

NUVEEN QUALITY PREFERRED INCOME FUND 2  
Form N-CSR  
October 05, 2012

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, 2012

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.

## Edgar Filing: NUVEEN QUALITY PREFERRED INCOME FUND 2 - Form N-CSR

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.

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ITEM 1. REPORTS TO STOCKHOLDERS.

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Closed-End Funds

Nuveen Investments

Closed-End Funds

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

Annual Report

July 31, 2012

**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,**

Investors have many reasons to remain cautious. The challenges in the Euro area are casting a shadow over global economies and financial markets. The political support for addressing fiscal issues is eroding as the economic and social impacts become more visible. At the same time, member nations appear unwilling to provide adequate financial support or to surrender sufficient sovereignty to strengthen the banks or unify the Euro area financial system. The gains made in reducing deficits, and the hard-won progress on winning popular acceptance of the need for economic austerity, are at risk. To their credit, European political leaders press on to find compromise solutions, but there is increasing concern that time will begin to run out.

In the U.S., strong corporate earnings have enabled the equity markets to withstand much of the downward pressures coming from weakening job creation, slower economic growth and political uncertainty. The Fed remains committed to low interest rates and announced on September 13, 2012 (after the close of this reporting period) another program of quantitative easing (QE3) to continue until mid-2015. Pre-election maneuvering has added to the already highly partisan atmosphere in Congress. The end of the Bush-era tax cuts and implementation of the spending restrictions of the Budget Control Act of 2011, both scheduled to take place at year-end, loom closer.

During the last year, U.S. based investors have experienced a sharp decline and a strong recovery in the equity markets. The experienced investment teams at Nuveen keep their eye on a longer time horizon and use their practiced investment disciplines to negotiate through market peaks and valleys to achieve long-term goals for investors. Experienced professionals pursue investments that will weather short-term volatility and at the same time, seek opportunities that are created by markets that overreact to negative developments. Monitoring this process is an important consideration for the Fund Board as it oversees your Nuveen Fund on your behalf.

As always, I encourage you to contact your financial consultant if you have any questions about your investment in a Nuveen 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,

Robert P. Bremner  
Chairman of the Board  
September 21, 2012

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## Portfolio Managers' Comments

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

**Ratings shown are the highest rating given by one of the following national rating agencies: Standard & Poor's Group, 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 a national rating agency.**

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 Lieb and Phil Jacoby, who have more than 50 years of combined experience in the preferred securities markets, lead the team. Here Mark and Phil review economic and market conditions and talk about their management strategies and the performance of the Funds for the twelve-month period ended July 31, 2012.*

### **What factors affected the U.S. economic and equity market environments during the twelve-month reporting period ended July 31, 2012?**

During the reporting period, the U.S. economy's progress toward recovery from recession remained sluggish. The Federal Reserve (Fed) maintained its efforts to improve the overall economic environment by continuing to hold the benchmark Fed Funds rate at the record low level of zero to 0.25% that it had established in December 2008. At its September 2012 meeting, the central bank affirmed its opinion that economic conditions would likely warrant keeping the rate at "exceptionally low levels" through mid-2015. The Fed also announced that it would extend its so-called Operation Twist program, whereby it is lengthening the average maturity of its holdings of U.S. Treasury securities, through the end of December 2012. The goals of this program are to lower longer-term interest rates, make broader financial conditions more accommodating, support a stronger economic recovery and help ensure that inflation remains at levels consistent with the Fed's mandates of maximum employment and price stability.

In the second quarter 2012, the U.S. economy slowed to an annualized growth rate of 1.5%, according to initial estimates for U.S. gross domestic product (GDP). While this marked the twelfth consecutive quarter of positive growth, it was also a significant slowdown from the previous few quarters. The Consumer Price Index (CPI) rose 1.4% year-over-year as of July 2012, lower than the June figure of 1.7%, which was the lowest twelve-month rate of change since November 2010. Core CPI (which excludes food and energy) increased 2.1% during the period, remaining above the Fed's unofficial objective of 2.0% or lower for this inflation measure. However, the number was slightly below the 2.2% figure reported in June. Labor market

conditions continued to be slow to improve, with the national unemployment rate registering 8.3% in July 2012. While this figure was down from 9.1% one year ago, the rate was still a slight uptick from June 2012. The housing market remained the major weak spot in the economy, beleaguered by a high level of distressed properties and difficult credit conditions. For the twelve months

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ended June 2012 (the most recent data available at the time this report was prepared), the average home price in the Standard & Poor's (S&P)/Case-Shiller Index of 20 major metropolitan areas rose 0.5%, marking the second consecutive month prices rose. In addition, the U.S. economic picture continued to be clouded by concerns about the European debt crisis and global financial markets in general and efforts to reduce the U.S. federal deficit.

Throughout the fiscal year period, fixed income markets were buffeted by concerns about the tepid U.S. economic recovery combined with the ballooning U.S. federal deficit, the seemingly unending European debt crisis and a broader slowdown in global growth, especially emerging markets. These macro events caused the financial markets to fluctuate between embracing risk and shunning risk several times during the period. In late summer 2011, the markets experienced a massive flight to quality, leading U.S. Treasuries to outperform all risk assets, particularly equities, high yield and investment-grade corporate bonds. However, late fall brought about a renewed appetite for risk as the European crisis appeared to be on the mend and U.S. economic indicators strengthened. Risk premiums on non-government bonds contracted and asset classes such as high yield corporate bonds, emerging market debt and commercial mortgage-backed securities (CMBS) substantially outperformed Treasuries. In the final months of the reporting period, however, the situation reversed once again as a broad slowdown in global growth together with renewed political discord and sovereign funding pressures in Europe cast a malaise over the markets. Not surprisingly, risk premiums on non-government bonds widened once again as U.S. Treasuries renewed their perceived safe haven status, outperforming other riskier asset classes.

During the reporting period, the European Central Bank created unlimited long-term funding facilities that sparked a rally in preferred shares from December 2011 through the end of the reporting period (with only a short pause in May 2012).

**What key strategies were used to manage the Funds during the twelve-month period ended July 31, 2012?**

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% in debt securities, including convertible debt and convertible preferred securities.

Our basic strategy is to stay relatively balanced 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 different performance opportunities from one another, which together with the broad diversification benefits of the combined universe, help to produce potentially attractive risk-adjusted rates of return.

We keep a risk-averse posture toward security structure and ultimately portfolio structure, which is an important core aspect of our effort to preserve capital and provide attractive income over the long-term. We also maintain approximately a 60% weighting to U.S. issued securities and a 40% weighting to foreign names as part of the strategy of

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

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

\* JTP since inception return is from 6/25/02. JPS since inception return is from 9/24/02. JHP since inception return is from 12/18/02.

\*\* Refer to Glossary of Terms Used in this Report for definitions. Indexes are not available for direct investment.

all three Funds seeking to invest in U.S. versus foreign issuers in approximately the same proportion as the Comparative Index.

During the reporting period, we favored discount purchases and securities that had favorable technical characteristics that are unique to hybrid preferred securities. We purchased securities with adequate call protection to help foster higher income protection. We also rebalanced the U.S. trust preferred securities sector of the Funds' portfolios to own more securities that could benefit from the call cycle and have less exposure to premium risk from an early call as a result of a capital treatment event. A capital treatment event occurs if the Federal Reserve revises its position on the treatment of such trust preferred securities as Tier 1 capital.

### How did the Funds perform over this twelve-month period?

The performance of the Funds, as well as comparative indexes and benchmarks, are presented in the accompanying table.

### Average Annual Total Returns on Common Share Net Asset Value

For the period ended 7/31/12

Fund	1-Year	5-Year	10-Year	Since Inception*
JTP	12.51%	1.18%	3.75%	3.56%
Barclays U.S. Aggregate Bond Index**	7.25%	6.91%	5.65%	5.69%
Comparative Index**	8.87%	3.03%	4.49%	4.43%
JPS	12.32%	1.90%	N/A	4.48%
Barclays U.S. Aggregate Bond Index**	7.25%	6.91%	N/A	5.39%
Comparative Index**	8.87%	3.03%	N/A	4.10%
JHP	11.91%	1.48%	N/A	3.69%
Barclays U.S. Aggregate Bond Index**	7.25%	6.91%	N/A	5.44%
Comparative Index**	8.87%	3.03%	N/A	4.14%

For the twelve-month period ended July 31, 2012, all three Funds outperformed both the Barclays U.S. Aggregate Bond Index and the Comparative Index.

During the reporting period, several factors contributed positively to each Fund's performance. Each Fund's overweight in the U.S. sector benefited performance. There was a general flight to U.S. domiciled names from the European sector due to the slowdown in global growth, renewed political discord and sovereign funding pressures in Europe.

Security selection in the life insurance, utility and reinsurance sectors also contributed to performance. Each Fund's overweight in the Real Estate Investment Trust (REIT) preferred securities sector benefited absolute and relative return with specific benefit derived from security selection. In particular, the Funds' holdings in Delphi Financial Group, Inc., Aegon NV, FPL Group Capital Inc., PPL Capital Funding, Inc., Arch Capital Group Limited and Axis Capital Holdings Limited all positively contributed to performance.

While the Funds outperformed for the reporting period, they were negatively impacted by allocations to Banco Santander Finance and Banco Bilbao Vizcaya Argentaria S.A. due to the ongoing European debt crisis and global financial market turmoil.

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Fund Leverage  
and Other Information

### 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 net asset value (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 did not enter into any new interest rate swap contracts in order to hedge leverage costs; however, existing swap contracts that were previously entered into in order to fix (or lock-in) a portion of the Funds' leverage costs had a mildly negative effect on performance during the period as the interest rate swaps had negative cash flow accruals for the period and unrealized losses from a decline in interest rates.

