

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

NUVEEN QUALITY PREFERRED INCOME FUND 2  
Form N-CSR  
October 08, 2004

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: July 31  
-----

Date of reporting period: July 31, 2004  
-----

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 July 31, 2004

Nuveen Investments  
Closed-End  
Exchange-Traded  
Funds

NUVEEN QUALITY PREFERRED INCOME FUND  
JTP

NUVEEN QUALITY PREFERRED INCOME FUND 2  
JPS

NUVEEN QUALITY PREFERRED INCOME FUND 3  
JHP

Photo of: Man and woman sitting on porch.  
Photo of: 2 children sitting in the grass.

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

Logo: NUVEEN Investments

Photo of: Woman  
Photo of: Man and child  
Photo of: Woman

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  
-----

IT'S FAST, EASY & FREE:

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

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

OR

WWW.NUVEEN.COM/CORPORATE/ENROLLMENT  
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 of: Timothy R. Schwertfeger

Timothy R. Schwertfeger  
Chairman of the Board

Chairman's

LETTER TO SHAREHOLDERS

I am very pleased to report that over the fiscal year ended July 31, 2004, your Fund continued to provide you with attractive monthly income through a diversified portfolio of quality preferred securities.

In addition to regular monthly income, we believe that your Fund also may provide an opportunity to reduce the overall risk of your entire investment portfolio. This is because the value of your Fund's holdings may move differently than the prices of the other investments, like common stocks, bonds or mutual funds that you may own. Through adequate diversification, some parts of your portfolio may be going

-----  
IN ADDITION TO REGULAR MONTHLY INCOME, WE BELIEVE THAT YOUR FUND ALSO MAY PROVIDE AN OPPORTUNITY TO REDUCE THE OVERALL RISK OF YOUR ENTIRE INVESTMENT PORTFOLIO.  
-----

up when others are going down. This potential counterbalancing may reduce your overall risk over time. Your financial advisor can explain the advantages of portfolio diversification in more detail. I urge you to contact him or her soon for more information on this important investment strategy.

I also urge you to consider receiving future Fund reports and other Fund information by e-mail and the Internet. Not only will you be able to receive the information faster, but this also may help lower your Fund's expenses. Sign up is quick and easy -- see the inside front cover of this report for step-by-step instructions.

For more than 100 years, Nuveen has specialized in offering quality investments such as your Fund to those seeking to accumulate and preserve wealth. Our commitment to careful research, constant surveillance and judicious trading by seasoned portfolio managers has never been stronger. Our mission continues to be to assist you and your financial advisor by offering the investment solutions and services that can help you secure your long-term financial goals. We thank you for choosing us as a partner as you work toward that objective.

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

Sincerely,

/s/ Timothy R. Schwertfeger

Timothy R. Schwertfeger  
Chairman of the Board

September 15, 2004

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

Portfolio Managers'  
PERSPECTIVE

The Nuveen Quality Preferred Income Funds are managed by a team of specialists at Spectrum Asset Management, Inc., an affiliate of Principal CapitalSM. 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 general economic conditions, their management strategy and the performance of each Fund for the fiscal year ended July 31, 2004.

WHAT WERE THE CONDITIONS IN THE FIXED-INCOME MARKETS GENERALLY, AND THE PREFERRED SECURITIES MARKET IN PARTICULAR, DURING THE FISCAL YEAR ENDED JULY 31, 2004?

While the 10-year U. S. Treasury note yield of 4.45% at the end of the period was virtually unchanged from 12 months earlier, this fiscal year was marked by quite a bit of volatility in both the preferred securities market as well as in the fixed-income market generally. Prices in the U. S. Treasury market peaked on March 16, 2004, with the 10-year note yielding 3.68% as a sluggish economy, slow employment growth, Federal Reserve caution and concerns over terrorism combined to keep interest rates near record lows. In early April, an unexpectedly strong employment report brought the bond market rally to an abrupt end. As concerns focused on the possibility that the Federal Reserve might start to raise short-term interest rates, market interest rates spiked upward along the entire yield curve and the 10 year U. S. Treasury note reached a high yield of 4.87% on June 14, 2004.

The preferred securities market's reaction to this April sell-off was even stronger, especially in the \$25 par sector, as many individual investors seemed to take the news of possibly rising interest rates as a signal to get out of fixed-income investments. Overall, the second quarter of 2004 was the worst period for preferred securities since 1999. However, both the general fixed-income market and the preferred securities market enjoyed a nice rebound during the second half of June and through July as investors seemed to conclude that the economy wasn't robust enough to spark inflation and to sense that the Fed's tightening would be very gradual. The prospect for a continued steep yield curve also was a positive for preferred securities.

In total, the preferred securities market, as measured by the Merrill Lynch Preferred Stock Hybrid Securities Index, was up 6.34% for the 12 months ending July 31, 2004, compared with a 4.84% over the same period for the Lehman Aggregate Bond Index (a general measure of the overall bond market). New issuance in the preferred securities market totaled \$36.5 billion over the 12-month period, but the overall growth of the market was contained by a strong pace of redemptions as issuers called the higher-coupon preferred securities they had issued during the 1990's. As of July 31, 2004, the hybrid preferred securities market had outstanding issues totaling approximately \$225 billion.

One positive development during the period for parts of the preferred securities market was a recommendation by the National Association of Insurance Commissioners to reduce the risk-based capital requirements for preferred stock. This has the potential to increase the demand by insurance companies for certain preferred issues, especially some of the non-U.S. issues owned by the Funds, and may help the Fund holdings perform well in the future.

DURING THIS PERIOD WHAT WERE YOUR PRIMARY MANAGEMENT STRATEGIES AND FOCUSES?

Over this fiscal year, the focus of our investing activities was on finding and owning high quality preferred securities that offered what we judged to be good current yields and yields-to-call. The average credit quality within each of the Funds was maintained at a ratings level of A3/BBB+/A- from Moody's, S&P and Fitch, respectively. Given the large number of redemptions, much of the trading activity also was targeted toward replacing the current income on issues that were called out of the portfolio. In addition, we believed that higher coupon preferred securities with call dates in 2006 and 2007 were relatively more attractive than the lower, current coupon issues available during most of the year. These higher coupon securities also helped to keep the duration, or interest rate sensitivity, of the portfolio lower than if we had been more focused on new issues.

Diversification among issuers and sectors within the preferred securities market also was an important part of our strategy. Each of the Funds now contains over 100 distinct issuers. The weightings between \$25 par preferred stock and preferred capital securities, and to a lesser extent among convertible securities and corporate bonds, were altered slightly over the period depending on where we felt we could find the best relative value.

HOW DID THE FUNDS PERFORM OVER THIS PERIOD?

Each of the Funds performed well during the 12 months ended July 31, 2004. Their performance, as well as the performance of several widely followed market indexes, is shown in the accompanying chart.

Total Return on Net Asset Value  
For 12 months ended July 31, 2004

JTP	11.17%
-----	-----
JPS	11.60%
-----	-----
JHP	11.93%
-----	-----
Lehman Brothers Aggregate Bond Index <sup>1</sup>	4.84%
-----	-----
Merrill Lynch Preferred Stock Hybrid Securities Index <sup>2</sup>	6.34%
-----	-----

Past performance does not guarantee future results.

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

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

backed securities with maturities of at least one year and outstanding par values of \$150 million or more.

- 2 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.

5

For the 12 months ended July 31, 2004, all of these Funds outperformed the Lehman Brothers and Merrill Lynch indexes. While the parts of each portfolio performed well, the \$1000 par capital preferred securities held by each Fund were their best performing sector during the 12-month reporting period. These issues are not part of the Merrill Lynch index.

The Funds' \$1000 par capital securities benefited from the general tightening of spreads in the corporate market over the reporting period and from the strong demand for yield from insurance companies and other institutional investors. The better call protection afforded by these securities also helped their performance during the months when rates were falling. Two \$1000 par capital securities that were among the best performers for all three Funds were Zurich Americas and Centaur Funding. Zurich benefited from a more positive feeling in the market about European insurers as an improved equity market allowed them to do a rights offering and improve their capital position. Centaur, a part of Vodafone, was a subordinated issue that we considered to be very undervalued relative to the issuer's senior debt, and these securities performed well over the period. Another top performer for all three Funds was a GMAC debt instrument that we bought because it was trading cheaper than their more subordinated preferred. Purchased at yield spreads ranging from 300 to 320 basis points above comparable U. S. Treasuries, the prices of these GMAC securities improved so that they were trading at yields about 245 basis points higher than the comparable U. S. Treasuries by the end of the reporting period. Of course it is important to note that Treasuries are backed by the full faith and credit of the U.S. Government while these par capital securities are not.

Within the \$25 par market of listed preferred securities, one strategy that worked well during this period was trading to take advantage of what we thought were mispricings of the securities' embedded call options. In many cases we were able to sell issues trading at a premium where the yield-to-call was very low, and then were able to replace these securities with other, higher coupon issuers with higher current yields and more attractive yields-to-call at the time of investment.

At the same time, two \$25 par issues, Verizon (in JTP) and Converium (in all three Funds), did not perform as well as we had hoped they would. The Verizon issue was originally a series of \$1000 par capital securities that were repackaged into exchange-listed \$25 par preferreds that were bought during the first quarter of 2004, just before rates rose significantly. Converium, a Swiss reinsurance company, was put on downgrade review by the rating agencies following a surprise announcement that they were taking a \$400

6

million reserve charge in the second quarter of 2004. Several other issues in all three Funds that happened to be bought in February and early March when

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

interest rates were at their lows for the period turned out to be relatively weak performers over this reporting period.

### WHAT ABOUT THE FUNDS' DIVIDENDS AND SHARE PRICES?

With short-term interest rates remaining near historically low levels during this reporting period, the leveraged structures of these Funds continued to support their dividend-paying capabilities. The extent of this benefit is tied in part to the short-term rates the Funds pay their FundPreferred(R) shareholders. During periods of low short-term rates, the Funds generally pay relatively lower dividends to their FundPreferred shareholders, which can leave more earnings to support common share dividends.

As a result, despite losing some of their higher-coupon securities to calls, JPS and JHP made no changes in their monthly dividends over the course of this 12-month fiscal year. JTP made one reduction in its monthly dividend, reflecting a lower earnings rate resulting from calls.

All of these Funds seek to pay stable dividends at rates that reflect each Fund's past results and projected future performance. During certain periods, each Fund may pay dividends 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 dividends, 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 dividends 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 as dividends to shareholders. As of July 31, 2004, all three Funds in this report had positive UNII balances.

As of July 31, 2004, all of these Funds were trading at discounts to their net asset values. In each case, these discounts were greater than the average discount or premium exhibited by the Fund over the course of the entire 12-month reporting period.

7

Nuveen Quality Preferred Income Fund  
JTP

### Performance

OVERVIEW As of July 31, 2004

### Pie Chart:

#### PORTFOLIO ALLOCATION

(as a % of total investments)

\$25 Par (or similar) Securities	44.4%
Capital Preferred Securities	38.4%
Capital Preferred-Euro-market listed securities	5.6%
Convertible Preferred Securities	5.3%
Other	6.3%

### Bar Chart:

#### 2003-2004 MONTHLY DIVIDENDS PER SHARE

Aug	0.105
Sep	0.105
Oct	0.105

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

Nov	0.105
Dec	0.105
Jan	0.105
Feb	0.105
Mar	0.105
Apr	0.105
May	0.105
Jun	0.101
Jul	0.101

## Line Chart:

### SHARE PRICE PERFORMANCE

#### Weekly Closing Price

Past performance is not predictive of future results.

8/1/03	14.13
	14.7
	14.06
	14.28
	14.61
	14.86
	14.9
	14.86
	14.9
	15.09
	15
	15.18
	15.49
	15.47
	15.52
	15.42
	15.51
	15.6
	15.55
	15.8
	15.96
	15.97
	15.8
	15.87
	15.87
	15.88
	15.75
	16
	16.04
	16.1
	16.01
	15.97
	15.58
	15.29
	14.62
	13.91
	14.23
	12.91
	13.39
	13.57
	14.04
	13.82
	13.41
	13.34
	13.33
	13.69
	13.9
	13.83



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

7/31/04 13.74  
13.96

PORTFOLIO STATISTICS

Share Price	\$13.96
Common Share Net Asset Value	\$14.40
Premium/Discount to NAV	-3.06%
Latest Dividend	\$.1010
Market Yield	8.68%
Net Assets Applicable to Common Shares (\$000)	\$927,892

INDUSTRIES

(as a % of total investments)

Commercial Banks	40.7%
Insurance	19.1%
Real Estate	14.3%
Diversified Financial Services	4.6%
Electric Utilities	4.4%
Automobiles	3.2%
Other	13.7%

TOP FIVE ISSUERS

(EXCLUDING REPURCHASE AGREEMENTS)  
(as a % of total investments)

Wachovia Corporation	3.4%
ING Groep NV	3.1%
Abbey National Public Limited	3.0%
Zurich Financial Services	2.9%
HSBC Holding Public Limited	2.7%

AVERAGE ANNUAL TOTAL RETURN

(Inception 6/25/02)

	ON SHARE PRICE	ON NAV
1-Year	4.20%	11.17%
Since Inception	4.86%	8.88%

Nuveen Quality Preferred Income Fund 2  
JPS

Performance

OVERVIEW As of July 31, 2004

Pie Chart:

PORTFOLIO ALLOCATION

(as a % of total investments)

\$25 Par (or similar) Securities	45.5%
Capital Preferred Securities	37.9%
Capital Preferred-Euro-market listed securities	4.2%
Convertible Preferred Securities	5.0%
Other	7.4%

Bar Chart:

2003-2004 MONTHLY DIVIDENDS PER SHARE

Aug	0.105
Sep	0.105
Oct	0.105
Nov	0.105
Dec	0.105
Jan	0.105
Feb	0.105
Mar	0.105
Apr	0.105
May	0.105
Jun	0.105
Jul	0.105

Line Chart:

SHARE PRICE PERFORMANCE

Weekly Closing Price

Past performance is not predictive of future results.

