

NUVEEN QUALITY PREFERRED INCOME FUND 2
Form N-CSRS
September 08, 2009

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, 2009

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, 2009

Nuveen Quality Preferred Income Fund

JTP

Nuveen Quality Preferred Income Fund 2

JPS

Nuveen Quality Preferred Income Fund 3

JHP

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Chairman's Letter to Shareholders

Dear Shareholder,

The problems in the U.S. financial system and the slowdown in global economic activity continue to create a very difficult environment for the U.S. economy. The administration, the Federal Reserve System and Congress have initiated a variety of programs directed at restoring liquidity to the financial markets, providing financial support for critical financial institutions and stimulating economic activity. There are encouraging signs that these initiatives are beginning to have a constructive impact. It is not possible to predict whether the actions taken to date will be sufficient to restore more normal conditions in the financial markets or enable the economy to stabilize and set a course toward recovery. However, the speed and scope of the government's actions are very encouraging and, more importantly, reflect a commitment to act decisively to meet the economic challenges we face.

The performance information in the attached report reflects the impact of many forces at work in the equity and fixed-income markets. The comments by the portfolio managers describe the strategies being used to pursue your Fund's long-term investment goals. Parts of the financial markets continue to experience serious dislocations and thorough research and strong investment disciplines have never been more important in identifying risks and opportunities. I hope you will read this information carefully.

Your Board is particularly sensitive to our shareholders' concerns in these uncertain times. We believe that frequent and thorough communication is essential in this regard and encourage you to visit the Nuveen website: www.nuveen.com, for recent developments in all Nuveen funds. We also encourage you to communicate with your financial consultant for answers to your questions and to seek advice on your long-term investment strategy in the current market environment.

Nuveen continues to work on resolving the issues related to the auction rate preferred shares situation, but the unsettled conditions in the credit markets have slowed progress. Nuveen is actively pursuing a number of solutions, all with the goal of providing liquidity for preferred shareholders while preserving the potential benefits of leverage for common shareholders. We appreciate the patience you have shown as we work through the many issues involved.

On behalf of myself and 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 Nuveen Fund Board
August 24, 2009

Nuveen Investments

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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)

These Funds are sub-advised by a team of specialists at Spectrum Asset Management, an affiliate of Principal CapitalSM. Mark Lieb, Bernie Sussman and Phil Jacoby, who have more than 50 years of combined experience in the preferred securities markets, lead the team. Here Mark, Bernie and Phil talk about their management strategy and the performance of each Fund for the six-month period ended June 30, 2009.

What was your management strategy during the period?

Over the first six months of 2009, the preferred securities markets in which the Funds primarily invest continued to be affected by the sub-prime mortgage crisis and general illiquidity in the credit markets. During the first quarter, the Funds sought to reduce the levels of their financial leverage by selling securities to raise cash for the redemption of FundPreferred shares issued by the Funds. In a very unfavorable market, our strategy was to sell issues that we felt would remain under continued credit pressure or that we thought were overvalued relative to other series. In general, we tried to sell the higher priced securities because we believed they would have less upside potential in a market recovery.

The institutional market (i.e., the \$1000 par capital securities market) was extremely illiquid until April 2009. Consequently, rather than try to force sales in a market that was trading very thinly and often at what we thought were grossly undervalued levels, we chose instead to sell \$25 par retail-oriented securities. These issues were fairly liquid through the period and proved to be a better source of funds for FundPreferred share redemptions than \$1000 par capital securities. We also focused on the structural elements of the preferred securities we considered for possible sale, seeking where possible to remove severely stressed issues from the portfolios. We believed this would reduce income risk for the Funds and improve the likelihood that the holdings remaining in each Fund's portfolio would continue paying their dividends even if stressful conditions remained.

In addition, there were occasional opportunities to buy and trade for undervalued securities. For example, we switched from some \$25 par sector holdings into the capital securities from the same issuer when that market began to show more liquidity in the spring. The objective was to trade for deeper discounts, which we believed would reduce the recovery risk while increasing current yield.

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Past performance does not guarantee future results. Current performance may be higher or lower than the data shown.

Returns do not reflect the deduction of taxes that 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.

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

1 The Barclays Capital 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.

Overall, we continued to favor trust preferreds because of their senior position in the issuing company's capital structure, and we believe we have the Funds positioned to potentially benefit from any value realized in their trust preferred security holdings.

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 6/30/09

| | 6-Month | 1-Year | 5-Year |
|--|---------|---------|--------|
| JTP | 17.27% | -34.96% | -8.65% |
| JPS | 23.68% | -31.67% | -7.69% |
| JHP | 26.76% | -30.29% | -7.70% |
| Barclays Capital Aggregate Bond Index ¹ | 1.91% | 6.06% | 5.02% |
| Comparative Benchmark ² | 7.18% | -11.46% | -1.64% |

For the six-month period, all three Funds substantially outperformed the general market index and their benchmark. Much of this six-month outperformance can be attributed to generally improving market conditions. In June alone, the Barclays Capital Tier 1 Capital Securities Index (see footnote 2) closed up 5.05% and the Merrill Lynch Preferred Stock Hybrid Securities Index closed up 3.97%. The impact of these improving trends on the Funds' returns was magnified during this period by the Funds' use of financial leverage. By contrast, leverage had a generally detrimental effect on Fund returns during the generally negative market environment in the second half of 2008. (see p. 4 for more information on the Funds' capital structures and financial leverage).

Within this improving market environment, we were able to take advantage of several specific opportunities. In one case, we solicited a bid from a company for some of its preferred securities that the Funds held soon after that company closed a transaction exchanging some junior debt for senior debt. The company offered a bid for the Funds' holdings about 20 basis points above where the company's bonds were trading at the time.

As mentioned earlier, we switched between various \$25 par series and from \$25 par to capital securities of the same issuer in order to pick up income and reduce recovery risk. We also were able to purchase securities issued by non-financial and higher quality financial companies in both the secondary and IPO markets that proved to be undervalued due to temporary liquidity risk rather than credit concerns.

Continued ratings pressure from Standard & Poor's (S&P) and Moody's constrained this relative value switching. Despite the favorable balance sheet progress that many global banks made in the second quarter of 2009, there is still a ratings hangover in the preferred market. Moody's has announced it is contemplating substantial changes in its ratings approach for bank hybrids and preferred stock, which could result in material downgrades for some issue to below investment grade. Historically, Moody's has used banks' senior debt ratings as the "base" rating to assign ratings to hybrid securities. Senior debt ratings also have incorporated systemic support, such as government

assistance. Under Moody's proposed ratings approach, the "base" rating will be the Bank Financial Strength Rating, adjusted for parental and cooperative support, but excluding systemic support like government backstops. Such systemic support is what has been keeping senior debt and deposit ratings up during the stressful market conditions we've experienced. These new "base" ratings would often be lower (sometimes much lower) than the old "base" ratings. For example, Moody's expects that 75% of hybrid ratings will come down by at least two notches, with as much as 35% going down four or more notches. S&P already had given the market an advance read on similar ratings changes proposals earlier in 2009.

The Funds' returns during the period were negatively impacted by the sale of some holdings to redeem FundPreferred securities, especially in a very weak and challenging market during the first quarter of the year.

Recent Developments Regarding the Funds' Leveraged Capital Structures

Shortly after their inceptions, all three Funds issued FundPreferred shares to create financial leverage. The Funds use leverage because their managers believe that, over time, leveraging provides opportunities for additional income and total return for common shareholders. However, use of leverage also can expose common shareholders to additional risk especially when market conditions are unfavorable. For example, if 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 would be magnified by the use of leverage.

As noted in the last several shareholder reports, the auction rate preferred shares issued by many closed-end funds, including these Nuveen Funds, have been hampered by a lack of liquidity since February 2008. Since that time, more auction rate preferred shares have been submitted for sale in their regularly scheduled auctions than there have been offers to buy. This means that these auctions have "failed to clear," and that many, or all, of the auction rate preferred shareholders who wanted to sell their shares in these auctions were unable to do so. This decline in liquidity in auction rate preferred shares did not lower the credit quality of these shares, and auction rate preferred shareholders unable to sell their shares received distributions at the "maximum rate" applicable to failed auctions, as calculated in accordance with the pre-established terms of the auction rate preferred shares.

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

Beginning in the summer of 2008, the Funds announced their intention to redeem most or all of their FundPreferred shares and retain their leveraged structure primarily through the use of borrowings. On June 10, 2009, the Funds announced their intention to redeem all of their remaining outstanding FundPreferred shares. These final redemptions are contingent on favorable market conditions and temporary relief from the Securities

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and Exchange Commission from certain technical regulatory provisions. The Fund cannot provide any assurance about if or when this regulatory relief might be granted and if or when these last outstanding FundPreferred shares might be redeemed.

As of June 30, 2009, the amount of FundPreferred shares redeemed, at par, by the Funds are as shown in the accompanying table.

| Fund | Auction Rate Preferred Shares Redeemed | % of Original FundPreferred Shares |
|-------------|---|---|
| JTP | \$ 375,125,000 | 85.3% |
| JPS | \$ 670,000,000 | 83.8% |
| JHP | \$ 147,900,000 | 89.1% |

While the Funds' have announced their intention to redeem their remaining FundPreferred, the Funds cannot provide any assurance on when these outstanding shares might be redeemed.

Leveraging using borrowings offers common shareholders most of the same potential benefits and risks as leveraging with FundPreferred shares.

For up-to-date information, please visit the Nuveen CEF Auction Rate Preferred Resource Center at:
<http://www.nuveen.com/ResourceCenter/AuctionRatePreferred.aspx>.

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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, 2009, and likely will vary over time based on each Fund's investment activities and portfolio investment value changes.

All three Funds reduced their monthly distributions to common shareholders twice over the six-month reporting period. Some of the factors affecting these distributions are summarized below.

The Funds employed financial leverage through the use of FundPreferred shares and/or 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. Over the reporting period, the impact of financial leverage on the Funds' net asset value per share contributed positively to the income return and detracted from the price return. The overall impact of financial leverage detracted from the Funds' total 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, 2009, JTP and JHP had zero UNII balances, based upon our best estimate, for tax purposes and negative UNII balances for financial statement purposes. JPS had a positive UNII balance, based upon our best estimate, for tax purposes and a negative UNII balance 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, 2009. The distribution information is presented on a tax basis rather than on 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 6/30/09 (Common Shares) | JTP | JPS | JHP |
|---------------------------------|---------|---------|----------|
| Inception date | 6/25/02 | 9/24/02 | 12/18/02 |
| Six months ended June 30, 2009: | | | |
| Per share distribution: | | | |
| From net investment income | \$ 0.33 | \$ 0.39 | \$ 0.32 |
| From realized capital gains | 0.00 | 0.00 | 0.00 |
| Tax return of capital | 0.02 | 0.00 | 0.02 |
| Total per share distribution | \$ 0.35 | \$ 0.39 | \$ 0.34 |
| Distribution rate on NAV | 6.13% | 6.33% | 5.61% |
| Annualized total returns: | | | |
| Six-Month (Cumulative on NAV) | 17.27% | 23.68% | 26.76% |
| 1-Year on NAV | -34.96% | -31.67% | -30.29% |
| 5-Year on NAV | -8.65% | -7.69% | -7.70% |
| Since inception on NAV | -4.12% | -3.01% | -4.00% |

Common Share Repurchases and Shares Price Information

The Funds' Board of Trustees approved an open-market share repurchase program on July 30, 2008, under which each Fund may repurchase an aggregate of up to 10% of its outstanding common shares. Since the inception of this program, the Funds have not repurchased any of their outstanding common shares.

As of June 30, 2009, the Funds' common share prices were trading at premiums or discounts to their common share NAVs as shown in the accompanying table.

| Fund | 6/30/09 +Premium/ Discount | Six-Month Average +Premium/ Discount |
|------|-------------------------------|---|
| JTP | -3.33% | - 3.01% |
| JPS | +1.30% | -0.84% |
| JHP | -1.82% | -4.02% |

Nuveen Investments

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Fund Snapshot

| | |
|--|------------|
| Common Share Price | \$ 5.52 |
| Common Share Net Asset Value | \$ 5.71 |
| Premium/(Discount) to NAV | -3.33% |
| Current Distribution Rate ¹ | 11.30% |
| Net Assets Applicable to | |
| Common Shares (\$000) | \$ 369,003 |

Average Annual Total Return

(Inception 6/25/02)

| | On Share Price | On NAV |
|-------------------------|----------------|---------|
| 6-Month (Cumulative) | 22.76% | 17.27% |
| 1-Year | -31.87% | -34.96% |
| 5-Year | -7.87% | -8.65% |
| Since Inception | -4.92% | -4.12% |

Industries

(as a % of total investments)

| | |
|--------------------------------|-------|
| Insurance | 28.4% |
| Commercial Banks | 25.2% |
| Real Estate/Mortgage | 14.8% |
| Media | 7.0% |
| Multi-Utilities | 3.6% |
| Diversified Financial Services | 3.4% |
| Capital Markets | 3.1% |
| Short-Term Investments | 2.2% |
| Other | 12.3% |

Top Five Issuers(as a % of total investments)²

| | |
|--------------------------|------|
| Firststar Realty LLC | 4.0% |
| Viacom Inc. | 3.5% |
| AgFirst Farm Credit Bank | 3.3% |
| Comcast Corporation | 3.2% |
| ING Groep N.V. | 3.1% |

JTP

Performance

OVERVIEW

Nuveen Quality Preferred Income Fund

as of June 30, 2009

Portfolio Allocation (as a % of total investments)

2008-2009 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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JPS

Performance

OVERVIEW

Nuveen Quality Preferred Income Fund 2

as of June 30, 2009

Portfolio Allocation (as a % of total investments)

2008-2009 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.

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2 Excluding short-term investments.

