

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

NUVEEN QUALITY PREFERRED INCOME FUND 2
Form N-CSR
March 08, 2006

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-21137

Nuveen Quality Preferred Income Fund 2

(Exact name of registrant as specified in charter)

Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606

(Address of principal executive offices) (Zip code)

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

(Name and address of agent for service)

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

Date of fiscal year end: December 31

Date of reporting period: December 31, 2005

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

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

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

ITEM 1. REPORTS TO STOCKHOLDERS.

Annual Report December 31, 2005

Nuveen Investments
Exchange-Traded
Closed-End
Funds

NUVEEN QUALITY
PREFERRED INCOME
FUND
JTP

NUVEEN QUALITY
PREFERRED INCOME
FUND 2
JPS

[GRAPHIC OMITTED]

NUVEEN QUALITY
PREFERRED INCOME
FUND 3
JHP

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

[LOGO]
NUVEEN
Investments

[PHOTOS OMITTED]

NOW YOU CAN RECEIVE YOUR
NUVEEN FUND REPORTS FASTER.

NO MORE WAITING.
SIGN UP TODAY TO RECEIVE NUVEEN FUND INFORMATION BY E-MAIL.

It only takes a minute to sign up for E-Reports. Once enrolled, you'll receive an e-mail as soon as your Nuveen Investments Fund information is ready -- no more waiting for delivery by regular mail. Just click on the link within the e-mail to see the report, and save it on your computer if you wish.

DELIVERY DIRECT TO
YOUR E-MAIL INBOX

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

IT'S FAST, EASY & FREE:

www.investordelivery.com

if you get your Nuveen Fund dividends and statements from your financial advisor or brokerage account.

OR

www.nuveen.com/accountaccess

if you get your Nuveen Fund dividends and statements directly from Nuveen.

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

[LOGO]
NUVEEN
Investments

[PHOTO OMITTED]

Timothy R. Schwertfeger
Chairman of the Board

Chairman's
Letter to Shareholders

I am very pleased to report that for the year ended December 31, 2005, your Fund continued to provide you with attractive monthly income from a diversified portfolio of quality preferred securities. For more information on your Fund's performance, please read the Portfolio Managers' Comments, the Distribution and Share Price Information, and the Performance Overview sections of this report.

Portfolio diversification is a recognized way to try to reduce some of the risk that comes with investing. Since one part of your portfolio may be going up when another is going down, portfolio diversification may help smooth your investment returns over time. In addition to providing regular monthly income, a preferred securities investment like your Fund may help you achieve and benefit from greater portfolio diversification. Your financial advisor can explain these potential advantages in more detail. I urge you to contact him or her soon for more information on this important investment strategy.

"In addition to providing regular monthly income, a preferred securities investment like your Fund may help you achieve and benefit from greater portfolio diversification."

As you look through this report, be sure to review the inside front cover. This contains information on how you can receive future Fund reports and other Fund information faster by using e-mails and the Internet. Sign up is quick and easy - just follow the step-by-step instructions.

As we noted in our last shareholder report, The St. Paul Travelers Companies, Inc., which had owned 79% of Nuveen Investments, Inc. (the parent of your Fund's investment adviser), had sold a substantial portion of its stake in Nuveen. Since then, St. Paul has sold the balance of its shares to Nuveen Investments or to others. Please be assured that these

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

transactions only affected Nuveen's corporate structure, and they do not have any impact on the investment objectives or management of your Fund.

At Nuveen Investments, our mission continues to be to assist you and your financial advisor by offering investment services and products that can help you to secure your financial objectives. We are grateful that you have chosen us as a partner as you pursue your financial goals, and we look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

/s/ Timothy R. Schwertfeger

Timothy R. Schwertfeger
Chairman of the Board

February 15, 2006

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

Portfolio Managers'
Comments

The Nuveen Quality Preferred Income Funds are subadvised by a team of specialists at Spectrum Asset Management, Inc., an affiliate of Principal Capital (SM). Mark Lieb, Bernie Sussman and Phil Jacoby, who have more than 50 years of combined experience in the preferred securities markets, lead the team. Here Mark, Bernie and Phil talk about their management strategy and the performance of each Fund for the 12-month period ended December 31, 2005.

What were the general economic conditions and market trends over the course of 2005?

The U.S. economy posted another year of growth in 2005. The Gross Domestic Product grew 3.5% during the year, in line with the rise of the Consumer Price Index. The U.S. equity market, as measured by the Standard & Poor's 500 Index, produced a return of 4.91%. The Federal Reserve continued to be on guard against an increase in the rate of inflation, raising the closely-watched short-term fed funds rate to 4.25% by year end. (On January 31, 2006, after the close of this reporting period, the Fed raised the fed funds rate to 4.50%.)

As with most fixed income investors, participants in the preferred market spent much of the year concerned with Fed tightening, potential inflation, rising energy prices, and the economic impact of natural disasters. Credit spreads began 2005 at historically narrow levels relative to U.S. Treasury and corporate bonds, and individual investors began to shy away from \$25 par preferreds early in the year fearing poor performance as the Fed continued to raise the fed funds rate. The \$25 par market also suffered from what was at times more new issue supply than could readily be absorbed. Consequently, the Merrill Lynch Preferred Stock Hybrid Index returned 0.46% in 2005, which is the worst performance for this index since 1999. The year also saw significant new issuance of DRD (dividends received deduction) preferred securities. This new DRD supply caused some price weakness during the summer, but DRDs rallied during the fourth quarter and outperformed other preferreds as well as the general bond market.

The \$1000 par Capital Security sector, targeted to institutional investors, also experienced healthy new issuance. Fortunately, institutional investors were

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

ravenous for the incremental yield afforded by this sector and the strong demand prevented any of the dislocations we saw in the \$25 par market. The Lehman Tier 1 Capital Securities Index rise of 3.68% for the year far outpaced returns in the \$25 sector. Many of the new securities in the institutional sector utilized a new structure which provided more equity

4

credit for the issuers and provided higher yields for investors. The advent of these new types of "enhanced equity" preferreds is expected to foster a broad expansion of the hybrid preferred securities market, which reached a size of about \$276 billion by year end following record new issuance of \$46 billion in 2005. (Hybrid preferred carry stated maturities and fixed coupons, but they can be treated by companies as equity for financial statement purposes.)

What strategies and tactics did you use to manage the Funds' assets?

We did some rebalancing between the \$25 par and \$1000 par Capital Security sectors because of relative value considerations. We sold \$1000 par Capital Securities, which were aggressively bid up, and bought the relatively cheaper \$25 par securities. This decreased the Capital Security concentrations in the Funds. Many of the Capital Security sales were high coupon callable securities that were trading to their first call date and had little to no upside. As a result we also were being proactive in managing upcoming call exposure within the Funds' portfolios. We also reduced the Funds' exposure to mandatory convertible preferreds, as many of these issues were approaching their "maturity" date.

How did the Funds perform over the 12-months ended December 31, 2005?

The performance of each Fund, as well as the performance of a relevant index and benchmark, is shown in the nearby chart.

Total Return on Net Asset Value
For the 12-month period ended December 31, 2005

| | |
|--|-------|
| JTP | 2.89% |
| ----- | |
| JPS | 3.01% |
| ----- | |
| JHP | 2.88% |
| ----- | |
| Lehman Brothers Aggregate Bond Index(1) | 2.43% |
| ----- | |
| Comparative Benchmark(2) | 1.92% |
| ----- | |

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

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

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

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

values of \$150 million or more. Index returns do not include the effects of any sales charges or management fees. It is not possible to invest directly in an index.

- (2) Comparative benchmark performance is a blended return consisting of: 1) 55% of the Merrill Lynch Preferred Stock Hybrid Securities Index is an unmanaged index of investment-grade, exchange-traded preferred stocks with outstanding market values of at least \$30 million and at least one year to maturity; and 2) 45% of the Lehman Tier 1 Capital Securities Index, an unmanaged index that includes securities that can generally be viewed as hybrid fixed-income securities that either receive regulatory capital treatment or a degree of "equity credit" from a rating agency.

5

Over the course of what turned out to be a difficult 12-month period, all three Funds outperformed the Lehman Brothers Aggregate Bond Index and a comparative benchmark.

Taking advantage of the large amount of new issuance in the preferred DRD sector and the attractiveness of their yields compared to other preferreds, we increased our concentration in these securities and reaped the benefits as these positions generally performed well toward the end of the year.

In addition, in keeping with our strategy of selling Capital Securities and purchasing \$25 par securities due to their relative values, we sold high coupon U.S. bank trust preferred securities which become callable in late 2006 or early 2007. These securities were priced to their first call dates because the market fully expected them to get called. Selling these short duration securities, which had little to no price upside, throughout 2005 positioned the Funds ahead of the call cycle, especially as the short end of the yield curve sold off. We also bought several of the new "enhanced equity" issues which provided relatively higher income levels and attractive total return opportunities.

We began 2005 with a relatively light concentration in the automotive industry, when compared with the sector's standing in the preferred market. Nevertheless, in hindsight, the positions were not small enough. Many of these holdings were in the senior debt which we had bought when it looked cheap compared to their \$25 par preferred counterparts. We began selling Ford and General Motors in January 2005 (for a profit) and had been selling Delphi since 2004. We took some losses when we liquidated our position in Delphi early in the year while it was still making payments and thereby avoided the huge price declines that accompanied Delphi's subsequent bankruptcy filing. These three automotive names were the worst performers in 2005. As of year end, we had no exposure to Ford, GM and Delphi, and a relatively small position in Daimler Chrysler.

6

Distribution and Share Price Information

Each of these Funds uses financial leverage in an effort to enhance its dividend-paying capabilities. While this strategy adds volatility to a Fund's net asset value and share price, it generally enhances the amount of income the Fund has to distribute to its common shareholders. The extent of this benefit is tied in part to the short-term rates these Funds pay their FundPreferred™ shareholders. As short-term rates rose through this reporting period, the Funds paid higher dividends to their FundPreferred shareholders. As a result, the

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

leveraging strategy did not provide as much income enhancement as it did before short-term interest rates began to rise. Over this reporting period JTP and JHP announced two reductions in their monthly distribution to shareholders, while JPS announced three distribution reductions.

Each of these Funds seeks to pay stable distributions at rates that reflect each Fund's past results and projected future performance. During certain periods, each Fund may pay distributions 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 distributions, it holds the excess in reserve as undistributed net investment income (UNII) as part of the Fund's NAV. Conversely, if a Fund has cumulatively paid distributions in excess of its earnings, the excess constitutes negative UNII that is likewise reflected in the Fund's NAV. Each Fund will, over time, pay all of its net investment income in distributions to shareholders. As of December 31, 2005, each of the Funds in this report had positive UNII balances for both financial statement and tax purposes.

In addition, due to normal portfolio management activity, common shareholders of the following Funds received capital gains and net ordinary income distributions at the end of December 2005, as follows:

| | Long-Term Capital Gains (per share) | Ordinary Income (per share) |
|-----|--|--------------------------------|
| JPS | \$ 0.1615 | \$ 0.0232 |
| JHP | \$ 0.0787 | \$ 0.0135 |

The relatively large distributions from JPS represented important parts of this Fund's total return for this period. Generally, these types of distributions were generated by calls or by sales of appreciated securities that occurred in the course of normal portfolio management activities. This had a slight negative impact on the Funds' earning power per share and was a minor factor in the per share distribution reductions noted above.

As of December 31, 2005, the Funds' shares were trading at discounts to their NAVs as shown in the accompanying chart:

| | 12/31/05 Discount | 12-Month Average Discount |
|-----|----------------------|------------------------------|
| JTP | -12.68% | -8.09% |
| JPS | -13.34% | -8.77% |
| JHP | - 9.59% | -4.24% |

7

Nuveen Quality Preferred Income Fund

JTP

Performance

Overview As of December 31, 2005

Portfolio Statistics

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

| | | |
|---|----|---------|
| Common Share Price | \$ | 12.40 |
| Common Share Net Asset Value | \$ | 14.20 |
| Premium/(Discount) to NAV | | -12.68% |
| Latest Dividend | \$ | .0900 |
| Market Yield | | 8.71% |
| Net Assets Applicable to Common Shares (\$000) | \$ | 915,598 |

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

| | On Share Price | On NAV |
|--------------------|----------------|--------|
| 1-Year | -3.69% | 2.89% |
| Since Inception | 2.86% | 8.15% |

Industries
(as a % of total investments)

| | |
|--------------------------------|-------|
| Commercial Banks | 29.3% |
| Insurance | 17.7% |
| Real Estate | 17.1% |
| Capital Markets | 9.3% |
| Diversified Financial Services | 8.9% |
| Oil, Gas & Consumable Fuels | 3.7% |
| Short-Term Investments | 1.7% |
| Other | 12.3% |

Top Five Issuers
(excluding Short-Term Investments)
(as a % of total investments)

| | |
|---|------|
| ING Group NV | 3.0% |
| Wachovia Corporation | 2.9% |
| JPMorgan Chase & Company | 2.7% |
| HSBC Holdings Public Limited Company | 2.6% |
| Banco Santander Central Hispano | 2.6% |

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

Portfolio Allocation (as a % of total investments)

[THE FOLLOWING TABLE WAS REPRESENTED BY A PIE CHART IN THE PRINTED MATERIAL.]

| | |
|----------------------------------|-------|
| ----- | |
| \$25 Par (or similar) Securities | 57.4% |
| ----- | |
| Capital Preferred Securities | 39.5% |
| ----- | |
| Short-Term Investments | 1.7% |
| ----- | |
| Convertible Preferred Securities | 0.9% |
| ----- | |
| Corporate Bonds | 0.5% |
| ----- | |

2005 Monthly Distributions Per Share

[THE FOLLOWING TABLE WAS REPRESENTED BY A BAR CHART IN THE PRINTED MATERIAL.]

| | |
|-------|--------|
| Jan | 0.097 |
| ----- | |
| Feb | 0.097 |
| ----- | |
| Mar | 0.097 |
| ----- | |
| Apr | 0.097 |
| ----- | |
| May | 0.097 |
| ----- | |
| Jun | 0.0935 |
| ----- | |
| Jul | 0.0935 |
| ----- | |
| Aug | 0.0935 |
| ----- | |
| Sep | 0.09 |
| ----- | |
| Oct | 0.09 |
| ----- | |
| Nov | 0.09 |
| ----- | |
| Dec | 0.09 |

Share Price Performance

[THE FOLLOWING TABLE WAS REPRESENTED BY A LINE GRAPH IN THE PRINTED MATERIAL.]

| | Weekly Closing Price |
|----------|----------------------|
| 01/01/05 | 13.99 |
| | 13.99 |
| | 14.03 |
| | 14.11 |
| | 14.14 |
| | 14.27 |
| | 14.28 |
| | 14.20 |
| | 14.16 |

14.18
14.24
14.24
14.25
14.23
14.27
14.25
14.19
14.21
14.25
14.35
14.44
14.49
14.54
14.65
14.74
14.67
14.67
14.60
14.49
14.28
14.27
14.22
14.27
14.17
14.00
14.03
14.18
14.25
14.34
14.29
14.24
14.21
14.17
14.19
14.20
14.10
14.09
13.85
13.65
13.51
13.32
13.30
13.16
12.96
12.85
13.02
12.95
12.63
12.68
13.08
13.20
13.14
13.17
12.97
13.02
13.09
13.13
13.14
13.17
12.96
12.87

12.88
13.10
13.06
13.03
13.00
13.02
13.10
13.21
13.27
13.33
13.43
13.43
13.40
13.45
13.40
13.38
13.31
13.33
13.42
13.38
13.44
13.43
13.49
13.49
13.49
13.55
13.62
13.75
13.84
13.82
13.86
13.86
13.89
14.03
14.00
14.02
13.92
13.92
13.98
13.99
13.93
13.75
13.83
13.80
13.80
13.83
13.85
13.86
14.00
14.02
14.04
13.99
13.99
13.96
14.00
14.08
14.04
14.02
14.06
13.95
13.88
13.93

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

13.85
13.81
13.77
13.77
13.73
13.71
13.67
13.65
13.65
13.63
13.62
13.69
13.73
13.73
13.67
13.74
13.72
13.71
13.67
13.45
13.60
13.61
13.52
13.55
13.52
13.46
13.54
13.44
13.44
13.48
13.53
13.47
13.48
13.52
13.52
13.53
13.65
13.72
13.70
13.60
13.57
13.59
13.59
13.56
13.49
13.43
13.28
13.24
13.10
13.17
13.25
13.20
13.16
13.08
12.99
13.04
13.06
13.06
13.04
13.02
12.90
12.74

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

12.79
12.86
12.87
12.70
12.42
12.37
12.47
12.40
12.39
12.25
12.46
12.49
12.45
12.32
12.40
12.40
12.42
12.42
12.42
12.49
12.48
12.43
12.44
12.47
12.33
12.27
12.20
12.11
12.10
12.08
12.01
11.98
11.98
12.19
12.28
12.30
12.31
12.24
12.28
12.25
12.24
12.25
12.21
12.17
12.17
12.12
11.93
12.07
12.13
12.09
11.96
11.91
11.96
12.14
12.21
12.20
12.23
12.27
12.40
12.40

12/31/05

Past performance is not predictive of future results.

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

8

Nuveen Quality Preferred Income Fund 2

JPS

Performance

Overview As of December 31, 2005

Portfolio Allocation

(as a % of total investments)

[THE FOLLOWING TABLE WAS REPRESENTED BY A PIE CHART IN THE PRINTED MATERIAL.]

| | |
|----------------------------------|-------|
| \$25 Par (or similar) Securities | 57.2% |
| Capital Preferred Securities | 39.8% |
| Short-Term Investments | 1.5% |
| Convertible Preferred Securities | 1.0% |
| Corporate Bonds | 0.5% |

2005 Monthly Distributions Per Share

[THE FOLLOWING TABLE WAS REPRESENTED BY A BAR CHART IN THE PRINTED MATERIAL.]

| | |
|-----|-------|
| Jan | 0.102 |
| Feb | 0.102 |
| Mar | 0.099 |
| Apr | 0.099 |
| May | 0.099 |
| Jun | 0.096 |
| Jul | 0.096 |
| Aug | 0.096 |
| Sep | 0.093 |
| Oct | 0.093 |
| Nov | 0.093 |
| Dec | 0.093 |

Share Price Performance

[THE FOLLOWING TABLE WAS REPRESENTED BY A LINE GRAPH IN THE PRINTED MATERIAL.]

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

| | Weekly Closing Price |
|----------|----------------------|
| 01/01/05 | 14.48 |
| | 14.58 |
| | 14.54 |
| | 14.78 |
| | 14.85 |
| | 14.84 |
| | 14.84 |
| | 14.76 |
| | 14.81 |
| | 14.79 |
| | 14.88 |
| | 14.96 |
| | 14.95 |
| | 14.95 |
| | 14.98 |
| | 14.94 |
| | 14.94 |
| | 15.04 |
| | 15.04 |
| | 15.03 |
| | 15.09 |
| | 15.16 |
| | 15.16 |
| | 15.26 |
| | 15.37 |
| | 15.31 |
| | 15.31 |
| | 15.30 |
| | 15.12 |
| | 14.86 |
| | 14.92 |
| | 14.90 |
| | 14.85 |
| | 14.72 |
| | 14.65 |
| | 14.82 |
| | 14.93 |
| | 14.97 |
| | 15.05 |
| | 15.06 |
| | 14.94 |
| | 14.80 |
| | 14.69 |
| | 14.73 |
| | 14.80 |
| | 14.55 |
| | 14.50 |
| | 14.24 |
| | 13.99 |
| | 13.83 |
| | 13.58 |
| | 13.77 |
| | 13.60 |
| | 13.40 |
| | 13.20 |
| | 13.25 |
| | 13.31 |
| | 13.08 |
| | 13.12 |
| | 13.49 |

13.63
13.65
13.60
13.47
13.63
13.57
13.69
13.60
13.68
13.47
13.33
13.37
13.46
13.67
13.55
13.55
13.47
13.44
13.54
13.62
13.75
13.90
13.90
13.95
13.97
14.05
14.00
14.00
13.94
14.01
13.94
13.96
13.92
13.92
13.97
13.97
13.99
14.07
14.08
14.17
14.23
14.32
14.31
14.32
14.37
14.40
14.44
14.40
14.49
14.48
14.44
14.32
14.25
14.22
14.08
14.20
14.29
14.31
14.25
14.37
14.36
14.41

14.25
14.25
14.38
14.45
14.50
14.51
14.58
14.58
14.59
14.58
14.59
14.52
14.49
14.50
14.47
14.42
14.37
14.30
14.33
14.35
14.41
14.50
14.54
14.60
14.60
14.55
14.56
14.54
14.48
14.35
14.06
14.13
14.22
14.18
14.15
14.12
14.12
14.13
14.10
14.10
14.12
14.12
14.16
14.06
14.12
14.13
14.14
14.28
14.26
14.28
14.22
14.22
14.21
14.20
14.17
14.06
13.98
13.84
13.81
13.80
13.70
13.79

13.71
13.71
13.74
13.69
13.52
13.58
13.62
13.65
13.63
13.52
13.52
13.59
13.46
13.38
13.26
13.02
13.03
13.07
12.95
12.99
12.88
12.99
13.11
13.09
13.05
13.10
13.12
13.29
13.22
13.28
13.15
13.15
13.07
13.06
13.10
12.97
12.91
12.88
12.73
12.73
12.65
12.63
12.57
12.62
12.73
12.81
12.88
12.93
12.90
13.13
13.18
13.08
13.10
13.03
13.04
13.21
13.11
12.75
13.00
12.92
12.84
12.72

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

| | |
|----------|-------|
| | 12.69 |
| | 12.62 |
| | 12.62 |
| | 12.70 |
| | 12.58 |
| | 12.59 |
| | 12.66 |
| | 12.80 |
| 12/31/05 | 12.80 |

Past performance is not predictive of future results.

