

NUVEEN QUALITY PREFERRED INCOME FUND 2
Form N-CSR
October 04, 2013

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

FORM N-CSR

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

Investment Company Act file number 811-21137

Nuveen Quality Preferred Income Fund 2
(Exact name of registrant as specified in charter)

Nuveen Investments

333 West Wacker Drive

Chicago, IL 60606
(Address of principal executive offices) (Zip code)

Kevin J. McCarthy

Nuveen Investments

333 West Wacker Drive

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

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

Date of fiscal year July 31
end:

Date of reporting period: July 31, 2013

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

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

ITEM 1. REPORTS TO STOCKHOLDERS.

Closed-End Funds

Nuveen Investments

Closed-End Funds

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

Annual Report

July 31, 2013

**Nuveen Quality Preferred
Income Fund**

JTP

**Nuveen Quality Preferred
Income Fund 2**

JPS

**Nuveen Quality Preferred
Income Fund 3**

JHP

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Chairman's
Letter to Shareholders

Dear Shareholders,

I am pleased to have this opportunity to introduce myself to you as the new independent chairman of the Nuveen Fund Board, effective July 1, 2013. I am honored to have been selected as chairman, with its primary responsibility to serve the interests of the Nuveen fund shareholders. My predecessor, Robert Bremner, was the first independent director to serve as chairman of the Board and I, and my fellow Board members, plan to continue his legacy of strong independent oversight of your funds.

The global economy has hit major turning points over the last several months to a year. The developed world is gradually recovering from their financial crisis while the emerging markets appear to be struggling with the downshift of China's growth potential. Japan is entering a new era of growth after decades of economic stagnation and many of the Eurozone nations appear to be exiting their recession. Despite the positive events, there are still potential risks. Middle East tensions, rising oil prices, defaults in Europe and fallout from the financial stress in emerging markets could all reverse the recent progress in the global economy.

On the domestic front, the U.S. economy is experiencing sustainable slow growth. Corporate fundamentals are strong as earnings per share and corporate cash are at the highest level in two decades. Unemployment is trending down and the housing market has experienced a rebound, each assisting the positive economic scenario. However, there are some issues to be watched. Interest rates are expected to increase but significant uncertainty about the timing remains. Another potential fiscal cliff in October along with a possible conflict in the Middle East both add to the uncertainties that could cause problems for the economy going forward.

In the near term, governments are focused on economic recovery and the growth of their economies, which could lead to an environment of attractive investment opportunities. Over the long term, the uncertainties mentioned earlier could hinder the potential growth. Because of this, Nuveen's investment management teams work hard to balance return and risk with a range of investment strategies. I encourage you to read the following commentary on the management of your fund.

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

Sincerely,

William J. Schneider
Chairman of the Nuveen Fund Board
September 23, 2013

Portfolio Managers' Comments

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

The Funds are sub-advised by a team of specialists at Spectrum Asset Management, a wholly owned subsidiary of Principal Global Investors, LLC. Mark A. Lieb and Phil Jacoby lead the team. Here Mark and Phil discuss the economic and market conditions, key investment strategies and performance of the Funds for the twelve-month reporting period ended July 31, 2013.

What were the general market conditions and trends during this twelve-month reporting period ended July 31, 2013?

During this reporting period, the U.S. economy's progress toward recovery from recession continued at a moderate pace. The Federal Reserve (Fed) maintained its efforts to improve the overall economic environment by holding the benchmark fed funds rate at the record low level of zero to 0.25% that it established in December 2008. The Fed also continued its monthly purchases of \$40 billion of mortgage-backed securities and \$45 billion of longer-term Treasury securities in an open-ended effort to bolster growth. At its September 2013 meeting (subsequent to the end of this reporting period), the Fed indicated that downside risks to the economy had diminished since the fall of 2012, but that recent tightening of financial conditions, if sustained, could potentially slow the pace of improvement in the economy and labor market. Consequently, the Fed made no changes to its highly accommodative monetary policies at the September meeting, announcing its decision to wait for additional evidence of sustained economic progress before adjusting the pace of its bond buying program.

As measured by gross domestic product (GDP), the U.S. economy grew at an estimated annualized rate of 1.7% in the second quarter of 2013, compared with 1.1% for the first quarter, continuing the pattern of positive economic growth for the 16th consecutive quarter. The Consumer Price Index (CPI) rose 2.0% year-over-year as of July 2013, while the core CPI (which excludes food and energy) increased 1.7% during the period, staying within the Fed's unofficial objective of 2.0% or lower for this inflation measure. Meanwhile, labor market conditions continued slowly to show signs of improvement, although unemployment remained above the Central Bank's 6.5% target. As of July 2013, the national unemployment rate was 7.4%. The housing market, long a major weak spot in the U.S. economic recovery, also delivered some good news as the average home price in the S&P/Case-Shiller Index of 20 major metropolitan areas rose 12.1% for the twelve months ended June 2013 (most recent data available at the time this report was prepared). The outlook for the U.S. economy, however, continued to be clouded by uncertainty about global financial markets and the

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

Ratings shown are the highest rating given by one of the following national rating agencies: Standard & Poor's, Moody's Investors Service, Inc. or Fitch, Inc. Credit ratings are subject to

change. AAA, AA, A, and BBB are investment grade ratings; BB, B, CCC, CC, C and D are below investment grade ratings. Certain bonds backed by U.S. Government or agency securities are regarded as having an implied rating equal to the rating of such securities. Holdings designated N/R are not rated by these national rating agencies.