8/1/03	14.39
	14.83
	14.21
	14.66
	14.7
	14.87
	14.96
	14.95
	14.96
	15.17
	15.13
	15.2
	15.43
	15.49
	15.53
	15.54
	15.6
	15.72

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

	15.68
	15.94
	16
	16
	15.84
	15.89
	15.97
	15.9
	15.83
	16.07
	16.11
	16.3
	16.39
	16.31
	15.8
	15.4
	14.89
	14.22
	14.38
	13.3
	13.55
	13.67
	14.14
	14.14
	13.91
	13.84
	13.8
	14.32
	14.48
	14.6
	14.43
7/31/04	14.61

PORTFOLIO STATISTICS

Share Price	\$14.61
Common Share Net Asset Value	\$15.32
Premium/Discount to NAV	-4.63%
Latest Dividend	\$.1050
Market Yield	8.62%
Net Assets Applicable to Common Shares (\$000)	\$1,830,878

INDUSTRIES

(as a % of total investments)

Commercial Banks	40.4%
Insurance	22.0%
Real Estate	10.3%
Electric Utilities	5.6%

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

Diversified Financial Services	5.5%
-----	
Diversified Telecommunication Services	3.4%
-----	
Automobiles	3.3%
-----	
Other	9.5%
-----	

TOP FIVE ISSUERS  
(EXCLUDING REPURCHASE AGREEMENTS)  
(as a % of total investments)

Wachovia Corporation	3.5%
-----	
Abbey National Public Limited	3.1%
-----	
ING Groep NV	2.9%
-----	
Everest Reinsurance Holdings	2.9%
-----	
FleetBoston Financial Corporation	2.3%
-----	

AVERAGE ANNUAL TOTAL RETURN  
(Inception 9/24/02)

	ON SHARE PRICE	ON NAV
-----		
1-Year	8.98%	11.60%
-----		
Since Inception	7.00%	12.37%
-----		

9

Nuveen Quality Preferred Income Fund 3  
JHP

Performance  
OVERVIEW As of July 31, 2004

Pie Chart:

PORTFOLIO ALLOCATION

(as a % of total investments)

\$25 Par (or similar) Securities	50.0%
Capital Preferred Securities	34.1%
Convertible Preferred Securities	5.2%
Capital Preferred-Euro-market listed securities	3.5%
Other	7.2%

Bar Chart:

2003-2004 MONTHLY DIVIDENDS PER SHARE

Aug 0.103

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

Sep	0.103
Oct	0.103
Nov	0.103
Dec	0.103
Jan	0.103
Feb	0.103
Mar	0.103
Apr	0.103
May	0.103
Jun	0.103
Jul	0.103

### Line Chart:

#### SHARE PRICE PERFORMANCE

#### Weekly Closing Price

Past performance is not predictive of future results.

8/1/03	14.07
	14.6
	14.18
	14.25
	14.56
	14.68
	14.71
	14.75
	14.61
	14.9
	14.99
	15.15
	15.14
	15.32
	15.12
	15.31
	15.21
	15.42
	15.21
	15.85
	15.89
	15.73
	15.74
	15.48
	15.7
	15.58
	15.6
	15.87
	15.86
	15.92
	15.89
	15.93
	15.57
	15.05
	14.59
	14.02
	13.85
	12.76
	13.21
	13.27
	13.89
	13.92
	13.73
	13.4
	13.45
	13.89

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

	14.28
	14.37
	14.22
7/31/04	14.34

PORTFOLIO STATISTICS

Share Price	\$14.34
Common Share Net Asset Value	\$14.71
Premium/Discount to NAV	-2.52%
Latest Dividend	\$.1030
Market Yield	8.62%
Net Assets Applicable to Common Shares (\$000)	\$347,900

INDUSTRIES

(as a % of total investments)

Commercial Banks	35.2%
Insurance	27.2%
Real Estate	9.2%
Diversified Financial Services	7.3%
Electric Utilities	3.8%
Diversified Telecommunication Services	3.2%
Automobiles	3.2%
Other	10.9%

TOP FIVE ISSUERS

(EXCLUDING REPURCHASE AGREEMENTS)

(as a % of total investments)

Wachovia Corporation	3.5%
ING Groep NV	3.3%
Zurich Financial Services	3.0%
Union Planters Corporation	2.5%
SAFECO Corporation	2.5%

AVERAGE ANNUAL TOTAL RETURN

(Inception 12/18/02)

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

	ON SHARE PRICE	ON NAV
1-Year	9.36%	11.93%
Since Inception	5.57%	10.23%

10

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 July 31, 2004, and the related statements of operations, 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. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and financial highlights. Our procedures included confirmation of investments owned as of July 31, 2004, by correspondence with the custodian and brokers or by other appropriate auditing procedures where replies from brokers were not received. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial positions of Nuveen Quality Preferred Income Fund, Nuveen Quality Preferred Income Fund 2 and Nuveen Quality Preferred Income Fund 3 at July 31, 2004, and the results of their operations, the changes in their net assets and the financial highlights for the periods indicated therein in conformity with U.S. generally accepted accounting principles.

/s/Ernst & Young LLP

Chicago, Illinois  
September 15, 2004

11

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

Nuveen Quality Preferred Income Fund (JTP)  
 Portfolio of  
 INVESTMENTS July 31, 2004

SHARES	DESCRIPTION(1)
	\$25 PAR (OR SIMILAR) SECURITIES - 65.3% (44.4% OF TOTAL INVESTMENTS)
	AUTOMOBILES - 0.2%
32,900	Ford Motor Company, Series F, 8.000% (CORTS)
51,600	General Motors Acceptance Corporation, 7.350%
	AUTO COMPONENTS - 2.5%
510,000	Delphi Trust I, 8.250%
382,050	Magna International Inc., Series B, 8.875%
	BEVERAGES - 1.5%
535,800	Grand Metropolitan Delaware LP, 9.420%
	COMMERCIAL BANKS - 12.0%
22,900	Abbey National plc, 7.250%
67,800	Abbey National plc, Series B, 7.375%
100,000	ABN AMRO Capital Fund Trust V, 5.900%
102,800	ASBC Capital I, 7.625%
7,200	BAC Capital Trust I, 7.000%
64,300	BAC Capital Trust II, 7.000%
145,000	BAC Capital Trust III, 7.000%
52,300	Banco Totta & Acores Finance, Series A, 8.875%
68,300	Bank One Capital II, 8.500%
59,400	Bank One Capital Trust VI, 7.200%
17,000	BBVA Preferred Capital Ltd., Series B, 7.750%
122,000	BCH Capital Ltd., Series B, 9.430%
31,100	BNY Capital Trust V, Series F, 5.950%
270,650	BSCH Finance Ltd., Series Q, 8.625%
25,200	Chase Capital Trust VIII, Series H, 8.300%



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

198,200	Chittenden Capital Trust I, 8.000%
30,176	CIT Group Incorporated, 7.750% (CORTS)
15,000	Citigroup Capital Trust VI, 6.875%
131,700	Citigroup Capital Trust VII, 7.125%
61,700	Citigroup Capital Trust VIII, 6.950%
66,300	Citigroup Inc., Series H, 6.231% (a)
116,800	Cobank ABC, 144A, 7.000% (a)
123,800	Comerica Capital Trust I, 7.600%
224,795	Compass Capital Trust III, 7.350%
37,000	Espirito Santo Overseas, 8.500%
28,500	First Union Capital II, Series II, 7.500% (CORTS)
11,300	First Union Institutional Capital II, 8.200% (CORTS)
87,000	Fleet Capital Trust VI, 8.800%
33,900	Fleet Capital Trust VII, 7.200%

12

SHARES	DESCRIPTION(1)
-----	
	COMMERCIAL BANKS (continued)
57,900	Harris Preferred Capital Corporation, Series A, 7.375%
32,600	JPM Capital Trust I, Series 2001-1, Class A-1, 7.850% (CORTS)
81,500	JPMorgan Chase Capital Trust IX, Series I, 7.500%
70,500	JPMorgan Chase Capital Trust X, 7.000%
20,000	JPMorgan Chase Trust, Series 2002-6, Class A, 7.125% (SATURNS)
62,900	KeyCorp, 7.500% (PCARS)
18,000	KeyCorp, Series 2001-7, 7.750% (CORTS)
29,800	KeyCorp, Series B, 8.250% (CORTS)
62,800	National Commerce Capital Trust II, 7.700%
55,300	National Westminster Bank plc, Series A, 7.875%
29,200	Regions Finance Trust I, 8.000%
13,800	SunTrust Capital Trust IV, 7.125%

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

60,700	SunTrust Capital Trust V, 7.050%
174,400	USB Capital Trust III, 7.750%
418,405	USB Capital Trust IV, 7.350%
40,100	USB Capital Trust V, 7.250%
26,200	VNB Capital Trust I., 7.750%
23,200	Washington Mutual Capital Trust I, Series 2001-22, Class A-1, 7.650% (CORTS)
9,500	Wells Fargo Capital Trust IV, 7.000%
115,100	Wells Fargo Capital Trust V, 7.000%
5,600	Wells Fargo Capital Trust VI, 6.950%
340,000	Zions Capital Trust B, 8.000%

---

### CONSUMER FINANCE - 0.6%

127,000	Household Capital Trust V, Series X, 10.000%
60,200	Household Capital Trust VI, 8.250%
20,200	Household Capital Trust VII, 7.500%

---

### DIVERSIFIED FINANCIAL SERVICES - 4.9%

60,000	Bear Stearns Capital Trust III, 7.800%
40,800	Citigroup Inc., Series M, 5.864% (a)
586,800	Countrywide Capital Trust IV, 6.750%
108,149	Lehman Brothers Holdings Capital Trust, 6.375%
40,500	Lehman Brothers Holdings Capital Trust, 6.375%
46,000	Merrill Lynch Capital Trust II, 8.000%
60,000	Merrill Lynch Capital Trust, 7.000%
35,300	Merrill Lynch Preferred Capital Trust, 7.120%
64,300	Merrill Lynch Preferred Capital Trust V, 7.280%
192,500	Merrill Lynch Preferred Capital Trust, 7.750%
125,000	Morgan Stanley Capital Trust II, 7.250%
146,000	Morgan Stanley Capital Trust III, 6.250%
249,095	Morgan Stanley Capital Trust IV, 6.250%
10,800	Morgan Stanley Capital Trust V, 5.750%

Nuveen Quality Preferred Income Fund (JTP) (continued)  
Portfolio of INVESTMENTS July 31, 2004

SHARES	DESCRIPTION(1)
-----	
	DIVERSIFIED TELECOMMUNICATION SERVICES - 0.1%
18,100	SBC Communications Inc, 7.000%
12,000	Verizon New England Inc., Series B, 7.000%
-----	
	ELECTRIC UTILITIES - 2.8%
93,400	Dominion CNG Capital Trust I, 7.800%
57,600	Dominion Resources Capital Trust II, 8.400%
77,740	DTE Energy Trust I, 7.800%
95,205	Entergy Louisiana Inc, 7.600%
117,951	Georgia Power Company, 5.900%
251,220	Interstate Power & Light Company, 8.375% (a)
64,700	OGE Energy Capital Trust I, 8.375%
6,800	Tennessee Valley Authority, Series D, 6.750%
187,000	Virginia Power Capital Trust, 7.375%
-----	
	FOOD PRODUCTS - 0.7%
65,000	Dairy Farmers of America Inc., 144A, 7.875% (a)
-----	
	GAS UTILITIES - 0.4%
32,300	AGL Capital Trust II, 8.000%
108,500	TransCanada Pipeline, 8.250%
-----	
	INDUSTRIAL CONGLOMERATES - 0.1%
19,400	General Electric Company, 6.800%
-----	
	INSURANCE - 15.2%
14,900	ACE Capital Trust I, Series 1999, 8.875%

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

758,700	Ace Ltd., Series C, 7.800%
21,500	AMBAC Financial Group Inc, 5.950%
18,700	American General Capital III, 8.050%
20,700	American General Capital Trust I, 7.875%
760,000	Converium Finance, 8.250%
185,300	Delphi Financial Group Inc, 8.000%
35,400	Everest RE Capital Trust II, 6.200%
69,700	EverestRe Group Limited, 7.850%
136,600	Great-West L&A Capital Trust I, Series A, 7.250%
119,100	Hartford Capital Trust III, Series C, 7.450%
43,800	Hartford Life Capital Trust II, Series B, 7.625%
30,300	ING Capital Funding Trust II, 9.200%
563,900	ING Group NV, 7.050%
1,015,458	ING Group NV, 7.200%
77,100	Lincoln National Capital Trust V, Series E, 7.650%
26,900	Lincoln National Capital Trust VI, 6.750%
26,100	MBIA Inc, 8.000%
250,000	PartnerRe Limited, Series C, 6.750%
113,700	PartnerRe Limited, 7.900%
70,900	PLC Capital Trust III, 7.500%
410,000	PLC Capital Trust IV, 7.250%
107,750	RenaissanceRe Holdings Ltd., Series A, 8.100%

14

SHARES	DESCRIPTION(1)
-----	
	INSURANCE (continued)
53,800	RenaissanceRe Holdings Ltd., Series B, 7.300%
34,600	SafeCo Capital Trust I, 8.700% (CORTS)
31,000	SafeCo Capital Trust I, Series 2001-4, 8.750% (CORTS)
58,600	Torchmark Capital Trust I, 7.750%

