NUVEEN QUALITY PREFERRED INCOME FUND 2
Form N-CSR
March 10, 2010

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: December 31

Date of reporting period: December 31, 2009

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.

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ITEM 1. REPORTS TO STOCKHOLDERS.

Closed-End Funds

# Nuveen Investments

# Closed-End Funds

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

Annual Report

December 31, 2009

**Nuveen Quality Preferred Income Fund**

**JTP**

**Nuveen Quality Preferred Income Fund 2**

**JPS**

**Nuveen Quality Preferred Income Fund 3**

**JHP**

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# Chairman's Letter to Shareholders

**Dear Shareholder,**

The financial markets in which your Fund operates continue to reflect the larger economic crosscurrents. The illiquidity that infected global credit markets over the last year continues to recede but there is concern about the impact of a reduction in official liquidity support programs. The major institutions that are the linchpin of the international financial system have strengthened their capital structures, but many still struggle with losses in their various portfolios. Global trends include increasing trade and concern about the ability of the U.S. government to address its substantial budgetary deficits.

While the fixed-income and equity markets have recovered from the lows recorded in late 2008 and early 2009, identifying those developments that will define the future is never easy, and rarely is it more difficult than at present. A fundamental component of a successful investment program is a commitment to remain focused on long-term investment goals even during periods of heightened market uncertainty. Another component is to re-evaluate investment disciplines and tactics and to confirm their validity following periods of extreme volatility and market dislocation, such as we have recently experienced. Your Board carried out an intensive review of investment performance with these objectives in mind during April and May of 2009 as part of the annual management contract renewal process. I encourage you to read the description of this process in the Annual Investment Management Agreement Approval Process section of this report. Confirming the appropriateness of a long term investment strategy is as important for our shareholders as it is for our professional investment managers. For that reason, I again encourage you to remain in communication with your financial consultant on this subject.

In September 2009, Nuveen completed the refinancing at par of all the auction rate preferred shares (ARPS) issued by its taxable closed-end funds. On October 15, 2009, Nuveen announced the first successful offering of an issue of MuniFund Term Preferred Shares. This new form of preferred securities joins the Variable Rate Demand Preferred securities as vehicles for refinancing existing municipal fund ARPS. By the beginning of December 2009, six of the leveraged municipal closed-end funds had redeemed all of their outstanding ARPS. Nuveen remains committed to resolving the issues connected with outstanding auction rate preferred shares. Please consult the Nuveen web site for the most recent information on this issue and all recent developments on your Nuveen Funds at: www.nuveen.com.

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

Sincerely,

Robert P. Bremner
Chairman of the Board and Lead Independent Director
February 22, 2010

# 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.**

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

*The Nuveen Quality Preferred Income Funds are sub-advised by a team of specialists at Spectrum Asset Management, an affiliate of Principal Global Investors, LLC. Mark Lieb, Bernie Sussman and Phil Jacoby, who have more than 50 years of combined experience in the preferred securities markets, led the team during the year. Bernie retired as of December 31, 2009. Here Mark, Bernie and Phil talk about general economic and market conditions, their management strategy and the performance of each Fund for the twelve-month period ended December 31, 2009.*

**What were the general market conditions for the twelve-month period ending December 31, 2009?**

The general market conditions during this period were among the most fluctuating and challenging on record. The financial crisis that began to accelerate in the last half of 2008 was in full force by the first quarter of 2009. For the first time since the 1930s, the United States, United Kingdom, Germany and Japan experienced recessions simultaneously.

In response, the U.S. government enacted a $787 billion economic stimulus plan early in 2009, and provided additional funds for large financial institutions under the Troubled Asset Relief Program (TARP) started in 2008. The Federal Reserve maintained a fed funds target range of zero to 0.25%, its lowest level in history. In addition, the Fed announced in March that it would buy $300 billion in long-term U.S. Treasury securities in an effort to support private credit markets and up to an additional $750 billion (for a total of $1.25 trillion) in agency mortgage-backed securities to bolster the housing market. The government also took steps to prevent the collapse of the American auto industry.