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outcome of the "fiscal cliff" negotiations. The tax consequences of the fiscal cliff situation, scheduled to become effective in January 2013, were averted through a last minute deal that raised payroll taxes, but left in place a number of tax breaks. Lawmakers postponed and then failed to reach a resolution on \$1.2 trillion in spending cuts intended to address the federal budget deficit. As a result, automatic spending cuts (or sequestration) affecting both defense and non-defense programs (excluding Social Security and Medicaid) took effect March 1, 2013, with potential implications for U.S. economic growth over the next decade. In late March 2013, Congress passed legislation that established federal funding levels for the remainder of fiscal year 2013, which ends on September 30, 2013, preventing a federal government shutdown. The proposed federal budget for fiscal year 2014 remains under debate.

For the majority of the reporting period, generally improving economic data and diminished systemic risk fears were supportive of risk assets in general and fixed income spread sectors specifically. The pressure to find yield continued to provide strong technical underpinnings to the market as investor flows indicated robust demand for fixed income securities during most of the reporting period. The tide quickly turned in the final month of the reporting period, however, triggered by the Fed Chairman's comments that the economic outlook had improved enough to warrant a possible "tapering" of the Central Bank's quantitative easing programs as soon as September of this year, earlier than the market anticipated. In response, Treasury yields rose sharply, while global risk assets, including equities, spread products and growth-sensitive currencies, sold off significantly. The combination of rising yields and a sell-off in risk assets in June was somewhat unusual; the two have generally been negatively correlated over the past several years. The common thread in the markets appeared to be a general "de-risking" by investors based on concerns about the Central Bank's withdrawal of policy stimulus.

What key strategies were used to manage the Funds during the twelve-month period ended July 31, 2013?

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

Our underlying strategy is to maintain a balance between the individual investor-oriented \$25 par preferred securities often traded on securities exchanges and the institutional investor-oriented \$1,000 par preferred securities traded over-the-counter in the capital markets. Both types of securities offer performance opportunities, which together with the broad diversification benefits of this combined universe, help to produce potentially attractive risk-adjusted rates of return. We keep a risk-averse posture toward security structure and portfolio structure, which is an important core aspect of our effort to preserve capital and provide attractive income over the long term.

During the reporting period, we marginally reduced the Funds' allocation to \$25 par preferred securities in the face of increased call activity. We also reduced our exposure to the \$25 par sector because of the low yielding reinvestment opportunities during the refunding cycle; this call cycle was essentially completed by the end of the reporting period. We increased the Funds' allocation to capital securities during the reporting period because of their better call protection and rising yields in the secondary markets. Over the long run, both the \$25 par sector and the capital securities sector combine to provide diversification benefits, which may potentially improve risk-adjusted returns.

In some rising interest rate environments, preferred securities, especially those with perpetual maturities, and slightly above average dividend rates, can exhibit a measure of duration extension. Most of this risk exists in the \$25 par preferred securities market because of five year (or less) call options. Therefore, the

Fund is underweight in the \$25 par market. Additionally, we use floating rate preferred securities, fixed-to-floating rate preferred securities and some very high coupon securities in order to cushion risk of longer run capital declines. Also, while preferred securities can experience some

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extreme shorter-term price declines, the sector's valuations should decline less than U.S. Treasury bonds during periods of rising interest rates not only because of lower relative durations, but also because of improving economic outlooks supportive of credit quality and preferred securities valuations.

How did the Funds perform during the twelve-month reporting period ended July 31, 2013?

The tables in the Performance Overview and Holding Summaries section of this report provide total return performance for each Fund for the one-year, five-year and ten-year periods ended July 31, 2013. For the twelve-month reporting period ended July 31, 2013, all three Funds' common shares at net asset value (NAV) outperformed the Barclays U.S. Aggregate Bond Index. JPS and JHP outperformed the Comparative Index, while JTP slightly underperformed the Comparative Index.

Managing the call cycle of the \$25 par market and selling lower yielding securities were important tactics that contributed positively to the Funds' performance during the reporting period. We purchased higher coupon securities to protect income while positions in foreign bank tier 1 capital securities performed particularly well. Selling Union Planters Preferred Fund and Firststar Realty LLC, two somewhat illiquid securities, when market demand increased after the Central Bank of Japan's new stimulus plan augmented returns. Security selection in the life insurance and reinsurance sectors contributed positively to performance. The better performing issuers included QBE Capital Funding, AXA S.A., Hartford Financial Services Group, XL Limited and Societe Generale.

While the Funds outperformed during the reporting period, rising interest rates beginning in May 2013 caused by the Fed suggesting that it may taper its bond purchases constrained the Funds' performance by the end of the reporting period. The \$25 par sector was primarily affected by pressure from exchange traded fund liquidations in preferred securities. Among the names that detracted during this reporting period were Public Storage, Inc., Axis Capital Holdings, Goldman Sachs Capital II, JPMorgan Chase Capital Trust and Digital Realty Trust.

