

NUVEEN QUALITY PREFERRED INCOME FUND 2
Form N-CSR
October 08, 2014

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, 2014

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

Annual Report July 31, 2014

JTP

Nuveen Quality Preferred Income Fund

JPS

Nuveen Quality Preferred Income Fund 2

JHP

Nuveen Quality Preferred Income Fund 3

Nuveen Investments to be acquired by TIAA-CREF

On April 14, 2014, TIAA-CREF announced that it had entered into an agreement to acquire Nuveen Investments, the parent company of your fund's investment adviser, Nuveen Fund Advisors, LLC ("NFAL") and the Nuveen affiliates that act as sub-advisers to the majority of the Nuveen Funds. TIAA-CREF is a national financial services organization with approximately \$569 billion in assets under management (as of March 31, 2014) and is a leading provider of retirement services in the academic, research, medical and cultural fields. Nuveen anticipates that it will operate as a separate subsidiary within TIAA-CREF's asset management business, and that its current leadership and key investment teams will stay in place.

Your fund investment will not change as a result of Nuveen's change of ownership. You will still own the same fund shares and the underlying value of those shares will not change as a result of the transaction. NFAL and your fund's sub-adviser(s) will continue to manage your fund according to the same objectives and policies as before, and we do not anticipate any significant changes to your fund's operations. Under the securities laws, the consummation of the transaction will result in the automatic termination of the investment management agreements between the funds and NFAL and the investment sub-advisory agreements between NFAL and each fund's sub-adviser(s). The new agreements have been approved by shareholders of your fund.

The transaction is currently expected to close early in the fourth quarter of 2014, but remains subject to customary closing conditions.

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Chairman's Letter

to Shareholders

Dear Shareholders,

After significant growth in 2013, domestic and international equity markets have been less compelling during the first part of 2014. Concerns about deflation, political uncertainty in many places and the potential for more fragile economies to impact other countries have produced uncertainty in the markets.

Europe is beginning to emerge slowly from the recession in mid-2013, with improved GDP and employment trends in some countries. However, Japan's deflationary headwinds have resurfaced; and China shows signs of slowing from credit distress combined with declines in manufacturing and exports. Most recently, tensions between Russia and Ukraine may continue to hold back stocks and support government bonds in the near term.

Despite these headwinds, there are some encouraging signs of forward momentum in the markets. In the U.S., the news is more positive with financial risks slowly receding, positive GDP trends, downward trending unemployment and stronger household finances and corporate spending.

It is in such changeable markets that professional investment management is most important. Investment teams who have experienced challenging markets in the past understand how their asset class can behave in rapidly changing times. Remaining committed to their investment disciplines during these times is a critical component to achieving long-term success. In fact, many strong investment track records are established during challenging periods because experienced investment teams understand that volatile markets place a premium on companies and investment ideas that can weather the short-term volatility. By maintaining appropriate time horizons, diversification and relying on practiced investment teams, we believe that investors can achieve their long-term investment objectives.

As always, I encourage you to communicate with your financial consultant if you have any questions about your investment in a Nuveen Fund. On behalf of the other members of the Nuveen Fund Board, we look forward to continuing to earn your trust in the months and years ahead.

William J. Schneider
Chairman of the Board
September 22, 2014

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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 Lieb and Phil Jacoby lead the team. Here Mark and Phil talk about the U.S. economy and equity markets, their management strategy and the performance of the Funds for the twelve-month reporting period ended July 31, 2014.

What factors affected the U.S. economy and equity markets during the twelve-month reporting period ended July 31, 2014?

