NUVEEN QUALITY PREFERRED INCOME FUND 2
Form N-CSR
March 09, 2005

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-21137

Nuveen Quality Preferred Income Fund 2

(Exact name of registrant as specified in charter)

Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606

(Address of principal executive offices) (Zip code)

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

(Name and address of agent for service)

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

Date of fiscal year end: December 31

Date of reporting period: December 31, 2004

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

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

ITEM 1. REPORTS TO STOCKHOLDERS.

Annual Report December 31, 2004

Nuveen Investments
Closed-End
Exchange-Traded
Funds

NUVEEN QUALITY PREFERRED INCOME FUND
JTP

NUVEEN QUALITY PREFERRED INCOME FUND 2
JPS

NUVEEN QUALITY PREFERRED INCOME FUND 3
JHP

Photo of: Man and woman sitting on porch.
Photo of: 2 children sitting in the grass.

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

Logo: NUVEEN Investments

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

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and statements directly from Nuveen.

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

Logo: NUVEEN Investments

Photo of: Timothy R. Schwertfeger

Timothy R. Schwertfeger
Chairman of the Board

Chairman's Letter to Shareholders

I am pleased to report that for the year ended December 31, 2004, your Fund continued to provide you with attractive monthly income from a diversified portfolio of quality preferred securities. The date of this report represents a change that aligns your Fund's fiscal year with the calendar year. We believe this change in your Fund's shareholder reporting cycle will lead to greater efficiencies and other benefits in the operation of your Fund.

"We continue to believe that your Fund provides a valuable source of regular monthly income, and that it also may provide an opportunity to reduce the overall risk of your entire investment portfolio."

As you'll see as you review this report, there has been no change in the objectives or management of your Fund. We continue to believe that your Fund provides a valuable source of regular monthly income, and that it also may provide an opportunity to reduce the overall risk of your entire investment portfolio. This is because the price of your Fund's shares may move differently than the prices of other investments that you may own. Your financial advisor can explain the advantages of portfolio diversification in more detail. I urge you to contact him or her soon for more information on this important investment strategy.

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

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

Sincerely,

/s/ Timothy R. Schwertfeger

Timothy R. Schwertfeger

Chairman of the Board

February 15, 2005

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

Portfolio Managers'
Perspective

The Nuveen Quality Preferred Income Funds are subadvised by a team of specialists at Spectrum Asset Management, Inc., an affiliate of Principal Capital(SM). Mark Lieb, Bernie Sussman and Phil Jacoby, who have more than 50 years of combined experience in the preferred securities markets, lead the team. Here Mark, Bernie and Phil talk about their management strategy and the performance of each Fund for the 12-month period ended December 31, 2004.

What were the general economic and market conditions for the 12-month period ended December 31, 2004?

Generally, the U.S. economy presented a slowly improving picture in 2004. The Gross Domestic Product (GDP) grew at a preliminary estimate of 4.4% over the course of the full year. Inflation remained largely in check, as the Consumer Price Index rose 3.3% due primarily to increased energy costs. Corporate profits grew by an average of about 20%, and there was an increase of approximately 2 million jobs with the unemployment rate dropping to 5.4% at the end of 2004 from 5.7% at the beginning of the year. The fourth quarter stock market rally seemed to reflect a belief by some that the economic recovery had become more self-sustaining.

In the fixed-income markets, the Federal Reserve raised the fed funds rate five times between June 30 and December 14. At the close of the year, this benchmark rate stood at 2.25%, compared with 1.00% one year earlier. (On February 2, 2005, after the close of this reporting period, the Federal Reserve raised the fed funds rate by another 0.25% to 2.50%.) At the same time, rates remained essentially unchanged at the long end of the yield curve, with the yield on 10-year U.S. Treasuries standing at 4.22% on December 31, 2004, compared with 4.26% at the beginning of the year.

Despite this significant flattening of the yield curve, longer duration investments such as preferred securities continued to enjoy generally wide yield spreads over money market funds and other short-term instruments. As a result, individual investors remained aggressive buyers throughout the year in the $25 par sector of the market. Within the $1000 par capital securities sector, buying interest also was strong throughout the year as U.S. and European insurance companies joined other institutional investors who sought to garner incremental yield. Encouraging this demand was the continued improvement in the general credit quality of many issuers, especially among the financial-oriented companies that make up a large proportion of the holdings of these Funds. The ratio of upgrades to downgrades was more favorable over this year period than at any time since the Funds' inceptions.

What was your overall management strategy for the 12-month period ended December 31, 2004?

We continued to maintain a balance between the two major preferred sectors - the $25 par and the $1000 par capital securities. While both sectors presented

attractive investment opportunities at particular points in time, by the end of 2004 the relative weighting between the two in each Fund was essentially unchanged from the beginning of the period. Over the course of 2004, our investment focus centered on buying high quality, higher coupon preferred issues that usually traded on the basis of their yield-to-call rather than their yield-to-maturity.

Within the $25 par sector, this meant seeking securities with coupons of 7.00% or more and call dates two or three years in the future. Early in the year these types of preferreds had yields-to-call that generally were about 2.00% higher than short-term U.S. Treasury securities (it is important to note that U.S. Treasury securities are backed by the full faith and credit of the U.S. Government while preferred securities are not). As the yield curve flattened over the course of the year, these spreads closed to about 1.50%.

In the $1000 par capital securities sector, much of our investment focus was on "Yankee step-up" securities. These are $US-denominated preferreds issued primarily by highly-rated European financial institutions. They pay a fixed rate for a period of time and then move to a wide spread above LIBOR (London Interbank Offered Rate) if the issuer does not call the security. This step-up feature makes the exercise of the call option more likely and creates a shorter duration, less interest rate sensitive investment vehicle.

One of our longer-term goals is to position each of these Funds so that they provide return variability and interest rate risk exposure roughly comparable to the variability and risk of the markets in which they invest. As one strategy to reach this goal, we attempted to reduce some of their inherent interest rate risk (the risk that the value of a Fund's portfolio will decline if market interest rates rise) by utilizing U.S. Treasury note and bond futures to hedge some of this risk. Our only objective with these hedges was to reduce the duration of these Funds without having a negative impact on their dividends. These hedges do not affect the Funds' income streams or dividend-paying capabilities over the short-term. Instead, the costs of the hedges are reflected as an addition or subtraction from each Fund's net asset value as the value of the hedge fluctuates. Some of the

hedges had a negative impact on Fund performance as of December 31, 2004, because interest rates fell and bond prices rose during the periods in which the hedges were in place. However, this loss in value was at least partly offset by the fact that some of the securities in each Fund's portfolio, because they had longer-than-target durations, increased in value by more as a result of these interest rate decreases than if the securities had the shorter, targeted duration.

How did the Funds perform over the 12-months ended December 31, 2004?

Each of the Funds performed well during the 12 months ended December 31, 2004. Their performance, as well as the performance of several widely followed market indexes, is shown in the nearby chart.

Total Return on Net Asset Value
For 12 months ended December 31, 2004

JTP	7.65%
JPS	7.99%
JHP	7.73%

Lehman Brothers Aggregate Bond Index(1)	4.34%
Merrill Lynch Preferred Stock Hybrid Securities Index(2)	5.51%

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

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

For the 12 months ended December 31, 2004, all three Funds outperformed the Lehman Brothers and Merrill Lynch indexes. One of the primary factors benefiting the performance of these Funds relative to that of the unmanaged indexes was the Funds' use of financial leverage. While leveraging can add volatility to a Fund's NAV and share price, especially during periods of rising interest rates, this strategy can also provide opportunities for additional income and total returns for common shareholders when short-term interest rates remain relatively low and long-term rates fall or remain relatively constant, as they did during this reporting period.

Individual security selection also played a prominent role in each Fund's strong relative performance for the year. Highly-rated preferreds issued by financial institutions, especially banks, were the mainstays of their portfolios. Over the course of the year,

(1) The Lehman Brothers Aggregate Bond Index is an unmanaged index that includes all investment-grade, publicly issued, fixed-rate, dollar-denominated, nonconvertible debt issues and commercial mortgage backed securities with maturities of at least one year and outstanding par values of $150 million or more.

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

these securities often performed better than lower-rated securities. This was especially true for some of the securities issued by non-US companies that we were able to purchase at attractive yields relative to similarly rated preferreds from U.S. issuers.

Seasoned "repackaged preferreds" also provided some good returns for the Funds. These securities are created when an investment bank buys a specific tranche of bonds or $1000 par preferred securities of a particular issuer, places them in a trust, and then issues $25 par preferreds backed by this trust. The repackaged preferreds are often not widely followed in the secondary market, which can produce some very attractive pricing and yields. In addition to their attractive return potential, they also provided the Funds with exposure to some issuers who have little or no other preferreds outstanding, such as IBM, BellSouth and Safeco. This helped improve the overall diversification of each portfolio.

Within the $1000 par capital securities sector, our focus increased on $US-denominated preferreds from foreign issuers and on preferreds that trade in

the "Euro listed" sector. These provided good returns to the portfolios as these two areas were among the best performing sectors in the overall corporate market.

Other actions that positively impacted Fund performance over this period included our participation in a tender offer for Safeco preferreds, opportunistic buying of some insurance company securities that we believed were unfairly discounted because of the ongoing investigations of the industry, and the year end purchase of a very attractively priced Fannie Mae floating rate preferred stock that appreciated 12% in two days.

While it was generally a very good year from a credit standpoint, there were a few blemishes that hurt overall Fund performance. While we limited the Funds' exposure to the auto sector (and actually reduced it as the year went on), the prices on Ford and GM preferreds and bonds tended to weaken over the period, given concerns over eroding market share and unfunded pension and health care obligations. Another position that negatively impacted performance was Converium. The Swiss reinsurance company surprised the markets with a large addition to reserves due to losses in their U.S. operations, and the company was subsequently downgraded to below investment grade.

While we liquidated the entire position, the prices we were able to obtain were well below our costs.

One event that indirectly had a positive impact on the market and the Funds was an increasing sense among many market participants that the 15% tax rate for individuals on qualifying dividend income may become permanent. While the Funds do not specifically target this type of tax-advantaged income, many of our non-U.S. holdings qualify for the lower rate, and we saw increased buying interest in these securities toward the end of the year.

What about Fund dividends and share prices?

Each of these Funds uses financial leverage in an effort to enhance its dividend-paying capabilities. While this strategy adds volatility to a Fund's net asset value and share price, it generally enhances the amount of income the Fund has to distribute to its common shareholders. The extent of this benefit is tied in part to the short-term rates these Funds pay their FundPreferred(TM) shareholders. As short-term rates rose through the second half of the 12-month period, the Funds paid higher dividends to their FundPreferred shareholders. As a result, the leveraging strategy - while still beneficial - did not provide as much income enhancement as it did before short-term interest rates began to rise. This had an impact on all three of the Funds' dividends. Over the 12-month period, JPS and JHP each had one monthly dividend reduction and JTP had two dividend reductions.

All of these Funds seek to pay stable dividends at rates that reflect each Fund's past results and projected future performance. During certain periods, each Fund may pay dividends at a rate that may be more or less than the amount of net investment income actually earned by the Fund during the period. If a Fund has cumulatively earned more than it has paid in dividends, it holds the excess in reserve as undistributed net investment income (UNII) as part of the Fund's NAV. Conversely, if a Fund has cumulatively paid dividends in excess of its earnings, the excess constitutes negative UNII that is likewise reflected in the Fund's NAV. Each Fund will, over time, pay all of its net investment income as dividends to shareholders. As of December 31, 2004, each of the Funds in this report had positive UNII balances for both financial statement purposes and tax purposes.

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As of December 31, 2004, the Funds were trading at discounts to their net asset values as shown in the accompanying chart.

Fund	12/31 Discount	Period Avg. Discount
JTP	-6.17%	-0.87%
JPS	-8.05%	-4.30%
JHP	-4.69%	-2.08%

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Nuveen Quality Preferred Income Fund

JTP

Performance
Overview As of December 31, 2004

Pie Chart:
PORTFOLIO ALLOCATION
(as a % of total investments)

$25 Par (or similar) Securities	45.7%
Capital Preferred Securities	45.2%
Convertible Preferred Securities	5.4%
Corporate Bonds	3.2%
Repurchase Agreements	0.5%

Bar Chart:
2004 MONTHLY DIVIDENDS PER SHARE

Jan	0.105
Feb	0.105
Mar	0.105
Apr	0.105
May	0.105
Jun	0.101
Jul	0.101
Aug	0.101
Sep	0.101
Oct	0.101
Nov	0.101
Dec	0.097

Line Chart:
SHARE PRICE PERFORMANCE
Weekly Closing Price
Past performance is not predictive of future results.

1/1/04	15.8
	15.89
	15.93
	15.89
	15.86
	15.96

16.09
15.83
15.85
15.86
15.97
15.97
15.95
15.93
15.8
15.77
15.76
15.78
15.84
15.87
15.87
15.91
15.89
15.81
15.8
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15.82
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13.83
13.73
13.71
13.74

	13.82
	13.93
12/31/04	14

Portfolio Statistics

Share Price	$14.00
Common Share Net Asset Value	$14.92
Premium/Discount to NAV	-6.17%
Latest Dividend	$.0970
Market Yield	8.31%
Net Assets Applicable to Common Shares ($000)	$961,583

Industries
(as a % of total investments)

Commercial Banks	28.3%
Real Estate	15.1%
Insurance	14.4%
Diversified Financial Services	9.9%
Capital Markets	9.1%
Thrifts & Mortgage Finance	4.2%
Oil & Gas	3.8%
Automobiles	3.2%
Repurchase Agreements	0.5%
Other	11.5%

Top Five Issuers
(excluding repurchase agreements)
(as a % of total investments)

Wachovia Corporation	3.4%
Abbey National Public Limited Company	3.2%
ING Groep NV	3.1%
Zurich Financial Services	2.8%
HSBC Holdings Public Limited Company	2.5%

Average Annual Total Return
(Inception 6/25/02)

	On Share Price	On NAV
1-Year	-3.80%	7.65%
Since Inception	5.58%	10.31%

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Nuveen Quality Preferred Income Fund 2

JPS

Performance
Overview As of December 31, 2004

Pie Chart:
PORTFOLIO ALLOCATION
(as a % of total investments)

$25 Par (or similar) Securities	47.2%
Capital Preferred Securities	44.4%
Convertible Preferred Securities	5.1%
Corporate Bonds	3.3%

Bar Chart:
2004 MONTHLY DIVIDENDS PER SHARE1

Jan	0.105
Feb	0.105
Mar	0.105
Apr	0.105
May	0.105
Jun	0.105
Jul	0.105
Aug	0.105
Sep	0.105
Oct	0.105
Nov	0.105
Dec	0.102

Line Chart:
SHARE PRICE PERFORMANCE
Weekly Closing Price
Past performance is not predictive of future results.

1/1/04	15.94
	15.96
	15.99
	15.92
	15.95
	16
	16.05
	15.99
	15.96
	15.92

16
16.08
16.15
16.03
15.84
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	14.54
	14.36
	14.3
	14.36
	14.55
	14.59
	14.5
	14.4
	14.41
	14.35
	14.36
12/31/04	14.4

Portfolio Statistics

Share Price	$14.40
Common Share Net Asset Value	$15.66
Premium/Discount to NAV	-8.05%
Latest Dividend	$.1020
Market Yield	8.50%
Net Assets Applicable to Common Shares ($000)	$1,872,283

Industries
(as a % of total investments)

Commercial Banks	25.9%
Insurance	16.6%
Real Estate	12.7%
Capital Markets	11.1%
Diversified Financial Services	9.0%
Thrifts & Mortgage Finance	4.8%
Electric Utilities	3.9%
Diversified Telecommunication Services	3.5%
Automobiles	3.4%
Other	9.1%

Top Five Issuers
(excluding repurchase agreements)
(as a % of total investments)

Wachovia Corporation	3.6%
Abbey National Public Limited Company	3.3%
ING Groep NV	3.0%
Everest Reinsurance Holdings Inc.	2.7%
Vodafone Airtouch Public Limited Company	2.2%

Average Annual Total Return

(Inception 9/24/02)

	On Share Price	On NAV
1-Year	-0.66%	7.99%
Since Inception	7.23%	13.28%

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

Nuveen Quality Preferred Income Fund 3

JHP

Performance
Overview As of December 31, 2004

Pie Chart:
PORTFOLIO ALLOCATION
(as a % of total investments)

$25 Par (or similar) Securities	51.0%
Capital Preferred Securities	40.4%
Convertible Preferred Securities	5.3%
Corporate Bonds	3.2%
Repurchase Agreements	0.1%

Bar Chart:
2004 MONTHLY DIVIDENDS PER SHARE1

Jan	0.103
Feb	0.103
Mar	0.103
Apr	0.103
May	0.103
Jun	0.103
Jul	0.103
Aug	0.103
Sep	0.103
Oct	0.103
Nov	0.103
Dec	0.1

Line Chart:
SHARE PRICE PERFORMANCE
Weekly Closing Price
Past performance is not predictive of future results.

