

NUVEEN PREFERRED CONVERTIBLE INCOME FUND

Form N-Q

November 28, 2006

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM N-Q
QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT
INVESTMENT COMPANY

Investment Company Act file number 811-21293

Nuveen Preferred and Convertible Income Fund

(Exact name of registrant as specified in charter)

333 West Wacker Drive, Chicago, Illinois 60606

(Address of principal executive offices) (Zip code)

Jessica R. Droeger Vice President and Secretary

333 West Wacker Drive, Chicago, Illinois 60606

(Name and address of agent for service)

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

Date of fiscal year end: 12/31

Date of reporting period: 9/30/2006

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q 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 the 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. § 3507.

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Shares	Description (1)	Value
Common Stocks 9.6% (6.3% of Total Investments)		
Aerospace & Defense 0.2%		
18,256	Lockheed Martin Corporation	\$ 1,571,111
6,570	Orbital Sciences Corporation, (2)	123,319
5,770	Precision Castparts Corporation	364,433
	Total Aerospace & Defense	2,058,863
Air Freight & Logistics 0.2%		
22,602	FedEx Corporation	2,456,385
11,600	Ryder System Inc.	599,488
	Total Air Freight & Logistics	3,055,873
Airlines 0.0%		
19,084	Southwest Airlines Co.	317,939
Beverages 0.2%		
27,220	Coca-Cola Company	1,216,190
35,646	Pepsi Bottling Group Inc.	1,265,433
8,026	PepsiCo, Inc.	523,777
	Total Beverages	3,005,400
Biotechnology 0.2%		
12,923	Genentech, Inc., (2)	1,068,732
21,448	Gilead Sciences, Inc., (2)	1,473,478
	Total Biotechnology	2,542,210

Capital Markets 0.2%

9,305	Calamos Asset Management, Inc. Class A	272,823
16,610	Lehman Brothers Holdings Inc.	1,226,815
3,593	OptionsXpress Holdings Inc.	100,173
	Total Capital Markets	1,599,811

Chemicals 0.1%

17,890	Airgas, Inc.	647,081
5,080	Sparetech Corporation	135,992
	Total Chemicals	783,073

Commercial Banks 0.5%

21,540	Bank of Hawaii Corporation	1,037,366
14,310	Colonial BancGroup Inc.	350,595
7,344	Greater Bay Bancorp.	207,174
10,380	Marshall and Ilsley Corporation	500,108
9,340	Northern Trust Corporation	545,736
30,680	PNC Financial Services Group, Inc.	2,222,459
2,370	Umpqua Holdings Corporation	67,782
18,687	Washington Mutual, Inc.	812,324
16,970	Whitney Holding Corporation	607,017
11,630	Zions Bancorporation	928,190
	Total Commercial Banks	7,278,751

Commercial Services & Supplies 0.4%

6,140	Administaff, Inc.	206,918
4,313	American Ecology Corporation	85,139
4,476	Consolidated Graphics Inc., (2)	269,321
7,879	Corporate Executive Board Company	708,401
32,839	Global Payments Inc.	1,445,244
29,440	Republic Services, Inc.	1,183,782
30,860	SEI Investments Company	1,734,023
	Total Commercial Services & Supplies	5,632,828

Communications Equipment 0.3%

35,660	Comverse Technology, Inc., (2)	764,550
81,700	Corning Incorporated, (2)	1,994,297
3,473	Harris Corporation	154,514

49,810	QUALCOMM Inc.	1,810,594
	Total Communications Equipment	4,723,955
Computers & Peripherals 0.3%		
21,061	Apple Computer, Inc., (2)	1,622,329
37,370	Hewlett-Packard Company	1,371,105
4,880	Lexmark International, Inc., (2)	281,381
24,793	Network Appliance Inc., (2)	917,589
	Total Computers & Peripherals	4,192,404
Consumer Finance 0.3%		
153,125	Americredit Corp., (2)	3,826,594
12,870	Capital One Financial Corporation	1,012,354
	Total Consumer Finance	4,838,948
Containers & Packaging 0.0%		
28,190	Packaging Corp. of America	654,008
Distributors 0.0%		
2,274	Keystone Automotive Industries Inc., (2)	86,457
Diversified Consumer Services 0.0%		
10,259	Jackson Hewitt Tax Services Inc.	307,873
Diversified Financial Services 0.1%		
9,930	CBOT Holdings, Inc. Class A, (2)	1,199,445
Diversified Telecommunication Services 0.2%		
24,920	AT&T Inc.	811,395
2,510	Cbeyond Inc., (2)	68,900
5,890	CT Communications, Inc.	127,931
92,030	Sprint Nextel Corporation	1,578,315

Total Diversified Telecommunication Services	2,586,541
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Electric Utilities 0.4%

34,260	PG&E Corporation	1,426,929
59,614	TXU Corporation	3,727,067
	Total Electric Utilities	5,153,996

Electrical Equipment 0.2%

20,450	Emerson Electric Co.	1,714,937
4,184	Ormat Technologies Inc.	136,900
6,093	Smith AO Corporation	240,247
	Total Electrical Equipment	2,092,084

Electronic Equipment & Instruments 0.2%

4,674	Itron Inc., (2)	260,809
9,108	Millipore Corporation, (2)	558,320
10,627	Parker Hannifin Corporation	826,037
10,124	Plexus Corporation, (2)	194,381
10,197	Teledyne Technologies Inc., (2)	403,801
15,564	Waters Corporation, (2)	704,738
	Total Electronic Equipment & Instruments	2,948,086

Energy Equipment & Services 0.0%

6,985	Helix Energy Solutions Group, (2)	233,299
7,589	Unit Corporation, (2)	348,866
	Total Energy Equipment & Services	582,165

Food & Staples Retailing 0.1%

22,610	Whole Foods Market, Inc.	1,343,712
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Food Products 0.3%

77,060	Monsanto Company	3,622,591
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Gas Utilities 0.2%

75,840	Energen Corporation	3,175,421
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Health Care Equipment & Supplies 0.4%

11,756	American Medical Systems Holdings, Inc., (2)	216,663
29,800	Baxter International Inc.	1,354,708
15,960	Dade Behring Holdings Inc.	640,954
6,932	Express Scripts, Inc., (2)	523,297
8,310	Hillenbrand Industries	473,504
46,840	Hospira Inc., (2)	1,792,567
10,252	Surmodics Inc., (2)	360,050
	Total Health Care Equipment & Supplies	5,361,743

Health Care Providers & Services 0.4%

10,096	Healthways Inc., (2)	450,282
33,397	Quest Diagnostics Incorporated	2,042,561
38,110	Sierra Health Services Inc., (2)	1,442,082
26,063	Wellcare Health Plans Inc., (2)	1,475,948
	Total Health Care Providers & Services	5,410,873

Hotels, Restaurants & Leisure 0.1%

17,416	Choice Hotels International, Inc.	712,314
6,217	Panera Bread Company, (2)	362,140
11,104	Starbucks Corporation, (2)	378,091
	Total Hotels, Restaurants & Leisure	1,452,545

Household Durables 0.2%

101,151	Newell Rubbermaid Inc.	2,864,596
6,230	Snap-on Incorporated	277,547
4,570	Stanley Works	227,815
	Total Household Durables	3,369,958

Household Products 0.2%

29,200	Colgate-Palmolive Company	1,813,320
13,027	Kimberly-Clark Corporation	851,445
	Total Household Products	2,664,765

Industrial Conglomerates 0.2%

15,730	3M Co.	1,170,627
20,710	General Electric Company	731,063
	Total Industrial Conglomerates	1,901,690

Insurance 0.6%

35,715	AFLAC Incorporated	1,634,318
2,451	First American Corporation	103,775
33,973	HCC Insurance Holdings Inc.	1,117,032
20,377	Philadelphia Consolidated Holding Corporation, (2)	810,597
5,034	Tower Group Inc.	167,884
125,510	W.R. Berkley Corporation	4,441,799
	Total Insurance	8,275,405

Internet & Catalog Retail 0.1%

13,296	Coldwater Creek Inc., (2)	382,393
8,471	MSC Industrial Direct Inc., Class A	345,109
	Total Internet & Catalog Retail	727,502

Internet Software & Services 0.0%

1,206	Google Inc., Class A, (2)	484,691
5,098	j2 Global Communications, Inc., (2)	138,513
	Total Internet Software & Services	623,204

IT Services 0.0%

8,602	Websense Inc., (2)	185,889
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Machinery 0.2%

5,410	Flow International Corporation, (2)	70,168
10,300	Flowserve Corporation, (2)	521,077
2,137	Freightcar America Inc.	113,261
9,683	Harsco Corporation	751,885
6,980	Joy Global Inc.	262,518
5,610	Paccar Inc.	319,882