During this reporting period, the U.S. economy continued its advance toward recovery from recession. The Federal Reserve (Fed) maintained efforts to bolster growth and promote progress toward its mandates of maximum employment and price stability by holding the benchmark fed funds rate at the record low level of zero to 0.25% that it established in December 2008. Based on its view that the underlying strength in the broader economy was enough to support ongoing improvement in the labor market, the Fed began to reduce or taper its monthly asset purchases in \$10 billion increments over the course of five consecutive meetings (December 2013 through June 2014). As of July 2014, the Fed's monthly purchases comprise \$15 billion in mortgage backed securities (versus the original \$40 billion per month) and \$20 billion in longer-term Treasury securities (versus \$45 billion). Following its June 2014 meeting the Fed reiterated that it would continue to look at a wide range of factors, including labor market conditions, indicators of inflationary pressures and readings on financial developments, in determining future actions, saying that it would likely maintain the current target range for the fed funds rate for a considerable time after the asset purchase program ends, especially if projected inflation continues to run below the Fed's 2% longer-run goal.

In the second quarter of 2014, the U.S. economy, as measured by the U.S. gross domestic product (GDP), grew 4.2%. In the previous quarter, GDP contracted at an annualized rate of 2.1%, the economy's weakest quarter since the recession officially ended in June 2009. The decline during this period was attributed in part to the severe weather of the past winter, which deterred consumer spending and disrupted construction, production and shipping. The Consumer Price Index (CPI) rose 2.4% year-over-year as of July 2014, while the core CPI (which excludes food and energy) increased 1.9% during the same period, in line with the Fed's unofficial longer term objective of 2.0% for this inflation measure. As of July 2014, the national unemployment rate remained at 6.2%, down from the 7.3% reported in July 2013, but still higher than levels that would provide consistent support for optimal GDP growth. During the last twelve months, the unemployment rate and the number of unemployed persons have declined by 1.1% and 1.7 million, respectively. The housing

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 (S&P), Moody's Investors Service, Inc. (Moody's) or Fitch, Inc. (Fitch). 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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Portfolio Managers' Comments (continued)

market continued to post gains as the average home price in the S&P/Case-Shiller Index of 20 major metropolitan areas rose 8.1% for the twelve months ended July 2014.

Several events touched off increased volatility in the financial markets. First, in May 2013, then-Fed Chairman Ben Bernanke's remarks about tapering the Fed's asset purchase program triggered widespread uncertainty about the next step for the Fed's quantitative easing program and its impact on the markets as well as the overall economy. Meanwhile, political debate over federal spending continued, as Congress failed to reach an agreement on the federal budget for Fiscal 2014. On October 1, 2013, the start date for Fiscal 2014, the federal government shut down for 16 days until an interim appropriations bill was signed into law. (Consensus on a \$1.1 trillion federal spending bill was ultimately reached in January 2014, and in February 2014, members of Congress agreed to suspend the \$16.7 trillion debt ceiling until March 2015.)

The preferred securities market staged a strong recovery this year from the weak environment in 2013 caused by the government bond market's psychological adjustment to the risk of discontinued bond buying from the Fed in 2014. The \$1,000 par dominated Barclays USD Capital Securities Index posted a 10.33% return during the reporting period and the \$25 par dominated BofA/Merrill Lynch Preferred Securities Fixed Rate Index posted a 8.75% return. While the 10-year U.S. Treasury rate was essentially unchanged on July 31, 2014 versus a year earlier, the 10-year yield gyrated during that timeframe between a low of 2.44% and a high of 3.03%. During the reporting period, relatively subordinate Tier 1 structures once again outperformed more senior lower Tier 2 structures. The Tier 1 sub-index of the Barclays USD Capital Securities Index posted a return of 12.24%, which was well above the 9.71% return posted by the Lower Tier 2 sub-index.

What key strategies were used to manage the Funds during the twelve-month reporting period ended July 31, 2014?

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 efforts to preserve capital and provide attractive income relative to investment grade and senior corporate credit.

During the reporting period, we generally sold low yield-to-call step-up paper that had done well and had little upside remaining. Step-up preferred shares that pay a fixed dividend for a specific period of time and then a floating rate for some time later did particularly well as they offer prospective interest rate risk protection. At the beginning of the year, we purchased longer term paper in the \$25 par sector and added to concentrations in the additional Tier 1 sector of foreign banking in order to pick up yield and duration as we believed that longer term securities would do well after being over sold late last year. In the latter part of the reporting period, we added new positions in high coupon fixed-to-floating rate preferred stocks of U.S. banks and fixed-to-floating rate bonds of foreign utilities in order to reduce longer-term interest rate risk.