1/1/04	15.85
	15.71
	15.93
	15.79
	15.89
	15.89
	15.94
	15.68
	15.67
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	14.86
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	14.72
	14.77
	14.87
	14.83
	14.82
	14.83
	14.93
	14.72
	14.62
	14.49
	14.3
	14.25
	14.21
	14.23
	14.23
	14.29
	14.22
	14.3
	14.32
	14.38
12/31/04	14.44

Portfolio Statistics	
Share Price	$14.44
Common Share Net Asset Value	$15.15
Premium/Discount to NAV	-4.69%
Latest Dividend	$.1000
Market Yield	8.31%
Net Assets Applicable to Common Shares ($000)	$358,197

Industries (as a % of total investments)	
Commercial Banks	23.3%
Insurance	20.3%
Real Estate	11.7%
Diversified Financial Services	10.6%
Capital Markets	10.0%
Thrifts & Mortgage Finance	3.3%
Diversified Telecommunication Services	3.3%
Oil & Gas	3.3%
Automobiles	3.3%
Repurchase Agreements	0.1%
Other	10.8%

Top Five Issuers (excluding repurchase agreements) (as a % of total investments)	
Wachovia Corporation	3.6%
ING Groep NV	3.4%
Zurich Financial Services	2.9%
Union Planters Corporation	2.4%
Citigroup	2.3%

Average Annual Total Return
(Inception 12/18/02)

	On Share Price	On NAV
1-Year	-0.41%	7.73%
Since Inception	6.75%	11.60%

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

Shareholder Meeting Report

The Shareholder Meeting was held in the Embassy Room of the Mandarin Oriental Hotel, 222 Sansome Street, San Francisco, California on November 17, 2004.

	JTP		JPS	
Approval of the board members was reached as follows:	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	FundPreferre shares votin togethe as a clas
Robert P. Bremner				
For	63,063,195	--	116,546,845	-
Withhold	499,423	--	826,148	-
Total	63,562,618	--	117,372,993	-
Lawrence H. Brown				
For	63,051,475	--	116,540,309	-
Withhold	511,143	--	832,684	-
Total	63,562,618	--	117,372,993	-
Jack B. Evans				
For	63,056,823	--	116,543,695	-
Withhold	505,795	--	829,298	-
Total	63,562,618	--	117,372,993	-
William C. Hunter				
For	63,056,206	--	116,541,537	-
Withhold	506,412	--	831,456	-
Total	63,562,618	--	117,372,993	-
William J. Schneider				
For	--	16,732	--	30,09
Withhold	--	64	--	11

Total	--	16,796	--	30,21
Timothy R. Schwertfeger				
For	--	16,728	--	30,09
Withhold	--	68	--	11
Total	--	16,796	--	30,21
Judith M. Stockdale				
For	63,055,783	--	116,513,937	-
Withhold	506,835	--	859,056	-
Total	63,562,618	--	117,372,993	-

Report of
Independent Registered
Public Accounting Firm

To the Shareholders and Board of Trustees of
Nuveen Quality Preferred Income Fund
Nuveen Quality Preferred Income Fund 2
Nuveen Quality Preferred Income Fund 3

We have audited the accompanying statements of assets and liabilities of Nuveen Quality Preferred Income Fund, Nuveen Quality Preferred Income Fund 2 and Nuveen Quality Preferred Income Fund 3 (the "Funds"), including the portfolios of investments, as of December 31, 2004, and the related statements of operations and changes in net assets and the financial highlights for the periods indicated therein. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2004, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Nuveen Quality Preferred Income Fund, Nuveen Quality Preferred Income Fund 2 and Nuveen Quality Preferred Income Fund 3 at December 31, 2004, the results of their operations, the changes in their net assets and the financial highlights for the

periods indicated therein, in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Chicago, Illinois
February 17, 2005

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Nuveen Quality Preferred Income Fund (JTP)

Portfolio of
Investments December 31, 2004

Shares	Description(1)	Coupon	Ratin Moody's
	$25 PAR (or similar) SECURITIES - 66.3% (45.7% of Total Investments)		
	Auto Components - 1.1%		
422,441	Delphi Trust I	8.250%	Baa3
	Automobiles - 0.2%		
32,900	Ford Motor Company (CORTS)	8.000%	Baa1
51,600	General Motors Acceptance Corporation	7.350%	Baa1
	Capital Markets - 5.9%		
1,250	ABN AMRO North America, Series L, 144A (a)	6.460%	A3
122,000	BCH Capital Ltd., Series B	9.430%	A2
60,000	Bear Stearns Capital Trust III	7.800%	A2
31,100	BNY Capital Trust V, Series F	5.950%	A1
270,650	BSCH Finance Ltd., Series Q	8.625%	A2
228,095	Compass Capital Trust III	7.350%	A3
29,400	First Union Capital II, Series II (CORTS)	7.500%	A1
11,300	First Union Institutional Capital II (CORTS)	8.200%	A1
81,500	JPMorgan Chase Capital Trust IX, Series I	7.500%	A1
108,549	Lehman Brothers Holdings Capital Trust III, Series K	6.375%	A2
43,500	Lehman Brothers Holdings Capital Trust IV, Series L	6.375%	A2
13,200	Lehman Brothers Holdings Capital Trust V, Series M	6.000%	A2
35,000	Lehman Brothers Holdings Inc., Series C (a)	5.940%	NA
74,500	Merrill Lynch Capital Trust	7.000%	A1
192,500	Merrill Lynch Preferred Capital Trust	7.750%	A1
59,700	Merrill Lynch Preferred Capital Trust IV	7.120%	A1
77,400	Merrill Lynch Preferred Capital Trust V	7.280%	A1
157,200	Morgan Stanley Capital Trust II	7.250%	A1
226,700	Morgan Stanley Capital Trust III	6.250%	A1
249,095	Morgan Stanley Capital Trust IV	6.250%	A1
10,800	Morgan Stanley Capital Trust V	5.750%	A1
	Commercial Banks - 8.3%		

24,800	Abbey National plc, Series B	7.250%	A1
67,800	Abbey National plc, Series B	7.375%	A2
100,000	ABN AMRO Capital Fund Trust V	5.900%	A2
102,800	ASBC Capital I	7.625%	Baa1
7,200	BAC Capital Trust I	7.000%	Aa3
64,500	BAC Capital Trust II	7.000%	Aa3
80,000	BAC Capital Trust III	7.000%	Aa3
52,300	Banco Totta & Acores Finance, Series A	8.875%	A3
68,300	Bank One Capital II	8.500%	A1
59,400	Bank One Capital Trust VI	7.200%	A1
198,200	Chittenden Capital Trust I	8.000%	Baa1
66,300	Citigroup Inc., Series H (a)	6.231%	Aa3
116,800	Cobank ABC, 144A (a)	7.000%	NA
124,700	Comerica Capital Trust I	7.600%	A3
87,000	Fleet Capital Trust VI	8.800%	Aa3
33,900	Fleet Capital Trust VII	7.200%	Aa3
62,900	KeyCorp (PCARS)	7.500%	A3
18,000	KeyCorp, Series 2001-7 (CORTS)	7.750%	A3
29,800	KeyCorp, Series B (CORTS)	8.250%	A3
63,500	National Commerce Capital Trust II	7.700%	A1
55,300	National Westminster Bank plc, Series A	7.875%	Aa2
29,200	Regions Finance Trust I	8.000%	A2

Nuveen Quality Preferred Income Fund (JTP) (continued)

Portfolio of Investments December 31, 2004

Shares	Description(1)	Coupon	Ratin Moody's
	Commercial Banks (continued)		
10,700	Royal Bank of Scotland Group plc, Series L	5.750%	A1
22,800	Royal Bank of Scotland Group plc, Series M	6.400%	A1
23,500	SunTrust Capital Trust IV	7.125%	A1
71,800	SunTrust Capital Trust V	7.050%	A1
174,400	USB Capital Trust III	7.750%	Aa3
419,005	USB Capital Trust IV	7.350%	Aa3
46,100	USB Capital Trust V	7.250%	Aa3
35,800	VNB Capital Trust I	7.750%	Baa1
27,300	Washington Mutual Capital Trust I, Series 2001-22, Class A-1 (CORTS)	7.650%	Baa1
11,800	Wells Fargo Capital Trust IV	7.000%	Aa2
130,100	Wells Fargo Capital Trust V	7.000%	Aa2
5,600	Wells Fargo Capital Trust VI	6.950%	Aa2
340,000	Zions Capital Trust B	8.000%	Baa1
	Consumer Finance - 0.6%		
127,000	Household Capital Trust V, Series X	10.000%	A2
60,300	Household Capital Trust VI	8.250%	A2
24,700	Household Capital Trust VII	7.500%	A2

	Diversified Financial Services - 6.1%		
17,000	BBVA Preferred Capital Ltd., Series B	7.750%	A1
25,200	Chase Capital Trust VIII, Series H	8.300%	A1
30,376	CIT Group Incorporated (CORTS)	7.750%	A3
160,500	Citigroup Capital Trust VII	7.125%	Aa2
95,200	Citigroup Capital Trust VIII	6.950%	Aa2
40,800	Citigroup Inc., Series M (a)	5.864%	Aa3
30,300	ING Capital Funding Trust II	9.200%	A2
563,900	ING Group NV	7.050%	NA
1,015,458	ING Group NV	7.200%	A2
32,600	JPM Capital Trust I, Series 2001-1, Class A-1 (CORTS)	7.850%	A1
73,600	JPMorgan Chase Capital Trust X	7.000%	A1
20,000	JPMorgan Chase Trust, Series 2002-6, Class A (SATURNS)	7.125%	A1
46,000	Merrill Lynch Capital Trust II	8.000%	A1
	Diversified Telecommunication Services - 0.1%		
14,800	BellSouth Corporation, Series 2001-3 (SATURNS)	7.125%	A2
18,100	SBC Communications Inc.	7.000%	A2
16,500	Verizon New England Inc., Series B	7.000%	A2
	Electric Utilities - 2.2%		
77,740	DTE Energy Trust I	7.800%	Baa3
95,305	Entergy Louisiana Inc.	7.600%	Baa1
117,951	Georgia Power Company	5.900%	A2
251,220	Interstate Power and Light Company, Series B (a)	8.375%	Baa3
7,000	Tennessee Valley Authority, Series D	6.750%	Aaa
187,000	Virginia Power Capital Trust	7.375%	Baa1
	Food Products - 0.7%		
65,000	Dairy Farmers of America Inc., 144A (a)	7.875%	Baa3
	Gas Utilities - 0.1%		
32,300	AGL Capital Trust II	8.000%	Baa2
	Industrial Conglomerates - 0.1%		
19,400	General Electric Company (CORTS)	6.800%	Aaa
	Insurance - 9.8%		
14,900	ACE Capital Trust I, Series 1999	8.875%	Baa1
673,700	Ace Ltd., Series C	7.800%	Baa2
1,800	Allstate Corporation (PCARS)	7.150%	A2
21,500	AMBAC Financial Group Inc.	5.950%	Aa2
18,700	American General Capital III	8.050%	Aa1
201,000	Delphi Financial Group Inc.	8.000%	Baa3
262,700	EverestRe Capital Trust II	6.200%	Baa1

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Shares	Description(1)	Coupon	Moody's
	Insurance (continued)		
72,300	EverestRe Group Limited	7.850%	Baa1
156,877	Hartford Capital Trust III, Series C	7.450%	Baa1
46,700	Hartford Life Capital Trust II, Series B	7.625%	Baa1
77,100	Lincoln National Capital Trust V, Series E	7.650%	Baa1
26,900	Lincoln National Capital Trust VI	6.750%	Baa1
26,100	MBIA Inc.	8.000%	Aa2
113,700	PartnerRe Limited	7.900%	A3
250,000	PartnerRe Limited, Series C	6.750%	Baa1
67,000	PartnerRe Limited, Series D	6.500%	Baa1
72,100	PLC Capital Trust III	7.500%	Baa1
410,000	PLC Capital Trust IV	7.250%	Baa1
264,165	Prudential plc	6.750%	Baa1
111,450	RenaissanceRe Holdings Ltd., Series A	8.100%	Baa2
59,100	RenaissanceRe Holdings Ltd., Series B	7.300%	Baa2
13,900	RenaissanceRe Holdings Ltd., Series C	6.080%	Baa2
35,800	Safeco Capital Trust I (CORTS)	8.700%	Baa2
31,300	Safeco Capital Trust I, Series 2001-4 (CORTS)	8.750%	Baa2
61,600	Torchmark Capital Trust I	7.750%	Baa1
4,200	W.R. Berkley (CORTS)	8.250%	Baa3
391,854	XL Capital Ltd., Series A	8.000%	Baa1
72,400	XL Capital Ltd., Series B	7.625%	Baa1
	IT Services - 0.1%		
22,800	Vertex Indsutries Inc. (PPLUS)	7.625%	A2
	Media - 0.3%		
119,000	Viacom Inc.	7.300%	A3
	Multi-Utilities & Unregulated Power - 0.7%		
93,600	Dominion CNG Capital Trust I	7.800%	Baa1
57,600	Dominion Resources Capital Trust II	8.400%	Baa2
97,700	Energy East Capital Trust I	8.250%	Baa3
	Oil & Gas - 1.5%		
445,632	Nexen Inc.	7.350%	Baa3
108,500	TransCanada Pipeline	8.250%	A3
	Pharmaceuticals - 0.1%		
20,000	Bristol Myers Squibb Company (CORTS)	6.250%	A1
	Real Estate - 22.0%		
49,658	AMB Property Corporation, Series M	6.750%	Baa2
13,400	AvalonBay Communities, Inc., Series H	8.700%	Baa2
608,700	BRE Properties, Series B	8.080%	Baa3
85,000	BRE Properties, Series D	6.750%	Baa3
547,145	CarrAmerica Realty Corporation, Series E	7.500%	Baa3
55,600	Developers Diversified Realty Corporation, Series F	8.600%	Ba1
45,100	Developers Diversified Realty Corporation, Series G	8.000%	Ba1
119,000	Developers Diversified Realty Corporation, Series H	7.375%	Ba1
114,179	Duke-Weeks Realty Corporation, Series B	7.990%	Baa2
10,800	Duke-Weeks Realty Corporation, Series I	8.450%	Baa2

1,097,400	Equity Office Properties Trust, Series G	7.750%	Baa3
30,400	Equity Residential Properties Trust	9.125%	Baa2
23,100	Equity Residential Properties Trust, Series D	8.600%	Baa2
10,600	First Industrial Realty Trust, Inc., Series C	8.625%	Baa3
19,000	Firstar Realty LLC, 144A	8.875%	Aa3
57,900	Harris Preferred Capital Corporation, Series A	7.375%	A1
1,008,900	HRPT Properties Trust, Series B	8.750%	Baa3
22,000	New Plan Excel Realty Trust, Series D	7.800%	Baa3
416,000	New Plan Excel Realty Trust, Series E	7.625%	NA
101,000	Prologis Trust, Series G	6.750%	Baa2
328,400	PS Business Parks Inc.	7.000%	Ba1
57,000	PS Business Parks Inc., Series I	6.875%	Ba1
240,000	PS Business Parks Inc., Series L	7.600%	Ba1

Nuveen Quality Preferred Income Fund (JTP) (continued)

Portfolio of Investments December 31, 2004

Shares	Description(1)	Coupon	Ratin Moody's
	Real Estate (continued)		
60,900	Public Storage Inc., Series C	6.600%	Baa2
14,200	Public Storage Inc., Series E	10.000%	Baa2
22,800	Public Storage Inc., Series F	9.750%	Baa2
25,100	Public Storage Inc., Series Q	8.600%	Baa2
101,300	Public Storage Inc., Series R	8.000%	Baa2
200,000	Public Storage Inc., Series S	7.875%	Baa2
35,380	Public Storage Inc., Series U	7.625%	Baa2
345,600	Public Storage Inc., Series V	7.500%	Baa2
70,000	Realty Income Corporation	7.375%	Baa3
47,500	Regency Centers Corporation	7.450%	Baa3
15,500	Regency Centers Corporation	7.250%	Baa3
20,500	Simon Property Group, Inc., Series F	8.750%	Baa2
176,200	Simon Property Group, Inc., Series G	7.890%	Baa2
191,900	Vornado Realty Trust	6.625%	Baa3
16,970	Vornado Realty Trust, Series C	8.500%	Ba1
315,500	Wachovia Preferred Funding Corporation	7.250%	A2
	Thrifts & Mortgage Finance - 4.5%		
4,200	Countrywide Capital Trust II, Series II (CORTS)	8.000%	Baa1
618,420	Countrywide Capital Trust IV	6.750%	Baa1
364,400	Fannie Mae (a)	0.000%	Aa3
61,300	Fannie Mae (a)	3.780%	Aa3
53,200	Federal Home Loan Mortgage Corporation (a)	1.140%	Aa3
39,000	Federal Home Loan Mortgage Corporation (a)	5.100%	Aa3
	Wireless Telecommunication Services - 1.9%		
312,846	Telephone and Data Systems Inc.	7.600%	Baa1
157,600	United States Cellular Corporation	8.750%	Baa1

224,400	United States Cellular Corporation	7.500%	Baa1
	Total $25 Par (or similar) Securities (cost $602,793,267)		
	CONVERTIBLE PREFERRED SECURITIES - 7.7% (5.4% of Total Investments)		
	Diversified Financial Services - 0.8%		
154,000	Citigroup Global Markets	2.000%	Aa1
	Diversified Telecommunication Services - 1.4%		
263,200	Alltel Corporation	7.750%	A2
	Electric Utilities - 1.2%		
266,200	Ameren Corporation	9.750%	A3
10,000	American Electric Power	9.250%	Baa3
60,000	DTE Energy Company	8.750%	Baa2
30,000	FPL Group Inc.	8.000%	NA
	Gas Utilities - 1.6%		
299,400	Keyspan Corporation	8.750%	A3
	Healthcare Equipment & Supplies - 0.3%		
54,500	Baxter International Inc.	7.000%	Baa1
	Insurance - 0.1%		
50,000	XL Capital Ltd.	6.500%	A2
	Multi-Utilities & Unregulated Power - 2.3%		
260,200	Dominion Resources Inc.	8.750%	Baa1
115,200	Public Service Enterprise Group	10.250%	Baa3
	Total Convertible Preferred Securities (cost $66,619,068)		