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2,630	Robbins & Myers, Inc.	81,320
	Total Machinery	2,120,111
Media 0.6%		
18,690	Cablevision Systems Corporation, (2)	424,450
9,294	Comcast Corporation, Class A, (2)	342,484
49,830	DIRECTV Group, Inc., (2)	980,654
18,867	John Wiley and Sons Inc., Class A	679,401
14,976	Liberty Global Inc, A Shares, (2)	385,482
14,980	Liberty Global Inc., Class C, (2)	375,399
5,701	Lodgenet Entertainment Corporation, (2)	107,635
42,970	McGraw-Hill Companies, Inc.	2,493,549
131,280	Time Warner Inc.	2,393,234
	Total Media	8,182,288
Metals & Mining 0.0%		
5,430	Compass Minerals International, Inc.	153,723
2,290	Olympic Steel Inc.	56,929
2,171	Phelps Dodge Corporation	183,884
	Total Metals & Mining	394,536
Multiline Retail 0.2%		
9,930	Big Lots Inc., (2)	196,713
6,492	Casey's General Stores, Inc.	144,577
29,730	Dollar Tree Stores Inc., (2)	920,441
34,090	Kohl's Corporation, (2)	2,213,123
	Total Multiline Retail	3,474,854
Oil, Gas & Consumable Fuels 0.4%		
6,750	Cabot Oil & Gas Corporation	323,528
24,030	EOG Resources, Inc.	1,563,152
3,730	Frontier Oil Corporation	99,143
4,460	Houston Exploration Company, (2)	245,969
4,906	Parallel Petroleum Corporation, (2)	98,414
7,396	Pioneer Drilling Company, (2)	94,965
19,985	Sunoco, Inc.	1,242,867
11,242	Valero Energy Corporation	578,626
35,442	W&T Offshore Inc.	1,035,261

Total Oil, Gas & Consumable Fuels	5,281,925
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Paper & Forest Products 0.0%

18,220 Plum Creek Timber Company	620,209
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Pharmaceuticals 0.1%

9,730 Allergan Inc.	1,095,695
7,181 Alpharma Inc.	167,964
3,900 New River Pharmaceuticals Inc., (2)	100,347
Total Pharmaceuticals	1,364,006

Real Estate 0.3%

2,990 American Home Mortgage Investment Corp.	104,261
5,710 Camden Property Trust	434,017
9,041 Equity Inns Inc.	143,933
8,020 Health Care Property Investors Inc.	249,021
19,520 Host Marriott Corporation	447,594
6,246 LaSalle Hotel Properties	270,702
8,026 Public Storage, Inc.	690,156
5,861 SL Green Realty Corporation	654,674
13,481 Tanger Factory Outlet Centers	480,193
1,893 Taubman Centers Inc.	84,087
9,513 United Dominion Realty Trust	287,293
Total Real Estate	3,845,931

Semiconductors & Equipment 0.2%

22,028 Advanced Micro Devices, Inc., (2)	547,396
21,969 Entegris Inc., (2)	239,682
24,670 Micron Technology, Inc., (2)	429,258
67,550 National Semiconductor Corporation	1,589,452
2,818 Netlogic Microsystems Inc., (2)	71,493
29,420 QLogic Corporation, (2)	556,038
2,870 Trident Microsystems Inc., (2)	66,756
Total Semiconductors & Equipment	3,500,075

Software 0.4%

7,955 Aspen Technology Inc., (2)	86,869
33,229 Autodesk, Inc., (2)	1,155,705

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8,308	Blackbaud, Inc.	182,693
65,580	BMC Software Inc., (2)	1,785,088
34,310	Intuit Inc., (2)	1,101,008
48,293	Salesforce.com, Inc., (2)	1,732,753
	Total Software	6,044,116

Specialty Retail 0.3%

43,740	Ann Taylor Stores Corporation, (2)	1,830,956
5,166	Build-A-Bear-Workshop, Inc., (2)	117,630
3,866	Childrens Place Retail Stores Inc., (2)	247,540
26,010	Circuit City Stores, Inc.	653,111
12,206	Claire s Stores, Inc.	355,927
3,210	Gymboree Corporation, (2)	135,398
17,980	Select Comfort Corporation, (2)	393,402
24,744	Staples, Inc.	602,022
	Total Specialty Retail	4,335,986

Textiles, Apparel & Luxury Goods 0.0%

10,349	Guess Inc., (2)	502,237
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Thrifts & Mortgage Finance 0.0%

14,070	Washington Federal Inc.	315,731
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Tobacco 0.1%

8,310	Loews Corp Carolina Group	460,291
9,340	UST Inc.	512,112
	Total Tobacco	972,403

Trading Companies & Distributors 0.0%

5,194	GATX Corporation	214,876
	Total Common Stocks (cost \$132,296,663)	134,925,292

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Shares	Description (1)	Coupon	Ratings (3)	Value
Convertible Preferred Securities 8.8% (5.8% of Total Investments)				
Automobiles 1.2%				
266,425	Ford Motor Company Capital Trust II	6.500%	Caa2	\$ 8,949,216
249,950	General Motors Corporation, Convertible Notes, Senior Debentures, Series B	5.250%	B-	5,028,994
152,700	General Motors Corporation	6.250%	B-	3,507,519
	Total Automobiles			17,485,729
Capital Markets 0.2%				
51,150	Affiliated Managers Group Inc.	5.100%	BB	2,659,800
Chemicals 0.3%				
154,175	Celanese Corporation	4.250%	N/R	4,267,564
Commercial Banks 0.7%				
6,975,000	Fortis Insurance NV, 144A	7.750%	A+	9,771,975
Consumer Finance 0.7%				
9,800,000	SLM Corporation	5.435%	A	9,872,520
Electric Utilities 0.5%				
77,660	Entergy Corporation	7.625%	BBB	4,226,257
56,800	PNM Resources Inc.	6.750%	Baa3	2,842,272
	Total Electric Utilities			7,068,529
Energy Equipment & Services 0.1%				
38,400	Bristow Group Inc., Preferred Stock, Convertible	5.500%	N/R	1,883,520

Gas Utilities 0.1%

27,000	Southern Union Company	5.000%	BBB	1,422,900
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Independent Power Producers & Energy Traders 0.2%

3,900	NRG Energy Inc., Preferred Convertible	5.750%	B2	920,595
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Insurance 2.3%

51,000	Aspen Insurance Holdings Limited	5.625%	BBB-	2,671,125
368,765	Genworth Financial Inc.	6.000%	A	13,939,317
334,000	MetLife Inc., Convertible, Series B	6.375%	BBB+	9,923,140
253,890	Travelers Property Casualty Corporation, Subordinate Notes	4.500%	Baa1	6,250,772
	Total Insurance			32,784,354

Media 0.9%

215,190	Comcast Corporation	2.000%	BBB	8,715,195
96,750	Interpublic Group Companies Inc., Series A	5.375%	N/R	3,598,133
	Total Media			12,313,328

Metals & Mining 0.3%

3,580	Freeport McMoran Copper & Gold, Inc.	5.500%	B-	4,506,325
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Oil, Gas & Consumable Fuels 0.2%

33,810	Chesapeake Energy Corporation	5.000%	B+	3,486,656
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Pharmaceuticals 0.7%

180,055	Schering-Plough Corporation (WI/DD Settling 10/02/06)	6.000%	BBB	10,009,257
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U.S. Agency 0.4%

54	Federal National Mortgage Association	5.375%	AA-	5,212,215
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**Total Convertible Preferred Securities (cost
\$111,047,669)**

123,665,267

Shares	Description (1)	Coupon	Ratings (3)	Value
\$25 Par (or similar) Preferred Securities 48.6% (32.1% of Total Investments)				
Capital Markets 5.1%				
270,987	BNY Capital Trust V, Series F	5.950%	A-	\$ 6,530,787
148,300	Compass Capital Trust III	7.350%	A3	3,717,881
11,300	CSFB USA, Series 2002-10 (SATURNS)	7.000%	AA-	289,845
41,500	First Union Institutional Capital II (CORTS)	8.200%	A1	1,130,875
4,600	Goldman Sachs Capital I, Series A (CORTS)	6.000%	A1	106,950
4,800	Goldman Sachs Group Inc., Series 2004-06 (SATURNS)	6.000%	A1	110,976
39,600	Goldman Sachs Group Inc., Series 2004-4 (CORTS)	6.000%	A1	939,312
6,000	Goldman Sachs Group Inc., Series GSC-3 (PPLUS)	6.000%	A1	139,320
3,400	Goldman Sachs Group Incorporated (SATURNS)	5.750%	Aa3	77,112
527,188	Lehman Brothers Holdings Capital Trust III, Series K	6.375%	A2	13,074,262
2,400	Lehman Brothers Holdings Capital Trust IV, Series L	6.375%	A2	60,600
28,100	Merrill Lynch Capital Trust II	8.000%	A1	722,451
153,700	Merrill Lynch Preferred Capital Trust III	7.000%	A1	3,897,832
124,400	Merrill Lynch Preferred Capital Trust IV	7.120%	A1	3,169,712
358,400	Merrill Lynch Preferred Capital Trust V	7.280%	A-	9,185,792
27,000	Merrill Lynch Preferred Capital Trust	7.750%	A1	683,910
71,100	Morgan Stanley Capital Trust II	7.250%	A1	1,805,940
333,722	Morgan Stanley Capital Trust III	6.250%	A1	8,229,585
717,800	Morgan Stanley Capital Trust IV	6.250%	A1	17,586,100
18,200	Morgan Stanley Capital Trust V	5.750%	A+	423,696
2,200	Washington Mutual Capital Trust I, Series 2001-22, Class A-1 (CORTS)	7.650%	Baa1	56,342
Total Capital Markets				71,939,280
Commercial Banks 9.1%				
102,800	Abbey National PLC, Series B	7.375%	A	2,697,472
63,400	Abbey National PLC, Series B	7.250%	A1	1,600,850
173,100	Abbey National PLC, Series C	7.375%	A2	4,414,050
83,300	ABN AMRO Capital Fund Trust V	5.900%	A	1,982,540
10,000	ABN AMRO Capital Trust Fund VII	6.080%	A	245,200
73,500	ASBC Capital I	7.625%	Baa1	1,857,345
43,785	BAC Capital Trust I	7.000%	Aa3	1,102,068
111,055	BAC Capital Trust II	7.000%	Aa3	2,818,576
284,700	BAC Capital Trust III	7.000%	A	7,242,768