How did the Funds perform during the twelve-month reporting period ended July 31, 2014?

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, 2014. For the twelve-month reporting period ended July 31, 2014, all three Funds' common shares at net asset value (NAV) outperformed the Barclays U.S. Aggregate Bond Index and the Blended Benchmark.

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During the reporting period, several items contributed positively to the performance of the Funds: 1) outperformance of the \$25 par sector relative to the positive performance \$1,000 par sector, 2) outperformance of the European Tier 1 step-up sector, 3) the declining trend in long term interest rates, and 4) security selection. When interest rates go down callable securities (such as those in the \$25 par sector with 5 year call options) tend to experience a reduction in duration, and conversely when rates rise their duration rises too this "negative convexity" can cause the \$25 par sector to be more volatile than the \$1,000 par sector when long rates move significantly in one direction. Of course, volatility can have positive valuation implications when rates decline like they have during this reporting period. The outperformance of the \$25 par sector was particularly notable in the second half of the reporting period because it more than recovered the valuation losses that occurred during the first half of the reporting, the incremental move higher can be explained by preferred spreads moving about 50bps tighter relative to the decline in U.S. Treasury bond yields.

Capital Securities rallied tighter too, in particular, high coupon long duration capital securities did the best. Performance in this \$1,000 par sector was also aided by the improvement in a subsector called the European Tier 1 step-up sector. There had been heightened uncertainty around this group of securities due to expected changes in regulation, specifically, around the degree of their usefulness in the issuers' capital structure and the possibility that they would be extended rather than called at better prices. During the reporting period, European Banking Regulators agreed that this step-up sector would continue to have a role in the capital structure, but would soon become more economical to redeem. The end result of this regulatory clarity was a rally from what had been discounted prices.

Those positions that contributed to the Funds' outperformance include, Goldman Sachs Capital II and Centaur Funding. Goldman did well due to a timely tender offer to buy all of its trust preferred capital securities at a premium to the market. Centaur Funding Corporation, a high coupon issue, tightened amidst the rally in the U.S. Treasury market.

Strong absolute performance notwithstanding, there were several items that detracted from the performance which can be primarily explained as duration extension in the second half of 2013 and specific credit issues. As discussed, the duration or interest rate sensitivity of certain instruments can extend or lengthen when interest rate increase. The Funds' duration extended by a little over two and half years during the second half of 2013 which detracted from performance. Most of the duration extension risk had passed this by January 2014. Specific holdings that detracted from performance include the preferreds of Wachovia Bank and Barclay's Bank. Wachovia called a preferred security which was trading above par using an unusual regulatory par call. Barclay's Bank preferreds traded down as the bank saw one of its marginal revenue in its trading operation decline.

Fund**Leverage****IMPACT OF THE FUNDS' LEVERAGE STRATEGY ON PERFORMANCE**

One important factor impacting the returns of the Funds relative to their benchmarks was the Funds' use of leverage through the use of bank borrowings. The Funds use leverage because our research has shown 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. The Funds' use of leverage had a positive impact on performance during this reporting period.

The Funds also continued to use swap contracts to partially fix the interest cost of leverage, which as mentioned previously, the Funds use through bank borrowings. Each Fund's swap contracts detracted modestly from overall Fund performance during this reporting period.

As of July 31, 2014, the Funds' percentages of leverage are shown in the accompanying table.

	JTP	JPS	JHP
Effective Leverage*	27.99%	27.92%	28.00%
Regulatory Leverage*	27.99%	27.92%	28.00%

* 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.

THE FUNDS' REGULATORY LEVERAGE*Bank Borrowings*

The Funds employ regulatory leverage through the use of bank borrowings. As of July 31, 2014, the Funds have outstanding bank borrowings as shown in the accompanying table.

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

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

Common Share**Information****DISTRIBUTION INFORMATION**

The following information regarding the Funds' distributions is current as of July 31, 2014. Each Fund's distribution levels may vary over time based on each Fund's investment activities and portfolio investment value changes.