### 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 and Market 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. 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.

**Price Risk.** Shares of closed-end investment companies like these Funds frequently trade at a discount to their net asset value (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 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 bond 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.

## Common Share Distribution and Price Information

### Distribution Information

The following information regarding your Fund's distributions is current as of July 31, 2012, and likely will vary over time based on each Fund's investment activities and portfolio investment value changes.

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

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

During certain periods, each Fund may pay dividends at a rate that may be more or less than the amount of net investment income actually earned by the Fund during the period. If a Fund has cumulatively earned more than it has paid in dividends, it holds 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, 2012, all three Funds had positive UNII balances for tax purposes. JTP and JPS had positive UNII balances and JHP had a negative UNII balance for financial reporting purposes.

### Common Share Repurchases and Price Information

As of July 31, 2012, and since the inception of the Funds' repurchase program, the Funds have not repurchased any of their outstanding common shares.

At July 31, 2012, and during the twelve-month reporting period, the Funds' common share prices were trading at (+) premiums or (-) discounts to their common share NAVs as shown in the accompanying table.

<b>Fund</b>	<b>7/31/12 (+) Premium</b>	<b>Twelve-Month Average (-) Discount</b>
JTP	(+)0.93%	(-)1.28%
JPS	(+)2.41%	(-)2.22%
JHP	(+)0.57%	(-)1.48%

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JTP

JPS

JHP

Shareholder Meeting Report

The annual meeting of shareholders was held in the offices of Nuveen Investments on March 30, 2012; at this meeting the shareholders were asked to vote on the election of Board Members.

	<b>JTP</b> Common Shares	<b>JPS</b> Common Shares	<b>JHP</b> Common Shares
<b>Approval of the Board Members was reached as follows:</b>			
Robert P. Bremner			
For	51,276,146	97,064,504	19,199,834
Withhold	1,403,300	1,706,774	548,927
Total	52,679,446	98,771,278	19,748,761
Jack B. Evans			
For	51,349,117	97,011,091	19,236,542
Withhold	1,330,329	1,760,187	512,219
Total	52,679,446	98,771,278	19,748,761
William J. Schneider			
For	51,277,888	97,080,063	19,215,524
Withhold	1,401,558	1,691,215	533,237
Total	52,679,446	98,771,278	19,748,761

Nuveen Investments



**Fund Snapshot**

Common Share Price	\$	8.70
Common Share Net Asset Value (NAV)	\$	8.62
Premium/(Discount) to NAV		0.93%
Latest Dividend	\$	0.0500
Market Yield		6.90%
Net Assets Applicable to Common Shares (\$000)	\$	556,997

**Leverage**

Regulatory Leverage	28.04%
Effective Leverage	28.04%

**Average Annual Total Returns**

(Inception 6/25/02)

	On Share Price	On NAV
1-Year	24.30%	12.51%
5-Year	2.11%	1.18%
10-Year	3.42%	3.75%

**Portfolio Composition**(as a % of total investments)<sup>2,4</sup>

Insurance	30.2%
Commercial Banks	20.9%
Real Estate/Mortgage	14.6%
Capital Markets	7.4%
Diversified Financial Services	6.9%
Short-Term Investments	2.6%
Other	17.4%

**Country Allocation**(as a % of total investments)<sup>2,4</sup>

United States	61.7%
United Kingdom	8.6%
Netherlands	5.5%
Switzerland	3.9%

Germany	3.7%
France	3.0%
Other	13.6%

### Top Five Issuers

(as a % of total investments)<sup>1,2,4</sup>

PNC Financial Services Group Inc	3.7%
Firststar Realty LLC	3.1%
HSBC Holdings PLC	2.7%
Aegon N.V.	2.6%
Deutsche Bank AG	2.5%
JTP	

Performance

### OVERVIEW

Nuveen Quality Preferred Income Fund

as of July 31, 2012

**Portfolio Allocation** (as a % of total investments)<sup>2,4</sup>

### 2011-2012 Monthly Distributions Per Common Share

### Common Share Price Performance Weekly Closing Price

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview page.

1 Excluding short-term investments.

2 Holdings are subject to change.

3 Rounds to less than 0.1%.



4 Excluding investments in derivatives.

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JPS

Performance

OVERVIEW

Nuveen Quality Preferred Income Fund 2

as of July 31, 2012

**Portfolio Allocation** (as a % of total investments)<sup>2,3</sup>

**2011-2012 Monthly Distributions Per Common Share**

**Common Share Price Performance Weekly Closing Price**

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview page.

1 Excluding short-term investments.

2 Holdings are subject to change.

3 Excluding investments in derivatives.

**Fund Snapshot**

Common Share Price	\$	9.34
Common Share Net Asset Value (NAV)	\$	9.12
Premium/(Discount) to NAV		2.41%
Latest Dividend	\$	0.0550
Market Yield		7.07%
Net Assets Applicable to Common Shares (\$000)	\$	1,097,385

**Leverage**

Regulatory Leverage	28.01%
Effective Leverage	28.01%

### Average Annual Total Returns

(Inception 9/24/02)

	On Share Price	On NAV
1-Year	25.17%	12.32%
5-Year	3.05%	1.90%
Since Inception	4.57%	4.48%

### Portfolio Composition

(as a % of total investments)<sup>2,3</sup>

Insurance	31.1%
Commercial Banks	20.8%
Real Estate/Mortgage	12.6%
Diversified Financial Services	7.7%
Capital Markets	7.0%
Short-Term Investments	2.9%
Other	17.9%

### Country Allocation

(as a % of total investments)<sup>2,3</sup>

United States	62.1%
United Kingdom	7.5%
Netherlands	6.3%
Germany	4.2%
France	3.6%
Switzerland	3.5%
Other	12.8%

### Top Five Issuers

(as a % of total investments)<sup>1,2,3</sup>

Wells Fargo and Company	4.4%
PNC Financial Services Group Inc	3.7%
Deutsche Bank AG	3.0%
Vodafone Group Public Limited Company	2.9%
Aegon N.V.	2.9%

Nuveen Investments



**Fund Snapshot**

Common Share Price	\$ 8.85
Common Share Net Asset Value (NAV)	\$ 8.80
Premium/(Discount) to NAV	0.57%
Latest Dividend	\$ 0.0520
Market Yield	7.05%
Net Assets Applicable to Common Shares (\$000)	\$ 208,729

**Leverage**

Regulatory Leverage	27.96%
Effective Leverage	27.96%

**Average Annual Total Returns**

(Inception 12/18/02)

	On Share Price	On NAV
1-Year	24.04%	11.91%
5-Year	2.13%	1.48%
Since Inception	3.52%	3.69%

**Portfolio Composition**(as a % of total investments)<sup>2,3</sup>

Insurance	29.6%
Commercial Banks	21.7%
Real Estate/Mortgage	9.9%
Capital Markets	8.5%
Diversified Financial Services	6.3%
Short-Term Investments	4.3%
Other	19.7%

**Country Allocation**(as a % of total investments)<sup>2,3</sup>

United States	61.6%
United Kingdom	7.5%
Netherlands	5.8%
France	4.7%
Switzerland	4.3%

Germany	4.3%
Other	11.8%

### Top Five Issuers

(as a % of total investments)<sup>1,2,3</sup>

Wells Fargo and Company	4.3%
Deutsche Bank AG	3.7%
Vodafone Group Public Limited Company	3.1%
Aegon N.V.	2.9%
PNC Financial Services Group Inc	2.9%
JHP	

Performance

### OVERVIEW

Nuveen Quality Preferred Income Fund 3

as of July 31, 2012

**Portfolio Allocation** (as a % of total investments)<sup>2,3</sup>

### 2011-2012 Monthly Distributions Per Common Share

### Common Share Price Performance Weekly Closing Price

Refer to the Glossary of Terms Used in this Report for further definition of the terms used within this Fund's Performance Overview page.

1 Excluding short-term investments.

2 Holdings are subject to change.

3 Excluding investments in derivatives.



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, 2012, and the related statements of operations and cash flows for the year then ended, and the statements of changes in net assets 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, 2012, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial positions of Nuveen Quality Preferred Income Fund, Nuveen Quality Preferred Income Fund 2, and Nuveen Quality Preferred Income Fund 3 at July 31, 2012, and the results of their operations and their cash flows for the year then ended, and the changes in their net assets, and the financial highlights for each of the periods indicated therein in conformity with U.S. generally accepted accounting principles.