Portfolio Statistics

| | | |
|--|----|-----------|
| Common Share Price | \$ | 12.80 |
| Common Share Net Asset Value | \$ | 14.77 |
| Premium/(Discount) to NAV | | -13.34% |
| Latest Dividend | \$ | .0930 |
| Market Yield | | 8.72% |
| Net Assets Applicable to Common Shares (\$000) | \$ | 1,765,543 |

Average Annual Total Return
(Inception 9/24/02)

| | On Share Price | On NAV |
|-----------------|----------------|--------|
| 1-Year | -2.06% | 3.01% |
| Since Inception | 4.29% | 10.03% |

Industries
(as a % of total investments)

| | |
|--------------------------------|-------|
| Commercial Banks | 28.8% |
| Insurance | 21.1% |
| Real Estate | 14.6% |
| Capital Markets | 8.6% |
| Diversified Financial Services | 8.4% |
| Electric Utilities | 3.4% |
| Thriffs & Mortgage Finance | 2.9% |
| Short-Term Investments | 1.5% |
| Other | 10.7% |

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

Top Five Issuers
(excluding Short-Term Investments)
(as a % of total investments)

| | |
|---------------------------------|------|
| Wachovia Corporation | 3.7% |
| ING Group NV | 3.0% |
| JPMorgan Chase & Company | 2.6% |
| EverestRe Group | 2.4% |
| Banco Santander Central Hispano | 2.3% |

9

Nuveen Quality Preferred Income Fund 3

JHP

Performance

Overview As of December 31, 2005

Portfolio Statistics

| | |
|---|------------|
| Common Share Price | \$ 12.92 |
| SCommon Share Net Asset Value | \$ 14.29 |
| Premium/(Discount) to NAV | -9.59% |
| Latest Dividend | \$.0945 |
| Market Yield | 8.78% |
| Net Assets Applicable to Common Shares (\$000) | \$ 337,858 |

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

| | On Share Price | On NAV |
|--------------------|----------------|--------|
| 1-Year | -2.16% | 2.88% |
| Since Inception | 3.73% | 8.65% |

Industries
(as a % of total investments)

| | |
|------------------|-------|
| Commercial Banks | 27.1% |
| Insurance | 22.7% |
| Real Estate | 13.1% |

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

| | |
|--------------------------------|-------|
| Capital Markets | 10.5% |
| Diversified Financial Services | 9.2% |
| Oil, Gas & Consumable Fuels | 2.8% |
| Short-Term Investments | 1.5% |
| Other | 13.1% |

Top Five Issuers
(excluding Short-Term Investments)
(as a % of total investments)

| | |
|----------------------------|------|
| Wachovia Corporation | 3.8% |
| ING Group NV | 3.3% |
| JPMorgan Chase & Company | 3.1% |
| Union Planters Corporation | 2.6% |
| Zurich Financial Services | 2.3% |

Portfolio Allocation
(as a % of total investments)

[THE FOLLOWING TABLE WAS REPRESENTED BY A PIE CHART IN THE PRINTED MATERIAL.]

| | |
|----------------------------------|-------|
| \$25 Par (or similar) Securities | 61.1% |
| Capital Preferred Securities | 36.1% |
| Short-Term Investments | 1.5% |
| Convertible Preferred Securities | 0.9% |
| Corporate Bonds | 0.4% |

2005 Monthly Distributions Per Share

[THE FOLLOWING TABLE WAS REPRESENTED BY A BAR CHART IN THE PRINTED MATERIAL.]

| | |
|-----|--------|
| Jan | 0.1 |
| Feb | 0.1 |
| Mar | 0.1 |
| Apr | 0.1 |
| May | 0.1 |
| Jun | 0.0965 |

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

| | |
|-----|--------|
| Jul | 0.0965 |
| Aug | 0.0965 |
| Sep | 0.0945 |
| Oct | 0.0945 |
| Nov | 0.0945 |
| Dec | 0.0945 |

Share Price Performance

[THE FOLLOWING TABLE WAS REPRESENTED BY A LINE GRAPH IN THE PRINTED MATERIAL.]

| | Weekly Closing Price |
|----------|----------------------|
| 01/01/05 | 14.42 |
| | 14.48 |
| | 14.42 |
| | 14.47 |
| | 14.46 |
| | 14.55 |
| | 14.68 |
| | 14.77 |
| | 14.78 |
| | 14.71 |
| | 14.74 |
| | 14.72 |
| | 14.84 |
| | 14.85 |
| | 14.85 |
| | 14.85 |
| | 14.75 |
| | 14.89 |
| | 15.02 |
| | 15.00 |
| | 15.08 |
| | 15.15 |
| | 15.14 |
| | 15.27 |
| | 15.28 |
| | 15.32 |
| | 15.30 |
| | 15.30 |
| | 15.14 |
| | 15.05 |
| | 15.06 |
| | 15.02 |
| | 14.93 |
| | 14.79 |
| | 14.60 |
| | 14.61 |
| | 14.66 |
| | 14.86 |
| | 14.95 |
| | 14.92 |
| | 14.85 |
| | 14.80 |
| | 14.86 |

14.86
14.93
14.77
14.75
14.45
14.37
14.16
14.06
13.96
13.90
13.81
13.60
13.39
13.51
13.35
13.39
13.69
14.15
14.10
14.06
13.99
13.93
13.90
13.82
13.85
13.91
13.88
13.68
13.70
13.81
13.99
14.00
14.08
13.89
13.93
14.11
14.15
14.27
14.39
14.39
14.43
14.47
14.45
14.40
14.45
14.38
14.35
14.30
14.17
14.30
14.18
14.20
14.45
14.31
14.28
14.21
14.27
14.35
14.22
14.40
14.50
14.61

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

14.63
14.49
14.41
14.45
14.69
14.50
14.47
14.65
14.74
14.56
14.47
14.60
14.51
14.54
14.52
14.54
14.55
14.49
14.42
14.54
14.53
14.56
14.53
14.56
14.64
14.58
14.61
14.65
14.58
14.61
14.54
14.55
14.52
14.49
14.45
14.39
14.54
14.56
14.65
14.92
14.84
14.84
14.85
14.94
14.93
14.89
14.78
14.62
14.64
14.80
14.64
14.69
14.70
14.60
14.50
14.68
14.62
14.65
14.67
14.67
14.75
14.65

14.67
14.57
14.61
14.55
14.55
14.62
14.57
14.63
14.59
14.65
14.51
14.40
14.32
14.24
14.19
14.20
14.16
14.14
13.99
13.85
13.76
13.62
13.75
13.82
13.78
13.76
13.76
13.72
13.73
13.72
13.47
13.24
13.00
13.05
13.01
13.02
13.04
12.96
13.06
13.20
13.15
13.07
13.09
13.12
13.20
13.30
13.27
13.20
13.23
13.34
13.33
13.30
13.18
13.09
13.10
13.06
12.94
12.86
12.73
12.81
12.72
12.79

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

| | |
|----------|-------|
| | 12.84 |
| | 12.80 |
| | 12.84 |
| | 12.81 |
| | 12.90 |
| | 12.90 |
| | 12.84 |
| | 12.82 |
| | 12.77 |
| | 12.71 |
| | 12.69 |
| | 12.63 |
| | 12.39 |
| | 12.43 |
| | 12.49 |
| | 12.57 |
| | 12.50 |
| | 12.41 |
| | 12.45 |
| | 12.50 |
| | 12.61 |
| | 12.75 |
| | 12.81 |
| | 12.91 |
| | 12.92 |
| 12/31/05 | 12.92 |

Past performance is not predictive of future results.

10

Shareholder
Meeting Report

Approval of the new investment management agreement and sub-advisory agreements were the proposals voted upon at the July 26, 2005, shareholder meeting held at The Northern Trust Bank.

Approval of the Board Members was the proposal voted upon at the November 15, 2005, shareholder meeting held at the offices of Nuveen Investments

| | JTP | JPS |
|---|--|--|
| ----- | | |
| Approval of the new investment management agreement was reached as follows: | | |
| | Common and Preferred shares voting together as a class | Common and Preferred shares voting together as a class |
| ===== | | |
| For | 61,442,199 | 111,901,427 |
| Against | 545,550 | 923,727 |
| Abstain | 640,605 | 1,128,256 |
| ----- | | |
| Total | 62,628,354 | 113,953,410 |
| ===== | | |

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

Approval of the new sub-advisory agreement between Nuveen Asset Management and Spectrum Asset Management, Inc. was reached as follows:

| | Common and Preferred shares voting together as a class | Common and Preferred shares voting together as a class |
|---------|--|--|
| For | 61,380,367 | 111,808,697 |
| Against | 569,219 | 974,606 |
| Abstain | 678,768 | 1,170,107 |
| Total | 62,628,354 | 113,953,410 |

11

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 as of December 31, 2005, and the related statements of operations for the year then ended, and the statements of changes in net assets and the financial highlights for the periods indicated therein. These financial statements and financial highlights are the responsibility of the Funds' management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. 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 December 31, 2005, by correspondence with the custodian and brokers. We believe that our audits provide a reasonable basis for our opinion.

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

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Nuveen Quality Preferred Income Fund, Nuveen Quality Preferred Income Fund 2 and Nuveen Quality Preferred Income Fund 3 at December 31, 2005, and the results of their operations for the year then ended, and changes in their net assets and their financial highlights for the periods indicated therein in conformity with U.S. generally accepted accounting principles.

/s/ Ernst & Young LLP

Chicago, Illinois
February 14, 2006

12

Nuveen Quality Preferred Income Fund (JTP)

Portfolio of
Investments December 31, 2005

| Shares | Description(1) | Coupon |
|---------|---|--------|
| | | |
| | Convertible Preferred Securities - 1.3% (0.9% of Total Investments) | |
| | Diversified Financial Services - 0.2% | |
| 23,134 | Citigroup Global Markets | 2.000% |
| | | |
| | Electric Utilities - 0.0% | |
| 7,241 | FPL Group Inc. | 8.000% |
| | | |
| | Food & Staples Retailing - 0.0% | |
| 14,980 | Albertson's, Inc. | 7.250% |
| | | |
| | Insurance - 0.1% | |
| 50,000 | XL Capital Ltd. | 6.500% |
| | | |
| | Multi-Utilities - 0.9% | |
| 157,677 | Dominion Resources Inc. | 8.750% |
| | | |
| | Thrifts & Mortgage Finance - 0.1% | |
| 54,000 | PMI Group Inc. | 5.875% |
| | | |
| | Total Convertible Preferred Securities (cost \$12,315,687) | |
| | | |
| Shares | Description(1) | Coupon |

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

\$25 Par (or similar) Securities - 84.1% (57.4%
of Total Investments)

Automobiles - 0.0%

| | | |
|------------------------|---|--------|
| 5,300 | Daimler Chrysler, Series DCX (CORTS) | 7.250% |
| ----- | | |
| Capital Markets - 7.1% | | |
| 1,250 | ABN AMRO North America, Series L, 144A, (3) | 6.460% |
| 60,900 | Bear Stearns Capital Trust III | 7.800% |
| 338,500 | BNY Capital Trust V, Series F | 5.950% |
| 233,595 | Compass Capital Trust III | 7.350% |
| 34,900 | First Union Capital II, Series II (CORTS) | 7.500% |
| 13,400 | First Union Institutional Capital II (CORTS) | 8.200% |
| 11,700 | Goldman Sachs Capital I, Series A (CORTS) | 6.000% |
| 72,600 | Goldman Sachs Group Inc., (3) | 6.200% |
| 6,900 | Goldman Sachs Group Inc., (CORTS) | 6.300% |
| 12,000 | Goldman Sachs Group Inc., Series GSC-3 (PPLUS) | 6.000% |
| 5,100 | Goldman Sachs Group Inc., Series GSG-1 (PPLUS) | 6.000% |
| 12,100 | Goldman Sachs Group Inc., Series 2004-04, (SATURNS) | 6.000% |
| 8,600 | Goldman Sachs Group Inc., Series 2004-06, (SATURNS) | 6.000% |
| 4,600 | Goldman Sachs Group Incorporated (SATURNS) | 5.750% |
| 108,549 | Lehman Brothers Holdings Capital Trust III, Series K | 6.375% |
| 68,400 | Lehman Brothers Holdings Capital Trust IV, Series L | 6.375% |
| 25,700 | Lehman Brothers Holdings Capital Trust V, Series M | 6.000% |
| 105,420 | Lehman Brothers Holdings Capital Trust VI, Series N | 6.240% |
| 35,000 | Lehman Brothers Holdings Inc., Series C, (3) | 5.940% |
| 50,000 | Lehman Brothers Holdings Inc., Series F, (3) | 6.500% |
| 46,000 | Merrill Lynch Capital Trust II | 8.000% |
| 198,700 | Merrill Lynch Preferred Capital Trust | 7.750% |
| 128,100 | Merrill Lynch Preferred Capital Trust III | 7.000% |
| 78,700 | Merrill Lynch Preferred Capital Trust IV | 7.120% |
| 102,000 | Merrill Lynch Preferred Capital Trust V | 7.280% |
| 5,700 | Morgan Stanley (PPLUS) | 7.050% |
| 194,600 | Morgan Stanley Capital Trust II | 7.250% |
| 227,900 | Morgan Stanley Capital Trust III | 6.250% |
| 249,095 | Morgan Stanley Capital Trust IV | 6.250% |
| 31,300 | Morgan Stanley Capital Trust V | 5.750% |
| 28,900 | Washington Mutual Capital Trust I, Series 2001-22, Class A-1 (CORTS) | 7.650% |
| ----- | | |
| Total Capital Markets | | |
| ----- | | |

13

Nuveen Quality Preferred Income Fund (JTP) (continued)

Portfolio of Investments December 31, 2005

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

| Shares | Description(1) | Coupon |
|--------------------------------|---|---------|
| Commercial Banks - 11.6% | | |
| 69,000 | Abbey National plc, Series B | 7.250% |
| 102,800 | Abbey National plc, Series B | 7.375% |
| 1,200 | Abbey National plc, Series C | 7.375% |
| 134,500 | ABN AMRO Capital Fund Trust V | 5.900% |
| 34,500 | ABN AMRO Capital Trust Fund VII | 6.080% |
| 103,700 | ASBC Capital I | 7.625% |
| 7,200 | BAC Capital Trust I | 7.000% |
| 64,500 | BAC Capital Trust II | 7.000% |
| 80,000 | BAC Capital Trust III | 7.000% |
| 194,550 | Banco Santander | 6.410% |
| 52,300 | Banco Totta & Acores Finance, Series A | 8.875% |
| 3,600 | BancorpSouth Capital Trust I | 8.150% |
| 66,000 | Banesto Holdings, Series A, 144A | 10.500% |
| 64,300 | Bank One Capital Trust VI | 7.200% |
| 11,700 | BankNorth Capital Trust II | 8.000% |
| 10 | BBVA Privanza International Gibraltar, 144A | 7.764% |
| 198,900 | Chittenden Capital Trust I | 8.000% |
| 116,800 | Cobank ABC, 144A, (3) | 7.000% |
| 140,900 | Comerica Capital Trust I | 7.600% |
| 33,900 | Fleet Capital Trust VII | 1.800% |
| 16,200 | HSBC Finance Corporation | 6.000% |
| 64,300 | KeyCorp (PCARS) | 7.500% |
| 81,950 | KeyCorp Capital Trust V | 5.875% |
| 18,500 | KeyCorp, Series 2001-7 (CORTS) | 7.750% |
| 31,300 | KeyCorp, Series B (CORTS) | 8.250% |
| 67,800 | National Commerce Capital Trust II | 7.700% |
| 55,300 | National Westminster Bank plc, Series A | 7.875% |
| 9,300 | PNC Capital Trust | 6.125% |
| 42,800 | Regions Finance Trust I | 8.000% |
| 13,500 | Royal Bank of Scotland Group plc, Series L | 5.750% |
| 27,400 | Royal Bank of Scotland Group plc, Series M | 6.400% |
| 216,762 | Royal Bank of Scotland Group plc, Series N | 6.350% |
| 30,300 | SunTrust Capital Trust IV | 7.125% |
| 81,500 | SunTrust Capital Trust V | 7.050% |
| 175,000 | USB Capital Trust III | 7.750% |
| 423,005 | USB Capital Trust IV | 7.350% |
| 46,800 | USB Capital Trust V | 7.250% |
| 10,000 | USB Capital Trust VII | 5.875% |
| 37,200 | VNB Capital Trust I | 7.750% |
| 7,236 | Wells Fargo Capital Trust IX | 5.625% |
| 25,500 | Wells Fargo Capital Trust IV | 7.000% |
| 218,800 | Wells Fargo Capital Trust V | 7.000% |
| 56,000 | Wells Fargo Capital Trust VI | 6.950% |
| 29,200 | Wells Fargo Capital Trust VII | 5.850% |
| 3,100 | Wells Fargo Capital Trust VIII | 5.625% |
| 379,250 | Zions Capital Trust B | 8.000% |
| Total Commercial Banks | | |
| Computers & Peripherals - 0.0% | | |
| 1,600 | IBM Inc. (CORTS) | 7.125% |
| 2,100 | IBM Inc., Trust Certificates, Series 2001-2 | 7.100% |
| 4,200 | IBM Trust II (CORTS) | 7.125% |
| Total Computers & Peripherals | | |

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

Consumer Finance - 0.3%

| | | |
|--------|-----------------------------|--------|
| 60,300 | Household Capital Trust VI | 8.250% |
| 25,400 | Household Capital Trust VII | 7.500% |
| 27,200 | SLM Corporation | 6.000% |

Total Consumer Finance

14

| Shares | Description(1) | Coupon |
|--------|----------------|--------|
|--------|----------------|--------|

Diversified Financial Services - 9.0%

| | | |
|-----------|---|--------|
| 17,000 | BBVA Preferred Capital Ltd., Series B | 7.750% |
| 197,600 | CIT Group Inc., Series A, (3) | 6.350% |
| 38,376 | CIT Group Incorporated (CORTS) | 7.750% |
| 12,000 | Citigroup Capital Trust IX | 6.000% |
| 258,700 | Citigroup Capital Trust VII | 7.125% |
| 455,200 | Citigroup Capital Trust VIII | 6.950% |
| 55,900 | Citigroup Capital Trust XI | 6.000% |
| 66,300 | Citigroup Inc., Series H, (3) | 6.231% |
| 39,400 | Citigroup Inc., Series M, (3) | 5.864% |
| 2,000 | General Electric Capital Corporation | 5.875% |
| 7,400 | General Electric Capital Corporation | 6.100% |
| 10,800 | General Electric Capital Corporation | 6.625% |
| 3,000 | General Electric Capital Corporation, (CORTS) | 6.000% |
| 569,000 | ING Group N.V. | 7.050% |
| 1,015,458 | ING Group N.V. | 7.200% |
| 32,600 | JPM Capital Trust I, Series 2001-1, Class A-1 (CORTS) | 7.850% |
| 1,700 | JPMorgan Chase & Company (PCARS) | 7.125% |
| 81,500 | JPMorgan Chase Capital Trust IX, Series I | 7.500% |
| 82,400 | JPMorgan Chase Capital Trust X | 7.000% |
| 97,606 | JPMorgan Chase Capital Trust XI | 5.875% |
| 71,100 | JPMorgan Chase Capital Trust XVI | 6.350% |
| 20,300 | JPMorgan Chase Trust, Series 2002-6, Class A (SATURNS) | 7.125% |

Total Diversified Financial Services

Diversified Telecommunication Services - 0.7%

| | | |
|--------|---|--------|
| 93,400 | AT&T Inc. | 7.000% |
| 7,600 | BellSouth Capital Funding (CORTS) | 7.100% |
| 4,300 | BellSouth Corporation | 7.125% |
| 69,235 | BellSouth Corporation (CORTS) | 7.000% |
| 29,300 | BellSouth Corporation, Series 2001-3 (SATURNS) | 7.125% |
| 6,300 | BellSouth Inc. (CORTS) | 7.000% |
| 2,200 | Verizon Communications (CORTS) | 7.625% |
| 8,800 | Verizon Communications, Series 2004-1 (SATURNS) | 6.125% |
| 23,900 | Verizon New England Inc., Series B | 7.000% |
| 19,900 | Verizon South Inc., Series F | 7.000% |

Total Diversified Telecommunication Services

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

| | | |
|---------------------------|--|--------|
| Electric Utilities - 3.5% | | |
| 2,300 | BGE Capital Trust II | 6.200% |
| 77,740 | DTE Energy Trust I | 7.800% |
| 109,205 | Entergy Louisiana Inc. | 7.600% |
| 2,000 | Entergy Mississippi Inc. | 7.250% |
| 56,400 | Georgia Power Capital Trust V | 7.125% |
| 293,196 | Georgia Power Company | 5.700% |
| 3,000 | Georgia Power Company | 6.000% |
| 2,000 | Georgia Power Company | 5.750% |
| 118,651 | Georgia Power Company | 5.900% |
| 2,100 | Gulf Power Capital Trust III | 7.375% |
| 251,073 | Interstate Power and Light Company, Series B, (3) | 8.375% |
| 2,600 | National Rural Utilities Cooperative Finance Corporation | 7.600% |
| 24,000 | National Rural Utilities Cooperative Finance Corporation | 7.400% |
| 5,000 | National Rural Utilities Cooperative Finance Corporation | 6.750% |
| 36,900 | National Rural Utilities Cooperative Finance Corporation | 6.100% |
| 2,000 | Southern Company Capital Trust I (CORTS) | 8.000% |
| 8,000 | Southern Company Capital Trust VI | 7.125% |
| 14,200 | Tennessee Valley Authority, Series D | 6.750% |
| 191,400 | Virginia Power Capital Trust | 7.375% |
| ----- | | |
| Total Electric Utilities | | |
| ----- | | |

15

Nuveen Quality Preferred Income Fund (JTP) (continued)

Portfolio of Investments December 31, 2005

| Shares | Description(1) | Coupon |
|---------------------------------|---|--------|
| ----- | | |
| Food Products - 0.7% | | |
| 64,000 | Dairy Farmers of America Inc., 144A, (3) | 7.875% |
| ----- | | |
| Gas Utilities - 0.1% | | |
| 32,300 | AGL Capital Trust II | 8.000% |
| ----- | | |
| Industrial Conglomerates - 0.1% | | |
| 21,700 | General Electric Company, Series GE (CORTS) | 6.800% |
| ----- | | |
| Insurance - 16.4% | | |
| 622,600 | Ace Ltd., Series C | 7.800% |
| 1,161,650 | Aegon N.V. | 6.375% |
| 37,000 | Aegon N.V. | 6.500% |

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

| | | |
|---------|---|--------|
| 2,800 | Allstate Corporation (PCARS) | 7.150% |
| 10,500 | AMBAC Financial Group Inc. | 7.000% |
| 21,500 | AMBAC Financial Group Inc. | 5.950% |
| 2,800 | AMBAC Financial Group Inc. | 5.875% |
| 211,400 | Delphi Financial Group, Inc. | 8.000% |
| 338,000 | EverestRe Capital Trust II | 6.200% |
| 86,800 | EverestRe Group Limited | 7.850% |
| 5,000 | Financial Security Assurance Holdings | 6.875% |
| 4,600 | Financial Security Assurance Holdings | 6.250% |
| 1,400 | Financial Security Assurance Holdings | 5.600% |
| 205,377 | Hartford Capital Trust III, Series C | 7.450% |
| 53,400 | Hartford Life Capital Trust II, Series B | 7.625% |
| 79,600 | Lincoln National Capital Trust V, Series E | 7.650% |
| 34,500 | Lincoln National Capital Trust VI | 6.750% |
| 10,400 | MetLife Inc. | 5.875% |
| 616,400 | MetLife Inc., Series B, (3) | 6.500% |
| 126,300 | PartnerRe Limited | 7.900% |
| 292,500 | PartnerRe Limited, Series C | 6.750% |
| 72,700 | PartnerRe Limited, Series D | 6.500% |
| 80,000 | PLC Capital Trust III | 7.500% |
| 411,800 | PLC Capital Trust IV | 7.250% |
| 6,500 | PLC Capital Trust V | 6.125% |
| 264,165 | Prudential plc | 6.750% |
| 125,650 | RenaissanceRe Holdings Ltd., Series A | 8.100% |
| 61,100 | RenaissanceRe Holdings Ltd., Series B | 7.300% |
| 13,900 | RenaissanceRe Holdings Ltd., Series C | 6.080% |
| 40,000 | Safeco Capital Trust I (CORTS) | 8.700% |
| 32,300 | Safeco Capital Trust I, Series 2001-4 (CORTS) | 8.750% |
| 6,800 | Safeco Capital Trust III (CORTS) | 8.072% |
| 1,900 | Safeco Corporation, Series 2002-5 (SATURNS) | 8.250% |
| 31,500 | Saint Paul Capital Trust I | 7.600% |
| 62,800 | Torchmark Capital Trust I | 7.750% |
| 3,500 | Torchmark Capital Trust II | 7.750% |
| 5,500 | W.R. Berkley (CORTS) | 8.250% |
| 27,900 | W.R. Berkley Capital Trust, Series 2002-1, (CBTCS) | 8.125% |
| 315,400 | W.R. Berkley Corporation | 6.750% |
| 391,854 | XL Capital Ltd, Series A | 8.000% |
| 75,200 | XL Capital Ltd, Series B | 7.625% |
| ----- | | |
| | Total Insurance | |
| ----- | | |
| | IT Services - 0.1% | |
| 29,400 | Vertex Industries Inc. (PPLUS) | 7.625% |
| ----- | | |
| | Media - 0.4% | |
| 124,800 | CBS Corporation | 7.300% |
| 9,600 | The Walt Disney Company | 7.000% |
| ----- | | |
| | Total Media | |
| ----- | | |
| | Multiline Retail - 0.0% | |
| 4,100 | Nordstrom Inc. (CORTS) | 7.625% |
| ----- | | |

