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

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-21137

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

Nuveen Investments

333 West Wacker Drive

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

Kevin J. McCarthy

Nuveen Investments

333 West Wacker Drive

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

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

Date of fiscal year July 31 end:

Date of reporting period: July 31, 2013

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

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

ITEM 1. REPORTS TO STOCKHOLDERS.

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Nuveen Investments

Closed-End Funds

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

Annual Report

July 31, 2013

Nuveen Quality Preferred Income Fund

JTP

Nuveen Quality Preferred Income Fund 2

JPS

Nuveen Quality Preferred Income Fund 3

JHP



If you receive your Nuveen Fund distributions and statements from your financial advisor or brokerage account.

OR

www.nuveen.com/accountaccess

If you receive your Nuveen Fund distributions and statements directly from Nuveen.

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Chairman's Letter to Shareholders

Dear Shareholders,

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

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

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

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

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

Sincerely,

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

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Portfolio Managers' Comments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Fund Leverage

IMPACT OF THE FUNDS' LEVERAGE STRATEGY ON PERFORMANCE

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

THE FUNDS' REGULATORY LEVERAGE

Bank Borrowings

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

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

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

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

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

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

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Common Share Information

Distribution Information

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

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

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

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

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

Common Share Repurchases

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

Common Share Shelf Equity Programs

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

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

Other Common Share Price Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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Nuveen Quality Preferred Income Fund (JTP)

Performance Overview and Holding Summaries as of July 31, 2013

Average Annual Total Returns as of July 31, 2013

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

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

Common Share Price Performance Weekly Closing Price

Portfolio Allocation^{1,2}

(as a % of total investments)

\$1,000 Par (or similar)	
Institutional Structures	54.0%
\$25 Par (or similar) Retail Structures	34.4%
Corporate Bonds	6.1%
Convertible Bonds	2.9%
Common Stocks	1.1%
Investment Companies	0.8%
Short-Term Investments	0.7%
Top Five Issuers ^{1,2}	

(as a % of total long-term investments)

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

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

(as a % of total investments)

Insurance	31.2%
Commercial Banks	22.0