Chicago, Illinois  
September 27, 2012

Nuveen Investments  
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Nuveen Quality Preferred Income Fund

Portfolio of Investments

July 31, 2012

Shares	Description (1)	Coupon	Ratings (2)	Value
	<b>\$25 Par (or similar) Preferred Securities</b>		<b>65.3% (47.1% of Total Investments)</b>	
	<b>Capital Markets 6.4%</b>			
135,155	Ameriprise Financial, Inc.	7.750%	A	\$ 3,911,386
26,395	BNY Capital Trust V, Series F	5.950%	A2	679,671
181,516	Credit Suisse	7.900%	BBB	13,513,833
515,646	Deutsche Bank Capital Funding Trust II	6.550%	BBB	12,891,150
86,100	Deutsche Bank Contingent Capital Trust III	7.600%	BBB	2,242,044
37,900	Goldman Sachs Group Inc., Series GSC-3 (PPLUS)	6.000%	Baa3	921,728
2,200	Goldman Sachs Group Inc., Series GSG-1 (PPLUS)	6.000%	A-	56,078
4,500	Goldman Sachs Group Inc., Series GSG-2 (PPLUS)	5.750%	A-	113,625
43,900	Morgan Stanley Capital Trust IV	6.250%	BB+	1,090,037
	Total Capital Markets			35,419,552
	<b>Commercial Banks 7.9%</b>			
197,661	Banco Santander Finance	10.500%	BBB-	5,182,671
2,100	Barclays Bank PLC	6.625%	BBB	51,704
700,500	BPCE SA, (7)	13.000%	BBB-	704,001
144,700	First Naigara Finance Group	8.625%	BB+	4,283,120
18,400	HSBC Holdings PLC	8.000%	A-	508,944
13,800	HSBC Holdings PLC	6.200%	BBB+	349,140
3,500,000		8.000%	Baa1	3,783,500

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	National Australia Bank, (7)			
742,900	PNC Financial Services	6.125%	BBB	20,288,599
25,000	Royal Bank of Scotland Group PLC, Series L	5.750%	BB	481,500
4,300,000	Royal Bank of Scotland Group PLC, (7)	7.648%	BB	3,741,000
60,000	Wells Fargo Capital Trust IX	5.625%	BBB+	1,533,600
120,000	Wells Fargo Capital Trust XII	7.875%	BBB+	3,109,200
	Total Commercial Banks			44,016,979
	<b>Diversified Financial Services</b>	<b>4.5%</b>		
18,000	Bank of America Corporation	6.375%	BB+	448,740
80,549	Citigroup Capital Trust XI	6.000%	BB	2,012,920
150,514	Citigroup Capital XIII	7.875%	BB+	4,122,578
1,900	Citigroup Capital XIV	6.875%	BB+	47,975
36,800	ING Groep N.V.	7.375%	BBB	918,160
625,776	ING Groep N.V.	7.200%	BBB	15,506,729
80,308	Merrill Lynch Preferred Capital Trust V	7.280%	BB+	2,019,746
1,626	National Rural Utilities Cooperative Finance Corporation	5.950%	A3	41,983
	Total Diversified Financial Services			25,118,831
	<b>Diversified Telecommunication Services</b>	<b>1.8%</b>		
188,510	Qwest Corporation	7.500%	BBB-	5,144,438
40,805	Qwest Corporation	7.375%	BBB-	1,122,138
34,600	Qwest Corporation	7.000%	BBB-	924,858
101,300	Qwest Corporation	7.000%	BBB-	2,701,671
	Total Diversified Telecommunication Services			9,893,105
	<b>Electric Utilities</b>	<b>1.2%</b>		
33,000	Alabama Power Company, (7)	6.450%	A-	1,020,938
15,000	Entergy Louisiana LLC	5.250%	A-	394,500
181,516	Entergy Texas Inc.	7.875%	BBB+	5,363,798
				6,779,236

Total Electric  
Utilities

Nuveen Investments

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Shares	Description (1)	Coupon	Ratings (2)	Value
	<b>Food Products 0.5%</b>			
28,100	Dairy Farmers of America Inc., 144A, (7)	7.875%	BBB-	\$ 2,868,836
	<b>Insurance 17.5%</b>			
795,723	Aegon N.V.	6.375%	Baa1	19,932,861
326,106	Allianz SE, (7)	8.375%	A+	8,580,664
63,200	Arch Capital Group Limited	6.750%	BBB	1,714,616
11,265	Aspen Insurance Holdings Limited	7.250%	BBB-	296,495
222,779	Axis Capital Holdings Limited	6.875%	BBB	6,104,145
1,100,000	Chubb Corporation, (7)	6.375%	A-	1,149,500
3,250,000	Dai-ichi Mutual Life, 144A, (7)	7.250%	A3	3,480,669
231,787	Delphi Financial Group, Inc., (7)	7.376%	Baa3	5,743,983
536,420	EverestRe Capital Trust II	6.200%	Baa1	13,544,605
25,430	Hartford Financial Services Group Inc.	7.875%	BB+	704,411
188,983	Markel Corporation	7.500%	BBB	4,803,948
216,365	PartnerRe Limited, Series C	6.750%	BBB+	5,528,126
8,019	PartnerRe Limited, Series D	6.500%	BBB+	204,324
166,360	Prudential Financial Inc.	6.750%	A-	4,285,434
4,100,000	Reinsurance Group of America Inc., (7)	6.750%	BBB-	3,879,928
29,002	RenaissanceRe Holdings Limited, Series C	6.080%	BBB+	733,751
274,478	RenaissanceRe Holdings Limited, Series D	6.600%	BBB+	6,971,741
277,529	W. R. Berkley Corporation, Capital Trust II	6.750%	BBB-	6,982,630
4,200	XLIT Limited, (7)	3.687%	Ba1	3,009,563
	Total Insurance			97,651,394
	<b>Machinery 1.0%</b>			
202,000	Stanley, Black and Decker Inc.	5.750%	BBB+	5,239,880
	<b>Multi-Utilities 3.7%</b>			
224,700		8.375%	BBB	6,482,595

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	Dominion Resources Inc.			
185,800	DTE Energy Company	6.500%	BBB-	5,315,738
9,862	Scana Corporation	7.700%	BBB-	282,349
327,119	Xcel Energy Inc.	7.600%	BBB	8,724,264
	<b>Total Multi-Utilities</b>			<b>20,804,946</b>
	<b>Oil, Gas &amp; Consumable Fuels 2.0%</b>			
443,824	Nexen Inc.	7.350%	BB+	11,228,747
	<b>Pharmaceuticals 0.0%</b>			
2,340	Bristol Myers Squibb Company (CORTS)	6.250%	A+	60,208
	<b>Real Estate/Mortgage 16.1%</b>			
164,500	CommonWealth REIT	7.250%	Baa3	4,378,990
69,874	Duke Realty Corporation, Series L	6.600%	Baa3	1,780,390
145,700	Hospitality Properties Trust	7.125%	BB	3,923,701
20,000	Health Care REIT, Inc.	6.500%	Baa3	538,800
8,050	Kimco Realty Corporation, Series F	6.650%	Baa2	202,136
647,775	Kimco Realty Corporation, Series G	7.750%	Baa2	16,472,917
9,119	Kimco Realty Corporation, Series H	6.900%	Baa2	259,344
53,524	National Retail Properties Inc.	6.625%	Baa3	1,407,681
92,378	Prologis Inc.	6.750%	BB	2,338,087
12,691	PS Business Parks, Inc.	6.875%	BBB-	342,530
112,407	PS Business Parks, Inc., (7)	6.450%	BBB-	3,021,388
200,922	PS Business Parks, Inc.	6.000%	BBB-	5,091,363
4,300	Public Storage, Inc., Series F	6.500%	A-	121,561
10,000	Public Storage, Inc., Series M	5.625%	A-	262,600
22,544	Public Storage, Inc., Series Q	6.350%	A-	617,480
192,495	Public Storage, Inc., Series Y, (7)	5.750%	A-	5,083,793
136,000	Public Storage, Inc.	5.900%	A-	3,623,040
268,800		6.625%	Baa2	7,289,856

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	Realty Income Corporation			
8,960	Realty Income Corporation	6.750%	Baa2	228,032
128,400	Regency Centers Corporation	6.625%	Baa3	3,410,304

Nuveen Investments

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Nuveen Quality Preferred Income Fund (continued)

Portfolio of Investments July 31, 2012

Shares	Description (1)	Coupon	Ratings (2)	Value
	<b>Real Estate/Mortgage (continued)</b>			
452,734	Vornado Realty LP	7.875%	BBB	\$ 12,758,043
109,700	Vornado Realty Trust	5.700%	BBB-	2,747,985
230,282	Wachovia Preferred Funding Corporation, (3)	7.250%	BBB+	6,254,459
3,540	Weingarten Realty Trust, Preferred Securities	6.750%	Baa3	89,420
293,645	Weingarten Realty Trust	6.500%	Baa3	7,417,473
	Total Real Estate/Mortgage			89,661,373
	<b>Specialty Retail 0.5%</b>			
2,800,000	Swiss Re Capital I, (7)	6.854%	A	2,737,000
	<b>U.S. Agency 2.0%</b>			
119,800	Cobank Agricultural Credit Bank, 144A, (7)	7.000%	A	6,061,137
46,000	Cobank Agricultural Credit Bank, Series C, (7)	11.000%	A-	2,463,875
48,600	Cobank Agricultural Credit Bank, Series D, (7)	11.000%	A-	2,695,784
	Total U.S. Agency			11,220,796
	<b>Wireless Telecommunication Services 0.2%</b>			
18,500	Telephone and Data Systems Inc.	7.000%	Baa2	514,485
28,000	Telephone and Data Systems Inc.	6.875%	Baa2	763,000
	Total Wireless Telecommunication Services			1,277,485
	<b>Total \$25 Par (or similar) Preferred Securities (cost \$340,921,871)</b>			
				<b>363,978,368</b>
	<b>Description (1)</b>	<b>Coupon</b>	<b>Maturity</b>	<b>Value</b>