Fund Leverage

IMPACT OF THE FUNDS' LEVERAGE STRATEGY ON PERFORMANCE

One important factor impacting the returns of the Funds relative to the comparative indexes was the Funds' use of leverage through the use of bank borrowings. The Funds use leverage because their managers believe that, over time, leveraging provides opportunities for additional income and total return for common shareholders. However, use of leverage also can expose common shareholders to additional volatility. For example, as the prices of securities held by a Fund decline, the negative impact of these valuation changes on common share NAV and common shareholder total return is magnified by the use of leverage. Conversely, leverage may enhance common share returns during periods when the prices of securities held by a Fund generally are rising. Leverage had a positive impact on the performance of the Funds over this reporting period. During the period, the Funds continued to hold interest rate swap contracts to partially fix the interest cost of leverage. This had a positive effect on performance during the period.

THE FUNDS' REGULATORY LEVERAGE*Bank Borrowings*

As discussed previously, the Funds employ regulatory leverage through the use of bank borrowings. As of July 31, 2013, the Funds have outstanding bank borrowings as shown in the accompanying table.

Fund	Bank Borrowings
JTP	\$ 234,000,000
JPS	\$ 464,000,000
JHP	\$ 89,000,000

Refer to Notes to Financial Statements, Note 8 Borrowing Arrangements for further details.

As of July 31, 2013, the Funds' percentages of leverage are shown in the accompanying table.

Fund	Effective Leverage*	Regulatory Leverage*
JTP	28.92%	28.92%
JPS	28.98%	28.98%
JHP	29.01%	29.01%

* Effective leverage is a Fund's effective economic leverage, and includes both regulatory leverage and the leverage effects of certain derivative and other investments in a Fund's portfolio that increase the Fund's investment exposure. Regulatory leverage consists of preferred shares issued or borrowings of a Fund. Both of these are part of a Fund's capital structure. Regulatory leverage is subject to asset coverage limits set forth in the Investment Company Act of 1940.

Common Share Information

Distribution Information

The following information regarding the Funds' distributions is current as of July 31, 2013. The Funds' distribution levels may vary over time based on each Fund's investment activities and portfolio investment value changes.

	Per Common Share Amounts		
	JTP	JHP	JPS
August	\$0.0500	\$0.0550	\$0.0520
September	0.0500	0.0550	0.0520
October	0.0500	0.0550	0.0520
November	0.0500	0.0550	0.0520
December	0.0500	0.0550	0.0520
January	0.0500	0.0550	0.0520
February	0.0500	0.0550	0.0520
March	0.0500	0.0550	0.0520
April	0.0500	0.0550	0.0520
May	0.0500	0.0550	0.0520
June	0.0500	0.0550	0.0520
July	0.0500	0.0550	0.0520
Current Distribution Rate*	7.52%	7.79%	7.58%

* Current distribution rate is based on the Fund's current annualized monthly distribution divided by the Fund's current market price. The Fund's monthly distributions to its shareholders may be comprised of ordinary income, net realized capital gains and, if at the end of the fiscal year the Fund's cumulative net ordinary income and net realized gains are less than the amount of the Fund's distributions, a return of capital for tax purposes.

The Funds employ leverage through the use of bank borrowings. Leverage provides the potential for higher earnings (net investment income), total returns and distributions over time, but as noted earlier also increases the variability of common shareholders' NAV per share in response to changing market conditions.

During certain periods, the Funds may pay dividends at a rate that may be more or less than the amount of net investment income actually earned by the Funds during the period. If a Fund has cumulatively earned more than it has paid in dividends, it holds excess in reserve as undistributed net investment income (UNII) as part of the Fund's NAV. Conversely, if a Fund has cumulatively paid dividends in excess of earnings, the excess constitutes negative UNII that is likewise reflected in a Fund's NAV. Each Fund will, over time, pay all of its net investment income as dividends to shareholders. As of July 31, 2013, all three Funds had positive UNII balances for both tax and financial reporting purposes.

Common Share Repurchases

As of July 31, 2013, and since the inception of the Funds' repurchase program, the Funds have not repurchased any of their outstanding common shares.

Common Share Shelf Equity Programs

During the current reporting period, JTP, JPS and JHP each filed registration statements with the SEC authorizing each Fund to issue an additional 6.4 million, 12.0 million and 2.3 million common shares, respectively, through equity shelf programs, which are not yet effective.

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Under these equity shelf programs, the Funds, subject to market conditions, may raise additional capital from time to time in varying amounts and offering methods at a net price at or above each Fund's NAV per common share.

Other Common Share Price Information

As of July 31, 2013, and during the current reporting period, the Funds' common share prices were trading at premium/(discount) to their common share NAVs as shown in the accompanying table.

	JTP	JHP	JPS
Common Share NAV	\$ 8.90	\$ 9.45	\$ 9.18
Common Share Price	\$ 7.98	\$ 8.47	\$ 8.23
Premium/(Discount) to NAV	(10.34)%	(10.37)%	(10.35)%
12-Month Average Premium/(Discount) to NAV	(3.17)%	(3.78)%	(3.14)%

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Risk Considerations

Fund shares are not guaranteed or endorsed by any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation. Shares of closed-end funds are subject to investment risks, including the possible loss of principal invested. Past performance is no guarantee of future results.

