you.

To learn more about the products and services of Nuveen Investments may be able to help you meet your financial goals, talk to your financial advisor, or call us at **(800) 257-8787**. Please read the information provided carefully before you invest. Investors should consider the investment objective and policies, risk considerations, charges and expenses of any investment carefully. Where applicable, be sure to obtain a prospectus, which contains this and other relevant information. To obtain a prospectus, please contact your securities representative or **Nuveen Investments, 333 W. Wacker Dr., Chicago, IL 60606**. Please read the prospectus carefully before you invest or send money.

Learn more about Nuveen Funds at: www.nuveen.com/cef

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OR

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ESA-E-0610D

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.

a) See Portfolio of Investments in Item 1.

b) Not applicable.

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

Not applicable to this filing.

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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.

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

ITEM 11. CONTROLS AND PROCEDURES.

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

ITEM 12. EXHIBITS.

File the exhibits listed below as part of this Form.

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

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

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(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/ Kevin J. McCarthy
Kevin J. McCarthy
Vice President and Secretary

Date: September 8, 2010

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

By (Signature and Title) /s/ Gifford R. Zimmerman
Gifford R. Zimmerman
Chief Administrative Officer
(principal executive officer)

Date: September 8, 2010

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

Date: September 8, 2010