Principal Amount (000)				Ratings (2)	
	<b>Corporate Bonds 8.4% (6.0% of Total Investments)</b>				
	<b>Capital Markets 0.2%</b>				
	Credit Suisse				
\$ 500	Guernsey	7.875%	2/24/41	BBB-	\$ 495,000
1,000	Man Group PLC	5.000%	8/09/17	BBB-	801,583
	Total Capital				
1,500	Markets				1,296,583
	<b>Commercial Banks 2.4%</b>				
2,100	BNP Paribas, 144A	5.186%	6/29/15	BBB+	1,806,000
1,515	Groupe BCPE	3.800%	12/30/49	BBB-	632,513
	LBG Capital I PLC,				
8,400	144A	7.875%	11/01/20	BB	7,878,646
	Lloyds Banking				
	Group LBG Capital				
3,400	1, 144A	8.000%	6/15/20	BB	3,009,000
	Total Commercial				
15,415	Banks				13,326,159
	<b>Diversified Financial Services 0.5%</b>				
	Fortis Hybrid				
3,100	Financing	8.250%	8/27/49	BBB	2,542,000
	<b>Electric Utilities 0.6%</b>				
	FPL Group Capital				
3,400	Inc.	6.650%	6/15/17	BBB	3,570,000
	<b>Industrial Conglomerates 0.5%</b>				
	Hutchison				
	Whampoa				
	International 12				
2,500	Limited, 144A	6.000%	11/07/62	BBB	2,559,375
	<b>Insurance 3.7%</b>				
	Mitsui Sumitomo				
	Insurance				
	Company Limited,				
1,700	144A	7.000%	3/15/72	A-	1,855,125
2,500	Prudential PLC	11.750%	12/23/49	A-	2,900,625
	QBE Capital				
	Funding Trust II,				
16,750	144A	7.250%	5/24/41	BBB+	15,682,187
20,950	Total Insurance				20,437,937
	<b>Multi-Utilities 0.5%</b>				
	Dominion				
2,000	Resources Inc.	2.761%	9/30/66	BBB	1,797,344
	Wisconsin Energy				
1,000	Corporation	6.250%	5/15/67	Baa1	1,055,000
3,000	Total Multi-Utilities				2,852,344
	<b>Total Corporate</b>				
	<b>Bonds (cost</b>				
\$ 49,865	<b>\$46,138,128)</b>				<b>46,584,398</b>



Principal Amount (000)/ Shares	Description (1)	Coupon	Maturity	Ratings (2)	Value
	<b>Capital Preferred Securities</b>	<b>59.2%</b>	<b>(42.7% of Total Investments)</b>		
	<b>Capital Markets</b>	<b>3.6%</b>			
5,600	Charles Schwab Corporation	7.000%	8/01/49	BBB+	\$ 6,123,824
5,000	Deutsche Bank Capital Trust, 144A	3.260%	12/29/49	Ba2	3,350,000
1,900	Dresdner Funding Trust I, 144A	8.151%	6/30/31	Ba2	1,548,500
1,800	Goldman Sachs Capital II	4.000%	6/01/43	BB+	1,288,458
3,300	Goldman Sachs Group, Inc.	6.345%	2/15/34	Baa3	3,207,577
6,300	State Street Capital Trust IV, (3)	1.468%	6/15/77	A3	4,698,893
	<b>Total Capital Markets</b>				<b>20,217,252</b>
	<b>Commercial Banks</b>	<b>18.6%</b>			
8,500	ABN AMRO North America Holding Capital, 144A	6.523%	12/31/49	BB+	7,947,500
2,720	Banco Santander Finance	10.500%	9/29/49	BBB-	2,584,544
550	Barclays Bank PLC, 144A	7.434%	12/15/17	BBB	548,869
2,920	Barclays Bank PLC, Regulation S, 144A	6.860%	6/15/32	BBB	2,631,650
2,800	Barclays Bank PLC	6.278%	12/15/34	BBB	2,349,376
4,800	BBVA International Preferred Uniperson	5.919%	4/18/17	BB+	3,018,552
400	First Empire Capital Trust I	8.234%	2/01/27	BBB	431,579
3,500	Fulton Capital Trust I	6.290%	2/01/36	Baa3	3,325,000
300	HBOS Capital Funding LP, 144A	6.071%	6/30/14	BB	203,250
11,650	HSBC Capital Funding LP, Debt	10.176%	6/30/50	A-	15,261,500
4,200	HSBC Financial Capital Trust IX	5.911%	11/30/35	BBB+	4,032,000
2,000	KeyCorp Capital III	7.750%	7/15/29	BBB-	2,299,348
5,000	Nordea Bank AB	8.375%	3/25/15	BBB+	5,380,000
7,100	PNC Financial Services Inc.	6.750%	8/01/21	BBB	7,691,643
4,750	Rabobank Nederland, 144A	11.000%	6/30/19	A	6,068,125
17,500	Reliance Capital Trust I, Series B	8.170%	5/01/28	N/R	18,015,428

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2,700	Societe Generale, 144A	1.333%	12/31/49	BBB-	1,213,245
700	Societe Generale, 144A	5.922%	4/05/57	BBB-	517,787
8,900	Societe Generale Sovereign Capital Trust VI	8.750%	10/07/49	BBB-	8,450,550
1,200	Sparebanken Rogaland, Notes, 144A	7.908%	6/13/36	BB+	1,218,000
2,250	Standard Chartered PLC, 144A	6.443%	5/01/49	Ba1	2,283,750
2,700	Standard Chartered PLC, 144A	6.409%	1/30/17	BBB+	2,605,500
5,050	Standard Chartered PLC, 144A	7.014%	7/30/37	BBB+	5,050,576
700	Wachovia Capital Trust III	5.570%	3/15/42	BBB+	693,000
	<b>Total Commercial Banks</b>				103,820,772
	<b>Consumer Finance 0.4%</b>				
2,100	American Express Company	6.800%	9/01/66	Baa2	2,231,250
	<b>Diversified Financial Services 4.6%</b>				
200	Bank One Capital III	8.750%	9/01/30	BBB	278,150
4,000	BankAmerica Institutional Capital Trust, Series B, 144A	7.700%	12/31/26	BB+	4,060,000
2,600	Citigroup Capital III	7.625%	12/01/36	BB+	2,836,639
13,300	General Electric Capital Corporation	7.125%	12/15/49	AA-	14,390,467
48	JPMorgan Chase Capital Trust XXIX	6.700%	4/02/40	A	1,258,750
2,509	NB Capital Trust II	7.830%	12/15/26	BB+	2,515,273
	<b>Total Diversified Financial Services</b>				25,339,279
	<b>Electric Utilities 0.3%</b>				
1,500	PPL Capital Funding, Inc.	6.700%	3/30/17	BB+	1,533,750
	<b>Insurance 20.7%</b>				
698	Ace Capital Trust II	9.700%	4/01/30	BBB+	984,180
6,600	Allstate Corporation	6.125%	5/15/67	Baa1	6,699,000
4,880	AXA S.A., 144A	6.379%	12/14/66	Baa1	3,965,000
4,000	AXA	8.600%	12/15/30	A3	4,391,948
8,395	Catlin Insurance Company Limited	7.249%	7/19/67	BBB+	7,555,500
9,925	Glen Meadows Pass Through Trust	6.505%	2/15/67	BB+	7,294,875



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Nuveen Quality Preferred Income Fund (continued)

Portfolio of Investments July 31, 2012

Principal Amount (000)/ Shares	Description (1)	Coupon	Maturity	Ratings (2)	Value
	<b>Insurance (continued)</b>				
5,500	Great West Life & Annuity Capital I, 144A	6.625%	11/15/34	A-	\$ 5,464,454
3,800	Great West Life and Annuity Insurance Company, 144A	7.153%	5/16/16	A-	3,762,000
3,000	Liberty Mutual Group, 144A	7.800%	3/15/37	Baa3	3,127,500
2,500	Lincoln National Corporation	6.050%	4/20/17	BBB	2,412,500
5,100	Lincoln National Corporation	7.000%	5/17/66	BBB	5,061,750
6,300	MetLife Capital Trust IV, 144A	7.875%	12/15/67	BBB	7,182,000
600	MetLife Capital Trust X, 144A	9.250%	4/08/68	BBB	747,000
12,650	National Financial Services Inc.	6.750%	5/15/37	Baa2	12,330,723
1,400	Nationwide Financial Services Capital Trust	7.899%	3/01/37	Baa2	1,534,271
7,225	Oil Insurance Limited, 144A	3.443%	12/30/56	Baa1	6,279,826
7,400	Old Mutual Capital Funding, Notes	8.000%	6/22/53	Baa3	7,415,540
1,000	Progressive Corporation, (3)	6.700%	6/15/67	A2	1,065,000
2,400	Prudential PLC	6.500%	6/23/49	A-	2,301,600
1,100	QBE Capital Funding Trust II, 144A	6.797%	6/01/67	BBB+	967,237
3,000	Swiss Re Capital I, 144A	6.854%	5/25/16	A	2,934,045
13,100	XL Capital Ltd	6.500%	10/15/57	BBB-	11,364,250
2,536	ZFS FINANCE USA TRUST II 144A	6.450%	12/15/65	A	2,612,080
7,970	ZFS Finance USA Trust V	6.500%	5/09/67	A	8,009,850
	Total Insurance				115,462,129

	<b>Multi-Utilities</b>	<b>0.4%</b>			
2,300	Dominion Resources Inc.	7.500%	6/30/16	BBB	2,484,000
	<b>Real Estate</b>	<b>4.2%</b>			
19	Firststar Realty LLC, 144A	8.875%	12/15/50	A2	23,120,625
	<b>Road &amp; Rail</b>	<b>2.1%</b>			
10,900	Burlington Northern Santa Fe Funding Trust I	6.613%	12/15/55	BBB	11,826,500
	<b>Thriffs &amp; Mortgage Finance</b>	<b>0.3%</b>			
2,000	Caisse Nationale Des Caisses d'Epargne et de Prevoyance	6.750%	1/27/49	BBB-	1,458,000
	<b>U.S. Agency</b>	<b>0.7%</b>			
3	Farm Credit Bank of Texas	10.000%	12/15/60	A3	3,942,938
	<b>Wireless Telecommunication Services</b>	<b>3.3%</b>			
15	Centaur Funding Corporation, Series B	9.080%	4/21/20	BBB	18,280,938
	<b>Total Capital Preferred Securities (cost \$312,859,009)</b>				<b>329,717,433</b>
<b>Shares</b>	<b>Description (1)</b>	<b>Coupon</b>	<b>Ratings (2)</b>	<b>Value</b>	
	<b>Convertible Preferred Securities</b>	<b>0.0% (0.0% of Total Investments)</b>			
	<b>Commerical Banks</b>	<b>0.0%</b>			
200	Wells Fargo & Company	7.500%		BBB+	\$ 231,400
	<b>Total Convertible Preferred Securities (cost \$203,295)</b>				<b>231,400</b>
<b>Shares</b>	<b>Description (1)</b>	<b>Investment Companies</b>	<b>2.2% (1.6% of Total Investments)</b>	<b>Value</b>	
315,548	BlackRock Credit Allocation Income Trust II			\$ 3,515,205	
116,133	Flaherty and Crumrine/Claymore Preferred Securities Income Fund Inc.			2,261,109	
320,892	John Hancock Preferred Income Fund III			6,331,199	
	<b>Total Investment Companies (cost \$14,113,063)</b>			<b>12,107,513</b>	