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49,169	Banco Santander	6.410%	A2	1,258,726
63,400	Banco Totta & Acores Finance, Series A	8.875%	A3	1,583,022
9,100	BancorpSouth Capital Trust I	8.150%	Baa2	229,047
231,600	Banesto Holdings, Series A, 144A	10.500%	A2	7,121,700
381,700	Bank of America Corporation, Series D	6.204%	A1	9,740,984
81,700	Bank One Capital Trust VI	7.200%	A1	2,075,180
35,700	BankNorth Capital Trust II	8.000%	A3	902,853
62,300	Chittenden Capital Trust I	8.000%	Baa1	1,588,650
94,000	Citizens Funding Trust I	7.500%	Baa2	2,366,920
107,000	Cobank ABC, 144A, (6)	7.000%	N/R	5,850,974
85,900	Comerica Capital Trust I	7.600%	A3	2,157,808
338,700	Fleet Capital Trust VIII	7.200%	Aa3	8,548,788
772,120	HSBC Finance Corporation	6.875%	AA-	19,804,878
164,700	National Commerce Capital Trust II	7.700%	A1	4,140,558
43,550	PNC Capital Trust	6.125%	BBB+	1,056,088
115,938	Royal Bank of Scotland Group PLC, Series L	5.750%	A1	2,777,874
91,395	Royal Bank of Scotland Group PLC, Series N	6.350%	A1	2,312,294
87,500	SunTrust Capital Trust IV	7.125%	A1	2,200,625
71,000	SunTrust Capital Trust V	7.050%	A1	1,785,650
199,300	USB Capital Trust IV	7.350%	Aa3	5,052,255
81,200	USB Capital Trust V	7.250%	Aa3	2,043,804
392,100	USB Capital Trust VI	5.750%	Aa3	8,990,853
36,050	USB Capital Trust VII	5.875%	Aa3	842,489
33,400	VNB Capital Trust I	7.750%	Baa1	840,344
7,400	Wells Fargo Capital Trust IV	7.000%	Aa2	187,146
44,000	Wells Fargo Capital Trust IX	5.625%	Aa2	1,010,240
80,735	Wells Fargo Capital Trust V	7.000%	Aa2	2,034,522
127,369	Wells Fargo Capital Trust VII	5.850%	Aa2	3,045,393
80,700	Zions Capital Trust B	8.000%	BBB-	2,077,218

Total Commercial Banks 127,587,752

Computers & Peripherals 0.1%

22,700	IBM Inc., Series 2001-1 (SATURNS)	7.125%	A+	581,007
4,600	IBM Inc., Trust Certificates, Series 2001-2	7.100%	A+	117,668
2,600	IBM Trust II (CORTS)	7.125%	A+	66,612
9,400	IBM Trust III (CORTS)	7.200%	A+	240,358
1,000	IBM Trust IV (CORTS)	7.000%	A+	26,010

Total Computers & Peripherals 1,031,655

Consumer Finance 0.1%

39,600	Household Capital Trust VII	7.500%	A1	1,001,088
39,700	SLM Corporation	6.000%	A	957,564

Total Consumer Finance 1,958,652

Diversified Financial Services 3.7%

50,700	BAC Capital Trust XII	6.875%	Aa3	1,307,553
16,500	CIT Group Incorporated (CORTS)	7.750%	A3	433,043
12,960	Citigroup Capital Trust IX	6.000%	Aa2	315,835
86,500	Citigroup Capital Trust VII	7.125%	Aa2	2,184,990
241,654	Citigroup Capital Trust VIII	6.950%	Aa2	6,070,348
400	Citigroup Capital X	6.100%	A	9,792
62,510	Citigroup Capital XV	6.500%	Aa3	1,594,005
13,100	Citigroup, Series CIT (CORTS)	6.750%	A3	326,190
4,100	General Electric Capital Corporation (CORTS)	6.000%	AAA	99,015
33,100	General Electric Capital Corporation	6.625%	AAA	837,430
570,518	ING Group N.V.	7.200%	A	14,639,492
786,475	ING Group N.V.	7.050%	A	19,960,736
16,800	ING Group N.V.	6.200%	A	420,168
32,700	JPM Capital Trust (CORTS)	7.200%	A1	833,523
54,000	JPMorgan Chase & Company (PCARS)	7.125%	A2	1,373,760
48,200	JPMorgan Chase Trust, Series 2002-6, Class A (SATURNS)	7.125%	A1	1,218,978
	Total Diversified Financial Services			51,624,858

Diversified Telecommunication Services 0.4%

21,400	BellSouth Capital Funding (CORTS)	7.100%	A	538,210
18,100	BellSouth Corporation (CORTS)	7.000%	Aa3	458,473
33,200	BellSouth Corporation, Series 2001-3 (SATURNS)	7.125%	A	834,482
2,400	BellSouth Corporation, Series BLS (CORTS)	7.000%	A	60,216
12,300	BellSouth Corporation	7.125%	A	309,345
10,000	BellSouth Inc. (CORTS)	7.000%	A	253,700
18,300	BellSouth Telecommunications (PPLUS)	7.300%	A	463,905
17,500	Verizon Communications (CORTS)	7.625%	A	455,000
22,200	Verizon Communications (CORTS)	7.375%	A	569,208
4,700	Verizon Communications, Series 2004-1 (SATURNS)	6.125%	A+	112,941
1,300	Verizon Global Funding Corporation Trust III, Series III (CORTS)	6.250%	A	31,720
13,900	Verizon New England Inc., Series B	7.000%	A3	353,199
45,155	Verizon South Inc., Series F	7.000%	A	1,144,228
	Total Diversified Telecommunication Services			5,584,627

Electric Utilities 0.8%

7,000	Consolidated Edison Company of New York Inc.	7.500%	A1	175,280
10,000	Consolidated Edison, Inc.	7.250%	A-	253,000
22,200	DTE Energy Trust I	7.800%	BB+	565,878

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40,670	Entergy Louisiana LLC	7.600%	A-	1,026,918
44,570	Georgia Power Capital Trust V	7.125%	BBB+	1,123,164
153,100	Georgia Power Company	5.900%	A	3,705,020
1,700	Georgia Power Company	5.750%	A	39,627
1,100	National Rural Utilities Cooperative Finance Corporation	7.400%	A3	27,885
6,600	National Rural Utilities Cooperative Finance Corporation	6.100%	A3	161,040
4,900	National Rural Utilities Cooperative Finance Corporation	5.950%	A3	113,484
2,100	Southern Company Capital Trust I (CORTS)	7.375%	BBB+	53,172
2,800	Southern Company Capital Trust VI	7.125%	BBB+	71,008
134,400	Virginia Power Capital Trust	7.375%	BB+	3,427,200
	Total Electric Utilities			10,742,676

Food Products 0.3%

41,900	Dairy Farmers of America Inc., 144A, (6)	7.875%	BBB-	4,158,575
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Insurance 11.3%