Principal Amount (000)/ Shares	Description(1)	Coupon	Maturity	Rati Moody's
	CAPITAL PREFERRED SECURITIES - 65.4% (45.2% of Total Investments)			
	Capital Markets - 7.2%			
2,500	Bank of New York Capital I, Series B	7.970%	12/31/26	A1
2,000	BT Capital Trust, Series B1	7.900%	1/15/27	A2
1,000	BT Institutional Capital Trust B, 144A	7.750%	12/01/26	A2
7,900	BT Preferred Capital Trust II	7.875%	2/25/27	A2

2,250	C.A. Preferred Fund Trust II	7.000%	10/30/49	A1
11,250	C.A. Preferred Funding Trust	7.000%	1/30/49	A1
2,500	Dresdner Funding Trust I, 144A	8.151%	6/30/31	A3
26,463	First Union Institutional Capital Securities I	8.040%	12/01/26	A1
7,000	UBS Preferred Funding Trust I	8.622%	10/29/49	A1
	Commercial Banks - 32.8%			
9,000	AB Svensk Exportkredit, 144A	6.375%	10/27/49	Aa3
30,000	Abbey National Capital Trust I	8.963%	12/30/49	A2
3,100	AgFirst Farm Credit Bank	7.300%	12/15/53	NA
2,800	ANZ Capital Trust I, 144A	5.360%	12/29/49	A2
2,500	Bank One Capital III	8.750%	9/01/30	A1
2,000	BankAmerica Institutional Capital Trust, Series B, 144A	7.700%	12/31/26	Aa3
5,700	BankBoston Capital Trust II, Series B	7.750%	12/15/26	Aa3
1,500	BanPonce Trust I, Series A	8.327%	2/01/27	Baa1
7,200	Barclays Bank plc, 144A	8.550%	6/15/49	Aa3
10	BBVA Privanza International Gibraltar, 144A (b)	7.764%	9/30/47	A1
3,000	Centura Capital Trust I, 144A	8.845%	6/01/27	A2
3,000	Corestates Capital Trust I, 144A	8.000%	12/15/26	A1
1,700	DBS Capital Funding Corporation, 144A	7.657%	3/15/49	A1
1,800	Farm Credit Bank of Texas	7.561%	11/05/49	NA
1,000	First Chicago NBD Institutional Capital, 144A	7.950%	12/01/26	A1
1,000	First Empire Capital Trust II	8.277%	6/01/27	Baa1
1,500	First Midwest Bancorp Inc.	6.950%	12/01/33	Baa2
5,750	HSBC Capital Funding LP, 144A	9.547%	12/31/49	A1
17,150	HSBC Capital Funding LP, Debt	10.176%	6/30/50	A1
12,000	KBC Bank Fund Trust III, 144A	9.860%	11/02/49	A2
2,000	KeyCorp Capital III	7.750%	7/15/29	A3
2,000	KeyCorp Institutional Capital Trust A	7.826%	12/01/26	A3
8,850	Lloyds TSB Bank plc, Subordinate Note	6.900%	11/22/49	Aa2
11,150	NB Capital Trust II	7.830%	12/15/26	Aa3
7,655	Nordbanken AB, 144A	8.950%	11/29/49	A2
1,000	North Fork Capital Trust I, Capital Securities	8.700%	12/15/26	A3
8,000	Peoples Heritage Capital Trust I, Series B	9.060%	2/01/27	Baa1
19,000	PNC Institutional Capital Securities, 144A	7.950%	12/15/26	A3
2,000	Popular North American Capital Trust I	6.564%	9/15/34	Baa1
15,750	RBS Capital Trust B	6.800%	12/31/49	A1
17,500	Reliance Capital Trust I, Series B	8.170%	5/01/28	NA
1,400	Republic New York Capital II, Capital Securities	7.530%	12/04/26	A1
1,100	Royal Bank of Scotland Group plc	7.648%	8/31/49	A1
3,000	SocGen Real Estate Company LLC, 144A	7.640%	12/29/49	A1
5,000	Sparebanken Rogaland, Notes, 144A	6.443%	5/01/49	Baa1
23,000	Summit Capital Trust I, Capital Securities	8.400%	3/15/27	Aa3
6,676	Union Planters Capital Trust A	8.200%	12/15/26	A2
4,000	Wachovia Capital Trust I, Capital Securities, 144A	7.640%	1/15/27	A1
5,000	Washington Mutual Capital Trust I	8.375%	6/01/27	Baa1
1,050	Wells Fargo Capital Securities	7.950%	12/01/26	Aa2
3,000	Zions Institutional Capital Trust, Series A	8.536%	12/15/26	Baa1
	Diversified Financial Services - 7.1%			

4,250	BNP Paribas Capital Trust	7.200%	12/31/49	A1
1,500	BNP Paribas Capital Trust, 144A	9.003%	12/29/49	A1
5,000	Chase Capital Trust I, Series A	7.670%	12/01/26	A1
25,500	HBOS Capital Funding LP, Notes	6.850%	3/01/49	A1

Nuveen Quality Preferred Income Fund (JTP) (continued)

Portfolio of Investments December 31, 2004

Principal Amount (000)/ Shares	Description(1)	Coupon	Maturity	Rati Moody's
	Diversified Financial Services (continued)			
19,500	JPM Capital Trust II	7.950%	2/01/27	A1
8,100	Old Mutual Capital Funding, Notes	8.000%	6/22/53	Baa2
	Diversified Telecommunication Services - 1.8%			
13,250	Centaur Funding Corporation, Series B, 144A	9.080%	4/21/20	Baa1
	Insurance - 10.9%			
7,570	Ace Capital Trust II	9.700%	4/01/30	Baa1
1,000	Allstate Financing II	7.830%	12/01/45	A2
1,000	American General Capital II	8.500%	7/01/30	Aa1
7,500	Berkeley Capital Trust	8.197%	12/15/45	Baa3
2,500	Mangrove Bay, Class 3, 144A	6.102%	7/15/33	Baa1
4,000	MIC Financing Trust I	8.375%	2/01/27	A1
7,000	Prudential plc	6.500%	6/29/49	Baa1
2,000	RenaissanceRe Capital Trust	8.540%	3/01/27	Baa1
26,216	Sun Life Canada Capital Trust, Capital Securities, 144A	8.526%	5/06/47	A1
35,095	Zurich Capital Trust I, 144A	8.376%	6/01/37	Baa2
	Oil & Gas - 4.0%			
4,000	KN Capital Trust I, Preferred Securities	8.560%	4/15/27	Baa3
8,860	KN Capital Trust III	7.630%	4/15/28	Baa3
20,900	Phillips 66 Capital Trust II	8.000%	1/15/37	Baa2
	Thrifts & Mortgage Finance - 1.6%			
8,500	Dime Capital Trust I, Series A	9.330%	5/06/27	Baa1
5,000	Great Western Financial Trust II, Series A	8.206%	2/01/27	Baa1
	Total Capital Preferred Securities (cost $593,863,120)			
	CORPORATE BONDS - 4.7% (3.2% of Total Investments)			

	Automobiles - 4.4%			
5,000	Ford Motor Company	8.900%	1/15/32	Baa1
3,400	Ford Motor Company, Debenture	7.400%	11/01/46	Baa1
5,700	Ford Motor Company, Debenture	7.700%	5/15/97	Baa1
24,500	General Motors Acceptance Corporation, Notes	8.000%	11/01/31	Baa1
2,760	General Motors Corporation, Senior Debentures	8.375%	7/15/33	Baa2
	Commercial Banks - 0.3%			
2,500	Washington Mutual Bank FA	5.125%	1/15/15	A3
	Total Corporate Bonds (cost $40,532,449)			

Principal Amount (000)	Description(1)
	REPURCHASE AGREEMENTS - 0.7% (0.5% of Total Investments)
$ 6,355	State Street Bank, 1.000%, dated 12/31/04, due 1/03/05, repurchase price $6,355,5
	collateralized by $5,045,000 U.S. Treasury Bonds, 7.500%, due 11/15/16, value $
	Total Repurchase Agreements (cost $6,355,052)
	Total Investments (cost $1,310,162,956) - 144.8%
	Other Assets Less Liabilities - 1.0%
	FundPreferred Shares, at Liquidation Value - (45.8)%
	Net Assets Applicable to Common Shares - 100%

Interest Rate Swap Contracts outstanding at December 31, 2004:

Counterparty	Notional Amount	Fixed Rate	Floating Rate**
Citibank, N.A.	$110,000,000	3.1300%	2.4175%
Citibank, N.A.	110,000,000	3.8600	2.4175
Citibank, N.A.	110,000,000	4.3500	2.4175

(1)	All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
*	Ratings (not covered by the report of independent registered public accounting firm): Below Baa by Moody's Investor Service, Inc. or BBB by Standard & Poor's Group are considered to be below investment grade.
**	Based on LIBOR (London Inter-bank Offered Rate).
(a)	Security is eligible for the Dividends Received Deduction.
(b)	Security valued at fair value using methods determined in good faith by or at the direction of the Board of Trustees.
144A	144A securities are those which are exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may only be resold in transactions exempt from registration which are normally those transactions with qualified institutional buyers.
(CORTS)	Corporate Backed Trust Securities.
(PCARS)	Public Credit and Repackaged Securities.
(PPLUS)	PreferredPlus Trust.
(SATURNS)	Structured Asset Trust Unit Repackaging.
NA	Security is not rated.

See accompanying notes to financial statements.

Nuveen Quality Preferred Income Fund 2 (JPS)

Portfolio of
Investments December 31, 2004

Shares	Description(1)	Coupon	Ratin Moody's
	$25 PAR (or similar) SECURITIES - 67.0% (47.2% of Total Investments)		
	Auto Components - 1.1%		
800,357	Delphi Trust I	8.250%	Baa3
	Automobiles - 0.1%		
23,300	DaimlerChrysler Corp. (PPLUS)	7.250%	A3
14,500	Ford Motor Company	0.000%	Baa1
38,000	Ford Motor Company, Series F (CORTS)	8.000%	Baa1

	Capital Markets - 5.2%		
340,500	BCH Capital Ltd., Series B	9.430%	A2
101,400	Bear Stearns Capital Trust III	7.800%	A2
19,300	BNY Capital Trust IV, Series E	6.875%	A1
46,800	BNY Capital Trust V, Series F	5.950%	A1
446,100	BSCH Finance Ltd., Series Q	8.625%	A2
381,125	Compass Capital Trust III	7.350%	A3
24,300	CSFB USA, Series 2002-10 (SATURNS)	7.000%	Aa3
63,300	First Union Capital II, Series II (CORTS)	7.500%	A1
31,300	First Union Institutional Capital II (CORTS)	8.200%	A1
221,100	JPMorgan Chase Capital Trust IX, Series I	7.500%	A1
279,300	Lehman Brothers Holdings Capital Trust III, Series K	6.375%	A2
102,900	Lehman Brothers Holdings Capital Trust IV, Series L	6.375%	A2
37,300	Lehman Brothers Holdings Capital Trust V, Series M	6.000%	A2
42,000	Lehman Brothers Holdings Inc., Series C (a)	5.940%	NA
171,900	Merrill Lynch Capital Trust	7.000%	A1
103,500	Merrill Lynch Preferred Capital Trust	7.750%	A1
89,400	Merrill Lynch Preferred Capital Trust IV	7.120%	A1
152,800	Merrill Lynch Preferred Capital Trust V	7.280%	A1
47,700	Morgan Stanley (PPLUS)	7.050%	Aa3
161,408	Morgan Stanley Capital Trust II	7.250%	A1
457,500	Morgan Stanley Capital Trust III	6.250%	A1
380,000	Morgan Stanley Capital Trust IV	6.250%	A1
20,700	Morgan Stanley Capital Trust V	5.750%	A1
	Commercial Banks - 8.0%		
152,060	ASBC Capital I	7.625%	Baa1
135,900	BAC Capital Trust I	7.000%	Aa3
168,500	BAC Capital Trust II	7.000%	Aa3
218,300	BAC Capital Trust III	7.000%	Aa3
44,100	Banco Totta & Acores Finance, Series A	8.875%	A3
81,600	BancWest Capital I	9.500%	A3
621,000	Banesto Holdings, Series A, 144A	10.500%	A2
85,800	Bank One Capital II	8.500%	A1
198,500	Bank One Capital Trust VI	7.200%	A1
47,400	Bank One Capital V	8.000%	A1
57,300	BankNorth Capital Trust II	8.000%	Baa1
120,000	Chittenden Capital Trust I	8.000%	Baa1
36,900	Citigroup Inc., Series H (a)	6.231%	Aa3
225,500	Cobank ABC, 144A (a)	7.000%	NA
239,700	Comerica Capital Trust I	7.600%	A3
128,300	Fleet Capital Trust VI	8.800%	Aa3

Shares	Description(1)	Coupon	Ratin Moody's
	Commercial Banks (continued)		
34,400	KeyCorp (PCARS)	7.500%	A3
32,100	KeyCorp, Series 2001-7 (CORTS)	7.750%	A3

91,300	KeyCorp, Series B (CORTS)	8.250%	A3
239,800	National Commerce Capital Trust II	7.700%	A1
112,200	National Westminster Bank plc, Series A	7.875%	Aa2
38,100	Regions Finance Trust I	8.000%	A2
139,600	SunTrust Capital Trust IV	7.125%	A1
110,200	SunTrust Capital Trust V	7.050%	A1
658,100	USB Capital Trust III	7.750%	Aa3
225,900	USB Capital Trust IV	7.350%	Aa3
95,900	USB Capital Trust V	7.250%	Aa3
90,800	VNB Capital Trust I	7.750%	Baa1
41,400	Washington Mutual Capital Trust I, Series 2001-22, Class A-1 (CORTS)	7.650%	Baa1
14,900	Well Fargo Capital Trust IX	5.625%	Aa2
17,800	Wells Fargo Capital Trust IV	7.000%	Aa2
182,200	Wells Fargo Capital Trust V	7.000%	Aa2
25,700	Wells Fargo Capital Trust VI	6.950%	Aa2
539,200	Zions Capital Trust B	8.000%	Baa1
	Consumer Finance - 2.2%		
528,700	Household Capital Trust V, Series X	10.000%	A2
620,196	Household Capital Trust VI	8.250%	A2
66,100	Household Capital Trust VII	7.500%	A2
360,600	HSBC Finance Corporation	6.875%	A1
	Diversified Finanacial Services - 6.8%		
75,800	BBVA Preferred Capital Ltd., Series B	7.750%	A1
73,800	Chase Capital Trust VIII, Series H	8.300%	A1
33,900	CIT Group Incorporated (CORTS)	7.750%	A3
1,800	Citigroup Capital Trust IX	6.000%	Aa2
264,300	Citigroup Capital Trust VII	7.125%	Aa2
415,000	Citigroup Capital Trust VIII	6.950%	Aa2
40,490	Citigroup Inc., Series M (a)	5.864%	Aa3
300,000	General Electric Capital Corporation	6.100%	Aaa
199,700	General Electric Capital Corporation	6.625%	Aaa
63,600	ING Capital Funding Trust II	9.200%	A2
1,406,955	ING Group NV	7.050%	NA
1,476,400	ING Group NV	7.200%	A2
5,000	ING Group NV	6.200%	A2
5,000	JP Morgan Chase Capital XII Trust	6.250%	A1
88,300	JPM Capital Trust (CORTS)	7.200%	A2
10,600	JPM Capital Trust I, Series 2001-1, Class A-1 (CORTS)	7.850%	A1
120,500	JPMorgan Chase Capital Trust X	7.000%	A1
11,000	JPMorgan Chase Capital Trust XI	5.875%	A1
49,600	JPMorgan Chase Trust, Series 2002-6, Class A (SATURNS)	7.125%	A1
117,500	Merrill Lynch Capital Trust II	8.000%	A1
	Diversified Telecommunication Services - 0.2%		
15,300	BellSouth Corporation	7.125%	Aa2
11,000	BellSouth Inc. (CORTS)	7.000%	A2
12,100	BellSouth Telecommunications (PPLUS)	7.300%	Aa3
31,800	SBC Communications Inc.	7.000%	A2
29,900	Verizon Communications (CORTS)	7.625%	A2
6,600	Verizon Communications (CORTS)	7.375%	A2
62,600	Verizon Global Funding Corporation (SATURNS)	7.500%	A2
4,000	Verizon South Inc., Series F	7.000%	A2
	Electric Utilities - 4.6%		
189,500	Alabama Power Company (a)	5.830%	Baa1

17,200	Consolidated Edison Company of New York Inc.	7.500%	A1
1,000	Detroit Edison Company	7.540%	Baa2
9,500	Detroit Edison Company	7.625%	Baa2
27,400	DTE Energy Trust I	7.800%	Baa3

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

Portfolio of Investments December 31, 2004

Shares	Description(1)	Coupon	Ratin Moody's
	Electric Utilities (continued)		
5,500	Entergy Arkansas Inc.	6.700%	Aaa
49,000	Entergy Louisiana Inc.	7.600%	Baa1
1,298,000	Entergy Mississippi Inc.	7.250%	Baa2
3,000	Georgia Power Capital Trust V	7.125%	A3
942,120	Interstate Power and Light Company, Series B (a)	8.375%	Baa3
20,000	National Rural Utilities Cooperative Finance Corporation	6.100%	A3
51,000	Public Service Company of Oklahoma, Series B	6.000%	Aaa
56,700	Tennessee Valley Authority, Series D	6.750%	Aaa
254,000	Virginia Power Capital Trust	7.375%	Baa1
	Food Products - 0.7%		
125,000	Dairy Farmers of America Inc., 144A (a)	7.875%	Baa3
	Gas Utilities - 0.1%		
51,700	AGL Capital Trust II	8.000%	Baa2
	Insurance - 12.4%		
972,600	Ace Ltd., Series C	7.800%	Baa2
62,900	Aetna Incorporated	8.500%	Baa2
31,500	AMBAC Financial Group Inc.	5.950%	Aa2
33,900	American General Capital III	8.050%	Aa1
472,557	Delphi Financial Group Inc.	8.000%	Baa3
2,591,000	EverestRe Group Limited	7.850%	Baa1
43,400	Financial Security Assurance Holdings	6.875%	Aa2
693,000	Financial Security Assurance Holdings	6.250%	Aa2
287,800	Hartford Capital Trust III, Series C	7.450%	Baa1
63,300	Hartford Life Capital Trust II, Series B	7.625%	Baa1
81,000	Lincoln National Capital Trust V, Series E	7.650%	Baa1
34,100	Lincoln National Capital Trust VI	6.750%	Baa1
22,200	MBIA Inc.	8.000%	Aa2
7,500	Metlife Inc.	5.875%	A2
233,681	PartnerRe Limited	7.900%	A3
449,720	PartnerRe Limited, Series C	6.750%	Baa1
21,600	PartnerRe Limited, Series D	6.500%	Baa1
107,800	PLC Capital Trust III	7.500%	Baa1
440,940	PLC Capital Trust IV	7.250%	Baa1