Nuveen Investments  
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Principal Amount (000)	Description (1)	Coupon	Maturity	Value
	<b>Short-Term Investments</b>	<b>3.6% (2.6% of Total Investments)</b>		
	Repurchase Agreement with Fixed Income Clearing Corporation, dated 7/31/12, repurchase price \$20,136,016, collateralized by \$19,175,000 U.S. Treasury Notes, 1.875%, due 8/31/17, value			
\$ 20,136	\$20,541,219	0.010%	8/01/12	\$ 20,136,010
	<b>Total Short-Term Investments (cost \$20,136,010)</b>			<b>20,136,010</b>
	<b>Total Investments (cost \$734,371,376)</b>			<b>772,755,122</b>
	<b>138.7%</b>			
	<b>Borrowings (39.0)% (4), (5)</b>			<b>(217,000,000)</b>
	<b>Other Assets Less Liabilities 0.3% (6)</b>			<b>1,241,895</b>
	<b>Net Assets Applicable to Common Shares 100%</b>			<b>\$ 556,997,017</b>

Investments in Derivatives at July 31, 2012

**Interest Rate Swaps outstanding:**

Counterparty	Notional Amount	Fund Pay/Receive Floating Rate	Floating Rate Index	Fixed Rate*	Fixed Rate Payment Frequency	Termination Date	Unrealized Appreciation (Depreciation) (6)
JPMorgan Morgan Stanley	\$ 38,718,750	Receive	1-Month USD-LIBOR	1.193%	Monthly	3/21/14	\$ (603,930)
	38,718,750	Receive	1-Month USD-LIBOR	2.064	Monthly	3/21/16	(2,269,287)
							<b>\$ (2,873,217)</b>

\* Annualized.

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

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

(2) Ratings (not covered by the report of independent registered public accounting firm): Using the highest of Standard & Poor's Group ("Standard & Poor's"), Moody's Investors Service, Inc. ("Moody's") or Fitch, Inc. ("Fitch") rating. Ratings below BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch are considered to be below investment grade. Holdings designated N/R are not rated by any of these national rating agencies.

(3) Investment, or portion of investment, has been pledged to collateralize the net payment obligations for investments in derivatives.

(4) Borrowings as a percentage of Total Investments is 28.1%.

(5) The Fund may pledge up to 100% of its eligible investments in the Portfolio of Investments as collateral for Borrowings. As of July 31, 2012, investments with a value of \$505,765,270 have been pledged as collateral for Borrowings.

(6) Other Assets Less Liabilities includes the Unrealized Appreciation (Depreciation) of derivative instruments as noted within Investments in Derivatives at July 31, 2012.

(7) For fair value measurement disclosure purposes, \$25 Par (or similar) Preferred Securities categorized as Level 2. See Notes to Financial Statements, Footnote 1 General Information and Significant Accounting Policies, Investment Valuation for more Information.

N/R Not rated.

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

CORTS Corporate Backed Trust Securities.

PPLUS PreferredPlus Trust.

USD-LIBOR United States Dollar London Inter-Bank Offered Rate.

*See accompanying notes to financial statements.*



JPS

Nuveen Quality Preferred Income Fund 2

Portfolio of Investments

July 31, 2012

Shares	Description (1)	Coupon	Ratings (2)	Value
	<b>\$25 Par (or similar) Preferred Securities</b>		<b>65.4% (47.1% of Total Investments)</b>	
	<b>Capital Markets</b>	<b>6.4%</b>		
373,200	Ameriprise Financial, Inc.	7.750%	A	\$ 10,800,408
11,000,000	Charles Schwab Corporation, (8)	7.000%	BBB+	12,028,939
3,700	Credit Suisse	7.900%	BBB	97,236
91,230	Deutsche Bank Capital Funding Trust I	7.350%	BBB	2,298,996
1,284,535	Deutsche Bank Capital Funding Trust II	6.550%	BBB	32,113,376
13,800	Deutsche Bank Capital Funding Trust IX	6.625%	BBB	343,206
40,000	Deutsche Bank Capital Funding Trust V	8.050%	BBB	1,062,800
91,791	Deutsche Bank Capital Funding Trust VIII	6.375%	BBB	2,257,141
256,400	Deutsche Bank Contingent Capital Trust III	7.600%	BBB	6,676,656
70,214	Goldman Sachs Group Inc., Series GSC-3 (PPLUS)	6.000%	Baa3	1,707,604
5,200	Goldman Sachs Group Inc., Series GSC-4 Class A (PPLUS)	6.000%	Baa3	127,608
1,040	Goldman Sachs Group Inc., Series GSG-1 (PPLUS)	6.000%	A-	26,510
1,390	Morgan Stanley Capital Trust III	6.250%	BB+	34,722
2,800		5.750%	Ba1	68,936

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	Morgan Stanley Capital Trust V			
	Total Capital			69,644,138
	Markets			
	<b>Commercial Banks</b>	<b>8.6%</b>		
	Banco Santander			
54,000	Finance	10.500%	BBB-	1,415,880
150,000	Barclays Bank PLC	8.125%	BBB	3,853,500
1,933,500	BPCE SA, (8)	13.000%	BBB-	1,943,168
	Fifth Third Capital			
2,917	Trust VI	7.250%	Baa3	74,121
	First Naigara			
146,500	Finance Group	8.625%	BB+	4,336,400
	HSBC Bank PLC,			
10,500,000	(8)	1.000%	A	4,777,500
	HSBC Holdings			
408,000	PLC	8.000%	A-	11,285,280
	HSBC Holdings			
102,700	PLC	6.200%	BBB+	2,598,310
	National Australia			
5,600,000	Bank, (8)	8.000%	Baa1	6,053,600
	PNC Financial			
1,214,400	Services	6.125%	BBB	33,165,264
	PNC Financial			
20,000,000	Services Inc., (8)	6.750%	BBB	21,666,600
	Royal Bank of			
3,400,000	Scotland Group			
	PLC, (8)	7.648%	BB	2,958,000
	Total Commercial			
	Banks			94,127,623
	<b>Consumer Finance</b>	<b>0.0%</b>		
	HSBC USA Inc.,			
20,100	Series H	6.500%	A-	507,525
	<b>Diversified Financial Services</b>	<b>4.5%</b>		
	Citigroup Capital			
139,900	Trust XI	6.000%	BB	3,496,101
	Citigroup Capital			
271,589	XIII	7.875%	BB+	7,438,823
	Citigroup Capital			
40,000	XVI	6.450%	BB+	1,000,000
768,094	ING Groep N.V.	7.200%	BBB	19,033,369
731,274	ING Groep N.V.	7.050%	BBB	17,916,213
	Total Diversified			
	Financial Services			48,884,506
	<b>Diversified Telecommunication Services</b>	<b>1.7%</b>		
184,004	Qwest Corporation	7.500%	BBB-	5,021,469
96,790	Qwest Corporation	7.375%	BBB-	2,661,725
26,600	Qwest Corporation	7.000%	BBB-	711,018
383,205	Qwest Corporation	7.000%	BBB-	10,220,077
	Total Diversified			
	Telecommunication			18,614,289

Services

Nuveen Investments

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Shares	Description (1)	Coupon	Ratings (2)	Value
	<b>Electric Utilities</b>	<b>1.4%</b>		
135,400	Alabama Power Company, (8)	6.450%	A-	\$ 4,188,938
59,650	Entergy Louisiana LLC	5.875%	A-	1,651,709
25,000	Entergy Louisiana LLC	5.250%	A-	657,500
66,253	Entergy Texas Inc.	7.875%	BBB+	1,957,776
73,246	NextEra Energy Inc.	5.700%	BBB	1,983,502
190,346	PPL Capital Funding, Inc.	6.850%	BBB	4,792,912
	Total Electric Utilities			15,232,337
	<b>Food Products</b>	<b>0.5%</b>		
53,400	Dairy Farmers of America Inc., 144A, (8)	7.875%	BBB-	5,451,809
	<b>Industrial Conglomerates</b>	<b>0.2%</b>		
1,600,000	General Electric Capital Trust I, (8)	6.375%	AA-	1,680,000
	<b>Insurance</b>	<b>16.3%</b>		
1,717,889	Aegon N.V.	6.375%	Baa1	43,033,118
617,913	Allianz SE, (8)	8.375%	A+	16,258,836
261,725	Arch Capital Group Limited	6.750%	BBB	7,100,599
74,981	Aspen Insurance Holdings Limited	7.250%	BBB-	1,973,500
354,550	Axis Capital Holdings Limited	6.875%	BBB	9,714,670
2,100,000	Chubb Corporation, (8)	6.375%	A-	2,194,500
6,500,000	Dai-ichi Mutual Life, 144A, (8)	7.250%	A3	6,961,338
402,182	Delphi Financial Group, Inc., (8)	7.376%	Baa3	9,966,593
309,617	EverestRe Capital Trust II	6.200%	Baa1	7,817,829
391,890	Markel Corporation	7.500%	BBB	9,961,844
568,624	PartnerRe Limited, Series C	6.750%	BBB+	14,528,343
6,971	Protective Life Corporation	7.250%	BBB	176,297
4,000	Protective Life Corporation	6.250%	BBB	104,360
195,842	Prudential Financial Inc.	9.000%	BBB+	5,260,316
317,875		6.750%	A-	8,188,460