Investment, Market and Price Risk. An investment in common shares is subject to investment risk, including the possible loss of the entire principal amount that you invest. Your investment in common shares represents an indirect investment in the corporate securities owned by the Funds, which generally trade in the over-the-counter markets. Shares of closed-end investment companies like the Funds frequently trade at a discount to their NAV. Your common shares at any point in time may be worth less than your original investment, even after taking into account the reinvestment of Fund dividends and distributions.

Leverage Risk. A Fund's use of leverage creates the possibility of higher volatility for a Fund's per share NAV, market price and distributions. Leverage risk can be introduced through regulatory leverage (issuing preferred shares or debt borrowings at the Fund level) or through certain derivative investments held in a Fund's portfolio. Leverage typically magnifies the total return of a Fund's portfolio, whether that return is positive or negative. The use of leverage creates an opportunity for increased common share net income, but there is no assurance that a Fund's leveraging strategy will be successful.

Tax Risk. The Funds' investment program and the tax treatment of Fund distributions may be affected by new IRS interpretations of the Internal Revenue Code and future changes in tax laws and regulations.

Issuer Credit Risk. This is the risk that a security in a Fund's portfolio will fail to make dividend or interest payments when due.

Interest Rate Risk. Fixed-income securities such as bonds, preferred, convertible and other debt securities will decline in value if market interest rates rise.

Reinvestment Risk. If market interest rates decline, income earned from a Fund's portfolio may be reinvested at rates below that of the original investment that generated the income.

Preferred Stock Risk. Preferred stocks are subordinate to bonds and other debt instruments in a company's capital structure, and therefore are subject to greater credit risk.

Call Risk or Prepayment Risk. Issuers may exercise their option to prepay principal earlier than scheduled, forcing a Fund to reinvest in lower-yielding securities.

Non-U.S. Securities Risk. Investments in non-U.S securities involve special risks not typically associated with domestic investments including currency risk and adverse political, social and economic developments. These risks often are magnified in emerging markets.

Derivatives Strategy Risk. Derivative securities, such as calls, puts, warrants, swaps and forwards, carry risks different from, and possibly greater than, the risks associated with the underlying investments.

Nuveen Quality Preferred Income Fund (JTP)**Performance Overview and Holding Summaries as of July 31, 2013****Average Annual Total Returns as of July 31, 2013**

	1-Year	Average Annual 5-Year	10-Year
JTP at Common Share NAV	10.32%	7.40%	3.86%
JTP at Common Share Price	(1.78)%	6.39%	2.74%
Barclays U.S. Aggregate Bond Index	(1.91)%	5.23%	4.89%
Comparative Index	10.76%	6.00%	4.31%

Past performance is not predictive of future results. Current performance may be higher or lower than the data shown. Returns do not reflect the deduction of taxes that shareholders may have to pay on Fund distributions or upon the sale of Fund shares. Comparative index return information is provided for the Fund's shares at NAV only. Indexes are not available for direct investment.

Common Share Price Performance Weekly Closing Price**Portfolio Allocation^{1,2}****(as a % of total investments)**

\$1,000 Par (or similar) Institutional Structures	54.0%
\$25 Par (or similar) Retail Structures	34.4%
Corporate Bonds	6.1%
Convertible Bonds	2.9%
Common Stocks	1.1%
Investment Companies	0.8%
Short-Term Investments	0.7%

Top Five Issuers^{1,2}**(as a % of total long-term investments)**

General Electric Company	3.7%
HSBC Holdings PLC	3.7%
PNC Financial Services Group Inc	3.4%
QBE Insurance Group Limited	2.9%

Deutsche Bank AG	2.8%
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Portfolio Composition^{1,2}

(as a % of total investments)

Insurance	31.2%
Commercial Banks	22.0%
Diversified Financial Services	11.5%
Capital Markets	9.0%
Real Estate Investment Trust	7.7%
Short-Term Investments	0.7%
Other	17.9%

Country Allocation^{1,2}

(as a % of total investments)

United States	60.6%
United Kingdom	12.1%
Netherlands	6.3%
France	4.1%
Other	16.9%

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this page.

1 Holdings are subject to change.

2 Excluding investments in derivatives.

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Nuveen Quality Preferred Income Fund 2 (JPS)**Performance Overview and Holding Summaries as of July 31, 2013****Average Annual Total Returns as of July 31, 2013**

	1-Year	Average Annual 5-Year	10-Year
JPS at Common Share NAV	10.98%	8.50%	4.39%
JPS at Common Share Price	(2.63)%	7.68%	3.81%
Barclays U.S. Aggregate Bond Index	(1.91)%	5.23%	4.89%
Comparative Index	10.76%	6.00%	4.31%

Past performance is not predictive of future results. Current performance may be higher or lower than the data shown. Returns do not reflect the deduction of taxes that shareholders may have to pay on Fund distributions or upon the sale of Fund shares. Comparative index return information is provided for the Fund's shares at NAV only. Indexes are not available for direct investment.