Fund Snapshot

| | |
|---|------------|
| Common Share Price | \$ 6.24 |
| Common Share Net Asset Value | \$ 6.16 |
| Premium/(Discount) to NAV | 1.30% |
| Current Distribution Rate ¹ | 11.92% |
| Net Assets Applicable to Common Shares (\$000) | \$ 740,715 |

Average Annual Total Return

(Inception 9/24/02)

| | On Share Price | On NAV |
|-------------------------|----------------|---------|
| 6-Month (Cumulative) | 34.35% | 23.68% |
| 1-Year | -27.22% | -31.67% |
| 5-Year | -5.79% | -7.69% |
| Since Inception | -3.19% | -3.01% |

Industries

(as a % of total investments)

| | |
|--------------------------------|-------|
| Commercial Banks | 26.0% |
| Insurance | 23.7% |
| Real Estate/Mortgage | 13.7% |
| Media | 6.2% |
| Diversified Financial Services | 5.2% |
| Electric Utilities | 4.8% |
| Capital Markets | 4.3% |
| Short-Term Investments | 2.0% |
| Other | 14.1% |

Top Five Issuers

(as a % of total investments)²

| | |
|----------------------|------|
| Wachovia Corporation | 5.4% |
| ING Groep N.V. | 3.8% |
| Aegon N.V. | 3.4% |
| Entergy Corporation | 3.4% |
| Deutsche Bank AG | 3.2% |

Fund Snapshot

| | | |
|--|----|---------|
| Common Share Price | \$ | 5.95 |
| Common Share Net Asset Value | \$ | 6.06 |
| Premium/(Discount) to NAV | | -1.82% |
| Current Distribution Rate ¹ | | 10.89% |
| Net Assets Applicable to | | |
| Common Shares (\$000) | \$ | 143,583 |

Average Annual Total Return

(Inception 12/18/02)

| | On Share Price | On NAV |
|-------------------------|----------------|---------|
| 6-Month (Cumulative) | 26.29% | 26.76% |
| 1-Year | -27.12% | -30.29% |
| 5-Year | -6.46% | -7.70% |
| Since Inception | -4.66% | -4.00% |

Industries

(as a % of total investments)

| | |
|--------------------------------|-------|
| Insurance | 29.4% |
| Commercial Banks | 23.4% |
| Real Estate/Mortgage | 17.5% |
| Electric Utilities | 6.7% |
| Media | 3.6% |
| Diversified Financial Services | 3.5% |
| Short-Term Investments | 4.0% |
| Other | 11.9% |

Top Five Issuers(as a % of total investments)²

| | |
|--------------------------------|------|
| RenaissanceRe Holdings Limited | 7.0% |
| Prudential PLC | 4.2% |
| Public Storage, Inc. | 4.0% |
| Zurich Financial Services | 3.2% |
| Viacom Inc. | 3.0% |

JHP

Performance

OVERVIEW

Nuveen Quality Preferred Income Fund 3

as of June 30, 2009

Portfolio Allocation (as a % of total investments)

2008-2009 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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JTP

JPS

Shareholder MEETING REPORT

The annual meeting of shareholders was held in the offices of Nuveen Investments on May 6, 2009; at this meeting the shareholders were asked to vote on the election of Board Members.

| | JTP | | JPS | |
|--|--|--|--|--|
| | Common and FundPreferred shares voting together as a class | FundPreferred shares voting together as a class | Common and FundPreferred shares voting together as a class | FundPreferred shares voting together as a class |
| Approval of the Board Members was reached as follows: | | | | |
| Robert P. Bremner | | | | |
| For | 50,922,589 | | 96,728,611 | |
| Withhold | 2,204,568 | | 3,555,658 | |
| Total | 53,127,157 | | 100,284,269 | |
| Jack B. Evans | | | | |
| For | 50,953,798 | | 96,751,111 | |
| Withhold | 2,173,359 | | 3,533,158 | |
| Total | 53,127,157 | | 100,284,269 | |
| William C. Hunter | | | | |
| For | | 1,565 | | 3,186 |
| Withhold | | 51 | | 321 |
| Total | | 1,616 | | 3,507 |
| William J. Schneider | | | | |
| For | | 1,562 | | 3,186 |
| Withhold | | 54 | | 321 |
| Total | | 1,616 | | 3,507 |

Nuveen Investments

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JHP

Shareholder MEETING REPORT (continued)

| | JHP | |
|--|--|--|
| | Common and FundPreferred shares voting together as a class | FundPreferred shares voting together as a class |
| Approval of the Board Members was reached as follows: | | |
| Robert P. Bremner | | |
| For | 16,377,612 | |
| Withhold | 983,444 | |
| Total | 17,361,056 | |
| Jack B. Evans | | |
| For | 16,378,117 | |
| Withhold | 982,939 | |
| Total | 17,361,056 | |
| William C. Hunter | | |
| For | | 408 |
| Withhold | | 50 |
| Total | | 458 |
| William J. Schneider | | |
| For | | 408 |
| Withhold | | 50 |
| Total | | 458 |

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JTP

Nuveen Quality Preferred Income Fund

Portfolio of INVESTMENTS

June 30, 2009 (Unaudited)

| Shares | Description (1) | Coupon | Ratings (2) | Value |
|---------|--|---|-------------|--------------|
| | \$25 Par (or similar) Preferred Securities | 68.6% (55.2% of Total Investments) | | |
| | Capital Markets 3.0% | | | |
| 70,400 | Ameriprise Financial, Inc. | 7.750% | A | \$ 1,520,640 |
| 148,768 | BNY Capital Trust V, Series F | 5.950% | Aa3 | 3,341,329 |
| 70,076 | Credit Suisse | 7.900% | Aa3 | 1,572,505 |
| 241,721 | Deutsche Bank Capital Funding Trust II | 6.550% | Aa3 | 4,346,144 |
| 10,967 | Goldman Sachs Group Inc., Series GSC-3 (PPLUS) | 6.000% | A2 | 192,032 |
| | Total Capital Markets | | | 10,972,650 |
| | Commercial Banks 6.8% | | | |
| 83,100 | ASBC Capital I | 7.625% | A3 | 1,592,196 |
| 153,016 | Banco Santander Finance, 144A | 6.800% | Aa3 | 2,960,860 |
| 12,939 | Banco Santander Finance, 144A | 6.500% | Aa3 | 232,902 |
| 84,500 | Banesto Holdings, Series A, 144A | 10.500% | A1 | 1,866,926 |
| 116,800 | CoBank ACB, 144A | 7.000% | N/R | 3,637,269 |
| 46,000 | CoBank ACB | 0.000% | A | 2,202,871 |
| 80,308 | Merrill Lynch Preferred Capital Trust V | 7.280% | Baa3 | 1,390,131 |
| 294,441 | National City Capital Trust II | 6.625% | A2 | 5,570,824 |
| 200,000 | PFCI Capital Corporation | 7.750% | A3 | 3,487,500 |
| 80,044 | Royal Bank of Scotland Group PLC, Series N | 6.350% | Ba2 | 856,471 |
| 71,918 | Zions Capital Trust B | 8.000% | Baa1 | 1,391,613 |
| | Total Commercial Banks | | | 25,189,563 |
| | Diversified Financial Services 3.8% | | | |
| 9,600 | ING Groep N.V. | 8.500% | A3 | 186,720 |
| 36,200 | ING Groep N.V. | 7.375% | A3 | 640,740 |
| 756,858 | ING Groep N.V. | 7.200% | A3 | 12,874,155 |
| 16,300 | National Rural Utilities Cooperative Finance Corporation | 6.100% | A3 | 350,124 |
| | Total Diversified Financial Services | | | 14,051,739 |
| | Diversified Telecommunication Services 0.6% | | | |
| 13,300 | BellSouth Capital Funding (CORTS) | 7.120% | A | 300,913 |
| 74,635 | BellSouth Corporation (CORTS) | 7.000% | A | 1,683,952 |
| 6,594 | Verizon Communications, Series 2004-1 (SATURNS) | 6.125% | A | 151,926 |
| | Total Diversified Telecommunication Services | | | 2,136,791 |
| | Electric Utilities 2.9% | | | |
| 94,905 | Entergy Louisiana LLC | 7.600% | A- | 2,396,351 |
| 66,000 | Entergy Texas Inc. | 7.875% | BBB+ | 1,662,540 |
| 64,925 | FPL Group Capital Inc. | 6.600% | A3 | 1,616,633 |

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| | | | | |
|--------|---|--------|------|------------|
| 48,200 | Georgia Power Company | 6.000% | A | 1,178,490 |
| 76,065 | National Rural Utilities Cooperative Finance Corporation | 5.950% | A3 | 1,654,414 |
| 89,700 | PPL Energy Supply LLC | 7.000% | BBB | 2,254,161 |
| | Total Electric Utilities | | | 10,762,589 |
| | Food Products 0.5% | | | |
| 29,900 | Dairy Farmers of America Inc., 144A | 7.875% | BBB- | 1,984,613 |

Nuveen Investments

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JTP

Nuveen Quality Preferred Income Fund (continued)

Portfolio of INVESTMENTS June 30, 2009 (Unaudited)

| Shares | Description (1) | Coupon | Ratings (2) | Value |
|---------|---|--------|-------------|---------------|
| | Insurance 21.9% | | | |
| 893,254 | Aegon N.V. | 6.375% | Baa1 | \$ 12,889,654 |
| 494,912 | Arch Capital Group Limited | 8.000% | BBB- | 10,868,268 |
| 317,100 | Berkley WR Corporation, Capital Trust II | 6.750% | BBB- | 7,103,040 |
| 209,800 | Delphi Financial Group, Inc. | 8.000% | BBB+ | 3,843,536 |
| 229,800 | Delphi Financial Group, Inc. | 7.376% | BBB- | 3,483,768 |
| 621,204 | EverestRe Capital Trust II | 6.200% | Baa1 | 12,361,960 |
| 224,620 | Markel Corporation | 7.500% | BBB | 5,377,403 |
| 276,599 | PartnerRe Limited, Series C | 6.750% | BBB+ | 5,653,684 |
| 46,939 | PartnerRe Limited, Series D | 6.500% | BBB+ | 938,311 |
| 45,400 | PLC Capital Trust III | 7.500% | BBB | 832,636 |
| 386,042 | PLC Capital Trust IV | 7.250% | BBB | 7,593,446 |
| 4,200 | PLC Capital Trust V | 6.125% | BBB | 68,880 |
| 166,360 | Prudential PLC | 6.750% | A- | 3,044,388 |
| 255,702 | RenaissanceRe Holdings Limited | 6.600% | BBB+ | 4,983,632 |
| 64,600 | RenaissanceRe Holdings Limited, Series B | 7.300% | BBB+ | 1,324,946 |
| 14,300 | RenaissanceRe Holdings Limited, Series C | 6.080% | BBB+ | 255,970 |
| | Total Insurance | | | 80,623,522 |
| | IT Services 0.1% | | | |
| 20,900 | Vertex Industries Inc. (PPLUS) | 7.625% | A | 511,214 |
| | Media 8.7% | | | |
| 15,500 | CBS Corporation | 7.250% | BBB- | 281,325 |
| 128,441 | CBS Corporation | 6.750% | BBB- | 2,195,057 |
| 618,684 | Comcast Corporation | 7.000% | BBB+ | 14,136,928 |
| 747,738 | Viacom Inc. | 6.850% | BBB | 15,530,517 |
| | Total Media | | | 32,143,827 |
| | Multi-Utilities 4.4% | | | |
| 245,000 | Dominion Resources Inc. | 8.375% | BBB | 6,223,000 |
| 396,642 | Xcel Energy Inc. | 7.600% | Baa2 | 10,046,942 |
| | Total Multi-Utilities | | | 16,269,942 |
| | Oil, Gas & Consumable Fuels 2.7% | | | |
| 477,470 | Nexen Inc. | 7.350% | BB+ | 9,792,910 |
| | Pharmaceuticals 0.2% | | | |
| 18,900 | Bristol-Myers Squibb Company (CORTS) | 6.250% | A+ | 438,480 |
| 6,500 | Bristol-Myers Squibb Company Trust (CORTS) | 6.800% | A+ | 161,980 |
| | Total Pharmaceuticals | | | 600,460 |
| | Real Estate/Mortgage 12.3% | | | |
| 25,433 | Developers Diversified Realty Corporation | 7.500% | Ba1 | 285,358 |
| 47,300 | Developers Diversified Realty Corporation, Series G | 8.000% | Ba1 | 567,600 |

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| | | | | |
|---------|---|--------|------|------------|
| 311,147 | Developers Diversified Realty Corporation, Series H | 7.375% | Ba1 | 3,469,289 |
| 154,304 | Duke Realty Corporation, Series L | 6.600% | Baa2 | 2,059,958 |
| 31,000 | Duke Realty Corporation, Series N | 7.250% | Baa3 | 448,880 |
| 35,353 | First Industrial Realty Trust, Inc., Series J | 7.250% | Baa3 | 404,438 |
| 568,339 | HRPT Properties Trust, Series B | 8.750% | Baa3 | 10,184,635 |
| 13,800 | Kimco Realty Corporation, Series F | 6.650% | Baa2 | 246,330 |
| 541,987 | Kimco Realty Corporation, Series G | 7.750% | Baa2 | 11,192,032 |
| 92,378 | Prologis Trust, Series G | 6.750% | Baa3 | 1,514,999 |
| 4,800 | Public Storage, Inc., Series E | 6.750% | Baa1 | 96,192 |
| 107,100 | Public Storage, Inc., Series Y | 6.850% | Baa1 | 2,182,163 |
| 66,300 | Realty Income Corporation | 7.375% | Baa3 | 1,558,050 |
| 105,700 | Realty Income Corporation, Series E | 6.750% | Baa3 | 2,228,156 |
| 10,155 | Regency Centers Corporation | 7.250% | BBB- | 193,554 |
| 165,282 | Wachovia Preferred Funding Corporation | 7.250% | B2 | 2,984,993 |

Nuveen Investments

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| Shares | Description (1) | Coupon | | Ratings (2) | Value |
|--------------------------------|--|---------|----------|-------------|--------------------|
| | Real Estate/Mortgage (continued) | | | | |
| 378,802 | Weingarten Realty Investors, Series F | 6.500% | | Baa3 | \$ 5,920,675 |
| 100 | Weingarten Realty Trust, Series E | 6.950% | | Baa1 | 1,666 |
| | Total Real Estate/Mortgage | | | | 45,538,968 |
| | Wireless Telecommunication Services 0.7% | | | | |
| 105,801 | United States Cellular Corporation | 8.750% | | Baa2 | 2,522,296 |
| | Total \$25 Par (or similar) Preferred Securities (cost \$321,180,269) | | | | 253,101,084 |
| Principal Amount (000) | Description (1) | Coupon | Maturity | Ratings (2) | Value |
| | Corporate Bonds 1.7% (1.4% of Total Investments) | | | | |
| | Commercial Banks 1.7% | | | | |
| \$ 8,600 | Swedbank ForeningsSparbanken AB, 144A | 7.500% | 9/27/49 | A2 | \$ 6,148,123 |
| \$ 8,600 | Total Corporate Bonds (cost \$9,382,351) | | | | 6,148,123 |
| Principal Amount (000)/ Shares | Description (1) | Coupon | Maturity | Ratings (2) | Value |
| | Capital Preferred Securities 48.2% (38.8% of Total Investments) | | | | |
| | Capital Markets 0.9% | | | | |
| 1,900 | MUFG Capital Finance 2 | 4.850% | 7/25/56 | A2 | \$ 1,889,698 |
| 2,200 | UBS Perferred Funding Trust I | 8.622% | 10/01/51 | A1 | 1,567,020 |
| | Total Capital Markets | | | | 3,456,718 |
| | Commercial Banks 22.8% | | | | |
| 7,400 | Abbey National Capital Trust I | 8.963% | 6/30/50 | A2 | 5,820,744 |
| 18,600 | AgFirst Farm Credit Bank | 8.393% | 12/15/16 | A | 13,550,452 |
| 2,500 | AgFirst Farm Credit Bank | 7.300% | 12/15/53 | A | 1,215,713 |
| 1,500 | BanPonce Trust I, Series A | 8.327% | 2/01/27 | Baa2 | 883,437 |
| 6,900 | Barclays Bank PLC, 144A | 8.550% | 6/15/15 | A2 | 4,692,000 |
| 1,800 | BBVA International Unipersonal | 5.919% | 4/18/58 | Aa3 | 1,063,440 |
| 3,430 | C.A. Preferred Funding Trust | 7.000% | 1/30/49 | Aa3 | 2,606,800 |
| 1,500 | First Midwest Bancorp Inc. | 6.950% | 12/01/33 | Baa1 | 834,035 |
| 3,500 | Fulton Capital Trust I | 6.290% | 2/01/36 | A3 | 1,819,839 |
| 11,650 | HSBC Capital Funding LP, Debt | 10.176% | 6/30/50 | A1 | 12,259,656 |
| 3,000 | HT1 Funding, GmbH | 6.352% | 6/30/57 | Ba2 | 1,632,369 |
| 13,000 | KBC Bank Fund Trust III, 144A | 9.860% | 5/02/50 | A2 | 5,720,208 |
| 2,000 | KeyCorp Capital III | 7.750% | 7/15/29 | A3 | 1,579,692 |
| 6,400 | Lloyd's Banking Group PLC | 0.000% | 10/01/49 | B3 | 2,307,238 |
| 700 | Northgroup Preferred Capital Corporation, 144A | 6.378% | 10/15/57 | A1 | 526,633 |
| 1,000 | Popular North American Capital Trust I | 6.564% | 9/15/34 | Baa2 | 534,486 |
| 17,500 | Reliance Capital Trust I, Series B | 8.170% | 5/01/28 | N/R | 10,536,733 |
| 7,100 | Shinsei Finance II Cayman Limited, Perpetual Maturity, 144A | 7.160% | 7/25/49 | BBB- | 2,908,785 |
| 5,000 | Sparebanken Rogaland, Notes, 144A | 6.443% | 5/01/49 | A3 | 4,279,030 |
| 1,550 | Standard Chartered PLC, 144A | 7.014% | 7/30/37 | BBB | 1,103,177 |
| 2,600 | Standard Chartered PLC, 144A | 6.409% | 1/30/57 | BBB | 1,731,314 |
| 5,100 | Swedbank ForeningsSparbanken AB, 144A | 9.000% | 9/17/50 | A3 | 2,620,411 |
| 4,700 | Unicredito Italiano Capital Trust, 144A | 9.200% | 4/05/51 | A2 | 3,027,496 |
| 800 | Union Bank of Norway | 7.068% | 11/19/49 | A2 | 920,269 |
| | Total Commercial Banks | | | | 84,173,957 |