10,200	PLC Capital Trust V	6.125%	Baa1
218,000	Prudential plc	6.750%	Baa1
304,360	RenaissanceRe Holdings Ltd., Series A	8.100%	Baa2
139,000	RenaissanceRe Holdings Ltd., Series B	7.300%	Baa2
6,200	RenaissanceRe Holdings Ltd., Series C	6.080%	Baa2
16,500	Safeco Capital Trust I (CORTS)	8.750%	Baa2
78,900	Safeco Capital Trust I (CORTS)	8.700%	Baa2
59,700	Safeco Capital Trust I, Series 2001-4 (CORTS)	8.750%	Baa2
2,900	Safeco Corporation, Series 2002-5 (SATURNS)	8.250%	Baa2
64,700	Torchmark Capital Trust I	7.750%	Baa1
17,900	W.R. Berkley (CORTS)	8.250%	Baa3
558,900	XL Capital Ltd., Series A	8.000%	Baa1
537,617	XL Capital Ltd., Series B	7.625%	Baa1
	IT Services - 0.0%		
5,400	Vertex Indsutries Inc. (PPLUS)	7.625%	A2
	Media - 0.1%		
79,400	Viacom Inc.	7.300%	A3
	Multi-Utilities & Unregulated Power - 0.4%		
92,900	Dominion CNG Capital Trust I	7.800%	Baa1
46,200	Dominion Resources Capital Trust II	8.400%	Baa2
111,100	Energy East Capital Trust I	8.250%	Baa3
	Oil & Gas - 1.3%		
789,511	Nexen Inc.	7.350%	Baa3
151,900	TransCanada Pipeline	8.250%	A3

			Ratin
Shares	Description(1)	Coupon	Moody's
	Pharmaceuticals - 0.0%		
14,500	Bristol Myers Squibb Company (CORTS)	6.250%	A1
	Real Estate - 18.2%		
97,800	AvalonBay Communities, Inc., Series H	8.700%	Baa2
15,500	BRE Properties, Series B	8.080%	Baa3
45,300	BRE Properties, Series C	6.750%	Baa3
100,000	BRE Properties, Series D	6.750%	Baa3
1,002,995	CarrAmerica Realty Corporation, Series E	7.500%	Baa3
103,300	Developers Diversified Realty Corporation, Series F	8.600%	Ba1
489,800	Developers Diversified Realty Corporation, Series G	8.000%	Ba1
115,000	Developers Diversified Realty Corporation, Series H	7.375%	Ba1
165,000	Duke Realty Corporation, Series L	6.600%	Baa2
200,650	Duke-Weeks Realty Corporation, Series B	7.990%	Baa2

38,600	Duke-Weeks Realty Corporation, Series I	8.450%	Baa2
327,300	Equity Office Properties Trust, Series G	7.750%	Baa3
88,800	Equity Residential Properties Trust	9.125%	Baa2
40,000	Equity Residential Properties Trust, Series C	9.125%	Baa2
63,250	Equity Residential Properties Trust, Series D	8.600%	Baa2
46,124	Equity Residential Properties Trust, Series N	6.480%	Baa2
329,500	Federal Realty Investment Trust	8.500%	Baa3
18,600	First Industrial Realty Trust, Inc., Series C	8.625%	Baa3
12,609	Gables Residential Trust, Series D	7.500%	Baa3
16,800	Harris Preferred Capital Corporation, Series A	7.375%	A1
200,000	HRPT Properties Trust, Series A	9.875%	Baa3
1,542,125	HRPT Properties Trust, Series B	8.750%	Baa3
153,000	Kimco Realty Corporation, Series F	6.650%	Baa2
147,350	New Plan Excel Realty Trust, Series D	7.800%	Baa3
768,000	New Plan Excel Realty Trust, Series E	7.625%	NA
91,728	Prologis Trust, Series G	6.750%	Baa2
734,970	PS Business Parks Inc.	7.000%	Ba1
107,600	PS Business Parks Inc., Series I	6.875%	Ba1
400,000	PS Business Parks Inc., Series L	7.600%	Ba1
6,800	Public Storage Inc.	6.125%	Baa2
13,000	Public Storage Inc., Series F	9.750%	Baa2
63,700	Public Storage Inc., Series Q	8.600%	Baa2
218,595	Public Storage Inc., Series R	8.000%	Baa2
40,500	Public Storage Inc., Series S	7.875%	Baa2
94,865	Public Storage Inc., Series T	7.625%	Baa2
94,900	Public Storage Inc., Series U	7.625%	Baa2
142,300	Public Storage Inc., Series V	7.500%	Baa2
32,900	Public Storage Inc., Series Z	6.250%	Baa2
160,000	Realty Income Corporation	7.375%	Baa3
300,000	Regency Centers Corporation	7.450%	Baa3
149,600	Regency Centers Corporation	7.250%	Baa3
34,500	Simon Property Group, Inc., Series F	8.750%	Baa2
326,041	Simon Property Group, Inc., Series G	7.890%	Baa2
208,440	Vornado Realty Trust	6.625%	Baa3
34,585	Vornado Realty Trust, Series C	8.500%	Ba1
2,461,900	Wachovia Preferred Funding Corporation	7.250%	A2
156,000	Weingarten Realty Trust, Series E	6.950%	Baa1
	Specialty Retail - 0.0%		
20,800	Sherwin Williams Company, Series III (CORTS)	7.250%	A2
	Thrifts & Mortgage Finance - 3.4%		
1,043,000	Countrywide Capital Trust IV	6.750%	Baa1
416,400	Fannie Mae (a)	0.000%	Aa3
80,800	Fannie Mae (a)	5.125%	Aa3
47,300	Fannie Mae (a)	3.780%	Aa3
21,700	Federal Home Loan Mortgage Corporation (a)	1.140%	Aa3
68,000	Federal Home Loan Mortgage Corporation (a)	5.100%	Aa3
80,000	Federal Home Loan Mortgage Corporation (a)	5.000%	Aa3

Shares	Description(1)	Coupon	Ratin Moody's
	Wireless Telecommunication Services - 2.2%		
157,500	Telephone and Data Systems Inc.	7.600%	Baa1
1,317,400	United States Cellular Corporation	8.750%	Baa1
	Total $25 Par (or similar) Securities (cost $1,183,441,400)		
	CONVERTIBLE PREFERRED SECURITIES - 7.3% (5.1% of Total Investments)		
	Diversified Financial Services - 0.5%		
210,000	Citigroup Global Markets	2.000%	Aa1
	Diversified Telecommunication Services - 1.5%		
546,000	Alltel Corporation	7.750%	A2
	Electric Utilities - 1.0%		
357,900	Ameren Corporation	9.750%	A3
19,100	American Electric Power	9.250%	Baa3
126,500	FPL Group Inc.	8.000%	NA
	Gas Utilities - 1.3%		
452,500	Keyspan Corporation	8.750%	A3
	Healthcare Equipment & Supplies - 0.4%		
128,600	Baxter International Inc.	7.000%	Baa1
	Insurance - 0.2%		
118,000	XL Capital Ltd.	6.500%	A2
	Multi-Utilities & Unregulated Power - 2.3%		
468,500	Dominion Resources Inc.	8.750%	Baa1
250,900	Public Service Enterprise Group	10.250%	Baa3
	Thrifts & Mortgage Finance - 0.1%		
69,700	PMI Group Inc.	5.875%	A1
	Total Convertible Preferred Securities (cost $116,910,379)		

Principal Amount (000)/ Shares	Description(1)	Coupon	Maturity	Rat Moody's
	CAPITAL PREFERRED SECURITIES - 63.2% (44.4% of Total Investments)			

	Capital Markets - 10.5%			
15,000	ABN AMRO North America Holding Capital, 144A	6.523%	12/31/49	A3
15,000	Ahmanson Capital Trust I, 144A	8.360%	12/01/26	Baa1
1,465	Bank of New York Capital I, Series B	7.970%	12/31/26	A1
4,000	BT Capital Trust, Series B1	7.900%	1/15/27	A2
2,000	BT Institutional Capital Trust B, 144A	7.750%	12/01/26	A2
500	BT Preferred Capital Trust II	7.875%	2/25/27	A2
5,000	C.A. Preferred Fund Trust II	7.000%	10/30/49	A1
18,600	C.A. Preferred Funding Trust	7.000%	1/30/49	A1
7,500	Dresdner Funding Trust I, 144A	8.151%	6/30/31	A3
5,050	First Hawaiian Capital Trust I, Series B	8.343%	7/01/27	A3
17,095	First Union Capital Trust II, Series A	7.950%	11/15/29	A1
10,000	Goldman Sachs Group Inc.	6.345%	2/15/34	A1
25,000	M&I Capital Trust A	7.650%	12/01/26	A2
25,000	Mellon Capital Trust I, Series A	7.720%	12/01/26	A2
3,240	State Street Institutional Capital Trust, 144A	7.940%	12/30/26	A1
21,000	UBS Preferred Funding Trust I	8.622%	10/29/49	A1
	Commercial Banks - 28.9%			
19,000	AB Svensk Exportkredit, 144A	6.375%	10/27/49	Aa3
62,474	Abbey National Capital Trust I	8.963%	12/30/49	A2
7,400	AgFirst Farm Credit Bank	7.300%	12/15/53	NA

Principal Amount (000)/ Shares	Description(1)	Coupon	Maturity	Rat Moody's
	Commercial Banks (continued)			
2,200	ANZ Capital Trust I, 144A	5.360%	12/29/49	A2
6,500	Bank One Capital III	8.750%	9/01/30	A1
26,355	BankBoston Capital Trust I, Series B	8.250%	12/15/26	Aa3
3,031	BankBoston Capital Trust II, Series B	7.750%	12/15/26	Aa3
5,000	BanPonce Trust I, Series A	8.327%	2/01/27	Baa1
36,000	Barclays Bank plc, 144A	8.550%	6/15/49	Aa3
5,300	Barnett Capital I	8.060%	12/01/26	Aa3
2,229	Corestates Capital Trust I, 144A	8.000%	12/15/26	A1
3,700	DBS Capital Funding Corporation, 144A	7.657%	3/15/49	A1
3,500	Farm Credit Bank of Texas	7.561%	11/05/49	NA
5,000	FBS Capital Trust I	8.090%	11/15/26	Aa3
3,500	First Chicago NBD Institutional Capital, 144A	7.950%	12/01/26	A1
1,500	First Empire Capital Trust I	8.234%	2/01/27	Baa1
1,500	First Midwest Bancorp Inc.	6.950%	12/01/33	Baa2
22,080	Fleet Capital Trust II	7.920%	12/11/26	Aa3
2,400	HSBC Capital Funding LP, 144A	9.547%	12/31/49	A1
6,250	HSBC Capital Funding LP, Debt	10.176%	6/30/50	A1
32,000	KBC Bank Fund Trust III, 144A	9.860%	11/02/49	A2
8,000	KeyCorp Capital III	7.750%	7/15/29	A3
2,500	KeyCorp Institutional Capital Trust A	7.826%	12/01/26	A3

13,500	Lloyds TSB Bank plc, Subordinate Note	6.900%	11/22/49	Aa2
19,500	NB Capital Trust II	7.830%	12/15/26	Aa3
14,000	Nordbanken AB, 144A	8.950%	11/29/49	A2
2,000	North Fork Capital Trust I, Capital Securities	8.700%	12/15/26	A3
8,000	North Fork Capital Trust II	8.000%	12/15/27	A3
2,000	Peoples Heritage Capital Trust I, Series B	9.060%	2/01/27	Baa1
33,085	PNC Institutional Capital Securities, 144A	7.950%	12/15/26	A3
2,000	Popular North American Capital Trust I	6.564%	9/15/34	Baa1
11,600	RBS Capital Trust B	6.800%	12/31/49	A1
8,000	Reliance Capital Trust I, Series B	8.170%	5/01/28	NA
500	Republic New York Capital II, Capital Securities	7.530%	12/04/26	A1
17,500	Royal Bank of Scotland Group plc	9.118%	3/31/49	A1
2,150	Royal Bank of Scotland Group plc	7.648%	8/31/49	A1
5,000	SocGen Real Estate Company LLC, 144A	7.640%	12/29/49	A1
5,000	Sparebanken Rogaland, Notes, 144A	6.443%	5/01/49	Baa1
9,000	St. George Funding Company LLC, 144A	8.485%	6/30/47	Baa1
7,500	Union Planters Capital Trust A	8.200%	12/15/26	A2
240	Union Planters Preferred Fund, 144A	7.750%	7/15/53	A2
1,000	Wells Fargo Capital I	7.960%	12/15/26	Aa2
10,000	Zions Institutional Capital Trust, Series A	8.536%	12/15/26	Baa1
	Diversified Financial Services - 5.4%			
2,750	BNP Paribas Capital Trust	7.200%	12/31/49	A1
1,000	BNP Paribas Capital Trust, 144A	9.003%	12/29/49	A1
8,750	Chase Capital Trust I, Series A	7.670%	12/01/26	A1
44,010	HBOS Capital Funding LP, Notes	6.850%	3/01/49	A1
3,600	JPM Capital Trust I	7.540%	1/15/27	A1
22,085	JPM Capital Trust II	7.950%	2/01/27	A1
13,800	Old Mutual Capital Funding, Notes	8.000%	6/22/53	Baa2

Principal Amount (000)/ Shares	Description(1)	Coupon	Maturity	Rat Moody's
	Diversified Telecommunication Services - 3.2%			
45,250	Centaur Funding Corporation, Series B, 144A	9.080%	4/21/20	Baa1
	Insurance - 11.0%			
14,280	Ace Capital Trust II	9.700%	4/01/30	Baa1
2,000	Allstate Financing II	7.830%	12/01/45	A2
28,000	American General Institutional	8.125%	3/15/46	Aa1

	Capital, 144A			
10,000	Berkeley Capital Trust	8.197%	12/15/45	Baa3
2,000	Mangrove Bay, Class 3, 144A	6.102%	7/15/33	Baa1
6,000	MIC Financing Trust I	8.375%	2/01/27	A1
10,250	Prudential plc	6.500%	6/29/49	Baa1
10,000	RenaissanceRe Capital Trust	8.540%	3/01/27	Baa1
51,700	Sun Life Canada Capital Trust, Capital Securities, 144A	8.526%	5/06/47	A1
44,515	Zurich Capital Trust I, 144A	8.376%	6/01/37	Baa2
	Oil & Gas - 1.1%			
10,750	KN Capital Trust III	7.630%	4/15/28	Baa3
7,355	Phillips 66 Capital Trust II	8.000%	1/15/37	Baa2
	Thrifts & Mortgage Finance - 3.1%			
8,595	Countrywide Capital Trust I	8.000%	12/15/26	Baa1
18,460	Countrywide Capital Trust III, Series B	8.050%	6/15/27	Baa1
11,825	Dime Capital Trust I, Series A	9.330%	5/06/27	Baa1
13,000	Great Western Financial Trust II, Series A	8.206%	2/01/27	Baa1
	Total Capital Preferred Securities (cost $1,103,987,806)			
	CORPORATE BONDS - 4.8% (3.3% of Total Investments)			
	Automobiles - 4.7%			
21,500	Ford Motor Company, Debenture	7.400%	11/01/46	Baa1
7,525	Ford Motor Company	8.900%	1/15/32	Baa1
4,000	Ford Motor Company	7.450%	7/16/31	Baa1
52,860	General Motors Acceptance Corporation, Notes	8.000%	11/01/31	Baa1
600	General Motors Corporation, Senior Debentures	8.375%	7/15/33	Baa2
	Commercial Banks - 0.1%			
1,000	Washington Mutual Bank FA	5.125%	1/15/15	A3
	Total Corporate Bonds (cost $79,477,028)			
	Total Investments (cost $2,483,816,613) - 142.3%			
	Other Assets Less Liabilities - 0.4%			
	FundPreferred Shares, at Liquidation Value - (42.7)%			
	Net Assets Applicable to Common Shares - 100%			

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Interest Rate Swap Contracts outstanding at December 31, 2004:

Counterparty	Notional Amount	Fixed Rate	Floating Rate**	Ter
Citibank, N.A.	$200,000,000	2.6300%	2.3313%	
Citibank, N.A.	200,000,000	3.3750	2.3313	
Citibank, N.A.	200,000,000	3.9100	2.3313	

Futures Contracts Outstanding at December 31, 2004:

Type	Number of Contracts	Contract Expiration	Original Value	Dec
U.S. Treasury Bonds	209	3/05	$23,199,000	$23

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

* Ratings (not covered by the report of independent registered public accounting firm): Below Baa by Moody's Investor Service, Inc. or BBB by Standard & Poor's Group are considered to be below investment grade.

** Based on LIBOR (London Inter-bank Offered Rate).

(a) Security is eligible for the Dividends Received Deduction.