By the second quarter of 2009, some positive signals began to emerge. Most major banks were deemed to be adequately capitalized sufficient to withstand a deeper downturn. Domestic equity markets, as measured by the Standard & Poor's (S&P) 500 Stock Index, rocketed up from the lows experienced in March. Bond investors grew more willing to purchase municipal and corporate credit, causing the prices of oversold credit to be bid up and the prices of overbought U.S. Treasury securities to be bid down.

For the full year, the S&P 500 Index posted a return of 26.46%, with most major bond indexes also showing positive performance. However, the unemployment rate at year end was 10% and the general credit markets were still constricted, suggesting that the road to recovery would not be quick or easy.

In this generally stressful environment, the performance of preferred securities split into two distinct periods. The first quarter of 2009 was the worst on record, with the Merrill Lynch U.S. Preferred Stock Fixed Rate Index down 23%. This marked the fourth straight quarterly decline in preferred securities prices (also a record).

However, in early March, the CEOs of Citigroup, Bank of America and JPMorgan all proclaimed that their banks were making money. These statements, at a time when some financial equities were down as much as 80% from their pre-crisis highs, helped provide a bounce that prevailed over market fear and sparked a credit rally. For the full year, the Merrill Lynch U.S. Preferred Stock Fixed Rate Index closed up more than 20%.

This bounce benefited from two very powerful federal programs: 1) the U.S. Treasury's Capital Assistance Program and 2) the Public Private Investment Partnership. Both were designed to pump additional liquidity into the system and help thaw markets that essentially had been frozen. Additionally, the outcome of stress tests for systemically important banks in May reassured markets that further government capital assistance would probably be unnecessary or very limited. By mid-year, the private capital markets were sources of funding for financial entities seeking to raise fresh equity or repay some government assistance. By the end of December, Bank of America, Citigroup and Wells Fargo all had repaid their TARP funds through combinations of equity issuance and internal liquidity.

In some cases, financial institutions raised common equity through an exchange issuance of common stock for preferred securities. These exchanges and other tender offers for preferred securities supported preferred securities prices. However, there were some speed bumps along the way. Investors reacted negatively to comments from Fed Chairman Ben Bernanke, who seemed to suggest that the Fed might be prepared to tighten the money supply once the economy has improved sufficiently. The market interpreted this to mean that the effective zero interest rate policy on fed funds might be reversed sooner rather than later, which caused interest rates to increase and the yield curve to steepen.

During the year, Moody's announced that it began using new methodology to review approximately $450 billion of securities, including 775 hybrid and subordinated notes issued by 170 "bank families" in 36 countries. Some market observers think one repercussion of this policy change likely will be a 2 to 3 notch downgrade on the preferred securities asset class by the end of the first quarter of 2010. Fitch also announced similar intentions. Though this news was not a surprise to the preferred market, it did lead to a slight price decrease toward the end of 2009.

**What was your management strategy during the period?**

During the first quarter of 2009, the Funds were under pressure to sell securities into a weak market in order to raise capital to help redeem their outstanding auction rate preferred shares. Our strategy was to sell issues that we felt would be under continued credit pressure or were overvalued relative to other series. In general, we looked to sell higher priced issues that we believed would have less upside potential in a market recovery.

In order to maintain their structural leverage ratios at desired levels, each Fund replaced its redeemed auction rate preferred shares with bank borrowings.

The institutional market (i.e., the $1000 par capital securities market) was extremely illiquid until April 2009. Consequently, rather than pressure a market that was thinly traded and, in our view, grossly undervalued, we chose to sell retail-oriented, exchange-listed $25 par issues, which remained relatively liquid throughout the period.

When purchasing securities, we focused on assessing the structural elements of an issue that we believed would reduce income risk and improve the likelihood of being paid under stressful conditions. We also invested in some seasoned Eurodollar issues where we expected the securities to be well supported and where valuations were particularly cheap. In addition, we added some REIT debt and utility preferreds to maintain adequate portfolio diversity.

Over the course of the last several years, the preferred market has changed from an investment grade rated market, with more than 75% rated single A or higher, to a market where over 40% of all issues are rated below-investment grade. In addition, issuer concentration has increased, with the largest five issuers now representing 40% of market value of the Merrill Lynch U.S. Preferred Stock Fixed Rate Index. In response to these changing conditions, the Funds' Board of Trustees adopted some changes in investment policies and procedures over this reporting period. Previously, all of the Funds' investments had to be rated investment grade at the time of purchase. The new guidelines allow each Fund to have up to 20% of its net assets in securities rated below investment grade when purchased. However, no Fund may purchase issues rated Caa1/CCC+ or lower, and if a portfolio holding is downgraded to that rating or below, the manager is required to sell the security as soon as practicable.