During the current reporting period, each Fund's distributions to common shareholders were as shown in the accompanying table.

Ex-Dividend Date	Per Common Share Amounts		
	JTP	JPS	JHP
August 2013	\$ 0.0500	\$ 0.0550	\$ 0.0520
September	0.0520	0.0550	0.0520
October	0.0520	0.0550	0.0520
November	0.0520	0.0550	0.0520
December	0.0520	0.0550	0.0520
January	0.0520	0.0550	0.0520
February	0.0520	0.0550	0.0520
March	0.0520	0.0550	0.0520
April	0.0520	0.0550	0.0520
May	0.0520	0.0550	0.0520
June	0.0520	0.0550	0.0520
July 2014	0.0520	0.0550	0.0520
Non-Recurring supplemental taxable distribution*	0.0387		0.0422
Current Distribution Rate**	7.47%	7.40%	7.40%

* Distribution paid in December 2013.

** 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.

Each Fund in this report seeks to pay regular monthly dividends out of its net investment income at a rate that reflects its past and projected net income performance. To permit each Fund to maintain a more stable monthly dividend, the Fund may pay dividends at a rate that may be more or less than the amount of net income actually earned by the Fund during the period. If a Fund has cumulatively earned more than it has paid in dividends, it will hold the excess in reserve as undistributed net investment income (UNII) as part of the Fund's net asset value. Conversely, if a Fund has cumulatively paid in dividends more than it has earned, the excess will constitute a negative UNII that will likewise be reflected in the Fund's net asset value. Each Fund will, over time, pay all its net investment income as dividends to shareholders.

As of July 31, 2014, all of the Funds in this report had positive UNII balances for both tax and financial reporting purposes.

All monthly dividends paid by the Funds during the fiscal year ended July 31, 2014 were paid from net investment income. In certain future instances, a portion of each Fund's monthly distributions may be paid from sources or comprised of elements other than net investment income, including capital gains and/or a return of capital, and in such a case the shareholders will receive a notice to that effect. The composition and per share amounts of each Fund's monthly dividends for the fiscal year are presented in the Statement of Changes in Net Assets and Financial Highlights, respectively (for reporting purposes) and in Note 6 Income Tax Information within the accompany Notes to Financial Statements (for income tax purposes), later in this report.

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Common Share Information (continued)**COMMON SHARE REPURCHASES**

As of July 31, 2014, and since the inception of the Funds' repurchase programs, the Funds have cumulatively repurchased and retired their common shares as shown in the accompanying table.

	JTP	JPS	JHP
Common Shares Cumulatively Repurchased and Retired	0	0	20,000
Common Shares Authorized for Repurchase	6,465,000	12,040,000	2,375,000

During the current reporting period, the Funds repurchased and retired common shares at a weighted average price and a weighted average discount per common share as shown in the accompanying table.

	JTP	JPS	JHP
Common Shares Repurchased and Retired	0	0	20,000
Weighted Average Price Per Common Share Repurchased and Retired	\$ 0	\$ 0	\$ 7.78
Weighted Average Discount Per Common Share Repurchased and Retired	0%	0%	13.58%

COMMON SHARE EQUITY SHELF PROGRAMS

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.

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.

Refer to Notes to Financial Statements, Note 1 – General Information and Significant Accounting Policies for further details and the Funds' equity shelf programs.

OTHER COMMON SHARE INFORMATION

As of July 31, 2014, 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	JPS	JHP
Common Share NAV	\$ 9.31	\$ 9.95	\$ 9.65
Common Share Price	\$ 8.35	\$ 8.92	\$ 8.43
Premium/(Discount) to NAV	(10.31)%	(10.35)%	(12.64)%
12-Month Average Premium/(Discount) to NAV	(10.68)%	(10.68)%	(11.53)%

Nuveen Investments

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. Fund common shares are subject to a variety of risks, including:

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 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.

Counterparty Risk. To the extent that a Fund's derivative investments are purchased or sold in over-the-counter transactions, the Fund will be exposed to the risk that counter- parties to these transactions will be unable to meet their obligations.