556,210	Ace Ltd., Series C	7.800%	Baa2	14,433,650
19,280	Aegon N.V.	6.500%	A-	489,134
982,000	Aegon N.V.	6.375%	A-	24,834,780
18,000	Allstate Insurance Company (CORTS)	8.000%	A2	481,410
26,600	AMBAC Financial Group Inc.	5.950%	AA	644,252
408,100	Arch Capital Group Limited	8.000%	Baa3	10,855,460
1,221,100	Delphi Financial Group, Inc.	8.000%	BBB	31,986,715
322,955	EverestRe Capital Trust II	6.200%	Baa1	7,318,160
110,400	EverestRe Group Limited	7.850%	Baa1	2,841,696
82,200	Financial Security Assurance Holdings	6.250%	AA	2,050,068
225,500	Hartford Capital Trust III, Series C	7.450%	A3	5,646,520
38,400	Lincoln National Capital Trust V, Series E	7.650%	A-	966,912
3,500	Lincoln National Capital Trust VI	6.750%	A-	88,725
5,000	Markel Corporation	7.500%	BBB-	127,350
809,050	PartnerRe Limited, Series C	6.750%	BBB+	20,339,517
4,300	PartnerRe Limited	7.900%	A3	107,801
82,200	PLC Capital Trust III	7.500%	BBB+	2,080,482
32,900	PLC Capital Trust IV	7.250%	BBB+	829,409
8,300	PLC Capital Trust V	6.125%	BBB+	196,710
37,400	Prudential PLC	6.750%	A	952,578
96,100	RenaissanceRe Holdings Limited, Series A	8.100%	BBB+	2,427,486
325,410	RenaissanceRe Holdings Limited, Series B	7.300%	BBB	8,219,857
4,700	RenaissanceRe Holdings Limited, Series C	6.080%	BBB+	104,434
27,300	Safeco Capital Trust I (CORTS)	8.750%	Baa2	790,745
39,100	Safeco Capital Trust III (CORTS)	8.072%	Baa2	1,001,156
7,500	Safeco Capital Trust IV (CORTS)	8.375%	Baa2	208,125
47,400	Safeco Corporation, Series 2001-7 (SATURNS)	8.250%	Baa2	1,218,654

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44,900	Safeco Corporation, Series 2002-5 (SATURNS)	8.250%	Baa2	1,159,543
75,500	Saint Paul Capital Trust I	7.600%	Baa1	1,919,965
34,100	Torchmark Capital Trust I	7.750%	A-	852,500
72,200	W.R. Berkley Capital Trust, Series 2002-1 (CBTCS)	8.125%	BBB-	737,884
14,700	W.R. Berkley Corporation	6.750%	BBB-	364,413
151,100	XL Capital Ltd, Series A	8.000%	Baa1	3,847,006
340,500	XL Capital Ltd, Series B	7.625%	Baa1	8,703,180
	Total Insurance			158,826,277

Media 0.8%

43,700	CBS Corporation	7.250%	BBB	1,096,870
404,600	Comcast Corporation	7.000%	BBB+	10,292,013
900	Walt Disney Company	7.000%	A-	22,842
	Total Media			11,411,725

Multi-Utilities 0.1%

55,600	Dominion CNG Capital Trust I	7.800%	Baa2	1,413,908
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Oil, Gas & Consumable Fuels 0.9%

477,200	Nexen Inc.	7.350%	Baa3	12,264,040
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Real Estate 12.9%

10,700	AvalonBay Communities, Inc., Series H	8.700%	BBB	293,073
3,000	BRE Properties, Series B	8.080%	BBB-	76,980
22,500	BRE Properties, Series C	6.750%	BBB-	555,300
20,600	Developers Diversified Realty Corporation, Series F	8.600%	BBB-	523,858
658,185	Developers Diversified Realty Corporation, Series G	8.000%	BBB-	16,882,445
74,900	Developers Diversified Realty Corporation, Series H	7.375%	BBB-	1,897,966
81,100	Duke Realty Corporation, Series L	6.600%	BBB	2,027,500
15,700	Duke-Weeks Realty Corporation	6.950%	BBB	400,036
208,656	Equity Office Properties Trust, Series G	7.750%	BBB-	5,299,862
11,800	Equity Residential Properties Trust, Series D	8.600%	BBB	300,074
417,673	Equity Residential Properties Trust, Series N	6.480%	BBB	10,416,765
268,200	First Industrial Realty Trust, Inc., Series J	7.250%	BBB-	6,745,230
232,400	HRPT Properties Trust, Series B	8.750%	BBB-	6,019,160
652,100	HRPT Properties Trust, Series C	7.125%	BBB-	16,667,676
458,887	Kimco Realty Corporation, Series F	6.650%	BBB+	11,619,019

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13,693	New Plan Excel Realty Trust, Series D	7.800%	BBB-	695,348
876,975	New Plan Excel Realty Trust, Series E	7.625%	BBB-	22,397,942
32,982	Prologis Trust, Series C	8.540%	BBB	1,901,620
13,600	Prologis Trust, Series G	6.750%	BBB	340,000
13,000	PS Business Parks, Inc., Series F	8.750%	BBB-	329,160
2,000	PS Business Parks, Inc., Series K	7.950%	BBB-	52,400
149,400	Public Storage, Inc., Series I	7.250%	BBB+	3,872,448
51,900	Public Storage, Inc., Series E	6.750%	BBB+	1,305,804
15,000	Public Storage, Inc., Series F	6.450%	BBB+	365,250
97,600	Public Storage, Inc., Series H	6.950%	BBB+	2,472,208
34,900	Public Storage, Inc., Series S	7.875%	BBB+	874,245
28,200	Public Storage, Inc., Series T	7.625%	BBB+	708,948
30,200	Public Storage, Inc., Series U	7.625%	BBB+	761,342
32,300	Public Storage, Inc., Series V	7.500%	BBB+	820,097
2,600	Public Storage, Inc., Series X	6.450%	BBB+	63,830
216,495	Regency Centers Corporation	7.450%	BBB-	5,559,592
9,100	Regency Centers Corporation	7.250%	BBB-	230,685
7,000	Simon Property Group, Inc., Series G	7.890%	BBB+	361,200
2,800	Vornado Realty Trust, Series F	6.750%	BBB-	69,188
16,800	Vornado Realty Trust, Series G	6.625%	BBB-	408,240
3,400	Vornado Realty Trust, Series H	6.750%	BBB-	84,184
54,200	Vornado Realty Trust, Series I	6.625%	BBB-	1,319,770
1,446,545	Wachovia Preferred Funding Corporation	7.250%	A2	40,402,002
628,830	Weingarten Realty Trust, Preferred Securities	6.750%	A-	16,569,671

Total Real Estate 181,690,118

Thriffs & Mortgage Finance 2.3%

4,300	Countrywide Capital Trust II, Series II (CORTS)	8.000%	BBB+	109,865
99,500	Countrywide Capital Trust III (PPLUS)	8.050%	BBB+	2,636,253
1,201,200	Countrywide Capital Trust IV	6.750%	BBB+	30,138,108

Total Thriffs & Mortgage Finance 32,884,226

Wireless Telecommunication Services 0.7%

34,100	AT&T Wireless (CORTS)	8.000%	A	865,288
18,200	AT&T Wireless, Series 2002-B (SATURNS)	9.250%	A	488,670
33,900	United States Cellular Corporation	8.750%	A-	904,791
269,100	United States Cellular Corporation	7.500%	A-	6,940,089

Total Wireless Telecommunication Services 9,198,838

**Total \$25 Par (or similar) Preferred Securities
(cost \$684,361,905) 682,317,207**

Principal

Amount (000)	Description (1)	Coupon	Maturity (4)	Ratings (3)	Value
	Variable Rate Senior Loan Interests	0.8%	(0.6% of Total Investments) (5)		
	Building Products	0.1%			
\$ 1,000	Textron Inc. Term Loan	8.921%	8/01/13	B2	\$ 1,007,500
	Hotels, Restaurants & Leisure	0.1%			
998	Cedar Fair LP, Term Loan, WI/DD	TBD	TBD	BB-	1,003,824
	Media	0.4%			
1,000	Charter Communications Inc., Term Loan B	8.125%	4/28/13	B	1,005,332
2,000	Neilsen Finance LLC, Term Loan B	8.190%	8/09/13	B+	1,995,556
1,521	Panamsat Corporation, Term Loan	8.008%	1/03/14	B1	1,533,042
998	Philadelphia Newspapers, Term Loan	8.120%	6/29/13	N/R	1,003,111
5,519	Total Media				5,537,041
	Paper & Forest Products	0.1%			
	Bluegrass Container Company, LLC, Delayed				
345	Draw Term Loan	7.601%	6/30/13	BB-	347,283
1,155	Bluegrass Container Company, LLC, Term Loan B	7.580%	6/30/13	BB-	1,163,565
997	Georgia-Pacific Corporation, Term Loan B	7.390%	12/20/12	BB-	1,000,570
2,497	Total Paper & Forest Products				2,511,418
	Real Estate Management & Development	0.1%			
1,000	LNR Property Corporation, Term Loan B	8.220%	7/12/11	B2	1,007,625
\$ 11,014	Total Variable Rate Senior Loan Interests (cost \$11,018,495)				11,067,408

Principal Amount (000)	Description (1)	Coupon	Maturity	Ratings (3)	Value
	Convertible Bonds	34.8%	(23.0% of Total Investments)		
	Aerospace & Defense	1.7%			