Addressing the increase in issuer concentration, the new guidelines allow for a slightly greater concentration of higher rated securities from the same issuer within a portfolio, which allows managers more flexibility given the current market conditions.

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 shareholders may have to pay on Fund distributions or upon the sale of Fund shares. For additional information, see the individual Performance Overview for your Fund in this report.

1 The Barclays Capital U.S. 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 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, 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 Barclays Capital 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.

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

The performance of JTP, JPS and JHP, as well as a comparative index and benchmark, is presented in the accompanying table.

**Average Annual Total Return on Common Share Net Asset Value**

For periods ended 12/31/09

| | **1-Year** | **5-Year** |
|---|---|---|
| JTP | 51.85% | -5.53% |
| JPS | 61.22% | -4.39% |
| JHP | 63.23% | -4.65% |
| Barclays Capital U.S. Aggregate Bond Index[1] | 5.93% | 4.97% |
| Comparative Benchmark[2] | 28.12% | 0.35% |

For this twelve-month period, all three Funds substantially outperformed the general market and their comparative benchmark index.

During the period, we made some purchases and sales between various $25 par series and from $25 par to $1000 par capital securities of the same issuer in order to pick up income and reduce recovery risk among the Funds' investment grade holdings. We also purchased non-financial and higher quality financial names that we believed were undervalued more due to liquidity risk factors rather than credit concerns in both the secondary and IPO markets.

We reduced the Funds' exposure to ING and Developers Diversified Realty in order to rebalance overall credit exposure. We eliminated exposure in Royal Bank of Scotland and KBC Bank out of concern that the dividends of the securities we held would be passed. Fear of austere penalties from the European Union against companies that took state aid led to volatility in some of the foreign names such as Aegon and ING.

Overall, we stayed highly focused on credit developments and sought securities with attractive structural nuances that we believed would add value over time. For example, we negotiated privately with Lloyds Bank to exchange their non-cumulative preference shares for cumulative upper tier 2 preference shares. We believed this would increase Fund income, help protect that income and increase the valuation of the holdings.

During the second half of the period, increased trading and tender activity improved the pricing for many preferred securities in the banking sector. This helped offset ratings changes on certain issues by Moody's, Standard & Poor's and Fitch that constrained us from doing relative value switches among below investment grade securities.

**IMPACT OF THE FUNDS' CAPITAL STRUCTURES AND LEVERAGE STRATEGIES ON PERFORMANCE**

One important factor impacting the returns of these Funds relative to the comparative index and benchmark was the Funds' use of financial leverage. The Funds use leverage because their managers believe that, over time, leveraging provides opportunities for additional income and total returns 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 and common shareholder total return is magnified by the use of leverage. Conversely, leverage may enhance common share returns during periods when bond prices generally are rising.

Leverage made a significant positive contribution to these Funds' returns during 2009.

**RECENT DEVELOPMENTS REGARDING THE FUNDS' LEVERAGED CAPITAL STRUCTURES**

Shortly after their inceptions, all three Funds issued auction rate preferred shares (FundPreferred) to create financial leverage. As noted in the last several shareholder reports, the auction rate preferred shares issued by many closed-end funds, including these Funds, have been hampered by a lack of liquidty since February 2008. Since that time, more auction rate preferred shares have been submitted for sale in each of their regularly scheduled auctions than there have been offers to buy. This means that these auctions have "failed to clear," and that many, or all, of the auction rate preferred shareholders who wanted to sell their shares in these auctions were unable to do so. This decline in liquidity in auction rate preferred shares did not lower the credit quality of these shares, and auction rate preferred shareholders unable to sell their shares received distributions at the "maximum rate" applicable to failed auctions, as calculated in accordance with the pre-established terms of the auction rate preferred shares.

One continuing implication for common shareholders of these Funds from the auction failures is that the Funds' cost of leverage likely has been incrementally higher at times than it otherwise might have been had the auctions continued to be successful. As a result, the Funds' common share earnings likely have been incrementally lower at times than they otherwise might have been.