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

391,854	XL Capital Ltd., Series A, 8.000%
39,400	XL Capital Ltd., Series B, 7.625%
-----	
	MEDIA - 0.3%
119,000	Viacom Inc, 7.300%
-----	
	MULTI-UTILITIES & UNREGULATED POWER - 0.3%
94,800	Energy East Capital Trust I, 8.250%
-----	
	OIL & GAS - 1.3%
46,100	EnCana Corporation, 9.500%
411,032	Nexen Inc, 7.350%
-----	
	PHARMACEUTICALS - 0.2%
20,000	Bristol Myers Squibb Company, 6.250% (CORTS)
54,300	Rhone-Poulenc Overseas, Series A, 8.125%
-----	
	REAL ESTATE - 20.8%
49,658	AMB Property Corporation, Series M, 6.750%
8,500	Archstone-Smith Trust, Series D, 8.750%
13,400	AvalonBay Communities, Inc., Series H, 8.700%
608,700	BRE Properties, Series B, 8.080%
533,545	CarrAmerica Realty Corporation, Series E, 7.500%
119,000	Developers Diversified Realty Corporation, Series H, 7.375%
29,000	Developers Diversified Realty Corporation, Series G, 8.000%
55,600	Developers Diversified Realty Corporation, Series F, 8.600%
114,179	Duke-Weeks Realty Corporation, Series B, 7.990%
10,800	Duke-Weeks Realty Corporation, Series I, 8.450%
1,097,400	Equity Office Properties Trust, Series G, 7.750%
23,100	Equity Residential Properties Trust, Series D, 8.600%
30,400	Equity Residential Properties Trust, Series B, 9.125%
10,600	First Industrial Realty Trust, Inc., Series C, 8.625%
19,000	Firststar Realty LLC, 144A, 8.875%

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

218,300	HRPT Properties Trust, Series A, 9.875%
1,096,700	HRPT Properties Trust, Series B, 8.750%
22,000	New Plan Excel Realty Trust, Series D, 7.800%
416,000	New Plan Excel Realty Trust, Series E, 7.625%
101,000	Prologis Trust, Series G, 6.750%
50,000	PS Business Park Inc., Series I, 6.875%
204,400	PS Business Parks Inc, 7.000%
7,000	Public Storage Inc., Series D, 9.500%
16,200	Public Storage Inc., Series E, 10.000%
22,800	Public Storage Inc., Series F, 9.750%
25,100	Public Storage Inc., Series Q, 8.600%

15

Nuveen Quality Preferred Income Fund (JTP) (continued)  
Portfolio of INVESTMENTS July 31, 2004

SHARES	DESCRIPTION(1)
-----	
	REAL ESTATE (continued)
99,000	Public Storage Inc., Series R, 8.000%
200,000	Public Storage Inc., Series S, 7.875%
32,680	Public Storage Inc., Series U, 7.625%
345,600	Public Storage Inc., Series V, 7.500%
47,500	Regency Centers Corporation, 7.450%
20,500	Simon Property Group, Inc., Series F, 8.750%
176,200	Simon Property Group, Inc., Series G, 7.890%
47,700	Vornado Realty Trust, Series C, 8.500%
315,000	Wachovia Preferred Funding Corporation, 7.250%
-----	
	WIRELESS TELECOMMUNICATION SERVICES - 1.4%
262,846	Telephone and Data Systems Inc, 7.600%
156,300	United States Cellular Corporation, 8.750%

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

77,000	United States Cellular Corporation, 7.500%
-----	
Total \$25 Par (or similar) Securities (cost \$588,995,225)	
-----	
CONVERTIBLE PREFERRED SECURITIES - 7.8% (5.3% OF TOTAL INVESTMENTS)	
DIVERSIFIED FINANCIAL SERVICES - 0.6%	
154,000	Citigroup Global Markets, 2.000%
-----	
DIVERSIFIED TELECOMMUNICATION SERVICES - 1.4%	
263,200	Alltel Corporation, 7.750%
-----	
ELECTRIC UTILITIES - 3.6%	
266,200	Ameren Corporation, 9.750%
10,000	American Electric Power, 9.250%
260,200	Dominion Resources Inc, 8.750%
60,000	DTE Energy Company, 8.750%
30,000	FPL Group Inc, 8.000%
153,600	Public Service Enterprise Group, 10.250%
-----	
GAS UTILITIES - 1.7%	
299,400	Keyspan Corporation, 8.750%
-----	
HEALTHCARE EQUIPMENT & SUPPLIES - 0.3%	
54,500	Baxter International Inc, 7.000%
-----	
INSURANCE - 0.2%	
8,900	PartnerRe Limited, 8.000%
50,000	XL Capital Limited, 6.500%
-----	
Total Convertible Preferred Securities (cost \$69,031,457)	
-----	
CAPITAL PREFERRED - HYBRID SECURITIES - 2.9% (2.0% OF TOTAL INVESTMENTS)	
COMMERCIAL BANKS - 1.1%	
10	BBVA Privanza International Gibraltar, 144A, 7.764%
-----	
DIVERSIFIED TELECOMMUNICATION SERVICES - 1.8%	
13,250	Centaur Funding Corporation, 144A, Series B, 9.080%
-----	

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

Total Capital Preferred - Hybrid Securities (cost \$21,548,162)

16

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)
CAPITAL PREFERRED SECURITIES - 56.3% (38.4% OF TOTAL INVESTMENTS)	
COMMERCIAL BANKS - 39.3%	
\$ 30,000	Abbey National Capital Trust I, 8.963%, 12/30/49
9,000	AB Svensk Exportkredit, 6.375%, 10/27/49
3,100	AgFirst Farm Credit Bank, 7.300%, 12/15/53
2,500	Bank of New York Capital I, Series B, 7.970%, 12/31/26
2,500	Bank One Capital III, 8.750%, 9/01/30
2,500	BankAmerica Capital II, Series 2, 8.000%, 12/15/26
2,000	BankAmerica Institutional Capital Trust, Series B, 7.700%, 12/31/26
1,000	BankAmerica Institutional Trust, 8.070%, 12/31/26
5,700	BankBoston Capital Trust II, Series B, 7.750%, 12/15/26
1,000	BanPonce Trust I, Series A, 8.327%, 2/01/27
7,200	Barclays Bank plc, 144A, 8.550%, 6/15/49
6,000	Barnett Capital I, 8.060%, 12/01/26
1,500	BNP Paribas Capital Trust, 144A, 9.003%, 12/29/49
2,000	BT Capital Trust, Series B1, 7.900%, 1/15/27
1,000	BT Institutional Capital Trust, 144A, Series B, 7.750%, 12/01/26
7,900	BT Preferred Capital Trust II, 7.875%, 2/25/27
3,000	Centura Capital Trust I, 144A, 8.845%, 6/01/27
5,000	Chase Capital Trust I, Series A, 7.670%, 12/01/26
3,000	Corestates Capital Trust I, 144A, 8.000%, 12/15/26
8,500	Dime Capital Trust I, Series A, 9.330%, 5/06/27
2,500	Dresdner Funding Trust I, 8.151%, 6/30/31
1,800	Farm Credit Bank of Texas, 7.561%, 11/05/49
1,000	First Chicago NBD Institutional Capital, 7.950%, 12/01/26



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

1,000	First Empire Capital Trust II, 8.277%, 6/01/27
1,500	First Midwest Bancorp Inc, 6.950%, 12/01/33
26,463	First Union Institutional Capital Securities, 8.040%, 12/01/26
5,000	Great Western Financial Trust II, Series A, 8.206%, 2/01/27
19,750	HSBC Capital Funding LP, Debt, 10.176%, 6/30/50
5,750	HSBC Capital Funding LP, 144A, 9.547%, 12/31/49
19,500	JPM Capital Trust II, 7.950%, 2/01/27
5,000	KBC Bank Fund Trust III, 144A, 9.860%, 11/02/49
2,000	KeyCorp Institutional Capital Trust A, 7.826%, 12/01/26
11,150	NB Capital Trust II, 7.830%, 12/15/26
7,655	Nordbanken AB, 144A, 8.950%, 11/29/49
1,000	North Fork Capital Trust I, Capital Securities, 8.700%, 12/15/26
8,000	Peoples Heritage Capital Trust I, Series B, 9.060%, 2/01/27
19,000	PNC Institutional Capital Securities, 7.950%, 12/15/26
17,500	Reliance Capital Trust I, Series B, 8.170%, 5/01/28
1,400	Republic New York Capital II, Capital Securities, 7.530%, 12/04/26
1,500	SocGen Real Estate Company LLC, 144A, 7.640%, 12/29/49
5,000	Sparebanken Rogaland, 144A, Notes, 6.443%, 5/01/49
23,000	Summit Capital Trust I, Capital Securities, 8.400%, 3/15/27
7,000	UBS Preferred Funding Trust I, 8.622%, 10/29/49

17

Nuveen Quality Preferred Income Fund (JTP) (continued)  
Portfolio of INVESTMENTS July 31, 2004

PRINCIPAL  
AMOUNT (000) DESCRIPTION(1)

---

	COMMERCIAL BANKS (continued)
\$ 6,676	Union Planters Capital Trust A, 8.200%, 12/15/26
4,000	Wachovia Capital Trust I, Capital Securities, 144A, 7.640%, 1/15/27
5,000	Washington Mutual Capital Trust I, 8.375%, 6/01/27
1,050	Wells Fargo Capital Securities, 7.950%, 12/01/26

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

3,000	Zions Institutional Capital Trust, Series A, 8.536%, 12/15/26
-----	
	DIVERSIFIED FINANCIAL SERVICES - 0.2%
2,000	Keycorp Capital III, 7.750%, 7/15/29
-----	
	GAS UTILITIES - 1.5%
4,000	KN Capital Trust I, Preferred Securities, 8.560%, 4/15/27
8,860	KN Capital Trust III, 7.630%, 4/15/28
-----	
	INSURANCE - 12.5%
7,570	Ace Capital Trust II, 9.700%, 4/01/30
7,500	Berkeley Capital Trust, 8.197%, 12/15/45
4,000	MIC Financing Trust I, 8.375%, 2/01/27
2,000	RenaissanceRe Capital Trust, 8.540%, 3/01/27
20,525	SAFECO Capital Trust I, Capital Securities, 8.072%, 7/15/37
26,211	Sun Life Canada Capital Trust, Capital Securities, 8.526%, 5/06/47
35,095	Zurich Capital Trust I, 8.376%, 6/01/37
-----	
	OIL & GAS - 2.5%
20,900	Phillips 66 Capital Trust II, 8.000%, 1/15/37
-----	
	REAL ESTATE - 0.3%
3,000	Mangrove Bay, 144A, Class 3, 6.102%, 7/15/33
-----	
	Total Capital Preferred Securities (cost \$500,148,511)
-----	
	CAPITAL PREFERRED - EURO-MARKET LISTED SECURITIES - 8.2% (5.6% OF TOTAL INVESTMENT)
	COMMERCIAL BANKS - 7.3%
3,000	BNP Paribas Capital Trust, 7.200%, 12/31/49
10,750	C.A. Preferred Funding Trust, 7.000%, 1/30/49
2,750	C.A. Preferred Fund Trust II, 7.000%, 10/30/49
25,500	HBOS Capital Funding LP, Notes, 6.850%, 3/01/49
8,850	Lloyds TSB Bank plc, Subordinate Note, 6.900%, 11/22/49
17,000	RBS Capital Trust B, 6.800%, 12/31/49
-----	

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

DIVERSIFIED FINANCIAL SERVICES - 0.9%

8,100 Old Mutual Capital Funding, Notes, 8.000%, 6/22/53

-----  
Total Capital Preferred - Euro-Market Listed Securities (cost \$78,983,079)  
-----

CORPORATE BONDS - 4.5% (3.1% OF TOTAL INVESTMENTS)

AUTOMOBILES - 4.5%

5,000 Ford Motor Company, 8.900%, 1/15/32

3,400 Ford Motor Company, 7.400%, 11/1/46

5,700 Ford Motor Company, 7.700%, 5/15/97

18

PRINCIPAL  
AMOUNT (000) DESCRIPTION(1)

-----  
AUTOMOBILES (continued)

\$ 2,760 General Motors Corporation, Senior Debentures, 8.375%, 7/15/33

24,500 General Motors Acceptance Corporation, Notes, 8.000%, 11/01/31

-----  
INSURANCE - 0.0%

500 Zurich Reinsurance Centre Holdings Inc, Senior Notes, 7.125%, 10/15/23

-----  
Total Corporate Bonds (cost \$38,496,312)  
-----

REPURCHASE AGREEMENTS - 1.7% (1.2% OF TOTAL INVESTMENTS)

\$ 15,837 State Street Bank, 1.250%, dated 7/30/04, due 8/02/04, repurchase price \$15,838,3  
collateralized by \$14,520,000 U.S. Treasury Bonds, 6.000%, due 2/15/26, value \$1

===== Total Repurchase Agreements (cost \$15,836,694)  
-----

Total Investments (cost \$1,313,039,440) - 146.7%

-----  
Other Assets Less Liabilities - 0.7%

-----  
Fund Preferred Shares, at Liquidation Value - (47.4)%  
-----

===== Net Assets Applicable to Common Shares - 100%  
=====

(1) All percentages shown in the Portfolio of Investments  
are based on net assets applicable to Common shares  
unless otherwise noted.

(a) Security is eligible for the Dividends Received

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

Deduction.

144A 144A securities are those which 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.

(CORTS) Corporate Backed Trust Securities.

(PCARS) Public Credit and Repackaged Securities.

(SATURNS) Structured Asset Trust Unit Repackaging.

See accompanying notes to financial statements.