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

| Shares | Description(1) | Coupon |
|------------------------------------|---|--------|
| Multi-Utilities - 0.7% | | |
| 98,100 | Dominion CNG Capital Trust I | 7.800% |
| 58,600 | Dominion Resources Capital Trust II | 8.400% |
| 100,400 | Energy East Capital Trust I | 8.250% |
| Total Multi-Utilities | | |
| Oil, Gas & Consumable Fuels - 1.8% | | |
| 532,332 | Nexen, Inc. | 7.350% |
| 108,500 | TransCanada Pipeline | 8.250% |
| Total Oil, Gas & Consumable Fuels | | |
| Pharmaceuticals - 0.1% | | |
| 23,000 | Bristol-Myers Squibb Company (CORTS) | 6.250% |
| 12,800 | Bristol-Myers Squibb Company Trust (CORTS) | 6.800% |
| Total Pharmaceuticals | | |
| Real Estate - 25.1% | | |
| 50,458 | AMB Property Corporation, Series M | 6.750% |
| 13,400 | AvalonBay Communities, Inc., Series H | 8.700% |
| 409,400 | BRE Properties, Series B | 8.080% |
| 17,800 | BRE Properties, Series C | 6.750% |
| 42,644 | BRE Properties, Series D | 6.750% |
| 487,209 | CarrAmerica Realty Corporation, Series E | 7.500% |
| 29,600 | Developers Diversified Realty Corporation | 7.500% |
| 56,900 | Developers Diversified Realty Corporation, Series F | 8.600% |
| 47,300 | Developers Diversified Realty Corporation, Series G | 8.000% |
| 404,900 | Developers Diversified Realty Corporation, Series H | 7.375% |
| 156,800 | Duke Realty Corporation, Series L | 6.600% |
| 157,779 | Duke-Weeks Realty Corporation, Series B | 7.990% |
| 8,000 | Duke-Weeks Realty Corporation, Series I | 8.450% |
| 1,099,100 | Equity Office Properties Trust, Series G | 7.750% |
| 25,800 | Equity Residential Properties Trust, Series D | 8.600% |
| 10,600 | First Industrial Realty Trust, Inc., Series C | 8.625% |
| 19,000 | Firststar Realty LLC, 144A | 8.875% |
| 57,900 | Harris Preferred Capital Corporation, Series A | 7.375% |
| 2,800 | HRPT Properties Trust, Series A | 9.875% |
| 1,039,210 | HRPT Properties Trust, Series B | 8.750% |
| 22,000 | New Plan Excel Realty Trust, Series D | 7.800% |
| 418,600 | New Plan Excel Realty Trust, Series E | 7.625% |
| 10,000 | Prologis Trust, Series F | 6.750% |
| 107,000 | Prologis Trust, Series G | 6.750% |
| 328,400 | PS Business Parks, Inc. | 7.000% |
| 57,000 | PS Business Parks, Inc., Series I | 6.875% |
| 240,000 | PS Business Parks, Inc., Series L | 7.600% |
| 4,100 | Public Storage, Inc. | 7.125% |
| 64,800 | Public Storage, Inc., Series C | 6.600% |
| 90,000 | Public Storage, Inc., Series D | 6.180% |
| 2,900 | Public Storage, Inc., Series E | 6.750% |
| 59,400 | Public Storage, Inc., Series F | 6.450% |

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

| | | |
|---------|--------------------------------------|--------|
| 23,100 | Public Storage, Inc., Series Q | 8.600% |
| 116,600 | Public Storage, Inc., Series R | 8.000% |
| 209,600 | Public Storage, Inc., Series S | 7.875% |
| 16,500 | Public Storage, Inc., Series T | 7.625% |
| 40,680 | Public Storage, Inc., Series U | 7.625% |
| 347,600 | Public Storage, Inc., Series V | 7.500% |
| 6,971 | Public Storage, Inc., Series X | 6.450% |
| 93,500 | Realty Income Corporation | 7.375% |
| 47,500 | Regency Centers Corporation | 7.450% |
| 22,400 | Regency Centers Corporation | 7.250% |
| 20,500 | Simon Property Group, Inc., Series F | 8.750% |
| 176,600 | Simon Property Group, Inc., Series G | 7.890% |

17

Nuveen Quality Preferred Income Fund (JTP) (continued)

Portfolio of Investments December 31, 2005

| Shares | Description(1) | Coupon |
|-----------------------------------|--|--------|
| ----- | | |
| Real Estate (continued) | | |
| 13,700 | United Dominion Realty Trust | 8.600% |
| 323,633 | Vornado Realty Trust, Series G | 6.625% |
| 67,700 | Vornado Realty Trust, Series H | 6.750% |
| 189,300 | Vornado Realty Trust, Series I | 6.625% |
| 489,900 | Wachovia Preferred Funding Corporation | 7.250% |
| 2,000 | Weingarten Realty Trust, Preferred Securities | 6.750% |
| 2,500 | Weingarten Realty Trust, Series E | 6.950% |
| ----- | | |
| Total Real Estate | | |
| ----- | | |
| Specialty Retail - 0.1% | | |
| 45,700 | Sherwin Williams Company, Series III (CORTS) | 7.250% |
| 5,900 | Sherwin Williams Trust (CORTS) | 7.500% |
| ----- | | |
| Total Specialty Retail | | |
| ----- | | |
| Thriffs & Mortgage Finance - 2.3% | | |
| 11,000 | Countrywide Capital Trust II, Series II, (CORTS) | 8.000% |
| 12,200 | Countrywide Capital Trust III (PPLUS) | 8.050% |
| 799,020 | Countrywide Capital Trust IV | 6.750% |
| 4,600 | Washington Mutual Incorporated (CORTS) | 7.750% |
| ----- | | |
| Total Thriffs & Mortgage Finance | | |
| ----- | | |
| U.S. Agency - 1.8% | | |
| 110,300 | Fannie Mae, (3) | 6.129% |
| 19,000 | Federal Home Loan Mortgage Corporation | 5.300% |
| 23,500 | Federal Home Loan Mortgage Corporation | 5.810% |
| 58,300 | Federal Home Loan Mortgage Corporation, (3) | 6.000% |

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

| | | |
|---|---|--------|
| 65,600 | Federal Home Loan Mortgage Corporation, (3) | 6.140% |
| 12,000 | Federal Home Loan Mortgage Corporation, (3) | 5.100% |
| 58,600 | Federal Home Loan Mortgage Corporation, (3) | 5.100% |
| ----- | | |
| Total U.S. Agency | | |
| ----- | | |
| Wireless Telecommunication Services - 2.2% | | |
| 355,846 | Telephone and Data Systems Inc. | 7.600% |
| 159,700 | United States Cellular Corporation | 8.750% |
| 283,900 | United States Cellular Corporation | 7.500% |
| ----- | | |
| Total Wireless Telecommunication Services | | |
| ----- | | |
| Total \$25 Par (or similar) Securities (cost \$759,528,748) | | |
| ----- | | |

| Principal Amount (000) | Description(1) | Coupon | Mat |
|--|--|--------|-----|
| ----- | | | |
| Corporate Bonds - 0.7% (0.5% of Total Investments) | | | |
| Commercial Banks - 0.1% | | | |
| \$ 1,000 | HBOS plc, Series 144A | 6.413% | 9/ |
| ----- | | | |
| Household Durables - 0.4% | | | |
| 3,700 | Stanley Works Capital Trust I, 144A | 5.902% | 12/ |
| ----- | | | |
| Insurance - 0.2% | | | |
| 1,800 | AIG Capital Trust I, 144A | 5.900% | 12/ |
| ----- | | | |
| 6,500 | Total Corporate Bonds (cost \$6,458,419) | | |
| ----- | | | |

| Principal Amount (000) /Shares | Description(1) | Coupon | Mat |
|--|--|--------|-----|
| ----- | | | |
| Capital Preferred Securities - 58.0% (39.5% of Total Investments) | | | |
| Capital Markets - 6.5% | | | |
| 2,500 | Bank of New York Capital I, Series B | 7.970% | 12/ |
| 2,000 | BT Capital Trust, Series B1 | 7.900% | 1/ |
| 1,000 | BT Institutional Capital Trust B, 144A | 7.750% | 12/ |
| ----- | | | |

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

| Principal Amount (000) /Shares | Description(1) | Coupon | Mat |
|---------------------------------------|--|---------|-----|
| Capital Markets (continued) | | | |
| 7,900 | BT Preferred Capital Trust II | 7.875% | 2/ |
| 2,250 | C.A. Preferred Fund Trust II | 7.000% | 10/ |
| 11,250 | C.A. Preferred Funding Trust | 7.000% | 1/ |
| 16,463 | First Union Institutional Capital Securities I | 8.040% | 12/ |
| 5,500 | UBS Preferred Funding Trust I | 8.622% | 10/ |
| 7,250 | Washington Mutual Capital Trust I | 8.375% | 6/ |
| Total Capital Markets | | | |
| Commercial Banks - 31.3% | | | |
| 9,000 | AB Svensk Exportkredit, 144A | 6.375% | 10/ |
| 18,250 | Abbey National Capital Trust I | 8.963% | 6/ |
| 3,000 | AgFirst Farm Credit Bank | 7.300% | 12/ |
| 2,500 | Bank One Capital III | 8.750% | 9/ |
| 1,500 | BanPonce Trust I, Series A | 8.327% | 2/ |
| 7,200 | Barclays Bank plc, 144A | 8.550% | 6/ |
| 3,000 | Centura Capital Trust I, 144A | 8.845% | 6/ |
| 2,000 | Corestates Capital Trust I, 144A | 8.000% | 12/ |
| 1,700 | DBS Capital Funding Corporation, 144A | 7.657% | 3/ |
| 1,000 | First Chicago NBD Institutional Capital, 144A | 7.950% | 12/ |
| 1,000 | First Empire Capital Trust II | 8.277% | 6/ |
| 1,500 | First Midwest Bancorp Inc. | 6.950% | 12/ |
| 25,500 | HBOS Capital Funding LP, Notes | 6.850% | 3/ |
| 5,750 | HSBC Capital Funding LP, 144A | 9.547% | 12/ |
| 17,150 | HSBC Capital Funding LP, Debt | 10.176% | 6/ |
| 12,000 | KBC Bank Fund Trust III, 144A | 9.860% | 5/ |
| 2,000 | KeyCorp Capital III | 7.750% | 7/ |
| 2,000 | KeyCorp Institutional Capital Trust A | 7.826% | 12/ |
| 8,850 | Lloyds TSB Bank plc, Subordinated Note | 6.900% | 11/ |
| 11,150 | NB Capital Trust II | 7.830% | 12/ |
| 7,655 | Nordbanken AB, 144A | 8.950% | 11/ |
| 1,000 | North Fork Capital Trust I, Capital Securities | 8.700% | 12/ |
| 8,000 | Peoples Heritage Capital Trust I, Series B | 9.060% | 2/ |
| 200 | PFCI Capital Corporation | 7.750% | 8/ |
| 19,000 | PNC Institutional Capital Securities, 144A | 7.950% | 12/ |
| 2,000 | Popular North American Capital Trust I | 6.564% | 9/ |
| 16,000 | RBS Capital Trust B | 6.800% | 12/ |
| 17,500 | Reliance Capital Trust I, Series B | 8.170% | 5/ |
| 1,400 | Republic New York Capital II, Capital Securities | 7.530% | 12/ |
| 2,000 | SocGen Real Estate Company LLC, 144A | 7.640% | 12/ |
| 5,000 | Sparebanken Rogaland, Notes, 144A | 6.443% | 5/ |
| 23,000 | Summit Capital Trust I, Capital Securities | 8.400% | 3/ |
| 1,800 | Swedbank ForeningsSparbanken AB, 144A | 9.000% | 9/ |
| 2,000 | Union Planters Capital Trust A | 8.200% | 12/ |
| 4,000 | Wachovia Capital Trust I, Capital Securities, 144A | 7.640% | 1/ |
| 3,000 | Zions Institutional Capital Trust, Series A | 8.536% | 12/ |
| Total Commercial Banks | | | |
| Diversified Financial Services - 3.9% | | | |

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

| | | | |
|---|---|--------|-----|
| 4,250 | BNP Paribas Capital Trust | 7.200% | 12/ |
| 1,500 | BNP Paribas Capital Trust, 144A | 9.003% | 12/ |
| 3,000 | Citigroup Capital X | 6.100% | 9/ |
| 19,500 | JPM Capital Trust II | 7.950% | 2/ |
| 8,100 | Old Mutual Capital Funding, Notes | 8.000% | 6/ |
| ----- | | | |
| Total Diversified Financial Services | | | |
| ----- | | | |
| Diversified Telecommunication Services - 1.6% | | | |
| 11,250 | Centaur Funding Corporation, Series B, 144A | 9.080% | 4/ |
| ----- | | | |
| Insurance - 9.2% | | | |
| 7,570 | Ace Capital Trust II | 9.700% | 4/ |
| 1,000 | Allstate Financing II | 7.830% | 12/ |
| 2,000 | American General Capital II | 8.500% | 7/ |

19

Nuveen Quality Preferred Income Fund (JTP) (continued)

Portfolio of Investments December 31, 2005

| Principal Amount (000) /Shares | Description(1) | Coupon | Mat |
|--------------------------------------|--|--------|-----|
| ----- | | | |
| Insurance (continued) | | | |
| 2,500 | Mangrove Bay, Class 3, 144A | 6.102% | 7/ |
| 4,000 | MIC Financing Trust I | 8.375% | 2/ |
| 7,000 | Prudential plc | 6.500% | 6/ |
| 2,000 | RenaissanceRe Capital Trust | 8.540% | 3/ |
| 26,216 | Sun Life Canada Capital Trust, Capital Securities, 144A | 8.526% | 5/ |
| 24,373 | Zurich Capital Trust I, 144A | 8.376% | 6/ |
| ----- | | | |
| Total Insurance | | | |
| ----- | | | |
| Oil, Gas & Consumable Fuels - 3.6% | | | |
| 4,000 | KN Capital Trust I, Preferred Securities | 8.560% | 4/ |
| 5,860 | KN Capital Trust III | 7.630% | 4/ |
| 20,900 | Phillips 66 Capital Trust II | 8.000% | 1/ |
| ----- | | | |
| Total Oil, Gas & Consumable Fuels | | | |
| ----- | | | |
| Thriffs & Mortgage Finance - 1.6% | | | |
| 8,500 | Dime Capital Trust I, Series A | 9.330% | 5/ |
| 5,000 | Great Western Financial Trust II, Series A | 8.206% | 2/ |
| ----- | | | |
| Total Thriffs & Mortgage Finance | | | |

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

| | | | |
|--------------------|------------|--------|----|
| U.S. Agency - 0.3% | | | |
| 68,600 | Fannie Mae | 5.100% | 4/ |

Total Capital Preferred Securities
(cost \$517,549,398)

| Principal Amount (000) | Description(1) | Coupon | Mat |
|---|--|--------|-----|
| Short-Term Investments - 2.5% (1.7% of Total Investments) | | | |
| \$ 22,683 | Repurchase Agreement with State Street Bank, dated 12/30/05, repurchase price \$22,690,959, collateralized by \$16,830,000 U.S. Treasury Bonds, 7.875%, due 2/15/21, valued at \$23,141,250 | 3.250% | 1/ |
| Total Short-Term Investments (cost \$22,682,768) | | | |
| Total Investments (cost \$1,318,535,020) - 146.6% | | | |
| Other Assets Less Liabilities - 1.5% | | | |
| Preferred Shares, at Liquidation Value - (48.1)% | | | |
| Net Assets Applicable to Common Shares - 100% | | | |

Interest Rate Swaps outstanding at December 31, 2005

| Counterparty | Notional Amount | Fixed Rate Paid by the Fund (annualized) | Fixed Rate Payment Frequency | Floating Rate Received by the Fund(4) | Floating Pa Freq |
|----------------|--------------------|---|------------------------------------|---|------------------------|
| Citigroup Inc. | \$ 55,000,000 | 4.604% | Monthly | 4.320% | Mo |
| Citigroup Inc. | 55,000,000 | 4.713% | Monthly | 4.320% | Mo |
| Citigroup Inc. | 110,000,000 | 3.860% | Monthly | 4.380% | Mo |
| Citigroup Inc. | 110,000,000 | 4.350% | Monthly | 4.380% | Mo |

(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 higher of Standard & Poor's or Moody's rating. Ratings below Baa by Moody's Investor Service, Inc. or BBB by Standard & Poor's Group are considered to be below investment grade.

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

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

(4) Based on LIBOR (London Inter-Bank Offered Rate).

N/R Investment is not rated.

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

CBTCS Corporate Backed Trust Certificates.

CORTS Corporate Backed Trust Securities.

PCARS Public Credit and Repackaged Securities.

PPLUS PreferredPlus Trust.

SATURNS Structured Asset Trust Unit Repackaging.

See accompanying notes to financial statements.

20

Nuveen Quality Preferred Income Fund 2 (JPS)

Portfolio of Investments December 31, 2005

| Shares | Description(1) | Coupon |
|---------|--|--------|
| | Convertible Preferred Securities - 1.5% (1.0% of Total Investments) | |
| | Diversified Financial Services - 0.1% | |
| 31,546 | Citigroup Global Markets | 2.000% |
| | Electric Utilities - 0.1% | |
| 30,533 | FPL Group Inc. | 8.000% |
| | Food & Staples Retailing - 0.0% | |
| 28,484 | Albertson's, Inc. | 7.250% |
| | Insurance - 0.1% | |
| 118,000 | XL Capital Ltd | 6.500% |
| | Multi-Utilities - 0.9% | |
| 282,689 | Dominion Resources Inc. | 8.750% |
| | Thrifts & Mortgage Finance - 0.3% | |

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

172,300 PMI Group Inc. 5.875%

 Total Convertible Preferred Securities (cost \$23,056,240)

| Shares | Description(1) | Coupon |
|--------|--|--------|
| | \$25 Par (or similar) Securities - 82.2% (57.2% of Total Investments) | |
| | Automobiles - 0.0% | |
| 4,300 | Daimler Chrysler, Series DCX (CORTS) | 7.500% |
| 2,400 | Daimler Chrysler, Series DCX (CORTS) | 8.250% |
| 3,000 | Daimler Chrysler, Series DCX (CORTS) | 6.875% |
| 3,400 | DaimlerChrysler AG (CORTS) | 7.875% |
| 23,300 | DaimlerChrysler Corp. (PPLUS) | 7.250% |

 Total Automobiles

Capital Markets - 5.1%

| | | |
|---------|--|--------|
| 103,100 | Bear Stearns Capital Trust III | 7.800% |
| 19,300 | BNY Capital Trust IV, Series E | 6.875% |
| 51,300 | BNY Capital Trust V, Series F | 5.950% |
| 395,625 | Compass Capital Trust III | 7.350% |
| 28,600 | CSFB USA, Series 2002-10 (SATURNS) | 7.000% |
| 63,300 | First Union Capital II, Series II (CORTS) | 7.500% |
| 31,300 | First Union Institutional Capital II (CORTS) | 8.200% |
| 6,300 | Goldman Sachs Capital I (CORTS) | 6.000% |
| 2,100 | Goldman Sachs Capital I, Series A (CORTS) | 6.000% |
| 179,900 | Goldman Sachs Group Inc., (3) | 6.200% |
| 9,900 | Goldman Sachs Group Inc., Series GSC-3 (PPLUS) | 6.000% |
| 2,000 | Goldman Sachs Group Inc., Series GSG-1 (PPLUS) | 6.000% |
| 3,000 | Goldman Sachs Group Inc., Series GSG-2 (PPLUS) | 5.750% |
| 3,000 | Goldman Sachs Group Inc., Series 2003-11 (SATURNS) | 5.625% |
| 13,700 | Goldman Sachs Group Inc., Series 2004-04 (SATURNS) | 6.000% |
| 1,600 | Goldman Sachs Group Inc., Series 2004-06 (SATURNS) | 6.000% |
| 3,800 | Goldman Sachs Group Incorporated (SATURNS) | 5.750% |
| 323,800 | Lehman Brothers Holdings Capital Trust III, Series K | 6.375% |
| 102,900 | Lehman Brothers Holdings Capital Trust IV, Series L | 6.375% |
| 58,800 | Lehman Brothers Holdings Capital Trust V, Series M | 6.000% |
| 42,000 | Lehman Brothers Holdings Inc., Series C, (3) | 5.940% |
| 70,000 | Lehman Brothers Holdings Inc., Series F, (3) | 6.500% |
| 122,400 | Merrill Lynch Capital Trust II | 8.000% |
| 107,900 | Merrill Lynch Preferred Capital Trust | 7.750% |
| 209,300 | Merrill Lynch Preferred Capital Trust III | 7.000% |

21

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

Portfolio of Investments December 31, 2005

| Shares | Description(1) | Coupon |
|--------|----------------|--------|
| ----- | | |

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

Capital Markets (continued)

| | | |
|---------|---|--------|
| 129,700 | Merrill Lynch Preferred Capital Trust IV | 7.120% |
| 228,700 | Merrill Lynch Preferred Capital Trust V | 7.280% |
| 55,200 | Morgan Stanley (PPLUS) | 7.050% |
| 168,008 | Morgan Stanley Capital Trust II | 7.250% |
| 459,900 | Morgan Stanley Capital Trust III | 6.250% |
| 380,000 | Morgan Stanley Capital Trust IV | 6.250% |
| 43,500 | Morgan Stanley Capital Trust V | 5.750% |
| 46,400 | UBS Preferred Funding Trust III | 7.250% |
| 44,500 | Washington Mutual Capital Trust I, Series 2001-22, Class A-1 (CORTS) | 7.650% |

Total Capital Markets

Commercial Banks - 11.0%

| | | |
|---------|--|---------|
| 119,000 | ABN AMRO Capital Fund Trust V | 5.900% |
| 7,000 | ABN AMRO Capital Trust Fund VII | 6.080% |
| 158,960 | ASBC Capital I | 7.625% |
| 136,100 | BAC Capital Trust I | 7.000% |
| 168,500 | BAC Capital Trust II | 7.000% |
| 218,300 | BAC Capital Trust III | 7.000% |
| 304,100 | Banco Santander | 6.410% |
| 54,100 | Banco Totta & Acores Finance, Series A | 8.875% |
| 11,400 | BancorpSouth Capital Trust I | 8.150% |
| 731,000 | Banesto Holdings, Series A, 144A | 10.500% |
| 204,000 | Bank One Capital Trust VI | 7.200% |
| 67,300 | BankNorth Capital Trust II | 8.000% |
| 121,500 | Chittenden Capital Trust I | 8.000% |
| 225,500 | Cobank ABC, 144A, (3) | 7.000% |
| 268,700 | Comerica Capital Trust I | 7.600% |
| 362,100 | HSBC Finance Corporation | 6.875% |
| 36,500 | HSBC Finance Corporation | 6.000% |
| 39,600 | KeyCorp (PCARS) | 7.500% |
| 8,500 | KeyCorp Capital Trust V | 5.875% |
| 32,500 | KeyCorp, Series 2001-7 (CORTS) | 7.750% |
| 99,000 | KeyCorp, Series B (CORTS) | 8.250% |
| 270,400 | National Commerce Capital Trust II | 7.700% |
| 5,000 | National Westminster Bank plc | 7.760% |
| 112,200 | National Westminster Bank plc, Series A | 7.875% |
| 5,800 | PNC Capital Trust | 6.125% |
| 50,500 | Regions Finance Trust I | 8.000% |
| 596,876 | Royal Bank of Scotland Group plc, Series N | 6.350% |
| 173,800 | SunTrust Capital Trust IV | 7.125% |
| 162,200 | SunTrust Capital Trust V | 7.050% |
| 714,300 | USB Capital Trust III | 7.750% |
| 315,800 | USB Capital Trust IV | 7.350% |
| 132,200 | USB Capital Trust V | 7.250% |
| 63,300 | USB Capital Trust VI | 5.750% |
| 118,600 | USB Capital Trust VII | 5.875% |
| 92,300 | VNB Capital Trust I | 7.750% |
| 55,900 | Wells Fargo Capital Trust IX | 5.625% |
| 38,700 | Wells Fargo Capital Trust IV | 7.000% |
| 301,600 | Wells Fargo Capital Trust V | 7.000% |
| 43,100 | Wells Fargo Capital Trust VI | 6.950% |
| 61,300 | Wells Fargo Capital Trust VII | 5.850% |
| 578,650 | Zions Capital Trust B | 8.000% |

