NUVEEN QUALITY PREFERRED INCOME FUND 2
Form N-CSRS
April 05, 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 end: July 31

Date of reporting period: January 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.

Closed-End Funds

Nuveen Investments

Closed-End Funds

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

Semi-Annual Report

January 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,

Despite the global economy's ability to muddle through the many economic headwinds of 2012, investors continue to have good reasons to remain cautious. The European Central Bank's decisions to extend intermediate term financing to major European banks and to support sovereign debt markets have begun to show signs of a stabilized euro area financial market. The larger member states of the European Union (EU) are working diligently to strengthen the framework for a tighter financial and banking union and meaningful progress has been made by agreeing to centralize large bank regulation under the European Central Bank. However, economic conditions in the southern tier members are not improving and the pressures on their political leadership remain intense. The jury is out on whether the respective populations will support the continuing austerity measures that are needed to meet the EU fiscal targets.

In the U.S., the Fed remains committed to low interest rates into 2015 through its third program of Quantitative Easing (QE3). Inflation remains low but a growing number of economists are expressing concern about the economic distortions resulting from negative real interest rates. The highly partisan atmosphere in Congress led to a disappointingly modest solution for dealing with the end-of-year tax and spending issues. Early indications for the new Congressional term have not given much encouragement that the atmosphere for dealing with the sequestration legislation and the debt ceiling issues, let alone a more encompassing "grand bargain," will be any better than the last Congress. Over the longer term, there are some encouraging trends for the U.S. economy: house prices are beginning to recover, banks and corporations continue to strengthen their financial positions and incentives for capital investment in the U.S. by domestic and foreign corporations are increasing due to more competitive energy and labor costs.

During 2012 U.S. investors have benefited from strong returns in the domestic equity markets and solid returns in most fixed income markets. However, many of the macroeconomic risks of 2012 remain unresolved, including negotiating through the many U.S. fiscal issues, managing the risks of another year of abnormally low U.S. interest rates, sustaining the progress being made in the euro area and reducing the potential economic impact of geopolitical issues, particularly in the Middle East. In the face of these uncertainties, the experienced investment professionals at Nuveen Investments seek out investments that are enjoying positive economic conditions. At the same time they are always on the alert for risks in markets subject to excessive optimism or for opportunities in markets experiencing undue pessimism. Monitoring this process is a critical function for the Fund Board as it oversees your Nuveen Fund on your behalf.

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

Sincerely,

Robert P. Bremner
Chairman of the Board
March 25, 2013

Portfolio Managers' Comments

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

Ratings shown are the highest rating given by one of the following national rating agencies: Standard & Poor's Group, Moody's Investors Service, Inc. or Fitch, Inc. Credit ratings are subject to change. AAA, AA, A, and BBB are investment grade ratings; BB, B, CCC, CC, C and D are below investment grade ratings. Certain bonds backed by U.S. Government or agency securities are regarded as having an implied rating equal to the rating of such securities. Holdings designated N/R are not rated by these national rating agencies.

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

The Funds are sub-advised by a team of specialists at Spectrum Asset Management, a wholly-owned subsidiary of Principal Global Investors, LLC. Mark Lieb and Phil Jacoby lead the team. Here Mark and Phil talk about their management strategy and the performance of each Fund during the six-month period ended January 31, 2013.

What key strategies were used to manage the Funds during the six-month period ended January 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% in debt securities, including convertible debt and convertible preferred securities.

Our basic strategy is to stay relatively balanced between the individual investor-oriented $25 par preferred securities often traded on securities exchanges and the institutional investor-oriented $1,000 par preferred securities traded over-the-counter in the capital markets. Both types of securities offer different performance opportunities, which together with the broad diversification benefits of the combined universe, help to produce potentially attractive risk-adjusted rates of return. We keep a risk-averse posture toward security structure and ultimately portfolio structure, which is an important core aspect of our effort to preserve capital and provide attractive income over the long term. We increased the Funds' allocation to capital securities during the period because of the better call protection and yield pickups in the secondary markets.

During the first half of the reporting period, the Funds' portfolios were impacted by redemptions that hit the U.S. trust preferred market. Our portfolio strategy was to minimize this call risk on a relative basis. One way to measure this is to look at the redemption rates of passive ETF preferred funds, which experienced an approximate 7% redemption rate during this time period. This compares to 4% for JTP and 3% for JPS and JHP.

Lastly, the Fund's primary objective is high current income consistent with capital preservation; persistent low interest rate expectations will compel us to average away from the high premium bonds to mitigate extended premium loss as prices age to par through ordinary premium amortization over time.

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

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

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

How did the Funds perform during the six-month period ended January 31, 2013?

The performance of the Funds, as well as Barclays Aggregate Bond Index and Comparative Index, are presented in the accompanying table.

Average Annual Returns on Common Share Net Asset Value

For the periods ended 1/31/13

Fund	Six-Month	1-Year	5-Year	10-Year
JTP	9.53%	21.40%	3.46%	4.33%
Barclays U.S. Aggregate Bond Index*	-0.29%	2.59%	5.52%	5.13%
Comparative Index*	6.32%	13.70%	4.37%	4.36%
JPS	9.88%	22.36%	4.05%	4.89%
Barclays U.S. Aggregate Bond Index*	-0.29%	2.59%	5.52%	5.13%
Comparative Index*	6.32%	13.70%	4.37%	4.36%
JHP	10.61%	22.66%	3.74%	4.56%
Barclays U.S. Aggregate Bond Index*	-0.29%	2.59%	5.52%	5.13%
Comparative Index*	6.32%	13.70%	4.37%	4.36%

For the six-month period ended January 31, 2013, all three Funds outperformed the Barclays U.S. Aggregate Bond Index and the Comparative Index.