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

(CORTS) Corporate Backed Trust Securities.

(PCARS) Public Credit and Repackaged Securities.

(PPLUS) PreferredPlus Trust.

(SATURNS) Structured Asset Trust Unit Repackaging. NA Security is not rated.

See accompanying notes to financial statements.

Shares	Description(1)	Coupon	Rat Moody's
	$25 PAR (or similar) SECURITES - 73.9% (51.0% of Total Investments)		
	Auto Components - 0.9%		
129,890	Delphi Trust I	8.250%	Baa3
	Automobiles - 0.1%		
7,500	DaimlerChrysler AG (CORTS)	7.875%	A3
	Capital Markets - 7.5%		
13,000	BCH Capital Ltd., Series B	9.430%	A2
32,000	Bear Stearns Capital Trust III	7.800%	A2
47,300	BSCH Finance Ltd., Series Q	8.625%	A2
47,600	Compass Capital Trust III	7.350%	A3
37,400	CSFB USA, Series 2002-10 (SATURNS)	7.000%	Aa3
23,100	First Union Capital II, Series II (CORTS)	7.500%	A1
11,300	First Union Institutional Capital II (CORTS)	8.200%	A1
355,000	Lehman Brothers Holdings Capital Trust III, Series K	6.375%	A2
36,300	Merrill Lynch Preferred Capital Trust	7.750%	A1
18,300	Merrill Lynch Preferred Capital Trust IV	7.120%	A1
75,100	Merrill Lynch Preferred Capital Trust V	7.280%	A1
40,900	Morgan Stanley (PPLUS)	7.050%	Aa3
80,000	Morgan Stanley Capital Trust II	7.250%	A1
212,600	Morgan Stanley Capital Trust III	6.250%	A1
	Commercial Banks - 12.4%		
3,700	Abbey National plc, Series B	7.375%	A2
31,300	ASBC Capital I	7.625%	Baa1
40,894	BAC Capital Trust I	7.000%	Aa3
32,700	BAC Capital Trust II	7.000%	Aa3
94,500	BAC Capital Trust III	7.000%	Aa3
37,300	Banco Totta & Acores Finance, Series A	8.875%	A3
18,600	BancWest Capital I	9.500%	A3
211,000	Banesto Holdings, Series A, 144A	10.500%	A2
32,400	Bank One Capital II	8.500%	A1
32,100	Bank One Capital Trust VI	7.200%	A1
11,000	Bank One Capital V	8.000%	A1
3,000	BankNorth Capital Trust II	8.000%	Baa1
18,800	Chittenden Capital Trust I	8.000%	Baa1
68,500	Citigroup Inc., Series H (a)	6.231%	Aa3
44,500	Cobank ABC, 144A (a)	7.000%	NA
52,500	Comerica Capital Trust I	7.600%	A3
37,400	Fleet Capital Trust VI	8.800%	Aa3
153,900	Fleet Capital Trust VII	7.200%	Aa3
26,416	Fleet Capital Trust VIII	7.200%	Aa3
5,900	KeyCorp (PCARS)	7.500%	A3
6,400	KeyCorp Capital Trust V	5.875%	A3
6,300	KeyCorp, Series 2001-7 (CORTS)	7.750%	A3
11,900	KeyCorp, Series B (CORTS)	8.250%	A3
22,300	National Commerce Capital Trust II	7.700%	A1
30,400	National Westminster Bank plc, Series A	7.875%	Aa2

16,500	National Westminster Bank plc, Series B	7.875%	Aa3
20,000	PNC Capital Trust	6.125%	A3
40,000	Royal Bank of Scotland Group plc, Series M	6.400%	A1

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Shares	Description(1)	Coupon	Rat Moody's
	Commercial Banks (continued)		
15,400	SunTrust Capital Trust IV	7.125%	A1
22,900	SunTrust Capital Trust V	7.050%	A1
110,300	USB Capital Trust III	7.750%	Aa3
58,100	USB Capital Trust IV	7.350%	Aa3
48,800	USB Capital Trust V	7.250%	Aa3
18,400	VNB Capital Trust I	7.750%	Baa1
28,400	Washington Mutual Capital Trust I, Series 2001-22, Class A-1 (CORTS)	7.650%	Baa1
3,000	Wells Fargo Capital Trust IX	5.625%	Aa2
21,700	Wells Fargo Capital Trust V	7.000%	Aa2
80,000	Zions Capital Trust B	8.000%	Baa1
	Consumer Finance - 4.2%		
111,700	Household Capital Trust V, Series X	10.000%	A2
14,600	Household Capital Trust VI	8.250%	A2
100,500	Household Capital Trust VII	7.500%	A2
135,400	HSBC Finance Corporation	6.875%	A1
95,300	SLM Corporation, Series A (a)	6.970%	Baa1
	Diversified Financial Services - 7.3%		
10,000	BBVA Preferred Capital Ltd., Series B	7.750%	A1
42,900	CIT Group Incorporated (CORTS)	7.750%	A3
25,600	Citigroup Capital Trust VII	7.125%	Aa2
46,600	Citigroup Capital Trust VIII	6.950%	Aa2
16,549	Citigroup Inc., Series F (a)	6.365%	Aa3
52,941	Citigroup Inc., Series M (a)	5.864%	Aa3
142,900	ING Group NV	7.050%	NA
503,600	ING Group NV	7.200%	A2
13,000	JPMorgan Chase Capital Trust X	7.000%	A1
25,000	JPMorgan Chase Trust, Series 2002-6, Class A (SATURNS)	7.125%	A1
24,000	Merrill Lynch Capital Trust II	8.000%	A1
	Diversified Telecommunication Services - 0.4%		
12,900	BellSouth Inc. (CORTS)	7.000%	A2
24,900	Verizon Communications (CORTS)	7.625%	A2
15,300	Verizon New England Inc., Series B	7.000%	A2
	Electric Utilities - 2.1%		
2,900	Detroit Edison Company	7.625%	Baa2
53,400	Entergy Louisiana Inc.	7.600%	Baa1

203,447	Entergy Mississippi Inc.	7.250%	Baa2
18,300	Tennessee Valley Authority, Series D	6.750%	Aaa
	Food Products - 0.7%		
25,000	Dairy Farmers of America Inc., 144A (a)	7.875%	Baa3
	Gas Utilities - 0.2%		
32,900	AGL Capital Trust II	8.000%	Baa2
	Insurance - 14.6%		
133,000	Ace Ltd., Series C	7.800%	Baa2
12,500	Aetna Incorporated	8.500%	Baa2
30,700	AMBAC Financial Group Inc.	5.950%	Aa2
95,000	AMBAC Financial Group Inc.	5.875%	Aa2
7,700	American General Capital III	8.050%	Aa1
131,000	Delphi Financial Group Inc.	8.000%	Baa3
258,671	EverestRe Group Limited	7.850%	Baa1
151,100	Financial Security Assurance Holdings	6.250%	Aa2
60,900	Hartford Capital Trust III, Series C	7.450%	Baa1
104,100	Lincoln National Capital Trust V, Series E	7.650%	Baa1
55,700	PartnerRe Limited	7.900%	A3
140,000	PartnerRe Limited, Series C	6.750%	Baa1

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

Portfolio of Investments December 31, 2004

Shares	Description(1)	Coupon	Rat Moody's
	Insurance (continued)		
54,600	PLC Capital Trust III	7.500%	Baa1
14,800	PLC Capital Trust IV	7.250%	Baa1
52,544	Prudential plc	6.750%	Baa1
41,500	RenaissanceRe Holdings Ltd., Series A	8.100%	Baa2
217,000	RenaissanceRe Holdings Ltd., Series B	7.300%	Baa2
16,400	Safeco Capital Trust I (CORTS)	8.700%	Baa2
9,300	Safeco Capital Trust I, Series 2001-4 (CORTS)	8.750%	Baa2
32,200	Safeco Corporation, Series 2001-7 (SATURNS)	8.250%	Baa2
61,800	XL Capital Ltd., Series A	8.000%	Baa1
289,400	XL Capital Ltd., Series B	7.625%	Baa1
	Multi-Utilities & Unregulated Power - 0.3%		
17,800	Dominion CNG Capital Trust I	7.800%	Baa1
24,300	Energy East Capital Trust I	8.250%	Baa3
	Oil & Gas - 1.3%		

137,000	Nexen Inc.	7.350%	Baa3
34,700	TransCanada Pipeline	8.250%	A3
	Pharmaceuticals - 0.1%		
10,000	Bristol Myers Squibb Company (CORTS)	6.250%	A1
	Real Estate - 17.0%		
5,900	AvalonBay Communities, Inc., Series H	8.700%	Baa2
20,000	BRE Properties, Series D	6.750%	Baa3
201,900	CarrAmerica Realty Corporation, Series E	7.500%	Baa3
26,200	Developers Diversified Realty Corporation, Series F	8.600%	Ba1
170,000	Developers Diversified Realty Corporation, Series G	8.000%	Ba1
30,000	Developers Diversified Realty Corporation, Series H	7.375%	Ba1
60,144	Equity Office Properties Trust, Series G	7.750%	Baa3
25,900	Equity Residential Properties Trust	9.125%	Baa2
18,500	Equity Residential Properties Trust, Series C	9.125%	Baa2
20,800	Equity Residential Properties Trust, Series D	8.600%	Baa2
55,300	Federal Realty Investment Trust	8.500%	Baa3
5,100	First Industrial Realty Trust, Inc., Series C	8.625%	Baa3
130,000	HRPT Properties Trust, Series A	9.875%	Baa3
238,607	HRPT Properties Trust, Series B	8.750%	Baa3
21,000	New Plan Excel Realty Trust, Series D	7.800%	Baa3
35,200	New Plan Excel Realty Trust, Series E	7.625%	NA
20,000	Prologis Trust, Series G	6.750%	Baa2
136,000	PS Business Parks Inc.	7.000%	Ba1
36,900	PS Business Parks Inc., Series D	9.500%	Ba2
8,300	PS Business Parks Inc., Series F	8.750%	Ba2
120,000	PS Business Parks Inc., Series L	7.600%	Ba1
40,900	Public Storage Inc., Series Q	8.600%	Baa2
129,533	Public Storage Inc., Series R	8.000%	Baa2
17,600	Public Storage Inc., Series S	7.875%	Baa2
22,500	Public Storage Inc., Series T	7.625%	Baa2
11,000	Public Storage Inc., Series U	7.625%	Baa2
17,000	Public Storage Inc., Series V	7.500%	Baa2
12,600	Regency Centers Corporation	7.450%	Baa3
80,000	Regency Centers Corporation	7.250%	Baa3
7,500	Simon Property Group, Inc., Series F	8.750%	Baa2
68,600	Simon Property Group, Inc., Series G	7.890%	Baa2
36,400	United Dominion Realty Trust	8.600%	Ba1
60,000	Vornado Realty Trust	6.625%	Baa3
5,720	Vornado Realty Trust, Series C	8.500%	Ba1
252,700	Wachovia Preferred Funding Corporation	7.250%	A2
40,000	Weingarten Realty Trust, Series E	6.950%	Baa1
	Specialty Retail - 0.2%		
20,000	Sherwin Williams Company, Series III (CORTS)	7.250%	A2

Shares	Description(1)	Coupon	Rat Moody's

	Thrifts & Mortgage Finance - 2.9%		
13,700	Countrywide Capital Trust II, Series II (CORTS)	8.000%	Baa1
152,830	Countrywide Capital Trust IV	6.750%	Baa1
43,400	Fannie Mae (a)	0.000%	Aa3
49,100	Fannie Mae (a)	5.125%	Aa3
13,000	Federal Home Loan Mortgage Corporation (a)	5.100%	Aa3
23,900	Federal Home Loan Mortgage Corporation (a)	5.000%	Aa3
	Wireless Telecommunication Services - 1.7%		
69,101	Telephone and Data Systems Inc.	7.600%	Baa1
157,500	United States Cellular Corporation	8.750%	Baa1
	Total $25 Par (or similar) Securities (cost $255,352,263)		
	CONVERTIBLE PREFERRED SECURITIES - 7.6% (5.3% of Total Investments)		
	Diversified Financial Services - 0.8%		
61,000	Citigroup Global Markets	2.000%	Aa1
	Diversified Telecommunication Services - 1.7%		
118,500	Alltel Corporation	7.750%	A2
	Electric Utilities - 0.7%		
81,900	Ameren Corporation	9.750%	A3
900	American Electric Power	9.250%	Baa3
	Gas Utilities - 1.5%		
100,000	Keyspan Corporation	8.750%	A3
	Healthcare Equipment & Supplies - 0.4%		
28,000	Baxter International Inc.	7.000%	Baa1
	Multi-Utilities & Unregulated Power - 2.5%		
102,400	Dominion Resources Inc.	8.750%	Baa1
49,875	Public Service Enterprise Group	10.250%	Baa3
	Total Convertible Preferred Securities (cost $24,056,776)		

Principal Amount (000)/ Shares	Description(1)	Coupon	Maturity	Rati Moody's
	CAPITAL PREFERRED SECURITIES - 58.6% (40.4% of Total Investments)			
	Capital Markets - 7.1%			
5,000	Ahmanson Capital Trust I, 144A	8.360%	12/01/26	Baa1
1,000	Bank of New York Capital I, Series B	7.970%	12/31/26	A1
1,000	BT Capital Trust, Series B1	7.900%	1/15/27	A2
1,000	BT Institutional Capital Trust B, 144A	7.750%	12/01/26	A2

500	BT Preferred Capital Trust II	7.875%	2/25/27	A2
250	C.A. Preferred Fund Trust II	7.000%	10/30/49	A1
3,750	C.A. Preferred Funding Trust	7.000%	1/30/49	A1
1,000	First Hawaiian Capital Trust I, Series B	8.343%	7/01/27	A3
8,485	First Union Capital Trust II, Series A	7.950%	11/15/29	A1
	Commercial Banks - 22.4%			
2,000	AB Svensk Exportkredit, 144A	6.375%	10/27/49	Aa3
8,000	Abbey National Capital Trust I	8.963%	12/30/49	A2
2,000	AgFirst Farm Credit Bank	7.300%	12/15/53	NA
1,000	BankAmerica Capital II, Series 2	8.000%	12/15/26	Aa3
1,500	BankBoston Capital Trust II, Series B	7.750%	12/15/26	Aa3
1,000	BanPonce Trust I, Series A	8.327%	2/01/27	Baa1
6,200	Barclays Bank plc, 144A	8.550%	6/15/49	Aa3
900	DBS Capital Funding Corporation, 144A	7.657%	3/15/49	A1
700	Farm Credit Bank of Texas	7.561%	11/05/49	NA
1,000	First Chicago NBD Institutional Capital, 144A	7.950%	12/01/26	A1

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

Portfolio of Investments December 31, 2004

Principal Amount (000)/ Shares	Description(1)	Coupon	Maturity	Rati Moody's
	Commercial Banks (continued)			
1,000	First Empire Capital Trust I	8.234%	2/01/27	Baa1
500	First Midwest Bancorp Inc.	6.950%	12/01/33	Baa2
1,430	HSBC USA Capital Trust II, 144A	8.380%	5/15/27	NA
1,000	KBC Bank Fund Trust III, 144A	9.860%	11/02/49	A2
2,500	Lloyds TSB Bank plc, Subordinate Note	6.900%	11/22/49	Aa2
4,000	North Fork Capital Trust I, Capital Securities	8.700%	12/15/26	A3
1,500	North Fork Capital Trust II	8.000%	12/15/27	A3
3,150	Peoples Heritage Capital Trust I, Series B	9.060%	2/01/27	Baa1
9,200	PNC Institutional Capital Trust B, 144A	8.315%	5/15/27	A3
1,000	Popular North American Capital Trust I	6.564%	9/15/34	Baa1
2,750	RBS Capital Trust B	6.800%	12/31/49	A1
200	Royal Bank of Scotland Group plc	7.648%	8/31/49	A1
1,000	SocGen Real Estate Company LLC, 144A	7.640%	12/29/49	A1
2,500	St. George Funding Company LLC, 144A	8.485%	6/30/47	Baa1
4,600	Union Planters Capital Trust A	8.200%	12/15/26	A2
70	Union Planters Preferred Fund, 144A	7.750%	7/15/53	A2
3,000	Zions Institutional Capital Trust, Series A	8.536%	12/15/26	Baa1
	Diversified Financial Services - 6.5%			
1,000	BNP Paribas Capital Trust	7.200%	12/31/49	A1
1,000	Chase Capital Trust I, Series A	7.670%	12/01/26	A1

9,100	HBOS Capital Funding LP, Notes (DD, settling 1/03/05)	6.850%	3/01/49	A1
9,000	JPM Capital Trust I	7.540%	1/15/27	A1
1,800	Old Mutual Capital Funding, Notes	8.000%	6/22/53	Baa2
	Diversified Telecommunication Services - 2.7%			
7,260	Centaur Funding Corporation, Series B, 144A	9.080%	4/21/20	Baa1
	Insurance - 14.8%			
3,450	Ace Capital Trust II	9.700%	4/01/30	Baa1
500	Allstate Financing II	7.830%	12/01/45	A2
5,000	Berkeley Capital Trust	8.197%	12/15/45	Baa3
750	Mangrove Bay, Class 3, 144A	6.102%	7/15/33	Baa1
10,000	MIC Financing Trust I	8.375%	2/01/27	A1
1,500	Prudential plc	6.500%	6/29/49	Baa1
3,000	RenaissanceRe Capital Trust	8.540%	3/01/27	Baa1
10,000	Sun Life Canada Capital Trust, Capital Securities, 144A	8.526%	5/06/47	A1
13,500	Zurich Capital Trust I, 144A	8.376%	6/01/37	Baa2
	Oil & Gas - 3.5%			
6,500	KN Capital Trust III	7.630%	4/15/28	Baa3
4,500	Phillips 66 Capital Trust II	8.000%	1/15/37	Baa2
	Thrifts & Mortgage Finance - 1.6%			
1,000	Countrywide Capital Trust I	8.000%	12/15/26	Baa1
4,225	Dime Capital Trust I, Series A	9.330%	5/06/27	Baa1
	Total Capital Preferred Securities (cost $200,825,324)			

Principal Amount (000)/ Shares	Description(1)	Coupon	Maturity	Rati Moody's
	CORPORATE BONDS - 4.7% (3.2% of Total Investments)			
	Automobiles - 4.7%			
1,000	Ford Motor Company	7.450%	7/16/31	Baa1
5,100	Ford Motor Company, Debenture	7.400%	11/01/46	Baa1
10,500	General Motors Acceptance Corporation, Notes	8.000%	11/01/31	Baa1
	Total Corporate Bonds (cost $15,640,817)			
	REPURCHASE AGREEMENTS - 0.2 (0.1% of Total Investments)			

$ 749	State Street Bank, 1.000%, dated 12/31/04, due 1/03/05, repurchase price $748,691 by $665,000 U.S. Treasury Notes, 6.500%, due 2/15/10, value $768,699
	Total Repurchase Agreements (cost $748,629)
	Total Investments (cost $496,623,809) - 145.0%
	Other Assets Less Liabilities - 1.3%
	FundPreferred Shares, at Liquidation Value - (46.3)%
	Net Assets Applicable to Common Shares - 100%

Interest Rate Swap Contracts outstanding at December 31, 2004:

Counterparty	Notional Amount	Fixed Rate	Floating Rate**
Citibank, N.A.	$42,000,000	2.4125%	2.3313%
Citibank, N.A.	42,000,000	3.2550	2.3313
Citibank, N.A.	42,000,000	3.8150	2.3313

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

* Ratings (not covered by the report of independent registered public accounting firm): Below Baa by Moody's Investor Service, Inc. or BBB by Standard & Poor's Group are considered to be below investment grade.