Total Commercial Banks

Computers & Peripherals - 0.1%

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

| | | |
|--------|---|--------|
| 22,400 | IBM Inc. (CORTS) | 7.125% |
| 9,100 | IBM Inc., Trust Certificates, Series 2001-2 | 7.100% |
| 20,200 | IBM Trust II (CORTS) | 7.125% |
| 39,200 | IBM Trust III (CORTS) | 7.200% |

Total Computers & Peripherals

22

| Shares | Description(1) | Coupon |
|--------|----------------|--------|
|--------|----------------|--------|

Consumer Finance - 2.4%

| | | |
|---------|-----------------------------|--------|
| 620,196 | Household Capital Trust VI | 8.250% |
| 73,600 | Household Capital Trust VII | 7.500% |
| 917,000 | HSBC Finance Corporation | 6.360% |
| 39,900 | SLM Corporation | 6.000% |

Total Consumer Finance

Diversified Financial Services - 9.3%

| | | |
|-----------|---|--------|
| 78,800 | BBVA Preferred Capital Ltd., Series B | 7.750% |
| 407,000 | CIT Group Inc., Series A, (3) | 6.350% |
| 38,100 | CIT Group Incorporated (CORTS) | 7.750% |
| 14,900 | Citigroup Capital Trust IX | 6.000% |
| 476,200 | Citigroup Capital Trust VII | 7.125% |
| 828,207 | Citigroup Capital Trust VIII | 6.950% |
| 37,300 | Citigroup Capital Trust XI | 6.000% |
| 36,900 | Citigroup Inc., Series H, (3) | 6.231% |
| 39,000 | Citigroup Inc., Series M, (3) | 5.864% |
| 10,400 | Citigroup, Series CIT (CORTS) | 6.750% |
| 14,100 | General Electric Capital Corporation | 5.875% |
| 300,700 | General Electric Capital Corporation | 6.100% |
| 199,700 | General Electric Capital Corporation | 6.625% |
| 3,900 | General Electric Capital Corporation, (CORTS) | 6.000% |
| 1,445,555 | ING Group N.V. | 7.050% |
| 1,523,600 | ING Group N.V. | 7.200% |
| 11,000 | ING Group N.V. | 6.200% |
| 91,500 | JPM Capital Trust (CORTS) | 7.200% |
| 11,600 | JPM Capital Trust I, Series 2001-1, Class A-1 (CORTS) | 7.850% |
| 9,700 | JPMorgan Chase & Company (PCARS) | 7.125% |
| 366,000 | JPMorgan Chase Capital Trust IX, Series I | 7.500% |
| 203,600 | JPMorgan Chase Capital Trust X | 7.000% |
| 22,156 | JPMorgan Chase Capital Trust XI | 5.875% |
| 210,900 | JPMorgan Chase Capital Trust XVI | 6.350% |
| 52,900 | JPMorgan Chase Trust, Series 2002-6, Class A (SATURNS) | 7.125% |

Total Diversified Financial Services

Diversified Telecommunication Services - 0.6%

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

| | | |
|---------|--|--------|
| 114,999 | AT&T Inc. | 7.000% |
| 17,500 | BellSouth Capital Funding (CORTS) | 7.100% |
| 33,300 | BellSouth Corporation | 7.125% |
| 21,600 | BellSouth Corporation (CORTS) | 7.000% |
| 16,300 | BellSouth Corporation, Series 2001-3 (SATURNS) | 7.125% |
| 15,100 | BellSouth Corporation, Series BLS, (CORTS) | 7.000% |
| 16,300 | BellSouth Inc. (CORTS) | 7.000% |
| 28,400 | BellSouth Telecommunications (PPLUS) | 7.300% |
| 30,600 | Verizon Communications (CORTS) | 7.625% |
| 7,600 | Verizon Communications (CORTS) | 7.375% |
| 70,100 | Verizon Global Funding Corporation (SATURNS) | 7.500% |
| 22,100 | Verizon New England Inc., Series B | 7.000% |
| 13,000 | Verizon South Inc., Series F | 7.000% |

 Total Diversified Telecommunication Services

Electric Utilities - 4.8%

| | | |
|-----------|--|--------|
| 189,500 | Alabama Power Company, (3) | 5.830% |
| 2,800 | Consolidated Edison Company | 7.250% |
| 17,200 | Consolidated Edison Company of New York Inc. | 7.500% |
| 27,400 | DTE Energy Trust I | 7.800% |
| 1,600 | Entergy Arkansas Inc. | 6.000% |
| 5,500 | Entergy Arkansas Inc. | 6.700% |
| 56,750 | Entergy Louisiana Inc. | 7.600% |
| 1,299,100 | Entergy Mississippi Inc. | 7.250% |
| 3,000 | Georgia Power Capital Trust V | 7.125% |
| 1,800 | Georgia Power Capital Trust VII | 5.875% |
| 30,900 | Georgia Power Company | 5.700% |

23

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

Portfolio of Investments December 31, 2005

| Shares | Description(1) | Coupon |
|--------------------------------|---|--------|
| ----- | | |
| Electric Utilities (continued) | | |
| 941,500 | Interstate Power and Light Company, Series B, (3) | 8.375% |
| 2,500 | Mississippi Power Company | 5.625% |
| 8,900 | National Rural Utilities Cooperative Finance Corporation | 7.600% |
| 30,200 | National Rural Utilities Cooperative Finance Corporation | 7.400% |
| 1,700 | National Rural Utilities Cooperative Finance Corporation | 6.750% |
| 18,400 | National Rural Utilities Cooperative Finance Corporation | 5.950% |
| 53,200 | Public Service Company of Oklahoma, Series B | 6.000% |
| 2,900 | Southern Company Capital Trust I (CORTS) | 7.375% |
| 3,700 | Tennessee Valley Authority, Series A | 4.081% |
| 59,800 | Tennessee Valley Authority, Series D | 6.750% |
| 265,500 | Virginia Power Capital Trust | 7.375% |

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

| | | |
|---|---|--------|
| Total Electric Utilities | | |
| ----- | | |
| Food Products - 0.7% | | |
| 122,000 | Dairy Farmers of America Inc., 144A, (3) | 7.875% |
| ----- | | |
| Gas Utilities - 0.1% | | |
| 53,500 | AGL Capital Trust II | 8.000% |
| ----- | | |
| Health Care Providers & Services - 0.1% | | |
| 62,900 | Aetna Inc. | 8.500% |
| ----- | | |
| Industrial Conglomerates - 0.0% | | |
| 8,600 | General Electric Company, Series GE (CORTS) | 6.800% |
| ----- | | |
| Insurance - 19.2% | | |
| 972,600 | Ace Ltd., Series C | 7.800% |
| 2,119,800 | Aegon N.V. | 6.375% |
| 131,200 | Aegon N.V. | 6.500% |
| 21,300 | AMBAC Financial Group Inc. | 7.000% |
| 56,600 | AMBAC Financial Group Inc. | 5.950% |
| 4,800 | AMBAC Financial Group Inc. | 5.875% |
| 479,357 | Delphi Financial Group, Inc. | 8.000% |
| 2,417,400 | EverestRe Group Limited | 7.850% |
| 55,900 | Financial Security Assurance Holdings | 6.875% |
| 704,200 | Financial Security Assurance Holdings | 6.250% |
| 11,700 | Financial Security Assurance Holdings | 5.600% |
| 369,200 | Hartford Capital Trust III, Series C | 7.450% |
| 105,300 | Hartford Life Capital Trust II, Series B | 7.625% |
| 94,000 | Lincoln National Capital Trust V, Series E | 7.650% |
| 55,300 | Lincoln National Capital Trust VI | 6.750% |
| 7,500 | MetLife Inc. | 5.875% |
| 1,097,500 | MetLife Inc., Series B, (3) | 6.500% |
| 301,581 | PartnerRe Limited | 7.900% |
| 644,020 | PartnerRe Limited, Series C | 6.750% |
| 27,400 | PartnerRe Limited, Series D | 6.500% |
| 108,700 | PLC Capital Trust III | 7.500% |
| 453,140 | PLC Capital Trust IV | 7.250% |
| 19,600 | PLC Capital Trust V | 6.125% |
| 5,600 | Prudential Financial Inc. (CORTS) | 6.000% |
| 223,000 | Prudential plc | 6.750% |
| 324,060 | RenaissanceRe Holdings Ltd., Series A | 8.100% |
| 145,800 | RenaissanceRe Holdings Ltd., Series B | 7.300% |
| 20,200 | RenaissanceRe Holdings Ltd., Series C | 6.080% |
| 90,500 | Safeco Capital Trust I (CORTS) | 8.700% |
| 21,100 | Safeco Capital Trust I (CORTS) | 8.750% |
| 59,900 | Safeco Capital Trust I, Series 2001-4 (CORTS) | 8.750% |
| 4,800 | Safeco Capital Trust III (CORTS) | 8.072% |
| 3,100 | Safeco Capital Trust IV (CORTS) | 8.375% |
| 2,600 | Safeco Corporation, Series 2001-7 (SATURNS) | 8.250% |
| 8,100 | Safeco Corporation, Series 2002-5 (SATURNS) | 8.250% |
| 129,500 | Saint Paul Capital Trust I | 7.600% |

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

| Shares | Description(1) | Coupon |
|------------------------------------|---|--------|
| ----- | | |
| Insurance (continued) | | |
| 132,300 | Torchmark Capital Trust I | 7.750% |
| 6,900 | Torchmark Capital Trust II | 7.750% |
| 21,200 | W.R. Berkley (CORTS) | 8.250% |
| 26,800 | W.R. Berkley Capital Trust, Series 2002-1 (CBTCS) | 8.125% |
| 711,146 | W.R. Berkley Corporation | 6.750% |
| 570,300 | XL Capital Ltd, Series A | 8.000% |
| 598,417 | XL Capital Ltd, Series B | 7.625% |
| ----- | | |
| Total Insurance | | |
| ----- | | |
| IT Services - 0.0% | | |
| 16,100 | Vertex Industries Inc. (PPLUS) | 7.625% |
| ----- | | |
| Media - 0.3% | | |
| 166,800 | CBS Corporation | 7.300% |
| 18,200 | The Walt Disney Company | 7.000% |
| 2,900 | The Walt Disney Company (CORTS) | 6.875% |
| ----- | | |
| Total Media | | |
| ----- | | |
| Multiline Retail - 0.0% | | |
| 5,700 | Nordstrom Inc. (CORTS) | 7.625% |
| ----- | | |
| Multi-Utilities - 0.4% | | |
| 119,400 | Dominion CNG Capital Trust I | 7.800% |
| 46,300 | Dominion Resources Capital Trust II | 8.400% |
| 120,200 | Energy East Capital Trust I | 8.250% |
| ----- | | |
| Total Multi-Utilities | | |
| ----- | | |
| Oil, Gas & Consumable Fuels - 1.6% | | |
| 910,411 | Nexen, Inc. | 7.350% |
| 151,900 | TransCanada Pipeline | 8.250% |
| ----- | | |
| Total Oil, Gas & Consumable Fuels | | |
| ----- | | |
| Pharmaceuticals - 0.0% | | |
| 13,700 | Bristol-Myers Squibb Company (CORTS) | 6.250% |
| 7,300 | Bristol-Myers Squibb Company Trust (CORTS) | 6.800% |
| ----- | | |
| Total Pharmaceuticals | | |
| ----- | | |
| Real Estate - 21.0% | | |
| 95,400 | AvalonBay Communities, Inc., Series H | 8.700% |
| 16,400 | BRE Properties, Series B | 8.080% |
| 356,900 | BRE Properties, Series C | 6.750% |
| 81,006 | BRE Properties, Series D | 6.750% |
| 925,955 | CarrAmerica Realty Corporation, Series E | 7.500% |

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

| | | |
|-----------|---|--------|
| 40,467 | Developers Diversified Realty Corporation | 7.500% |
| 135,925 | Developers Diversified Realty Corporation, Series F | 8.600% |
| 639,813 | Developers Diversified Realty Corporation, Series G | 8.000% |
| 183,623 | Developers Diversified Realty Corporation, Series H | 7.375% |
| 5,600 | Duke-Weeks Realty Corporation | 6.625% |
| 220,650 | Duke-Weeks Realty Corporation, Series B | 7.990% |
| 39,900 | Duke-Weeks Realty Corporation, Series I | 8.450% |
| 298,900 | Duke Realty Corporation, Series L | 6.600% |
| 380,900 | Equity Office Properties Trust, Series G | 7.750% |
| 54,000 | Equity Residential Properties Trust, Series C | 9.125% |
| 68,250 | Equity Residential Properties Trust, Series D | 8.600% |
| 36,484 | Equity Residential Properties Trust, Series N | 6.480% |
| 332,800 | Federal Realty Investment Trust | 8.500% |
| 18,300 | First Industrial Realty Trust, Inc., Series C | 8.625% |
| 16,800 | Harris Preferred Capital Corporation, Series A | 7.375% |
| 213,100 | HRPT Properties Trust, Series A | 9.875% |
| 1,579,825 | HRPT Properties Trust, Series B | 8.750% |
| 149,500 | Kimco Realty Corporation, Series F | 6.650% |
| 199,550 | New Plan Excel Realty Trust, Series D | 7.800% |

25

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

Portfolio of Investments December 31, 2005

| Shares | Description(1) | Coupon |
|-------------------------|---------------------------------------|--------|
| ----- | | |
| Real Estate (continued) | | |
| 770,900 | New Plan Excel Realty Trust, Series E | 7.625% |
| 1,700 | Prologis Trust, Series F | 6.750% |
| 97,728 | Prologis Trust, Series G | 6.750% |
| 734,970 | PS Business Parks, Inc. | 7.000% |
| 107,600 | PS Business Parks, Inc., Series I | 6.875% |
| 401,000 | PS Business Parks, Inc., Series L | 7.600% |
| 6,000 | Public Storage, Inc. | 7.125% |
| 230,400 | Public Storage, Inc., Series C | 6.600% |
| 35,200 | Public Storage, Inc., Series D | 6.180% |
| 38,600 | Public Storage, Inc., Series E | 6.750% |
| 60,066 | Public Storage, Inc., Series F | 6.450% |
| 86,300 | Public Storage, Inc., Series Q | 8.600% |
| 264,295 | Public Storage, Inc., Series R | 8.000% |
| 50,700 | Public Storage, Inc., Series S | 7.875% |
| 131,065 | Public Storage, Inc., Series T | 7.625% |
| 108,700 | Public Storage, Inc., Series U | 7.625% |
| 148,000 | Public Storage, Inc., Series V | 7.500% |
| 2,129 | Public Storage, Inc., Series X | 6.450% |
| 164,100 | Realty Income Corporation | 7.375% |
| 309,100 | Regency Centers Corporation | 7.450% |
| 245,100 | Regency Centers Corporation | 7.250% |
| 16,100 | Regency Centers Corporation | 6.700% |

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

| | | |
|---|---|--------|
| 34,500 | Simon Property Group, Inc., Series F | 8.750% |
| 326,041 | Simon Property Group, Inc., Series G | 7.890% |
| 58,600 | United Dominion Realty Trust | 8.600% |
| 9,200 | Vornado Realty Trust, Series E | 7.000% |
| 22,300 | Vornado Realty Trust, Series F | 6.750% |
| 213,940 | Vornado Realty Trust, Series G | 6.625% |
| 112,800 | Vornado Realty Trust, Series H | 6.750% |
| 226,700 | Vornado Realty Trust, Series I | 6.625% |
| 2,461,900 | Wachovia Preferred Funding Corporation | 7.250% |
| 156,500 | Weingarten Realty Trust, Series E | 6.950% |
| ----- | | |
| Total Real Estate | | |
| ----- | | |
| Specialty Retail - 0.1% | | |
| 50,900 | Sherwin Williams Company, Series III (CORTS) | 7.250% |
| ----- | | |
| Thrifths & Mortgage Finance - 1.5% | | |
| 4,600 | Countrywide Capital Trust II, Series II (CORTS) | 8.000% |
| 1,043,000 | Countrywide Capital Trust IV | 6.750% |
| ----- | | |
| Total Thrifths & Mortgage Finance | | |
| ----- | | |
| U.S. Agency - 1.7% | | |
| 2,800 | Fannie Mae, (3) | 4.750% |
| 20,300 | Fannie Mae, (3) | 5.810% |
| 70,200 | Fannie Mae, (3) | 5.125% |
| 83,500 | Fannie Mae, (3) | 6.129% |
| 34,000 | Federal Home Loan Mortgage Corporation | 5.300% |
| 124,200 | Federal Home Loan Mortgage Corporation, (3) | 6.000% |
| 58,700 | Federal Home Loan Mortgage Corporation, (3) | 6.140% |
| 60,000 | Federal Home Loan Mortgage Corporation, (3) | 5.100% |
| 84,600 | Federal Home Loan Mortgage Corporation, (3) | 5.000% |
| 107,900 | Federal Home Loan Mortgage Corporation, (3) | 5.100% |
| ----- | | |
| Total U.S. Agency | | |
| ----- | | |
| Wireless Telecommunication Services - 2.2% | | |
| 164,900 | Telephone and Data Systems Inc. | 7.600% |
| 1,319,200 | United States Cellular Corporation | 8.750% |
| ----- | | |
| Total Wireless Telecommunication Services | | |
| ----- | | |
| Total \$25 Par (or similar) Securities (cost \$1,429,627,569) | | |
| ----- | | |

26

| Principal Amount (000) | Description(1) | Coupon | Matu |
|--|----------------|--------|------|
| ----- | | | |
| Corporate Bonds - 0.7% (0.5% of Total Investments) | | | |

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

| | | | | |
|--|--------|--|---------|----------|
| Commercial Banks - 0.1% | | | | |
| \$ | 2,000 | HBOS plc, Series 144A | 6.413% | 9/2 |
| ----- | | | | |
| Household Durables - 0.4% | | | | |
| | 7,000 | Stanley Works Capital Trust I, 144A | 5.902% | 12/0 |
| ----- | | | | |
| Insurance - 0.2% | | | | |
| | 3,500 | AIG Capital Trust I, 144A | 5.900% | 12/2 |
| ----- | | | | |
| | 12,500 | Total Corporate Bonds (cost \$12,421,048) | | |
| ----- | | | | |
| Principal Amount (000)/ | Shares | Description(1) | Coupon | Maturity |
| ----- | | | | |
| Capital Preferred Securities - 57.3% (39.8% of Total Investments) | | | | |
| Capital Markets - 7.3% | | | | |
| | 15,000 | Ahmanson Capital Trust I, 144A | 8.360% | 12/0 |
| | 1,465 | Bank of New York Capital I, Series B | 7.970% | 12/3 |
| | 4,000 | BT Capital Trust, Series B1 | 7.900% | 1/1 |
| | 2,000 | BT Institutional Capital Trust B, 144A | 7.750% | 12/0 |
| | 500 | BT Preferred Capital Trust II | 7.875% | 2/2 |
| | 5,000 | C.A. Preferred Fund Trust II | 7.000% | 10/3 |
| | 18,600 | C.A. Preferred Funding Trust | 7.000% | 1/3 |
| | 5,050 | First Hawaiian Capital Trust I, Series B | 8.343% | 7/0 |
| | 1,000 | First Security Capital I | 8.410% | 12/1 |
| | 17,095 | First Union Capital Trust II, Series A | 7.950% | 11/1 |
| | 25,000 | Mellon Capital Trust I, Series A | 7.720% | 12/0 |
| | 3,240 | State Street Institutional Capital Trust, 144A | 7.940% | 12/3 |
| | 19,800 | UBS Preferred Funding Trust I | 8.622% | 10/2 |
| ----- | | | | |
| Total Capital Markets | | | | |
| ----- | | | | |
| Commercial Banks - 30.5% | | | | |
| | 19,000 | AB Svensk Exportkredit, 144A | 6.375% | 10/2 |
| | 37,250 | Abbey National Capital Trust I | 8.963% | 6/3 |
| | 7,100 | AgFirst Farm Credit Bank | 7.300% | 12/1 |
| | 6,500 | Bank One Capital III | 8.750% | 9/0 |
| | 21,000 | BankBoston Capital Trust I, Series B | 8.250% | 12/1 |
| | 5,000 | BanPonce Trust I, Series A | 8.327% | 2/0 |
| | 36,000 | Barclays Bank plc, 144A | 8.550% | 6/1 |
| | 2,000 | Corestates Capital Trust I, 144A | 8.000% | 12/1 |
| | 3,700 | DBS Capital Funding Corporation, 144A | 7.657% | 3/1 |
| | 1,500 | First Empire Capital Trust I | 8.234% | 2/0 |
| | 1,500 | First Midwest Bancorp Inc. | 6.950% | 12/0 |
| | 22,080 | Fleet Capital Trust II | 7.920% | 12/1 |
| | 44,010 | HBOS Capital Funding LP, Notes | 6.850% | 3/2 |
| | 2,400 | HSBC Capital Funding LP, 144A | 9.547% | 12/3 |
| | 6,250 | HSBC Capital Funding LP, Debt | 10.176% | 6/3 |
| | 32,000 | KBC Bank Fund Trust III, 144A | 9.860% | 5/0 |
| | 8,000 | KeyCorp Capital III | 7.750% | 7/1 |
| | 2,500 | KeyCorp Institutional Capital Trust A | 7.826% | 12/0 |
| | 13,500 | Lloyds TSB Bank plc, Subordinated Note | 6.900% | 11/2 |
| | 25,000 | M&I Capital Trust A | 7.650% | 12/0 |

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

| | | | |
|--------|--|--------|------|
| 19,500 | NB Capital Trust II | 7.830% | 12/1 |
| 14,000 | Nordbanken AB, 144A | 8.950% | 11/2 |
| 2,000 | North Fork Capital Trust I, Capital Securities | 8.700% | 12/1 |
| 8,000 | North Fork Capital Trust II | 8.000% | 12/1 |
| 2,000 | Peoples Heritage Capital Trust I, Series B | 9.060% | 2/0 |
| 290 | PFCI Capital Corporation | 7.750% | 8/1 |
| 33,085 | PNC Institutional Capital Securities, 144A | 7.950% | 12/1 |
| 2,000 | Popular North American Capital Trust I | 6.564% | 9/1 |
| 13,100 | RBS Capital Trust B | 6.800% | 12/3 |

27

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

Portfolio of Investments December 31, 2005

| Principal Amount (000)/ Shares | Description(1) | Coupon | Matu | |
|---|----------------|--|--------|------|
| ----- | | | | |
| Commercial Banks (continued) | | | | |
| \$ | 8,000 | Reliance Capital Trust I, Series B | 8.170% | 5/0 |
| | 500 | Republic New York Capital II, Capital Securities | 7.530% | 12/0 |
| | 17,500 | Royal Bank of Scotland Group plc | 9.118% | 3/3 |
| | 5,000 | Sparebanken Rogaland, Notes, 144A | 6.443% | 5/0 |
| | 9,000 | St. George Funding Company LLC, 144A | 8.485% | 12/3 |
| | 3,400 | Swedbank ForeningsSparbanken AB, 144A | 9.000% | 9/1 |
| | 7,500 | Union Planters Capital Trust A | 8.200% | 12/1 |
| | 240 | Union Planters Preferred Fund, 144A | 7.750% | 7/1 |
| | 10,000 | Zions Institutional Capital Trust, Series A | 8.536% | 12/1 |
| ----- | | | | |
| Total Commercial Banks | | | | |
| ----- | | | | |
| Diversified Financial Services - 2.6% | | | | |
| | 2,750 | BNP Paribas Capital Trust | 7.200% | 12/3 |
| | 1,000 | BNP Paribas Capital Trust, 144A | 9.003% | 12/2 |
| | 18,800 | Citigroup Capital X | 6.100% | 9/3 |
| | 3,600 | JPM Capital Trust I | 7.540% | 1/1 |
| | 22,085 | JPM Capital Trust II | 7.950% | 2/0 |
| | 13,800 | Old Mutual Capital Funding, Notes | 8.000% | 6/2 |
| ----- | | | | |
| Total Diversified Financial Services | | | | |
| ----- | | | | |
| Diversified Telecommunication Services - 2.2% | | | | |
| | 30,250 | Centaur Funding Corporation, Series B, 144A | 9.080% | 4/2 |
| ----- | | | | |
| Insurance - 10.8% | | | | |
| | 14,280 | Ace Capital Trust II | 9.700% | 4/0 |
| | 2,000 | Allstate Financing II | 7.830% | 12/0 |
| | 28,000 | American General Institutional Capital, 144A | 8.125% | 3/1 |
| | 2,000 | Mangrove Bay, Class 3, 144A | 6.102% | 7/1 |
| | 6,000 | MIC Financing Trust I | 8.375% | 2/0 |