Common Share Price Performance Weekly Closing Price**Portfolio Allocation^{1,2}****(as a % of total investments)**

\$1,000 Par (or similar) Institutional Structures	58.4%
\$25 Par (or similar) Retail Structures	32.2%
Corporate Bonds	4.5%
Convertible Bonds	2.5%
Investment Companies	1.0%
Common Stocks	0.8%
Short-Term Investments	0.6%

Top Five Issuers^{1,2}**(as a % of total long-term investments)**

Goldman Sachs Group Incorporated	3.9%
MetLife Inc	3.9%
General Electric Company	3.6%
PNC Financial Services Group Inc	3.4%
HSBC Holdings PLC	2.9%

Portfolio Composition^{1,2}

(as a % of total investments)

Insurance	32.8%
Commercial Banks	21.2%
Capital Markets	10.8%
Diversified Financial Services	10.8%
Real Estate Investment Trust	7.3%
Short-Term Investments	0.6%
Other	16.5%

Country Allocation^{1,2}

(as a % of total investments)

United States	62.0%
United Kingdom	9.7%
Netherlands	7.1%
France	4.6%
Other	16.6%

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this page.

1 Holdings are subject to change.

2 Excluding investments in derivatives.

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Nuveen Quality Preferred Income Fund 3 (JHP)**Performance Overview and Holding Summaries as of July 31, 2013****Average Annual Total Returns as of July 31, 2013**

	1-Year	Average Annual 5-Year	10-Year
JHP at Common Share NAV	11.53%	9.17%	4.21%
JHP at Common Share Price	(0.30)%	8.00%	3.37%
Barclays U.S. Aggregate Bond Index	(1.91)%	5.23%	4.89%
Comparative Index	10.76%	6.00%	4.31%

Past performance is not predictive of future results. Current performance may be higher or lower than the data shown. Returns do not reflect the deduction of taxes that shareholders may have to pay on Fund distributions or upon the sale of Fund shares. Comparative index return information is provided for the Fund's shares at NAV only. Indexes are not available for direct investment.

Common Share Price Performance Weekly Closing Price**Portfolio Allocation^{1,2}****(as a % of total investments)**

\$1,000 Par (or similar) Institutional Structures	56.4%
\$25 Par (or similar) Retail Structures	34.4%
Corporate Bonds	4.6%
Convertible Bonds	2.2%
Investment Companies	1.0%
Short-Term Investments	0.8%
Common Stocks	0.5%
Convertible Preferred Securities	0.1%

Top Five Issuers^{1,2}**(as a % of total long-term investments)**

Wells Fargo and Company	3.7%
General Electric Company	3.3%
Goldman Sachs Group Incorporated	3.2%
Deutsche Bank AG	3.2%

PNC Financial Services Group Inc	2.9%
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Portfolio Composition^{1,2}

(as a % of total investments)

Insurance	31.8%
Commercial Banks	24.7%
Capital Markets	10.7%
Diversified Financial Services	10.0%
Real Estate Investment Trust	6.6%
Short-Term Investments	0.8%
Other	15.4%

Country Allocation^{1,2}

(as a % of total investments)

United States	59.3%
United Kingdom	11.2%
Netherlands	6.2%
France	6.1%
Other	17.2%

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this page.

- 1 Holdings are subject to change.
- 2 Excluding investments in derivatives.

Nuveen Investments

JTP

JPS

JHP

Shareholder Meeting Report

The annual meeting of shareholders was held in the offices of Nuveen Investments on April 3, 2013; at this meeting the shareholders were asked to vote on the election of Board Members.

	JTP Common Shares	JPS Common Shares	JHP Common Shares
Approval of the Board Members was reached as follows:			
William C. Hunter			
For	56,838,564	106,802,562	21,013,597
Withhold	1,915,398	2,564,631	638,498
Total	58,753,962	109,367,193	21,652,095
Judith M. Stockdale			
For	56,659,724	106,657,703	20,972,963
Withhold	2,094,238	2,709,490	679,132
Total	58,753,962	109,367,193	21,652,095
Carole E. Stone			
For	56,710,968	106,670,292	20,991,482
Withhold	2,042,994	2,696,901	660,613
Total	58,753,962	109,367,193	21,652,095
Virginia L. Stringer			
For	56,775,660	106,642,807	21,001,518
Withhold	1,978,302	2,724,386	650,577
Total	58,753,962	109,367,193	21,652,095

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Report of INDEPENDENT REGISTERED

PUBLIC ACCOUNTING FIRM

**The Board of Trustees and Shareholders
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, including the portfolios of investments, of Nuveen Quality Preferred Income Fund, Nuveen Quality Preferred Income Fund 2, and Nuveen Quality Preferred Income Fund 3 (the "Funds") as of July 31, 2013, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of 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. We were not engaged to perform an audit of the Funds' internal control over financial reporting. Our audits included 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 July 31, 2013, by correspondence with the custodian and counterparties. 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 positions of Nuveen Quality Preferred Income Fund, Nuveen Quality Preferred Income Fund 2, and Nuveen Quality Preferred Income Fund 3 at July 31, 2013, and the results of their operations and their cash flows for the year then ended, the changes in their net assets for each of the two years in the period then ended, and the financial highlights for each of the periods indicated therein, in conformity with U.S. generally accepted accounting principles.