** Based on LIBOR (London Inter-bank Offered Rate).

(a) Security is eligible for the Dividends Received Deduction.

(DD) Portion of security purchased on a delayed delivery basis.

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

(CORTS) Corporate Backed Trust Securities.

(PCARS) Public Credit and Repackaged Securities.

(PPLUS) PreferredPlus Trust.

(SATURNS) Structured Asset Trust Unit Repackaging.

NA Security is not rated.

See accompanying notes to financial statements.

Statement of
Assets and Liabilities December 31, 2004

	Quality Preferred Income (JTP)
Assets	
Investments, at market value (cost $1,310,162,956, $2,483,816,613 and $496,623,809, respectively)	$ 1,392,335,266
Cash	1,652,353
Interest rate swaps, at value	--
Deposits with brokers for open futures contracts	--
Receivables:	
Dividends	1,815,882
Interest	7,041,996
Investments sold	3,171,897
Reclaims	--
Other assets	57,276
Total assets	1,406,074,670
Liabilities	
Cash overdraft	--
Interest rate swaps, at value	3,473,790
Payable for investments purchased	2,703
Payable for variation margin on futures contracts	--
Accrued expenses:	
Management fees	650,944
Other	274,338
FundPreferred share dividends payable	89,966
Total liabilities	4,491,741
FundPreferred shares, at liquidation value	440,000,000
Net assets applicable to Common shares	$ 961,582,929
Common shares outstanding	64,462,104
Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding)	$ 14.92
Net assets applicable to Common shares consist of:	
Common shares, $.01 par value per share	$ 644,621
Paid-in surplus	911,539,984
Undistributed net investment income	6,133,164
Accumulated net realized gain (loss) from investments and interest rate swaps	(35,433,360)

Net unrealized appreciation (depreciation) of investments, futures and interest rate swaps	78,698,520
Net assets applicable to Common shares	$ 961,582,929
Authorized shares:	
Common	Unlimited
FundPreferred shares	Unlimited

See accompanying notes to financial statements.

Statement of
Operations

	Quality Preferred Income (JTP)	
	Five Months Ended 12/31/04	Year En 7/31
Investment Income		
Dividends (net of foreign tax withheld of $3,472, $13,889, $0 and $0, respectively)	$ 23,355,491	$ 54,016,
Interest	19,117,056	44,023,
Total investment income	42,472,547	98,040
Expenses		
Management fees	5,079,171	12,143
FundPreferred shares - auction fees	461,022	1,101
FundPreferred shares - dividend disbursing agent fees	13,580	28
Shareholders' servicing agent fees and expenses	4,404	12
Custodian's fees and expenses	127,748	294
Trustees' fees and expenses	8,794	42
Professional fees	43,201	99
Shareholders' reports - printing and mailing expenses	86,740	207
Stock exchange listing fees	10,966	25
Investor relations expense	80,929	231
Other expenses	19,338	113
Total expenses before custodian fee credit and expense reimbursement	5,935,893	14,300
Custodian fee credit	(3,206)	(2
Expense reimbursement	(1,866,918)	(4,430
Net expenses	4,065,769	9,867
Net investment income	38,406,778	88,172
Realized and Unrealized Gain (Loss)		
Net realized gain (loss) from investments	(789,063)	6,457
Net realized gain (loss) from interest rate swaps	(2,754,561)	(8,829

Change in net unrealized appreciation (depreciation) of investments	34,446,726	15,444
Change in net unrealized appreciation (depreciation) of futures	--	
Change in net unrealized appreciation (depreciation) of interest rate swaps	(130,099)	3,409
Net realized and unrealized gain	30,773,003	16,482
Distributions to FundPreferred Shareholders		
From net investment income	(3,338,840)	(5,266
From accumulated net realized gains from investments	--	
Decrease in net assets applicable to Common shares from distributions to FundPreferred shareholders	(3,338,840)	(5,266
Net increase in net assets applicable to Common shares from operations	$ 65,840,941	$ 99,389

See accompanying notes to financial statements.

Statement of
Operations (continued)

	Quality Prefe Income 3 (J
	Five Months Ended 12/31/04
Investment Income	
Dividends (net of foreign tax withheld of $1,994 and $1,230, respectively)	$ 9,608,428 $
Interest	6,195,711
Total investment income	15,804,139
Expenses	
Management fees	1,954,942
FundPreferred shares - auction fees	173,959
FundPreferred shares - dividend disbursing agent fees	6,140
Shareholders' servicing agent fees and expenses	964
Custodian's fees and expenses	57,208
Trustees' fees and expenses	3,626
Professional fees	23,492
Shareholders' reports - printing and mailing expenses	35,669
Stock exchange listing fees	7,982
Investor relations expense	29,730
Other expenses	9,623
Total expenses before custodian fee credit and expense reimbursement	2,303,335
Custodian fee credit	(1,476)
Expense reimbursement	(700,871)

Net expenses	1,600,988
Net investment income	14,203,151
Realized and Unrealized Gain (Loss)	
Net realized gain (loss) from investments	(292,843)
Net realized gain (loss) from interest rate swaps	(785,894)
Change in net unrealized appreciation (depreciation) of investments	12,474,854
Change in net unrealized appreciation (depreciation) of futures	--
Change in net unrealized appreciation (depreciation) of interest rate swaps	(494,654)
Net realized and unrealized gain	10,901,463
Distributions to FundPreferred Shareholders	
From net investment income	(1,232,711)
From accumulated net realized gains from investments	(79,282)
Decrease in net assets applicable to Common shares from distributions to FundPreferred shareholders	(1,311,993)
Net increase in net assets applicable to Common shares from operations	$ 23,792,621 $

See accompanying notes to financial statements.

Statement of
Changes in Net Assets

	Quality Preferred Income (JTP)		
	Five Months Ended 12/31/04	Year Ended 7/31/04	Year Ended 7/31/03
Operations			
Net investment income	$ 38,406,778	$ 88,172,724	$ 83,719,154
Net realized gain (loss) from investments	(789,063)	6,457,519	(30,328,278)
Net realized gain (loss) from interest rate swaps	(2,754,561)	(8,829,243)	--
Change in net unrealized appreciation (depreciation) of investments	34,446,726	15,444,743	47,552,557
Change in net unrealized appreciation (depreciation) of futures	--	--	--
Change in net unrealized appreciation (depreciation) of interest rate swaps	(130,099)	3,409,919	(6,753,609)
Distributions to FundPreferred shareholders:			
From net investment income	(3,338,840)	(5,266,011)	(6,004,164)
From accumulated net realized gains from investments	--	--	--

Net increase in net assets applicable to Common shares from operations	65,840,941	99,389,651	88,185,660
Distributions to Common Shareholders			
From net investment income	(32,291,619)	(80,656,204)	(80,491,725)
From accumulated net realized gains from investments	--	--	--
Decrease in net assets applicable to Common shares from distributions to Common shareholders	(32,291,619)	(80,656,204)	(80,491,725)
Capital Share Transactions			
Common shares:			
Net proceeds from sale of shares	--	(2,071)	(119,042)
Net proceeds from shares issued to shareholders due to reinvestment of distributions	141,543	1,421,340	29,383,959
FundPreferred shares offering costs	92	(7,166)	(9,218,088)
Net increase in net assets applicable to Common shares from capital share transactions	141,635	1,412,103	20,046,829
Net increase in net assets applicable to Common shares	33,690,957	20,145,550	27,740,764
Net assets applicable to Common shares at the beginning of period	927,891,972	907,746,422	880,005,658
Net assets applicable to Common shares at the end of period	$ 961,582,929	$ 927,891,972	$ 907,746,422
Undistributed net investment income at the end of period	$ 6,133,164	$ 3,356,845	$ 2,145,641

	Quality Preferred Income 2 (JPS)		
	Five Months Ended 12/31/04	Year Ended 7/31/04	For Period 9/2 (commence of operat through 7/3
Operations			
Net investment income	$ 71,895,333	$ 169,356,410	$ 120,895
Net realized gain (loss) from investments	35,993	24,882,646	9,651
Net realized gain (loss) from interest rate swaps	(4,109,979)	(12,395,021)	
Change in net unrealized appreciation (depreciation) of investments	66,169,186	28,917,818	85,994
Change in net unrealized appreciation (depreciation) of futures	(313,500)	--	
Change in net unrealized appreciation (depreciation) of interest rate swaps	(1,229,256)	2,018,167	313
Distributions to FundPreferred shareholders:			
From net investment income	(4,886,184)	(9,136,215)	(8,370

From accumulated net realized gains from investments	(1,197,900)	(408,401)	
Net increase in net assets applicable to Common shares from operations	126,363,693	203,235,404	208,484
Distributions to Common Shareholders			
From net investment income	(62,896,099)	(157,519,666)	(112,911
From accumulated net realized gains from investments	(22,062,289)	(4,944,168)	
Decrease in net assets applicable to Common shares from distributions to Common shareholders	(84,958,388)	(162,463,834)	(112,911
Capital Share Transactions			
Common shares:			
Net proceeds from sale of shares	--	(3,114)	1,708,927
Net proceeds from shares issued to shareholders due to reinvestment of distributions	--	302,695	1,703
FundPreferred shares offering costs	92	(2,071)	(16,495
Net increase in net assets applicable to Common shares from capital share transactions	92	297,510	1,694,135
Net increase in net assets applicable to Common shares	41,405,397	41,069,080	1,789,708
Net assets applicable to Common shares at the beginning of period	1,830,877,935	1,789,808,855	100
Net assets applicable to Common shares at the end of period	$ 1,872,283,332	$ 1,830,877,935	$ 1,789,808
Undistributed net investment income at the end of period	$ 7,485,948	$ 3,372,898	$ 787

See accompanying notes to financial statements.

Statement of
Changes in Net Assets (continued)

	Quality Income
	Five Months Ended 12/31/04
Operations	

Net investment income	$ 14,203,151	$ 32,
Net realized gain (loss) from investments	(292,843)	1,
Net realized gain (loss) from interest rate swaps	(785,894)	(2,
Change in net unrealized appreciation (depreciation) of investments	12,474,854	10,
Change in net unrealized appreciation (depreciation) of futures	--	
Change in net unrealized appreciation (depreciation) of interest rate swaps	(494,654)	
Distributions to FundPreferred shareholders:		
From net investment income	(1,232,711)	(1,
From accumulated net realized gains from investments	(79,282)	(
Net increase in net assets applicable to Common shares from operations	23,792,621	39,
Distributions to Common Shareholders		
From net investment income	(12,158,797)	(29,
From accumulated net realized gains from investments	(1,336,468)	(2,
Decrease in net assets applicable to Common shares from distributions to Common shareholders	(13,495,265)	(32,
Capital Share Transactions		
Common shares:		
Net proceeds from sale of shares	--	
Net proceeds from shares issued to shareholders due to reinvestment of distributions	--	
FundPreferred shares offering costs	--	
Net increase in net assets applicable to Common shares from capital share transactions	--	
Net increase in net assets applicable to Common shares	10,297,356	8,
Net assets applicable to Common shares at the beginning of period	347,900,075	339,
Net assets applicable to Common shares at the end of period	$ 358,197,431	$ 347,
Undistributed net investment income at the end of period	$ 2,985,426	$ 2,

See accompanying notes to financial statements.

1. General Information and Significant Accounting Policies

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

Prior to the commencement of operations of Quality Preferred Income 2 (JPS) and Quality Preferred Income 3 (JHP), each Fund had no operations other than those related to organizational matters, the initial capital contribution of $100,275 per Fund by Nuveen Institutional Advisory Corp. (the "Adviser"), a wholly owned subsidiary of Nuveen Investments, Inc., ("Nuveen"), and the recording of the organization expenses ($15,000 and $11,500, respectively) and their reimbursement by Nuveen Investments, LLC, also a wholly owned subsidiary of Nuveen.

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

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

Securities Valuation

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

Securities Transactions

Securities transactions are recorded on a trade date basis. Realized gains and losses from transactions are determined on the specific identification method. Securities purchased on a when-issued or delayed delivery basis may have extended settlement periods. Any securities so purchased are subject to market fluctuation during this period. The Funds have instructed the custodian to

segregate assets with a current value at least equal to the amount of the when-issued and delayed delivery purchase commitments. At December 31, 2004, Quality Preferred Income 3 (JHP) had an outstanding delayed delivery purchase commitment of $2,635,646. There were no such outstanding purchase commitments in either of the other 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.

Income Taxes

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

Dividends and Distributions to Common Shareholders

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

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

2004	Quality Preferred Income (JTP)	Quality Preferred Income 2 (JPS)	Quality Preferred Income 3 (JHP)
Ordinary income*	91.42%	91.38%	84.61%
Long-term and short-term capital gains	8.37	7.83	14.31
Return of REIT capital	.21	.79	1.08

For the twelve months ended December 31, 2003, the character of distributions to the Funds from the REITs was as follows:

2003	Quality Preferred Income (JTP)	Quality Preferred Income 2 (JPS)	Quality Preferred Income 3 (JHP)
Ordinary income*	84.48%	88.22%	78.93%

Long-term and short-term capital gains	.25	.80	1.19
Return of REIT capital	15.27	10.98	19.88

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

For the fiscal period ended December 31, 2004, each Fund applied the actual character of distributions reported by the REITs in which the Fund invests to its receipts from the REITs. If a REIT held in the portfolio of investments did not report the actual character of its distributions during the period, the Fund treated the distributions as ordinary income.

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

With respect to the portion of each Fund's monthly distribution to its shareholders derived from the Fund's investments in REIT securities each Fund treats that portion of its distribution as being entirely from net investment income. The Funds recharacterize those distributions as being from ordinary income, long-term and short-term capital gains, and return of capital, if necessary, in the subsequent calendar year, based upon the income type breakdown information conveyed at that time by the REITs whose securities are held in each Fund's portfolio. Consequently, the financial statements may reflect an over-distribution of net investment income that was at least partly attributable to the fact that, as of the date of the financial statements, some of the amounts received by the Funds from the portfolio REITs, but none of the dividends paid by the Fund to shareholders from the portfolio REITs were treated as something other than ordinary 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 on each Series is determined every seven days, pursuant to a dutch auction process overseen by the auction agent, and is payable weekly at the end of each rate period. The number of 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	3,520	4,800	3,320
Series T	3,520	4,800	--
Series T2	--	4,000	--
Series W	3,520	4,800	--
Series TH	3,520	4,800	3,320
Series TH2	--	4,000	--
Series F	3,520	4,800	--

Total	17,600	32,000	6,640

Interest Rate Swap Transactions

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

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

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

	Quality Preferred Income (JTP)	Quality Preferred Income 2 (JPS
Net investment income	$ 8,892,767	$ 13,237,853
Net realized gain (loss) from interest rate swap transactions	(8,829,243)	(12,395,021
Change in net unrealized appreciation (depreciation) of interest rate swap transactions	(63,524)	(842,832

Notes to
Financial Statements (continued)

Futures Contracts

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

Repurchase Agreements

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

Organization and Offering Costs

Nuveen Investments, LLC has agreed to reimburse all organization expenses (approximately $15,000, $15,000 and $11,500, respectively) and pay all Common shares offering costs (other than the sales load) that exceed $.03 per Common share for Quality Preferred Income (JTP), Quality Preferred Income 2 (JPS) and Quality Preferred Income 3 (JHP). Quality Preferred Income's (JTP), Quality Preferred Income 2's (JPS) and Quality Preferred Income 3's (JHP) total share of Common shares offering costs ($1,391,687, $1,481,072 and $531,845, respectively) were recorded as reductions of the proceeds from the sale of the Common shares.

Costs incurred by Quality Preferred Income (JTP), Quality Preferred Income 2 (JPS) and Quality Preferred Income 3 (JHP) in connection with their offering of FundPreferred shares ($9,225,162, $16,497,005, and $3,593,728, respectively) were recorded as reductions to paid-in surplus.