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

| | | | |
|---|---|--------|------|
| 10,250 | Prudential plc | 6.500% | 6/2 |
| 10,000 | RenaissanceRe Capital Trust | 8.540% | 3/0 |
| 51,700 | Sun Life Canada Capital Trust, Capital Securities, 144A | 8.526% | 5/0 |
| 43,000 | Zurich Capital Trust I, 144A | 8.376% | 6/0 |
| ----- | | | |
| Total Insurance | | | |
| ----- | | | |
| Oil, Gas & Consumable Fuels - 1.3% | | | |
| 3,680 | KN Capital Trust I, Preferred Securities | 8.560% | 4/1 |
| 10,750 | KN Capital Trust III | 7.630% | 4/1 |
| 7,355 | Phillips 66 Capital Trust II | 8.000% | 1/1 |
| ----- | | | |
| Total Oil, Gas & Consumable Fuels | | | |
| ----- | | | |
| Thriffs & Mortgage Finance - 2.4% | | | |
| 5,595 | Countrywide Capital Trust I | 8.000% | 12/1 |
| 8,460 | Countrywide Capital Trust III, Series B | 8.050% | 6/1 |
| 11,825 | Dime Capital Trust I, Series A | 9.330% | 5/0 |
| 13,000 | Great Western Financial Trust II, Series A | 8.206% | 2/0 |
| ----- | | | |
| Total Thriffs & Mortgage Finance | | | |
| ----- | | | |
| U.S. Agency - 0.2% | | | |
| 64,434 | Fannie Mae | 5.100% | 4/1 |
| ----- | | | |
| Total Capital Preferred Securities (cost \$974,714,545) | | | |
| ----- | | | |

28

| Principal Amount (000) | Description(1) | Coupon | Maturity |
|---|--|--------|----------|
| ----- | | | |
| Short-Term Investments - 2.1% (1.5% of Total Investments) | | | |
| \$ 37,800 | Repurchase Agreement with State Street Bank, dated 12/30/05, repurchase price \$37,813,726, collateralized by \$39,095,000 U.S. Treasury Bonds, 4.000%, due 11/15/12, valued at \$38,557,444 | 3.250% | 1/0 |
| ===== | | | |
| Total Short-Term Investments (cost \$37,800,076) | | | |
| ----- | | | |
| Total Investments (cost \$2,477,619,478) - 143.8% | | | |
| ----- | | | |
| Other Assets Less Liabilities - 1.5% | | | |
| ----- | | | |
| Preferred Shares, at Liquidation Value - (45.3)% | | | |
| ----- | | | |
| Net Assets Applicable to Common Shares - 100% | | | |
| ===== | | | |

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

Interest Rate Swaps outstanding at December 31, 2005

| Counterparty | Notional Amount | Fixed Rate Paid by the Fund (annualized) | Fixed Rate Payment Frequency | Floating Rate Received by the Fund(4) | Floating Rate Payment Frequency |
|----------------|-----------------|--|------------------------------|---------------------------------------|---------------------------------|
| Citigroup Inc. | \$100,000,000 | 4.604% | Monthly | 4.320% | Monthly |
| Citigroup Inc. | 100,000,000 | 4.713% | Monthly | 4.320% | Monthly |
| Citigroup Inc. | 200,000,000 | 3.375% | Monthly | 4.320% | Monthly |
| Citigroup Inc. | 200,000,000 | 3.910% | Monthly | 4.320% | Monthly |

(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 higher of Standard & Poor's or Moody's rating. Ratings below Baa by Moody's Investor Service, Inc. or BBB by Standard & Poor's Group are considered to be below investment grade.

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

(4) Based on LIBOR (London Inter-Bank Offered Rate).

N/R Investment is not rated.

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

CBTCS Corporate Backed Trust Certificates.

CORTS Corporate Backed Trust Securities.

PCARS Public Credit and Repackaged Securities.

PPLUS PreferredPlus Trust.

SATURNS Structured Asset Trust Unit Repackaging.

See accompanying notes to financial statements.

29

Nuveen Quality Preferred Income Fund 3 (JHP)

Portfolio of
Investments December 31, 2005

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

| Shares | Description(1) | Coupon |
|---------|--|--------|
| | Convertible Preferred Securities - 1.3% (0.9% of Total Investments) | |
| | Diversified Financial Services - 0.1% | |
| 9,164 | Citigroup Global Markets | 2.000% |
| | Food & Staples Retailing - 0.0% | |
| 5,576 | Albertson's, Inc. | 7.250% |
| | Multi-Utilities - 1.1% | |
| 62,052 | Dominion Resources Inc. | 8.750% |
| | Thrifts & Mortgage Finance - 0.1% | |
| 20,100 | PMI Group Inc. | 5.875% |
| | Total Convertible Preferred Securities (cost \$3,965,204) | |
| Shares | Description(1) | Coupon |
| | \$25 Par (or similar) Securities - 90.0% (61.1% of Total Investments) | |
| | Automobiles - 0.1% | |
| 8,000 | DaimlerChrysler AG (CORTS) | 7.875% |
| | Capital Markets - 8.0% | |
| 32,000 | Bear Stearns Capital Trust III | 7.800% |
| 53,600 | Compass Capital Trust III | 7.350% |
| 39,900 | CSFB USA, Series 2002-10 (SATURNS) | 7.000% |
| 23,100 | First Union Capital II, Series II (CORTS) | 7.500% |
| 11,300 | First Union Institutional Capital II (CORTS) | 8.200% |
| 5,200 | Goldman Sachs Group Inc., Series GSC-3 (PPLUS) | 6.000% |
| 1,200 | Goldman Sachs Group Inc., Series GSG-1 (PPLUS) | 6.000% |
| 4,500 | Goldman Sachs Group Incorporated (SATURNS) | 5.750% |
| 355,900 | Lehman Brothers Holdings Capital Trust III, Series | 6.375% |
| 8,000 | Lehman Brothers Holdings Capital Trust V, Series M | 6.000% |
| 22,000 | Merrill Lynch Capital Trust II | 8.000% |
| 36,300 | Merrill Lynch Preferred Capital Trust | 7.750% |
| 1,700 | Merrill Lynch Preferred Capital Trust III | 7.000% |
| 20,400 | Merrill Lynch Preferred Capital Trust IV | 7.120% |
| 81,100 | Merrill Lynch Preferred Capital Trust V | 7.280% |
| 41,400 | Morgan Stanley (PPLUS) | 7.050% |
| 80,000 | Morgan Stanley Capital Trust II | 7.250% |
| 212,600 | Morgan Stanley Capital Trust III | 6.250% |
| 10,100 | Morgan Stanley Capital Trust V | 5.750% |
| 33,600 | Washington Mutual Capital Trust I, Series 2001-22, Class A-1 (CORTS) | 7.650% |

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

Total Capital Markets

| Commercial Banks - 17.1% | | |
|--------------------------|--|--------|
| 83,300 | Abbey National plc, Series B | 7.250% |
| 17,300 | Abbey National plc, Series B | 7.375% |
| 105,898 | ABN AMRO Capital Trust Fund VII | 6.080% |
| 38,000 | ASBC Capital I | 7.625% |
| 65,594 | BAC Capital Trust I | 7.000% |
| 38,700 | BAC Capital Trust II | 7.000% |
| 99,500 | BAC Capital Trust III | 7.000% |
| 6,000 | BAC Capital Trust IV | 5.875% |
| 65,600 | BAC Capital Trust V | 6.000% |
| 8,900 | BAC Capital Trust VIII | 6.000% |
| 34,800 | Banco Santander | 6.410% |
| 37,300 | Banco Totta & Acores Finance, Series A | 8.875% |

30

| Shares | Description(1) | Coupon |
|------------------------------|--|---------|
| Commercial Banks (continued) | | |
| 2,600 | BancorpSouth Capital Trust I | 8.150% |
| 222,200 | Banesto Holdings, Series A, 144A | 10.500% |
| 33,200 | Bank One Capital Trust VI | 7.200% |
| 4,800 | BankNorth Capital Trust II | 8.000% |
| 24,600 | Chittenden Capital Trust I | 8.000% |
| 44,500 | Cobank ABC, 144A, (3) | 7.000% |
| 57,400 | Comerica Capital Trust I | 7.600% |
| 164,700 | Fleet Capital Trust VII | 1.800% |
| 35,316 | Fleet Capital Trust VIII | 7.200% |
| 136,700 | HSBC Finance Corporation | 6.875% |
| 5,000 | HSBC Finance Corporation | 6.000% |
| 7,400 | KeyCorp (PCARS) | 7.500% |
| 7,400 | KeyCorp Capital Trust V | 5.875% |
| 7,200 | KeyCorp, Series 2001-7 (CORTS) | 7.750% |
| 13,000 | KeyCorp, Series B (CORTS) | 8.250% |
| 22,900 | National Commerce Capital Trust II | 7.700% |
| 30,400 | National Westminster Bank plc, Series A | 7.875% |
| 16,500 | National Westminster Bank plc, Series B | 7.875% |
| 21,400 | PNC Capital Trust | 6.125% |
| 40,000 | Royal Bank of Scotland Group plc, Series M | 6.400% |
| 104,465 | Royal Bank of Scotland Group plc, Series N | 6.350% |
| 17,000 | SunTrust Capital Trust IV | 7.125% |
| 25,500 | SunTrust Capital Trust V | 7.050% |
| 110,300 | USB Capital Trust III | 7.750% |
| 102,000 | USB Capital Trust IV | 7.350% |
| 59,000 | USB Capital Trust V | 7.250% |
| 16,100 | USB Capital Trust VII | 5.875% |
| 19,000 | VNB Capital Trust I | 7.750% |
| 16,000 | Wells Fargo Capital Trust IX | 5.625% |
| 51,000 | Wells Fargo Capital Trust V | 7.000% |
| 12,600 | Wells Fargo Capital Trust VI | 6.950% |
| 87,900 | Wells Fargo Capital Trust VII | 5.850% |
| 80,800 | Zions Capital Trust B | 8.000% |

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

| | | |
|---------------------------------------|---|--------|
| ----- | | |
| Total Commercial Banks | | |
| ----- | | |
| Computers & Peripherals - 0.0% | | |
| 1,200 | IBM Inc., Trust Certificates, Series 2001-2 | 7.100% |
| ----- | | |
| Consumer Finance - 3.3% | | |
| 14,600 | Household Capital Trust VI | 8.250% |
| 101,300 | Household Capital Trust VII | 7.500% |
| 120,000 | HSBC Finance Corporation | 6.360% |
| 95,300 | SLM Corporation, Series A, (3) | 6.970% |
| ----- | | |
| Total Consumer Finance | | |
| ----- | | |
| Diversified Financial Services - 9.4% | | |
| 10,000 | BBVA Preferred Capital Ltd., Series B | 7.750% |
| 37,000 | CIT Group Inc., Series A, (3) | 6.350% |
| 43,800 | CIT Group Incorporated (CORTS) | 7.750% |
| 7,200 | Citigroup Capital Trust IX | 6.000% |
| 28,600 | Citigroup Capital Trust VII | 7.125% |
| 55,900 | Citigroup Capital Trust VIII | 6.950% |
| 17,800 | Citigroup Capital Trust XI | 6.000% |
| 16,549 | Citigroup Inc., Series F, (3) | 6.365% |
| 68,500 | Citigroup Inc., Series H, (3) | 6.231% |
| 50,901 | Citigroup Inc., Series M, (3) | 5.864% |
| 142,900 | ING Group N.V. | 7.050% |
| 504,300 | ING Group N.V. | 7.200% |
| 42,600 | JPMorgan Chase Capital Trust X | 7.000% |
| 43,800 | JPMorgan Chase Capital Trust XVI | 6.350% |

31

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

Portfolio of Investments December 31, 2005

| Shares | Description(1) | Coupon |
|---|--|--------|
| ----- | | |
| Diversified Financial Services (continued) | | |
| 25,800 | JPMorgan Chase Trust, Series 2002-6, Class A (SATURNS) | 7.125% |
| ----- | | |
| Total Diversified Financial Services | | |
| ----- | | |
| Diversified Telecommunication Services - 0.5% | | |
| 4,900 | BellSouth Corporation, Series 2001-3 (SATURNS) | 7.125% |
| 7,200 | BellSouth Corporation, Series BLS (CORTS) | 7.000% |
| 13,600 | BellSouth Inc. (CORTS) | 7.000% |
| 25,600 | Verizon Communications (CORTS) | 7.625% |
| 15,900 | Verizon New England Inc., Series B | 7.000% |
| ----- | | |

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

| | | |
|--|--|--------|
| Total Diversified Telecommunication Services | | |
| Electric Utilities - 2.6% | | |
| 53,500 | Entergy Louisiana Inc. | 7.600% |
| 203,447 | Entergy Mississippi Inc. | 7.250% |
| 13,100 | Georgia Power Company | 5.700% |
| 12,000 | National Rural Utilities Cooperative Finance Corporation | 7.600% |
| 5,300 | National Rural Utilities Cooperative Finance Corporation | 7.400% |
| 27,718 | National Rural Utilities Cooperative Finance Corporation | 5.950% |
| 18,300 | Tennessee Valley Authority, Series D | 6.750% |
| 8,900 | Virginia Power Capital Trust | 7.375% |
| Total Electric Utilities | | |
| Food Products - 0.7% | | |
| 23,500 | Dairy Farmers of America Inc., 144A, (3) | 7.875% |
| Gas Utilities - 0.2% | | |
| 32,900 | AGL Capital Trust II | 8.000% |
| Health Care Providers & Services - 0.1% | | |
| 12,500 | Aetna Inc. | 8.500% |
| Insurance - 20.4% | | |
| 133,000 | Ace Ltd., Series C | 7.800% |
| 406,738 | Aegon N.V. | 6.375% |
| 33,000 | Aegon N.V. | 6.500% |
| 32,300 | AMBAC Financial Group Inc. | 5.950% |
| 95,400 | AMBAC Financial Group Inc. | 5.875% |
| 136,300 | Delphi Financial Group, Inc. | 8.000% |
| 102,600 | EverestRe Capital Trust II | 6.200% |
| 305,571 | EverestRe Group Limited | 7.850% |
| 151,100 | Financial Security Assurance Holdings | 6.250% |
| 69,200 | Hartford Capital Trust III, Series C | 7.450% |
| 106,900 | Lincoln National Capital Trust V, Series E | 7.650% |
| 25,400 | MetLife Inc. | 5.875% |
| 193,700 | MetLife Inc., Series B, (3) | 6.500% |
| 64,600 | PartnerRe Limited | 7.900% |
| 143,800 | PartnerRe Limited, Series C | 6.750% |
| 3,000 | PartnerRe Limited, Series D | 6.500% |
| 56,800 | PLC Capital Trust III | 7.500% |
| 15,500 | PLC Capital Trust IV | 7.250% |
| 4,500 | PLC Capital Trust V | 6.125% |
| 52,544 | Prudential plc | 6.750% |
| 41,500 | RenaissanceRe Holdings Ltd., Series A | 8.100% |
| 133,800 | RenaissanceRe Holdings Ltd., Series B | 7.300% |
| 15,000 | Safeco Capital Trust I (CORTS) | 8.700% |
| 11,000 | Safeco Capital Trust I, Series 2001-4 (CORTS) | 8.750% |
| 32,600 | Safeco Corporation, Series 2001-7 (SATURNS) | 8.250% |
| 2,500 | Saint Paul Capital Trust I | 7.600% |
| 32,600 | W.R. Berkley Capital Trust, Series 2002-1 (CBTCS) | 8.125% |

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

32

| Shares | Description(1) | Coupon |
|------------------------------------|--|--------|
| ----- | | |
| Insurance (continued) | | |
| 7,000 | W.R. Berkley Corporation | 6.750% |
| 61,800 | XL Capital Ltd, Series A | 8.000% |
| 289,400 | XL Capital Ltd, Series B | 7.625% |
| ----- | | |
| Total Insurance | | |
| ----- | | |
| Media - 0.0% | | |
| 1,900 | The Walt Disney Company | 7.000% |
| ----- | | |
| Multi-Utilities - 0.3% | | |
| 17,900 | Dominion CNG Capital Trust I | 7.800% |
| 24,500 | Energy East Capital Trust I | 8.250% |
| ----- | | |
| Total Multi-Utilities | | |
| ----- | | |
| Oil, Gas & Consumable Fuels - 1.8% | | |
| 195,200 | Nexen, Inc. | 7.350% |
| 34,700 | TransCanada Pipeline | 8.250% |
| ----- | | |
| Total Oil, Gas & Consumable Fuels | | |
| ----- | | |
| Pharmaceuticals - 0.1% | | |
| 10,400 | Bristol-Myers Squibb Company (CORTS) | 6.250% |
| 3,500 | Bristol-Myers Squibb Company Trust (CORTS) | 6.800% |
| ----- | | |
| Total Pharmaceuticals | | |
| ----- | | |
| Real Estate - 19.3% | | |
| 10,700 | AvalonBay Communities, Inc., Series H | 8.700% |
| 135,900 | BRE Properties, Series C | 6.750% |
| 8,029 | BRE Properties, Series D | 6.750% |
| 182,209 | CarrAmerica Realty Corporation, Series E | 7.500% |
| 26,700 | Developers Diversified Realty Corporation, Series F | 8.600% |
| 171,200 | Developers Diversified Realty Corporation, Series G | 8.000% |
| 32,000 | Developers Diversified Realty Corporation, Series H | 7.375% |
| 112,900 | Duke Realty Corporation, Series L | 6.600% |
| 60,644 | Equity Office Properties Trust, Series G | 7.750% |
| 18,500 | Equity Residential Properties Trust, Series C | 9.125% |
| 20,800 | Equity Residential Properties Trust, Series D | 8.600% |
| 56,200 | Federal Realty Investment Trust | 8.500% |
| 5,100 | First Industrial Realty Trust, Inc., Series C | 8.625% |
| 131,900 | HRPT Properties Trust, Series A | 9.875% |
| 246,707 | HRPT Properties Trust, Series B | 8.750% |
| 21,000 | New Plan Excel Realty Trust, Series D | 7.800% |

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

| | | |
|---------|---------------------------------------|--------|
| 36,100 | New Plan Excel Realty Trust, Series E | 7.625% |
| 20,000 | Prologis Trust, Series G | 6.750% |
| 136,000 | PS Business Parks, Inc. | 7.000% |
| 36,900 | PS Business Parks, Inc., Series D | 9.500% |
| 8,300 | PS Business Parks, Inc., Series F | 8.750% |
| 120,000 | PS Business Parks, Inc., Series L | 7.600% |
| 3,000 | Public Storage, Inc. | 7.125% |
| 16,100 | Public Storage, Inc., Series F | 6.450% |
| 40,900 | Public Storage, Inc., Series Q | 8.600% |
| 133,833 | Public Storage, Inc., Series R | 8.000% |
| 20,800 | Public Storage, Inc., Series S | 7.875% |
| 26,900 | Public Storage, Inc., Series T | 7.625% |
| 11,000 | Public Storage, Inc., Series U | 7.625% |
| 17,000 | Public Storage, Inc., Series V | 7.500% |
| 3,000 | Public Storage, Inc., Series X | 6.450% |
| 2,700 | Realty Income Corporation | 7.375% |
| 12,600 | Regency Centers Corporation | 7.450% |
| 84,500 | Regency Centers Corporation | 7.250% |
| 25,900 | Regency Centers Corporation | 6.700% |

33

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

Portfolio of Investments December 31, 2005

| Shares | Description(1) | Coupon |
|-----------------------------------|---|--------|
| ----- | | |
| Real Estate (continued) | | |
| 7,500 | Simon Property Group, Inc., Series F | 8.750% |
| 68,600 | Simon Property Group, Inc., Series G | 7.890% |
| 39,500 | United Dominion Realty Trust | 8.600% |
| 61,800 | Vornado Realty Trust, Series G | 6.625% |
| 4,500 | Vornado Realty Trust, Series I | 6.625% |
| 252,700 | Wachovia Preferred Funding Corporation | 7.250% |
| 39,600 | Weingarten Realty Trust, Series E | 6.950% |
| ----- | | |
| Total Real Estate | | |
| ----- | | |
| Specialty Retail - 0.2% | | |
| 20,900 | Sherwin Williams Company, Series III (CORTS) | 7.250% |
| ----- | | |
| Thrifts & Mortgage Finance - 1.9% | | |
| 18,100 | Countrywide Capital Trust II, Series II (CORTS) | 8.000% |
| 241,430 | Countrywide Capital Trust IV | 6.750% |
| ----- | | |
| Total Thrifts & Mortgage Finance | | |
| ----- | | |
| U.S. Agency - 1.9% | | |
| 43,800 | Fannie Mae, (3) | 6.129% |
| 7,000 | Federal Home Loan Mortgage Corporation | 5.300% |
| 9,000 | Federal Home Loan Mortgage Corporation | 5.810% |

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

| | | |
|--|---|--------|
| 20,800 | Federal Home Loan Mortgage Corporation, (3) | 5.000% |
| 20,900 | Federal Home Loan Mortgage Corporation, (3) | 6.000% |
| 9,000 | Federal Home Loan Mortgage Corporation, (3) | 6.140% |
| 5,000 | Federal Home Loan Mortgage Corporation, (3) | 5.100% |
| 19,900 | Federal Home Loan Mortgage Corporation, (3) | 5.100% |
| ----- | | |
| Total U.S. Agency | | |
| ----- | | |
| Wireless Telecommunication Services - 2.1% | | |
| 116,901 | Telephone and Data Systems Inc. | 7.600% |
| 157,500 | United States Cellular Corporation | 8.750% |
| 5,300 | United States Cellular Corporation | 7.500% |
| ----- | | |
| Total Wireless Telecommunication Services | | |
| ----- | | |
| Total \$25 Par (or similar) Securities (cost \$305,287,314) | | |
| ----- | | |

| Principal Amount (000) | Description(1) | Coupon | Maturity |
|--|--|--------|----------|
| ----- | | | |
| Corporate Bonds - 0.6% (0.4% of Total Investments) | | | |
| Household Durables - 0.4% | | | |
| \$ 1,400 | Stanley Works Capital Trust I, 144A | 5.902% | 12/01/45 |
| ----- | | | |
| Insurance - 0.2% | | | |
| 700 | AIG Capital Trust I, 144A | 5.900% | 12/21/65 |
| ----- | | | |
| 2,100 | Total Corporate Bonds (cost \$2,084,166) | | |
| ----- | | | |

| Principal Amount (000)/ Shares | Description(1) | Coupon | Maturity |
|--|--|--------|----------|
| ----- | | | |
| Capital Preferred Securities - 53.2% (36.1% of Total Investments) | | | |
| Capital Markets - 7.4% | | | |
| 5,000 | Ahmanson Capital Trust I, 144A | 8.360% | 12/01/26 |
| 1,000 | Bank of New York Capital I, Series B | 7.970% | 12/31/26 |
| 1,000 | BT Capital Trust, Series B1 | 7.900% | 1/15/27 |
| 1,000 | BT Institutional Capital Trust B, 144A | 7.750% | 12/01/26 |
| ----- | | | |