Beginning in the summer of 2008, the Funds announced their intention to redeem most or all of their auction rate preferred shares and retain their leveraged structure primarily through the use of bank borrowings. Leveraging using bank borrowings offers common shareholders most benefits and risks as leveraging with auction rate preferred shares.

As of December 31, 2009, these Funds had redeemed all of their outstanding Auction Rate Preferred shares.

For additional information, please visit the Nuveen CEF Auction Rate Preferred Resource Center at: http://www.nuveen.com/arps.

# Common Share Distribution and Share Price Information

The following information regarding your Fund's distributions is current as of December 31, 2009, and likely will vary over time based on each Fund's investment activities and portfolio investment value changes.

Over the course of 2009, all three Funds reduced their monthly distributions to common shareholders three times. Some of the factors affecting these distributions are summarized below.

During the twelve-month period, each Funds employed financial leverage through the use of FundPreferred shares and/or bank borrowings. As of December 31, 2009, the Funds had redeemed all of their outstanding FundPreferred shares. 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 per share in response to changing market conditions. During the current reporting period, each Fund's financial leverage contributed positively to common share income and common share net asset value price return.

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 Funds' NAV. As of December 31, 2009, all three Funds had zero UNII balances for tax purposes and positive UNII balances for financial statement purposes.

The following table provides information regarding each Fund's common share distributions and total return performance for the fiscal year ended December 31, 2009. This information is intended to help you better understand whether the Funds' returns for the specified time period were sufficient to meet each Fund's distributions.

| As of 12/31/09 (Common Shares) | JTP | JPS | JHP |
|---|---|---|---|
| Inception date | 6/25/02 | 9/24/02 | 12/18/02 |
| Calendar year ended December 31, 2009: | | | |
| Per share distribution: | | | |
| From net investment income | $ 0.57 | $ 0.70 | $ 0.58 |
| From long-term capital gains | 0.00 | 0.00 | 0.00 |
| From short-term capital gains | 0.00 | 0.00 | 0.00 |
| Tax return of capital | 0.07 | 0.03 | 0.08 |
| Total per share distribution | $ 0.64 | $ 0.73 | $ 0.66 |
| Distribution rate on NAV | 9.07% | 9.52% | 8.86% |
| Average annual total returns: | | | |
| 1-Year on NAV | 51.85% | 61.22% | 63.23% |
| 5-Year on NAV | -5.53% | -4.39% | -4.65% |
| Since inception on NAV | -0.49% | 0.81% | -0.20% |

**Common Share Repurchases and Shares Price Information**

Since the inception of the Funds' repurchase program, the Funds have not repurchased any of their outstanding common shares.

As of December 31, 2009, the Funds' common share prices were trading at discounts to their common share NAVs as shown in the accompanying table.

| Fund | 12/31/09 Discount | Twelve-Month Average Discount |
|---|---|---|
| JTP | -6.94% | -5.59% |
| JPS | -5.48% | -4.30% |
| JHP | -6.71% | -5.12% |

# JTP

Performance

## OVERVIEW

Nuveen Quality Preferred Income Fund

as of December 31, 2009

**Portfolio Allocation** (as a % of total investments)

**2009 Monthly Distributions Per Common Share**

**Common Share Price Performance** **Weekly Closing Price**

1 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 calendar year the Fund's cumulative net ordinary income and net realized gains are less than the amount of the Fund's distributions, a tax return of capital.

2 Excluding short-term investments.

**Fund Snapshot**

| | |
|---|---|
| Common Share Price | $ 6.57 |
| Common Share Net Asset Value | $ 7.06 |
| Premium/(Discount) to NAV | -6.94% |
| Current Distribution Rate[1] | 8.77% |
| Net Assets Applicable to Common Shares ($000) | $ 456,186 |

**Average Annual Total Return**

(Inception 6/25/02)

| | On Share Price | On NAV |
|---|---|---|
| 1-Year | 53.05% | 51.85% |
| 5-Year | -5.26% | -5.53% |
| Since Inception | -1.76% | -0.49% |

**Industries**

(as a % of total investments)

| | |
|---|---|
| Commercial Banks | 29.1% |
| Insurance | 26.6% |
| Real Estate/Mortgage | 13.8% |
| Media | 6.0% |
| Capital Markets | 5.3% |
| Diversified Telecommunication Services | 3.0% |
| Short-Term Investments | 2.3% |
| Other | 13.9% |