19

Nuveen Quality Preferred Income Fund 2 (JPS)  
Portfolio of  
INVESTMENTS July 31, 2004

SHARES	DESCRIPTION(1)
-----	
	\$25 PAR (OR SIMILAR) SECURITIES - 65.0% (45.5% OF TOTAL INVESTMENTS)
	AUTOMOBILES - 0.1%
38,000	Ford Motor Company, Series F, 8.000% (CORTS)
14,500	Ford Motor Company, 0.000%
-----	
	AUTO COMPONENTS - 1.4%
916,800	Delphi Trust I, 8.250%
45,100	Magna International Inc., Series B, 8.875%
-----	
	BEVERAGES - 0.1%
106,100	Grand Metropolitan Delaware LP, 9.420%
-----	
	COMMERCIAL BANKS - 13.0%
152,060	ASBC Capital I, 7.625%
135,900	BAC Capital Trust I, 7.000%
168,500	BAC Capital Trust II, 7.000%
218,300	BAC Capital Trust III, 7.000%

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

680,000	Banco Santander SA, 144A, 6.410%
38,600	Banco Totta & Acores Finance, Series A, 8.875%
81,600	BancWest Capital I, 9.500%
621,000	Banesto Holdings, Series A, 144A, 10.500%
9,400	Bank One Capital I, 8.000%
85,800	Bank One Capital II, 8.500%
198,500	Bank One Capital Trust VI, 7.200%
47,400	Bank One Capital V, 8.000%
55,400	BankNorth Capital Trust II, 8.000%
42,900	BBVA Preferred Capital Ltd., Series B, 7.750%
340,500	BCH Capital Ltd., Series B, 9.430%
19,300	BNY Capital Trust IV, Series E, 6.875%
29,200	BNY Capital Trust V, Series F, 5.950%
446,100	BSCH Finance Ltd., Series Q, 8.625%
73,800	Chase Capital Trust VIII, Series H, 8.300%
104,200	Chittenden Capital Trust I, 8.000%
33,200	CIT Group Incorporated, 7.750% (CORTS)
1,800	Citigroup Capital Trust IX, 6.000%
32,300	Citigroup Capital Trust VI, 6.875%
217,800	Citigroup Capital Trust VII, 7.125%
396,700	Citigroup Capital Trust VIII, 6.950%
36,900	Citigroup Inc., Series H, 6.231% (a)
225,500	Cobank ABC, 144A, 7.000% (a)
239,700	Comerica Capital Trust I, 7.600%
380,125	Compass Capital Trust III, 7.350%

20

SHARES DESCRIPTION(1)

COMMERCIAL BANKS (continued)

24,300 CSFB USA, Series 2002-10, 7.000% (SATURNS)

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

50,335	Espirito Santo Overseas, 8.500%
85,800	Fannie Mae, 5.125% (a)
63,300	First Union Capital II, Series II, 7.500% (CORTS)
31,300	First Union Institutional Capital II, 8.200% (CORTS)
128,300	Fleet Capital Trust VI, 8.800%
16,800	Harris Preferred Capital Corporation, Series A, 7.375%
43,900	HSBC USA Inc., Series F, 2.860% (a)
10,600	JPM Capital Trust I, Series 2001-1, Class A-1, 7.850% (CORTS)
88,300	JPM Capital Trust, 7.200% (CORTS)
221,100	JPMorgan Chase Capital Trust IX, Series I, 7.500%
113,100	JPMorgan Chase Capital Trust X, 7.000%
49,600	JPMorgan Chase Trust, Series 2002-6, Class A, 7.125% (SATURNS)
34,400	KeyCorp, 7.500% (PCARS)
30,400	KeyCorp, Series 2001-7, 7.750% (CORTS)
91,300	KeyCorp, Series B, 8.250% (CORTS)
239,800	National Commerce Capital Trust II, 7.700%
112,200	National Westminster Bank plc, Series A, 7.875%
38,100	Regions Finance Trust I, 8.000%
135,800	SunTrust Capital Trust IV, 7.125%
107,600	SunTrust Capital Trust V, 7.050%
658,100	USB Capital Trust III, 7.750%
219,700	USB Capital Trust IV, 7.350%
85,000	USB Capital Trust V, 7.250%
90,800	VNB Capital Trust I, 7.750%
41,400	Washington Mutual Capital Trust I, Series 2001-22, Class A-1, 7.650% (CORTS)
5,100	Well Fargo Capital Trust IX, 5.625%
16,700	Wells Fargo Capital Trust IV, 7.000%
120,500	Wells Fargo Capital Trust V, 7.000%
25,700	Wells Fargo Capital Trust VI, 6.950%
539,200	Zions Capital Trust B, 8.000%

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

	CONSUMER FINANCE - 1.8%
528,700	Household Capital Trust V, Series X, 10.000%
620,196	Household Capital Trust VI, 8.250%
61,200	Household Capital Trust VII, 7.500%
-----	
	DIVERSIFIED FINANCIAL SERVICES - 6.1%
101,400	Bear Stearns Capital Trust III, 7.800%
40,490	Citigroup Inc., Series M, 5.864% (a)
1,043,000	Countrywide Capital Trust IV, 6.750%
80,000	Federal Home Loan Mortgage Corporation, 5.000% (a)
464,746	General Electric Capital Corporation, 6.100%
199,700	General Electric Capital Corporation, 6.625%
360,600	Household Finance Corporation, 6.875%

21

Nuveen Quality Preferred Income Fund 2 (JPS) (continued)  
Portfolio of INVESTMENTS July 31, 2004

SHARES	DESCRIPTION(1)
-----	
	DIVERSIFIED FINANCIAL SERVICES (continued)
278,100	Lehman Brothers Holdings Capital Trust III, Series K, 6.375%
102,900	Lehman Brothers Holdings Capital Trust IV, Series L, 6.375%
42,000	Lehman Brothers Holdings Inc., Series C, 5.940% (a)
117,500	Merrill Lynch Capital Trust II, 8.000%
156,200	Merrill Lynch Capital Trust, 7.000%
77,800	Merrill Lynch Preferred Capital Trust IV, 7.120%
131,200	Merrill Lynch Preferred Capital Trust V, 7.280%
103,500	Merrill Lynch Preferred Capital Trust, 7.750%
122,608	Morgan Stanley Capital Trust II, 7.250%
455,000	Morgan Stanley Capital Trust III, 6.250%
380,000	Morgan Stanley Capital Trust IV, 6.250%
10,000	Morgan Stanley Capital Trust V, 5.750%

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

43,000 Morgan Stanley, 7.050% (PPLUS)

---

DIVERSIFIED TELECOMMUNICATION SERVICES - 0.2%

4,000 BellSouth Capital Funding Corporation, 7.375%  
 9,800 BellSouth Corporation, 7.125%  
 10,100 BellSouth Inc., 7.000% (CORTS)  
 3,000 BellSouth Telecommunications, 7.300% (PPLUS)  
 31,800 SBC Communications Inc., 7.000%  
 17,500 Verizon Communications, 7.625% (CORTS)  
 55,200 Verizon Global Funding Corporation, 7.500% (SATURNS)  
 4,000 Verizon South Inc., Series F, 7.000%

---

ELECTRIC UTILITIES - 4.7%

189,500 Alabama Power Company, 5.830% (a)  
 17,200 Consolidated Edison Company of New York Inc., 7.500%  
 1,000 Detroit Edison Company, 7.540%  
 9,500 Detroit Edison Company, 7.625%  
 92,500 Dominion CNG Capital Trust I, 7.800%  
 46,200 Dominion Resources Capital Trust II, 8.400%  
 27,400 DTE Energy Trust I, 7.800%  
 5,500 Entergy Arkansas Inc., 6.700%  
 49,000 Entergy Louisiana Inc., 7.600%  
 1,298,000 Entergy Mississippi Inc., 7.250%  
 3,000 Georgia Power Capital Trust V, 7.125%  
 942,120 Interstate Power & Light Company, Series B, 8.375% (a)  
 41,000 OGE Energy Capital Trust I, 8.375%  
 51,000 Public Service Company of Oklahoma, Series B, 6.000%  
 56,700 Tennessee Valley Authority, Series D, 6.750%  
 254,000 Virginia Power Capital Trust, 7.375%

---

FOOD PRODUCTS - 0.7%

125,000 Dairy Farmers of America Inc., 144A, 7.875% (a)



SHARES	DESCRIPTION(1)
	GAS UTILITIES - 0.3%
51,700	AGL Capital Trust II, 8.000%
151,900	TransCanada Pipeline, 8.250%
	HEALTHCARE PROVIDERS & SERVICES - 0.1%
53,700	Aetna Incorporated, 8.500%
	INDUSTRIAL CONGLOMERATES - 0.0%
16,000	Philadelphia Authority for Industrial Development, Pennsylvania, Pension, 6.550%
	INSURANCE - 18.5%
972,600	Ace Ltd., Series C, 7.800%
24,800	AMBAC Financial Group Inc., 5.950%
33,900	American General Capital III, 8.050%
28,200	American General Capital Trust I, 7.875%
1,506,600	Converium Finance, 8.250%
472,557	Delphi Financial Group Inc., 8.000%
2,827,000	EverestRe Group Limited, 7.850%
43,400	Financial Security Assurance Holdings, 6.875%
693,000	Financial Security Assurance Holdings, 6.250%
25,900	Great-West L&A Capital Trust I, Series A, 7.250%
247,600	Hartford Capital Trust III, Series C, 7.450%
55,900	Hartford Life Capital Trust II, Series B, 7.625%
63,600	ING Capital Funding Trust II, 9.200%
5,000	ING Groep NV, 6.200%
1,406,955	ING Group NV, 7.050%
1,476,400	ING Group NV, 7.200%
77,000	Lincoln National Capital Trust V, Series E, 7.650%

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

34,000	Lincoln National Capital Trust VI, 6.750%
22,200	MBIA Inc., 8.000%
200	Metlife Inc., 5.875%
449,720	PartnerRe Limited, Series C, 6.750%
232,381	PartnerRe Limited, 7.900%
96,200	PLC Capital Trust III, 7.500%
440,940	PLC Capital Trust IV, 7.250%
3,700	PLC Capital Trust V, 6.125%
304,360	RenaissanceRe Holdings Ltd., Series A, 8.100%
138,400	RenaissanceRe Holdings Ltd., Series B, 7.300%
10,400	SafeCo Capital Trust I, 8.750% (CORTS)
78,900	SafeCo Capital Trust I, 8.700% (CORTS)
59,700	SafeCo Capital Trust I, Series 2001-4, 8.750% (CORTS)
63,200	Torchmark Capital Trust I, 7.750%
16,300	W.R. Berkley, 8.250% (CORTS)
558,900	XL Capital Ltd., Series A, 8.000%
537,617	XL Capital Ltd., Series B, 7.625%

---

MEDIA - 0.1%

76,900	Viacom Inc., 7.300%
--------	---------------------

23

Nuveen Quality Preferred Income Fund 2 (JPS) (continued)  
Portfolio of INVESTMENTS July 31, 2004

SHARES	DESCRIPTION(1)
--------	----------------

---

MULTI-UTILITIES & UNREGULATED POWER - 0.2%

108,000	Energy East Capital Trust I, 8.250%
---------	-------------------------------------

---

OIL & GAS - 1.0%

51,500	EnCana Corporation, 9.500%
--------	----------------------------

694,511	Nexen Inc., 7.350%
---------	--------------------

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

---

PHARMACEUTICALS - 0.1%

14,500 Bristol Myers Squibb Company, 6.250% (CORTS)  
 87,800 Rhone-Poulenc Overseas, Series A, 8.125%

---

REAL ESTATE - 14.4%

15,700 Archstone-Smith Trust, Series D, 8.750%  
 93,900 AvalonBay Communities, Inc., Series H, 8.700%  
 13,300 BRE Properties, Series B, 8.080%  
 38,500 BRE Properties, Series C, 6.750%  
 1,002,995 CarrAmerica Realty Corporation, Series E, 7.500%  
 115,000 Developers Diversified Realty Corporation, Series H, 7.375%  
 279,800 Developers Diversified Realty Corporation, Series G, 8.000%  
 101,000 Developers Diversified Realty Corporation, Series F, 8.600%  
 200,650 Duke-Weeks Realty Corporation, Series B, 7.990%  
 38,600 Duke-Weeks Realty Corporation, Series I, 8.450%  
 299,900 Equity Office Properties Trust, Series G, 7.750%  
 40,000 Equity Residential Properties Trust, Series C, 9.125%  
 63,250 Equity Residential Properties Trust, Series D, 8.600%  
 1,000 Equity Residential Properties Trust, Series N, 6.480%  
 88,800 Equity Residential Properties Trust, 9.125%  
 18,600 First Industrial Realty Trust, Inc., Series C, 8.625%  
 31,900 Gables Residential Trust, Series D, 7.500%  
 219,600 HRPT Properties Trust, Series A, 9.875%  
 1,539,125 HRPT Properties Trust, Series B, 8.750%  
 153,000 Kimco Realty Corporation, Series F, 6.650%  
 147,350 New Plan Excel Realty Trust, Series D, 7.800%  
 768,000 New Plan Excel Realty Trust, Series E, 7.625%  
 91,728 Prologis Trust, Series G, 6.750%  
 103,000 PS Business Parks Inc., Series I, 6.875%  
 104,470 PS Business Parks Inc., Series H, 7.000%  
 5,000 Public Storage Inc., Series A, 6.125%

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

5,000	Public Storage Inc., Series D, 9.500%
13,000	Public Storage Inc., Series F, 9.750%
14,200	Public Storage Inc., Series M, 8.750%
63,700	Public Storage Inc., Series Q, 8.600%
181,195	Public Storage Inc., Series R, 8.000%
38,300	Public Storage Inc., Series S, 7.875%
81,165	Public Storage Inc., Series T, 7.625%
88,900	Public Storage Inc., Series U, 7.625%
142,300	Public Storage Inc., Series V, 7.500%