Nuveen Investments
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JTP

Nuveen Quality Preferred Income Fund (continued)

Portfolio of INVESTMENTS June 30, 2009 (Unaudited)

| Principal Amount (000)/ Shares | Description (1) | Coupon | Maturity | Ratings (2) | Value |
|--|--|---------|----------|-------------|--------------------|
| Diversified Financial Services 0.4% | | | | | |
| 400 | Bank One Capital III | 8.750% | 9/01/30 | A1 | \$ 376,635 |
| 1,140 | JPM Chase Capital XXV | 6.800% | 10/01/37 | A1 | 983,200 |
| | Total Diversified Financial Services | | | | 1,359,835 |
| Diversified Telecommunication Services 2.5% | | | | | |
| 11 | Centaur Funding Corporation, Series B, 144A | 9.080% | 4/21/20 | BBB | 9,084,375 |
| Insurance 13.5% | | | | | |
| 11,550 | AXA S.A., 144A | 6.463% | 12/14/49 | BBB+ | 7,287,634 |
| 5,500 | Great West Life and Annuity Capital I | 6.625% | 11/15/34 | A- | 4,134,988 |
| 3,800 | Great West Life and Annuity Insurance Company | 7.153% | 5/16/46 | A- | 2,929,694 |
| 6,000 | Hartford Financial Services Group Inc. | 8.125% | 6/15/18 | Baa2 | 4,205,880 |
| 2,000 | MetLife Capital Trust IV | 7.875% | 12/15/37 | Baa1 | 1,623,960 |
| 1,400 | Nationwide Financial Services Capital Trust | 7.899% | 3/01/37 | Baa2 | 763,192 |
| 4,100 | Nationwide Financial Services Inc. | 6.750% | 5/15/67 | Baa2 | 2,427,438 |
| 6,500 | Oil Insurance Limited, 144A | 7.558% | 12/30/49 | Baa1 | 3,194,646 |
| 7,400 | Old Mutual Capital Funding, Notes | 8.000% | 6/22/53 | Baa3 | 4,588,000 |
| 3,200 | Prudential Financial Inc. | 8.875% | 6/15/18 | BBB+ | 2,659,811 |
| 2,000 | Prudential PLC | 6.500% | 6/29/49 | A- | 1,285,000 |
| 22,000 | XL Capital, Limited | 6.500% | 10/15/57 | BBB- | 10,793,310 |
| 5,000 | ZFS Finance USA Trust V | 6.500% | 5/09/67 | BBB+ | 3,700,000 |
| | Total Insurance | | | | 49,593,553 |
| Real Estate 6.0% | | | | | |
| 1,644 | CBG Florida REIT Corporation | 7.114% | 11/15/49 | CC | 258,412 |
| 19 | Firstar Realty LLC, 144A | 8.875% | 12/31/50 | Aa3 | 18,115,311 |
| 5 | Sovereign Real Estate Investment Trust | 12.000% | 10/31/50 | BBB+ | 3,865,238 |
| | Total Real Estate | | | | 22,238,961 |
| Road & Rail 1.6% | | | | | |
| 7,600 | Burlington Northern Santa Fe Funding Trust I | 6.613% | 12/15/55 | BBB- | 6,027,499 |
| Thriffs & Mortgage Finance 0.5% | | | | | |
| 2,000 | Caisse Nationale Des Caisses d'Epargne et de Prevoyance | 6.750% | 1/27/49 | A2 | 1,265,000 |
| 800 | Onbank Capital Trust I | 9.250% | 2/01/27 | A3 | 583,363 |
| | Total Thriffs & Mortgage Finance | | | | 1,848,363 |
| | Total Capital Preferred Securities (cost \$275,623,644) | | | | 177,783,261 |
| Shares | Description (1) | | | | Value |
| Investment Companies 3.0% (2.4% of Total Investments) | | | | | |
| 315,548 | Blackrock Preferred Income Strategies Fund | | | | \$ 2,467,585 |
| 415,561 | Flaherty and Crumrine/Claymore Preferred Securities Income Fund Inc. | | | | 4,359,235 |

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| | | |
|---------|---|-------------------|
| 352,012 | John Hancock Preferred Income Fund III | 4,389,590 |
| | Total Investment Companies (cost | |
| | \$20,913,581) | 11,216,410 |

Nuveen Investments

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| Principal Amount (000) | Description (1) | Coupon | Maturity | Ratings (2) | Value |
|--|--|--------|----------|-------------|-----------------------|
| Short-Term Investments 2.7% (2.2% of Total Investments) | | | | | |
| U.S. Government and Agency Obligations 1.0% (0.8% of Total Investments) | | | | | |
| \$ 2,000 | U.S. Treasury Notes | 3.625% | 10/31/09 | AAA | \$ 2,022,658 |
| 1,500 | U.S. Treasury Notes | 3.125% | 11/30/09 | AAA | 1,517,873 |
| 3,500 | Total U.S. Government and Agency Obligations | | | | 3,540,531 |
| Repurchase Agreements 1.7% (1.4% of Total Investments) | | | | | |
| 6,403 | Repurchase Agreement with Fixed Income Clearing Corporation, dated 6/30/09, repurchase price \$6,402,917, collateralized by \$6,315,000 U.S. Treasury Notes, 2.750%, due 7/31/10, value \$6,536,025 | 0.000% | 7/01/09 | N/A | 6,402,917 |
| Total Short-Term Investments (cost \$9,957,461) | | | | | 9,943,448 |
| Total Investments (cost \$637,057,306) | | | | | 458,192,326 |
| 124.2% | | | | | 124.2% |
| Borrowings (8.8%) (3), (4) | | | | | (32,450,000) |
| Other Assets Less Liabilities 2.2% | | | | | 8,135,415 |
| FundPreferred Shares, at Liquidation Value (17.6%) (3) | | | | | (64,875,000) |
| Net Assets Applicable to Common Shares 100% | | | | | \$ 369,002,741 |

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

(3) Borrowings and FundPreferred Shares, at Liquidation Value as a percentage of Total Investments are 7.1% and 14.2%, respectively.

(4) The Fund may pledge up to 100% of its eligible investments in the Portfolio of Investments as collateral for Borrowings. As of June 30, 2009, investments with a value of \$140,557,763 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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JPS

Nuveen Quality Preferred Income Fund 2

Portfolio of INVESTMENTS

June 30, 2009 (Unaudited)

| Shares | Description (1) | Coupon | Ratings (2) | Value |
|-----------|--|---|-------------|--------------|
| | \$25 Par (or similar) Preferred Securities | 76.3% (60.8% of Total Investments) | | |
| | Capital Markets 4.2% | | | |
| 91,900 | Ameriprise Financial, Inc. | 7.750% | A | \$ 1,985,040 |
| 14,000 | Deutsche Bank Capital Funding Trust I | 7.350% | Aa3 | 269,360 |
| 1,176,035 | Deutsche Bank Capital Funding Trust II | 6.550% | Aa3 | 21,145,109 |
| 349,851 | Deutsche Bank Capital Funding Trust VIII | 6.375% | Aa3 | 6,430,261 |
| 61,100 | Deutsche Bank Capital Funding Trust IX | 6.625% | Aa3 | 1,130,350 |
| 1,900 | Deutsche Bank Contingent Capital Trust III | 7.600% | Aa3 | 37,506 |
| 13,418 | Goldman Sachs Group Inc., Series GSC-3 (PPLUS) | 6.000% | A2 | 234,949 |
| | Total Capital Markets | | | 31,232,575 |
| | Commercial Banks 6.8% | | | |
| 134,660 | ASBC Capital I | 7.625% | A3 | 2,580,086 |
| 177,045 | Banco Santander Finance, 144A | 6.800% | Aa3 | 3,425,821 |
| 731,000 | Banesto Holdings, Series A, 144A | 10.500% | A1 | 16,150,568 |
| 225,500 | CoBank ACB, 144A | 7.000% | N/R | 7,022,296 |
| 82,000 | CoBank ACB | 0.000% | A | 3,926,857 |
| 3,200 | KeyCorp Capital Trust X | 8.000% | A3 | 59,616 |
| 202,101 | National City Capital Trust II | 6.625% | A2 | 3,823,751 |
| 289,600 | PFCI Capital Corporation | 7.750% | A3 | 5,049,900 |
| 410,910 | Royal Bank of Scotland Group PLC, Series N | 6.350% | Ba2 | 4,396,737 |
| 10,335 | Royal Bank of Scotland Group PLC, Series P | 6.250% | Ba2 | 109,861 |
| 173,217 | Zions Capital Trust B | 8.000% | Baa1 | 3,351,749 |
| | Total Commercial Banks | | | 49,897,242 |
| | Diversified Financial Services 4.6% | | | |
| 35,200 | ING Groep N.V. | 8.500% | A3 | 684,640 |
| 1,197,345 | ING Groep N.V. | 7.200% | A3 | 20,366,838 |
| 796,955 | ING Groep N.V. | 7.050% | BBB | 13,141,788 |
| | Total Diversified Financial Services | | | 34,193,266 |
| | Diversified Telecommunication Services 0.2% | | | |
| 6,896 | BellSouth Capital Funding (CORTS) | 7.120% | A | 156,022 |
| 43,200 | BellSouth Corporation (CORTS) | 7.000% | A | 974,700 |
| 16,700 | Verizon Communications (CORTS) | 7.625% | A | 416,331 |
| | Total Diversified Telecommunication Services | | | 1,547,053 |
| | Electric Utilities 6.0% | | | |
| 6,550 | Entergy Louisiana LLC | 7.600% | A- | 165,388 |

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| | | | | |
|-----------|-------------------------------------|--------|------|------------|
| 1,157,400 | Entergy Mississippi Inc. | 7.250% | A- | 28,934,999 |
| 61,300 | Entergy Texas Inc. | 7.875% | BBB+ | 1,544,147 |
| 25,442 | FPL Group Capital Inc. | 6.600% | A3 | 633,506 |
| 221,900 | PPL Capital Funding, Inc. | 6.850% | Baa2 | 5,394,389 |
| 319,475 | PPL Energy Supply LLC | 7.000% | BBB | 8,028,407 |
| | Total Electric Utilities | | | 44,700,836 |
| | Food Products 0.5% | | | |
| 56,900 | Dairy Farmers of America Inc., 144A | 7.875% | BBB- | 3,776,738 |

Nuveen Investments

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| Shares | Description (1) | Coupon | Ratings (2) | Value |
|---|---|--------|-------------|---------------|
| Insurance 20.9% | | | | |
| 2,171,810 | Aegon N.V. | 6.375% | Baa1 | \$ 31,339,217 |
| 963,483 | Arch Capital Group Limited | 8.000% | BBB- | 21,158,087 |
| 720,946 | Berkley WR Corporation, Capital Trust II | 6.750% | BBB- | 16,149,190 |
| 648,807 | Delphi Financial Group, Inc. | 8.000% | BBB+ | 11,886,144 |
| 404,400 | Delphi Financial Group, Inc. | 7.376% | BBB- | 6,130,704 |
| 269,500 | EverestRe Capital Trust II | 6.200% | Baa1 | 5,363,050 |
| 599,080 | Financial Security Assurance Holdings | 6.250% | A+ | 8,686,660 |
| 485,400 | Markel Corporation | 7.500% | BBB | 11,620,476 |
| 620,541 | PartnerRe Limited, Series C | 6.750% | BBB+ | 12,683,858 |
| 107,600 | PLC Capital Trust III | 7.500% | BBB | 1,973,384 |
| 443,898 | PLC Capital Trust IV | 7.250% | BBB | 8,731,474 |
| 12,463 | Protective Life Corporation | 7.250% | BBB | 235,426 |
| 209,042 | Prudential Financial Inc. | 9.000% | A- | 4,929,210 |
| 322,905 | Prudential PLC | 6.750% | A- | 5,909,162 |
| 273,900 | RenaissanceRe Holdings Limited | 6.600% | BBB+ | 5,338,311 |
| 139,500 | RenaissanceRe Holdings Limited, Series B | 7.300% | BBB+ | 2,861,145 |
| | Total Insurance | | | 154,995,498 |
| IT Services 0.0% | | | | |
| 3,300 | Vertex Industries Inc. (PPLUS) | 7.625% | A | 80,718 |
| Media 7.8% | | | | |
| 26,363 | CBS Corporation | 7.250% | BBB- | 478,488 |
| 732,750 | CBS Corporation | 6.750% | BBB- | 12,522,698 |
| 1,084,356 | Comcast Corporation | 7.000% | BBB+ | 24,777,534 |
| 965,340 | Viacom Inc. | 6.850% | BBB | 20,050,112 |
| | Total Media | | | 57,828,832 |
| Multi-Utilities 4.5% | | | | |
| 529,323 | Dominion Resources Inc. | 8.375% | BBB | 13,444,804 |
| 773,382 | Xcel Energy Inc. | 7.600% | Baa2 | 19,589,766 |
| | Total Multi-Utilities | | | 33,034,570 |
| Oil, Gas & Consumable Fuels 2.2% | | | | |
| 803,273 | Nexen Inc. | 7.350% | BB+ | 16,475,129 |
| Pharmaceuticals 0.0% | | | | |
| 4,600 | Bristol-Myers Squibb Company (CORTS) | 6.250% | A+ | 106,720 |
| 3,200 | Bristol-Myers Squibb Company Trust (CORTS) | 6.800% | A+ | 79,744 |
| | Total Pharmaceuticals | | | 186,464 |
| Real Estate/Mortgage 15.9% | | | | |
| 43,367 | Developers Diversified Realty Corporation | 7.500% | Ba1 | 486,578 |
| 636,413 | Developers Diversified Realty Corporation, Series G | 8.000% | Ba1 | 7,636,956 |
| 68,608 | Developers Diversified Realty Corporation, Series H | 7.375% | Ba1 | 764,979 |
| 302,600 | Duke Realty Corporation, Series L | 6.600% | Baa2 | 4,039,710 |
| 3,001 | Duke Realty Corporation, Series O | 8.375% | Baa3 | 52,698 |
| 2,831 | First Industrial Realty Trust, Inc., Series J | 7.250% | Baa3 | 32,387 |
| 1,022,865 | HRPT Properties Trust, Series B | 8.750% | Baa3 | 18,329,741 |
| 42,480 | HRPT Properties Trust, Series C | 7.125% | Baa3 | 639,749 |

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| | | | | |
|---------|-------------------------------------|--------|------|------------|
| 73,300 | Kimco Realty Corporation, Series F | 6.650% | Baa2 | 1,308,405 |
| 735,530 | Kimco Realty Corporation, Series G | 7.750% | Baa2 | 15,188,695 |
| 89,050 | Prologis Trust, Series G | 6.750% | Baa3 | 1,460,420 |
| 41,400 | Public Storage, Inc., Series E | 6.750% | Baa1 | 829,656 |
| 17,530 | Public Storage, Inc., Series H | 6.950% | Baa1 | 363,222 |
| 67,600 | Public Storage, Inc., Series Y | 6.850% | Baa1 | 1,377,350 |
| 134,000 | Realty Income Corporation | 7.375% | Baa3 | 3,149,000 |
| 450,258 | Realty Income Corporation, Series E | 6.750% | Baa3 | 9,491,439 |

Nuveen Investments

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JPS

Nuveen Quality Preferred Income Fund 2 (continued)