Interest Rate Swaps Risk. The risk that yields will move in the direction opposite to the direction anticipated by a Fund, which would cause a Fund to make payments to its counterparty in the transaction that could adversely affect the Fund's performance.

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JTP**Nuveen Quality Preferred Income Fund****Performance Overview and Holding Summaries as of July 31, 2014**

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

Average Annual Total Returns as of July 31, 2014

	1-Year	Average Annual 5-Year	10-Year
JTP at Common Share NAV	12.65%	16.86%	4.00%
JTP at Common Share Price	13.63%	15.07%	3.63%
Barclays U.S. Aggregate Bond Index	3.97%	4.47%	4.80%
Blended Benchmark (Comparative Index)	11.38%	11.38%	4.58%

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. Returns at NAV are net of Fund expenses, and assume reinvestment of distributions. 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

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This data relates to the securities held in the Fund's portfolio of investments as of the end of the reporting period. It should not be construed as a measure of performance for the Fund itself. Holdings are subject to change.

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.

Fund Allocation

(% of net assets)

Convertible Preferred Securities	0.6%
\$25 Par (or similar) Retail Preferred	50.0%
Corporate Bonds	7.8%
\$1,000 Par (or similar)	
Institutional Preferred	77.6%
Investment Companies	1.1%
Short-Term Investments	1.0%
Borrowings	(38.9)%
Other Assets Less Liabilities	0.8%

Portfolio Composition

(% of total investments)¹

Banks	34.1%
Insurance	29.0%
Real Estate Investment Trust	8.3%
Capital Markets	7.0%
Electric Utilities	3.9%
Short-Term Investments	0.7%
Other Industries	17.0%

Country Allocation

(% of total investments)¹

United States	63.2%
United Kingdom	11.4%
Netherlands	5.8%
France	4.7%
Other Countries	14.9%

Top Five Issuers

(% of total investments)¹

Bank of America Corporation	4.0%
General Electric Company	3.7%
HSBC Holdings PLC	3.7%

PNC Financial Services Group Inc	3.4%
Deutsche Bank AG	2.7%

Credit Quality

(% of total investments)¹

AA	3.7%
A	14.9%
BBB	67.0%
BB or Lower	12.8%
N/A (not applicable)	1.6%

1 Excluding investments in derivatives.

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JPS**Nuveen Quality Preferred Income Fund 2****Performance Overview and Holding Summaries as of July 31, 2014**

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

Average Annual Total Returns as of July 31, 2014

	Average Annual		
	1-Year	5-Year	10-Year
JPS at Common Share NAV	12.83%	16.65%	4.50%
JPS at Common Share Price	13.76%	14.22%	4.26%
Barclays U.S. Aggregate Bond Index	3.97%	4.47%	4.80%
Blended Benchmark (Comparative Index)	11.38%	11.38%	4.58%

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. Returns at NAV are net of Fund expenses, and assume reinvestment of distributions. 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

Nuveen Investments

14

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Fund Allocation

(% of net assets)

Convertible Preferred Securities	0.4%
\$25 Par (or similar) Retail Preferred	48.8%
Corporate Bonds	7.9%
\$1,000 Par (or similar)	
Institutional Preferred	78.3%
Investment Companies	1.3%
Short-Term Investments	1.1%
Borrowings	(38.7)%
Other Assets Less Liabilities	0.9%

Portfolio Composition

(% of total investments)¹

Insurance	31.7%
Banks	31.3%
Capital Markets	7.5%
Real Estate Investment Trust	7.2%
Diversified Financial Services	6.0%
Short-Term Investments	0.8%
Other Industries	15.5%

Country Allocation

(% of total investments)¹

United States	63.3%
United Kingdom	9.6%
Netherlands	6.5%
France	5.2%
Other Countries	15.4%