24

SHARES	DESCRIPTION(1)
-----	
	REAL ESTATE (continued)
32,900	Public Storage Inc., Series Z, 6.250%
300,000	Regency Centers Corporation, 7.450%
5,000	Renaissance Holdings Limited, Series C, 6.080%
34,500	Simon Property Group, Inc., Series F, 8.750%
326,041	Simon Property Group, Inc., Series G, 7.890%
40,700	Vornado Realty Trust, Series C, 8.500%
2,461,900	Wachovia Preferred Funding Corporation, Series A, 7.250%
-----	
	SPECIALTY RETAIL - 0.0%
16,500	Sherwin Williams Company, Series III, 7.250% (CORTS)
-----	
	WIRELESS TELECOMMUNICATION SERVICES - 2.2%
154,900	Telephone and Data Systems Inc., 7.600%
1,315,700	United States Cellular Corporation, 8.750%
2,000	Verizon Communications, 7.375% (CORTS)
-----	
	Total \$25 Par (or similar) Securities (cost \$1,150,720,481)
-----	
	CONVERTIBLE PREFERRED SECURITIES - 7.1% (5.0% OF TOTAL INVESTMENTS)

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

	DIVERSIFIED FINANCIAL SERVICES - 0.4%
210,000	Citigroup Global Markets, 2.000%
-----	
	DIVERSIFIED TELECOMMUNICATION SERVICES - 1.5%
546,000	Alltel Corporation, 7.750%
-----	
	ELECTRIC UTILITIES - 3.3%
357,900	Ameren Corporation, 9.750%
22,100	American Electric Power, 9.250%
468,500	Dominion Resources Inc., 8.750%
126,500	FPL Group Inc., 8.000%
334,500	Public Service Enterprise Group, 10.250%
-----	
	GAS UTILITIES - 1.3%
452,500	Keyspan Corporation, 8.750%
-----	
	HEALTHCARE EQUIPMENT & SUPPLIES - 0.4%
128,600	Baxter International Inc., 7.000%
-----	
	INSURANCE - 0.2%
16,100	PartnerRe Limited, 8.000%
69,700	PMI Group Inc., 5.875%
23,000	XL Capital Limited, 6.500%
-----	
	Total Convertible Preferred Securities (cost \$120,025,473)
-----	
	CAPITAL PREFERRED - HYBRID SECURITIES - 4.5% (3.2% OF TOTAL INVESTMENTS)
	COMMERCIAL BANKS - 1.4%
240	Union Planters Preferred Fund, 144A, 7.750%
-----	
	DIVERSIFIED TELECOMMUNICATION SERVICES - 3.1%
45,250	Centaur Funding Corporation, 144A, Series B, 9.080%
-----	
	Total Capital Preferred - Hybrid Securities (cost \$62,797,088)
-----	

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

Nuveen Quality Preferred Income Fund 2 (JPS) (continued)  
Portfolio of INVESTMENTS July 31, 2004

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)
	CAPITAL PREFERRED SECURITIES - 54.0% (37.9% OF TOTAL INVESTMENTS)
	COMMERCIAL BANKS - 38.0%
\$ 62,474	Abbey National Capital Trust I, 8.963%, 12/30/49
19,000	AB Svensk Exportkredit, 6.375%, 10/27/49
7,400	AgFirst Farm Credit Bank, 7.300%, 12/15/53
15,000	Ahmanson Capital Trust I, 8.360%, 12/01/26
15,000	ABN AMRO North America Holding Capital, 144A, 6.523%, 12/31/49
6,500	Bank One Capital III, 8.750%, 9/01/30
4,780	BankAmerica Institutional Trust, 8.070%, 12/31/26
26,355	BankBoston Capital Trust I, Series B, 8.250%, 12/15/26
3,031	BankBoston Capital Trust II, Series B, 7.750%, 12/15/26
4,000	BanPonce Trust I, Series A, 8.327%, 2/01/27
36,000	Barclays Bank plc, 144A, 8.550%, 6/15/49
5,300	Barnett Capital I, 8.060%, 12/01/26
1,000	BNP Paribas Capital Trust, 144A, 9.003%, 12/29/49
4,000	BT Capital Trust, Series B1, 7.900%, 1/15/27
2,000	BT Institutional Capital Trust B, 144A, 7.750%, 12/01/26
500	BT Preferred Capital Trust II, 7.875%, 2/25/27
7,750	Chase Capital Trust I, Series A, 7.670%, 12/01/26
2,229	Corestates Capital Trust I, 144A, 8.000%, 12/15/26
11,825	Dime Capital Trust I, Series A, 9.330%, 5/06/27
7,500	Dresdner Funding Trust I, 8.151%, 6/30/31
3,500	Farm Credit Bank of Texas, 7.561%, 11/05/49
5,000	FBS Capital Trust I, 8.090%, 11/15/26
3,500	First Chicago NBD Institutional Capital, 7.950%, 12/01/26
1,500	First Empire Capital Trust I, 8.234%, 2/01/27
4,850	First Hawaiian Capital Trust I, Series B, 8.343%, 7/01/27

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

1,500	First Midwest Bancorp Inc., 6.950%, 12/01/33
17,095	First Union Capital Trust II, Series A, 7.950%, 11/15/29
22,080	Fleet Capital Trust II, 7.920%, 12/11/26
10,000	Goldman Sachs Group Inc., 6.345%, 2/15/34
13,000	Great Western Financial Trust II, Series A, 8.206%, 2/01/27
8,000	HSBC Capital Funding LP, Debt, 10.176%, 6/30/50
2,400	HSBC Capital Funding LP, 144A, 9.547%, 12/31/49
3,600	JPM Capital Trust I, 7.540%, 1/15/27
22,085	JPM Capital Trust II, 7.950%, 2/01/27
32,000	KBC Bank Fund Trust III, 144A, 9.860%, 11/02/49
2,500	KeyCorp Institutional Capital Trust A, 7.826%, 12/01/26
25,000	M&I Capital Trust A, 7.650%, 12/01/26
25,000	Mellon Capital Trust I, Series A, 7.720%, 12/01/26
19,500	NB Capital Trust II, 7.830%, 12/15/26
14,000	Nordbanken AB, 144A, 8.950%, 11/29/49
2,000	North Fork Capital Trust I, Capital Securities, 8.700%, 12/15/26
8,000	North Fork Capital Trust II, 8.000%, 12/15/27
2,000	Peoples Heritage Capital Trust I, Series B, 9.060%, 2/01/27

26

PRINCIPAL  
AMOUNT (000)      DESCRIPTION(1)

---

COMMERCIAL BANKS (continued)

\$	33,085	PNC Institutional Capital Securities, 7.950%, 12/15/26
	8,000	Reliance Capital Trust I, Series B, 8.170%, 5/01/28
	500	Republic New York Capital II, Capital Securities, 7.530%, 12/04/26
	1,250	Royal Bank of Scotland Group plc, 7.648%, 8/31/49
	17,500	Royal Bank of Scotland Group plc, 9.118%, 3/31/49
	1,500	SocGen Real Estate Company LLC, 144A, 7.640%, 12/29/49
	5,000	Sparebanken Rogaland, 144A, Notes, 6.443%, 5/01/49
	9,000	St. George Funding Company LLC., 8.485%, 6/30/47

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

3,240 State Street Institutional Capital Trust, 144A, 7.940%, 12/30/26  
 21,000 UBS Preferred Funding Trust I, 8.622%, 10/29/49  
 7,500 Union Planters Capital Trust A, 8.200%, 12/15/26  
 1,000 Wells Fargo Capital I, 7.960%, 12/15/26  
 10,000 Zions Institutional Capital Trust, Series A, 8.536%, 12/15/26

-----  
 CONSUMER FINANCE - 1.6%

8,595 Countrywide Capital Trust I, 8.000%, 12/15/26  
 18,460 Countrywide Capital Trust III, Series B, 8.050%, 6/15/27

-----  
 DIVERSIFIED FINANCIAL SERVICES - 0.5%

8,000 Keycorp Capital III, 7.750%, 7/15/29

-----  
 GAS UTILITIES - 0.6%

10,750 KN Capital Trust III, 7.630%, 4/15/28

-----  
 INSURANCE - 12.7%

14,280 Ace Capital Trust II, 9.700%, 4/01/30  
 28,000 American General Institutional Capital, 8.125%, 3/15/46  
 10,000 Berkeley Capital Trust, 8.197%, 12/15/45  
 6,000 MIC Financing Trust I, 8.375%, 2/01/27  
 10,000 RenaissanceRe Capital Trust, Series B, 8.540%, 3/01/27  
 38,777 SAFECO Capital Trust I, Capital Securities, 8.072%, 7/15/37  
 51,700 Sun Life Canada Capital Trust, Capital Securities, 8.526%, 5/06/47  
 44,515 Zurich Capital Trust I, 8.376%, 6/01/37

-----  
 OIL & GAS - 0.4%

7,355 Phillips 66 Capital Trust II, 8.000%, 1/15/37

-----  
 REAL ESTATE - 0.2%

3,000 Mangrove Bay, 144A, Class 3, 6.102%, 7/15/33

-----  
 Total Capital Preferred Securities (cost \$945,632,809)  
 -----

CAPITAL PREFERRED - EURO-MARKET LISTED SECURITIES - 6.0% (4.2% OF TOTAL INVESTMENT)



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

COMMERCIAL BANKS - 5.2%

1,500	BNP Paribas Capital Trust, 7.200%, 12/31/49
17,600	C.A. Preferred Funding Trust, 7.000%, 1/30/49
6,000	C.A. Preferred Fund Trust II, 7.000%, 10/30/49
44,010	HBOS Capital Funding LP, Notes, 6.850%, 3/01/49
13,500	Lloyds TSB Bank plc, Subordinate Note, 6.900%, 11/22/49
12,600	RBS Capital Trust B, 6.800%, 12/31/49

27

Nuveen Quality Preferred Income Fund 2 (JPS) (continued)  
Portfolio of INVESTMENTS July 31, 2004

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)
-----	
DIVERSIFIED FINANCIAL SERVICES - 0.8%	
\$ 13,800	Old Mutual Capital Funding, Notes, 8.000%, 6/22/53
-----	
Total Capital Preferred - Euro-Market Listed Securities (cost \$113,195,529)	
-----	
CORPORATE BONDS - 4.8% (3.4% OF TOTAL INVESTMENTS)	
AUTOMOBILES - 4.7%	
21,500	Ford Motor Company, Debenture, 7.400%, 11/01/46
7,525	Ford Motor Company, 8.900%, 1/15/32
4,000	Ford Motor Company, 7.450%, 7/16/31
600	General Motors Corporation, Senior Debentures, 8.375%, 7/15/33
52,860	General Motors Acceptance Corporation, Notes, 8.000%, 11/01/31
-----	
INSURANCE - 0.1%	
2,000	Zurich Reinsurance Centre Holdings Inc, Senior Notes, 7.125%, 10/15/23
-----	
Total Corporate Bonds (cost \$80,260,756)	
-----	
REPURCHASE AGREEMENTS - 1.1% (0.8% OF TOTAL INVESTMENTS)	
\$ 20,597	State Street Bank, 1.250%, dated 7/30/04, due 8/02/04, repurchase price \$24,598,7 collateralized by \$18,885,000 U.S. Treasury Bonds, 6.000%, due 2/15/26, value \$2
=====	-----

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

Total Repurchase Agreements (cost \$20,596,556)  
 -----  
 Total Investments (cost \$2,493,228,692) - 142.5%  
 -----  
 Other Assets Less Liabilities - 1.2%  
 -----  
 FundPreferred Shares, at Liquidation Value - (43.7)%  
 -----  
 Net Assets Applicable to Common Shares - 100%  
 =====

- (1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.
- (a) Security is eligible for the Dividends Received Deduction.
- 144A 144A securities are those which 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.
- (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.