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\$	4,500	AAR Corporation, 144A (7)	1.750%	2/01/26	BB	\$	4,663,125
	2,155	Armor Holdings Inc.	2.000%	11/01/24	B+		2,674,894
	3,075	L-3 Communications Corporation, Convertible Bond	3.000%	8/01/35	BB+		3,144,188
	3,410	L-3 Communications Corporation, Series 144A	3.000%	8/01/35	BB+		3,486,725
	6,460	Lockheed Martin Corporation	5.155%	8/15/33	BBB+		8,211,306
	2,170	Triumph Group Inc, Convertible Bond	2.625%	10/01/26	N/R		2,256,800
	21,770	Total Aerospace & Defense					24,437,038

Airlines 0.4%

	1,225	AMR Corporation, Convertible Bonds	4.500%	2/15/24	CCC+		1,551,156
	1,000	Continental Airlines, Inc.	5.000%	6/15/23	CCC+		1,627,500
	2,020	UAL Corporation, Convertible Bond, 144A	4.500%	6/30/21	N/R		2,107,466
	4,245	Total Airlines					5,286,122

Biotechnology 3.1%

	7,760	Amgen Inc., 144A	0.125%	2/01/11	A+		7,876,400
	8,950	Amgen Inc., 144A	0.375%	2/01/13	A+		9,095,438
	4,625	Cephalon, Inc.	0.000%	6/15/33	B-		5,555,781
	9,200	Genzyme Corporation	1.250%	12/01/23	BBB		10,120,000
	9,550	Gilead Sciences Inc., 144A	0.625%	5/01/13	N/R		10,242,375
	40,085	Total Biotechnology					42,889,994

Capital Markets 0.5%

	6,600	Goldman Sachs Group, Inc.	0.125%	6/28/11	Aa3		6,970,260
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Commercial Banks 0.5%

	7,000	Wells Fargo & Company, Convertible Bond	5.718%	5/01/33	Aa1		7,107,100
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Communications Equipment 2.4%

	7,057	Ciena Corporation	3.750%	2/01/08	B		6,845,290
	3,675	CommScope Inc.	1.000%	3/15/24	B+		5,824,875
	5,565	Comverse Technology, Inc.	0.000%	5/15/23	BB-		7,178,850
	975	Finisar Corporation, Series 144A	2.500%	10/15/10	N/R		1,233,375
	6,500	Lucent Technologies Inc., Series B	2.750%	6/15/25	B1		6,516,250
	6,550	Lucent Technologies Inc.	2.750%	6/15/23	B1		6,509,063

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30,322	Total Communications Equipment					34,107,703
Computers & Peripherals 0.7%						
9,775	Sandisk Corporation, Convertible Bond	1.000%	5/15/13	BB-		9,359,563
Construction & Engineering 0.2%						
3,250	Quanta Services Inc., Series 144A	3.750%	4/30/26	N/R		3,384,063
Consumer Finance 0.7%						
9,550	American Express Company, Convertible Bond	1.850%	12/01/33	A+		9,705,188
Diversified Financial Services 1.4%						
2,475	CapitalSource Inc.	3.500%	7/15/34	BBB-		2,663,719
10,525	Citigroup Funding Inc, Convertible Bond	0.125%	9/07/11	Aa1		9,933,495
5,700	Merrill Lynch & Co. Inc., Convertible Bond	0.000%	3/13/32	Aa3		6,689,520
18,700	Total Diversified Financial Services					19,286,734
Diversified Telecommunication Services 0.8%						
2,660	CenturyTel Inc.	4.750%	8/01/32	BBB		2,819,600
2,170	Level 3 Communications Inc., Convertible Bond	2.875%	7/15/10	Caa2		2,199,838
1,575	Qwest Communications International Inc., Convertible Bond	3.500%	11/15/25	B		2,571,188
3,000	Time Warner Telecom Inc.	2.375%	4/01/26	CCC+		3,727,500
9,405	Total Diversified Telecommunication Services					11,318,126
Electric Utilities 0.1%						
725	PPL Energy Supply LLC, Convertible Bond	2.625%	5/15/23	BBB		961,531
Electronic Equipment & Instruments 1.0%						
4,250	Coherent Inc., 144A	2.750%	3/01/11	N/R		4,807,813
13,125	Roper Industries Inc.	1.481%	1/15/34	BB-		7,792,969
2,000	SCI Systems Inc.	3.000%	3/15/07	B1		1,970,000
19,375	Total Electronic Equipment & Instruments					14,570,782

Energy Equipment & Services 2.0%

	Cameron International Corporation, 144A				
6,350	Convertible Bonds	2.500%	6/15/26	BBB+	6,619,875
500	Halliburton Company, Convertible Bond	3.125%	7/15/23	BBB+	790,000
3,125	Hanover Compressor Company	4.750%	1/15/14	B	4,375,000
	Nabors Industries Inc., Convertible Bond				
9,610	Series 144A	0.940%	5/15/11	A-	9,201,575
3,100	Nabors Industries Inc.	0.000%	6/15/23	N/R	3,247,250
2,440	Schlumberger Limited	2.125%	6/01/23	A+	3,971,100
25,125	Total Energy Equipment & Services				28,204,800

Health Care Equipment & Supplies 1.4%

	American Medical Systems Holdings, Convertible				
2,875	Bond	3.250%	7/01/36	B	3,370,938
16,650	Medtronic Inc., Convertible Bond	1.500%	4/15/11	AA-	16,379,438
250	Medtronic, Inc.	1.500%	4/15/11	AA-	245,938
19,775	Total Health Care Equipment & Supplies				19,996,314

Health Care Providers & Services 1.2%

250	Health Management Associates Inc.	1.500%	8/01/23	BBB	255,937
3,575	Laboratory Corporation of America Holdings	0.000%	9/11/21	BBB-	3,181,750
500	LifePoint Hospitals Inc., Convertible Bond	3.250%	8/15/25	B+	455,000
2,625	Manor Care, Inc.	2.125%	8/01/35	BBB	3,232,031
325	Polymedica Corporation, Convertible Bond, 144A	1.000%	9/15/11	N/R	335,766
2,525	PSS World Medical Inc., Convertible Bond	2.250%	3/15/24	B+	3,209,906
6,210	Roche Holdings Inc., 144A	0.000%	7/25/21	N/R	5,741,766
16,010	Total Health Care Providers & Services				16,412,156

Hotels, Restaurants & Leisure 1.3%

4,540	Caesars Entertainment Inc.	5.510%	4/15/24	Baa3	5,450,724
5,680	Carnival Corporation	2.000%	4/15/21	A-	7,057,400
1,560	Four Seasons Hotel Inc.	1.875%	7/30/24	BBB-	1,737,450
2,575	Hilton Hotels Corporation	3.375%	4/15/23	BB	3,379,688
1,075	Scientific Games Corporation	0.750%	12/01/24	B+	1,287,313
15,430	Total Hotels, Restaurants & Leisure				18,912,575

Insurance 1.2%

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15	Alleghany Corporation, Convertible Bond	5.750%	6/15/09	BBB-	4,165,841
4,940	American Financial Group Inc.	1.486%	6/02/33	BBB	2,735,525
10,225	Prudential Financial Inc.	2.666%	11/15/35	A	10,188,190
15,180	Total Insurance				17,089,556

Internet & Catalog Retail 0.1%

1,680	Priceline.com Inc., Convertible Bond 144A	0.500%	9/30/11	B	1,799,700
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IT Services 0.4%

1,515	Digital River Inc.	1.250%	1/01/24	N/R	1,986,544
2,740	DST Systems Inc.	4.125%	8/15/23	N/R	3,788,050
4,255	Total IT Services				5,774,594

Leisure Equipment & Products 0.5%

6,195	K2 Corporation, Convertible Notes, 144A	5.000%	6/15/10	N/R	6,675,113
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Media 2.7%

3,700	Grey Global Group Inc.	5.000%	10/15/33	N/R	4,666,625
10,850	Liberty Media Corporation, Senior Debentures Exchangeable for Motorola Common Stock	3.500%	1/15/31	BB+	12,029,938
1,725	Liberty Media Corporation	0.750%	3/30/23	BB+	1,908,281
1,775	Lions Gate Entertainment Corporation, 144A	2.938%	10/15/24	N/R	1,857,094
2,500	Lions Gate Entertainment Corporation, 144A	3.625%	3/15/25	N/R	2,421,875
3,340	Omnicom Group Inc.	0.000%	7/01/38	A-	3,410,975
1,100	Shuffle Master Inc.	1.250%	4/15/24	N/R	1,238,875
2,265	Sirius Satellite Radio Inc.	3.250%	10/15/11	CCC	2,341,444
7,275	Walt Disney Company, Convertible Senior Notes	2.125%	4/15/23	A-	8,220,750
34,530	Total Media				38,095,857

Metals & Mining 0.3%

500	Coeur d Alene Mines Corporation, Convertible Bond	1.250%	1/15/24	B-	467,500
2,400	Placer Dome Inc.	2.750%	10/15/23	A-	3,324,000
2,900	Total Metals & Mining				3,791,500