Top Five Issuers

(% of total investments)¹

MetLife Inc	4.0%
General Electric Company	3.6%
JPMorgan Chase & Company	3.5%

PNC Financial Services	3.4%
Wells Fargo and Company	3.3%

Credit Quality

(% of total investments)¹

AA	3.6%
A	15.1%
BBB	68.9%
BB or Lower	10.6%
N/A (not applicable)	1.8%

1 Excluding investments in derivatives.

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JHP**Nuveen Quality Preferred Income Fund 3****Performance Overview and Holding Summaries as of July 31, 2014**

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

Average Annual Total Returns as of July 31, 2014

	Average Annual		
	1-Year	5-Year	10-Year
JHP at Common Share NAV	12.97%	16.53%	4.30%
JHP at Common Share Price	11.09%	14.17%	3.54%
Barclays U.S. Aggregate Bond Index	3.97%	4.47%	4.80%
Blended Benchmark (Comparative Index)	11.38%	11.38%	4.58%

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. Returns at NAV are net of Fund expenses, and assume reinvestment of distributions. 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

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This data relates to the securities held in the Fund's portfolio of investments as of the end of the reporting period. It should not be construed as a measure of performance for the Fund itself. Holdings are subject to change.

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.

Fund Allocation

(% of net assets)

Convertible Preferred Securities	0.0%
\$25 Par (or similar) Retail Preferred	49.7%
Corporate Bonds	6.3%
\$1,000 Par (or similar)	
Institutional Preferred	79.2%
Investment Companies	1.4%
Short-Term Investments	1.6%
Borrowings	(38.9)%
Other Assets Less Liabilities	0.7%

Portfolio Composition

(% of total investments)¹

Banks	36.8%
Insurance	28.1%
Capital Markets	8.0%
Real Estate Investment Trust	5.7%
Diversified Financial Services	4.0%
Short-Term Investments	1.1%
Other Industries	16.3%

Country Allocation

(% of total investments)¹

United States	60.8%
United Kingdom	11.8%
France	6.6%
Netherlands	5.5%
Other Countries	15.3%

Top Five Issuers

(% of total investments)¹

JPMorgan Chase & Company	4.3%
Wells Fargo and Company	3.9%
Bank of America Corporation	3.9%

General Electric Company	3.4%
Vodafone Group Public Limited Company	2.9%

Credit Quality

(% of total investments)¹

AA	3.4%
A	12.5%
BBB	68.8%
BB or Lower	13.2%
N/A (not applicable)	2.1%

¹ Excluding investments in derivatives.

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Shareholder**Meeting Report**

The annual meeting of shareholders was held in the offices of Nuveen Investments on April 11, 2014 for JTP, JPS and JHP; 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 Adams IV			
For	55,810,366	103,873,143	19,696,658
Withhold	1,393,251	3,128,873	752,412
Total	57,203,617	107,002,016	20,449,070
David J. Kundert			
For	55,688,952	103,841,650	19,661,729
Withhold	1,514,665	3,160,366	787,341
Total	57,203,617	107,002,016	20,449,070
John K. Nelson			
For	55,782,009	103,927,421	19,703,153
Withhold	1,421,608	3,074,595	745,917
Total	57,203,617	107,002,016	20,449,070
Terence J. Toth			
For	55,774,714	103,904,041	19,695,210
Withhold	1,428,903	3,097,975	753,860
Total	57,203,617	107,002,016	20,449,070

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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, 2014, 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, 2014, 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, 2014, 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, 2014