Portfolio of INVESTMENTS June 30, 2009 (Unaudited)

| Shares | Description (1) | Coupon | | Ratings (2) | Value |
|--|--|---------|----------|-------------|--------------------|
| Real Estate/Mortgage (continued) | | | | | |
| 190,545 | Regency Centers Corporation | 7.450% | | BBB | \$ 3,765,169 |
| 221,836 | Regency Centers Corporation | 7.250% | | BBB- | 4,228,194 |
| 1,978,892 | Wachovia Preferred Funding Corporation | 7.250% | | B2 | 35,738,786 |
| 398,268 | Weingarten Realty Investors, Series F | 6.500% | | Baa3 | 6,224,929 |
| 149,245 | Weingarten Realty Trust, Series E | 6.950% | | Baa1 | 2,486,422 |
| | Total Real Estate/Mortgage | | | | 117,594,485 |
| Wireless Telecommunication Services 2.7% | | | | | |
| 830,959 | United States Cellular Corporation | 8.750% | | Baa2 | 19,810,064 |
| | Total \$25 Par (or similar) Preferred Securities (cost \$725,370,873) | | | | 565,353,470 |
| Principal Amount (000) | Description (1) | Coupon | Maturity | Ratings (2) | Value |
| Corporate Bonds 0.4% (0.3% of Total Investments) | | | | | |
| Commercial Banks 0.4% | | | | | |
| \$ 4,400 | Swedbank ForengingsSparbanken AB, 144A | 7.500% | 9/27/49 | A2 | \$ 3,145,551 |
| | Total Corporate Bonds (cost \$4,837,906) | | | | 3,145,551 |
| Principal Amount (000)/ Shares | Description (1) | Coupon | Maturity | Ratings (2) | Value |
| Capital Preferred Securities 42.7% (34.1% of Total Investments) | | | | | |
| Capital Markets 1.2% | | | | | |
| 3,600 | MUFG Capital Finance 2 | 4.850% | 7/25/56 | A2 | \$ 3,580,481 |
| 7,900 | UBS Perferred Funding Trust I | 8.622% | 10/01/51 | A1 | 5,627,028 |
| | Total Capital Markets | | | | 9,207,509 |
| Commercial Banks 25.5% | | | | | |
| 5,500 | AB Svensk Exportkredit, 144A | 6.375% | 10/27/49 | Aa3 | 3,888,170 |
| 19,655 | Abbey National Capital Trust I | 8.963% | 6/30/50 | A2 | 15,460,367 |
| 23,400 | AgFirst Farm Credit Bank | 8.393% | 12/15/16 | A | 17,047,345 |
| 7,100 | AgFirst Farm Credit Bank | 7.300% | 12/15/53 | A | 3,452,624 |
| 4,500 | BanPonce Trust I, Series A | 8.327% | 2/01/27 | Baa2 | 2,650,311 |
| 34,700 | Barclays Bank PLC, 144A | 8.550% | 6/15/15 | A2 | 23,596,000 |
| 3,000 | BBVA International Unipersonal | 5.919% | 4/18/58 | Aa3 | 1,772,400 |
| 6,250 | Credit Agricole, S.A. | 6.637% | 5/30/49 | Aa3 | 3,676,713 |
| 1,500 | First Empire Capital Trust I | 8.234% | 2/01/27 | A3 | 990,938 |
| 1,500 | First Midwest Bancorp Inc. | 6.950% | 12/01/33 | Baa1 | 834,035 |
| 17,095 | First Union Capital Trust II, Series A | 7.950% | 11/15/29 | A | 13,832,983 |
| 6,800 | Fulton Capital Trust I | 6.290% | 2/01/36 | A3 | 3,535,687 |
| 4,650 | HSBC Capital Funding LP, Debt | 10.176% | 6/30/50 | A1 | 4,893,339 |
| 6,000 | HT1 Funding, GmbH | 6.352% | 6/30/57 | Ba2 | 3,264,739 |
| 25,000 | KBC Bank Fund Trust III, 144A | 9.860% | 5/02/50 | A2 | 11,000,400 |
| 6,000 | KeyCorp Capital III | 7.750% | 7/15/29 | A3 | 4,739,076 |

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| | | | | | |
|--------|---|---------|----------|------|-----------|
| 10,900 | Lloyd's Banking Group PLC | 0.000% | 10/01/49 | B3 | 3,929,515 |
| 8,000 | North Fork Capital Trust II | 8.000% | 12/15/27 | Baa1 | 5,819,128 |
| 10,000 | Northgroup Preferred Capital Corporation, 144A | 6.378% | 10/15/57 | A1 | 7,523,330 |
| 1,000 | Popular North American Capital Trust I | 6.564% | 9/15/34 | Baa2 | 534,486 |
| 1,700 | Rabobank Nederland | 11.000% | 12/31/49 | AA- | 1,896,042 |
| 8,000 | Reliance Capital Trust I, Series B | 8.170% | 5/01/28 | N/R | 4,816,792 |
| 12,000 | Royal Bank of Scotland Group PLC | 9.118% | 3/31/49 | BB- | 9,781,512 |
| 17,200 | Shinsei Finance II Cayman Limited, Perpetual Maturity, 144A | 7.160% | 7/25/49 | BBB- | 7,046,634 |
| 5,000 | Sparebanken Rogaland, Notes, 144A | 6.443% | 5/01/49 | A3 | 4,279,030 |
| 650 | Standard Chartered PLC, 144A | 7.014% | 7/30/37 | BBB | 462,623 |
| 6,100 | Swedbank ForeningsSparbanken AB, 144A | 9.000% | 9/17/50 | A3 | 3,134,217 |
| 9,000 | Unicredito Italiano Capital Trust, 144A | 9.200% | 4/05/51 | A2 | 5,797,332 |

Nuveen Investments

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| Principal Amount (000)/ Shares | Description (1) | Coupon | Maturity | Ratings (2) | Value |
|--|--|---------|----------|-------------|--------------------|
| Commercial Banks (continued) | | | | | |
| 1,500 | Union Bank of Norway | 7.068% | 11/19/49 | A2 | \$ 1,725,505 |
| (3) | Union Planters Preferred Fund, 144A | 7.750% | 7/15/53 | Baa1 | 17,745,000 |
| Total Commercial Banks | | | | | 189,126,273 |
| Diversified Financial Services 2.0% | | | | | |
| 12,811 | Countrywide Capital Trust III, Series B | 8.050% | 6/15/27 | Baa3 | 10,582,398 |
| 1,775 | JPMorgan Chase Capital Trust XX Series T | 6.550% | 9/29/36 | Aa3 | 1,414,707 |
| 3,000 | JPMorgan Chase Capital Trust XVIII | 6.950% | 8/17/66 | Aa3 | 2,535,306 |
| Total Diversified Financial Services | | | | | 14,532,411 |
| Diversified Telecommunication Services 3.3% | | | | | |
| 30 | Centaur Funding Corporation, Series B, 144A | 9.080% | 4/21/20 | BBB | 24,426,874 |
| Insurance 8.8% | | | | | |
| 2,200 | AXA S.A., 144A | 6.463% | 12/14/49 | BBB+ | 1,388,121 |
| 3,000 | AXA S.A., 144A | 6.379% | 6/14/57 | BBB+ | 1,924,662 |
| 6,750 | AXA-UAP | 8.600% | 12/15/30 | A- | 6,338,486 |
| 6,600 | Great West Life and Annuity Insurance Company | 7.153% | 5/16/46 | A- | 5,088,415 |
| 1,000 | Hartford Financial Services Group Inc. | 8.125% | 6/15/18 | Baa2 | 700,980 |
| 3,500 | MetLife Capital Trust IV | 7.875% | 12/15/37 | Baa1 | 2,841,930 |
| 1,200 | Nationwide Financial Services Capital Trust | 7.899% | 3/01/37 | Baa2 | 654,164 |
| 6,400 | Nationwide Financial Services Inc. | 6.750% | 5/15/67 | Baa2 | 3,789,171 |
| 12,300 | Oil Insurance Limited, 144A | 7.558% | 12/30/49 | Baa1 | 6,045,253 |
| 17,600 | Old Mutual Capital Funding, Notes | 8.000% | 6/22/53 | Baa3 | 10,912,000 |
| 2,300 | Progressive Corporation | 6.700% | 6/15/67 | A2 | 1,624,000 |
| 6,600 | Prudential Financial Inc. | 8.875% | 6/15/18 | BBB+ | 5,485,861 |
| 2,850 | Prudential PLC | 6.500% | 6/29/49 | A- | 1,831,125 |
| 28,900 | XL Capital, Limited | 6.500% | 10/15/57 | BBB- | 14,178,485 |
| 3,800 | ZFS Finance USA Trust V | 6.500% | 5/09/67 | BBB+ | 2,812,000 |
| Total Insurance | | | | | 65,614,653 |
| Real Estate 1.4% | | | | | |
| 12,422 | CBG Florida REIT Corporation | 7.114% | 11/15/49 | CC | 1,952,552 |
| 11 | Sovereign Real Estate Investment Trust | 12.000% | 10/31/50 | BBB+ | 8,112,500 |
| Total Real Estate | | | | | 10,065,052 |
| Road & Rail 0.5% | | | | | |
| 4,400 | Burlington Northern Santa Fe Funding Trust I | 6.613% | 12/15/55 | BBB- | 3,489,604 |
| Thriffs & Mortgage Finance 0.0% | | | | | |
| 1,300 | MM Community Funding Trust I Limited | 9.480% | 6/15/31 | Ca | 65,000 |
| Total Capital Preferred Securities (cost \$503,358,278) | | | | | 316,527,376 |
| Shares | Description (1) | | | | Value |
| Investment Companies 3.6% (2.8% of Total Investments) | | | | | |
| 838,654 | Blackrock Preferred Income Strategies Fund | | | | \$ 6,558,274 |
| 1,025,979 | Flaherty and Crumrine/Claymore Preferred Securities Income Fund Inc. | | | | 10,762,520 |
| 728,065 | John Hancock Preferred Income Fund III | | | | 9,078,971 |
| Total Investment Companies (cost \$51,148,059) | | | | | 26,399,765 |

Nuveen Investments

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Nuveen Quality Preferred Income Fund 2 (continued)

Portfolio of INVESTMENTS June 30, 2009 (Unaudited)

| Principal Amount (000) | Description (1) | Coupon | Maturity | Ratings (2) | Value |
|------------------------|--|--------|----------|-------------|-----------------------|
| | Short-Term Investments 2.5% (2.0% of Total Investments) | | | | |
| | U.S. Government and Agency Obligations 1.0% (0.8% of Total Investments) | | | | |
| \$ 7,000 | U.S. Treasury Notes | 1.500% | 10/31/10 | AAA | \$ 7,079,849 |
| 7,000 | Total U.S. Government and Agency Obligations | | | | 7,079,849 |
| | Repurchase Agreements 1.5% (1.2% of Total Investments) | | | | |
| | Repurchase Agreement with Fixed Income Clearing Corporation, dated 6/30/09, repurchase price \$11,271,812, collateralized by \$11,535,000 U.S. Treasury Bills, 0.000%, due 4/01/10, value \$11,500,395 | 0.000% | 7/01/09 | N/A | 11,271,812 |
| 11,272 | | | | | |
| | Total Short-Term Investments (cost \$18,286,013) | | | | 18,351,661 |
| | Total Investments (cost \$1,303,001,129) 125.5% | | | | 929,777,823 |
| | Borrowings (9.6)% (4), (5) | | | | (71,000,000) |
| | Other Assets Less Liabilities 1.7% | | | | 11,936,834 |
| | FundPreferred Shares, at Liquidation Value (17.6)% (4) | | | | (130,000,000) |
| | Net Assets Applicable to Common Shares 100% | | | | \$ 740,714,657 |

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

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

(4) Borrowings and FundPreferred Shares, at Liquidation Value as a percentage of Total Investments are 7.6% and 14.0%, respectively.

(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, 2009, investments with a value of \$379,065,545 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

See accompanying notes to financial statements.

JHP

Nuveen Quality Preferred Income Fund 3

Portfolio of INVESTMENTS

June 30, 2009 (Unaudited)

| Shares | Description (1) | Coupon | Ratings (2) | Value |
|-----------|--|---|-------------|------------|
| | \$25 Par (or similar) Preferred Securities | 77.6% (62.1% of Total Investments) | | |
| | Capital Markets 1.2% | | | |
| 14,800 | Ameriprise Financial, Inc. | 7.750% | A | \$ 368,520 |
| 30,772 | Deutsche Bank Capital Funding Trust II | 6.550% | Aa3 | 608,055 |
| 1,300,000 | Goldman Sachs Group Inc., Series GSC-3 (PPLUS) | 6.000% | A2 | 675,940 |
| | Total Capital Markets | | | 1,652,515 |
| | Commercial Banks 9.2% | | | |
| 3,400 | ASBC Capital I | 7.625% | A3 | 84,728 |
| 113,800 | Banco Santander Finance, 144A | 6.800% | Aa3 | 1,876,562 |
| 100,900 | Banco Santander Finance, 144A | 4.000% | Aa3 | 1,135,125 |
| 22,580 | Banesto Holdings, Series A, 144A | 10.500% | A1 | 491,115 |
| 48,600 | CoBank ACB, 144A | 7.000% | N/R | 1,227,150 |
| 12,000 | CoBank ACB | 0.000% | A | 196,800 |
| 79,800 | HSBC Finance Corporation | 6.875% | A | 1,247,274 |
| 8,000 | Merrill Lynch Capital Trust I | 6.450% | Baa3 | 130,000 |
| 5,500 | Merrill Lynch Capital Trust II | 6.450% | Baa3 | 88,110 |
| 25,000 | Merrill Lynch Capital Trust III | 7.375% | Baa3 | 455,000 |
| 58,700 | National City Capital Trust II | 6.625% | A2 | 1,003,183 |
| 192,900 | Royal Bank of Scotland Group PLC, Series N | 6.350% | Ba2 | 3,956,379 |
| 172,099 | Zions Capital Trust B | 8.000% | Baa1 | 1,345,814 |
| | Total Commercial Banks | | | 13,237,240 |
| | Diversified Financial Services 2.4% | | | |
| 60,700 | BAC Capital Trust XII | 6.875% | Baa3 | 1,311,120 |
| 53,800 | Countrywide Capital IV Trust | 6.750% | Baa3 | 885,010 |
| 67,144 | ING Groep N.V. | 7.050% | BBB | 1,228,735 |
| | Total Diversified Financial Services | | | 3,424,865 |
| | Diversified Telecommunication Services 2.5% | | | |
| 58,109 | AT&T Inc. | 6.375% | A | 1,481,198 |
| 31,100 | BellSouth Capital Funding (CORTS) | 7.120% | A | 655,588 |
| 37,500 | BellSouth Corporation (CORTS) | 7.000% | A | 675,000 |
| 41,900 | Verizon Communications (CORTS) | 7.625% | A | 824,173 |
| | Total Diversified Telecommunication Services | | | 3,635,959 |
| | Electric Utilities 8.3% | | | |
| 74,943 | Entergy Louisiana LLC | 7.600% | A- | 1,374,455 |
| 700,000 | Entergy Mississippi Inc. | 7.250% | A- | 696,205 |
| 78,100 | Entergy Texas Inc. | 7.875% | BBB+ | 1,967,339 |
| 199,047 | FPL Group Capital Inc. | 6.600% | A3 | 4,976,175 |

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| | | | | |
|-----------|--|--------|------|------------|
| 48,011 | National Rural Utilities Cooperative Finance Corporation | 5.950% | A3 | 723,046 |
| 2,785,000 | PPL Energy Supply LLC | 7.000% | BBB | 2,208,761 |
| | Total Electric Utilities | | | 11,945,981 |
| | Food Products 0.2% | | | |
| 500,000 | Dairy Farmers of America Inc., 144A | 7.875% | BBB- | 335,462 |

Nuveen Investments

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JHP

Nuveen Quality Preferred Income Fund 3 (continued)