**Top Five Issuers**

(as a % of total investments)[2]

| | |
|---|---|
| Viacom Inc. | 3.0% |
| XL Capital, Limited | 2.8% |
| Firstar Realty LLC | 2.8% |
| AgFirst Farm Credit Bank | 2.7% |
| Credit Agricole, S.A. | 2.7% |

**Fund Snapshot**

| | |
|---|---|
| Common Share Price | $ 7.25 |
| Common Share Net Asset Value | $ 7.67 |
| Premium/(Discount) to NAV | -5.48% |
| Current Distribution Rate[1] | 8.94% |
| Net Assets Applicable to Common Shares ($000) | $ 922,354 |

**Average Annual Total Return**

(Inception 9/24/02)

| | On Share Price | On NAV |
|---|---|---|
| 1-Year | 63.90% | 61.22% |
| 5-Year | -3.51% | -4.39% |
| Since Inception | -0.28% | 0.81% |

**Industries**

(as a % of total investments)

| | |
|---|---|
| Commercial Banks | 28.4% |
| Insurance | 23.0% |
| Real Estate/Mortgage | 14.4% |
| Media | 5.5% |
| Capital Markets | 4.7% |
| Electric Utilities | 4.5% |
| Diversified Financial Services | 4.3% |
| Short-Term Investments | 3.7% |
| Other | 11.5% |

**Top Five Issuers**

(as a % of total investments)[2]

| | |
|---|---|
| Wachovia Corporation | 5.1% |
| Barclays Bank PLC | 3.1% |
| Deutsche Bank AG | 2.9% |
| Vodafone Group, PLC | 2.8% |
| Rabobank Nederland | 2.8% |

# JPS

Performance

# OVERVIEW

## Nuveen Quality Preferred Income Fund 2

as of December 31, 2009

**Portfolio Allocation** (as a % of total investments)

**2009 Monthly Distributions Per Common Share**

**Common Share Price Performance** **Weekly Closing Price**

1 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 calendar year the Fund's cumulative net ordinary income and net realized gains are less than the amount of the Fund's distributions, a tax return of capital.

2 Excluding short-term investments.

# JHP

Performance

## OVERVIEW

Nuveen Quality Preferred Income Fund 3

as of December 31, 2009

**Portfolio Allocation** (as a % of total investments)

**2009 Monthly Distributions Per Common Share**

**Common Share Price Performance** **Weekly Closing Price**

1 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 calendar year the Fund's cumulative net ordinary income and net realized gains are less than the amount of the Fund's distributions, a tax return of capital.

2 Excluding short-term investments.

**Fund Snapshot**

| | |
|---|---|
| Common Share Price | $ 6.95 |
| Common Share Net Asset Value | $ 7.45 |
| Premium/(Discount) to NAV | -6.71% |
| Current Distribution Rate[1] | 8.81% |
| Net Assets Applicable to Common Shares ($000) | $ 176,677 |

**Average Annual Total Return**

(Inception 12/18/02)

| | On Share Price | On NAV |
|---|---|---|
| 1-Year | 54.50% | 63.23% |
| 5-Year | -4.74% | -4.65% |
| Since Inception | -1.55% | -0.20% |

**Industries**

(as a % of total investments)

| | |
|---|---|
| Commercial Banks | 29.0% |
| Insurance | 24.4% |
| Real Estate/Mortgage | 12.2% |
| Capital Markets | 6.1% |
| Electric Utilities | 4.3% |
| Diversified Financial Services | 4.1% |
| Diversified Telecommunication Services | 3.3% |
| Short-Term Investments | 4.1% |
| Other | 12.5% |

**Top Five Issuers**

(as a % of total investments)[2]

| | |
|---|---|
| Wachovia Corporation | 4.5% |
| Credit Agricole, S.A. | 4.0% |
| Deutsche Bank AG | 3.6% |
| Entergy Corporation | 3.2% |
| Banco Espanol de Credito | 2.8% |

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 statement of assets and liabilities, including the portfolios of investments, of Nuveen Quality Preferred Income Fund, Nuveen Quality Preferred Income Fund 2 and Nuveen Quality Preferred Income Fund 3 (the "Funds") as of December 31, 2009, and the related statements of operations and cash flows for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. 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, 2009, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial positions of Nuveen Quality Preferred Income Fund, Nuveen Quality Preferred Income Fund 2 and Nuveen Quality Preferred Income Fund 3 at December 31, 2009, the results of their operations and cash flows for the year then ended, the changes in their net assets for each of the two years in the period then ended, and financial highlights for each of the five years in the period then ended in conformity with US generally accepted accounting principles.