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JTP

Nuveen Quality Preferred Income Fund

Portfolio of Investments July 31, 2014

Shares	Description (1)	Coupon	Ratings (2)	Value
	LONG-TERM INVESTMENTS	137.1% (99.3% of Total Investments)		
	CONVERTIBLE PREFERRED SECURITIES	0.6% (0.5% of Total Investments)		
	Banks 0.6%			
3,270	Wells Fargo & Company	7.500%	BBB+	\$ 3,956,700
	Total Convertible Preferred Securities (cost \$3,780,261)			3,956,700
Shares	Description (1)	Coupon	Ratings (2)	Value
	\$25 PAR (OR SIMILAR) RETAIL PREFERRED	50.0% (36.2% of Total Investments)		
	Banks 9.7%			
32,500	AgriBank FCB, (3)	6.875%	A	\$ 3,432,813
18,000	Bank of America Corporation	6.375%	BB+	451,260
2,100	Barclays Bank PLC	6.625%	BBB	53,256
150,514	Citigroup Capital XIII	7.875%	BBB	4,077,424
185,000	Citigroup Inc.	6.875%	BB+	4,970,950
350	Citigroup Inc.	5.800%	BB+	8,257
62,000	City National Corporation	5.500%	BBB	1,396,240
26,000	Fifth Third Bancorp.	6.625%	BBB	699,660
144,700	First Niagara Finance Group	8.625%	BB+	4,189,065
100,000	FirstMerit Corporation	5.875%	BBB	2,349,000
35,000	General Electric Capital Corporation	4.875%	AA+	827,400
50,000	General Electric Capital Corporation	4.875%	AA+	1,205,500
9,000	General Electric Capital Corporation	4.700%	AA+	206,730
18,400	HSBC Holdings PLC	8.000%	BBB+	498,088
11,863	HSBC Holdings PLC	6.200%	BBB+	300,134
150,000	HSBC USA Inc.	2.858%	BBB+	7,447,500
47,500	JPMorgan Chase Capital Trust XXIX	6.700%	BBB	1,211,725
81,008	Merrill Lynch Preferred Capital Trust V	7.280%	BB+	2,083,526
742,900	PNC Financial Services	6.125%	BBB	20,229,167
25,950	Royal Bank of Scotland Group PLC	5.750%	BB	603,597
91,051	Wells Fargo & Company	5.850%	BBB+	2,330,906

	Total Banks			58,572,198
	Capital Markets 3.2%			
	Affiliated Managers			
25,200	Group Inc.	5.250%	BBB	650,664
515,646	Deutsche Bank Capital Funding Trust II	6.550%	BBB	13,509,925
40,122	Deutsche Bank Contingent Capital Trust III	7.600%	BBB	1,102,553
4,500	Goldman Sachs Group Inc., Series GSG-2 (PPLUS)	5.750%	A	113,670
43,900	Morgan Stanley Capital Trust IV	6.250%	BB+	1,106,280
37,000	State Street Corporation	5.900%	BBB+	953,490
72,700	State Street Corporation	5.250%	BBB+	1,672,827
	Total Capital Markets			19,109,409
	Diversified Financial Services 2.8%			
36,800	ING Groep N.V.	7.375%	BBB	942,816
625,776	ING Groep N.V.	7.200%	BBB	16,138,763
	Total Diversified Financial Services			17,081,579
	Diversified Telecommunication Services 2.5%			
144,434	Qwest Corporation	7.500%	BBB	3,813,058
47,803	Qwest Corporation	7.375%	BBB	1,252,917
101,300	Qwest Corporation	7.000%	BBB	2,606,449
67,900	Qwest Corporation	7.000%	BBB	1,747,746
155,600	Qwest Corporation	6.125%	BBB	3,656,600
82,042	Verizon Communications Inc.	5.900%	A	2,085,508
	Total Diversified Telecommunication Services			15,162,278