Chicago, Illinois
September 25, 2013

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Nuveen Quality Preferred Income Fund

Portfolio of Investments

July 31, 2013

Shares	Description (1)	Value
	Long-Term Investments 138.7% (99.3% of Total Investments)	
	Common Stocks 1.6% (1.1% of Total Investments)	
	Real Estate Investment Trust 1.6%	
	Hospitality Properties	
145,700	Trust	\$ 3,718,264
220,328	Public Storage, Inc.	5,340,751
	Total Real Estate Investment Trust	9,059,015
	Total Common Stocks (cost \$9,116,005)	9,059,015

Shares	Description (1)	Coupon	Ratings (2)	Value
	\$25 Par (or similar) Retail Structures 48.0% (34.4% of Total Investments)			
	Capital Markets 3.9%			
128,047	Ameriprise Financial, Inc.	7.750%	A	\$ 3,386,843
515,646	Deutsche Bank Capital Funding Trust II	6.550%	BBB-	12,994,279
86,100	Deutsche Bank Contingent Capital Trust III	7.600%	BBB-	2,295,426
37,900	Goldman Sachs Group Inc., Series GSC-3 (PPLUS)	6.000%	Baa3	940,678
4,500	Goldman Sachs Group Inc., Series GSG-2 (PPLUS)	5.750%	A-	111,375
43,900	Morgan Stanley Capital Trust IV	6.250%	BB+	1,098,817
72,700	State Street Corporation	5.250%	BBB+	1,731,714
	Total Capital Markets			22,559,132
	Commercial Banks 7.0%			
105,907	Banco Santander Finance	10.500%	BB	2,822,422
2,100	Barclays Bank PLC	6.625%	BBB-	51,912
40,000	City National Corporation, Series C	5.500%	Baa2	939,600

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	First Niagara Finance			
144,700	Group	8.625%	BB+	4,087,775
100,000	FirstMerit Corporation	5.875%	BBB-	2,336,000
18,400	HSBC Holdings PLC	8.000%	BBB+	501,032
11,863	HSBC Holdings PLC	6.200%	BBB+	296,338
150,000	HSBC USA Inc.	2.858%	BBB+	7,381,500
742,900	PNC Financial Services	6.125%	BBB	19,501,125
25,000	Royal Bank of Scotland Group PLC	5.750%	BB	483,500
75,000	Wells Fargo & Company	5.850%	BBB+	1,839,750
	Total Commercial Banks			40,240,954
	Diversified Financial Services	5.0%		
18,000	Bank of America Corporation	6.375%	BB+	450,000
80,549	Citigroup Capital Trust XI	6.000%	BB	2,025,002
150,514	Citigroup Capital XIII	7.875%	BB+	4,139,135
35,000	General Electric Capital Corporation	4.875%	AA+	771,050
50,000	General Electric Capital Corporation	4.875%	AA+	1,124,500
9,000	General Electric Capital Corporation	4.700%	AA+	190,080
36,800	ING Groep N.V.	7.375%	BBB-	926,992
625,776	ING Groep N.V.	7.200%	BBB-	15,675,689
47,500	JP Morgan Chase Capital Trust XXIX	6.700%	A	1,226,450
81,008	Merrill Lynch Preferred Capital Trust V	7.280%	BB+	2,055,983
	Total Diversified Financial Services			28,584,881

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Nuveen Quality Preferred Income Fund (continued)

Portfolio of Investments July 31, 2013

Shares	Description (1)	Coupon	Ratings (2)	Value
	Diversified Telecommunication Services	2.0%		
188,510	Qwest Corporation	7.500%	BBB-	\$ 4,833,396
40,805	Qwest Corporation	7.375%	BBB-	1,034,407
101,300	Qwest Corporation	7.000%	BBB-	2,549,721
34,600	Qwest Corporation	7.000%	BBB-	872,958
103,600	Qwest Corporation	6.125%	BBB-	2,335,144
	Total Diversified Telecommunication Services			11,625,626
	Electric Utilities	3.4%		
33,000	Alabama Power Company, (3)	6.450%	A-	860,063
91,819	Duke Energy Capital Trust II	5.125%	BBB-	2,118,264
22,668	Entergy Arkansas Inc. Entergy Louisiana	4.750%	A-	473,535
15,000	LLC	5.250%	A-	331,950
177,055	Entergy Texas Inc. Interstate Power and Light Company	7.875%	A-	4,734,451
64,800	NextEra Energy Inc.	5.100%	BBB	1,491,048
250,999	NextEra Energy Inc.	5.125%	BBB	5,396,479
185,974	NextEra Energy Inc.	5.000%	BBB	3,864,540
5,102	PPL Capital Funding, Inc.	5.900%	BB+	117,295
	Total Electric Utilities			19,387,625
	Food Products	0.5%		
28,100	Dairy Farmers of America Inc., 144A, (3)	7.875%	BBB-	3,008,456
	Insurance	11.3%		
795,723	Aegon N.V.	6.375%	Baa1	19,622,529
186,700	Aflac Inc.	5.500%	Baa1	4,505,071
147,000	Allstate Corporation	5.100%	Baa1	3,692,640
63,200	Arch Capital Group Limited	6.750%	BBB	1,603,384
11,265	Aspen Insurance Holdings Limited	7.250%	BBB-	294,017
156,900	Aspen Insurance Holdings Limited	5.950%	BBB-	4,032,330
222,779	Axis Capital Holdings Limited	6.875%	BBB	5,787,798
167,100		5.500%	BBB	3,585,966