Portfolio of INVESTMENTS June 30, 2009 (Unaudited)

| Shares | Description (1) | Coupon | Ratings (2) | Value |
|-----------|---|--------|-------------|------------|
| | Insurance 22.5% | | | |
| 600 | Aegon N.V. | 6.375% | Baa1 | \$ 13,575 |
| 215,941 | Arch Capital Group Limited | 8.000% | BBB- | 2,265,221 |
| 53,300 | Berkley WR Corporation, Capital Trust II | 6.750% | BBB- | 1,193,920 |
| 500,000 | Delphi Financial Group, Inc. | 8.000% | BBB+ | 321,250 |
| 2,340,000 | Delphi Financial Group, Inc. | 7.376% | BBB- | 2,018,147 |
| 108,767 | EverestRe Capital Trust II | 6.200% | Baa1 | 2,164,463 |
| 30,100 | Financial Security Assurance Holdings | 6.250% | A+ | 576,716 |
| 171,200 | PartnerRe Limited, Series C | 6.750% | BBB+ | 2,054,400 |
| 40,634 | PLC Capital Trust III | 7.500% | BBB | 464,853 |
| 80,367 | PLC Capital Trust IV | 7.250% | BBB | 1,451,428 |
| 8,500 | PLC Capital Trust V | 6.125% | BBB | 139,400 |
| 51,521 | Protective Life Corporation | 7.250% | BBB | 551,275 |
| 388,759 | Prudential PLC | 6.750% | A- | 6,989,883 |
| 358,538 | RenaissanceRe Holdings Limited | 6.600% | BBB+ | 5,173,702 |
| 8,485,000 | RenaissanceRe Holdings Limited, Series B | 7.300% | BBB+ | 6,865,917 |
| | Total Insurance | | | 32,244,150 |
| | Media 4.5% | | | |
| 2,000,000 | CBS Corporation | 6.750% | BBB- | 1,336,368 |
| 70 | Viacom Inc. | 6.850% | BBB | 5,175,624 |
| | Total Media | | | 6,511,992 |
| | Multi-Utilities 4.2% | | | |
| 105,500 | Dominion Resources Inc. | 8.375% | BBB | 2,679,700 |
| 131,200 | Xcel Energy Inc. | 7.600% | Baa2 | 3,323,296 |
| | Total Multi-Utilities | | | 6,002,996 |
| | Oil, Gas & Consumable Fuels 1.0% | | | |
| 2,000,000 | Nexen Inc. | 7.350% | BB+ | 1,412,174 |
| | Pharmaceuticals 0.2% | | | |
| 8,600 | Bristol-Myers Squibb Company (CORTS) | 6.250% | A+ | 199,520 |
| 11,507 | Bristol-Myers Squibb Company Trust (CORTS) | 6.800% | A+ | 97,579 |
| | Total Pharmaceuticals | | | 297,099 |
| | Real Estate/Mortgage 19.6% | | | |
| 1,000,000 | Developers Diversified Realty Corporation, Series G | 8.000% | Ba1 | 811,980 |
| 500,000 | First Industrial Realty Trust, Inc., Series J | 7.250% | Baa3 | 267,243 |
| 73,466 | HRPT Properties Trust, Series B | 8.750% | Baa3 | 1,506,788 |
| 2,000,000 | HRPT Properties Trust, Series C | 7.125% | Baa3 | 1,480,000 |
| 152,790 | Kimco Realty Corporation, Series G | 7.750% | Baa2 | 3,642,514 |
| 190,583 | Prologis Trust, Series G | 6.750% | Baa3 | 4,185,203 |
| 173,800 | Public Storage, Inc. | 6.750% | Baa1 | 3,552,472 |
| 2,300,000 | Public Storage, Inc., Series H | 6.950% | Baa1 | 1,451,217 |

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| | | | | |
|-----------|--|--------|------|------------|
| 26,299 | Public Storage, Inc., Series X | 6.450% | BBB | 509,938 |
| 44,500 | Public Storage, Inc., Series Y | 6.850% | Baa1 | 1,385,775 |
| 1,000,000 | Realty Income Corporation | 6.750% | Baa3 | 544,123 |
| 90,400 | Regency Centers Corporation | 7.450% | BBB | 1,370,464 |
| 139,100 | Regency Centers Corporation | 7.250% | BBB- | 2,548,312 |
| 2,400,000 | United Dominion Realty Trust | 6.750% | Baa3 | 1,179,563 |
| 3,000,000 | Wachovia Preferred Funding Corporation | 7.250% | B2 | 1,471,816 |
| 2,500,000 | Weingarten Realty Investors, Series F | 6.500% | Baa3 | 1,024,221 |
| 2,460,000 | Weingarten Realty Trust, Series E | 6.950% | Baa1 | 1,263,964 |
| | Total Real Estate/Mortgage | | | 28,195,593 |

Nuveen Investments

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| Shares | Description (1) | Coupon | | Ratings (2) | Value |
|--------------------------------|--|---------|----------|-------------|--------------------|
| | Wireless Telecommunication Services 1.8% | | | | |
| 4,250,000 | United States Cellular Corporation | 8.750% | | Baa2 | \$ 2,500,165 |
| | Total \$25 Par (or similar) Preferred Securities (cost \$151,078,238) | | | | 111,396,191 |
| Principal Amount (000)/ Shares | Description (1) | Coupon | Maturity | Ratings (2) | Value |
| | Capital Preferred Securities 40.6% (32.5% of Total Investments) | | | | |
| | Capital Markets 0.8% | | | | |
| 2,500 | MUFG Capital Finance 2 | 4.850% | 7/25/56 | A2 | \$ 1,100,040 |
| | Commercial Banks 20.1% | | | | |
| 500 | AgFirst Farm Credit Bank | 7.300% | 12/15/53 | A | 505,665 |
| 3,100 | Barclays Bank PLC, 144A | 8.550% | 6/15/15 | A2 | 2,108,000 |
| 32 | Barclays Bank PLC | 7.434% | 12/15/57 | A2 | 799,134 |
| 5 | BBVA International Unipersonal | 5.919% | 4/18/58 | Aa3 | 103,788 |
| 600 | Credit Agricole, S.A. | 6.637% | 5/30/49 | Aa3 | 355,235 |
| 33 | First Empire Capital Trust I | 8.234% | 2/01/27 | A3 | 635,938 |
| 1,500 | First Midwest Bancorp Inc. | 6.950% | 12/01/33 | Baa1 | 1,246,787 |
| 400 | First Union Capital Trust II, Series A | 7.950% | 11/15/29 | A | 218,055 |
| 77 | Fulton Capital Trust I | 6.290% | 2/01/36 | A3 | 1,574,988 |
| 2,514 | HT1 Funding, GmbH | 6.352% | 6/30/57 | Ba2 | 395,163 |
| 117 | KBC Bank Fund Trust III, 144A | 9.860% | 5/02/50 | A2 | 2,511,229 |
| 1,850 | Lloyd's Banking Group PLC | 0.000% | 10/01/49 | B3 | 1,426,298 |
| 2,000 | Northgroup Preferred Capital Corporation, 144A | 6.378% | 10/15/57 | A1 | 1,401,960 |
| 100 | Popular North American Capital Trust I | 6.564% | 9/15/34 | Baa2 | 1,897,260 |
| 300 | Rabobank Nederland | 11.000% | 12/31/49 | AA- | 334,596 |
| 247 | Shinsei Finance II Cayman Limited, Perpetual Maturity, 144A | 7.160% | 7/25/49 | BBB- | 5,138,789 |
| 140 | Standard Chartered PLC, 144A | 7.014% | 7/30/37 | BBB | 2,511,112 |
| 197 | Swedbank ForeningsSparbanken AB, 144A | 9.000% | 9/17/50 | A3 | 3,724,409 |
| 157 | Union Planters Preferred Fund, 144A | 7.750% | 7/15/53 | Baa1 | 1,962,766 |
| | Total Commercial Banks | | | | 28,851,172 |
| | Diversified Financial Services 2.0% | | | | |
| 2,000 | JPMorgan Chase Capital Trust XX Ser T | 6.550% | 9/29/36 | Aa3 | 1,594,036 |
| 70 | JPM Chase Capital XXV | 6.800% | 10/01/37 | A1 | 1,330,560 |
| | Total Diversified Financial Services | | | | 2,924,596 |
| | Diversified Telecommunication Services 0.2% | | | | |
| 12 | Centaur Funding Corporation, Series B, 144A | 9.080% | 4/21/20 | BBB | 213,622 |
| | Industrial Conglomerates 1.1% | | | | |
| 2,000 | General Electric Capital Corporation | 0.000% | 11/15/67 | Aa3 | 1,504,666 |
| | Insurance 14.2% | | | | |
| 2 | AXA S.A., 144A | 6.463% | 12/14/49 | BBB+ | 31,184 |
| 14 | AXA S.A., 144A | 6.379% | 6/14/57 | BBB+ | 290,080 |
| 700 | Great West Life and Annuity Insurance Company | 7.153% | 5/16/46 | A- | 413,560 |
| 11 | Hartford Financial Services Group Inc. | 8.125% | 6/15/18 | Baa2 | 730,125 |
| 83 | MetLife Capital Trust IV | 7.875% | 12/15/37 | Baa1 | 1,602,199 |
| 1,000 | Nationwide Financial Services Capital Trust | 7.899% | 3/01/37 | Baa2 | 660,625 |
| 74 | Nationwide Financial Services Inc. | 6.750% | 5/15/67 | Baa2 | 1,344,315 |

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| | | | | | |
|-------|-----------------------------------|--------|----------|------|------------|
| 110 | Oil Insurance Limited, 144A | 7.558% | 12/30/49 | Baa1 | 2,203,362 |
| 1,900 | Old Mutual Capital Funding, Notes | 8.000% | 6/22/53 | Baa3 | 923,942 |
| 1,600 | Progressive Corporation | 6.700% | 6/15/67 | A2 | 992,000 |
| 173 | Prudential Financial Inc. | 8.875% | 6/15/18 | BBB+ | 3,566,997 |
| 500 | Prudential PLC | 6.500% | 6/29/49 | A- | 180,252 |
| 143 | XL Capital, Limited | 6.500% | 10/15/57 | BBB- | 2,071,687 |
| 246 | ZFS Finance USA Trust V | 6.500% | 5/09/67 | BBB+ | 5,437,282 |
| | Total Insurance | | | | 20,447,610 |

Nuveen Investments

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JHP

Nuveen Quality Preferred Income Fund 3 (continued)

Portfolio of INVESTMENTS June 30, 2009 (Unaudited)

| Principal Amount (000)/ Shares | Description (1) | Coupon | Maturity | Ratings (2) | Value |
|--------------------------------|---|--------|----------|-------------|-----------------------|
| | Real Estate 2.2% | | | | |
| 5,000 | CBG Florida REIT Corporation | 7.114% | 11/15/49 | CC | \$ 3,207,770 |
| | Road & Rail 0.0% | | | | |
| 2 | Burlington Northern Santa Fe Funding Trust I | 6.613% | 12/15/55 | BBB- | 36,652 |
| | Total Capital Preferred Securities (cost \$78,387,024) | | | | 58,286,128 |
| Shares | Description (1) | | | | Value |
| | Investment Companies 1.8% (1.4% of Total Investments) | | | | |
| 26,600 | Blackrock Preferred Income Strategies Fund | | | | \$ 663,138 |
| 16,000 | Blackrock Preferred Opportunity Trust | | | | 766,216 |
| 500,000 | Flaherty and Crumrine/Claymore Preferred Securities Income Fund Inc. | | | | 278,012 |
| 1,200,000 | John Hancock Preferred Income Fund III | | | | 854,072 |
| | Total Investment Companies (cost \$3,242,800) | | | | 2,561,438 |
| Principal Amount (000) | Description (1) | Coupon | Maturity | Ratings (2) | Value |
| | Short-Term Investments 5.0% (4.0% of Total Investments) | | | | |
| | U.S. Government and Agency Obligations 3.7% (2.9% of Total Investments) | | | | |
| \$ 5 | U.S. Treasury Notes | 3.625% | 10/31/09 | AAA | \$ 4,247,450 |
| 1,000 | U.S. Treasury Notes | 3.125% | 11/30/09 | AAA | 1,011,915 |
| 1,005 | Total U.S. Government and Agency Obligations | | | | 5,259,365 |
| | Repurchase Agreements 1.3% (1.1% of Total Investments) | | | | |
| 1,904 | Repurchase Agreement with Fixed Income Clearing Corporation, dated 6/30/09, repurchase price \$1,904,378, collateralized by \$1,850,000 U.S. Treasury Notes, 3.875%, due 7/15/10, value \$1,946,385 | 0.000% | 7/01/09 | N/A | 1,904,378 |
| | Total Short-Term Investments (cost \$8,482,526) | | | | 7,163,743 |
| | Total Investments (cost \$241,190,588) | | | | 179,407,500 |
| | Borrowings (12.6)% (3), (4) | | | | (18,100,000) |
| | Other Assets Less Liabilities 0.2% | | | | 375,644 |
| | Fund Preferred Shares, at Liquidation Value (12.6)% (3) | | | | (18,100,000) |
| | Net Assets Applicable to Common Shares 100% | | | | \$ 143,583,144 |

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

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

(3) Borrowings and FundPreferred Shares, at Liquidation Value as a percentage of Total Investments are 10.1% and 10.1%, respectively.

(4) The Fund may pledge up to 100% of its eligible investments in the Portfolio of Investments as collateral for Borrowings. As of June 30, 2009, investments with a value of \$61,848,425 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

See accompanying notes to financial statements.

Nuveen Investments
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Statement of

ASSETS & LIABILITIES

June 30, 2009 (Unaudited)

| | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) | Quality Preferred Income 3 (JHP) |
|---|---|---|---|
| Assets | | | |
| Investments, at value (cost \$637,057,306, \$1,303,001,129 and \$241,190,588, respectively) | \$ 458,192,326 | \$ 929,777,823 | \$ 179,407,500 |
| Cash | 346,941 | 1,077,426 | 285,294 |
| Receivables: | | | |
| Dividends | 946,806 | 1,250,243 | 347,179 |
| Interest | 4,432,598 | 7,179,099 | 1,016,079 |
| Investments sold | 6,667,450 | 11,242,722 | 198,200 |
| Other assets | 302,281 | 566,547 | 115,277 |
| Total assets | 470,888,402 | 951,093,860 | 181,369,529 |
| Liabilities | | | |
| Borrowings | 32,450,000 | 71,000,000 | 18,100,000 |
| Cash overdraft denominated in foreign currencies (cost \$0, \$0 and \$14,043, respectively) | | | 14,043 |
| Payables: | | | |
| Common share dividends | 3,253,071 | 7,123,292 | 1,247,788 |
| FundPreferred share dividends | 2,316 | 5,149 | 476 |
| Investments purchased | 377,343 | 496,301 | |
| Accrued expenses: | | | |
| Fees on borrowings | 308,220 | 589,042 | 102,740 |
| Interest on borrowings | 9,374 | 18,661 | 3,743 |
| Management fees | 274,383 | 548,802 | 106,495 |
| Other | 335,954 | 597,956 | 111,100 |
| Total liabilities | 37,010,661 | 80,379,203 | 19,686,385 |
| FundPreferred shares, at liquidation value | 64,875,000 | 130,000,000 | 18,100,000 |
| Net assets applicable to Common shares | \$ 369,002,741 | \$ 740,714,657 | \$ 143,583,144 |
| Common shares outstanding | 64,618,130 | 120,183,615 | 23,709,613 |
| Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding) | \$ 5.71 | \$ 6.16 | \$ 6.06 |
| Net assets applicable to Common shares consist of: | | | |
| Common shares, \$.01 par value per share | \$ 646,181 | \$ 1,201,836 | \$ 237,096 |
| Paid-in surplus | 897,588,935 | 1,688,314,773 | 329,214,840 |
| Undistributed (Over-distribution of) net investment income | (1,678,581) | (6,683,617) | (1,462,335) |
| Accumulated net realized gain (loss) from investments, foreign currency and derivative transactions | (348,696,934) | (568,904,722) | (122,624,375) |
| Net unrealized appreciation (depreciation) of investments and foreign currency | (178,856,860) | (373,213,613) | (61,782,082) |
| Net assets applicable to Common shares | \$ 369,002,741 | \$ 740,714,657 | \$ 143,583,144 |
| Authorized shares: | | | |

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| | | | |
|---------------|-----------|-----------|-----------|
| Common | Unlimited | Unlimited | Unlimited |
| FundPreferred | Unlimited | Unlimited | Unlimited |

See accompanying notes to financial statements.