Chicago, Illinois
February 24, 2010

# JTP

Nuveen Quality Preferred Income Fund

## Portfolio of INVESTMENTS

December 31, 2009

| Shares | Description (1) | Coupon | Ratings (2) | Value |
|---|---|---|---|---|
| | **$25 Par (or similar) Preferred Securities 70.6% (53.1% of Total Investments)** | | | |
| | **Capital Markets 6.1%** | | | |
| 137,200 | Ameriprise Financial, Inc. | 7.750% | A | $ 3,450,580 |
| 124,900 | BNY Capital Trust V, Series F | 5.950% | Aa3 | 3,111,259 |
| 554,676 | Credit Suisse | 7.900% | Aa3 | 14,244,080 |
| 241,721 | Deutsche Bank Capital Funding Trust II | 6.550% | Aa3 | 5,022,962 |
| 48,000 | Deutsche Bank Contingent Capital Trust III | 7.600% | Aa3 | 1,139,040 |
| 37,900 | Goldman Sachs Group Inc., Series GSC-3 (PPLUS) | 6.000% | A2 | 795,900 |
| | Total Capital Markets | | | 27,763,821 |
| | **Commercial Banks 8.4%** | | | |
| 57,200 | ASBC Capital I | 7.625% | A3 | 1,133,704 |
| 307,038 | Banco Santander Finance, 144A | 10.500% | A2 | 8,713,738 |
| 84,500 | Banesto Holdings, Series A, 144A | 10.500% | Baa1 | 2,117,781 |
| 2,100 | Barclays Bank PLC | 6.625% | BBB+ | 42,693 |
| 118,500 | BB&T Capital Trust VI | 9.600% | A2 | 3,367,770 |
| 30,800 | BB&T Capital Trust VII | 8.100% | A2 | 796,180 |
| 116,800 | CoBank ACB, 144A | 7.000% | N/R | 4,354,456 |
| 46,000 | CoBank ACB | 0.000% | A | 2,297,125 |
| 1,500 | First Union Institutional Capital II (CORTS) | 8.200% | A- | 39,105 |
| 5,800 | Goldman Sachs Group Inc., Series 2003-06 (SATURNS) | 6.000% | A | 126,411 |
| 4,500 | Goldman Sachs Group Inc., Series GSG-2 (PPLUS) | 5.750% | A1 | 92,115 |
| 13,800 | HSBC Holdings PLC | 6.200% | A2 | 295,182 |
| 80,308 | Merrill Lynch Preferred Capital Trust V | 7.280% | Baa3 | 1,714,576 |
| 275,041 | National City Capital Trust II | 6.625% | Baa1 | 6,147,166 |
| 19,400 | National City Capital Trust II | 6.625% | Baa1 | 421,950 |
| 200,000 | PFCI Capital Corporation | 7.750% | A3 | 5,062,500 |
| 20,400 | Wachovia Capital Trust IX | 6.375% | A- | 449,004 |
| 60,000 | Wells Fargo Capital Trust IX | 5.625% | A- | 1,261,800 |
| | Total Commercial Banks | | | 38,433,256 |
| | **Diversified Financial Services 3.3%** | | | |
| 36,200 | ING Groep N.V. | 7.375% | Ba1 | 713,140 |