34

| Principal Amount (000)/ Shares | Description(1) | Coupon | Maturity |
|--------------------------------------|----------------|--------|----------|
| ----- | | | |

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

Capital Markets (continued)

| | | | |
|-------|--|--------|----------|
| 500 | BT Preferred Capital Trust II | 7.875% | 2/25/27 |
| 250 | C.A. Preferred Fund Trust II | 7.000% | 10/30/49 |
| 3,750 | C.A. Preferred Funding Trust | 7.000% | 1/30/49 |
| 1,000 | First Hawaiian Capital Trust I, Series B | 8.343% | 7/01/27 |
| 8,485 | First Union Capital Trust II, Series A | 7.950% | 11/15/29 |

Total Capital Markets

Commercial Banks - 22.7%

| | | | |
|-------|--|--------|----------|
| 2,000 | AB Svensk Exportkredit, 144A | 6.375% | 10/27/49 |
| 1,000 | Abbey National Capital Trust I | 8.963% | 6/30/50 |
| 1,900 | AgFirst Farm Credit Bank | 7.300% | 12/15/53 |
| 1,000 | BankAmerica Capital II, Series 2 | 8.000% | 12/15/26 |
| 1,500 | BankBoston Capital Trust II, Series B | 7.750% | 12/15/26 |
| 1,000 | BanPonce Trust I, Series A | 8.327% | 2/01/27 |
| 6,200 | Barclays Bank plc, 144A | 8.550% | 6/15/49 |
| 900 | DBS Capital Funding Corporation, 144A | 7.657% | 3/15/49 |
| 1,000 | First Chicago NBD Institutional Capital, 144A | 7.950% | 12/01/26 |
| 1,000 | First Empire Capital Trust I | 8.234% | 2/01/27 |
| 500 | First Midwest Bancorp Inc. | 6.950% | 12/01/33 |
| 9,100 | HBOS Capital Funding LP, Notes | 6.850% | 3/23/49 |
| 1,430 | HSBC USA Capital Trust II, 144A | 8.380% | 5/15/27 |
| 2,500 | KBC Bank Fund Trust III, 144A | 9.860% | 5/02/50 |
| 1,000 | KeyCorp Capital II | 6.875% | 3/17/29 |
| 2,500 | Lloyds TSB Bank plc, Subordinated Note | 6.900% | 11/22/49 |
| 4,000 | North Fork Capital Trust I, Capital Securities | 8.700% | 12/15/26 |
| 1,500 | North Fork Capital Trust II | 8.000% | 12/15/27 |
| 3,150 | Peoples Heritage Capital Trust I, Series B | 9.060% | 2/01/27 |
| 5,000 | PNC Institutional Capital Trust B, 144A | 8.315% | 5/15/27 |
| 1,000 | Popular North American Capital Trust I | 6.564% | 9/15/34 |
| 4,500 | RBS Capital Trust B | 6.800% | 12/31/49 |
| 2,500 | St. George Funding Company LLC, 144A | 8.485% | 12/31/47 |
| 655 | Swedbank ForeningsSparbanken AB, 144A | 9.000% | 9/17/50 |
| 4,600 | Union Planters Capital Trust A | 8.200% | 12/15/26 |
| 70 | Union Planters Preferred Fund, 144A | 7.750% | 7/15/53 |
| 3,000 | Zions Institutional Capital Trust, Series A | 8.536% | 12/15/26 |

Total Commercial Banks

Diversified Financial Services - 4.1%

| | | | |
|--------|-----------------------------------|--------|----------|
| 1,000 | BNP Paribas Capital Trust | 7.200% | 12/31/49 |
| 1,000 | Chase Capital Trust I, Series A | 7.670% | 12/01/26 |
| 10,300 | Citigroup Capital X | 6.100% | 9/30/33 |
| 9,000 | JPM Capital Trust I | 7.540% | 1/15/27 |
| 1,800 | Old Mutual Capital Funding, Notes | 8.000% | 6/22/53 |

Total Diversified Financial Services

Diversified Telecommunication Services - 2.0%

| | | | |
|-------|---|--------|---------|
| 5,260 | Centaur Funding Corporation, Series B, 144A | 9.080% | 4/21/20 |
|-------|---|--------|---------|

Insurance - 12.8%

| | | | |
|--------|-----------------------------|--------|----------|
| 3,450 | Ace Capital Trust II | 9.700% | 4/01/30 |
| 500 | Allstate Financing II | 7.830% | 12/01/45 |
| 750 | Mangrove Bay, Class 3, 144A | 6.102% | 7/15/33 |
| 10,000 | MIC Financing Trust I | 8.375% | 2/01/27 |

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

| | | | |
|--------|---|--------|---------|
| 1,500 | Prudential plc | 6.500% | 6/29/49 |
| 3,000 | RenaissanceRe Capital Trust | 8.540% | 3/01/27 |
| 10,000 | Sun Life Canada Capital Trust, Capital Securities, 144A | 8.526% | 5/06/47 |
| 10,500 | Zurich Capital Trust I, 144A | 8.376% | 6/01/37 |
| ----- | | | |
| | Total Insurance | | |
| ----- | | | |

35

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

Portfolio of Investments December 31, 2005

| Principal Amount (000)/ Shares | Description (1) | Coupon | Maturity |
|--------------------------------------|--|--------|----------|
| ----- | | | |
| | Oil, Gas & Consumable Fuels - 2.4% | | |
| 3,000 | KN Capital Trust III | 7.630% | 4/15/28 |
| 4,500 | Phillips 66 Capital Trust II | 8.000% | 1/15/37 |
| ----- | | | |
| | Total Oil, Gas & Consumable Fuels | | |
| ----- | | | |
| | Thriffs & Mortgage Finance - 1.7% | | |
| 1,000 | Countrywide Capital Trust I | 8.000% | 12/15/26 |
| 4,225 | Dime Capital Trust I, Series A | 9.330% | 5/06/27 |
| ----- | | | |
| | Total Thriffs & Mortgage Finance | | |
| ----- | | | |
| | U.S. Agency - 0.1% | | |
| 6,700 | Fannie Mae | 5.100% | 4/15/49 |
| ----- | | | |
| | Total Capital Preferred Securities (cost \$177,335,449) | | |
| ----- | | | |

| Principal Amount (000) | Description (1) | Coupon | Maturity |
|---------------------------|---|--------|----------|
| ----- | | | |
| | Short-Term Investments - 2.2% (1.5% of Total Investments) | | |
| | Repurchase Agreement with State Street Bank, dated 12/30/05, repurchase price \$7,475,919, collateralized by \$7,730,000 U.S. Treasury Bonds, 4.000%, due 11/15/12, valued at \$7,623,713 | | |
| \$ 7,473 | | 3.250% | 1/03/06 |
| ===== | | | |
| | Total Short-Term Investments (cost \$7,473,220) | | |
| ----- | | | |

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

Total Investments (cost \$496,145,353) - 147.3%

 Other Assets Less Liabilities - 1.8%

 Preferred Shares, at Liquidation Value - (49.1)%

 Net Assets Applicable to Common Shares - 100%

=====

Interest Rate Swap Contracts Outstanding at December 31, 2005:

| Counterparty | Notional Amount | Fixed Rate Paid by the Fund (annualized) | Fixed Rate Payment Frequency | Floating Rate Received by the Fund(4) | Floating Rate Payment Frequency |
|----------------|-----------------|--|------------------------------|---------------------------------------|---------------------------------|
| Citigroup Inc. | \$42,000,000 | 2.413% | Monthly | 4.320% | Monthly |
| Citigroup Inc. | 42,000,000 | 3.255% | Monthly | 4.320% | Monthly |
| Citigroup Inc. | 42,000,000 | 3.815% | Monthly | 4.320% | Monthly |

(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 higher of Standard & Poor's or Moody's rating. Ratings below Baa by Moody's Investor Service, Inc. or BBB by Standard & Poor's Group are considered to be below investment grade.

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

(4) Based on LIBOR (London Inter-Bank Offered Rate).

N/R Investment is not rated.

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

CBTCS Corporate Backed Trust Certificates.

CORTS Corporate Backed Trust Securities.

PCARS Public Credit and Repackaged Securities.

PPLUS PreferredPlus Trust.

SATURNS Structured Asset Trust Unit Repackaging.

See accompanying notes to financial statements.

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

Statement of
Assets and Liabilities December 31, 2005

| | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) |
|---|---|---|
| Assets | | |
| Investments, at value (cost \$1,318,535,020, \$2,477,619,478 and \$496,145,353, respectively) | \$ 1,342,619,630 | \$ 2,538,352,882 |
| Unrealized appreciation on interest rate swaps | 3,011,102 | 10,954,666 |
| Receivables: | | |
| Dividends | 2,447,827 | 3,593,038 |
| Interest | 8,532,353 | 12,466,203 |
| Investments sold | 1,043,564 | 2,169,024 |
| Reclaims | -- | 40,864 |
| Other assets | 74,448 | 137,423 |
| Total assets | 1,357,728,924 | 2,567,714,100 |
| Liabilities | | |
| Payable for investments purchased | 944,577 | 80,213 |
| Accrued expenses: | | |
| Management fees | 627,585 | 1,131,305 |
| Other | 356,508 | 626,382 |
| FundPreferred share dividends payable | 202,530 | 333,691 |
| Total liabilities | 2,131,200 | 2,171,591 |
| FundPreferred shares, at liquidation value | 440,000,000 | 800,000,000 |
| Net assets applicable to Common shares | \$ 915,597,724 | \$ 1,765,542,509 |
| Common shares outstanding | 64,462,104 | 119,541,842 |
| Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding) | \$ 14.20 | \$ 14.77 |
| Net assets applicable to Common shares consist of: | | |
| Common shares, \$.01 par value per share | \$ 644,621 | \$ 1,195,418 |
| Paid-in surplus | 911,539,984 | 1,693,035,834 |
| Undistributed (Over-distribution of) net investment income | 8,725,182 | 12,953,839 |
| Accumulated net realized gain (loss) from investments and derivative transactions | (32,407,775) | (13,330,652) |
| Net unrealized appreciation (depreciation) of investments and derivative transactions | 27,095,712 | 71,688,070 |
| Net assets applicable to Common shares | \$ 915,597,724 | \$ 1,765,542,509 |
| Authorized shares: | | |
| Common | Unlimited | Unlimited |
| FundPreferred shares | Unlimited | Unlimited |

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

See accompanying notes to financial statements.

37

Statement of
Operations Year Ended December 31, 2005

| | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) |
|---|---|---|
| ----- | | |
| Investment Income | | |
| Dividends (net of foreign tax withheld of \$8,366, \$11,731 and \$4,093, respectively) | \$ 50,776,468 | \$ 101,881,541 |
| Interest | 42,452,437 | 75,760,522 |
| ----- | | |
| Total investment income | 93,228,905 | 177,642,063 |
| ----- | | |
| Expenses | | |
| Management fees | 11,946,853 | 22,017,335 |
| FundPreferred shares - auction fees | 1,091,225 | 1,986,947 |
| FundPreferred shares - dividend disbursing agent fees | 26,082 | 38,501 |
| Shareholders' servicing agent fees and expenses | 11,499 | 13,868 |
| Custodian's fees and expenses | 314,871 | 566,887 |
| Trustees' fees and expenses | 26,237 | 50,116 |
| Professional fees | 64,571 | 102,260 |
| Shareholders' reports - printing and mailing expenses | 226,225 | 432,052 |
| Stock exchange listing fees | 25,069 | 46,238 |
| Investor relations expense | 203,091 | 327,484 |
| Other expenses | 41,529 | 67,882 |
| ----- | | |
| Total expenses before custodian fee credit and expense reimbursement | 13,977,252 | 25,649,570 |
| Custodian fee credit | (706) | (1,575) |
| Expense reimbursement | (4,404,201) | (8,403,718) |
| ----- | | |
| Net expenses | 9,572,345 | 17,244,277 |
| ----- | | |
| Net investment income | 83,656,560 | 160,397,786 |
| ----- | | |
| Realized and Unrealized Gain (Loss) | | |
| Net realized gain (loss) from: | | |
| Investments | 10,256,942 | 29,542,155 |
| Futures | -- | 626,810 |
| Interest rate swaps | (1,997,325) | (1,219,301) |
| Change in net unrealized appreciation (depreciation) of: | | |
| Investments | (58,087,700) | (120,450,106) |
| Futures | -- | 313,500 |
| Interest rate swaps | 6,484,892 | 9,852,715 |
| ----- | | |
| Net realized and unrealized gain (loss) | (43,343,191) | (81,334,227) |
| ----- | | |
| Distributions to FundPreferred Shareholders | | |
| From net investment income | (13,746,475) | (21,967,419) |
| From accumulated net realized gains | -- | (2,969,505) |

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

| | | |
|---|---------------|---------------|
| Decrease in net assets applicable to Common shares from distributions to FundPreferred shareholders | (13,746,475) | (24,936,924) |
| Net increase (decrease) in net assets applicable to Common shares from operations | \$ 26,566,894 | \$ 54,126,635 |

See accompanying notes to financial statements.

38

Statement of
Changes in Net Assets

Quality Preferred Income (

| | Year Ended 12/31/05 | Five Months Ended 12/31/04 |
|--|------------------------|----------------------------------|
| Operations | | |
| Net investment income | \$ 83,656,560 | \$ 38,406,778 |
| Net realized gain (loss) from: | | |
| Investments | 10,256,942 | (789,063) |
| Futures | -- | -- |
| Interest rate swaps | (1,997,325) | (2,754,561) |
| Change in net unrealized appreciation (depreciation) of: | | |
| Investments | (58,087,700) | 34,446,726 |
| Futures | -- | -- |
| Interest rate swaps | 6,484,892 | (130,099) |
| Distributions to FundPreferred shareholders: | | |
| From net investment income | (13,746,475) | (3,338,840) |
| From accumulated net realized gains | -- | -- |
| Net increase (decrease) in net assets applicable to Common shares from operations | 26,566,894 | 65,840,941 |
| Distributions to Common Shareholders | | |
| From net investment income | (72,552,099) | (32,291,619) |
| From accumulated net realized gains | -- | -- |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (72,552,099) | (32,291,619) |
| Capital Share Transactions | | |
| Common shares: | | |
| Offering costs adjustments | -- | -- |
| Net proceeds from shares issued to | | |

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

| | | |
|---|----------------|----------------|
| shareholders due to reinvestment of distributions | -- | 141,543 |
| FundPreferred shares offering costs adjustments | -- | 92 |
| ----- | | |
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | -- | 141,635 |
| ----- | | |
| Net increase (decrease) in net assets applicable to Common shares | (45,985,205) | 33,690,957 |
| Net assets applicable to Common shares at the beginning of period | 961,582,929 | 927,891,972 |
| ----- | | |
| Net assets applicable to Common shares at the end of period | \$ 915,597,724 | \$ 961,582,929 |
| ===== | | |
| Undistributed (Over-distribution of) net investment income at the end of period | \$ 8,725,182 | \$ 6,133,164 |
| ===== | | |

Quality Preferred Income 2

| | Year Ended 12/31/05 | Five Months Ended 12/31/04 |
|--|------------------------|----------------------------------|
| ----- | | |
| Operations | | |
| Net investment income | \$ 160,397,786 | \$ 71,895,333 |
| Net realized gain (loss) from: | | |
| Investments | 29,542,155 | 35,993 |
| Futures | 626,810 | -- |
| Interest rate swaps | (1,219,301) | (4,109,979) |
| Change in net unrealized appreciation (depreciation) of: | | |
| Investments | (120,450,106) | 66,169,186 |
| Futures | 313,500 | (313,500) |
| Interest rate swaps | 9,852,715 | (1,229,256) |
| Distributions to FundPreferred shareholders: | | |
| From net investment income | (21,967,419) | (4,886,184) |
| From accumulated net realized gains | (2,969,505) | (1,197,900) |
| ----- | | |
| Net increase (decrease) in net assets applicable to Common shares from operations | 54,126,635 | 126,363,693 |
| ----- | | |
| Distributions to Common Shareholders | | |
| From net investment income | (138,788,080) | (62,896,099) |
| From accumulated net realized gains | (22,079,378) | (22,062,289) |
| ----- | | |
| Decrease in net assets applicable to Common shares from distributions to Common shareholders | (160,867,458) | (84,958,388) |
| ----- | | |
| Capital Share Transactions | | |
| Common shares: | | |
| Offering costs adjustments | -- | -- |
| Net proceeds from shares issued to shareholders due to reinvestment of distributions | -- | -- |

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

| | | |
|---|------------------|------------------|
| FundPreferred shares offering costs adjustments | -- | 92 |
| ----- | | |
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | -- | 92 |
| ----- | | |
| Net increase (decrease) in net assets applicable to Common shares | (106,740,823) | 41,405,397 |
| Net assets applicable to Common shares at the beginning of period | 1,872,283,332 | 1,830,877,935 |
| ----- | | |
| Net assets applicable to Common shares at the end of period | \$ 1,765,542,509 | \$ 1,872,283,332 |
| ===== | | |
| Undistributed (Over-distribution of) net investment income at the end of period | \$ 12,953,839 | \$ 7,485,948 |
| ===== | | |

See accompanying notes to financial statements.

39

Statement of
Changes in Net Assets (continued)

Quality Preferred Income 3

| | Year Ended 12/31/05 | Five Months Ended 12/31/04 |
|---|------------------------|----------------------------------|
| ----- | | |
| Operations | | |
| Net investment income | \$ 31,177,398 | \$ 14,203,151 |
| Net realized gain (loss) from: | | |
| Investments | 2,801,561 | (292,843) |
| Futures | -- | -- |
| Interest rate swaps | (22,484) | (785,894) |
| Change in net unrealized appreciation (depreciation) of: | | |
| Investments | (21,236,219) | 12,474,854 |
| Futures | -- | -- |
| Interest rate swaps | 2,007,568 | (494,654) |
| Distributions to FundPreferred shareholders: | | |
| From net investment income | (4,959,898) | (1,232,711) |
| From accumulated net realized gains | (324,959) | (79,282) |
| ----- | | |
| Net increase (decrease) in net assets applicable to Common shares from operations | 9,442,967 | 23,792,621 |
| ----- | | |
| Distributions to Common Shareholders | | |
| From net investment income | (27,602,875) | (12,158,797) |
| From accumulated net realized gains | (2,179,859) | (1,336,468) |
| ----- | | |
| Decrease in net assets applicable to | | |

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

| | | |
|---|----------------|----------------|
| Common shares from distributions to Common shareholders | (29,782,734) | (13,495,265) |
| <hr style="border-top: 1px dashed black;"/> | | |
| Capital Share Transactions | | |
| Common shares: | | |
| Offering costs adjustments | -- | -- |
| Net proceeds from shares issued to shareholders due to reinvestment of distributions | -- | -- |
| FundPreferred shares offering costs adjustments | -- | -- |
| <hr style="border-top: 1px dashed black;"/> | | |
| Net increase (decrease) in net assets applicable to Common shares from capital share transactions | -- | -- |
| <hr style="border-top: 1px dashed black;"/> | | |
| Net increase (decrease) in net assets applicable to Common shares | (20,339,767) | 10,297,356 |
| Net assets applicable to Common shares at the beginning of period | 358,197,431 | 347,900,075 |
| <hr style="border-top: 1px dashed black;"/> | | |
| Net assets applicable to Common shares at the end of period | \$ 337,857,664 | \$ 358,197,431 |
| <hr style="border-top: 1px dashed black;"/> | | |
| Undistributed (Over-distribution of) net investment income at the end of period | \$ 1,949,002 | \$ 2,985,426 |
| <hr style="border-top: 1px dashed black;"/> | | |

See accompanying notes to financial statements.

40

Notes to Financial Statements

1. General Information and Significant Accounting Policies

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

Each Fund seeks to provide high current income consistent with capital preservation by investing primarily in a portfolio of preferred securities, debt securities including convertible debt securities and convertible preferred securities.

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

Effective January 1, 2005, Nuveen Institutional Advisory Corp. ("NIAC"), the Funds' previous Adviser, and its affiliate, Nuveen Advisory Corp. ("NAC"), were merged into Nuveen Asset Management ("NAM"), each wholly owned subsidiaries of Nuveen Investments, Inc. ("Nuveen"). As a result of the merger, NAM is now the Adviser to all funds previously advised by either NIAC or NAC.

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

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

Investment Valuation

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

Investment Transactions

Investment transactions are recorded on a trade date basis. Realized gains and losses from investment transactions are determined on the specific identification method. Investments purchased on a when-issued or delayed delivery basis may have extended settlement periods. Any investments so purchased are subject to market fluctuation during this period. The Funds have instructed the custodian to segregate assets with a current value at least equal to the amount of the when-issued and delayed delivery purchase commitments. At December 31, 2005, the Funds' had no such outstanding purchase commitments.

41

Notes to Financial Statements (continued)

Investment Income

Dividend income is recorded on the ex-dividend date or, for foreign securities, when information is available. Interest income, which includes the amortization of premiums and accretion of discounts for financial reporting purposes, is recorded on an accrual basis.

Professional Fees

Professional fees presented in the Statement of Operations consist of legal fees incurred in the normal course of operations, audit fees, tax consulting fees and, in some cases, workout expenditures. Workout expenditures are incurred in an attempt to protect or enhance an investment, or to pursue other claims or legal actions on behalf of Fund shareholders.

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

Federal Income Taxes

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

Dividends and Distributions to Common Shareholders

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

Distributions to Common shareholders are declared monthly. With respect to the Real Estate Investment Trust ("REIT") securities held in the Funds' Portfolio of Investments, distributions received by the Funds are generally comprised of ordinary income, long-term and short-term capital gains, and a return of REIT capital. The actual character of amounts received during the period is not known until after the fiscal year-end. For the fiscal year ended December 31, 2005, the character of distributions to the Funds from the REITs was as follows:

| | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) | Quality Preferred Income 3 (JHP) |
|--|---|---|---|
| ----- | | | |
| Ordinary income | 77.28% | 74.67% | 78.86% |
| Long-term and short-term capital gains | 22.72 | 25.33 | 21.14 |
| Return of REIT capital | -- | -- | -- |
| ===== | | | |

For the fiscal year ended December 31, 2004, the character of distributions to the Funds from the REITs was as follows:

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

For the fiscal year ended July 31, 2004, the character of distributions to the Funds from the REITs was as follows:

| | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) | Quality Preferred Income 3 (JHP) |
|--|---|---|---|
| ----- | | | |
| Ordinary income | 88.48% | 90.38% | 79.75% |
| Long-term and short-term capital gains | 11.31 | 8.93 | 19.20 |
| Return of REIT capital | .21 | .69 | 1.05 |
| ===== | | | |

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

For the fiscal year ended December 31, 2005, and the fiscal period ended December 31, 2004, each Fund applied the actual character of distributions reported by the REITs in which the Fund invests to its receipts from the REITs. If a REIT held in the portfolio of investments did not report the actual character of its distributions during the period, the Fund treated the distributions as ordinary income.

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

For the fiscal year ended December 31, 2005, and the fiscal period ended December 31, 2004, each Fund applied the actual character of distributions reported by the REITs in which the Fund invests to the distributions paid to each Funds shareholders.

With respect to the portion of each Fund's monthly distribution to its shareholders derived from the Fund's investments in REIT securities for the fiscal year ended July 31, 2004, each Fund treated that portion of its distribution as being entirely from net investment income. The Funds recharacterized those distributions as being from ordinary income, long-term and short-term capital gains, and return of capital, if necessary, in the subsequent calendar year, based upon the income type breakdown information conveyed at that time by the REITs whose securities were held in each Fund's portfolio.