Multi-Utilities 0.6%

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1,200	Centerpoint Energy Inc., Convertible Bond	2.875%	1/15/24	BBB-	1,378,500
6,325	Dominion Resources Inc., Series C	2.125%	12/15/23	BBB	6,744,031
7,525	Total Multi-Utilities				8,122,531
Oil, Gas & Consumable Fuels 0.6%					
1,600	Chesapeake Energy Corporation, 144A	2.750%	11/15/35	BB	1,644,000
4,850	Devon Energy Corporation	4.900%	8/15/08	BBB	6,117,063
6,450	Total Oil, Gas & Consumable Fuels				7,761,063
Pharmaceuticals 1.8%					
8,500	Allergan Inc., Convertible Bond, 144A	1.500%	4/01/26	A	8,988,750
3,650	Allergan Inc., Convertible Bond	1.500%	4/01/26	A	3,859,875
3,415	Teva Pharmaceutical Finance, Series A	0.500%	2/01/24	BBB	3,615,631
1,500	Teva Pharmaceutical Finance, Series B	0.250%	2/01/24	BBB	1,633,125
6,400	Wyeth, 144A	5.109%	1/15/24	A	7,004,160
23,465	Total Pharmaceuticals				25,101,541
Real Estate 0.9%					
	Archstone-Smith Trust, Corporate Bond				
5,515	Convertible	4.000%	7/15/36	BBB+	5,749,388
5,275	Vornado Realty, Convertible Bond	3.875%	4/15/25	BBB	6,659,688
10,790	Total Real Estate				12,409,076
Real Estate Management & Development 0.7%					
9,200	EOP Operating LP, Convertible Bond 144A	4.000%	7/15/26	BBB	9,855,500
Semiconductors & Equipment 2.0%					
	Cypress Semiconductor Corporation, Convertible				
8,050	Notes, Series 144A	1.250%	6/15/08	B-	10,424,750
4,000	Intel Corporation, 144A	2.950%	12/15/35	A-	3,595,000
7,100	Intel Corporation, Convertible Bond	2.950%	12/15/35	A-	6,381,125
1,775	Photronics Inc., Convertible Notes	2.250%	4/15/08	B	1,932,531
1,545	PMC-Sierra Inc., Convertible Subordinate Notes	2.250%	10/15/25	N/R	1,579,763
3,000	RF Micro Devices, Inc.	1.500%	7/01/10	B-	3,483,750
500	Teradyne Inc., Convertible Senior Notes	3.750%	10/15/06	B+	501,250

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25,970	Total Semiconductors & Equipment				27,898,169
Software 2.2%					
3,050	Amdocs Limited	0.500%	3/15/24	BBB-	3,259,688
2,975	Cadence Design Systems, Inc. Computer Associates International Inc., Convertible Bond, Series 144A	0.000%	8/15/23	N/R	3,424,969
1,125	Informatica Corporation, 144A	1.625%	12/15/09	Ba1	1,407,656
3,375	Macrovision Corporation, Convertible Bonds, 144A	3.000%	3/15/26	N/R	3,455,156
865	Red Hat Inc., Convertible Bond	2.625%	8/15/11	N/R	954,744
2,850	Sybase, Inc., 144A	0.500%	1/15/24	B+	2,996,063
1,095	Sybase, Inc.	1.750%	2/22/25	N/R	1,215,450
3,505	Symantec Corporation, Convertible Bond, 144A	1.750%	2/22/25	N/R	3,890,550
8,800		0.750%	6/15/11	N/R	10,747,000
27,640	Total Software				31,351,276
Specialty Retail 1.0%					
4,600	Lowes Companies, Inc. Sonic Automotive Inc., Convertible Senior Subordinated Notes	0.861%	10/19/21	A+	4,542,500
1,840	TJX Companies, Inc.	5.250%	5/07/09	B	1,745,700
8,775		0.000%	2/13/21	A-	8,226,563
15,215	Total Specialty Retail				14,514,763
Wireless Telecommunication Services 0.4%					
900	American Tower Corporation	3.000%	8/15/12	BB-	1,692,000
2,535	NII Holdings Inc., 144A	2.750%	8/15/25	N/R	3,596,531
3,435	Total Wireless Telecommunication Services				5,288,531
\$ 451,572	Total Convertible Bonds (cost \$460,516,449)				488,438,819

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Principal Amount	Description (1)	Coupon	Maturity	Ratings (3)	Value
(000)					
Corporate Bonds 13.1% (8.7% of Total Investments)					
Aerospace & Defense 0.2%					
\$ 1,000	Hexcel Corporation, Term Loan	6.750%	2/01/15	B	\$ 960,000
2,500	K&F Acquisition Inc.	7.750%	11/15/14	B-	2,518,750
3,500	Total Aerospace & Defense				3,478,750
Auto Components 0.3%					
1,600	Affinia Group Inc.	9.000%	11/30/14	CCC+	1,500,000
2,575	Keystone Automotive Operations Inc.	9.750%	11/01/13	B-	2,433,375
4,175	Total Auto Components				3,933,375
Chemicals 0.6%					
2,000	Freeport-McMoran Resources	7.000%	2/15/08	B+	2,025,000
2,000	Ineos Group Holdings PLC, 144A	8.500%	2/15/16	B2	1,915,000
1,000	Nell AF Sarl	8.375%	8/15/15	B2	997,500
1,335	OM Group Inc.	9.250%	12/15/11	B-	1,395,075
1,500	Rockwood Specialties Group Inc., Series WI	7.500%	11/15/14	B-	1,485,000
7,835	Total Chemicals				7,817,575
Commercial Services & Supplies 0.2%					
667	Allied Waste North America, Series B	9.250%	9/01/12	BB-	714,524
1,000	Allied Waste North America	7.875%	4/15/13	BB-	1,027,500
600	Williams Scotsman Inc.	8.500%	10/01/15	B+	616,500
2,267	Total Commercial Services & Supplies				2,358,524
Computers & Peripherals 0.1%					
1,000	GSC Holdings Corporation, 144A	8.000%	10/01/12	B+	1,035,000

Containers & Packaging 0.4%

2,000	MDP Acquisitions PLC, Senior Notes	9.625%	10/01/12	B-	2,120,000
	Owens-Brockway Glass Containers, Guaranteed				
2,000	Senior Note	8.250%	5/15/13	B	2,060,000
2,000	Owens-Illinois Inc.	7.800%	5/15/18	B	1,910,000
6,000	Total Containers & Packaging				6,090,000

Diversified Telecommunication Services 0.3%

2,000	Intelsat Subsidiary Holding Company Limited	8.500%	1/15/13	B+	2,035,000
1,500	Valor Telecommunications Enterprises LLC	7.750%	2/15/15	BBB-	1,605,000
3,500	Total Diversified Telecommunication Services				3,640,000

Electric Utilities 0.5%

3,000	Midwest Generation LLC	8.750%	5/01/34	Ba2	3,217,500
500	Mirant North America LLC	7.375%	12/31/13	B2	503,125
3,000	Sierra Pacific Resources, Series 2006	6.750%	8/15/17	B1	3,016,266
6,500	Total Electric Utilities				6,736,891

Energy Equipment & Services 0.2%

1,200	Hanover Compressor Company	7.500%	4/15/13	B	1,206,000
1,500	Pride International Inc.	7.375%	7/15/14	Ba2	1,552,500
2,700	Total Energy Equipment & Services				2,758,500

Food & Staples Retailing 0.1%

2,000	Stater Brothers Holdings Inc.	8.125%	6/15/12	B+	2,020,000
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Food Products 0.2%

356	Dole Foods Company	8.875%	3/15/11	B	342,650
2,243	Dole Foods Company	7.875%	7/15/13	B	2,108,420
2,599	Total Food Products				2,451,070

Health Care Equipment & Supplies 0.1%

1,300	Select Medical Corporation	7.625%	2/01/15	B2	1,101,750
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Health Care Providers & Services 0.3%

1,000	US Oncology Inc.	9.000%	8/15/12	B2	1,040,000
2,500	US Oncology Inc.	10.750%	8/15/14	B-	2,750,000
3,500	Total Health Care Providers & Services				3,790,000

Hotels, Restaurants & Leisure 1.7%

2,000	Boyd Gaming Corporation	8.750%	4/15/12	Ba3	2,110,000
2,000	Boyd Gaming Corporation	7.750%	12/15/12	Ba3	2,062,500
1,500	Herbst Gaming Inc.	7.000%	11/15/14	B-	1,462,500
2,900	Intrawest Corporation	7.500%	10/15/13	B+	3,128,375
700	Jacob s Entertainment Inc., 144A	9.750%	6/15/14	B-	696,500
2,000	Landry s Restaurants Inc., Series B	7.500%	12/15/14	B1	1,925,000
1,600	Park Place Entertainment	8.125%	5/15/11	Ba1	1,696,000
2,500	Park Place Entertainment	7.000%	4/15/13	Baa3	2,573,432
2,000	Pinnacle Entertainment Inc.	8.250%	3/15/12	B-	2,035,000
750	Pinnacle Entertainment Inc.	8.750%	10/01/13	B-	799,687
1,283	Town Sports International Inc.	9.625%	4/15/11	B	1,353,565
4,000	Universal City Development Partners	11.750%	4/01/10	B2	4,330,000
23,233	Total Hotels, Restaurants & Leisure				24,172,559