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	Prudential Financial Inc.			
4,704,000	Reinsurance Group of America Inc., (8)	6.750%	BBB-	4,451,508
540,560	RenaissanceRe Holdings Limited, Series D	6.600%	BBB+	13,730,224
708,217	W. R. Berkley Corporation, Capital Trust II	6.750%	BBB-	17,818,740
	Total Insurance			179,241,075
	<b>Machinery 0.9%</b>			
398,000	Stanley, Black and Decker Inc.	5.750%	BBB+	10,324,120
	<b>Multi-Utilities 3.6%</b>			
541,591	Dominion Resources Inc.	8.375%	BBB	15,624,900
148,032	Scana Corporation	7.700%	BBB-	4,238,156
750,941	Xcel Energy Inc.	7.600%	BBB	20,027,596
	Total Multi-Utilities			39,890,652
	<b>Oil, Gas &amp; Consumable Fuels 1.8%</b>			
789,010	Nexen Inc.	7.350%	BB+	19,961,953
	<b>Real Estate/Mortgage 17.5%</b>			
5,000	Alexandria Real Estate Equities Inc., Series B	6.450%	Baa3	131,100
149,097	CommomWealth REIT	7.125%	Baa3	3,728,916
126,100	CommomWealth REIT	5.750%	Baa2	3,118,453
12,800	Digital Realty Trust Inc.	7.000%	Baa3	341,632
161,969	Duke Realty Corporation, Series L	6.600%	Baa3	4,126,970
8,710	Harris Preferred Capital Corporation, Series A	7.375%	BBB+	224,021
321,594	Hospitality Properties Trust	7.125%	BB	8,660,526
51,646	Kimco Realty Corporation, Series F	6.650%	Baa2	1,296,831
908,230	Kimco Realty Corporation, Series G	7.750%	Baa2	23,096,289
58,372	Kimco Realty Corporation, Series H	6.900%	Baa2	1,660,100
4,600	Kimco Realty Corporation, Series	6.000%	Baa2	118,910



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Nuveen Investments  
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JPS

Nuveen Quality Preferred Income Fund 2 (continued)

Portfolio of Investments July 31, 2012

Shares	Description (1)	Coupon	Ratings (2)	Value
	<b>Real Estate/Mortgage</b> (continued)			
131,572	National Retail Properties Inc.	6.625%	Baa3	\$ 3,460,344
82,301	Prologis Inc., Series Q, (8)	8.540%	Baa3	5,082,087
2,024	Prologis Inc., Series R	6.750%	BB	51,025
87,050	Prologis Inc., Series S	6.750%	BB	2,203,236
13,030	Prologis Inc., Series L	6.500%	Baa3	333,047
98,000	PS Business Parks, Inc.	6.700%	BBB-	2,483,320
152,633	PS Business Parks, Inc., (8)	6.450%	BBB-	4,102,622
450,182	PS Business Parks, Inc.	6.000%	BBB-	11,407,612
6,400	Public Storage, Inc.	6.500%	A-	180,928
203,125	Public Storage, Inc., (8)	5.750%	A-	5,364,531
10,000	Public Storage, Inc.	5.625%	A-	262,600
196,229	Public Storage, Inc.	5.900%	A-	5,227,541
410,326	Realty Income Corporation	6.750%	Baa2	10,442,797
65,100	Realty Income Corporation	6.625%	Baa2	1,765,512
146,600	Regency Centers Corporation	6.625%	Baa3	3,893,696
1,079,521	Vornado Realty LP	7.875%	BBB	30,420,902
1,686,413	Wachovia Preferred Funding Corporation	7.250%	BBB+	45,802,976
93,358	Weingarten Realty Trust, Preferred Securities	6.750%	Baa3	2,358,223
37,766	Weingarten Realty Trust	8.100%	BBB	868,618
148,974		6.950%	Baa3	3,809,265

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	Weingarten Realty Trust				
216,183	Weingarten Realty Trust	6.500%		Baa3	5,460,783
	Total Real Estate/Mortgage				191,485,413
	<b>Specialty Retail 0.1%</b>				
1,400,000	Swiss Re Capital I, (8)	6.854%		A	1,368,500
	<b>U.S. Agency 1.7%</b>				
235,100	Cobank Agricultural Credit Bank, 144A, (8)	7.000%		A	11,894,602
82,000	Cobank Agricultural Credit Bank, Series C, (8)	11.000%		A-	4,392,125
42,800	Cobank Agricultural Credit Bank, Series D, (8)	11.000%		A-	2,374,065
	Total U.S. Agency				18,660,792
	<b>Wireless Telecommunication Services 0.2%</b>				
9,050	Telephone and Data Systems Inc.	7.000%		Baa2	251,681
70,501	Telephone and Data Systems Inc.	6.875%		Baa2	1,921,152
	Total Wireless Telecommunication Services				2,172,833
	<b>Total \$25 Par (or similar) Preferred Securities (cost \$674,640,645)</b>				<b>717,247,565</b>
<b>Principal Amount (000)</b>	<b>Description (1)</b>	<b>Coupon</b>	<b>Maturity</b>	<b>Ratings (2)</b>	<b>Value</b>
	<b>Corporate Bonds 9.0% (6.5% of Total Investments)</b>				
	<b>Capital Markets 1.1%</b>				
\$ 800	Credit Suisse Guernsey	7.875%	2/24/41	BBB-	\$ 792,000
600	Man Group PLC	5.000%	8/09/17	BBB-	480,950
14,686	State Street Capital Trust IV, (3)	1.468%	6/15/77	A3	10,953,641
16,086	Total Capital Markets				12,226,591
	<b>Commercial Banks 2.0%</b>				
4,200	BNP Paribas, 144A	5.186%	6/29/15	BBB+	3,612,000
1,000	Den Norske Bank	0.813%	2/18/35	Baa3	530,000
1,000	Den Norske Bank	0.713%	2/24/37	Baa3	530,000
10,000	Groupe BCPE	3.800%	12/30/49	BBB-	4,175,000
6,500	LBG Capital I PLC, 144A	7.875%	11/01/20	BB	6,096,571

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7,500	Lloyds Banking Group LBG Capital 1, 144A	8.000%	6/15/20	BB	6,637,500
650	Swedbank ForengingsSparbanken AB, 144A	7.500%	9/11/12	Ba1	651,152
30,850	Total Commercial Banks				22,232,223

Nuveen Investments  
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Principal Amount (000)	Description (1)	Coupon	Maturity	Ratings (2)	Value
	<b>Diversified Financial Services</b>	<b>0.2%</b>			
\$ 2,600	Fortis Hybrid Financing	8.250%	8/27/49	BBB	\$ 2,132,000
	<b>Electric Utilities</b>	<b>1.1%</b>			
8,000	FPL Group Capital Inc.	6.650%	6/15/17	BBB	8,400,000
2,900	WPS Resource Corporation	6.110%	12/01/16	BBB	3,001,500
10,900	Total Electric Utilities				11,401,500
	<b>Industrial Conglomerates</b>	<b>0.7%</b>			
7,500	Hutchison Whampoa International 12 Limited, 144A	6.000%	11/07/62	BBB	7,678,125
	<b>Insurance</b>	<b>3.7%</b>			
2,000	AXA S.A.	3.675%	8/06/49	A3	935,000
4,300	Mitsui Sumitomo Insurance Company Limited, 144A	7.000%	3/15/72	A-	4,692,375
5,200	Prudential PLC	11.750%	12/23/49	A-	6,033,300
31,370	QBE Capital Funding Trust II, 144A	7.250%	5/24/41	BBB+	29,370,162
42,870	Total Insurance				41,030,837
	<b>Multi-Utilities</b>	<b>0.2%</b>			
2,000	Wisconsin Energy Corporation	6.250%	5/15/67	Baa1	2,110,000
<b>\$ 112,806</b>	<b>Total Corporate Bonds (cost \$98,544,530)</b>				<b>98,811,276</b>
Principal Amount (000)/ Shares	Description (1)	Coupon	Maturity	Ratings (2)	Value
	<b>Capital Preferred Securities</b>	<b>57.8%</b>	<b>(41.6% of Total Investments)</b>		
	<b>Capital Markets</b>	<b>2.0%</b>			
800	BNY Institutional Capital, 144A	7.780%	12/01/26	A2	\$ 804,000
8,500	Credit Suisse thru Claudius Limited	8.250%	6/27/49	BBB	8,818,750
4,200	Dresdner Funding Trust I, 144A	8.151%	6/30/31	Ba2	3,423,000
1,900	Goldman Sachs Capital II	4.000%	6/01/43	BB+	1,360,039
7,931	Goldman Sachs Group, Inc.	6.345%	2/15/34	Baa3	7,708,876
	Total Capital Markets				22,114,665