Custodian Fee Credit

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

Indemnifications

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

Use of Estimates

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

2. Fund Shares

Transactions in Common and FundPreferred shares were as follows:

	Quality Preferred Income (JTP)			Qua I
	Five Months Ended 12/31/04	Year Ended 7/31/04	Year Ended 7/31/03	Five Months Ended 12/31/04	E 7/3
Common shares:					
Shares sold	--	--	--	--	
Shares issued to shareholders due to reinvestment of distributions	9,641	95,759	2,049,704	--	18
	9,641	95,759	2,049,704	--	18
FundPreferred shares sold	--	--	17,600	--	

	Qual In
	Five Months Ended 12/31/04	E 7/3
Common shares:		
Shares sold	--	
Shares issued to shareholders due to reinvestment of distributions	--	32
	--	32

FundPreferred shares sold	--

3. Securities Transactions

Purchases and sales (including maturities but excluding short-term investments) of investment securities during the five months ended December 31, 2004, were as follows:

	Quality Preferred Income (JTP)	Qua Prefe Inco
Purchases	$121,214,590	$163,158
Sales and maturities	113,558,231	151,608

Notes to
Financial Statements (continued)

4. Income Tax Information

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

At December 31, 2004, the cost of investments was as follows:

	Quality Preferred Income (JTP)	Qual Prefer Incom (
Cost of investments	$ 1,318,317,965	$ 2,489,259,

Gross unrealized appreciation and gross unrealized depreciation of investments at December 31, 2004, were as follows:

	Quality Preferred Income	Qual Prefer Incom

		(JTP)	(
Gross unrealized:			
Appreciation	$	79,275,558	$ 184,691,
Depreciation		(5,258,257)	(8,950,
Net unrealized appreciation of investments	$	74,017,301	$ 175,741,

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

	Quality Preferred Income (JTP)	Qual Prefer Incom (
Undistributed net ordinary income *	$ 7,699,609	$ 14,357,
Undistributed net long-term capital gains	--	20,000,

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

The tax character of distributions paid during the Funds' tax years ended July 31, 2004 and July 31, 2003, was designated for purposes of the dividends paid deduction as follows:

July 31, 2004	Quality Preferred Income (JTP)	Quality Preferred Income 2 (JPS
Distributions from net ordinary income *	$ 86,134,890	$171,962,461
Distributions from net long-term capital gains	--	--

July 31, 2003	Quality Preferred Income (JTP)	Quality Preferred Income 2 (JPS
Distributions from net ordinary income *	$ 79,694,828	$108,646,966
Distributions from net long-term capital gains	--	--

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

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

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

5. Management Fee and Other Transactions with Affiliates

As approved by the Board of Trustees, effective August 1, 2004, a complex-wide management fee structure was adopted for all funds sponsored by the Adviser and its affiliates. This fee structure separates each fund's management fee into two components - a complex-level component, based on the aggregate amount of all funds assets managed by the Adviser and its affiliates, 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 and its affiliates. Under no circumstances will this pricing structure result in a fund paying management fees at a rate higher than would otherwise have been applicable had the complex-wide management fee structure not been implemented. As a consequence of this new management fee structure, the funds' effective management fees were reduced by approximately .009% as of January 31, 2005.

Effective August 1, 2004, the annual fund-level fee, payable monthly, for each of the Funds is based upon the average daily Managed Assets of each Fund as follows:

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

Effective August 1, 2004, the annual complex-level fee, payable monthly, which is additive to the fund-level fee, for all Nuveen sponsored funds in the U.S.,

is based on the aggregate amount of total fund assets managed as follows:

Complex-Level Assets(1)	Complex-Level Fee Rate
For the first $55 billion	.2000%
For the next $1 billion	.1800
For the next $1 billion	.1600
For the next $3 billion	.1425
For the next $3 billion	.1325
For the next $3 billion	.1250
For the next $5 billion	.1200
For the next $5 billion	.1175
For the next $15 billion	.1150
For Managed Assets over $91 billion (2)	.1400

(1) The complex-level fee component of the management fee for the funds is calculated based upon the aggregate Managed Assets ("Managed Assets" means the average daily net assets of each fund including assets attributable to all types of leverage used by the Nuveen funds) of Nuveen-sponsored funds in the U.S.

(2) With respect to the complex-wide Managed Assets over $91 billion, the fee rate or rates that will apply to such assets will be determined at a later date. In the unlikely event that complex-wide Managed Assets reach $91 billion prior to a determination of the complex-level fee rate or rates to be applied to Managed Assets in excess of $91 billion, the complex-level fee rate for such complex-wide Managed Assets shall be .1400% until such time as a different rate or rates is determined.

Each Fund paid through July 31, 2004, an annual management fee, payable monthly, at the rates set forth below, which were based upon the average daily Managed Assets of each Fund as follows:

Average Daily Managed Assets	Management Fee Rate
For the first $500 million	.9000%
For the next $500 million	.8750
For the next $500 million	.8500
For the next $500 million	.8250
For Managed Assets over $2 billion	.8000

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

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

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

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

* From the commencement of operations.

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

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

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

* From the commencement of operations.

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

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

Year Ending December 31,		Year Ending December 31,	
2002*	.32%	2007	.32%
2003	.32	2008	.24
2004	.32	2009	.16
2005	.32	2010	.08
2006	.32		

* From the commencement of operations.

The Adviser has not agreed to reimburse Quality Preferred Income 3 (JHP) for any portion of its fees and expenses beyond December 31, 2010.

Notes to
Financial Statements (continued)

6. Subsequent Events

Distributions to Common Shareholders

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

	Quality Preferred Income (JTP)	Quality Preferred Income 2 (JPS)	Quality Preferred Income 3 (JHP)
Dividend per share	$.0970	$.1020	$.1000

Adviser Merger

Effective January 1, 2005, the Adviser and its affiliate, Nuveen Advisory Corp. ("NAC"), were merged into Nuveen Asset Management ("NAM"), also a wholly owned subsidiary of Nuveen. As a result of the merger, NAM is now the adviser to all funds previously advised by either NAC or the Adviser.

Announcement Regarding Parent Company of Adviser

After the close of trading on the New York Stock Exchange on January 31, 2005, The St. Paul Travelers Companies, Inc. announced that it intended to explore strategic alternatives to divest its equity stake in Nuveen.

Financial
Highlights

Financial
Highlights

Selected data for a Common share outstanding throughout each period:

	Investment Operations			
Beginning Common Share	Net	Net Realized/	Distributions from Net Investment Income to FundPreferred	Distri

	Net Asset Value	Investment Income(a)	Unrealized Gain (Loss)	Share-holders+
Quality Preferred Income (JTP)				
8/1/04-12/31/04	$14.40	$ .60	$ .47	$ (.05)
Year Ended 7/31:				
2004(b)	14.10	1.37	.26	(.08)
2003	14.12	1.31	.16	(.09)
2002(c)	14.33	.06	(.25)	--
Quality Preferred Income 2 (JPS)				
8/1/04-12/31/04	15.32	.60	.50	(.04)
Year Ended 7/31:				
2004(b)	14.97	1.42	.37	(.08)
2003(d)	14.33	1.02	.79	(.07)
Quality Preferred Income 3 (JHP)				
8/1/04-12/31/04	14.71	.60	.46	(.05)
Year Ended 7/31:				
2004(b)	14.38	1.38	.40	(.08)
2003(e)	14.33	.67	.22	(.04)

	Less Distributions				
	Net Investment Income to Common Share-holders	Capital Gains to Common Share-holders	Total	Offering Costs and FundPreferred Share Underwriting Discounts	Ending Common Share Net Asset Value
Quality Preferred Income (JTP)					
8/1/04-12/31/04	$ (.50)	$ --	$ (.50)	$ --	$14.92
Year Ended 7/31:					
2004(b)	(1.25)	--	(1.25)	--	14.40
2003	(1.25)	--	(1.25)	(.15)	14.10
2002(c)	--	--	--	(.02)	14.12
Quality Preferred Income 2 (JPS)					
8/1/04-12/31/04	(.53)	(.18)	(.71)	--	15.66
Year Ended 7/31:					
2004(b)	(1.32)	(.04)	(1.36)	--	15.32
2003(d)	(.95)	--	(.95)	(.15)	14.97
Quality Preferred Income 3 (JHP)					
8/1/04-12/31/04	(.51)	(.06)	(.57)	--	15.15
Year Ended 7/31:					
2004(b)	(1.24)	(.12)	(1.36)	--	14.71
2003(e)	(.62)	--	(.62)	(.18)	14.38

	Total Returns		Ratios/Supplemental Data		
				Before Credit/Reimburseme	
	Based on Market Value**	Based on Common Share Net Asset Value**	Ending Net Assets Applicable to Common Shares (000)	Ratio of Expenses to Average Net Assets Applicable to Common Shares++	Ratio of N Investme Income Avera Net Asse Applicab to Comm Shar
Quality Preferred Income (JTP)					
8/1/04-12/31/04	3.79%	7.10%	$ 961,583	1.49%*	9.
Year Ended 7/31:					
2004(b)	4.20	11.17%	927,892	1.51	8.
2003	4.95	9.15	907,746	2.38	8.
2002(c)	1.00	(1.47)	880,006	.96*	4.
Quality Preferred Income 2 (JPS)					
8/1/04-12/31/04	3.34	6.94	1,872,283	1.40*	8.
Year Ended 7/31:					
2004(b)	8.98	11.60	1,830,878	1.41	8.
2003(d)	4.02	11.22	1,789,809	1.99*	7.
Quality Preferred Income 3 (JHP)					
8/1/04-12/31/04	4.64	6.81	358,197	1.54*	9.
Year Ended 7/31:					
2004(b)	9.36	11.93	347,900	1.55	8.
2003(e)	(.19)	4.62	339,499	1.97*	7.

	Ratios/Supplemental Data				
	After Credit/Reimbursement***			FundPreferred	
	Ratio of Expenses to Average Net Assets Applicable to Common Shares++	Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares++	Portfolio Turnover Rate	Aggregate Amount Outstanding (000)	
Quality Preferred Income (JTP)					
8/1/04-12/31/04	1.02%*	9.62%*	8%	$440,000	
Year Ended 7/31:					
2004(b)	1.04	9.33	18	440,000	
2003	1.91	9.31	45	440,000	
2002(c)	.64*	4.83*	1	--	
Quality Preferred Income 2 (JPS)					

8/1/04-12/31/04	.94*	9.14*	6	800,000
Year Ended 7/31:				
2004(b)	.95	9.10	19	800,000
2003(d)	1.54*	8.04*	35	800,000
Quality Preferred Income 3 (JHP)				
8/1/04-12/31/04	1.07*	9.50*	7	166,000
Year Ended 7/31:				
2004(b)	1.08	9.22	17	166,000
2003(e)	1.53*	7.58*	57	166,000

* Annualized.

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

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

\+ The amounts shown are based on Common share equivalents.

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

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

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

	Ratio of Net Interest Expense to Average Net Assets Applicable to Common Shares
Quality Preferred Income (JTP)	
Year Ended 7/31:	
2003	.80%
2002(c)	----
Quality Preferred Income 2 (JPS)	
Year Ended 7/31:	
2003(d)	.58*
Quality Preferred Income 3 (JHP)	
Year Ended 7/31:	
2003(e)	.51*

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

(b) As discussed in the accompanying notes to financial statements the Funds changed their method of presentation for net interest expense on interest rate swap transactions. The effect of this reclassification for the fiscal year ended July 31, 2004, was as follows:

	Quality Preferred Income (JTP)	Pr I
Increase of Net Investment Income per share with a corresponding decrease in Net Realized/Unrealized Investment Gain (Loss)	$.14	
Decrease in each of the Ratios of Expenses to Average Net Assets Applicable to Common Shares with a corresponding increase in each of the Ratios of Net Investment Income to Average Net Assets Applicable to Common Shares	.94%	

(c) For the period June 25, 2002 (commencement of operations) through July 31, 2002.

(d) For the period September 24, 2002 (commencement of operations) through July 31, 2003.

(e) For the period December 18, 2002 (commencement of operations) through July 31, 2003.

See accompanying notes to financial statements.

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Board Members and Officers

The management of the Funds, including general supervision of the duties performed for the Funds by the Adviser, is the responsibility of the Board Members of the Funds. The number of board members of the Funds is currently set at nine. None of the board members who are not "interested" persons of the Funds has ever been a director or employee of, or consultant to, Nuveen or its affiliates. The names and business addresses of the board members and officers of the Funds, their principal occupations and other affiliations during the past five years, the number of portfolios each oversees and other directorships they hold are set forth below.

Name, Birthdate and Address	Position(s) Held with the Funds	Year First Elected or Appointed (2)	Principal Occupation(s) Including other Directorship During Past 5 Years
Board member who is an interested person of the Funds:			
Timothy R. Schwertfeger (1) 3/28/49 333 W. Wacker Drive Chicago, IL 60606	Chairman of the Board and Trustee	1994	Chairman and Director (since Nuveen Investments, Inc. and Investments, LLC; Director (and Chairman (since 1996) of Advisory Corp. and Nuveen In Advisory Corp. (3); Chairman (since 1997) of Nuveen Asset

			Director (since 1996) of Ins Capital Corporation; Chairma Director (since 1999) of Rit Asset Management, Inc.; Chai Investments Advisers Inc. (s

Board members who are not interested persons of the Funds:

Robert P. Bremner 8/22/40 333 W. Wacker Drive Chicago, IL 60606	Board member	1997	Private Investor and Managem Consultant.
Lawrence H. Brown 7/29/34 333 W. Wacker Drive Chicago, IL 60606	Board member	1993	Retired (1989) as Senior Vic of The Northern Trust Compan Community Advisory Board for Park and Highwood, United Wa North Shore (since 2002).
Jack B. Evans 10/22/48 333 W. Wacker Drive Chicago, IL 60606	Board member	1999	President, The Hall-Perrine private philanthropic corpor 1996); Director and Vice Cha Fire Group, a publicly held Adjunct Faculty Member, Univ Iowa; Director, Gazette Comp Trustee of Coe College; Dire College Foundation; formerly Federal Reserve Bank of Chic formerly, President and Chie Officer, SCI Financial Group regional financial services
William C. Hunter 3/6/48 333 W. Wacker Drive Chicago, IL 60606	Board member	2004	Dean and Distinguished Profe Finance, School of Business University of Connecticut (s previously Senior Vice Presi Director of Research at the Reserve Bank of Chicago (199 Director, Credit Research Ce Georgetown University; Direc Corporation (since 2004).
David J. Kundert 10/28/42 333 W. Wacker Drive Chicago, IL 60606	Board member	2005	Retired (2004) as Chairman, Fleming Asset Management, Pr CEO, Banc One Investment Adv Corporation, and President, Mutual Funds; prior thereto, Vice President, Banc One Cor Chairman and CEO, Banc One I Management Group; Board of R Luther College; currently a American and Wisconsin Bar A

Name, Birthdate and Address	Position(s) Held with the Funds	Year First Elected or Appointed (2)	Principal Occupation(s) Including other Directorship During Past 5 Years
Board members who are not interested persons of the Funds (continued):			
William J. Schneider 9/24/44 333 W. Wacker Drive Chicago, IL 60606	Board member	1997	Chairman, formerly, Senior P Chief Operating Officer, Mil Partners Ltd., a real estate company; formerly, Vice Pres Miller-Valentine Realty, a c company; Director, Chair of Committee and Member of the Committee of Premier Health not-for-profit parent compan Valley Hospital; President o Philharmonic Orchestra Assoc Director and Immediate Past Development Coalition; forme Community Advisory Board, Na Bank, Dayton, Ohio and Busin Council, Cleveland Federal R
Judith M. Stockdale 12/29/47 333 W. Wacker Drive Chicago, IL 60606	Board member	1997	Executive Director, Gaylord Donnelley Foundation (since thereto, Executive Director, Protection Fund (from 1990 t
Eugene S. Sunshine 1/22/50 333 W. Wacker Drive Chicago, IL 60606	Board member	2005	Senior Vice President for Bu Finance (since 1997), Northw University; Director (since Chicago Board of Options Exc Director (since 2003), Natio Holdings, a privately-held, provider of home and communi services; Chairman (since 19 Directors, Rubicon, an insur owned by Northwestern Univer Director (since 1997), Evans of Commerce and Evanston Inv business development organiz

Name, Birthdate and Address	Position(s) Held with the Funds	Year First Elected or Appointed (4)	Principal Occupation(s) During Past 5 Years
Officers of the Funds:			
Gifford R. Zimmerman 9/9/56 333 W. Wacker Drive Chicago, IL 60606	Chief Administrative Officer	1988	Managing Director (since 200 Secretary and Associate Gene formerly, Vice President and General Counsel of Nuveen In LLC; Managing Director (sinc General Counsel and Assistan formerly, Vice President of Advisory Corp. and Nuveen In Advisory Corp. (3); Managing

			(since 2002), Assistant Secr Associate General Counsel, f President (since 2000), of N Management; Managing Directo 2004) and Assistant Secretar 1994) of Nuveen Investments, Assistant Secretary of NWQ I Management Company, LLC (sin Vice President and Assistant Nuveen Investments Advisers 2002); Managing Director, As General Counsel and Assistan of Rittenhouse Asset Managem (since 2003); Chartered Fina Analyst.