Household Durables 0.7%

2,000	K. Hovnanian Enterprises Inc., Senior Subordinated Notes	8.875%	4/01/12	Ba2	1,970,000
3,000	KB Home Technical Olympic USA Inc., Senior Subordinated Notes	8.625%	12/15/08	Ba2	3,089,610
4,675	Notes	10.375%	7/01/12	B2	4,067,250
9,675	Total Household Durables				9,126,860

Household Products 0.1%

1,650	Central Garden & Pet Company	9.125%	2/01/13	B	1,720,125
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Independent Power Producers & Energy Traders 0.1%

400	NRG Energy Inc.	7.250%	2/01/14	B1	398,000
400	NRG Energy Inc.	7.375%	2/01/16	B1	398,500
800	Total Independent Power Producers & Energy Traders				796,500

IT Services 0.5%

1,625	Global Cash Access LLC	8.750%	3/15/12	B-	1,714,375
4,750	Sungard Data Systems Inc.	9.125%	8/15/13	B-	4,940,000
6,375	Total IT Services				6,654,375

Machinery 0.6%

2,000	Greenbrier Companies, Inc.	8.375%	5/15/15	B+	2,040,000
6,095	Terex Corporation, Senior Subordinated Notes	9.250%	7/15/11	B+	6,453,081
8,095	Total Machinery				8,493,081

Media 2.5%

4,000	Allbritton Communications Company, Series B	7.750%	12/15/12	B1	4,050,000
2,880	American Media Operations Inc., Series B	10.250%	5/01/09	Caa2	2,692,800
2,000	American Media Operations Inc.	8.875%	1/15/11	Caa2	1,765,000
1,000	Cablevision Systems Corporation, Series B	8.125%	8/15/09	B+	1,041,250
5,000	Cablevision Systems Corporation	7.250%	7/15/08	B+	5,075,000
2,000	Charter Communications Operating LLC, 144A	8.000%	4/30/12	B-	2,025,000
1,975	Medianews Group Inc.	6.375%	4/01/14	B	1,752,813
1,950	Panamsat Corporation	9.000%	8/15/14	B	2,023,125
6,000	Primedia Inc., Senior Notes	8.875%	5/15/11	B	5,895,000
4,550	Vertis Inc.	9.750%	4/01/09	B1	4,612,563
4,000	Young Broadcasting Inc., Senior Subordinated Note	10.000%	3/01/11	Caa1	3,755,000
35,355	Total Media				34,687,551

Metals & Mining 0.1%

2,000	Chaparral Steel Company	10.000%	7/15/13	B	2,240,000
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Multi-Utilities 0.3%

2,400	Bon-Ton Department Stores Inc.	10.250%	3/15/14	B-	2,346,000
1,600	Dynegy Holdings Inc., 144A	8.375%	5/01/16	B2	1,636,000
4,000	Total Multi-Utilities				3,982,000

Oil, Gas & Consumable Fuels 0.7%

2,400	Baytex Energy Ltd	9.625%	7/15/10	B-	2,514,000
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400	Chaparral Energy Inc.	8.500%	12/01/15	B3	399,000
2,345	Chesapeake Energy Corporation	7.750%	1/15/15	BB	2,403,625
200	Copano Energy LLC	8.125%	3/01/16	B	203,500
	Hilcorp Energy I LP/Hilcorp Finance Company, Series 144A	7.750%	11/01/15	B	1,945,000
2,000	SemGroup LP, 144A	8.750%	11/15/15	B1	2,027,500
1,000	Whiting Petroleum Corporation	7.000%	2/01/14	B1	980,000
10,345	Total Oil, Gas & Consumable Fuels				10,472,625

Paper & Forest Products 0.5%

2,000	Georgia Pacific Corporation, Debentures	7.700%	6/15/15	B	2,000,000
5,000	Georgia Pacific Corporation, Notes	8.125%	5/15/11	B	5,150,000
7,000	Total Paper & Forest Products				7,150,000

Personal Products 0.1%

1,500	Prestige Brands Inc.	9.250%	4/15/12	B-	1,515,000
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Pharmaceuticals 0.2%

3,100	Wyeth, Convertible Bond	5.109%	1/15/24	A	3,392,640
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Real Estate 0.2%

600	Saxon Capital Inc., 144A	12.000%	5/01/14	B	834,976
1,000	Trustreet Properties, Inc.	7.500%	4/01/15	B+	997,500
500	Ventas Realty LP, Series WI	7.125%	6/01/15	BB+	516,875
2,100	Total Real Estate				2,349,351

Real Estate Management & Development 0.1%

1,625	CB Richard Ellis Services Inc.	9.750%	5/15/10	BB+	1,742,813
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Semiconductors & Equipment 0.1%

1,600	Avago Technologies Finance Pte. Ltd., Floating Rate Note, 5.500% plus three-month LIBOR, 144A	10.125%	12/01/13	B	1,704,000
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Specialty Retail 0.8%

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4,100	Asbury Automotive Group Inc.	9.000%	6/15/12	B	4,217,875
2,000	Stripes Acquisition/Susser Finance Corporation, Series 144A	10.625%	12/15/13	B	2,140,000
5,000	Warnaco Inc., Senior Notes	8.875%	6/15/13	B+	5,200,000
11,100	Total Specialty Retail				11,557,875
Textiles, Apparel & Luxury Goods 0.2%					
3,000	Jostens IH Corporation	7.625%	10/01/12	B2	3,030,000
Trading Companies & Distributors 0.1%					
2,000	United Rentals North America Inc.	6.500%	2/15/12	B+	1,940,000
\$ 181,429	Total Corporate Bonds (cost \$186,717,973)				183,938,790

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Principal Amount (000)/ Shares	Description (1)	Coupon	Maturity	Ratings (3)	Value
Capital Preferred Securities 30.1% (19.8% of Total Investments)					
Capital Markets 4.0%					
1,000	BT Capital Trust, Series B1	7.900%	1/15/27	A2	\$ 1,039,315
4,850	BT Institutional Capital Trust A, 144A	8.090%	12/01/26	A2	5,062,289
3,000	BT Institutional Capital Trust B, 144A	7.750%	12/01/26	A2	3,124,437
1,250	C.A. Preferred Fund Trust II	7.000%	10/30/49	A1	1,267,896
27,500	C.A. Preferred Funding Trust	7.000%	1/30/49	A1	27,822,603
3,000	First Security Capital I	8.410%	12/15/26	Aa2	3,138,984
1,600	MUFG Capital Finance 2	4.850%	7/25/56	BBB	1,994,834
8,000	UBS Preferred Funding Trust I	8.622%	10/29/49	AA-	8,910,224
3,800	Washington Mutual Capital Trust I	8.375%	6/01/27	Baa1	4,007,727
	Total Capital Markets				56,368,309
Commercial Banks 19.5%					
3,000	AB Svensk Exportkredit, 144A	6.375%	10/27/49	AA-	2,985,414
9,500	Abbey National Capital Trust I	8.963%	6/30/50	A	12,591,547
6,500	AgFirst Farm Credit Bank	7.300%	12/15/53	N/R	6,640,940
3,000	Bank One Capital III	8.750%	9/01/30	A1	3,937,368
6,000	BankBoston Capital Trust I, Series B	8.250%	12/15/26	Aa3	6,269,754
2,000	BanPonce Trust I, Series A	8.327%	2/01/27	Baa1	2,093,672
13,030	Barclays Bank PLC, 144A	8.550%	6/15/49	Aa3	14,659,884
200	Barclays Bank PLC	6.278%	12/15/55	Aa3	191,000
11,000	BOI Capital Funding 3, 144A	6.107%	8/04/56	A2	10,754,161
3,000	Centura Capital Trust I, 144A	8.845%	6/01/27	A2	3,188,847
1,500	DBS Capital Funding Corporation, 144A	7.657%	3/15/49	A1	1,627,316
6,200	First Empire Capital Trust I	8.234%	2/01/27	Baa1	6,492,900
2,000	First Midwest Bancorp Inc.	6.950%	12/01/33	Baa2	2,121,548
19,000	HBOS Capital Funding LP, Notes	6.850%	3/23/49	A1	19,056,088
4,500	HBOS PLC, Series 144A	6.413%	9/29/49	A1	4,357,148
2,400	HSBC Capital Funding LP, 144A	9.547%	12/31/49	A1	2,726,114
5,750	HSBC Capital Funding LP, Debt	10.176%	6/30/50	A1	8,474,166
11,000	KBC Bank Fund Trust III, 144A	9.860%	5/02/50	A2	12,309,946
6,300	KeyCorp Institutional Capital Trust A	7.826%	12/01/26	A3	6,564,417
18,600	Lloyds TSB Bank PLC, Subordinated Note	6.900%	11/22/49	Aa2	18,697,055
20,000	M&I Capital Trust A	7.650%	12/01/26	A2	20,773,760
5,000	NB Capital Trust IV	8.250%	4/15/27	Aa3	5,246,225
1,000	North Fork Capital Trust I, Capital Securities	8.700%	12/15/26	A3	1,046,370