Nuveen Investments

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Statement of

OPERATIONS

Six Months Ended June 30, 2009 (Unaudited)

| | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) | Quality Preferred Income 3 (JHP) |
|---|---|---|---|
| Investment Income | | | |
| Dividends (net of foreign tax withheld of \$2,503, \$0 and \$0, respectively) | \$ 12,850,279 | \$ 27,898,268 | \$ 5,637,230 |
| Interest | 10,349,734 | 18,438,948 | 2,626,065 |
| Total investment income | 23,200,013 | 46,337,216 | 8,263,295 |
| Expenses | | | |
| Management fees | 1,828,018 | 3,556,560 | 677,856 |
| FundPreferred shares auction fees | 71,587 | 142,264 | 20,228 |
| FundPreferred shares dividend disbursing agent fees | 14,133 | 19,092 | 6,695 |
| Shareholders' servicing agent fees and expenses | 3,654 | 4,564 | 746 |
| Interest expense on borrowings and amortization of borrowing costs | 1,116,397 | 2,181,732 | 423,344 |
| Fees on borrowings | 94,007 | 179,658 | 31,336 |
| Custodian's fees and expenses | 29,612 | 54,893 | 13,995 |
| Trustees' fees and expenses | 8,947 | 17,388 | 3,454 |
| Professional fees | 40,686 | 57,950 | 19,646 |
| Shareholders' reports printing and mailing expenses | 59,056 | 93,909 | 20,222 |
| Stock exchange listing fees | 10,999 | 20,510 | 4,579 |
| Investor relations expense | 54,403 | 97,782 | 19,486 |
| Other expenses | 24,913 | 39,285 | 17,182 |
| Total expenses before custodian fee credit and expense reimbursement | 3,356,412 | 6,465,587 | 1,258,769 |
| Custodian fee credit | (11) | (12) | (5) |
| Expense reimbursement | (325,080) | (639,334) | (119,458) |
| Net expenses | 3,031,321 | 5,826,241 | 1,139,306 |
| Net investment income | 20,168,692 | 40,510,975 | 7,123,989 |
| Realized and Unrealized Gain (Loss) | | | |
| Net realized gain (loss) from: | | | |
| Investments and foreign currency | (105,331,324) | (191,010,453) | (29,430,227) |
| Interest rate swaps | (2,823,614) | (5,931,494) | (1,522,105) |
| Change in net unrealized appreciation (depreciation) of: | | | |
| Investments and foreign currency | 137,674,797 | 288,915,996 | 52,336,731 |
| Interest rate swaps | 2,348,600 | 4,813,203 | 1,294,639 |
| Net realized and unrealized gain (loss) | 31,868,459 | 96,787,252 | 22,679,038 |
| Distributions to FundPreferred Shareholders | | | |
| From and in excess of net investment income | (109,971) | (217,146) | (30,593) |
| Decrease in net assets applicable to Common shares from distributions to FundPreferred shareholders | (109,971) | (217,146) | (30,593) |
| Net increase (decrease) in net assets applicable to Common shares from operations | \$ 51,927,180 | \$ 137,081,081 | \$ 29,772,434 |

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 6/30/09 | Year Ended 12/31/08 | Six Months Ended 6/30/09 | Year Ended 12/31/08 |
| Operations | | | | |
| Net investment income | \$ 20,168,692 | \$ 71,045,039 | \$ 40,510,975 | \$ 141,902,537 |
| Net realized gain (loss) from: | | | | |
| Investments and foreign currency | (105,331,324) | (204,912,153) | (191,010,453) | (347,980,366) |
| Futures contracts | | 117,534 | | 227,966 |
| Interest rate swaps | (2,823,614) | (1,561,031) | (5,931,494) | (1,578,846) |
| Change in net unrealized appreciation (depreciation) of: | | | | |
| Investments and foreign currency | 137,674,797 | (167,194,675) | 288,915,996 | (386,808,502) |
| Interest rate swaps | 2,348,600 | (1,361,524) | 4,813,203 | (4,394,546) |
| Distributions to Fund Preferred shareholders: | | | | |
| From and in excess of net investment income | | | | |
| | (109,971) | | (217,146) | |
| From net investment income | | (12,141,296) | | (21,928,974) |
| Net increase (decrease) in net assets applicable to Common shares | | | | |
| from operations | 51,927,180 | (316,008,106) | 137,081,081 | (620,560,731) |
| Distributions to Common Shareholders | | | | |
| From and in excess of net investment income | | | | |
| | (22,415,893) | | (47,055,224) | |
| From net investment income | | (58,051,096) | | (116,625,002) |
| Tax return of capital | | (736,940) | | |
| Decrease in net assets applicable to Common shares from distributions | | | | |
| to Common shareholders | (22,415,893) | (58,788,036) | (47,055,224) | (116,625,002) |
| Capital Share Transactions | | | | |
| Net proceeds from Common shares issued to shareholders due to | | | | |
| reinvestment of distributions | 221,210 | 121,817 | 1,311,676 | 437,428 |
| Net increase (decrease) in net assets applicable to Common shares from | | | | |
| capital share transactions | 221,210 | 121,817 | 1,311,676 | 437,428 |
| Net increase (decrease) in net assets applicable to Common shares | | | | |
| | 29,732,497 | (374,674,325) | 91,337,533 | (736,748,305) |
| Net assets applicable to Common shares at the beginning of period | | | | |
| | 339,270,244 | 713,944,569 | 649,377,124 | 1,386,125,429 |
| Net assets applicable to Common shares at the end of period | | | | |
| | \$ 369,002,741 | \$ 339,270,244 | \$ 740,714,657 | \$ 649,377,124 |
| Undistributed (Over-distribution of) net investment income at | | | | |
| the end of period | \$ (1,678,581) | \$ 678,591 | \$ (6,683,617) | \$ 77,778 |

See accompanying notes to financial statements.

Statement of

CHANGES in NET ASSETS (Unaudited) (continued)

| | Quality Preferred Income 3 (JHP) | |
|---|---|------------------------------------|
| | Six Months Ended 6/30/09 | Year Ended 12/31/08 |
| Operations | | |
| Net investment income | \$ 7,123,989 | \$ 25,615,406 |
| Net realized gain (loss) from: | | |
| Investments and foreign currency | (29,430,227) | (81,640,253) |
| Futures contracts | | 47,713 |
| Interest rate swaps | (1,522,105) | (171,246) |
| Change in net unrealized appreciation (depreciation) of: | | |
| Investments and foreign currency | 52,336,731 | (55,396,810) |
| Interest rate swaps | 1,294,639 | (1,440,594) |
| Distributions to Fund Preferred shareholders: | | |
| From and in excess of net investment income | (30,593) | |
| From net investment income | | (4,597,417) |
| Net increase (decrease) in net assets applicable to Common shares | | |
| from operations | 29,772,434 | (117,583,201) |
| Distributions to Common Shareholders | | |
| From and in excess of net investment income | (8,131,947) | |
| From net investment income | | (21,114,010) |
| Tax return of capital | | (566,707) |
| Decrease in net assets applicable to Common shares from distributions | | |
| to Common shareholders | (8,131,947) | (21,680,717) |
| Capital Share Transactions | | |
| Net proceeds from Common shares issued to shareholders due to | | |
| reinvestment of distributions | 72,470 | 52,816 |
| Net increase (decrease) in net assets applicable to Common shares from | | |
| capital share transactions | 72,470 | 52,816 |
| Net increase (decrease) in net assets applicable to Common shares | | |
| | 21,712,957 | (139,211,102) |
| Net assets applicable to Common shares at the beginning of period | | |
| | 121,870,187 | 261,081,289 |
| Net assets applicable to Common shares at the end of period | | |
| | \$ 143,583,144 | \$ 121,870,187 |
| Undistributed (Over-distribution of) net investment income at the end of period | | |
| | \$ (1,462,335) | \$ (423,784) |

See accompanying notes to financial statements.

Nuveen Investments

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Statement of

CASH FLOWS

Six Months Ended June 30, 2009 (Unaudited)

| | 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 | \$ 51,927,180 | \$ 137,081,081 | \$ 29,772,434 |
| 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 investment securities | (14,989,576) | (39,214,942) | (17,472,374) |
| Proceeds from sales and maturities of investments | 77,555,993 | 150,466,875 | 32,084,674 |
| Proceeds from (Purchases of) short-term investments, net | 361,736 | (4,391,759) | 1,786,383 |
| Proceeds from (Payments for) closed interest rate swaps | (2,823,614) | (5,931,494) | (1,522,105) |
| Amortization (Accretion) of premiums and discounts, net | 156,223 | 358,365 | 20,217 |
| (Increase) Decrease in receivable for dividends | 194,828 | 463,554 | 39,562 |
| (Increase) Decrease in receivable for interest | (800,715) | 414,515 | (1,538) |
| (Increase) Decrease in receivable for investments sold | (6,431,698) | (8,915,258) | (102,622) |
| (Increase) Decrease in other assets | (191,042) | (376,002) | (80,979) |
| Increase (Decrease) in payable for FundPreferred share dividends | 448 | 3,821 | (462) |
| Increase (Decrease) in payable for investments purchased | 377,343 | 496,301 | |
| Increase (Decrease) in accrued fees on borrowings | 94,007 | 179,658 | 31,335 |
| Increase (Decrease) in accrued interest on borrowings | (69,905) | (134,594) | (24,584) |
| Increase (Decrease) in accrued management fees | (70,710) | (79,934) | 1,128 |
| Increase (Decrease) in accrued other liabilities | (142,132) | (267,735) | (68,375) |
| Net realized (gain) loss from investments and foreign currency | 105,331,324 | 191,010,453 | 29,430,227 |
| Net realized (gain) loss from interest rate swaps | 2,823,614 | 5,931,494 | 1,522,105 |
| Change in net unrealized (appreciation) depreciation of investments and foreign currency | (137,674,797) | (288,915,996) | (52,336,731) |
| Change in net unrealized (appreciation) depreciation of interest rate swaps | (2,348,600) | (4,813,203) | (1,294,639) |
| Net cash provided by (used in) operating activities | 73,279,907 | 133,365,200 | 21,783,656 |
| Cash Flows from Financing Activities: | | | |
| Increase (Decrease) in borrowings | (54,050,000) | (94,200,000) | (14,900,000) |
| Increase (Decrease) in cash overdraft balance denominated in foreign currencies | | | 14,043 |
| Increase (Decrease) in payable for FundPreferred shares noticed for redemption, at liquidation value | (71,475,000) | (109,250,000) | (38,900,000) |
| Increase (Decrease) in FundPreferred shares, at liquidation value | | | |
| Cash distributions paid to Common shareholders | (18,941,612) | (38,620,256) | (6,811,689) |
| Net cash provided by (used in) financing activities | (144,466,612) | (242,070,256) | (60,597,646) |
| Net Increase (Decrease) in Cash and Cash Equivalents | (71,186,705) | (108,705,056) | (38,813,990) |
| Cash and cash equivalents at the beginning of period | 71,533,646 | 109,782,482 | 39,099,284 |

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| | | | |
|----------------------------------|------------|--------------|------------|
| Cash at the End of Period | \$ 346,941 | \$ 1,077,426 | \$ 285,294 |
|----------------------------------|------------|--------------|------------|

Supplemental Disclosure of Cash Flow Information

Cash paid for interest on borrowings (excluding amortization of borrowing costs) was \$991,270, \$1,938,840 and \$378,724 for Quality Preferred Income (JTP), Quality Preferred Income 2 (JPS) and Quality Preferred Income 3 (JHP), respectively.

Non-cash financing activities not included herein consist of reinvestments of Common share distributions of \$221,210, \$1,311,676, and \$72,470 for Quality Preferred Income (JTP), Quality Preferred Income 2 (JPS) and Quality Preferred Income 3 (JHP), respectively.

See accompanying notes to financial statements.

Nuveen Investments
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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 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.

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

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

Investment Valuation

Exchange-listed securities are generally valued at the last sales price on the securities exchange on which such securities are primarily traded. Securities traded on a securities exchange for which there are no transactions on a given day or securities not listed on a securities exchange are valued at the mean of the closing bid and asked prices. Securities traded on NASDAQ are valued at the NASDAQ Official Closing Price. Futures contracts are valued using the closing settlement price or, in the absence of such a price, at the mean of the bid and asked prices. The prices of fixed-income securities and interest rate swap contracts are provided by an independent pricing service approved by the Funds' Board of Trustees. When market price quotes are not readily available, the pricing service or, in the absence of a pricing service for a particular investment or derivative instrument, the Board of Trustees of the Funds, or its designee, may establish fair value using a wide variety of market data including yields or prices of investments of comparable quality, type of issue, coupon, maturity and rating, market quotes or indications of value from security dealers, evaluations of anticipated cash flows or collateral, general market conditions and other information and analysis, including the obligor's credit characteristics considered relevant. Short-term investments are valued at amortized cost, which approximates value.

Investment Transactions

Investment transactions are recorded on a trade date basis. Realized gains and losses from 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, 2009, 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 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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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.

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 US generally accepted accounting principles.

The actual character of distributions made by the Fund during the fiscal year December 31, 2008, is reflected in the accompanying financial statements.

The distributions made by the Funds during the six months ended June 30, 2009, 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, 2009, the distribution amounts provisionally classified as "From and in excess of net investment income" were treated as being entirely from net investment income. Consequently, the financial statements at June 30, 2009, reflect an over-distribution of net investment income.

FundPreferred Shares

The Funds have issued and outstanding FundPreferred shares, \$25,000 stated value per share, as a means of effecting financial leverage. Each Fund's FundPreferred shares are issued in more than one Series. The dividend rate paid by the Funds on each Series is determined every seven days, pursuant to a dutch auction process overseen by the auction agent, and is payable at the end of each rate period. As of June 30, 2009, the number of FundPreferred shares outstanding, by Series and in total, for each Fund is as follows:

| | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) | Quality Preferred Income 3 (JHP) |
|-------------------|---|---|---|
| Number of shares: | | | |
| Series M | 519 | 780 | 362 |
| Series T | 519 | 780 | |
| Series T2 | | 650 | |
| Series W | 519 | 780 | |
| Series TH | 519 | 780 | 362 |
| Series TH2 | | 650 | |
| Series F | 519 | 780 | |
| Total | 2,595 | 5,200 | 724 |

Beginning in February 2008, more shares for sale were submitted in the regularly scheduled auctions for the FundPreferred shares issued by the Funds than there were offers to buy. This meant that these auctions "failed to clear," and that many FundPreferred shareholders who wanted to sell their shares in these auctions were unable to do so. FundPreferred shareholders unable to sell their shares received distributions at the "maximum rate" applicable to failed auctions as calculated in accordance with the pre-established terms of the FundPreferred shares.

These developments have generally not affected the portfolio management or investment policies of the Funds. However, one implication of these auction failures for Common shareholders is that the Funds' cost of leverage will likely be higher, at least temporarily, than it otherwise would have been had the auctions continued to be successful. As a result, the Funds' future Common share earnings may be lower than they otherwise would have been.

As of June 30, 2009, Quality Preferred Income (JTP), Quality Preferred Income 2 (JPS) and Quality Preferred Income 3 (JHP) have redeemed \$375,125,000, \$670,000,000 and \$147,900,000 of their outstanding FundPreferred shares at liquidation value, respectively.

Effective May 1, 2009, auction participation fees with respect to auctions that have failed have been reduced from 25 bps (annualized) to 15 bps (annualized). All auction participants have signed new agreements incorporating this change.

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 a 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

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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 and 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

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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 included in "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.