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Shares	Description (1)	Coupon	Ratings (2)	Value
	Electric Utilities 3.6%			
178,000	Alabama Power Company, (3)	6.450%	A3	\$ 4,722,571
91,819	Duke Energy Capital Trust II	5.125%	Baa1	2,147,646
14,903	Entergy Arkansas Inc.	5.750%	A	380,176
22,668	Entergy Arkansas Inc.	4.750%	A	502,550
15,000	Entergy Louisiana LLC	5.250%	A2	360,000
92,100	Integrus Energy Group Inc.	6.000%	BBB	2,369,733
64,800	Interstate Power and Light Company	5.100%	BBB	1,599,912
250,999	NextEra Energy Inc.	5.125%	BBB	5,439,148
185,974	NextEra Energy Inc.	5.000%	BBB	3,903,594
5,102	PPL Capital Funding, Inc.	5.900%	BB+	121,019
	Total Electric Utilities			21,546,349
	Food Products 0.5%			
28,100	Dairy Farmers of America Inc., 144A, (3)	7.875%	Baa3	3,021,630
	Insurance 11.4%			
795,723	Aegon N.V.	6.375%	Baa1	20,282,979
248,300	Aflac Inc.	5.500%	BBB+	5,998,928
7,569	Allstate Corporation, (5)	6.250%	BBB	191,874
6,700	Allstate Corporation	5.625%	BBB	163,882
147,000	Allstate Corporation	5.100%	Baa1	3,667,650
64,043	Arch Capital Group Limited	6.750%	BBB	1,729,161
10,965	Aspen Insurance Holdings Limited	7.250%	BBB	285,309
156,458	Aspen Insurance Holdings Limited	5.950%	BBB	3,892,675
226,594	Axis Capital Holdings Limited	6.875%	BBB	5,868,785
167,100	Axis Capital Holdings Limited	5.500%	BBB	3,796,512
231,787	Delphi Financial Group, Inc., (3)	7.376%	BBB	5,743,983
125,430	Hartford Financial Services Group Inc.	7.875%	BB+	3,729,034
46,984	PartnerRe Limited	5.875%	BBB+	1,130,905
166,360	Prudential PLC	6.750%	A	4,240,516
104,100	Reinsurance Group of America Inc.	6.200%	BBB	2,821,110
4,000	RenaissanceRe Holdings Limited	5.375%	BBB+	91,120
88,198	Torchmark Corporation	5.875%	BBB+	2,188,192
126,900		5.625%	BBB	2,900,934

	W.R. Berkley Corporation			
	Total Insurance			68,723,549
	Machinery 1.0%			
244,403	Stanley Black and Decker, Inc.	5.750%	BBB+	6,004,982
	Media 0.7%			
163,689	Comcast Corporation	5.000%	A	4,084,041
	Multi-Utilities 1.6%			
212,097	Dominion Resources Inc.	8.375%	BBB	5,450,893
150,800	DTE Energy Company	6.500%	Baa1	3,941,912
7,083	Scana Corporation	7.700%	BBB	182,458
	Total Multi-Utilities			9,575,263
	Real Estate Investment Trust 11.2%			
150,000	DDR Corporation, (4)	6.250%	Baa3	3,666,000
1,873	Digital Realty Trust Inc.	7.375%	Baa3	47,855
2,530	Digital Realty Trust Inc.	7.000%	Baa3	64,287
33,292	Digital Realty Trust Inc.	5.875%	Baa3	736,419
	Duke Realty Corporation, Series L	6.600%	Baa3	1,771,306
19,843	Health Care REIT, Inc.	6.500%	Baa3	510,362
	Hospitality Properties Trust	7.125%	Baa3	3,712,436
	Kimco Realty Corporation	6.900%	Baa2	120,484
102,200	Kimco Realty Corporation	5.625%	Baa2	2,384,326
3,883	Kimco Realty Corporation	5.500%	Baa2	88,571
55,924	National Retail Properties Inc.	6.625%	Baa2	1,406,489

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JTP Nuveen Quality Preferred Income Fund
Portfolio of Investments (continued) July 31, 2014

Shares	Description (1)	Coupon	Ratings (2)	Value
	Real Estate Investment Trust (continued)			
12,235	PS Business Parks, Inc.	6.875%	Baa2	\$ 312,482
112,407	PS Business Parks, Inc.	6.450%	Baa2	2,782,073
201,493	PS Business Parks, Inc.	6.000%	Baa2	4,785,459
7,720	PS Business Parks, Inc.	5.700%	Baa2	174,781
220,328	Public Storage, Inc.			5,402,443
2,351	Public Storage, Inc.	6.500%	A	62,302
22,656	Public Storage, Inc.	6.350%	A	577,728
104,063	Public Storage, Inc.	5.750%	A	2,544,340
9,000	Public Storage, Inc.	5.625%	A	213,300
235,318	Public Storage, Inc.	5.200%	A	5,287,595
268,800	Realty Income Corporation	6.625%		