28

Nuveen Quality Preferred Income Fund 3 (JHP)  
 Portfolio of  
 INVESTMENTS July 31, 2004

SHARES	DESCRIPTION(1)
	\$25 PAR(OR SIMILAR) SECURITIES - 73.0% (50.0% OF TOTAL INVESTMENTS)
	AUTO COMPONENTS - 1.1%
132,800	Delphi Trust I, 8.250%
14,000	Magna International Inc., Series B, 8.875%
	-----
	BEVERAGES - 0.3%

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

45,000 Grand Metropolitan Delaware LP, 9.420%

---

### COMMERCIAL BANKS - 16.3%

3,200 Abbey National plc, Series B, 7.375%

21,400 ASBC Capital I, 7.625%

40,894 BAC Capital Trust I, 7.000%

32,700 BAC Capital Trust II, 7.000%

94,500 BAC Capital Trust III, 7.000%

120,000 Banco Santander SA, 144A, 6.410%

37,300 Banco Totta & Acores Finance, Series A, 8.875%

18,600 BancWest Capital I, 9.500%

211,000 Banesto Holdings, Series A, 144A, 10.500%

8,000 Bank One Capital I, 8.000%

32,400 Bank One Capital II, 8.500%

29,100 Bank One Capital Trust VI, 7.200%

11,000 Bank One Capital V, 8.000%

10,000 BBVA Preferred Capital Ltd., Series B, 7.750%

13,000 BCH Capital Ltd., Series B, 9.430%

47,300 BSCH Finance Ltd., Series Q, 8.625%

16,400 Chittenden Capital Trust I, 8.000%

42,800 CIT Group Incorporated, 7.750% (CORTS)

25,600 Citigroup Capital Trust VII, 7.125%

46,600 Citigroup Capital Trust VIII, 6.950%

68,500 Citigroup Inc., Series H, 6.231%

44,500 Cobank ABC, 144A, 7.000%

52,500 Comerica Capital Trust I, 7.600%

41,700 Compass Capital Trust III, 7.350%

37,400 CSFB USA, Series 2002-10, 7.000% (SATURNS)

26,500 Espirito Santo Overseas, 8.500%

64,700 Fannie Mae, 5.125%

23,100 First Union Capital II, Series II, 7.500% (CORTS)

11,300 First Union Institutional Capital II, 8.200% (CORTS)

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

37,400	Fleet Capital Trust VI, 8.800%
149,900	Fleet Capital Trust VII, 7.200%
26,416	Fleet Capital Trust VIII, 7.200%

29

Nuveen Quality Preferred Income Fund 3 (JHP) (continued)  
Portfolio of INVESTMENTS July 31, 2004

SHARES	DESCRIPTION(1)
-----	
	COMMERCIAL BANKS (continued)
8,000	HSBC USA Inc, Series F, 2.860%
13,000	JPMorgan Chase Capital Trust X, 7.000%
25,000	JPMorgan Chase Trust, Series 2002-6, Class A, 7.125% (SATURNS)
5,900	KeyCorp, 7.500% (PCARS)
6,300	KeyCorp, Series 2001-7, 7.750% (CORTS)
11,900	KeyCorp, Series B, 8.250% (CORTS)
21,500	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, 0.000%
20,000	PNC Capital Trust, 6.125%
14,000	SunTrust Capital Trust IV, 7.125%
22,900	SunTrust Capital Trust V, 7.050%
110,300	USB Capital Trust III, 7.750%
58,100	USB Capital Trust IV, 7.350%
48,800	USB Capital Trust V, 7.250%
18,400	VNB Capital Trust I, 7.750%
28,400	Washington Mutual Capital Trust I, Series 2001-22, Class A-1, 7.650% (CORTS)
80,000	Zions Capital Trust B, 8.000%
-----	
	CONSUMER FINANCE - 3.2%
111,700	Household Capital Trust V, Series X, 10.000%

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

14,600 Household Capital Trust VI, 8.250%  
 100,500 Household Capital Trust VII, 7.500%  
 95,300 SLM Corporation, Series A, 6.970%

---

DIVERSIFIED FINANCIAL SERVICES - 9.5%

32,000 Bear Stearns Capital Trust III, 7.800%  
 16,549 Citigroup Inc., Series F, 6.365%  
 52,941 Citigroup Inc., Series M, 5.864%  
 10,600 Countrywide Capital Trust II, Series II, 8.000% (CORTS)  
 112,800 Countrywide Capital Trust IV, 6.750%  
 23,900 Federal Home Loan Mortgage Corporation, 5.000%  
 135,000 Household Finance Corporation, 6.875%  
 355,000 Lehman Brothers Holdings Capital Trust III, Series K, 6.375%  
 24,000 Merrill Lynch Capital Trust II, 8.000%  
 17,900 Merrill Lynch Preferred Capital Trust IV, 7.120%  
 75,100 Merrill Lynch Preferred Capital Trust V, 7.280%  
 36,300 Merrill Lynch Preferred Capital Trust, 7.750%  
 80,000 Morgan Stanley Capital Trust II, 7.250%  
 212,600 Morgan Stanley Capital Trust III, 6.250%  
 40,900 Morgan Stanley, 7.050% (PPLUS)

---

DIVERSIFIED TELECOMMUNICATION SERVICES - 0.4%

12,900 BellSouth Inc., Series BLS, 7.000% (CORTS)  
 24,300 Verizon Communications, 7.625% (CORTS)  
 15,300 Verizon New England Inc., Series B, 7.000%

30

SHARES DESCRIPTION(1)

---

ELECTRIC UTILITIES - 2.2%

2,900 Detroit Edison Company, 7.625%

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

13,200	Dominion CNG Capital Trust I, 7.800%
53,400	Entergy Louisiana Inc, 7.600%
203,447	Entergy Mississippi Inc, 7.250%
18,300	Tennessee Valley Authority, Series D, 6.750%
-----	
	FOOD PRODUCTS - 0.7%
25,000	Dairy Farmers of America Inc., 144A, 7.875%
-----	
	GAS UTILITIES - 0.5%
32,900	AGL Capital Trust II, 8.000%
34,700	TransCanada Pipeline, 8.250%
-----	
	HEALTHCARE PROVIDERS & SERVICES - 0.1%
12,500	Aetna Incorporated, 8.500%
-----	
	INSURANCE - 22.2%
132,400	Ace Ltd,, Series C, 7.800%
30,700	AMBAC Financial Group Inc., 5.950%
95,000	AMBAC Financial Group Inc., 5.875%
7,700	American General Capital III, 8.050%
8,400	American General Capital Trust I, 7.875%
408,310	Converium Finance, 8.250%
131,000	Delphi Financial Group Inc, 8.000%
258,671	EverestRe Group Limited, 7.850%
151,100	Financial Security Assurance Holdings, 6.250%
3,900	Great-West L&A Capital Trust I, Series A, 7.250%
51,400	Hartford Capital Trust III, Series C, 7.450%
142,900	ING Group NV, 7.050%
503,600	ING Group NV, 7.200%
103,700	Lincoln National Capital Trust V, Series E, 7.650%
140,000	PartnerRe Limited, Series C, 6.750%
55,700	PartnerRe Limited, 7.900%
54,600	PLC Capital Trust III, 7.500%

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

8,600	PLC Capital Trust IV, 7.250%
41,500	RenaissanceRe Holdings Ltd., Series A, 8.100%
255,000	RenaissanceRe Holdings Ltd., Series B, 7.300%
16,400	SafeCo Capital Trust I, 8.700% (CORTS)
4,600	SafeCo Capital Trust I, Series 2001-4, 8.750% (CORTS)
32,200	SafeCo Corporation, Series 2001-7, 8.250% (SATURNS)
61,800	XL Capital Ltd., Series A, 8.000%
289,400	XL Capital Ltd., Series B, 7.625%

---

MULTI-UTILITIES & UNREGULATED POWER - 0.1%

12,800	Energy East Capital Trust I, 8.250%
--------	-------------------------------------

---

OIL & GAS - 1.2%

30,300	EnCana Corporation, 9.500%
137,000	Nexen Inc., 7.350%

31

Nuveen Quality Preferred Income Fund 3 (JHP) (continued)  
Portfolio of INVESTMENTS July 31, 2004

SHARES	DESCRIPTION(1)
--------	----------------

---

PHARMACEUTICALS - 0.1%

10,000	Bristol Myers Squibb Company, 6.250% (CORTS)
8,500	Rhone-Poulenc Overseas, Series A, 8.125%

---

REAL ESTATE - 13.2%

5,200	AvalonBay Communities, Inc., Series H, 8.700%
201,900	CarrAmerica Realty Corporation, Series E, 7.500%
30,000	Developers Diversified Realty Corporation, Series H, 7.375%
80,000	Developers Diversified Realty Corporation, Series G, 8.000%
26,200	Developers Diversified Realty Corporation, Series F, 8.600%
60,144	Equity Office Properties Trust, Series G, 7.750%
18,500	Equity Residential Properties Trust, Series C, 9.125%

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

20,800	Equity Residential Properties Trust, Series D, 8.600%
25,900	Equity Residential Properties Trust, 9.125%
5,100	First Industrial Realty Trust, Inc., Series C, 8.625%
161,100	HRPT Properties Trust, Series A, 9.875%
238,607	HRPT Properties Trust, Series B, 8.750%
21,000	New Plan Excel Realty Trust, Series D, 7.800%
31,700	New Plan Excel Realty Trust, Series E, 7.625%
20,000	Prologis Trust, Series G, 6.750%
36,300	PS Business Parks Inc., Series D, 9.500%
53,000	PS Business Parks Inc., 7.000%
8,300	PS Business Parks Inc., Series F, 8.750%
3,100	Public Storage Inc., Series M, 8.750%
40,900	Public Storage Inc., Series Q, 8.600%
129,533	Public Storage Inc., Series R, 8.000%
17,600	Public Storage Inc., Series S, 7.875%
22,000	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%
7,500	Simon Property Group, Inc., Series F, 8.750%
68,600	Simon Property Group, Inc., Series G, 7.890%
32,100	United Dominion Realty Trust, 8.600%
13,400	Vornado Realty Trust, Series C, 8.500%
252,700	Wachovia Preferred Funding Corporation, 7.250%

---

SPECIALTY RETAIL - 0.1%

20,000	Sherwin Williams Company, Series III, 7.250% (CORTS)
--------	--

---

WIRELESS TELECOMMUNICATION SERVICES - 1.8%

69,101	Telephone and Data Systems Inc., 7.600%
157,500	United States Cellular Corporation, 8.750%

---

Total \$25 Par (or similar) Securities (cost \$252,443,781)

---



SHARES	DESCRIPTION(1)
	CONVERTIBLE PREFERRED SECURITIES - 7.6% (5.2% OF TOTAL INVESTMENTS)
	DIVERSIFIED FINANCIAL SERVICES - 0.7%
61,000	Citigroup Global Markets, 2.000%
	DIVERSIFIED TELECOMMUNICATION SERVICES - 1.7%
118,500	Alltel Corporation, 7.750%
	ELECTRIC UTILITIES - 3.3%
81,900	Ameren Corporation, 9.750%
3,900	American Electric Power, 9.250%
102,400	Dominion Resources Inc., 8.750%
66,500	Public Service Enterprise Group, 10.250%
	GAS UTILITIES - 1.5%
100,000	Keyspan Corporation, 8.750%
	HEALTHCARE EQUIPMENT & SUPPLIES - 0.4%
28,000	Baxter International Inc, 7.000%
	Total Convertible Preferred Securities (cost \$25,132,937)
	CAPITAL PREFERRED - HYBRID SECURITIES - 4.8% (3.3% OF TOTAL INVESTMENTS)
	COMMERCIAL BANKS - 2.1%
70	Union Planters Preferred Fund, 144A, 7.750%
	DIVERSIFIED TELECOMMUNICATION SERVICES - 2.7%
7,260	Centaur Funding Corporation, 144A, Series B, 9.080%
	Total Capital Preferred - Hybrid Securities (cost \$14,290,218)

PRINCIPAL

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

AMOUNT (000)	DESCRIPTION(1)
CAPITAL PREFERRED SECURITIES - 49.9% (34.1% OF TOTAL INVESTMENTS)	
COMMERCIAL BANKS - 28.2%	
\$ 2,000	AB Svensk Exportkredit, 6.375%, 10/27/49
8,000	Abbey National Capital Trust I, 8.963%, 12/30/49
2,000	AgFirst Farm Credit Bank, 7.300%, 10/14/49
5,000	Ahmanson Capital Trust I, 8.360 %, 12/01/26
1,000	Bank of New York Capital I, Series B, 7.970%, 12/31/26
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
6,200	Barclays Bank plc, 144A, 8.550%, 9/29/49
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
500	BT Preferred Capital Trust II, 7.875%, 2/25/27
4,225	Dime Capital Trust I, Series A, 9.330%, 5/06/27
700	Farm Credit Bank of Texas, 7.561%, 11/05/49
1,000	First Chicago NBD Institutional Capital, 7.950%, 12/01/26
1,000	First Empire Capital Trust I, 8.234%, 2/01/27
1,000	First Hawaiian Capital Trust I, Series B, 8.343%, 7/01/27
500	First Midwest Bancorp Inc., 6.950%, 12/01/33
8,485	First Union Capital Trust II, Series A, 7.950%, 11/15/29

33

Nuveen Quality Preferred Income Fund 3 (JHP) (continued)  
Portfolio of INVESTMENTS July 31, 2004

PRINCIPAL AMOUNT (000)	DESCRIPTION(1)
COMMERCIAL BANKS (continued)	
\$ 1,430	HSBC USA Capital Trust II, 144A, 8.380%, 5/15/27
9,000	JPM Capital Trust I, 7.540%, 1/15/27

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

1,000 KBC Bank Fund Trust III, 144A, 9.860%, 11/2/49  
 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  
 10,200 PNC Institutional Capital Trust B, 144A, 8.315%, 5/15/27  
 2,500 St. George Funding Company LLC, 8.485%, 6/30/47  
 4,600 Union Planters Capital Trust A, 8.200%, 12/15/26  
 3,000 Zions Institutional Capital Trust, Series A, 8.536%, 12/15/26

---

CONSUMER FINANCE - 0.3%

1,000 Countrywide Capital Trust I, 8.000%, 12/15/26

---

GAS UTILITIES - 2.0%

6,500 KN Capital Trust III, 7.630%, 4/15/28

---

INSURANCE - 17.7%

3,450 Ace Capital Trust II, 9.700%, 4/1/30  
 5,000 Berkeley Capital Trust, 8.197%, 12/15/45  
 10,000 MIC Financing Trust I, 8.375%, 2/01/27  
 3,000 RenaissanceRe Capital Trust, 8.540%, 3/01/27  
 10,038 SAFECO Capital Trust I, Capital Securities, 8.072%, 7/15/37  
 10,000 Sun Life Canada Capital Trust, Capital Securities, 8.526%, 5/29/49  
 13,500 Zurich Capital Trust I, 8.376%, 6/01/37

---

OIL & GAS -1.4%

4,500 Phillips 66 Capital Trust II, 8.000%, 1/15/37

---

REAL ESTATE - 0.3%

1,000 Mangrove Bay, 144A, Class 3, 6.102%, 7/15/33

---

Total Capital Preferred Securities (cost \$169,006,419)

---

CAPITAL PREFERRED - EURO-MARKET LISTED SECURITIES - 5.2% (3.5% OF TOTAL INVESTMENT)

COMMERCIAL BANKS - 4.7%

3,750 C.A. Preferred Funding Trust, 7.000%, 1/30/49

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

250 C.A. Preferred Fund Trust II, 7.000%, 10/30/49  
 6,600 HBOS Capital Funding LP, Notes, 6.850%, 3/1/49  
 2,500 Lloyds TSB Bank plc, Subordinate Note, 6.900%, 11/22/49  
 3,000 RBS Capital Trust B, 6.800%, 12/31/49

-----  
 DIVERSIFIED FINANCIAL SERVICES - 0.5%

1,800 Old Mutual Capital Funding, Notes, 8.000%, 6/22/53

-----  
 Total Capital Preferred - Euro-Market Listed Securities (cost \$18,578,661)  
 -----

34

PRINCIPAL  
 AMOUNT (000) DESCRIPTION(1)

-----  
 CORPORATE BONDS - 4.7% (3.2% OF TOTAL INVESTMENTS)

AUTOMOBILES - 4.7%

\$ 5,100 Ford Motor Company, Debenture, 7.400%, 11/01/46  
 1,000 Ford Motor Company, 7.450%, 7/16/31  
 10,500 General Motors Acceptance Corporation, Notes, 8.000%, 11/01/31

-----  
 Total Corporate Bonds (cost \$15,647,947)  
 -----

REPURCHASE AGREEMENTS - 1.0% (0.7% OF TOTAL INVESTMENTS)

\$ 3,456 State Street Bank, 1.250%, dated 7/30/04, due 8/02/04, repurchase price \$3,456,000  
 collateralized by \$3,170,000 U.S. Treasury Bonds, 6.000%, due 2/15/26, value \$3,456,000

-----  
 Total Repurchase Agreements (cost \$3,455,647)  
 -----

Total Investments (cost \$498,555,610) - 146.2%

-----  
 Other Assets Less Liabilities - 1.5%

-----  
 Fund Preferred Shares, at Liquidation Value - (47.7)%

-----  
 Net Assets Applicable to Common Shares - 100%  
 =====

(1) All percentages shown in the Portfolio of Investments are based on net assets applicable to Common shares unless otherwise noted.