Futures Contracts

Each Fund is authorized to invest in futures contracts. Upon entering into a futures contract, a Fund is required to deposit with the broker an amount of cash or liquid securities equal to a specified percentage of the contract amount. This is known as the "initial margin." Cash held by the broker to cover initial margin requirements on open futures contracts, if any, is recognized as "Deposits with brokers for open futures contracts" on the Statement of Assets and Liabilities. Subsequent payments ("variation margin") are made or received by a Fund each day, depending on the daily fluctuation of the value of the contract. Variation margin is recognized as a receivable or payable for "Variation Margin on futures contracts" on the Statement of Assets and Liabilities, when applicable.

During the period the futures contract is open, changes in the value of the contract are recorded as an unrealized gain or loss by "marking-to-market" on a daily basis to reflect the changes in market value of the contract and is recognized as "Change in net unrealized appreciation (depreciation) of futures contracts" on the Statement of Operations. When the contract is closed or expired, a Fund records a realized gain or loss equal to the difference between the value of the contract on the closing date and value of the contract when originally entered into and is recognized as "Net realized gain (loss) from futures contracts" on the Statement of Operations. The Funds did not invest in futures contracts during the six months ended June 30, 2009.

Risks of investments in futures contracts include the possible adverse movement of the securities or indices underlying the contracts, the possibility that there may not be a liquid secondary market for the contracts and/or that a change in the value of the contract may not correlate with a change in the value of the underlying securities or indices.

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 contracts 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 a fixed rate payment in exchange for the counterparty paying each Fund 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 and the variable rate payment expected to be received 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 reflected 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 a component of "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 average notional balance on interest rate swap contracts outstanding during the six months ended June 30, 2009, were as follows:

| | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) | Quality Preferred Income 3 (JHP) |
|--|--------------------------------|----------------------------------|----------------------------------|
| Interest rate swap contract average notional balance | \$ 73,333,333 | \$ 133,333,333 | \$ 28,000,000 |

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Refer to Footnote 3 Derivative Instruments and Hedging Activities for further details on interest rate swap contract activity.

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

Use of Estimates

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

2. 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 methodology 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, 2009:

Quality Preferred Income (JTP)

Level 1

Level 2

Level 3

Total

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Investments:

| | | | | |
|------------------------|----------------|----------------|----|----------------|
| Preferred Securities* | \$ 239,620,115 | \$ 191,264,230 | \$ | \$ 430,884,345 |
| Corporate Bonds | | 6,148,123 | | 6,148,123 |
| Investment Companies | 11,216,410 | | | 11,216,410 |
| Short-Term Investments | 9,943,448 | | | 9,943,448 |
| Total | \$ 260,779,973 | \$ 197,412,353 | \$ | \$ 458,192,326 |

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| Quality Preferred Income 2 (JPS) | Level 1 | Level 2 | Level 3 | Total |
|---|-----------------------|-----------------------|----------------|-----------------------|
| Investments: | | | | |
| Preferred Securities* | \$ 535,031,541 | \$ 346,849,305 | \$ | \$ 881,880,846 |
| Corporate Bonds | | 3,145,551 | | 3,145,551 |
| Investment Companies | 26,399,765 | | | 26,399,765 |
| Short-Term Investments | 18,351,661 | | | 18,351,661 |
| Total | \$ 579,782,967 | \$ 349,994,856 | \$ | \$ 929,777,823 |
| Quality Preferred Income 3 (JHP) | Level 1 | Level 2 | Level 3 | Total |
| Investments: | | | | |
| Preferred Securities* | \$ 106,429,302 | \$ 63,253,017 | \$ | \$ 169,682,319 |
| Investment Companies | 2,561,438 | | | 2,561,438 |
| Short-Term Investments | 7,163,743 | | | 7,163,743 |
| Total | \$ 116,154,483 | \$ 63,253,017 | \$ | \$ 179,407,500 |

* Preferred Securities may include Convertible Preferred Securities, \$25 Par (or similar) Preferred Securities and Capital Preferred Securities.

3. Derivative Instruments and Hedging Activities

During the current fiscal period, the Funds adopted the provisions of Statement of Financial Accounting Standards No. 161 (SFAS No. 161) "Disclosures about Derivative Instruments and Hedging Activities." The standard is intended to enhance financial statement disclosures for derivative instruments and hedging activities and enable investors to better understand: a) how and why a fund uses derivative instruments; b) how derivative instruments are accounted for; and c) how derivative instruments affect a fund's financial position, results of operations and cash flows, if any. The Funds record derivative instruments at fair value with changes in fair value recognized on the Statement of Operations. Even though the Funds' investments in derivatives may represent economic hedges, they are considered to be non-hedge transactions for SFAS No. 161 disclosure purposes. For additional information on the derivative instruments in which the Funds were invested during and at the end of the reporting period, refer to each Fund's Portfolio of Investments, Financial Statements and Footnote 1 - General Information and Significant Accounting Policies.

The following tables present the amount of net realized gain (loss) and change in net unrealized appreciation (depreciation) recognized for the six months ended June 30, 2009, on derivative instruments, as well as the primary risk exposure associated with each. The Funds had no derivative contracts outstanding at June 30, 2009.

| Net Realized Gain (Loss) from Interest Rate Swaps | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) | Quality Preferred Income 3 (JHP) |
|--|---------------------------------------|---|---|
| Risk Exposure | | | |
| Interest Rate | \$ (2,823,614) | \$ (5,931,494) | \$ (1,522,105) |
| Change in Net Unrealized Appreciation (Depreciation) of Interest Rate Swaps | | | |
| Risk Exposure | | | |
| Interest Rate | \$ 2,348,600 | \$ 4,813,203 | \$ 1,294,639 |

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4. Fund Shares

Common Shares

On July 30, 2008, the Funds' Board of Trustees approved an open-market share repurchase program under which each Fund may repurchase an aggregate of up to approximately 10% of its outstanding Common shares. Since the inception of this program, the Funds have not repurchase 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 6/30/09 | Year Ended 12/31/08 | Six Months Ended 6/30/09 | Year Ended 12/31/08 | Six Months Ended 6/30/09 | Year Ended 12/31/08 |
| Common shares issued to shareholders due to reinvestment of distributions | 50,480 | 10,002 | 271,235 | 66,681 | 14,452 | 4,252 |

FundPreferred Shares

Transactions in FundPreferred shares were as follows:

| | Quality Preferred Income (JTP) | | | | Quality Preferred Income 2 (JPS) | | | |
|--|-----------------------------------|--------|--------------------------|----------------|-------------------------------------|--------|--------------------------|----------------|
| | Six Months Ended 6/30/09 | | Year Ended 12/31/2008 | | Six Months Ended 6/30/09 | | Year Ended 12/31/2008 | |
| | Shares | Amount | Shares | Amount | Shares | Amount | Shares | Amount |
| FundPreferred shares redeemed and/or noticed for redemption: | | | | | | | | |
| Series M | | \$ | 3,001 | \$ 75,025,000 | | \$ | 4,020 | \$ 100,500,000 |
| Series T | | | 3,001 | 75,025,000 | | | 4,020 | 100,500,000 |
| Series T2 | | | | | | | 3,350 | 83,750,000 |
| Series W | | | 3,001 | 75,025,000 | | | 4,020 | 100,500,000 |
| Series TH | | | 3,001 | 75,025,000 | | | 4,020 | 100,500,000 |
| Series TH2 | | | | | | | 3,350 | 83,750,000 |
| Series F | | | 3,001 | 75,025,000 | | | 4,020 | 100,500,000 |
| Total | | \$ | 15,005 | \$ 375,125,000 | | \$ | 26,800 | \$ 670,000,000 |

| | Quality Preferred Income 3 (JHP) | | | |
|--|-------------------------------------|--------|--------------------------|----------------|
| | Six Months Ended 6/30/09 | | Year Ended 12/31/2008 | |
| | Shares | Amount | Shares | Amount |
| FundPreferred shares redeemed and/or noticed for redemption: | | | | |
| Series M | | \$ | 2,958 | \$ 73,950,000 |
| Series TH | | | 2,958 | 73,950,000 |
| Total | | \$ | 5,916 | \$ 147,900,000 |

5. Investment Transactions

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Purchases and sales (including maturities but excluding short-term investments and derivative transactions) during the six months ended June 30, 2009, were as follows:

| | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) | Quality Preferred Income 3 (JHP) |
|----------------------|---|---|---|
| Purchases | \$ 14,989,576 | \$ 39,214,942 | \$ 17,472,374 |
| Sales and maturities | 77,555,993 | 150,466,875 | 32,084,674 |

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.

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At June 30, 2009, the cost of investments was as follows:

| | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) | Quality Preferred Income 3 (JHP) |
|---------------------|--------------------------------|----------------------------------|----------------------------------|
| Cost of investments | \$ 636,854,829 | \$ 1,298,570,638 | \$ 240,438,445 |

Gross unrealized appreciation and gross unrealized depreciation of investments at June 30, 2009, were as follows:

| | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) | Quality Preferred Income 3 (JHP) |
|---|--------------------------------|----------------------------------|----------------------------------|
| Gross unrealized: | | | |
| Appreciation | \$ 1,524,258 | \$ 2,494,610 | \$ 2,014,247 |
| Depreciation | (180,186,761) | (371,287,425) | (63,045,192) |
| Net unrealized appreciation (depreciation) of investments | \$ (178,662,503) | \$ (368,792,815) | \$ (61,030,945) |

The tax components of undistributed net ordinary income and net long-term capital gains at July 31, 2008, 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 * | \$ | \$ 4,383,008 | \$ |
| 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 July 1, 2008 and paid August 1, 2008.

The tax character of distributions paid during the Funds' last tax year ended July 31, 2008, 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 * | \$ 81,814,496 | \$ 157,748,595 | \$ 30,899,873 |
| Distributions from net long-term capital gains | | | |
| Tax return of capital | 736,940 | | 566,707 |

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

At July 31, 2008, 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 | Quality Preferred | Quality Preferred |
|-------------------|-------------------|-------------------|
|-------------------|-------------------|-------------------|

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| | Income (JTP) | Income 2 (JPS) | 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 |
| Total | \$ 32,149,242 | \$ 19,410,408 | \$ 9,206,457 |

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The Funds have elected to defer net realized losses from investments incurred from November 1, 2007 through July 31, 2008, 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 | \$ 31,450,620 | \$ 37,015,747 | \$ 23,098,200 |

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 complex-level component, based on the aggregate amount of all fund assets managed by the Adviser, and a specific fund-level component, based only on the amount of assets within each individual Fund. This pricing structure enables Nuveen fund shareholders to benefit from growth in the assets within each individual fund as well as from growth in the amount of complex-wide assets managed by the Adviser.

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

| Average Daily Managed Net Assets ⁽¹⁾ | Fund-Level Fee Rate |
|--|----------------------------|
| For the first \$500 million | .7000% |
| For the next \$500 million | .6750 |
| For the next \$500 million | .6500 |
| For the next \$500 million | .6250 |
| For Managed Assets over \$2 billion | .6000 |

The annual complex-level fee, payable monthly, which is additive to the fund-level fee, for all Nuveen sponsored funds in the U.S., is based on the aggregate amount of total fund net assets managed as stated in the following table. As of June 30, 2009, the complex-level fee rate was .1970%.

The complex-level fee schedule is as follows:

| Complex-Level Net Asset Breakpoint Level ⁽¹⁾ | 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 |

(1) The complex-level fee component of the management fee for the funds is calculated based upon the aggregate daily managed net assets of all Nuveen funds, with such daily managed net 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 fee components, daily managed net assets, include 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 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 the 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 net assets in certain circumstances.

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

| Year Ending September 30, | | Year Ending September 30, | |
|------------------------------|------|------------------------------|------|
| 2002* | .32% | 2007 | .32% |
| 2003 | .32 | 2008 | .24 |
| 2004 | .32 | 2009 | .16 |
| 2005 | .32 | 2010 | .08 |
| 2006 | .32 | | |

* From the commencement of operations.

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

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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 net 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

Management determined that leveraging the Funds with debt as a replacement for preferred shares continued to benefit the Funds' shareholders.

Quality Preferred Income (JTP) has entered into a \$155 million committed facility agreement with BNP Paribas Prime Brokerage, Inc. ("BNP"). As of June 30, 2009, the Fund's outstanding balance on this facility was \$32,450,000. For six months ended June 30, 2009, the average daily balance outstanding and average interest rate on these borrowings were \$52,543,646 and 1.99%, respectively. Interest is charged at 3 Month LIBOR plus .95% on the amount borrowed and .85% on the undrawn balance. In addition to interest, the Fund also paid a .15% one time arrangement fee of the total borrowing limit which was fully amortized and expensed as of May 30, 2009.

Quality Preferred Income 2 (JPS) has entered into a \$230 million committed facility agreement with BNP. As of June 30, 2009, the outstanding balance of this facility was \$71,000,000. For the six months ended June 30, 2009, the average daily balance outstanding and average interest rate on this borrowing arrangement were \$105,935,359 and 1.99%, respectively. Interest is charged at 3 Month LIBOR plus .95% on the amount borrowed and .85% on the undrawn balance. In addition to interest, the Fund also paid a .15% one time arrangement fee of the total borrowing limit which was fully amortized and expensed as of May 30, 2009.

Quality Preferred Income 3 (JHP) has entered into a \$55 million committed facility agreement with BNP. As of June 30, 2009, the outstanding balance of this facility was \$18,100,000. For the six months ended June 30, 2009, the average daily balance outstanding and average interest rate on this borrowing arrangement were \$23,616,022 and 1.99%, respectively. Interest is charged at 3 Month LIBOR plus .95% on the amount borrowed and .85% on the undrawn balance. In addition to interest, the Fund also paid a .15% one time arrangement fee of the total borrowing limit which was fully amortized and expensed as of May 30, 2009.

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 expense incurred on each Fund's drawn and undrawn balances and the one time arrangement fees are recognized as "Interest expense on borrowings and amortization of borrowing costs" on the Statement of Operations.

9. Subsequent Events

Distributions to Common Shareholders

The Funds declared Common share distributions which were paid on August 3, 2009, to shareholders of record on July 15, 2009, as follows:

| | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) | Quality Preferred Income 3 (JHP) |
|-------------------------|---|---|---|
| Distributions per share | \$.0520 | \$.0620 | \$.0540 |

Financial Accounting Standards Board Statement of Financial Accounting Standards No. 165 (SFAS No. 165)

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In May 2009, the Financial Accounting Standards Board issued SFAS No. 165, "Subsequent Events." SFAS No. 165 requires an entity to recognize in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet. SFAS No. 165 is intended to establish general standards of accounting and for disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. SFAS No. 165 requires the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date—that is, whether that date represents the date the financial statements were issued or were available to be issued. SFAS No. 165 is effective for interim and annual periods ending after June 15, 2009. The Funds have performed an evaluation of subsequent events through August 26, 2009, which is the date the financial statements were issued.

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Financial

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 Distributions from Net Investment Income to FundPreferred Share- holders | Distributions from Capital Gains to FundPreferred Share- holders | Total | Net Investment Income to Common Share- holders | Less Distributions Capital Gains to Common Share- holders | Tax Return of Capital to Common Share- holders | Total |
|---|--|--------------------------------|---|---|--|---------|---|--|---|----------|
| Quality Preferred Income (JTP) | | | | | | | | | | |
| Year ended 12/31: | | | | | | | | | | |
| 2009(e) | \$ 5.25 | \$.31 | \$.50 | \$ **** | \$ | \$ 0.81 | \$ (.35)***** | \$ | \$ | \$ (.35) |
| 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) |
| 2004(b) | 14.40 | .60 | .47 | (.05) | | 1.02 | (.50) | | | (.50) |
| Year Ended 7/31: | | | | | | | | | | |
| 2004(c) | 14.10 | 1.37 | .26 | (.08) | | 1.55 | (1.25) | | | (1.25) |
| Quality Preferred Income 2 (JPS) | | | | | | | | | | |
| Year ended 12/31: | | | | | | | | | | |
| 2009(e) | 5.42 | .34 | .79 | **** | | 1.13 | (.39)***** | | | (.39) |
| 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) |
| 2004(b) | 15.32 | .60 | .50 | (.04) | (.01) | 1.05 | (.53) | (.18) | | (.71) |
| Year Ended 7/31: | | | | | | | | | | |
| 2004(c) | 14.97 | 1.42 | .37 | (.08) | | 1.71 | (1.32) | (.04) | | (1.36) |
| Quality Preferred Income 3 (JHP) | | | | | | | | | | |
| Year ended 12/31: | | | | | | | | | | |
| 2009(e) | 5.14 | .30 | .96 | **** | | 1.26 | (.34)***** | | | (.34) |
| 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) |
| 2004(b) | 14.71 | .60 | .46 | (.05) | | 1.01 | (.51) | (.06) | | (.57) |
| Year Ended 7/31: | | | | | | | | | | |

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2004(c) 14.38 1.38 .40 (.08) (.01) 1.69 (1.24) (.12) (1.36)

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

(b) For the period August 1, 2004, through December 31, 2004.