FundPreferred Shares

The Funds have issued and outstanding FundPreferred shares, \$25,000 stated value per share, as a means of effecting financial leverage. Each Fund's FundPreferred shares are issued in more than one Series. The dividend rate paid by the Fund on each Series is determined every seven days, pursuant to a dutch auction process overseen by the auction agent, and is payable at the end of each rate period. The number of shares outstanding, by Series and in total, for each Fund is as follows:

| | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) | Quality Preferred Income 3 (JHP) |
|-------------------|---|---|---|
| ----- | | | |
| Number of shares: | | | |
| Series M | 3,520 | 4,800 | 3,320 |
| Series T | 3,520 | 4,800 | -- |
| Series T2 | -- | 4,000 | -- |
| Series W | 3,520 | 4,800 | -- |
| Series TH | 3,520 | 4,800 | 3,320 |
| Series TH2 | -- | 4,000 | -- |
| Series F | 3,520 | 4,800 | -- |
| ----- | | | |
| Total | 17,600 | 32,000 | 6,640 |
| ===== | | | |

Interest Rate Swap Transactions

The Funds may invest in certain derivative financial instruments. The Funds' use of interest rate swap transactions is intended to mitigate the negative impact

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

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

43

Notes to

Financial Statements (continued)

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

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

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

Futures Contracts

Each Fund may use futures contracts to hedge against changes in the values of

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

securities the Fund owns. Each Fund bears the market risk arising from changes in the value of these financial instruments. At the time a Fund enters into a futures contract, the Fund deposits and maintains as collateral an initial margin as required by the exchange on which the transaction is affected. Pursuant to the contract, the Fund agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contract. Such receipts or payments are known as variation margin and are recorded by the Fund as unrealized gains or losses on futures contracts. Risk may arise from the potential inability of the counterparty to meet the terms of the contract. When a contract is closed, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the time it was closed. At December 31, 2005, there were no open futures contracts in any of the Funds.

Repurchase Agreements

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

Custodian Fee Credit

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

44

Indemnifications

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

Use of Estimates

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

2. Fund Shares

Transactions in Common shares were as follows:

Quality Preferred
Income (JTP)

Quality Prefe
Income 2 (JP

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

| | Year Ended 12/31/05 | Five Months Ended 12/31/04 | Year Ended 7/31/04 | Year Ended 12/31/05 | Five Month Ende 12/31/0 |
|---|---------------------------|----------------------------------|--------------------------|---------------------------|-------------------------------|
| Common shares issued to shareholders due to reinvestment of distributions | -- | 9,641 | 95,759 | -- | -- |

| | Year Ended 12/31/05 | Five Month Ende 12/31/0 |
|---|---------------------------|-------------------------------|
| Common shares issued to shareholders due to reinvestment of distributions | -- | -- |

3. Investment Transactions

Purchases and sales (including maturities but excluding short-term investments and derivative transactions) during the fiscal year ended December 31, 2005, were as follows:

| | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) |
|----------------------|---|---|
| Purchases | \$ 255,175,849 | \$ 425,983,525 |
| Sales and maturities | 269,429,029 | 493,256,057 |

45

Notes to
Financial Statements (continued)

4. Income Tax Information

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

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

At December 31, 2005, the cost of investments was as follows:

| | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) |
|---------------------|---|---|
| Cost of investments | \$1,325,016,071 | \$2,485,900,712 |

Gross unrealized appreciation and gross unrealized depreciation of investments at December 31, 2005, were as follows:

| | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) |
|---|---|---|
| Gross unrealized: | | |
| Appreciation | \$ 38,901,473 | \$ 87,309,497 |
| Depreciation | (21,297,914) | (34,857,327) |
| Net unrealized appreciation (depreciation) of investments | \$ 17,603,559 | \$ 52,452,170 |

The tax components of undistributed net ordinary income and net realized gains at July 31, 2005, the Funds' last tax year end, were as follows:

| | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) |
|---|---|---|
| Undistributed net ordinary income * | \$3,556,793 | \$ 8,682,726 |
| Undistributed net long-term capital gains | -- | 19,370,073 |

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

46

The tax character of distributions paid during the tax years ended July 31, 2005 and July 31, 2004, was designated for purposes of the dividends paid deduction as follows:

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

| July 31, 2005 | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) |
|---------------|---|---|
|---------------|---|---|

| | | |
|--|--------------|---------------|
| Distributions from net ordinary income * | \$86,458,729 | \$168,985,896 |
| Distributions from net long-term capital gains | -- | 19,485,262 |

| July 31, 2004 | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) |
|---------------|---|---|
|---------------|---|---|

| | | |
|--|--------------|---------------|
| Distributions from net ordinary income * | \$86,134,890 | \$171,962,461 |
| Distributions from net long-term capital gains | -- | -- |

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

At July 31, 2005, the Funds' last tax year end, Quality Preferred Income (JTP) had unused capital loss carryforwards of \$22,268,801 available for federal income tax purposes to be applied against future capital gains, if any. If not applied, the carryforwards will expire in the year 2012.

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

5. Management Fee and Other Transactions with Affiliates

Each Fund's management fee is separated into two components - a complex-level component, based on the aggregate amount of all fund assets managed by the Adviser, and a specific fund-level component, based only on the amount of assets within each individual fund. This pricing structure enables Nuveen fund shareholders to benefit from growth in the assets within each individual fund as well as from growth in the amount of complex-wide assets managed by the Adviser.

The annual fund-level fee, payable monthly, for each Fund is based upon the average daily Managed Assets of each Fund as follows:

| Average Daily Managed Assets | Fund-Level Fee Rate |
|------------------------------|---------------------|
| For the first \$500 million | .7000% |
| For the next \$500 million | .6750 |
| For the next \$500 million | .6500 |
| For the next \$500 million | .6250 |

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

For Managed Assets over \$2 billion .6000

=====

47

Notes to
Financial Statements (continued)

The annual complex-level fee, payable monthly, which is additive to the fund-level fee, for all Nuveen sponsored funds in the U.S., is based on the aggregate amount of total fund assets managed as stated in the table below. As of December 31, 2005, the complex-level fee rate was .1895%.

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

=====

- (1) The complex-level fee component of the management fee for the funds is calculated based upon the aggregate Managed Assets ("Managed Assets" means the average daily net assets of each fund including assets attributable to all types of leverage used by the Nuveen funds) of Nuveen-sponsored funds in the U.S.
- (2) With respect to the complex-wide Managed Assets over \$91 billion, the fee rate or rates that will apply to such assets will be determined at a later date. In the unlikely event that complex-wide Managed Assets reach \$91 billion prior to a determination of the complex-level fee rate or rates to be applied to Managed Assets in excess of \$91 billion, the complex-level fee rate for such complex-wide Managed Assets shall be .1400% until such time as a different rate or rates is determined.

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

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

48

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

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

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

* From the commencement of operations.

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

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

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

* From the commencement of operations.

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

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

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

* From the commencement of operations.

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

Notes to
Financial Statements (continued)

6. Announcement Regarding Parent Company of Adviser

In early April, 2005, The St. Paul Travelers Companies, Inc. ("St. Paul Travelers"), which owned 79% of Nuveen, (A) completed a public offering of a substantial portion of its equity stake in Nuveen, (B) sold Nuveen \$200 million of its Nuveen shares, (C) entered into an agreement with Nuveen to sell an additional \$400 million of its Nuveen shares on a "forward" basis with payment for and settlement of these shares delayed for several months, and (D) entered into agreements with two unaffiliated investment banking firms to sell an amount equal to most or all of its remaining Nuveen shares for current payment but for future settlement. Transactions (C) and (D) above were settled in late July, which effectively reduced St. Paul Travelers' controlling stake in Nuveen and was deemed an "assignment" (as defined in the 1940 Act) of the investment management agreements between the Funds and the Adviser, which resulted in the automatic termination of each agreement under the 1940 Act. In anticipation of such deemed assignment, the Board of Trustees had approved new ongoing investment management agreements for each Fund and the submission of those agreements for approval by each respective Fund's shareholders, which shareholder approval was received prior to the settlement of transactions (C) and (D). The new ongoing management agreements took effect upon such settlement.

7. Subsequent Events - Distributions to Common Shareholders

The Funds declared Common share distributions which were paid on February 1, 2006, to shareholders of record on January 15, 2006, as follows:

| | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) | Quality Preferred Income 3 (JHP) |
|-------------------------|---|---|---|
| July 31, 2005 | | | |
| Distributions per share | \$.0900 | \$.0930 | \$.0945 |

50

Financial
Highlights

51

Financial
Highlights

Selected data for a Common share outstanding throughout each period:

Investment Operations

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

| | Beginning Common Share Net Asset Value | Net Investment Income (a) | Net Realized/ Unrealized Gain (Loss) | Distributions from Net Investment Income to FundPreferred Share- holders+ | Distributions from Capital Gains to FundPreferred Share- holders+ |
|--|--|---------------------------------|---|---|---|
|--|--|---------------------------------|---|---|---|

Quality Preferred Income (JTP)

Year ended 12/31:

| | | | | | |
|------------------|----------|---------|----------|----------|-------|
| 2005 | \$ 14.92 | \$ 1.30 | \$ (.68) | \$ (.21) | \$ -- |
| 8/1/04-12/31/04 | 14.40 | .60 | .47 | (.05) | -- |
| Year Ended 7/31: | | | | | |
| 2004 (b) | 14.10 | 1.37 | .26 | (.08) | -- |
| 2003 | 14.12 | 1.31 | .16 | (.09) | -- |
| 2002 (c) | 14.33 | .06 | (.25) | -- | -- |

Quality Preferred Income 2 (JPS)

Year ended 12/31:

| | | | | | |
|------------------|-------|------|-------|-------|-------|
| 2005 | 15.66 | 1.34 | (.69) | (.18) | (.02) |
| 8/1/04-12/31/04 | 15.32 | .60 | .50 | (.04) | (.01) |
| Year Ended 7/31: | | | | | |
| 2004 (b) | 14.97 | 1.42 | .37 | (.08) | -- |
| 2003 (d) | 14.33 | 1.02 | .79 | (.07) | -- |

Quality Preferred Income 3 (JHP)

Year ended 12/31:

| | | | | | |
|------------------|-------|------|-------|-------|-------|
| 2005 | 15.15 | 1.32 | (.70) | (.21) | (.01) |
| 8/1/04-12/31/04 | 14.71 | .60 | .46 | (.05) | -- |
| Year Ended 7/31: | | | | | |
| 2004 (b) | 14.38 | 1.38 | .40 | (.08) | (.01) |
| 2003 (e) | 14.33 | .67 | .22 | (.04) | -- |

Less Distributions

| | Net Investment Income to Common Shareholders | Capital Gains to Common Share- holders | Total | Offering Costs and FundPreferred Share Underwriting Discounts | Endin Commo Shar Net Asse Valu |
|--|--|--|-------|--|--|
|--|--|--|-------|--|--|

Quality Preferred Income (JTP)

Year ended 12/31:

| | | | | | |
|------------------|-----------|-------|-----------|-------|---------|
| 2005 | \$ (1.13) | \$ -- | \$ (1.13) | \$ -- | \$ 14.2 |
| 8/1/04-12/31/04 | (.50) | -- | (.50) | -- | 14.9 |
| Year Ended 7/31: | | | | | |
| 2004 (b) | (1.25) | -- | (1.25) | -- | 14.4 |
| 2003 | (1.25) | -- | (1.25) | (.15) | 14.1 |
| 2002 (c) | -- | -- | -- | (.02) | 14.1 |

Quality Preferred Income 2 (JPS)

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

| | | | | | |
|-------------------|--------|-------|--------|-------|------|
| Year ended 12/31: | | | | | |
| 2005 | (1.16) | (.18) | (1.34) | -- | 14.7 |
| 8/1/04-12/31/04 | (.53) | (.18) | (.71) | -- | 15.6 |
| Year Ended 7/31: | | | | | |
| 2004 (b) | (1.32) | (.04) | (1.36) | -- | 15.3 |
| 2003 (d) | (.95) | -- | (.95) | (.15) | 14.9 |

Quality Preferred Income 3 (JHP)

| | | | | | |
|-------------------|--------|-------|--------|-------|------|
| Year ended 12/31: | | | | | |
| 2005 | (1.17) | (.09) | (1.26) | -- | 14.2 |
| 8/1/04-12/31/04 | (.51) | (.06) | (.57) | -- | 15.1 |
| Year Ended 7/31: | | | | | |
| 2004 (b) | (1.24) | (.12) | (1.36) | -- | 14.7 |
| 2003 (e) | (.62) | -- | (.62) | (.18) | 14.3 |

* Annualized.

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

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

+ The amounts shown are based on Common share equivalents.

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

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

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

Ratio of Net Interest Expense to Average
Net Assets Applicable to Common Shares

Quality Preferred Income (JTP)

Year Ended 7/31:

2003 .80%

2002 (c) --

Quality Preferred Income 2 (JPS)

Year Ended 7/31:

2003 (d) .58*

Quality Preferred Income 3 (JHP)

Year Ended 7/31:

2003 (e) .51*

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

(b) As discussed in the accompanying notes to financial statements the Funds changed their method of presentation for net interest expense on interest rate swap transactions. The effect of this reclassification for the fiscal

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

year ended July 31, 2004, was as follows:

| | Quality Preferred Income (JTP) | Quality Preferred Income 2 (JPS) |
|---|---|---|
| | ----- | |
| Increase of Net Investment Income per share with a corresponding decrease in Net Realized/Unrealized Investment Gain (Loss) | \$.14 | \$.11 |
| Decrease in each of the Ratios of Expenses to Average Net Assets Applicable to Common Shares with a corresponding increase in each of the Ratios of Net Investment Income to Average Net Assets Applicable to Common Shares | .94% | .71% |
| | | |
| (c) For the period June 25, 2002 (commencement of operations) through July 31, 2002. | | |
| (d) For the period September 24, 2002 (commencement of operations) through July 31, 2003. | | |
| (e) For the period December 18, 2002 (commencement of operations) through July 31, 2003. | | |

52

| | Total Returns | |
|----------------------------------|----------------------------------|---|
| | ----- | |
| | Based on Market Value** | Based on Share Net Asset Value** |
| | ----- | |
| Quality Preferred Income (JTP) | | |
| ----- | | |
| Year ended 12/31: | | |
| 2005 | (3.69)% | 2.89% |
| 8/1/04-12/31/04 | 3.79 | 7.10 |
| Year Ended 7/31: | | |
| 2004 (b) | 4.20 | 11.17 |
| 2003 | 4.95 | 9.15 |
| 2002 (c) | 1.00 | (1.47) |
| | | |
| Quality Preferred Income 2 (JPS) | | |
| ----- | | |
| Year ended 12/31: | | |
| 2005 | (2.06) | 3.01 |
| 8/1/04-12/31/04 | 3.34 | 6.94 |
| Year Ended 7/31: | | |
| 2004 (b) | 8.98 | 11.60 |
| 2003 (d) | 4.02 | 11.22 |

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

Quality Preferred Income 3 (JHP)

| Year ended 12/31: | | |
|-------------------|--------|-------|
| 2005 | (2.16) | 2.88 |
| 8/1/04-12/31/04 | 4.64 | 6.81 |
| Year Ended 7/31: | | |
| 2004 (b) | 9.36 | 11.93 |
| 2003 (e) | (.19) | 4.62 |

Ratios/Supplemental Data

| | Before Credit/Reimbursement | | After Credit | |
|--|---|--|---|--|
| | Ratio of Expenses to Average Net Assets Applicable to Common Shares (000) | Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares++ | Ratio of Expenses to Average Net Assets Applicable to Common Shares++ | Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares++ |

Quality Preferred Income (JTP)

| Year ended 12/31: | | | | |
|-------------------|------------|-------|-------|------|
| 2005 | \$ 915,598 | 1.49% | 8.47% | 1.02 |
| 8/1/04-12/31/04 | 961,583 | 1.49* | 9.15* | 1.02 |
| Year Ended 7/31: | | | | |
| 2004 (b) | 927,892 | 1.51 | 8.87 | 1.04 |
| 2003 | 907,746 | 2.38 | 8.84 | 1.91 |
| 2002 (c) | 880,006 | .96* | 4.51* | .64 |

Quality Preferred Income 2 (JPS)

| Year ended 12/31: | | | | |
|-------------------|-----------|-------|-------|------|
| 2005 | 1,765,543 | 1.40 | 8.32 | .94 |
| 8/1/04-12/31/04 | 1,872,283 | 1.40* | 8.69* | .94 |
| Year Ended 7/31: | | | | |
| 2004 (b) | 1,830,878 | 1.41 | 8.64 | .95 |
| 2003 (d) | 1,789,809 | 1.99* | 7.59* | 1.54 |

Quality Preferred Income 3 (JHP)

| Year ended 12/31: | | | | |
|-------------------|---------|-------|-------|------|
| 2005 | 337,858 | 1.54 | 8.48 | 1.07 |
| 8/1/04-12/31/04 | 358,197 | 1.54* | 9.03* | 1.07 |
| Year Ended 7/31: | | | | |
| 2004 (b) | 347,900 | 1.55 | 8.75 | 1.08 |
| 2003 (e) | 339,499 | 1.97* | 7.14* | 1.53 |

Fund Preferred Shares at End of Period

| Aggregate Amount Outstanding | Liquidation and Market Value | Asset Coverage |
|------------------------------|------------------------------|----------------|
|------------------------------|------------------------------|----------------|

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

| | (000) | Per Share | Per Share |
|----------------------------------|------------|-----------|-----------|
| ----- | | | |
| Quality Preferred Income (JTP) | | | |
| ----- | | | |
| Year ended 12/31: | | | |
| 2005 | \$ 440,000 | \$ 25,000 | \$ 77,023 |
| 8/1/04-12/31/04 | 440,000 | 25,000 | 79,635 |
| Year Ended 7/31: | | | |
| 2004 (b) | 440,000 | 25,000 | 77,721 |
| 2003 | 440,000 | 25,000 | 76,577 |
| 2002 (c) | -- | -- | -- |
| ----- | | | |
| Quality Preferred Income 2 (JPS) | | | |
| ----- | | | |
| Year ended 12/31: | | | |
| 2005 | 800,000 | 25,000 | 80,173 |
| 8/1/04-12/31/04 | 800,000 | 25,000 | 83,509 |
| Year Ended 7/31: | | | |
| 2004 (b) | 800,000 | 25,000 | 82,215 |
| 2003 (d) | 800,000 | 25,000 | 80,932 |
| ----- | | | |
| Quality Preferred Income 3 (JHP) | | | |
| ----- | | | |
| Year ended 12/31: | | | |
| 2005 | 166,000 | 25,000 | 75,882 |
| 8/1/04-12/31/04 | 166,000 | 25,000 | 78,945 |
| Year Ended 7/31: | | | |
| 2004 (b) | 166,000 | 25,000 | 77,395 |
| 2003 (e) | 166,000 | 25,000 | 76,129 |
| ----- | | | |

See accompanying notes to financial statements.

53

Board Members
and Officers

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

| Name, Birthdate and Address | Position(s) Held with the Funds | Year First Elected or Appointed(2) | Principal Occupation(s) Including other Directorships During Past 5 Years |
|--------------------------------|------------------------------------|---------------------------------------|---|
|--------------------------------|------------------------------------|---------------------------------------|---|

Board members who is an interested person of the Funds:

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

| | | | |
|---|---|------|---|
| Timothy R. Schwertfeger(1) 3/28/49 333 W. Wacker Drive Chicago, IL 60606 | Chairman of the Board and Trustee | 1994 | Chairman (since 1996) and Director Investments, Inc., Nuveen Investme Nuveen Advisory Corp. and Nuveen I Advisory Corp.(3); Director (since Institutional Capital Corporation; Director (since 1997) of Nuveen AS Management; Chairman and Director Asset Management, Inc. (since 1999 Nuveen Investments Advisers Inc. (|
|---|---|------|---|

Board members who are not interested persons of the Funds:

| | | | |
|--|--------------|------|------------------------------------|
| Robert P. Bremner 8/22/40 333 W. Wacker Drive Chicago, IL 60606 | Board member | 1997 | Private Investor and Management Co |
|--|--------------|------|------------------------------------|

| | | | |
|--|--------------|------|--|
| Lawrence H. Brown 7/29/34 333 W. Wacker Drive Chicago, IL 60606 | Board member | 1993 | Retired (since 1989) as Senior Vic The Northern Trust Company; Direct 2002) Community Advisory Board for and Highwood, United Way of the No |
|--|--------------|------|--|

| | | | |
|---|--------------|------|---|
| Jack B. Evans 10/22/48 333 W. Wacker Drive Chicago, IL 60606 | Board member | 1999 | President, The Hall-Perrine Founda private philanthropic corporation Director and Vice Chairman, United publicly held company; Adjunct Fac University of Iowa; Director, Gaze Life Trustee of Coe College and Io Foundation; formerly, Director, Al formerly, Director, Federal Reserv Chicago; formerly, President and C Officer, SCI Financial Group, Inc. financial services firm. |
|---|--------------|------|---|

| | | | |
|---|--------------|------|---|
| William C. Hunter 3/6/48 333 W. Wacker Drive Chicago, IL 60606 | Board member | 2004 | Dean and Distinguished Professor o School of Business at the Universi Connecticut (since 2002); previous Vice President and Director of Res Federal Reserve Bank of Chicago (1 Director (since 1997), Credit Rese Georgetown University; Director (s Xerox Corporation; Director SS&C T Inc. (May 2005–October 2005). |
|---|--------------|------|---|

| | | | |
|--|--------------|------|--|
| David J. Kundert 10/28/42 333 W. Wacker Drive Chicago, IL 60606 | Board member | 2005 | Retired (since 2004) as Chairman, Fleming Asset Management, Presiden Banc One Investment Advisors Corpo President, One Group Mutual Funds; thereto, Executive Vice President, Corporation and Chairman and CEO, Investment Management Group; Board Luther College; member of the Wisc Association; member of Board of Di Friends of Boerner Botanical Garde |
|--|--------------|------|--|

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

| Name, Birthdate and Address | Position(s) Held with the Funds | Year First Elected or Appointed(2) | Principal Occupation(s) Including other Directorships During Past 5 Years |
|--------------------------------|------------------------------------|---------------------------------------|---|
|--------------------------------|------------------------------------|---------------------------------------|---|

Board members who are not interested persons of the Funds (continued):

| | | | |
|---|--------------|------|---|
| William J. Schneider 9/24/44 333 W. Wacker Drive Chicago, IL 60606 | Board member | 1997 | Chairman of Miller-Valentine Partn real estate investment company; fo Senior Partner and Chief Operating (retired, December 2004), of Mille Group; formerly, Vice President, Miller-Valentine Realty; Board Mem the Finance Committee and member o Committee of Premier Health Partne not-for-profit company of Miami Va Hospital; Vice President, Dayton P Orchestra Association; Board Membe Leaders Forum, which promotes coop economic development issues; Direc Development Coalition; formerly, M Community Advisory Board, National Dayton, Ohio and Business Advisory Cleveland Federal Reserve Bank. |
|---|--------------|------|---|

| | | | |
|---|--------------|------|---|
| Judith M. Stockdale 12/29/47 333 W. Wacker Drive Chicago, IL 60606 | Board member | 1997 | Executive Director, Gaylord and Do Donnelley Foundation (since 1994); thereto, Executive Director, Great Protection Fund (from 1990 to 1994) |
|---|--------------|------|---|

| | | | |
|---|--------------|------|---|
| Eugene S. Sunshine 1/22/50 333 W. Wacker Drive Chicago, IL 60606 | Board member | 2005 | Senior Vice President for Business Northwestern University (since 199 (since 2003), Chicago Board Option Director (since 2003), National Me Holdings, a privately-held, nation of home and community-based servic (since 1997), Board of Directors, pure captive insurance company own Northwestern University; Director Evanston Chamber of Commerce and E Inventure, a business development |
|---|--------------|------|---|

| Name, Birthdate and Address | Position(s) Held with the Funds | Year First Elected or Appointed(4) | Principal Occupation(s) During Past 5 Years |
|--------------------------------|------------------------------------|---------------------------------------|--|
|--------------------------------|------------------------------------|---------------------------------------|--|

Officers of the Funds

| | | | |
|--|------------------------------------|------|---|
| Gifford R. Zimmerman 9/9/56 333 W. Wacker Drive Chicago, IL 60606 | Chief Administrative Officer | 1988 | Managing Director (since 2002), As Secretary and Associate General Co formerly, Vice President and Assis Counsel, of Nuveen Investments, LL Director (2002-2004), General Coun (1998-2004) and Assistant Secretar Vice President of Nuveen Advisory Nuveen Institutional Advisory Corp |
|--|------------------------------------|------|---|

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

Managing Director (since 2002) and Secretary and Associate General Counsel (since 2002); formerly, Vice President (since 1994) of Nuveen Asset Management; Managing Director (since 2004) and Assistant Secretary (since 2004) of Nuveen Investments, Inc.; Secretary of NWQ Investment Management LLC. (since 2002); Vice President and Secretary of Nuveen Investments Advisors, Inc. (since 2002); Managing Director, Assistant General Counsel and Assistant Secretary of Rittenhouse Asset Management, Inc. (since 2003); Chartered Financial Analyst.