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	Axis Capital Holdings Limited			
231,787	Delphi Financial Group, Inc., (3)	7.376%	BBB-	5,715,010
125,430	Hartford Financial Services Group Inc.	7.875%	BB+	3,688,896
46,984	PartnerRe Limited	5.875%	BBB+	1,068,886
166,360	Prudential PLC	6.750%	A-	4,109,092
104,100	Reinsurance Group of America Inc.	6.200%	BBB	2,659,755
354	RenaissanceRe Holdings Limited	6.080%	BBB+	8,786
88,198	Torchmark Corporation	5.875%	BBB+	2,114,988
126,900	W.R. Berkley Corporation	5.625%	BBB-	2,700,432
	Total Insurance			65,189,580
	Machinery 1.0%			
230,303	Stanley, Black, and Decker Inc.	5.750%	BBB+	5,591,757
	Media 0.7%			
163,400	Comcast Corporation	5.000%	A-	3,944,476
	Multi-Utilities 1.7%			
223,497	Dominion Resources Inc.	8.375%	BBB	5,902,556
150,800	DTE Energy Company	6.500%	Baa2	3,889,132
9,746	Scana Corporation	7.700%	BBB-	262,167
	Total Multi-Utilities			10,053,855
	Real Estate Investment Trust 10.8%			
150,000	DDR Corporation	6.250%	Ba1	3,592,500
32,292	Digital Realty Trust Inc.	5.875%	Baa3	697,507
69,874	Duke Realty Corporation, Series L	6.600%	Baa3	1,746,151
20,000	Health Care REIT, Inc.	6.500%	Baa3	506,000

Nuveen Investments

Shares	Description (1)	Coupon	Ratings (2)	Value
	Real Estate Investment Trust (continued)			
4,634	Kimco Realty Corporation,	6.900%	Baa2	\$ 117,426
102,200	Kimco Realty Corporation,	5.625%	Baa2	2,358,776
2,701	Kimco Realty Corporation,	5.500%	Baa2	60,827
53,524	National Retail Properties Inc.	6.625%	Baa3	1,338,635
12,235	PS Business Parks, Inc.	6.875%	Baa2	307,588
112,407	PS Business Parks, Inc.	6.450%	Baa2	2,764,088
200,922	PS Business Parks, Inc.	6.000%	Baa2	4,655,363
7,720	PS Business Parks, Inc.	5.700%	Baa2	170,149
5,845	Public Storage, Inc.	6.500%	A	147,879
22,656	Public Storage, Inc.	6.350%	A	571,158
192,495	Public Storage, Inc.	5.750%	A	4,533,257
9,000	Public Storage, Inc.	5.625%	A	207,630
136,700	Public Storage, Inc.	5.200%	A	2,978,693
268,800	Realty Income Corporation	6.625%	Baa2	6,859,776
128,400	Regency Centers Corporation	6.625%	Baa3	3,211,284
132,139	Senior Housing Properties Trust	5.625%	BBB-	2,879,309
74,186	Ventas Realty LP	5.450%	BBB+	1,670,669
452,734	Vornado Realty LP	7.875%	BBB	12,024,615
109,700	Vornado Realty Trust	5.700%	BBB-	2,514,324
121,394	Wachovia Preferred Funding Corporation, (4)	7.250%	BBB+	3,186,593
114,299	Weingarten Realty Trust	6.500%	Baa3	2,882,621
	Total Real Estate Investment Trust			61,982,818
	U.S. Agency 0.5%			
48,600	Cobank Agricultural Credit Bank, (3)	11.000%	A-	2,604,659
	Wireless Telecommunication Services 0.2%			
18,500	Telephone and Data Systems Inc.	7.000%	Baa2	477,483
28,000	Telephone and Data Systems Inc.	6.875%	Baa2	716,518
	Total Wireless Telecommunication			1,194,001

Services					
Total \$25 Par (or similar) Retail Structures (cost \$275,069,542)					
Principal Amount (000)	Description (1)	Coupon	Maturity	Ratings (2)	Value
	Convertible Bonds	4.1% (2.9% of Total Investments)			275,967,820
	Commercial Banks	0.4%			
\$ 200	Lloyds Banking Group LBG Capital 1, 144A	8.000%	6/15/60	BB	\$ 2,024,706
	Insurance	3.7%			
19,475	QBE Capital Funding Trust II, 144A	7.250%	5/24/41	BBB	20,935,625
\$ 19,675	Total Convertible Bonds (cost \$20,979,132)				22,960,331
Principal Amount (000)	Description (1)	Coupon	Maturity	Ratings (2)	Value
	Corporate Bonds	8.4% (6.1% of Total Investments)			
	Capital Markets	0.1%			
\$ 500	Credit Suisse Guernsey	7.875%	2/24/41	BBB-	\$ 530,000
300	Macquarie Bank Limited	10.250%	6/20/57	BB+	330,810
800	Total Capital Markets				860,810
	Commercial Banks	1.8%			
2,100	BNP Paribas, 144A	5.186%	12/29/65	BBB	2,102,100
1,515	Groupe BCPE	2.220%	12/30/49	BBB-	1,060,955
6,800	LBG Capital I PLC, 144A	7.875%	11/01/20	BB+	7,194,400
10,415	Total Commercial Banks				10,357,455

Nuveen Investments

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Nuveen Quality Preferred Income Fund (continued)