During the reporting period, several factors contributed positively to each Fund's performance. We are positioning more of the Funds' portfolio in the capital securities sector in order to benefit from some longer run structural benefits in most capital securities. These benefits generally include twice as much call protection and some eventual floating rate features that can reduce interest rate risk in the long run.

Security selection in the life insurance, utility and reinsurance sectors also contributed to performance. The Funds' overweight to the REIT preferred securities sector benefited absolute and relative return with specific benefit derived from security selection. In particular, the Funds' holdings in Delphi Financial Group, Aegon N.V., FPL Group Capital, PPL Capital Funding, Arch Capital Group and Axis Capital Holdings all positively contributed to performance.

While the Funds' outperformed for the reporting period, the Funds were impacted negatively by slower price appreciation caused by call options. During the six-month reporting period, every month posted positive performance as demand for yield continued. The call options in preferred securities (in particular in $25 par securities) eventually make the Funds' portfolio duration go down when yields go down. This is known as "negative convexity" which constrained the Funds' capital performance this period as the preferred markets moved up to a premium price, on average. Our ongoing objective is to purchase structures that foster more opportunity for upside than the average market in preferred securities.

Fund Leverage
and Other Information

IMPACT OF THE FUNDS' LEVERAGE STRATEGY ON PERFORMANCE

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

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 net asset value (NAV). Your common shares at any point in time may be worth less than your original investment, even after taking into account the reinvestment of Fund dividends and distributions.

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

Tax Risk. The 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 bond that generated the income.

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

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

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

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

Common Share Distribution
and Price Information

Distribution Information

The following information regarding your Fund's distributions is current as of January 31, 2013, and likely will vary over time based on each Fund's investment activities and portfolio investment value changes.

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

The Funds employ financial leverage through the use of bank borrowings. Financial leverage provides the potential for higher earnings (net investment income), total returns and distributions over time, but as noted earlier also increases the variability of common shareholders' net asset value (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 January 31, 2013, all three Funds had positive UNII balances, based upon our best estimate, for tax purposes and positive UNII balances for financial reporting purposes.

Common Share Repurchases

During November 2012, the Nuveen Funds Board of Directors/Trustees reauthorized the Funds' open-market share repurchase program, allowing each Fund to repurchase an aggregate of up to approximately 10% of its outstanding common shares.

As of January 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 the Funds to issue an additional 6.4 million, 12.0 million and 2.3 million common shares, respectively, through equity shelf programs, which are not yet effective.

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

Common Share Price Information

As of January 31, 2013, and during the six-month reporting period, the Funds' common share prices were trading at (-) discounts to their common share NAVs as shown in the accompanying table.

Fund	1/31/13 (-) Discount	Six-Month Average (-) Discount
JTP	(-)1.97%	(-)1.87%
JPS	(-)2.79%	(-)0.96%
JHP	(-)3.08%	(-)1.40%

JTP

Performance

OVERVIEW

Nuveen Quality Preferred Income Fund

as of January 31, 2013

Portfolio Allocation (as a % of total investments)[2,4]

2012-2013 Monthly Distributions Per Common Share

Common Share Price Performance Weekly Closing Price

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

1 Excluding short-term investments.

2 Holdings are subject to change.

3 Rounds to less than 0.1%.

4 Excluding investments in derivatives.

Fund Snapshot

Common Share Price	$ 8.95
Common Share Net Asset Value (NAV)	$ 9.13
Premium/(Discount) to NAV	-1.97%
Latest Dividend	$ 0.0500
Market Yield	6.70%
Net Assets Applicable to Common Shares ($000)	$590,249

Leverage

Regulatory Leverage	28.39%
Effective Leverage	28.39%

Average Annual Total Returns

(Inception 6/25/02)

	On Share Price	On NAV
6-Month (Cumulative)	6.44%	9.53%

1-Year	18.36%	21.40%
5-Year	2.93%	3.46%
10-Year	3.44%	4.33%

Portfolio Composition

(as a % of total investments)[2,4]

Insurance	33.0%
Commercial Banks	20.0%
Real Estate Investment Trust	12.0%
Diversified Financial Services	8.2%
Capital Markets	7.8%
Electric Utilities	3.3%
Short-Term Investments	2.1%
Other	13.6%

Country Allocation

(as a % of total investments)[2,4]

United States	60.4%
United Kingdom	10.0%
Netherlands	6.2%
France	3.8%
Switzerland	3.7%
Germany	3.6%
Other	12.3%

Top Five Issuers

(as a % of total investments)[1,2,4]

PNC Financial Services Group Inc	3.5%
General Electric Company	3.1%
QBE Insurance Group Limited	2.9%
Firstar Realty LLC	2.8%
HSBC Holdings PLC	2.7%

Fund Snapshot

Common Share Price	$ 9.41
Common Share Net Asset Value (NAV)	$ 9.68
Premium/(Discount) to NAV	-2.79%
Latest Dividend	$ 0.0550
Market Yield	7.01%
Net Assets Applicable to Common Shares ($000)	$1,165,187

Leverage

Regulatory Leverage	28.48%
Effective Leverage	28.48%

Average Annual Total Returns

(Inception 9/24/02)

	On Share Price	On NAV
6-Month (Cumulative)	4.37	