**Commercial Banks 18.3%**

5,500	AB Svensk Exportkredit	6.375%	10/27/49	Aa3	5,303,837
9,600	ABN AMRO North America Holding Capital, 144A	6.523%	12/31/49	BB+	8,976,000
12,974	Banco Santander Finance	10.500%	9/29/49	BBB-	12,327,895
575	Barclays Bank PLC, 144A	7.434%	12/15/17	BBB	573,817
2,980	Barclays Bank PLC, Regulation S, 144A	6.860%	6/15/32	BBB	2,685,725
5,000	Barclays Bank PLC	6.278%	12/15/34	BBB	4,195,315
9,500	BBVA International Preferred Uniperson	5.919%	4/18/17	BB+	5,974,218
1,500	First Empire Capital Trust I	8.234%	2/01/27	BBB	1,618,422
17,095	First Union Capital Trust II, Series A	7.950%	11/15/29	BBB+	19,374,345
6,800	Fulton Capital Trust I	6.290%	2/01/36	Baa3	6,460,000
5,500	HSBC Bank PLC	0.850%	6/11/49	A-	2,519,000
4,650	HSBC Capital Funding LP, Debt	10.176%	6/30/50	A-	6,091,500
8,352	HSBC Financial Capital Trust IX	5.911%	11/30/35	BBB+	8,017,920
6,000	KeyCorp Capital III	7.750%	7/15/29	BBB-	6,898,044
11,900	Nordea Bank AB	8.375%	3/25/15	BBB+	12,804,400
8,200	North Fork Capital Trust II	8.000%	12/15/27	Baa3	8,261,500
12,230	Rabobank Nederland, 144A	11.000%	6/30/19	A	15,623,825
8,000	Reliance Capital Trust I, Series B	8.170%	5/01/28	N/R	8,235,624
800	Societe Generale, 144A	1.333%	12/31/49	BBB-	359,480
1,300	Societe Generale, 144A	5.922%	4/05/57	BBB-	961,604
24,144	Societe Generale Sovereign Capital	8.750%	10/07/49	BBB-	22,924,727
3,522	Trust VI	7.908%	6/13/36	BB+	3,574,830
3,750	Sparebanken Rogaland, Notes, 144A	6.443%	5/01/49	Ba1	3,806,250

JPS

Nuveen Quality Preferred Income Fund 2 (continued)

Portfolio of Investments July 31, 2012

Principal Amount (000)/ Shares	Description (1)	Coupon	Maturity	Ratings (2)	Value
<b>Commercial Banks</b> (continued)					
6,310	Standard Chartered PLC, 144A	6.409%	1/30/17	BBB+	\$ 6,089,150
6,450	Standard Chartered PLC, 144A	7.014%	7/30/37	BBB+	6,450,735
(4)	Union Planters Preferred Fund, 144A	7.750%	7/15/53	BB	20,520,000
Total Commercial Banks					200,628,163
<b>Consumer Finance 1.1%</b>					
3,900	American Express Company	6.800%	9/01/66	Baa2	4,143,750
7,019	Capital One Capital IV Corporation	6.745%	2/05/82	Baa3	7,072,344
1,180	Capital One Capital VI	8.875%	5/15/40	Baa3	1,198,717
Total Consumer Finance					12,414,811
<b>Diversified Financial Services 6.1%</b>					
3,400	Bank One Capital III	8.750%	9/01/30	BBB	4,728,550
14,420	BankAmerica Institutional Capital Trust, Series B, 144A	7.700%	12/31/26	BB+	14,636,300
5,400	Citigroup Capital III	7.625%	12/01/36	BB+	5,891,481
12,811	Countrywide Capital Trust III, Series B	8.050%	6/15/27	BB+	14,508,458
2,800	General Electric Capital Corporation	6.375%	11/15/17	AA-	2,951,480
21,400	General Electric Capital Corporation	7.125%	12/15/49	AA-	23,154,586
17	JPMorgan Chase Capital Trust XI	5.875%	6/15/33	BBB	441,635
Total Diversified Financial Services					66,312,490
<b>Electric Utilities 0.9%</b>					
1,700	FPL Group Capital Inc.	6.350%	10/01/66	BBB	1,768,000
7,700		6.700%	3/30/17	BB+	7,873,250

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	PPL Capital Funding, Inc.				
	Total Electric Utilities				9,641,250
	<b>Insurance 23.0%</b>				
1,200	Allstate Corporation	6.500%	5/15/67	Baa1	1,236,000
9,186	Allstate Corporation	6.125%	5/15/67	Baa1	9,323,790
9,450	AXA SA, 144A	6.379%	12/14/66	Baa1	7,678,125
11,350	AXA	8.600%	12/15/30	A3	12,462,152
15,359	Catlin Insurance Company Limited	7.249%	7/19/67	BBB+	13,823,100
1,200	Everest Reinsurance Holdings, Inc.	6.600%	5/15/37	Baa1	1,198,800
23,200	Glen Meadows Pass Through Trust	6.505%	2/15/67	BB+	17,052,000
2,600	Great West Life & Annuity Capital I, 144A	6.625%	11/15/34	A-	2,583,196
6,600	Great West Life and Annuity Insurance Company, 144A	7.153%	5/16/16	A-	6,534,000
10,481	Liberty Mutual Group, 144A	7.800%	3/15/37	Baa3	10,926,443
2,500	Lincoln National Corporation	6.050%	4/20/17	BBB	2,412,500
7,076	Lincoln National Corporation	7.000%	5/17/66	BBB	7,022,930
16,600	MetLife Capital Trust IV, 144A	7.875%	12/15/67	BBB	18,924,000
1,400	MetLife Capital Trust X, 144A	9.250%	4/08/68	BBB	1,743,000
23,754	National Financial Services Inc.	6.750%	5/15/37	Baa2	23,154,473
1,200	Nationwide Financial Services Capital Trust	7.899%	3/01/37	Baa2	1,315,090
14,200	Oil Insurance Limited, 144A	3.443%	12/30/56	Baa1	12,342,356
15,600	Old Mutual Capital Funding, Notes	8.000%	6/22/53	Baa3	15,632,760
6,300	Progressive Corporation, (3)	6.700%	6/15/67	A2	6,709,500
5,600	Prudential Financial Inc.	8.875%	6/15/18	BBB+	6,693,837
8,250	Prudential PLC	6.500%	6/23/49	A-	7,911,750
10,400	Swiss Re Capital I, 144A	6.854%	5/25/16	A	10,171,356
2,600	White Mountains Re Group Limited	7.506%	6/30/17	BB+	2,613,026
29,050	XL Capital Ltd	6.500%	10/15/57	BBB-	25,200,874



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3,600	ZFS Finance USA Trust II 144A	6.450%	12/15/65	A	3,708,000
24,257	ZFS Finance USA Trust V	6.500%	5/09/67	A	24,378,285
	Total Insurance				252,751,343
	<b>Multi-Utilities 0.6%</b>				
6,400	Dominion Resources Inc.	7.500%	6/30/16	BBB	6,912,000

Nuveen Investments  
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Principal Amount (000)/ Shares	Description (1)	Coupon	Maturity	Ratings (2)	Value
	<b>Oil, Gas &amp; Consumable Fuels</b>	<b>0.2%</b>			
2,125	TranCanada Pipelines Limited	6.350%	5/15/17	Baa1	\$ 2,218,251
	<b>Road &amp; Rail</b>	<b>1.1%</b>			
11,400	Burlington Northern Santa Fe Funding Trust I	6.613%	12/15/55	BBB	12,369,000
	<b>Thriffs &amp; Mortgage Finance</b>	<b>0.1%</b>			
500	Onbank Capital Trust I	9.250%	2/01/27	BBB	542,268
	<b>U.S. Agency</b>	<b>0.4%</b>			
2,800	AgFirst Farm Credit Bank	7.300%	12/15/53	A-	2,796,556
2	Farm Credit Bank of Texas	10.000%	12/15/60	A3	1,971,469
	Total U.S. Agency				4,768,025
	<b>Wireless Telecommunication Services</b>	<b>4.0%</b>			
36	Centaur Funding Corporation, Series B	9.080%	4/21/20	BBB	43,428,315
	<b>Total Capital Preferred Securities (cost \$607,540,720)</b>				<b>634,100,581</b>
Shares	Description (1)	Coupon		Ratings (2)	Value
	<b>Convertible Preferred Securities</b>	<b>0.3% (0.2% of Total Investments)</b>			
	<b>Commerical Banks</b>	<b>0.3%</b>			
3,100,000	Credit Suisse AG	7.875%		BBB	\$ 3,224,000
	<b>Total Convertible Preferred Securities (cost \$3,217,364)</b>				<b>3,224,000</b>
Shares	Description (1)	Coupon			Value
	<b>Investment Companies</b>	<b>2.4% (1.7% of Total Investments)</b>			
838,654	BlackRock Credit Allocation Income Trust II				\$ 9,342,606
231,522	Flaherty and Crumrine/Claymore Preferred Securities Income Fund Inc.				4,507,733
631,778	John Hancock Preferred Income Fund III				12,464,980
					<b>26,315,319</b>

**Total Investment  
Companies (cost  
\$32,430,913)**

<b>Principal Amount (000)</b>	<b>Description (1)</b>	<b>Coupon</b>	<b>Maturity</b>	<b>Value</b>
	<b>Short-Term Investments</b>	<b>3.9% (2.9% of Total Investments)</b>		
	Repurchase Agreement with Fixed Income Clearing Corporation, dated 7/31/12, repurchase price \$43,239,562, collateralized by \$41,175,000 U.S. Treasury Notes, 1.875%, due 8/31/17, value \$44,108,719	0.010%	8/01/12	\$ 43,239,550
\$ 43,240	<b>Total Short-Term Investments (cost \$43,239,550)</b>			<b>43,239,550</b>
	<b>Total Investments (cost \$1,459,613,722)</b>			<b>1,522,938,291</b>
	<b>Borrowings (38.9)% (5), (6)</b>			<b>(427,000,000)</b>
	<b>Other Assets Less Liabilities</b>			<b>1,446,416</b>
	<b>Net Assets Applicable to Common Shares</b>			<b>\$ 1,097,384,707</b>
	<b>100%</b>			

Nuveen Investments

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Nuveen Quality Preferred Income Fund 2 (continued)

Portfolio of Investments July 31, 2012

Investments in Derivatives at July 31, 2012

**Interest Rate Swaps outstanding:**

Counterparty	Notional Amount	Fund Pay/Receive Floating Rate	Floating Rate Index	Fixed Rate*	Fixed Rate Payment Frequency	Termination Date	Unrealized Appreciation (Depreciation) (7)
JPMorgan Morgan Stanley	\$ 77,200,000	Receive	1-Month USD-LIBOR	1.193%	Monthly	3/21/14	\$ (1,204,154)
	77,200,000	Receive	1-Month USD-LIBOR	2.064	Monthly	3/21/16	(4,524,655)
							<b>\$ (5,728,809)</b>

\* Annualized.