Portfolio of Investments July 31, 2013

Principal Amount (000)	Description (1)	Coupon	Maturity	Ratings (2)	Value
	Diversified Financial Services	1.1%			
\$ 6,300	Fortis Hybrid Financing	8.250%	12/29/49	BBB	\$ 6,315,523
	Electric Utilities	1.2%			
3,400	FPL Group Capital Inc.	6.650%	6/15/67	BBB	3,587,000
3,100	Scottish and Southern Energy PLC	5.625%	4/01/63	BBB	3,178,306
6,500	Total Electric Utilities				6,765,306
	Industrial Conglomerates	0.5%			
2,500	Hutchison Whampoa International Limited, 144A	6.000%	11/07/62	BBB	2,643,750
	Insurance	2.9%			
1,900	AIG Life Holdings Inc., 144A	7.570%	12/01/45	BBB	2,218,250
5,000	AIG Life Holdings Inc., 144A	8.125%	3/15/46	BBB	6,118,750
900	AXA	5.500%	12/31/49	A3	861,750
1,100	Liberty Mutual Group Inc., 144A	7.697%	10/15/97	BBB	1,130,931
1,700	Mitsui Sumitomo Insurance Company Limited, 144A	7.000%	3/15/72	A-	1,887,000
2,500	Prudential PLC	11.750%	12/23/49	A-	2,807,500
1,870	Prudential PLC	5.250%	12/31/49	A-	1,753,125
14,970	Total Insurance				16,777,306
	Multi-Utilities	0.5%			
2,000	Dominion Resources Inc.	2.573%	9/30/66	BBB	1,857,950
1,000	Wisconsin Energy Corporation	6.250%	5/15/67	Baa1	1,052,500
3,000	Total Multi-Utilities				2,910,450
	Oil, Gas & Consumable Fuels	0.3%			
1,900	DCP Midstream LLC, 144A	5.850%	5/21/43	Baa3	1,814,500
\$ 46,385	Total Corporate Bonds (cost \$46,608,632)				48,445,100
Principal Amount (000)/ Shares	Description (1)	Coupon	Maturity	Ratings (2)	Value

\$1,000 Par (or similar) Institutional Structures 75.4% (54.0% of Total Investments)					
(3)					
Capital Markets 8.5%					
5,600	Charles Schwab Corporation	7.000%	8/01/49	BBB+	\$ 6,300,000
7,600	Credit Suisse thru Claudius Limited	8.250%	12/27/58	BBB-	7,771,000
8,000	Deutsche Bank Capital Funding Trust V, 144A	4.901%	3/30/50	BBB-	6,840,000
1,900	Dresdner Funding Trust, 144A	8.151%	6/30/36	BB	1,895,250
1,800	Goldman Sachs Capital II	4.000%	6/01/43	BB+	1,419,750
18,500	Goldman Sachs Group, Inc.	6.345%	2/15/34	Baa3	18,353,203
800	Macquarie PMI LLC	8.375%	12/29/49	BB+	832,000
6,300	State Street Capital Trust IV, (4)	1.273%	6/01/77	A3	5,166,000
Total Capital Markets					48,577,203
Commercial Banks 21.4%					
550	Barclays Bank PLC, 144A	7.434%	12/15/17	BBB-	593,175
2,920	Barclays Bank PLC, 144A	6.860%	6/15/32	BBB-	2,920,000
2,800	Barclays Bank PLC	6.278%	12/15/55	BBB-	2,629,869
400	First Empire Capital Trust I	8.234%	2/01/27	BBB	393,538
3,500	Fulton Capital Trust I	6.290%	2/01/36	Baa3	3,500,000
2,200	HBOS Capital Funding LP, 144A	6.071%	6/30/14	BB	2,112,000
5,900	HBOS Capital Funding LP, Notes	6.850%	3/23/49	BB	5,566,650
11,650	HSBC Capital Funding LP, Debt, 144A	10.176%	12/31/50	BBB+	16,776,000
4,200	HSBC Financial Capital Trust IX	5.911%	11/30/35	BBB+	4,284,000
2,000	KeyCorp Capital III	7.750%	7/15/29	BBB-	2,184,314
2,300	Lloyd's Banking Group PLC, 144A	6.413%	10/01/35	BB	2,024,000
2,900	Lloyd's Banking Group PLC, 144A	6.657%	5/21/49	BB	2,610,000

Nuveen Investments

Principal Amount (000)/ Shares	Description (1)	Coupon	Maturity	Ratings (2)	Value
	Commercial Banks (continued)				
\$ 1,800	M and T Bank Corporation, (7)	5.000%	12/31/49	BBB	\$ 1,827,000
14,000	M and T Bank Corporation, 144A	6.875%	12/29/49	BBB	14,570,570
5,000	Nordea Bank AB	8.375%	3/25/15	BBB+	5,412,500
3,500	National Australia Bank	8.000%	9/29/49	BBB+	3,885,000
7,100	PNC Financial Services Inc.	6.750%	2/01/62	BBB	7,561,500
7,893	Rabobank Nederland, 144A	11.000%	12/31/59	A-	10,181,970
3,350	Rabobank Nederland Utrec, 144A	5.254%	12/29/49	A+	3,375,125
4,300	Royal Bank of Scotland Group PLC				