55

Board Members
and Officers (continued)

| Name, Birthdate and Address | Position(s) Held with the Funds | Year First Elected or Appointed(4) | Principal Occupation(s) During Past 5 Years |
|---|--|---------------------------------------|--|
| ----- Officers of the Funds (continued): ----- | | | |
| Julia L. Antonatos 9/22/63 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2004 | Managing Director (since 2005), former President (since 2002); formerly, President (since 2000) of Nuveen Investments, LLC; Chartered Financial Analyst. |
| Michael T. Atkinson 2/3/66 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Assistant Secretary | 2000 | Vice President (since 2002), former Vice President (since 2000) of Nuveen Investments, LLC. |
| Peter H. D'Arrigo 11/28/67 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Treasurer | 1999 | Vice President of Nuveen Investments (since 1999); Vice President and Treasurer of Nuveen Investments, Inc.; Vice President and Treasurer (1999-2004) of Nuveen Advisors and Nuveen Institutional Advisory Services, Inc.; President and Treasurer of Nuveen Asset Management (since 2002) and of Nuveen Investments Advisors Inc. (since 2002); Assistant Treasurer of NWQ Investment Management Company, LLC. (since 2002); Vice President and Treasurer of Nuveen Rittenhouse Asset Management, Inc. (since 2003); Chartered Financial Analyst. |
| John N. Desmond 8/24/61 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 2005 | Vice President, Director of Investment Operations, Nuveen Investments, LLC (since January 2005); formerly, Director, Manager, Deutsche Asset Management and Director, Business Development and |

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

Transformation, Deutsche Trust Bank (2002-2003); previously, Senior Vice Head of Investment Operations and Scudder Investments Japan, (2000-2002); Vice President, Head of Plan Administration, Participant Services, Scudder Investments (1995-2002).

| | | | |
|---|---------------------------------|------|---|
| Jessica R. Droeger 9/24/64 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Secretary | 1998 | Vice President (since 2002), Assistant and Assistant General Counsel (since 2002) formerly, Assistant Vice President of Nuveen Investments, LLC; Vice President (2002-2004) and Assistant Secretary formerly, Assistant Vice President of Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp.(3); Vice President and Assistant (since 2005) of Nuveen Asset Management. |
|---|---------------------------------|------|---|

| | | | |
|---|----------------|------|--|
| Lorna C. Ferguson 10/24/45 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 1998 | Managing Director (since 2004), formerly, President of Nuveen Investments, LLC; Managing Director (2004) formerly, Vice President (1998-2004) of Nuveen Advisory Corporation Institutional Advisory Corp.(3); Managing Director (since 2005) of Nuveen Asset Management. |
|---|----------------|------|--|

| | | | |
|---|----------------|------|---|
| William M. Fitzgerald 3/2/64 333 W. Wacker Drive Chicago, IL 60606 | Vice President | 1995 | Managing Director (since 2002), formerly, President of Nuveen Investments; Managing Director (1997-2004) of Nuveen Advisory Corporation and Nuveen Institutional Advisory Corporation; Managing Director of Nuveen Asset Management (since 2001); Vice President of Nuveen Investments Advisers Inc. (since 2002); Chartered Financial Analyst. |
|---|----------------|------|---|

56

| Name, Birthdate and Address | Position(s) Held with the Funds | Year First Elected or Appointed(4) | Principal Occupation(s) During Past 5 Years |
|--------------------------------|------------------------------------|---------------------------------------|--|
|--------------------------------|------------------------------------|---------------------------------------|--|

Officers of the Funds (continued):

| | | | |
|---|----------------------------------|------|---|
| Stephen D. Foy 5/31/54 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Controller | 1998 | Vice President (since 1993) and Fund Manager (since 1998) of Nuveen Investments Advisers Inc. formerly, Vice President and Funds Manager (1998-2004) of Nuveen Investments, LLC; Certified Public Accountant. |
|---|----------------------------------|------|---|

| | | | |
|--|--|------|--|
| James D. Grassi 4/13/56 333 W. Wacker Drive Chicago, IL 60606 | Vice President and Chief Compliance Officer | 2004 | Vice President and Deputy Director of Compliance (since 2004) of Nuveen Investments Advisers Inc., Nuveen Asset Management and Rittenhouse Asset Management Inc.; previously, Vice President and Director of Compliance (2004) of Nuveen Investments Advisers Inc. |
|--|--|------|--|

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

Corp. and Nuveen Institutional Adv
Corp.(3); formerly, Senior Attorne
The Northern Trust Company.

| | | | |
|--|---|-------------|--|
| <p>David J. Lamb 3/22/63 333 W. Wacker Drive Chicago, IL 60606</p> | <p>Vice President</p> | <p>2000</p> | <p>Vice President (since 2000) of Nuve Investments, LLC; Certified Public</p> |
| <p>Tina M. Lazar 8/27/61 333 W. Wacker Drive Chicago, IL 60606</p> | <p>Vice President</p> | <p>2002</p> | <p>Vice President of Nuveen Investmen 1999).</p> |
| <p>Larry W. Martin 7/27/51 333 W. Wacker Drive Chicago, IL 60606</p> | <p>Vice President and Assistant Secretary</p> | <p>1988</p> | <p>Vice President, Assistant Secretar Assistant General Counsel of Nuvee LLC; Vice President and Assistant Nuveen Advisory Corp. and Nuveen I Advisory Corp.(3); Vice President and Assistant Secretary of Nuveen Inc.; Vice President (since 2005) Secretary (since 1997) of Nuveen A Management; Vice President (since Assistant Secretary and Assistant Counsel (since 1998) of Rittenhous Management, Inc.; Vice President a Secretary of Nuveen Investments Ad (since 2002); Assistant Secretary Investment Management Company, LLC</p> |

- (1) Mr. Schwertfeger is an "interested person" of the Funds, as defined in the Investment Company Act of 1940, because he is an officer and board member of the Adviser.
- (2) Board members serve an indefinite term until his/her successor is elected. The year first elected or appointed represents the year in which the board member was first elected or appointed to any fund in the Nuveen Complex.
- (3) Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp. were reorganized into Nuveen Asset Management, effective January 1, 2005.
- (4) Officers serve one year terms through July of each year. The year first elected or appointed represents the year in which the Officer was first elected or appointed to any fund in the Nuveen Complex.

57

Reinvest Automatically
Easily and Conveniently

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

Nuveen Exchange-Traded Closed-End Funds

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

Dividend Reinvestment Plan

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

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

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

Easy and convenient

To make recordkeeping easy and convenient, each month you'll receive a statement showing your total dividends and distributions, the date of investment, the shares acquired and the price per share, and the total number of shares you own.

How shares are purchased

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

Flexible

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

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

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

Call today to start reinvesting dividends and/or distributions

For more information on the Nuveen Automatic Reinvestment Plan or to enroll in or withdraw from the Plan, speak with your financial advisor or call us at (800) 257-8787.

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

Other Useful Information

In April, 2005, The St. Paul Travelers Companies, Inc. ("St. Paul Travelers") sold the majority of its controlling equity interest in Nuveen Investments, Inc. ("Nuveen") to the general public. Nuveen is the parent of Nuveen Asset Management ("NAM"), which is each Fund's investment manager. This sale was deemed to be an "assignment" of the investment management agreement between each Fund and NAM and, if applicable, of the sub-advisory agreement between NAM and the Fund's sub-adviser. As required by law, the shareholders of each Fund were asked to approve a new investment management agreement and, if applicable, a new subadvisory agreement that reflected this change in ownership. The shareholders of each Fund voted this approval at a Shareholders' Meeting on July 26, 2005. There were no changes to the investment objectives or management of any Fund as a result of these actions.

Quarterly Portfolio of Investments and Proxy voting information

The Fund's (i) quarterly portfolio of investments, (ii) information regarding how the Funds voted proxies relating to portfolio securities held during the most recent 12-month period ended June 30, 2005, and (iii) a description of the policies and procedures that the Fund used to determine how to vote proxies relating to portfolio securities are available without charge, upon request, by calling Nuveen Investments toll-free at (800) 257-8787 or on Nuveen's website at www.nuveen.com.

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

CEO Certification Disclosure

Each Fund's Chief Executive Officer has submitted to the New York Stock Exchange the annual CEO certification as required by Section 303A.12(a) of the NYSE Listed Company Manual.

Each Fund has filed with the Securities and Exchange Commission the certification of its Chief Executive Officer and Chief Financial Officer required by Section 302 of the Sarbanes-Oxley Act.

Distribution Information

Nuveen Quality Preferred Income Fund (JTP), Nuveen Quality Preferred Income Fund 2 (JPS) and Nuveen Quality Preferred Income Fund 3 (JHP) designate 15.22%, 12.12% and 11.60%, respectively, of dividends declared from net investment income as dividends qualifying for the 70% dividends received deduction for corporations and 21.15%, 17.41% and 17.85%, respectively, as qualified dividend income for individuals under the Jobs and Growth Tax Relief Reconciliation Act of 2003.

Board of Trustees

Robert P. Bremner
Lawrence H. Brown
Jack B. Evans
William C. Hunter

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

David J. Kundert
William J. Schneider
Timothy R. Schwertfeger
Judith M. Stockdale
Eugene S. Sunshine

Fund Manager

Nuveen Asset Management
333 West Wacker Drive
Chicago, IL 60606

Custodian

State Street Bank & Trust Company
Boston, MA

Transfer Agent and Shareholder Services

State Street Bank & Trust Company
Nuveen Funds
P.O. Box 43071
Providence, RI 02940-3071
(800) 257-8787

Legal Counsel

Chapman and Cutler LLP
Chicago, IL

Independent Registered Public Accounting Firm

Ernst & Young LLP
Chicago, IL

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

59

[GRAPHIC OMITTED]

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

Nuveen Investments:

SERVING Investors
For GENERATIONS

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

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

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

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

Managing more than \$135 billion in assets, Nuveen Investments offers access to a number of different asset classes and investing solutions through a variety of products. Nuveen Investments markets its capabilities under four distinct brands: Nuveen, a leader in fixed-income investments; NWQ, a leader in value-style equities; Rittenhouse, a leader in growth-style equities; and Symphony, a leading institutional manager of market-neutral alternative investment portfolios.

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

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

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

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

[LOGO]
NUVEEN
Investments

EAN-E-1205D

ITEM 2. CODE OF ETHICS.

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

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The registrant's Board of Directors or Trustees determined that the registrant

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

has at least one "audit committee financial expert" (as defined in Item 3 of Form N-CSR) serving on its Audit Committee. The registrant's audit committee financial expert is Jack B. Evans, Chairman of the Audit Committee, who is "independent" for purposes of Item 3 of Form N-CSR.

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

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Nuveen Quality Preferred Income Fund 2

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

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

SERVICES THAT THE FUND'S AUDITOR BILLED TO THE FUND

| FISCAL YEAR ENDED | AUDIT FEES BILLED TO FUND | AUDIT-RELATED FEES BILLED TO FUND | TAX FEES BILLED TO |
|---|------------------------------|--------------------------------------|-----------------------|
| December 31, 2005 | \$ 28,211 | \$ 0 | \$ |
| Percentage approved pursuant to pre-approval exception | | 0% | |
| December 31, 2004 (1) | \$ 26,088 | \$ 0 | \$ |
| Percentage approved | | 0% | |

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

pursuant to
pre-approval
exception

The above "Tax Fees" were billed for professional services for tax advice, tax compliance, and tax planning.

- (1) This fund changed its fiscal year end from July 31 to December 31. For the stub period ending, 12/31/04 the fund incurred the following fees : Audit fees of \$26,088 ; Tax fees of \$3,676 ; and All Other fees of \$1,800.

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

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

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

| FISCAL YEAR ENDED | AUDIT-RELATED FEES BILLED TO ADVISER AND AFFILIATED FUND SERVICE PROVIDERS | TAX FEES BILLED TO ADVISER AND AFFILIATED FUND SERVICE PROVIDERS | ALL OTHER BILLED TO A AND AFFILIAT SERVICE PRO |
|---|---|---|---|
| December 31, 2005 | \$ 0 | \$ 282,575 | |
| Percentage approved pursuant to pre-approval exception | 0% | 0% | |
| December 31, 2004 | \$ 0 | \$ 0 | |
| Percentage approved pursuant to pre-approval exception | 0% | 0% | |

The above "Tax Fees" are primarily fees billed to the Adviser for Fund tax return preparation.

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

NON-AUDIT SERVICES

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

| FISCAL YEAR ENDED | TOTAL NON-AUDIT FEES BILLED TO FUND | TOTAL NON-AUDIT FEES BILLED TO ADVISER AND AFFILIATED FUND SERVICE PROVIDERS (ENGAGEMENTS RELATED DIRECTLY TO THE OPERATIONS AND FINANCIAL REPORTING OF THE FUND) | TOTAL NON- BILLED TO AFFILIATED PROVIDERS ENGA |
|-----------------------|--|---|--|
| December 31, 2005 | \$ 7,573 | \$ 282,575 | |
| December 31, 2004 (2) | \$ 12,548 | \$ 0 | |

The above "Non-Audit Fees billed to Adviser" for 2005 include "Tax-Fees" billed to Adviser in the amount of \$282,575 from previous table.

- (2) This fund changed its fiscal year end from July 31 to December 31. For the stub period ending, 12/31/04 the fund incurred total Non-Audit fees of \$5,476.

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

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

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

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

ITEM 6. SCHEDULE OF INVESTMENTS.

See Portfolio of Investments in Item 1.

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

The Adviser has engaged Spectrum Asset Management, Inc. ("Spectrum" or "Sub-Adviser") as Sub-Adviser to provide discretionary investment advisory services. As part of these services, the Adviser has also delegated to the Sub-Adviser the full responsibility for proxy voting and related duties in accordance with the Sub-Adviser's policy and procedures. The Adviser periodically will monitor the Sub-Adviser's voting to ensure that they are carrying out their duties. The Sub-Adviser's proxy voting policies and procedures are summarized as follows:

Spectrum has adopted a Policy on Proxy Voting for Investment Advisory Clients (the "Voting Policy"), which provides that Spectrum aims to ensure that, when delegated proxy voting authority by a client, Spectrum acts (1) solely in the interest of the client in providing for ultimate long-term stockholder value, and (2) without undue influence from individuals or groups who may have an economic interest in the outcome of a proxy vote. Spectrum relies on the custodian bank to deliver proxies to Spectrum for voting.

Spectrum has selected Institutional Shareholder Services, Inc. ("ISS") to assist with Spectrum's proxy voting responsibilities. Spectrum generally follows ISS standard proxy voting guidelines which embody the positions and factors Spectrum considers important in casting proxy votes. In connection with each proxy vote, ISS prepares a written analysis and recommendation based on its guidelines. In order to avoid any conflict of interest for ISS, the CCO will require ISS to deliver additional information or certify that ISS has adopted policies and procedures to detect and mitigate such conflicts of interest in issuing voting recommendations. Spectrum also may obtain voting recommendations from two proxy voting services as an additional check on the independence of ISS' voting recommendations.

Spectrum may, on any particular proxy vote, diverge from ISS' guidelines or recommendations. In such a case, Spectrum's Voting Policy requires that: (i) the requesting party document the reason for the request; (ii) the approval of the Chief Investment Officer; (iii) notification to appropriate compliance personnel; (iv) a determination that the decision is not influenced by any conflict of interest; and (v) a written record of the process.

When Spectrum determines not to follow ISS' guidelines or recommendations, Spectrum classifies proxy voting issues into three broad categories: (1) Routine Administrative Items; (2) Special Interest Issues; and (3) Issues having the Potential for Significant Economic Impact, and casts proxy votes in accordance with the philosophy and decision guidelines developed for that category in the Voting Policy.

- o Routine Administrative Items. Spectrum is willing to defer to management on matters of a routine administrative nature. Examples of issues on which Spectrum will normally defer to management's recommendation include selection of auditors, increasing the authorized number of common shares and the election of unopposed directors.
- o Special Interest Issues. In general, Spectrum will abstain from voting on shareholder social, political, environmental proposals because their long-term impact on share value cannot be calculated with any reasonable degree of confidence.

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

- o Issues Having the Potential for Significant Economic Impact. Spectrum is not willing to defer to management on proposals which have the potential for major economic impact on the corporation and value of its shares and believes such issues should be carefully analyzed and decided by shareholders. Examples of such issues are classification of board of directors' cumulative voting and supermajority provisions, defensive strategies (e.g., greenmail prevention), business combinations and restructurings and executive and director compensation.

Conflicts of Interest. There may be a material conflict of interest when Spectrum votes, on behalf of a client, a proxy that is solicited by an affiliated person of Spectrum or another Spectrum client. To avoid such conflicts, Spectrum has established procedures under its Voting Policy to seek to ensure that voting decisions are based on a client's best interests and are not the product of a material conflict. In addition to employee monitoring for potential conflicts, the CCO reviews Spectrum's and its affiliates' material business relationships and personal and financial relationships of senior personnel of Spectrum and its affiliates to monitor for conflicts of interest.

If a conflict of interest is identified, Spectrum considers both financial and non-financial materiality to determine if a conflict of interest is material. If a material conflict of interest is found to exist, the CCO discloses the conflict to affected clients and obtains consent from each client in the manner in which Spectrum proposed to vote.

Spectrum clients can obtain a copy of the Voting Policy or information on how Spectrum voted their proxies by calling Spectrum's Compliance Department at (203) 322-0189.

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

SPECTRUM ASSET MANAGEMENT

A. PORTFOLIO MANAGER BIOGRAPHY

BERNARD M. SUSSMAN is Chief Investment Officer and Chairman of Spectrum's Investment Committee. Prior to joining Spectrum in 1995, Mr. Sussman was with Goldman Sachs & Co. for nearly 18 years.

MARK A. LIEB is Chief Financial Officer and is responsible for business development. Prior to founding Spectrum in 1987, Mr. Lieb was a Founder, Director and Partner of DBL Preferred Management, Inc., a wholly owned corporate cash management subsidiary of Drexel Burnham Lambert, Inc.

L. PHILLIP JACOBY, IV is a Senior Vice President and joined Spectrum in 1995. From 1989-1995, Mr. Jacoby was a Senior Investment Officer at USL Capital Corporation (a subsidiary of Ford Motor Corporation) and was co-portfolio manager of a \$600 million preferred stock portfolio.

B. OTHER ACCOUNTS MANAGED BY SPECTRUM

| | | |
|--|---|--|
| (a) (1) Identify portfolio manager(s) of the Adviser to be named in the Fund | (a) (2) For each person identified in column (a) (1), provide number of accounts other than the Funds managed by the person within each category below and the total assets in the accounts managed within each category below | (a) (3) PERFORMANCE FE the categories in col of accounts and the t with respect to which ON THE PERFORMANCE OF |
|--|---|--|

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

prospectus

| | Registered Investment Companies | | Other Pooled Investment Vehicles | | Other Accounts | | Registered Investment Companies | | Other |
|--------------------|---------------------------------|------------------------|----------------------------------|-----------------------|--------------------|-----------------------|---------------------------------|--------------|-------|
| | Number of Accounts | Total Assets (\$mills) | Number of Accounts | Total Assets (\$mill) | Number of Accounts | Total Assets (\$mill) | Number of Accounts | Total Assets | Inv |
| Bernard M. Sussman | 10 | \$8.12 | 16 | \$2.52 | 42 | \$2.58 | - | - | |
| Mark A. Lieb | 10 | \$8.12 | 16 | \$2.52 | 42 | \$2.58 | - | - | |
| Phil Jacoby | 10 | \$8.12 | 16 | \$2.52 | 38 | \$2.57 | - | - | |

C. POTENTIAL MATERIAL CONFLICTS OF INTEREST

As described above, the portfolio manager may manage other accounts with investment strategies similar to the Fund, including other investment companies and separately managed accounts. Fees earned by the sub-advisers may vary among these accounts and the portfolio managers may personally invest in some but not all of these accounts. These factors could create conflicts of interest because a portfolio manager may have incentives to favor certain accounts over others, resulting in other accounts outperforming the Fund. A conflict may also exist if a portfolio manager identified a limited investment opportunity that may be appropriate for more than one account, but the Fund is not able to take full advantage of that opportunity due to the need to allocate that opportunity among multiple accounts. In addition, the portfolio manager may execute transactions for another account that may adversely impact the value of securities held by the Fund. However, the sub-advisers believe that these risks are mitigated by the fact that accounts with like investment strategies managed by a particular portfolio manager are generally managed in a similar fashion, subject to exceptions to account for particular investment restrictions or policies applicable only to certain accounts, differences in cash flows and account sizes, and similar factors. In addition, each sub-adviser has adopted trade allocation procedures that require equitable allocation of trade orders for a particular security among participating accounts.

D. FUND MANAGER COMPENSATION

All employees of Spectrum Asset Management are paid a base salary and discretionary bonus. The bonus is paid quarterly and may represent a significant proportion of an individual's total annual compensation. Discretionary bonuses are determined by management after consideration of several factors including but not necessarily limited to:

- o Changes in overall firm assets under management (employees have no direct incentive to increase assets)
- o Portfolio performance relative to benchmarks
- o Contribution to client servicing
- o Compliance with firm and/or regulatory policies and procedures
- o Work ethic
- o Seniority and length of service

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

- o Contribution to overall functioning of organization

E. OWNERSHIP OF JPS SECURITIES AS DECEMBER 31, 2005.

| | None | \$1-\$10,000 | \$10,001-\$50,000 | \$50,001-\$100,000 | \$100,001-\$500,000 |
|--------------------|------|--------------|-------------------|--------------------|---------------------|
| Portfolio Manager | | | | | |
| Bernard M. Sussman | | | | | X |
| Mark A. Lieb | | | | | X |
| Phil Jacoby | X | | | | |

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

Not applicable.

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

There were no material changes to the procedures by which shareholders may recommend nominees to the registrant's Board during the reporting period and implemented after the registrant last provided disclosure in response to this Item.

ITEM 11. CONTROLS AND PROCEDURES.

- (a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d))) that occurred during the second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

File the exhibits listed below as part of this Form. Letter or number the exhibits in the sequence indicated.

(a)(1) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit: Not applicable because the code is posted on registrant's website at www.nuveen.com/etf and there were no amendments during the period covered by this report. (To view the

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

code, click on the Investor Resources drop down menu box, click on Fund Governance and then Code of Conduct.)

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

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

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

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

(Registrant) Nuveen Quality Preferred Income Fund 2

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

Jessica R. Droeger
Vice President and Secretary

Date: March 8, 2006

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

By (Signature and Title)* /s/ Gifford R. Zimmerman

Gifford R. Zimmerman
Chief Administrative Officer
(principal executive officer)

Date: March 8, 2006

By (Signature and Title)* /s/ Stephen D. Foy

Stephen D. Foy
Vice President and Controller

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

(principal financial officer)

Date: March 8, 2006

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