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

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

(2) Ratings (not covered by the report of independent registered public accounting firm): Using the highest of Standard & Poor's Group ("Standard & Poor's"), Moody's Investors Service, Inc. ("Moody's") or Fitch, Inc. ("Fitch") rating. Ratings below BBB by Standard & Poor's, Baa by Moody's or BBB by Fitch are considered to be below investment grade. Holdings designated N/R are not rated by any of these national rating agencies.

(3) Investment, or portion of investment, has been pledged to collateralize the net payment obligations for investments in derivatives.

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

(5) Borrowings as a percentage of Total Investments is 28.0%.

(6) The Fund may pledge up to 100% of its eligible investments in the Portfolio of Investments as collateral for Borrowings. As of July 31, 2012, investments with a value of \$1,023,496,166 have been pledged as collateral for Borrowings.

(7) Other Assets Less Liabilities includes the Unrealized Appreciation (Depreciation) of derivative instruments as noted within Investments in Derivatives at July 31, 2012.

(8) For fair value measurement disclosure purposes, \$25 Par (or similar) Preferred Securities categorized as Level 2. See Notes to Financial Statements, Footnote 1 General Information and Significant Accounting Policies, Investment Valuation for more Information.

N/R Not rated.

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

PPLUS PreferredPlus Trust.

USD-LIBOR United States Dollar London Inter-Bank Offered Rate.

*See accompanying notes to financial statements.*

Nuveen Investments

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Nuveen Quality Preferred Income Fund 3

Portfolio of Investments

July 31, 2012

Shares	Description (1)	Coupon	Ratings (2)	Value
	<b>\$25 Par (or similar) Preferred Securities</b>		<b>63.7% (45.8% of Total Investments)</b>	
	<b>Capital Markets 8.5%</b>			
59,609	Ameriprise Financial, Inc.	7.750%	A	\$ 1,725,083
2,100,000	Charles Schwab Corporation, (8)	7.000%	BBB+	2,296,433
133,865	Credit Suisse	7.900%	BBB	3,517,972
388,759	Deutsche Bank Capital Funding Trust II	6.550%	BBB	9,718,975
2,100	Deutsche Bank Contingent Capital Trust III	7.600%	BBB	54,684
12,200	Goldman Sachs Group Inc., Series GSC-3 (PPLUS)	6.000%	Baa3	296,704
7,600	Merrill Lynch Capital Trust I	6.450%	BB+	189,240
	Total Capital Markets			17,799,093
	<b>Commercial Banks 6.9%</b>			
19,158	Banco Santander Finance	10.500%	BBB-	502,323
300,000	BPCE SA, (8)	13.000%	BBB-	301,500
1,500,000	HSBC Bank PLC, (8)	1.000%	A	682,500
25,000	HSBC Holdings PLC	8.000%	A-	691,500
4,500	HSBC USA Inc., Series F	2.858%	A-	226,530
2,700,000	National Australia Bank, (8)	8.000%	Baa1	2,918,700
211,700	PNC Financial Services	6.125%	BBB	5,781,527
2,000,000	PNC Financial Services Inc., (8)	6.750%	BBB	2,166,660
52,500	Royal Bank of Scotland Group	5.750%	BB	1,011,150

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	PLC, Series L			
	Total Commercial Banks			14,282,390
	<b>Diversified Financial Services</b>	<b>5.6%</b>		
30,100	BAC Capital Trust XII	6.875%	BB+	754,005
35,000	Citigroup Capital Trust XI	6.000%	BB	874,650
54,185	Citigroup Capital Trust XIII	7.875%	BB+	1,484,127
24,300	Citigroup Capital Trust XVI	6.450%	BB+	607,500
59,100	Countrywide Capital Trust IV	6.750%	BB+	1,475,136
239,500	ING Groep N.V.	7.050%	BBB	5,867,749
10,000	ING Groep N.V.	6.125%	BBB	216,800
3,300	Merrill Lynch Capital Trust II	6.450%	BB+	82,071
13,420	Merrill Lynch Capital Trust III	7.375%	BB+	339,258
940	National Rural Utilities Cooperative Finance Corporation	5.950%	A3	24,271
	Total Diversified Financial Services			11,725,567
	<b>Diversified Telecommunication Services</b>	<b>1.9%</b>		
26,800	Qwest Corporation	7.500%	BBB-	731,372
26,699	Qwest Corporation	7.375%	BBB-	734,223
22,500	Qwest Corporation	7.000%	BBB-	601,425
72,881	Qwest Corporation	7.000%	BBB-	1,943,736
	Total Diversified Telecommunication Services			4,010,756
	<b>Electric Utilities</b>	<b>1.8%</b>		
10,000	Alabama Power Company, (8)	6.450%	A-	309,375
10,000	Entergy Arkansas Inc.	5.750%	A-	277,700
10,000	Entergy Louisiana LLC	5.250%	A-	263,000
78,100	Entergy Texas Inc.	7.875%	BBB+	2,307,855
25,000	NextEra Energy Inc.	5.700%	BBB	677,000
	Total Electric Utilities			3,834,930



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Nuveen Quality Preferred Income Fund 3 (continued)

Portfolio of Investments July 31, 2012

Shares	Description (1)	Coupon	Ratings (2)	Value
	<b>Energy Equipment &amp; Services</b>	<b>1.0%</b>		
81,071	NextEra Energy Inc.	5.625%	BBB	\$ 2,152,435
	<b>Food Products</b>	<b>0.5%</b>		
10,400	Dairy Farmers of America Inc., 144A, (8)	7.875%	BBB-	1,061,776
	<b>Industrial Conglomerates</b>	<b>0.5%</b>		
900,000	General Electric Capital Trust I, (8)	6.375%	AA-	945,000
	<b>Insurance</b>	<b>14.0%</b>		
319,390	Aegon N.V.	6.375%	Baa1	8,000,720
75,054	Allianz SE, (8)	8.375%	A+	1,974,858
25,000	Arch Capital Group Limited	6.750%	BBB	678,250
11,500	Aspen Insurance Holdings Limited	7.250%	BBB-	302,680
47,000	Axis Capital Holdings Limited	6.875%	BBB	1,287,800
250,000	Chubb Corporation, (8)	6.375%	A-	261,250
1,250,000	Dai-ichi Mutual Life, 144A, (8)	7.250%	A3	1,338,719
90,100	Delphi Financial Group, Inc., (8)	7.376%	Baa3	2,232,795
97,554	EverestRe Capital Trust II	6.200%	Baa1	2,463,239
9,900	PartnerRe Limited	7.250%	BBB+	273,834
199,616	PartnerRe Limited	6.750%	BBB+	5,100,188
2,214	PLC Capital Trust V	6.125%	BBB	55,948
87,569	Protective Life Corporation	7.250%	BBB	2,214,620
63,344	Prudential PLC	6.750%	A-	1,631,741
1,400,000	Reinsurance Group of America Inc., (8)	6.750%	BBB-	1,324,854
	Total Insurance			29,141,496
	<b>Machinery</b>	<b>0.9%</b>		
75,000	Stanley, Black and Decker Inc.	5.750%	BBB+	1,945,500
	<b>Multi-Utilities</b>	<b>2.4%</b>		
94,598	Dominion Resources Inc.	8.375%	BBB	2,729,152

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81,305	Xcel Energy Inc.	7.600%	BBB	2,168,404
	Total Multi-Utilities			4,897,556
	<b>Oil, Gas &amp; Consumable Fuels 2.2%</b>			
177,664	Nexen Inc.	7.350%	BB+	4,494,899
	<b>Pharmaceuticals 0.1%</b>			
6,500	Bristol Myers Squibb Company (CORTS)	6.250%	A+	167,245
	<b>Real Estate/Mortgage 13.7%</b>			
8,000	CommomWealth REIT	7.250%	Baa3	212,960
34,254	CommomWealth REIT	7.125%	Baa3	856,693
11,400	CommomWealth REIT	5.750%	Baa2	281,922
54,287	Hospitality Properties Trust	7.125%	BB	1,461,949
16,336	Kimco Realty Corporation, Series F	6.650%	Baa2	410,197
148,636	Kimco Realty Corporation, Series G	7.750%	Baa2	3,779,813
11,100	Prologis Inc., Series G	6.750%	BB	280,941
10,000	PS Business Parks, Inc.	6.875%	BBB-	269,900
35,300	PS Business Parks, Inc.	6.700%	BBB-	894,502
73,699	PS Business Parks, Inc.	6.000%	BBB-	1,867,533
2,621	Public Storage, Inc.	6.450%	BBB+	66,836
8,000	Public Storage, Inc., (8)	5.750%	A-	211,280
117,100	Realty Income Corporation	6.625%	Baa2	3,175,752
95,087	Regency Centers Corporation	6.700%	Baa3	2,410,455
155,320	Vornado Realty LP	7.875%	BBB	4,376,918
57,400	Vornado Realty Trust	5.700%	BBB-	1,437,870
80,367	Wachovia Preferred Funding Corporation, (3)	7.250%	BBB+	2,182,768
191,297	Weingarten Realty Trust	8.100%	BBB	4,399,831
	Total Real Estate/Mortgage			