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8,000	North Fork Capital Trust II	8.000%	12/15/27	A3	8,495,272
1,000	Popular North American Capital Trust I	6.564%	9/15/34	Baa1	975,355
14,000	RBS Capital Trust B	6.800%	12/31/49	A1	14,057,148
100	Reliance Capital Trust I, Series B	8.170%	5/01/28	N/R	107,147
8,000	Sparebanken Rogaland, Notes, 144A	6.443%	5/01/49	Baa1	7,937,432
10,500	St. George Funding Company LLC	8.485%	6/30/17	Baa1	11,372,204
1,650	Swedbank ForeningsSparbanken AB, 144A	9.000%	9/17/50	A2	1,828,022
2,000	Unicredito Italiano Capital Trust, 144A	9.200%	4/05/51	A-	2,260,810
300	Union Planters Preferred Fund, 144A	7.750%	7/15/53	A2	33,187,500
12,800	Washington Mutual Preferred Funding Cayman, Series A-1, 144A	7.250%	3/15/49	BBB	12,842,035
3,000	Washington Mutual Preferred Funding Delaware, Series A-1, 144A	6.534%	3/15/49	BBB	2,957,685
5,000	Zions Institutional Capital Trust, Series A	8.536%	12/15/26	Baa1	5,233,970
Total Commercial Banks					274,060,220

Consumer Finance 0.0%

500	American Express Company	6.800%	9/01/66	A	528,828
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Diversified Financial Services 1.8%

4,000	BNP Paribas Capital Trust	7.200%	12/31/49	A+	4,030,576
5,000	Chase Capital Trust I, Series A	7.670%	12/01/26	A1	5,203,625
1,700	Fulton Capital Trust I	6.290%	2/01/36	A3	1,640,160
10,400	JPMorgan Chase Capital Trust XVIII	6.950%	8/17/36	A2	11,082,614
2,800	Old Mutual Capital Funding, Notes	8.000%	6/22/53	Baa2	2,923,824
Total Diversified Financial Services					24,880,799

Diversified Telecommunication Services 0.8%

9,957	Centaur Funding Corporation, Series B, 144A	9.080%	4/21/20	BBB	11,556,343
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Household Durables 0.2%

1,800	Stanley Works Capital Trust I	5.902%	12/01/45	Baa1	1,692,293
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Insurance 2.3%

2,300	American General Capital II	8.500%	7/01/30	Aa3	2,966,068
4,000	Mangrove Bay, Class 3, 144A	6.102%	7/15/33	BBB+	3,876,996
3,000	Oil Insurance Limited, 144A	7.550%	12/30/49	Baa1	3,076,239
7,250	Prudential PLC	6.500%	6/29/49	A	7,076,181
9,500		8.526%	5/06/47	A+	10,039,201

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Sun Life Canada Capital Trust, Capital Securities,
144A

4,750	Zurich Capital Trust I, 144A	8.376%	6/01/37	A-	4,999,271
	Total Insurance				32,033,956

Oil, Gas & Consumable Fuels 0.5%

1,200	KN Capital Trust I, Preferred Securities	8.560%	4/15/27	Baa3	1,207,921
6,110	KN Capital Trust III	7.630%	4/15/28	Baa3	5,736,337
	Total Oil, Gas & Consumable Fuels				6,944,258

Thriffs & Mortgage Finance 1.0%

2,500	Caisse Nationale Des Caisses d Epargne et de Prevoyance	6.750%	1/27/49	A+	2,481,348
10,000	Dime Capital Trust I, Series A	9.330%	5/06/27	Baa1	10,664,140
1,000	Great Western Financial Trust II, Series A	8.206%	2/01/27	Baa1	1,048,175
	Total Thriffs & Mortgage Finance				14,193,663

Total Capital Preferred Securities (cost \$435,554,650) 422,258,669

Shares Description (1) Value

Investment Companies 1.0% (0.7% of Total Investments)

152,715	Flaherty and Crumrine/Claymore Preferred Securities Income Fund Inc.				\$ 3,156,593
108,463	Flaherty and Crumrine/Claymore Total Return Fund Inc.				2,192,037
202,046	John Hancock Preferred Income Fund III				4,362,173
65,094	Preferred and Corporate Strategies Fund Inc.				1,331,172
182,783	Preferred Income Strategies Fund Inc.				3,655,660
	Total Investment Companies (cost \$13,980,292)				14,697,635

**Principal
Amount**

(000) Description (1) Coupon Maturity Value

Short-Term Investments 4.6% (3.0% of Total Investments)

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\$ 64,654	Repurchase Agreement with State Street Bank, dated 9/29/06, repurchase price \$64,679,711, collateralized by: \$58,165,000 U.S. Treasury Notes, 4.000%, due 2/15/15, value \$56,129,225 \$6,985,000 U.S. Treasury Bonds, 8.750%, due 8/15/20, value \$9,818,815	4.800%	10/02/06	\$ 64,653,849
	Total Short-Term Investments (cost \$64,653,849)			64,653,849
	Total Investments (cost \$2,100,147,945)	151.4%		2,125,962,936
	Other Assets Less Liabilities	(1.0)%		(14,051,509)
	Preferred Shares, at Liquidation Value	(50.4)%		(708,000,000)
	Net Assets Applicable to Common Shares	100%		\$ 1,403,911,427

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Counterparty	Notional Amount	Fixed Rate	Fixed Rate	Floating Rate	Floating Rate	Termination Date	Unrealized Appreciation (Depreciation)
		Paid by the Fund	Received by the Fund				
JPMorgan Chase	\$71,000,000	2.994%	Monthly	5.330%	Monthly	1/22/08	\$ 1,969,261
Morgan Stanley	71,000,000	2.567	Monthly	5.330	Monthly	1/22/07	658,950
Morgan Stanley	71,000,000	3.406	Monthly	5.330	Monthly	1/22/09	2,546,695
							\$ 5,174,906

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (2) Non-income producing.
- (3) Ratings: Using the higher of Standard & Poor's or Moody's rating. Ratings below BBB by Standard & Poor's Group or Baa by Moody's Investor Service, Inc. are considered to be below investment grade.
- (4) Senior Loans in the Fund's portfolio generally are subject to mandatory and/or optional prepayment. Because of these mandatory prepayment conditions and because there may be significant economic incentives for a Borrower to prepay, prepayments of Senior Loans in the Fund's portfolio may occur. As a result, the actual remaining maturity of Senior Loans held in the Fund's portfolio may be substantially less than the stated maturities shown.
- (5) Senior Loans in which the Fund invests generally pay interest at rates which are periodically adjusted by reference to a base short-term, floating lending rate plus an assigned fixed rate. These floating lending rates are generally (i) the lending rate referenced by the London Inter-Bank Offered Rate (LIBOR), or (ii) the prime rate offered by one or more major United States banks. Senior Loans may be considered restricted in that the Fund ordinarily is contractually obligated to receive approval from the Agent Bank and/or Borrower prior to the disposition of a Senior Loan.
- (6) Investment is eligible for the Dividends Received Deduction.

(7) Non-income producing security, in the case of a bond, generally denotes that the issuer has defaulted on the payment of principal or interest or has filed for bankruptcy.

(8) Based on USD-LIBOR (United States Dollar-London Interbank Offered Rate).

N/R Not rated.

WI/DD Purchased on a when-issued or delayed delivery basis.

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

CBTCS Corporate Backed Trust Certificates.

CORTS Corporate Backed Trust Securities.

PCARS Public Credit and Repackaged Securities.

PPLUS PreferredPlus Trust.

SATURNS Structured Asset Trust Unit Repackaging.

TBD Senior Loan purchased on a when-issued or delayed-delivery basis. Certain details associated with this purchase are not known prior to the settlement date of the transaction. In addition, Senior Loans typically trade without accrued interest and therefore a weighted average coupon rate is not available prior to settlement. At settlement, if still unknown, the borrower or counterparty will provide the Fund with the final weighted average coupon rate and maturity date.

Income Tax Information

The following information is presented on an income tax basis. Differences between amounts for financial statement and federal income tax purposes are primarily due to timing differences in the recognition of income and timing differences in recognizing certain gains and losses on investment transactions.

At September 30, 2006, the cost of investments was \$2,120,469,882.

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

Gross unrealized:	
Appreciation	\$ 68,998,383
Depreciation	(63,505,329)

Net unrealized appreciation (depreciation) of investments	\$ 5,493,054
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Item 2. 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 Rule 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934 (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 registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 3. Exhibits.

File as exhibits as part of this Form 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)), exactly as set forth below: EX-99 CERT Attached hereto.

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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 Preferred and Convertible Income Fund

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

Date November 28, 2006

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

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

Date November 28, 2006

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

Date November 28, 2006

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