Board Members
and Officers (continued)

Name, Birthdate and Address	Position(s) Held with the Funds	Year First Elected or Appointed (3)	Principal Occupation(s) During Past 5 Years
Officers of the Funds (continued):			
Julia L. Antonatos 9/22/63 333 W. Wacker Drive Chicago, IL 60606	Vice President	2004	Managing Director (since 200 previously, Vice President (formerly, Assistant Vice Pre (since 1999) of Nuveen Inves Chartered Financial Analyst.
Michael T. Atkinson 2/3/66 333 W. Wacker Drive Chicago, IL 60606	Vice President and Assistant Secretary	2000	Vice President (since 2002), Assistant Vice President (si previously, Associate of Nuv Investments, LLC.
Peter H. D'Arrigo 11/28/67 333 W. Wacker Drive Chicago, IL 60606	Vice President and Treasurer	1999	Vice President of Nuveen Inv (since 1999), prior thereto, Vice President (since 1997); President and Treasurer of N Investments, Inc. (since 199 President and Treasurer of N Advisory Corp. and Nuveen In Advisory Corp (since 1999) (President and Treasurer of N Management (since 2002) and Investments Advisers Inc. (s Assistant Treasurer of NWQ I Management Company, LLC (sin Vice President and Treasurer Rittenhouse Asset Management 2003); Chartered Financial A

Jessica R. Droeger 9/24/64 333 W. Wacker Drive Chicago, IL 60606	Vice President and Secretary	2000	Vice President (since 2002) General Counsel (since 1998) Assistant Vice President (si Nuveen Investments, LLC; Vic (since 2002) and Assistant S (since 1998), formerly, Assi President of Nuveen Advisory Nuveen Institutional Advisor Vice President and Assistant (since 2002) of Nuveen Asset
Lorna C. Ferguson 10/24/45 333 W. Wacker Drive Chicago, IL 60606	Vice President	1998	Managing Director (since 200 Vice President of Nuveen Inv LLC; Managing Director (sinc formerly, Vice President (si Nuveen Advisory Corp. and Nu Institutional Advisory Corp. Managing Director (since 200 Asset Management.
William M. Fitzgerald 3/2/64 333 W. Wacker Drive Chicago, IL 60606	Vice President	1995	Managing Director (since 200 Investments, LLC; Managing D (since 2001), formerly Vice Nuveen Advisory Corp. and Nu Institutional Advisory Corp. (3); Managing Director of Nu Management (3) (since 2001); President of Nuveen Investme Inc. (since 2002); Chartered Analyst.
Stephen D. Foy 5/31/54 333 W. Wacker Drive Chicago, IL 60606	Vice President and Controller	1998	Vice President (since 1993) Controller (since 1998) of N Investments, LLC and, former President and Funds Controll 1998) of Nuveen Investments, Certified Public Accountant.

Name, Birthdate and Address	Position(s) Held with the Funds	Year First Elected or Appointed (3)	Principal Occupation(s) During Past 5 Years
Officers of the Funds (continued):			
David J. Lamb 3/22/63 333 W. Wacker Drive Chicago, IL 60606	Vice President	2000	Vice President (since 2000) Investments, LLC, previously Vice President (since 1999); thereto, Associate of Nuveen LLC; Certified Public Accoun
Tina M. Lazar 8/27/61	Vice President	2002	Vice President (since 1999), Assistant Vice President (si

333 W. Wacker Drive Chicago, IL 60606			Nuveen Investments, LLC.
Larry W. Martin 7/27/51 333 W. Wacker Drive Chicago, IL 60606	Vice President and Assistant Secretary	1988	Vice President, Assistant Se Assistant General Counsel of Investments, LLC; Vice Presi Assistant Secretary of Nuvee Corp. and Nuveen Institution Corp. (3); Assistant Secreta Investments, Inc. and (since Asset Management, Vice Presi 2000), Assistant Secretary a General Counsel (since 1998) Rittenhouse Asset Management President and Assistant Secr Nuveen Investments Advisers (since 2002); Assistant Secr Investment Management Compan (since 2002).

(1) Mr. Schwertfeger is an "interested person" of the Funds, as defined in the Investment Company Act of 1940, because he is an officer and board member of the Adviser.

(2) Board members serve an indefinite term until his/her successor is elected. The year first elected or appointed represents the year in which the board member was first elected or appointed to any fund in the Nuveen Complex.

(3) Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp. were reorganized into Nuveen Asset Management, effective January 1, 2005.

(4) Officers serve one year terms through July of each year. The year first elected or appointed represents the year in which the Officer was first elected or appointed to any fund in the Nuveen Complex.

Reinvest Automatically
Easily and Conveniently

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

Nuveen Closed-End Exchange-Traded Funds
Dividend Reinvestment Plan

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

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

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

Easy and convenient

To make recordkeeping easy and convenient, each month you'll receive a statement

showing your total dividends and distributions, the date of investment, the shares acquired and the price per share, and the total number of shares you own.

How shares are purchased

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

Flexible

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

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

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

Call today to start reinvesting dividends and/or distributions

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.

Other Useful
Information

Effective Jan. 1, 2005, the asset management services and operations of Nuveen Advisory Corp. (NAC) and Nuveen Institutional Advisory Corp (NIAC) became part of Nuveen Asset Management (NAM). This internal consolidation is intended to simplify the delivery of services to the investment management clients of Nuveen Investments. It does not affect the investment objectives or portfolio management of any Fund.

Quarterly Portfolio of Investments and Proxy voting

Each Fund's (i) quarterly portfolio of investments, (ii) information regarding how the Funds voted proxies relating to portfolio securities held during the most recent 12-month period ended June 30, 2004, and (iii) a description of the policies and procedures that the Funds used to determine how to vote proxies relating to portfolio securities are available without charge, upon request, by calling Nuveen Investments toll-free at (800) 257-8787 or on Nuveen's website at www.nuveen.com.

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

Dividend Information

The Nuveen Quality Preferred Income Fund, Nuveen Quality Preferred Income Fund 2 and Nuveen Quality Preferred Income Fund 3 designate 6.58%, 9.69% and 10.29% respectively, of dividends declared from net investment income as dividends qualifying for the 70% dividends received deduction for corporations and 10.12%, 15.82% and 12.74% respectively, as qualified dividend income for individuals under the Jobs and Growth Tax Relief Reconciliation Act of 2003.

Glossary of Terms Used in this Report

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

Market Yield (also known as Dividend Yield or Current Yield): An investment's current annualized dividend divided by its current market price.

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

Board of Trustees

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

Fund Manager

Nuveen Asset Management
333 West Wacker Drive
Chicago, IL 60606

Custodian

State Street Bank & Trust
Boston, MA

Transfer Agent and Shareholder Services

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

(800) 257-8787

Legal Counsel

Chapman and Cutler LLP
Chicago, IL

Independent Registered Public Accounting Firm

Ernst & Young LLP
Chicago, IL

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

Nuveen Investments:
SERVING Investors
For GENERATIONS

Photo of: 2 women looking at a photo album.

Nuveen Investments:

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

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

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

Managing more than $115 billion in assets, Nuveen Investments offers access to a number of different asset classes and investing solutions through a variety of products. Nuveen Investments markets its capabilities under four distinct

brands: Nuveen, a leader in fixed-income investments; NWQ, a leader in value-style equities; Rittenhouse, a leader in growth-style equities; and Symphony, a leading institutional manager of market-neutral alternative investment portfolios.

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

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

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

Learn more about Nuveen Funds at www.nuveen.com/etf

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

Logo: NUVEEN Investments

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ITEM 2. CODE OF ETHICS.

As of the end of the period covered by this report, the registrant has adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. There were no amendments to or waivers from the Code during the period covered by this report. The registrant has posted the code of ethics on its website at www.nuveen.com/etf. (To view the code, click on the Investor Resources drop down menu box, click on Fund Governance and then click on Code of Conduct.)

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The registrant's Board of Directors or Trustees determined that the registrant has at least one "audit committee financial expert" (as defined in Item 3 of Form N-CSR) serving on its Audit Committee. The registrant's audit committee financial expert is Jack B. Evans, Chairman of the Audit Committee, who is "independent" for purposes of Item 3 of Form N-CSR. Mr. Evans has served as the registrant's audit committee financial expert from July 26, 2004 to the end of the reporting period on December 31, 2004.

Prior to July 26, 2004, William E. Bennett, who was "independent" for purposes of Item 3 of Form N-CSR, served as the audit committee financial expert. Mr. Bennett unexpectedly resigned from the Board effective April 30, 2004. Accordingly for this reporting period, the registrant did not have a designated "audit committee financial expert" from July 1, 2004 to July 26, 2004.

Mr. Evans was formerly President and Chief Operating Officer of SCI Financial

Group, Inc., a full service registered broker-dealer and registered investment adviser ("SCI"). As part of his role as President and Chief Operating Officer, Mr. Evans actively supervised the Chief Financial Officer (the "CFO") and actively supervised the CFO's preparation of financial statements and other filings with various regulatory authorities. In such capacity, Mr. Evans was actively involved in the preparation of SCI's financial statements and the resolution of issues raised in connection therewith. Mr. Evans has also served on the audit committee of various reporting companies. At such companies, Mr. Evans was involved in the oversight of audits, audit plans, and the preparation of financial statements. Mr. Evans also formerly chaired the audit committee of the Federal Reserve Bank of Chicago.

Mr. Bennett was formerly Executive Vice President and Chief Credit Officer of First Chicago Corporation and its principal subsidiary, The First National Bank of Chicago. As part of his role as Chief Credit Officer, Mr. Bennett set policy as to accrual of assets/loans; designated performing/non-performing assets; set the level of reserves against the credit portfolio; and determined the carrying value of credit related assets and exposure. Among other things, Mr. Bennett was also responsible for the oversight of the internal analysis function including setting ground rules for the review and preparation of financial analysis and financial statements for use in making credit and risk decisions for clients. Mr. Bennett has significant experience reviewing, analyzing and evaluating financial statements of domestic and international companies in a variety of industries with complex accounting issues.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Nuveen Quality Preferred Income Fund 2

The following tables show the amount of fees that Ernst & Young LLP, the Fund's auditor, billed to the Fund during the Fund's last two full fiscal years. For engagements with Ernst & Young LLP entered into on or after May 6, 2003, the Audit Committee approved in advance all audit services and non-audit services that Ernst & Young LLP provided to the Fund, except for those non-audit services that were subject to the pre-approval exception under Rule 2-01 of Regulation S-X (the "pre-approval exception"). The pre-approval exception for services provided directly to the Fund waives the pre-approval requirement for services other than audit, review or attest services if: (A) the aggregate amount of all such services provided constitutes no more than 5% of the total amount of revenues paid by the Fund to its accountant during the fiscal year in which the services are provided; (B) the Fund did not recognize the services as non-audit services at the time of the engagement; and (C) the services are promptly brought to the Audit Committee's attention, and the Committee (or its delegate) approves the services before the audit is completed.

The Audit Committee has delegated certain pre-approval responsibilities to its Chairman (or, in his absence, any other member of the Audit Committee).

SERVICES THAT THE FUND'S AUDITOR BILLED TO THE FUND

FISCAL YEAR ENDED	AUDIT FEES BILLED TO FUND	AUDIT-RELATED FEES BILLED TO FUND	BIL
December 31, 2004 *	$ 26,088	$ 0	
Percentage approved pursuant to pre-approval	N/A	0%	

exception

FISCAL YEAR ENDED	AUDIT FEES BILLED TO FUND	AUDIT-RELATED FEES BILLED TO FUND	B
July 31, 2004	$ 26,088	$ 0	
Percentage approved pursuant to pre-approval exception	N/A	0%	
July 31, 2003	$ 30,050	$ 0	
Percentage approved pursuant to pre-approval exception	N/A	0%	

*Nuveen Quality Preferred Income Fund 2 changed its fiscal year end from July 31 to December 31, therefore, these numbers represent the period 08/01/04 - 12/31/04.

The above "All Other Fees" are fees paid to audit firms to perform agreed upon procedures required by the rating agencies to rate fund preferred shares. The above "Tax Fees" were billed for professional services for tax advice, tax compliance and tax planning.

SERVICES THAT THE FUND'S AUDITOR BILLED TO THE ADVISER AND AFFILIATED FUND SERVICE PROVIDERS

The following tables show the amount of fees billed by Ernst & Young LLP to Nuveen Institutional Advisory Corp. ("NIAC" or the "Adviser"), and any entity controlling, controlled by or under common control with NIAC ("Control Affiliate") that provides ongoing services to the Fund ("Affiliated Fund Service Provider"), for engagements directly related to the Fund's operations and financial reporting, during the Fund's last two full fiscal years.

The table also shows the percentage of fees subject to the pre-approval exception. The pre-approval exception for services provided to the Adviser and any Affiliated Fund Service Provider (other than audit, review or attest services) waives the pre-approval requirement if: (A) the aggregate amount of all such services provided constitutes no more than 5% of the total amount of revenues paid to Ernst & Young LLP by the Fund, the Adviser and Affiliated Fund Service Providers during the fiscal year in which the services are provided that would have to be pre-approved by the Audit Committee; (B) the Fund did not recognize the services as non-audit services at the time of the engagement; and (C) the services are promptly brought to the Audit Committee's attention, and the Committee (or its delegate) approves the services before the Fund's audit is completed.

FISCAL YEAR ENDED	AUDIT-RELATED FEES BILLED TO ADVISER AND AFFILIATED FUND SERVICE PROVIDERS	TAX FEES BILLED ADVISER AND AFFILIATED FUN SERVICE PROVIDE
December 31, 2004 *	$ 0	$ 0

Percentage approved pursuant to pre-approval exception	0%	0%
July 31, 2004	$ 0	$ 0
Percentage approved pursuant to pre-approval exception	0%	0%
July 31, 2003	$ 0	$ 0
Percentage approved pursuant to pre-approval exception	N/A	N/A

*Nuveen Quality Preferred Income Fund 2 changed its fiscal year end from July 31 to December 31, therefore, these numbers represent the period 08/01/04 - 12/31/04.

NON-AUDIT SERVICES

The following table shows the amount of fees that Ernst & Young LLP billed during the Fund's last two full fiscal years for non-audit services. For engagements entered into on or after May 6, 2003, the Audit Committee is required to pre-approve non-audit services that Ernst & Young LLP provides to the Adviser and any Affiliated Fund Services Provider, if the engagement related directly to the Fund's operations and financial reporting (except for those subject to the de minimis exception described above). The Audit Committee requested and received information from Ernst & Young LLP about any non-audit services that Ernst & Young LLP rendered during the Fund's last fiscal year to the Adviser and any Affiliated Fund Service Provider. The Committee considered this information in evaluating Ernst & Young LLP's independence.

FISCAL YEAR ENDED	TOTAL NON-AUDIT FEES BILLED TO FUND	TOTAL NON-AUDIT FEES BILLED TO ADVISER AND AFFILIATED FUND SERVICE PROVIDERS (ENGAGEMENTS RELATED DIRECTLY TO THE OPERATIONS AND FINANCIAL REPORTING OF THE FUND)	TO BI AFF PR
December 31, 2004 *	$ 5,476	$ 0	
July 31, 2004	$ 12,548	$ 0	
July 31, 2003	$ 6,488	$ 0	

*Nuveen Quality Preferred Income Fund 2 changed its fiscal year end from July 31 to December 31, therefore, these numbers represent the period 08/01/04 - 12/31/04.

Audit Committee Pre-Approval Policies and Procedures. Generally, the audit committee must approve (i) all non-audit services to be performed for the Fund

by the Fund's independent accountants and (ii) all audit and non-audit services to be performed by the Fund's independent accountants for the Affiliated Fund Service Providers with respect to operations and financial reporting of the Fund. Regarding tax and research projects conducted by the independent accountants for the Fund and Affiliated Fund Service Providers (with respect to operations and financial reports of the Fund) such engagements will be (i) pre-approved by the audit committee if they are expected to be for amounts greater than $10,000; (ii) reported to the audit committee chairman for his verbal approval prior to engagement if they are expected to be for amounts under $10,000 but greater than $5,000; and (iii) reported to the audit committee at the next audit committee meeting if they are expected to be for an amount under $5,000.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

The registrant's Board of Directors or Trustees has a separately designated audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (15 U.S.C. 78c(a)(58)(A)). The members of the audit committee are Robert P. Bremner, Lawrence H. Brown, Jack B. Evans and William J. Schneider.

ITEM 6. SCHEDULE OF INVESTMENTS.

See Schedule I in Item 1.

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

In the rare event that a municipal issuer held by the Fund were to issue a proxy or that the Fund were to receive a proxy issued by a cash management security, the Adviser would either engage an independent third party to determine how the proxy should be voted or vote the proxy with the consent, or based on the instructions, of the Fund's Board of Directors or Trustees or its representative. In the case of a conflict of interest, the proxy would be submitted to the applicable Fund's Board to determine how the proxy should be voted. A member of the Adviser's legal department would oversee the administration of the voting, and ensure that records were maintained in accordance with Rule 204-2(c)(2) under the Investment Advisers Act of 1940 (17 CFR 275.204-2(c)(2)), reports were filed with the SEC on Form N-PX, and the results were provided to the Board of Directors or Trustees and made available to shareholders as required by applicable rules.

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

Not applicable at this time.

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

Not applicable.

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

In the event of a vacancy on the Board, the nominating and governance committee receives suggestions from various sources, including shareholders, as to suitable candidates. Suggestions should be sent in writing to Lorna Ferguson, Vice President for Board Relations, Nuveen Investments, 333 West Wacker Drive, Chicago, IL 60606. The nominating and governance committee sets appropriate standards and requirements for nominations for new directors or trustees and reserves the right to interview all candidates and to make the final selection of any new directors or trustees.

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. Letter or number the exhibits in the sequence indicated.

(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 because the code is posted on registrant's website at www.nuveen.com/etf. and there were no amendments during the period covered by this report (To view the code, click on the Investor Resources drop down menu box, click on Fund Governance and then Code of Conduct.).

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

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

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

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be

signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) Nuveen Quality Preferred Income Fund 2

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

Date: March 9, 2005

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: March 9, 2005

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

Date: March 9, 2005

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