(a) Security is eligible for the Dividends Received

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

Deduction.

144A 144A securities are those which 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.

(CORTS) Corporate Backed Trust Securities.

(PCARS) Public Credit and Repackaged Securities.

(SATURNS) Structured Asset Trust Unit Repackaging.

See accompanying notes to financial statements.

35

Statement of  
ASSETS AND LIABILITIES July 31, 2004

	QUALITY PREFERRED INCOME (JTP)
-----	
ASSETS	
Investments, at market value (cost \$1,313,039,440, \$2,493,228,692 and \$498,555,610, respectively)	\$1,360,765,020
Interest rate swaps, at value	--
Receivables:	
Dividends	2,611,345
Interest	8,819,443
Investments sold	812,995
Reclaims	--
Other assets	35,831
-----	
Total assets	1,373,044,634
-----	
LIABILITIES	
Interest rate swaps, at value	3,343,690
Payable for investments purchased	762,697
Accrued expenses:	
Management fees	644,284
Other	323,304
FundPreferred share dividends payable	78,687
-----	
Total liabilities	5,152,662
-----	
FundPreferred shares, at liquidation value	440,000,000
-----	
Net assets applicable to Common shares	\$ 927,891,972
=====	
Common shares outstanding	64,452,463
=====	
Net asset value per Common share outstanding (net assets applicable to Common shares, divided by Common shares outstanding)	\$ 14.40

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

NET ASSETS APPLICABLE TO COMMON SHARES CONSIST OF:

Common shares, \$.01 par value per share	\$	644,525
Paid-in surplus		911,398,448
Undistributed net investment income		3,356,845
Accumulated net realized gain (loss) from investments		(31,889,736)
Net unrealized appreciation of investments and interest rate swap transactions		44,381,890
Net assets applicable to Common shares	\$	927,891,972
Authorized shares:		
Common		Unlimited
FundPreferred shares		Unlimited

See accompanying notes to financial statements.

36

Statement of  
OPERATIONS Year Ended July 31, 2004

		QUALITY PREFERRED INCOME (JTP)
INVESTMENT INCOME		
Dividends (net of foreign tax withheld of \$13,889, \$0, and \$1,230, respectively)	\$54,016,617	
Interest	44,023,764	
Total investment income	98,040,381	
EXPENSES		
Management fees	12,143,659	
FundPreferred shares - auction fees	1,101,547	
FundPreferred shares - dividend disbursing agent fees	28,448	
Shareholders' servicing agent fees and expenses	12,931	
Custodian's fees and expenses	294,539	
Trustees' fees and expenses	42,326	
Professional fees	99,769	
Shareholders' reports - printing and mailing expenses	207,135	
Stock exchange listing fees	25,476	
Investor relations expense	231,418	
Other expenses	113,706	
Total expenses before custodian fee credit and expense reimbursement	14,300,954	
Custodian fee credit	(2,743)	
Expense reimbursement	(4,430,554)	
Net expenses	9,867,657	
Net investment income	88,172,724	
REALIZED AND UNREALIZED GAIN (LOSS) FROM INVESTMENTS		

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

Net realized gain from investments	6,457,519
Net realized gain (loss) from interest rate swap transactions	(8,829,243)
Change in net unrealized appreciation (depreciation) of investments	15,444,743
Change in net unrealized appreciation (depreciation) of interest rate swap transactions	3,409,919
-----	
Net gain from investments	16,482,938
-----	
DISTRIBUTIONS TO FUNDPREFERRED SHAREHOLDERS	
From net investment income	(5,266,011)
From accumulated net realized gains from investments	--
-----	
Decrease in net assets applicable to Common shares from distributions to FundPreferred shareholders	(5,266,011)
-----	
Net increase in net assets applicable to Common shares from operations	\$99,389,651
=====	

See accompanying notes to financial statements.

37

Statement of  
CHANGES IN NET ASSETS

	QUALITY PREFERRED INCOME (JTP)		QUALITY PREFERRED INCOME 2 (JPS)	
	YEAR ENDED 7/31/04	YEAR ENDED 7/31/03	YEAR ENDED 7/31/04	FOR THE PERIOD 9/24/ (COMMENCEME OF OPERATION THROUGH 7/31/
-----				
OPERATIONS				
Net investment income	\$ 88,172,724	\$ 83,719,154	\$ 169,356,410	\$ 120,895,5
Net realized gain (loss) from investments	6,457,519	(30,328,278)	24,882,646	9,651,2
Net realized gain (loss) from interest rate swap transactions	(8,829,243)	--	(12,395,021)	
Change in net unrealized appreciation (depreciation) of investments	15,444,743	47,552,557	28,917,818	85,994,9
Change in net unrealized appreciation (depreciation) of interest rate swap transactions	3,409,919	(6,753,609)	2,018,167	313,0
Distributions to FundPreferred shareholders:				
From net investment income	(5,266,011)	(6,004,164)	(9,136,215)	(8,370,0
From accumulated net realized gains from investments	--	--	(408,401)	
-----				
Net increase in net assets applicable to				

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

Common shares from operations	99,389,651	88,185,660	203,235,404	208,484,6
-----				
DISTRIBUTIONS TO COMMON SHAREHOLDERS				
From net investment income	(80,656,204)	(80,491,725)	(157,519,666)	(112,911,5
From accumulated net realized gains from investments	--	--	(4,944,168)	
-----				
Decrease in net assets applicable to Common shares from distributions to Common shareholders	(80,656,204)	(80,491,725)	(162,463,834)	(112,911,5
-----				
CAPITAL SHARE TRANSACTIONS				
Common shares:				
Net proceeds from sale of shares	(2,071)	(119,042)	(3,114)	1,708,927,0
Net proceeds from shares issued to shareholders due to reinvestment of distributions	1,421,340	29,383,959	302,695	1,703,4
FundPreferred shares offering costs	(7,166)	(9,218,088)	(2,071)	(16,495,0
-----				
Net increase in net assets applicable to Common shares from capital share transactions	1,412,103	20,046,829	297,510	1,694,135,4
-----				
Net increase in net assets applicable to Common shares	20,145,550	27,740,764	41,069,080	1,789,708,5
Net assets applicable to Common shares at the beginning of period	907,746,422	880,005,658	1,789,808,855	100,2
-----				
Net assets applicable to Common shares at the end of period	\$927,891,972	\$907,746,422	\$1,830,877,935	\$1,789,808,8
=====				
Undistributed net investment income at the end of period	\$ 3,356,845	\$ 2,145,641	\$ 3,372,898	\$ 787,8
=====				

See accompanying notes to financial statements.

38

Notes to  
FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

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.

Prior to the commencement of operations of Quality Preferred Income 2 (JPS) and Quality Preferred Income 3 (JHP), each Fund had no operations other than those related to organizational matters, the initial capital contribution of \$100,275 per Fund by Nuveen Institutional Advisory Corp. (the "Adviser"), a wholly owned



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

subsidiary of Nuveen Investments, Inc., and the recording of the organization expenses (\$15,000 and \$11,500, respectively) and their reimbursement by Nuveen Investments, LLC, also a wholly owned subsidiary of Nuveen Investments, Inc.

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 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.

### Securities Valuation

Exchange-listed securities are generally valued at the last sales price on the securities exchange on which such securities are primarily traded. Securities traded on a securities exchange for which there are no transactions on a given day or securities not listed on a securities 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. The prices of fixed-income securities are generally 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 for fixed income securities, the pricing service establishes fair market value using a wide range of market data including yields or prices of securities of comparable quality, type of issue, coupon, maturity and rating, 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. If it is determined that market prices for a security are unavailable or inappropriate, the Board of Trustees of the Funds, or its designee, may establish a fair value for the security. Short-term securities are valued at amortized cost, which approximates market value.

### Securities Transactions

Securities transactions are recorded on a trade date basis. Realized gains and losses from such transactions are determined on the specific identification method. Securities purchased on a when-issued or delayed delivery basis may have extended settlement periods. Any securities 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 July 31, 2004, there were no such outstanding purchase commitments in any of the Funds.

### Investment Income

Dividend income is recorded on the ex-dividend date. Interest income, which includes the amortization of premiums and accretion of discounts for financial reporting purposes, is recorded on an accrual basis (see Dividends and Distributions to Common Shareholders for REIT income recognition policy).

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

### Income Taxes

Each Fund is a separate taxpayer for federal income tax purposes. Each Fund intends to distribute all income and 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

Dividends to Common shareholders are declared monthly. With respect to the REIT securities held in the Funds' Portfolio of Investments, each Fund passes through to its shareholders, each month, substantially all REIT distributions it receives, together with other operating income less operating expenses. REIT distributions received by the Funds are generally comprised of investment 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 twelve months ended December 31, 2003, the character of distributions to the Funds from the REITs was as follows:

	QUALITY PREFERRED INCOME (JTP)	QUALITY PREFERRED INCOME 2 (JPS)
-----		
Ordinary income	84.48%	88.22%
Long-term and short-term capital gains	.25	.80
Return of REIT capital	15.27	10.98
=====		

Each Fund applies a percentage estimate for the breakdown of income type, to its receipts from the REITs and treats as income in the Statement of Operations only the amount of ordinary income so calculated. Each Fund adjusts that estimated breakdown of income type (and consequently its net investment income) as necessary in the following calendar year when the REITs inform their shareholders of the actual breakdown of income type.

Each Fund treats each distribution to its shareholders from the portfolio REITs as being entirely from net investment income. The Funds will recharacterize 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 are held in each Fund's portfolio. Consequently, the financial statements may reflect an over-distribution of net investment income that is at least partly attributable to the fact that, as of the date of the financial statements, some of the amounts received by the Funds from the portfolio REITs, but none of the dividends paid by the Fund to shareholders from the portfolio REITs were treated as something other than ordinary income.

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.

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

### FundPreferred Shares

The Funds have issued and outstanding \$25,000 stated value FundPreferred shares as a means of effecting financial leverage. Each Fund's FundPreferred shares are issued in more than one Series. The dividend rate on each Series may change every seven days, as set pursuant to a dutch auction process by the auction agent, and is payable at or near 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)
-----		
Number of shares:		
Series M	3,520	4,800
Series T	3,520	4,800
Series T2	--	4,000
Series W	3,520	4,800
Series TH	3,520	4,800
Series TH2	--	4,000
Series F	3,520	4,800
-----		
Total	17,600	32,000
=====		

### Interest Rate Swap Transactions

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

Due to recent clarification provided by the SEC to regulated investment companies, effective with the current reporting period, the Funds changed the way they present net interest expense on interest rate swap transactions in the financial statements. In the July 31, 2004, financial statements net interest expense amounts paid are included in "Net realized gain (loss) from interest rate swap transactions". Net interest expense amounts accrued, but not yet paid, at July 31, 2004, 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

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

treatment of interest rate payments on swap transactions which is to include such payments as an operating expense for tax purposes.

Notes to  
FINANCIAL STATEMENTS (continued)

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)

At July 31, 2004, Quality Preferred Income (JTP) had open interest rate swap agreements with Citibank NA as follows:

NOTIONAL AMOUNT	FIXED RATE	FLOATING RATE*	TERMINATION DATE	UN APPR (DEPRE
\$110,000,000	3.1300%	1.4700%	8/29/05	\$ (
110,000,000	3.8600	1.4700	8/29/07	(1,
110,000,000	4.3500	1.4700	8/29/09	(1,
				\$ (3,

\*Based on LIBOR (London Interbank Offered Rate)

At July 31, 2004, Quality Preferred Income 2 (JPS) had open interest rate swap agreements with Citibank NA as follows:

NOTIONAL AMOUNT	FIXED RATE	FLOATING RATE*	TERMINATION DATE	UN APPR (DEPRE
\$200,000,000	2.6300%	1.3600%	11/06/05	\$ (

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

200,000,000	3.3750	1.3600	11/06/07	
200,000,000	3.9100	1.3600	11/06/09	1,
				\$2,

\*Based on LIBOR (London Interbank Offered Rate)

At July 31, 2004, Quality Preferred Income 3 (JHP) had open interest rate swap agreements with Citibank NA as follows:

NOTIONAL AMOUNT	FIXED RATE	FLOATING RATE*	TERMINATION DATE	UN APPR (DEPRE
\$42,000,000	2.4125%	1.3600%	3/06/06	\$
42,000,000	3.2550	1.3600	3/06/08	
42,000,000	3.8150	1.3600	3/06/10	
				\$1,

\*Based on LIBOR (London Interbank Offered Rate)

Repurchase Agreements

In connection with transactions in repurchase agreements, it is each Fund's 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.