| | | | | |
|---|---|---|---|---|
| 625,276 | ING Groep N.V. | 7.200% | Ba1 | 12,036,563 |
| 900 | National Rural Utilities Cooperative Finance Corporation | 6.750% | A3 | 23,265 |
| 34,900 | National Rural Utilities Cooperative Finance Corporation | 6.100% | A3 | 846,325 |
| 63,465 | National Rural Utilities Cooperative Finance Corporation | 5.950% | A3 | 1,503,486 |
| | Total Diversified Financial Services | | | 15,122,779 |
| | **Diversified Telecommunication Services 0.5%** | | | |
| 13,300 | BellSouth Capital Funding (CORTS) | 7.120% | A | 327,098 |
| 79,135 | BellSouth Corporation (CORTS) | 7.000% | A | 1,936,338 |
| 7,594 | Verizon Communications, Series 2004-1 (SATURNS) | 6.125% | A | 183,015 |
| | Total Diversified Telecommunication Services | | | 2,446,451 |
| | **Electric Utilities 2.6%** | | | |
| 61,305 | Entergy Louisiana LLC | 7.600% | A- | 1,577,991 |
| 181,800 | Entergy Texas Inc. | 7.875% | BBB+ | 4,908,600 |
| 57,825 | FPL Group Capital Inc. | 6.600% | A3 | 1,485,524 |
| 47,800 | Georgia Power Company | 6.000% | A | 1,209,340 |
| 100 | Georgia Power Company | 5.900% | A | 2,512 |
| 89,700 | PPL Energy Supply LLC | 7.000% | BBB | 2,365,389 |
| | Total Electric Utilities | | | 11,549,356 |
| | **Food Products 0.5%** | | | |
| 29,900 | Dairy Farmers of America Inc., 144A | 7.875% | BBB- | 2,263,056 |

JTP

Nuveen Quality Preferred Income Fund (continued)

Portfolio of INVESTMENTS December 31, 2009

| Shares | Description (1) | Coupon | Ratings (2) | Value |
|---|---|---|---|---|
| | **Insurance 21.0%** | | | |
| 795,723 | Aegon N.V. | 6.375% | BBB | $ 14,211,613 |
| 269,075 | Allianz SE | 8.375% | A+ | 6,642,789 |
| 2,200 | Arch Capital Group Limited, Series B | 7.875% | BBB- | 54,890 |
| 492,912 | Arch Capital Group Limited | 8.000% | BBB- | 12,332,658 |
| 317,100 | Berkley WR Corporation, Capital Trust II | 6.750% | BBB- | 7,267,932 |
| 209,800 | Delphi Financial Group, Inc. | 8.000% | BBB+ | 5,091,846 |
| 229,800 | Delphi Financial Group, Inc. | 7.376% | BBB- | 4,090,440 |
| 621,204 | EverestRe Capital Trust II | 6.200% | Baa1 | 12,747,106 |
| 210,720 | Markel Corporation | 7.500% | BBB | 5,426,040 |
| 276,599 | PartnerRe Limited, Series C | 6.750% | BBB+ | 6,500,077 |
| 46,939 | PartnerRe Limited, Series D | 6.500% | BBB+ | 1,048,617 |
| 40,600 | PLC Capital Trust III | 7.500% | BBB | 926,086 |
| 386,042 | PLC Capital Trust IV | 7.250% | BBB | 8,377,111 |
| 4,200 | PLC Capital Trust V | 6.125% | BBB | 82,572 |
| 166,360 | Prudential PLC | 6.750% | A- | 3,992,640 |
| 235,502 | RenaissanceRe Holdings Limited | 6.600% | BBB+ | 4,945,542 |
| 64,600 | RenaissanceRe Holdings Limited, Series B | 7.300% | BBB+ | 1,527,790 |
| 34,500 | RenaissanceRe Holdings Limited, Series C | 6.080% | BBB+ | 675,165 |
| | Total Insurance | | | 95,940,914 |
| | **IT Services 0.1%** | | | |
| 23,200 | Vertex Industries Inc. (PPLUS) | 7.625% | A | 589,976 |
| | **Media 8.0%** | | | |
| 16,000 | CBS Corporation | 7.250% | BBB- | 363,200 |
| 131,141 | CBS Corporation | 6.750% | BBB- | 2,765,764 |
| 618,684 | Comcast Corporation | 7.000% | BBB+ | 15,491,847 |
| 747,738 | Viacom Inc. | 6.850% | BBB | 17,908,323 |
| | Total Media | | | 36,529,134 |
| | **Multi-Utilities 3.9%** | | | |
| 245,000 | Dominion Resources Inc. | 8.375% | BBB | 6,713,000 |
| 10,000 | Scana Corporation | 7.700% | | |