(c) The Funds changed their method of presentation for net interest expense on interest rate swap transactions. The effect of this reclassification for the fiscal year ended July 31, 2004, was as follows:

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

(d) Borrowings Interest Expense includes amortization of borrowing costs.

(e) For the six months ended June 30, 2009.

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| | Ending Common Share Net Asset Value | Ending Market Value | Total Returns | | Ending Net Assets Applicable to Common Shares (000) | Ratios/Supplemental Data | | Net Investment Income | Net Investment Income | Portfolio Turnover Rate |
|---|-------------------------------------|---------------------|------------------------|--|---|--|---|-----------------------|-----------------------|-------------------------|
| | | | Based on Market Value* | Based on Common Share Net Asset Value* | | Ratios to Average Net Assets Applicable to Common Shares Before Credit/Reimbursement | Ratios to Average Net Assets Applicable to Common Shares After Credit/Reimbursement** | | | |
| Quality Preferred Income (JTP) | | | | | | | | | | |
| Year ended 12/31: | | | | | | | | | | |
| 2009(e) | \$ 5.71 | \$ 5.52 | 22.76% | 17.27% | \$ 369,003 | 2.25%*** | 13.30%*** | 2.03%*** | 13.52%*** | 4% |
| 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 |
| 2004(b) | 14.92 | 14.00 | 3.79 | 7.10 | 961,583 | 1.49*** | 9.15*** | 1.02*** | 9.62*** | 8 |
| Year Ended 7/31: | | | | | | | | | | |
| 2004(c) | 14.40 | 13.96 | 4.20 | 11.17 | 927,892 | 1.51 | 8.87 | 1.04 | 9.33 | 18 |
| Quality Preferred Income 2 (JPS) | | | | | | | | | | |
| Year ended 12/31: | | | | | | | | | | |
| 2009(e) | 6.16 | 6.24 | 34.35 | 23.68 | 740,715 | 2.22*** | 13.67*** | 2.00*** | 13.89*** | 5 |
| 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 |
| 2004(b) | 15.66 | 14.40 | 3.34 | 6.94 | 1,872,283 | 1.40*** | 8.69*** | .94*** | 9.14*** | 6 |
| Year Ended 7/31: | | | | | | | | | | |
| 2004(c) | 15.32 | 14.61 | 8.98 | 11.60 | 1,830,878 | 1.41 | 8.64 | .95 | 9.10 | 19 |
| Quality Preferred Income 3 (JHP) | | | | | | | | | | |
| Year ended 12/31: | | | | | | | | | | |
| 2009(e) | 6.06 | 5.95 | 26.29 | 26.76 | 143,583 | 2.23*** | 12.41*** | 2.02*** | 12.63*** | 11 |
| 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 |
| 2004(b) | 15.15 | 14.44 | 4.64 | 6.81 | 358,197 | 1.54*** | 9.03*** | 1.07*** | 9.50*** | 7 |
| Year Ended 7/31: | | | | | | | | | | |
| 2004(c) | 14.71 | 14.34 | 9.36 | 11.93 | 347,900 | 1.55 | 8.75 | 1.08 | 9.22 | 17 |

* 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.

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

*** Annualized.

**** Rounds to less than \$.01 per share and represents distributions paid "From and in excess of net investment income" for the six months ended June 30, 2009.

***** Represents distributions paid "From and in excess of net investment income" for the six months ended June 30, 2009.

The amounts shown are based on Common share equivalents.

See accompanying notes to financial statements.

Nuveen Investments

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Financial

HIGHLIGHTS (Unaudited) (continued)

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

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

Each ratio includes the effect of the interest expense paid on borrowings as follows:

| Ratio of Borrowings Interest Expense to Average Net Assets Applicable to Common Shares(d) | Ratio of Borrowings Interest Expense to Average Net Assets Applicable to Common Shares(d) | Ratio of Borrowings Interest Expense to Average Net Assets Applicable to Common Shares(d) |
|---|---|---|
| Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) | Quality Preferred Income 3 (JHP) |
| Year Ended 12/31: | Year Ended 12/31: | Year Ended 12/31: |
| 2009(e) .75%*** | 2009(e) .75%*** | 2009(e) .75%*** |
| 2008 .26 | 2008 .30 | 2008 .20 |
| 2007 | 2007 | 2007 |
| 2006 | 2006 | 2006 |
| 2005 | 2005 | 2005 |
| 2004(b) | 2004(b) | 2004(b) |
| Year Ended 7/31: | Year Ended 7/31: | Year Ended 7/31: |
| 2004 | 2004 | 2004 |

| | 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: | | | | | |
| 2009(e) | \$ 64,875 | \$ 25,000 | \$ 167,198 | \$ 32,450 | \$ 14,371 |
| 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 | | |
| 2004(b) | 440,000 | 25,000 | 79,635 | | |
| Year Ended 7/31: | | | | | |
| 2004 | 440,000 | 25,000 | 77,721 | | |
| Quality Preferred Income 2 (JPS) | | | | | |
| Year Ended 12/31: | | | | | |
| 2009(e) | 130,000 | 25,000 | 167,445 | 71,000 | 13,254 |
| 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 | | |
| 2004(b) | 800,000 | 25,000 | 83,509 | | |
| Year Ended 7/31: | | | | | |
| 2004 | 800,000 | 25,000 | 82,215 | | |

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Quality Preferred Income

3 (JHP)

Year Ended 12/31:

| | | | | | |
|---------|---------|--------|---------|--------|-------|
| 2009(e) | 18,100 | 25,000 | 223,319 | 18,100 | 9,933 |
| 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 | | |
| 2004(b) | 166,000 | 25,000 | 78,945 | | |

Year Ended 7/31:

| | | | | | |
|------|---------|--------|--------|--|--|
| 2004 | 166,000 | 25,000 | 77,395 | | |
|------|---------|--------|--------|--|--|

See accompanying notes to financial statements.

Nuveen Investments

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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 27-29, 2009 (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, 2009 (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 performance, fee and expense information for the Funds as well as comparative performance, fee and expense information for a comparable peer group of funds, the performance information of recognized and/or customized benchmarks (as applicable) of the Funds, the profitability of Nuveen for its advisory activities (which includes its wholly owned subsidiaries other than Winslow Capital Management, Inc. ("*Winslow Capital*"), which was recently acquired in December 2008), 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

Annual Investment Management Agreement
Approval Process (continued)

Board Members reviewed the foregoing information with their independent legal counsel and with management, reviewed materials from independent legal counsel describing applicable law and their duties in reviewing advisory contracts, and met with independent legal counsel in private sessions without management present. The Independent Board Members considered the legal advice provided by independent legal counsel and relied upon their knowledge of 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.

In reviewing the services provided and the initiatives undertaken during the past year, the Independent Board Members recognized the severe market turmoil experienced in the capital markets during recent periods, including sustained periods of high volatility, credit disruption and government intervention. The Independent Board Members considered the Fund Adviser's efforts, expertise and other actions taken to address matters as they arose that impacted the Funds. The Independent Board Members recognized the role of the Investment Services group which, among other things, monitors the various positions throughout the Nuveen fund complex to identify and address any systematic risks. In addition, the Capital Markets Committee of NAM provides a multi-departmental venue for developing new policies to mitigate any risks. The Independent Board Members further recognized NAM's continuous review of the Nuveen funds' investment strategies and mandates in seeking to continue to refine and improve the investment process for the funds, particularly in light of market conditions. With respect to closed-end funds that issued auction rate preferred shares ("ARPs") or that otherwise utilize leverage, the Independent Board Members noted, in particular, NAM's efforts in refinancing the preferred shares of such funds frozen by the collapse of the auction rate market and managing leverage during a period of rapid market declines, particularly for the non-equity funds. Such efforts included negotiating and maintaining the availability of bank loan facilities and other sources of credit used for investment purposes or to satisfy liquidity needs, liquidating portfolio securities during difficult times to meet

leverage ratios, and seeking alternative forms of debt and other leverage that may over time reduce financing costs associated with ARPs and enable the funds that have issued ARPs to restore liquidity to ARPs holders. The Independent Board Members also noted Nuveen's continued commitment and efforts to keep investors and financial advisers informed as to its progress with the ARPs through, among other things, conference calls, emails, press releases, information posted on its website, and telephone calls and in-person meetings with financial advisers. 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 advertising and marketing for the closed-end funds; maintaining websites; and providing educational seminars.

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.

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 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 considered the performance of the Funds. The Board also 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. In this regard, the Independent Board Members met with the Sub-Adviser in September 2008. The Independent Board

Annual Investment Management Agreement
Approval Process (continued)

Members noted that NAM recommended the renewal of the applicable Sub-advisory Agreements and considered the basis for such recommendations and any qualifications in connection therewith.

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 investment performance of each Fund, including the Fund's historic performance as well as its performance compared to funds with similar investment objectives (the "*Performance Peer Group*") based on data provided by an independent provider of mutual fund data as well as recognized and/or customized benchmarks. The Independent Board Members reviewed performance information including, among other things, total return information compared with the Fund's Performance Peer Group and recognized and/or customized benchmarks for the quarter-, one-, three- and five-year periods ending December 31, 2008 and for the same periods ending March 31, 2009. The Independent Board Members also reviewed performance information of the Nuveen funds managed by the Sub-Adviser in the aggregate ranked by peer group and the performance of such funds, in the aggregate, relative to their benchmark. This information supplemented the Fund performance information provided to the Board at each of its quarterly meetings.

In comparing a fund's performance with that of its Performance Peer Group, the Independent Board Members took into account that the closest Performance Peer Group in certain instances may not adequately reflect the respective fund's investment objectives and strategies thereby hindering a meaningful comparison of the fund's performance with that of the Performance Peer Group. The Independent Board Members further considered the performance of the Funds in the context of the volatile market conditions during the past year, and their impact on various asset classes and the portfolio management of the Funds.

Based on their review and factoring in the severity of market turmoil in 2008, the Independent Board Members determined that each Fund's investment performance over time had been satisfactory.

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 total expense ratios (before and after expense reimbursements and/or waivers) in absolute terms as well as compared to the fee and expenses of a comparable universe of unaffiliated funds based on data provided by an independent fund data

provider (the "*Peer Universe*") and in certain cases, to a more focused subset of funds in the Peer Universe (the "*Peer Group*").

The Independent Board Members further reviewed data regarding the construction of the applicable Peer Universe and 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 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 and the timing of information used may impact the comparative data, thereby limiting the ability to make a meaningful comparison. The Independent Board Members also considered, among other things, the differences in the use and type of leverage compared to the 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).

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

Annual Investment Management Agreement
Approval Process (continued)

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 other than Winslow Capital) 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 2008. In addition, the Independent Board Members reviewed information regarding the financial results of Nuveen for 2008 based on its Form 8-K filed on March 31, 2009. The Independent Board Members noted this information supplemented the profitability information requested and received during the year to help keep them apprised of developments affecting profitability (such as changes in fee waivers and expense reimbursement commitments). In this regard, the Independent Board Members noted that they had also appointed an Independent Board Member as a point person to review and keep them apprised of changes to the profitability analysis and/or methodologies during the year. The Independent Board Members also considered Nuveen's revenues for advisory activities, expenses, and profit margin compared to that of various unaffiliated management firms with similar amounts of assets under management and relatively comparable asset composition prepared by Nuveen.

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

Based on their review, the Independent Board Members concluded that Nuveen's level of profitability for its advisory activities was reasonable in light of the services provided. 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 the 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. In this regard, 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. While economies of scale result when costs can be spread over a larger asset base, the Independent Board Members also recognized that the asset levels generally declined in 2008 due to, among other things, the market downturn. Accordingly, for funds with a reduction in assets under management, advisory fee levels may have increased as breakpoints in the fee schedule were no longer surpassed.

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 generally are 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. Generally, the complex-wide pricing reduces Nuveen's revenue because total complex fund assets have consistently grown in prior years. As noted, however, total fund assets declined in 2008 resulting in a smaller downward adjustment of revenues due to complex-wide pricing compared to the prior year.

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

Nuveen Investments

Annual Investment Management Agreement
Approval Process (continued)

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 revenues received by affiliates of NAM for serving as agent at Nuveen's trading desk.

In addition to the above, the Independent Board Members considered whether the 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.

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, however, 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 the Funds were reasonable and within acceptable parameters.

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.

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 tax-free 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. Should you withdraw, you can receive a certificate for all whole shares credited to your reinvestment account and cash payment for fractional shares, or cash payment for all reinvestment account shares, less brokerage commissions and a \$2.50 service fee.

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

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

Call today to start reinvesting dividends and/or distributions

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

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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. 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.

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

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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, 2009, and (iii) a description of the policies and procedures that the Funds used to determine how to vote proxies relating to portfolio securities without charge, upon request, by calling Nuveen Investments toll-free at (800) 257-8787 or on Nuveen's website at www.nuveen.com.

You may also obtain this and other Fund information directly from the Securities and Exchange Commission ("SEC"). The SEC may charge a copying fee for this information. Visit the SEC on-line at <http://www.sec.gov> or in person at the SEC's Public Reference Room in Washington, D.C. Call the SEC at (202) 942-8090 for room hours and operation. You may also request Fund information by sending an e-mail request to publicinfo@sec.gov or by writing to the SEC's Public 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, 2009: Quality Preferred Income, Quality Preferred Income 2 and Quality Preferred Income 3 hereby designate \$3,068,369, \$6,354,795 and \$1,267,952, respectively, (or the maximum amount eligible) as distributions qualifying for the 70% dividends received deduction for corporations and \$10,415,360, \$21,570,897 and \$4,303,973, respectively, (or the maximum amount eligible) as qualified dividend income distributions for individuals under Internal Revenue Code Section 1(h)(11). 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. Quality Preferred Income, Quality Preferred Income 2 and Qualified Preferred 3 hereby designate 71.25%, 70.25% and 67.16% (or the maximum amount eligible) of ordinary income distributions as Interest-Related Dividends as defined in Internal Revenue Code Section 871(k) for the taxable year ended July 31, 2009.

Common and Preferred Share Information

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

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

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

Nuveen Investments: Serving Investors for Generations

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

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

We offer many different investing solutions for our clients' different needs.

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. Nuveen Investments markets its growing range of specialized investment solutions under the high-quality brands of HydePark, NWQ, Nuveen, Santa Barbara, Symphony, Tradewinds and Winslow Capital. In total, the Company managed approximately \$128 billion of assets on June 30, 2009.

Find out how we can help you reach your financial goals.

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

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

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

Share prices

Fund details

Daily financial news

Investor education

Interactive planning tools

Distributed by
Nuveen Investments, LLC
333 West Wacker Drive
Chicago, IL 60606
www.nuveen.com

ESA-E-0609D

ITEM 2. CODE OF ETHICS.

Not applicable to this filing.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable to this filing.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable to this filing.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable to this filing.

ITEM 6. SCHEDULE OF INVESTMENTS.

See Portfolio of Investments in Item 1.

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

Not applicable to this filing.

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

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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, 2009

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, 2009

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

Date: September 8, 2009

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