Organization and Offering Costs

Nuveen Investments, LLC has agreed to reimburse all organization expenses (approximately \$15,000, \$15,000 and \$11,500, respectively) and pay all Common shares offering costs (other than the sales load) that exceed \$.03 per Common share for Quality Preferred Income (JTP), Quality Preferred Income 2 (JPS) and Quality Preferred Income 3 (JHP). Quality Preferred Income's (JTP), Quality Preferred Income 2's (JPS) and Quality Preferred Income 3's (JHP) total share of Common shares offering costs (\$1,391,687, \$1,481,072 and \$531,845, respectively) were recorded as reductions of the proceeds from the sale of the Common shares.

Costs incurred by Quality Preferred Income (JTP), Quality Preferred Income 2 (JPS) and Quality Preferred Income 3 (JHP) in connection with their offering of FundPreferred shares (\$9,225,254, \$16,497,097, and \$3,593,728, respectively) were recorded as reductions to paid-in surplus.

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

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

with the bank. Such deposit arrangements are an alternative to overnight investments.

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 and FundPreferred shares were as follows:

	QUALITY PREFERRED INCOME (JTP)		QUALITY PREFERRED INCOME 2 (JPS)		QUALITY PREFERRED INCOME 3 (JPS)
	YEAR ENDED 7/31/04	YEAR ENDED 7/31/03	YEAR ENDED 7/31/04	FOR THE PERIOD 9/24/02 (COMMENCEMENT OF OPERATIONS) THROUGH 7/31/03	YEAR ENDED 7/31/04
Common shares:					
Shares sold	--	--	--	119,400,000	--
Shares issued to shareholders due to reinvestment of distributions	95,759	2,049,704	18,570	116,272	32,020
	95,759	2,049,704	18,570	119,516,272	32,020
FundPreferred shares sold	--	17,600	--	32,000	--

Notes to  
FINANCIAL STATEMENTS (continued)

3. SECURITIES TRANSACTIONS

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

Purchases and sales (including maturities but excluding short-term investments) of investment securities and U.S. Government and agency obligations during the fiscal year ended July 31, 2004, were as follows:

	QUALITY PREFERRED INCOME (JTP)	QUALITY PREFERRED INCOME 2 (JPS)
-----		
Purchases:		
Investment securities	\$249,406,823	\$478,312,107
U.S. Government and agency obligations	1,207,688	9,560,859
Sales and maturities:		
Investment securities	264,549,282	485,889,589
U.S. Government and agency obligations	1,226,250	28,355,083
=====		

#### 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 the recognition of income on certain securities, which are treated as debt securities for income tax purposes and equity securities for financial statement purposes, and timing differences in recognizing certain gains and losses on security transactions.

At July 31, 2004, the cost of investments was as follows:

	QUALITY PREFERRED INCOME (JTP)	QUALITY PREFERRED INCOME 2 (JPS)
-----		
Cost of investments	\$1,314,329,443	\$2,494,638,389
=====		

Gross unrealized appreciation and gross unrealized depreciation of investments at July 31, 2004, were as follows:

	QUALITY PREFERRED INCOME (JTP)	QUALITY PREFERRED INCOME 2 (JPS)
-----		
Gross unrealized:		
Appreciation	\$ 57,444,148	\$130,700,199
Depreciation	(11,008,571)	(17,095,572)
-----		
Net unrealized appreciation of investments	\$ 46,435,577	\$113,604,627
=====		

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

The tax components of undistributed net ordinary income and net realized gains at July 31, 2004, were as follows:

	QUALITY PREFERRED INCOME (JTP)	QUALITY PREFERRED INCOME 2 (JPS)	P
Undistributed net ordinary income *	\$7,699,609	\$14,357,609	\$2
Undistributed net long-term capital gains	--	20,000,209	1

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

The tax character of distributions paid during the fiscal years ended July 31, 2004 and July 31, 2003, was designated for purposes of the dividends paid deduction as follows:

2004	QUALITY PREFERRED INCOME (JTP)	QUALITY PREFERRED INCOME 2 (JPS)	P
Distributions from net ordinary income *	\$86,134,890	\$171,962,461	\$34
Distributions from net long-term capital gains	--	--	

2003	QUALITY PREFERRED INCOME (JTP)	QUALITY PREFERRED INCOME 2 (JPS)	P
Distributions from net ordinary income *	\$79,694,828	\$108,646,966	\$13
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, 2004, Quality Preferred Income (JTP) had unused capital loss carryforwards of \$25,060,612 available for federal income tax purposes to be applied against future capital gains, if any. If not applied, \$693,161 of the carryforward will expire in the year 2011 and \$24,367,451 will expire in 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



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

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

Under the Funds' investment management agreements with the Adviser, each Fund paid through July 31, 2004, an annual management fee, payable monthly, at the rates set forth below, which were based upon each Fund's average daily managed assets. "Managed Assets" means the average daily net assets of each Fund including assets attributable to leverage as follows:

AVERAGE DAILY MANAGED ASSETS	MANAGEMENT FEE RATE
For the first \$500 million	.9000%
For the next \$500 million	.8750
For the next \$500 million	.8500
For the next \$500 million	.8250
For Managed Assets over \$2 billion	.8000

#### Notes to FINANCIAL STATEMENTS (continued)

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.

As approved by the Board of Trustees, a complex-wide management fee structure has been adopted by all funds sponsored by the Adviser and its affiliates effective August 1, 2004. This structure separates each fund's management fee into two components - a complex-level component, based on the aggregate amount of all fund assets managed by the Adviser and its affiliates, and a specific fund-level component, based only on the amount of assets managed within each individual fund. This pricing structure enables Nuveen fund shareholders to

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

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 and its affiliates. Under no circumstances will this pricing structure result in a fund paying management fees at a rate higher than would otherwise have been applicable had the complex-wide management fee structure not been implemented. As a consequence of this new management fee structure, the funds' effective management fees were reduced by approximately .004% starting August 1, 2004.

The complex-level fee schedule for all funds in the Nuveen fund complex is as follows:

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 (which includes assets attributable to leverage used in the Nuveen fund complex) of all funds sponsored by the Adviser or by its affiliates.
  
- (2) With respect to the complex-wide Managed Assets over \$91 billion, the funds (via their Board of Directors/Trustees) and the Adviser intend that the parties will meet, prior to the time when complex-wide Managed Assets reach that level, to consider and negotiate the fee rate or rates that will apply to such assets. The parties agree that, in the unlikely event that complex-wide Managed Assets reach \$91 billion prior to the parties reaching an agreement as to 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 the parties agree to a different rate or rates.

46

For each of the Funds, the fund-level fee, which is additive to the complex-level fee, 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
For Managed Assets over \$2 billion	.6000

For the first eight years of Quality Preferred Income's (JTP) operations, the

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

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.

### 6. SUBSEQUENT EVENTS

Distributions to Common Shareholders

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

The Funds declared Common share dividend distributions from their net investment income which were paid on September 1, 2004, to shareholders of record on August 15, 2004:

	QUALITY PREFERRED INCOME (JTP)	QUALITY PREFERRED INCOME 2 (JPS)	QUALITY PREFERRED INCOME 3 (JHP)
Dividend per share	\$.1010	\$.1050	\$.1030

### Change in Fiscal Year End

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.

47

### Financial HIGHLIGHTS

Selected data for a Common share outstanding throughout each period:

		Investment Operations				
		Beginning Common Share Net Asset Value	Net Investment Income (a)	Net Realized/ Unrealized Investment Gain (Loss)	Distributions from Net Investment Income to FundPreferred Share- holders+	
QUALITY PREFERRED INCOME (JTP)						
Year Ended 7/31:						
2004 (b)	\$14.10	\$1.37	\$. 26	\$(.08)	\$ --	\$1.
2003	14.12	1.31	.16	(.09)	--	1.
2002 (c)	14.33	.06	(.25)	--	--	(. )
QUALITY PREFERRED INCOME 2 (JPS)						
Year Ended 7/31:						
2004 (b)	14.97	1.42	.37	(.08)	--	1.
2003 (d)	14.33	1.02	.79	(.07)	--	1.
QUALITY PREFERRED INCOME 3 (JHP)						
Year Ended 7/31:						
2004 (b)	14.38	1.38	.40	(.08)	(.01)	1.
2003 (e)	14.33	.67	.22	(.04)	--	.

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

	Offering Costs and FundPreferred Share Underwriting Discounts	Ending Common Share Net Asset Value	Ending Market Value	Total Returns	
				Based on Market Value**	Based on Common Share Net Asset Value**
QUALITY PREFERRED INCOME (JTP)					
Year Ended 7/31:					
2004 (b)	\$ --	\$14.40	\$13.96	4.20%	11.17%
2003	(.15)	14.10	14.59	4.95	9.15
2002 (c)	(.02)	14.12	15.15	1.00	(1.47)
QUALITY PREFERRED INCOME 2 (JPS)					
Year Ended 7/31:					
2004 (b)	--	15.32	14.61	8.98	11.60
2003 (d)	(.15)	14.97	14.65	4.02	11.22
QUALITY PREFERRED INCOME 3 (JHP)					
Year Ended 7/31:					
2004 (b)	--	14.71	14.34	9.36	11.93
2003 (e)	(.18)	14.38	14.36	(.19)	4.62

	Ratios/Supplemental Data				
	Ending Net Assets Applicable to Common Shares (000)	Before Credit/Reimbursement		After Credit/Reimbursement	
		Ratio of Expenses to Average Net Assets Applicable to Common Shares++	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 Inv In
QUALITY PREFERRED INCOME (JTP)					
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 7/31:					
2004 (b)	1,830,878	1.41	8.64	.95	
2003 (d)	1,789,809	1.99*	7.59*	1.54*	

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

QUALITY PREFERRED  
INCOME 3 (JHP)

Year Ended 7/31:				
2004 (b)	347,900	1.55	8.75	1.08
2003 (e)	339,499	1.97*	7.14*	1.53*

FundPreferred Shares at End of Period

Aggregate Amount Outstanding (000)	Liquidation and Market Value Per Share	Asset Coverage Per Share
---	---	--------------------------------

QUALITY PREFERRED  
INCOME (JTP)

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 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 7/31:			
2004 (b)	166,000	25,000	77,395
2003 (e)	166,000	25,000	76,129

\* Annualized.

\*\* Total Investment Return on Market Value is the combination of reinvested dividend income, reinvested capital gains distributions, if any, and changes in stock price per share. Total Return on Common Share Net Asset Value is the combination of reinvested dividend income at net asset value, reinvested capital gains distributions at net asset value, if any, and changes in Common share net asset value per share. 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

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

Quality Preferred Income (JTP)	
2003	.80%
2002(c)	--
Quality Preferred Income 2 (JPS)	
2003(d)	.58*
Quality Preferred Income 3 (JHP)	
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 year ended July 31, 2004, was as follows:

	QUALITY PREFERRED INCOME (JTP)
	-----
Increase of Net Investment Income per share with a corresponding decrease in Net Realized/Unrealized Investment Gain (Loss)	\$.14
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%

- (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.

See accompanying notes to financial statements.

48-49 SPREAD

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 Funds is currently set at seven. 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	POSITION(S) HELD WITH	YEAR FIRST ELECTED OR	PRINCIPAL OCCUPATION(S) INCLUDING OTHER DIRECTORSHIPS
-----------------	--------------------------	--------------------------	--

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

AND ADDRESS	THE FUNDS	APPOINTED (2)	DURING PAST 5 YEARS
-------------	-----------	---------------	---------------------

---

BOARD MEMBER WHO IS AN INTERESTED PERSON OF THE FUNDS:

---

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

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 Consult
--	--------------	------	---

Lawrence H. Brown 7/29/34 333 W. Wacker Drive Chicago, IL 60606	Board member	1993	Retired (1989) as Senior Vice President Trust Company; Director, Community Advi Highland Park and Highwood, United Way Shore (since 2002).
--	--------------	------	---

Jack B. Evans 10/22/48 333 W. Wacker Drive Chicago, IL 60606	Board member	1999	President, The Hall-Perrine Foundation, corporation (since 1996); Director and Fire & Casualty Company; formerly Direc Bank of Chicago; formerly, President an Officer, SCI Financial Group, Inc., a r services firm.
---	--------------	------	--

William C. Hunter 3/16/48 333 W. Wacker Drive Chicago, IL 60606	Board member	2004	Dean and Distinguished Professor of Fin Business at the University of Connectic previously Senior Vice President and Di at the Federal Reserve Bank of Chicago Director, Credit Research Center at Geo Director of Xerox Corporation (since 20
--	--------------	------	---

50

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	Senior Partner and Chief Operating Offi Group, Vice President, Miller-Valentine company; Chair, Miami Valley Hospital; Development Coalition; formerly, Member Advisory Board, National City Bank, Day Business Advisory Council, Cleveland Fe
---	--------------	------	---

Judith M. Stockdale	Board member	1997	Executive Director, Gaylord and Dorothy
---------------------	--------------	------	---



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

12/29/47  
 333 W. Wacker Drive  
 Chicago, IL 60606

Foundation (since 1994); prior thereto,  
 Great Lakes Protection Fund (from 1990

NAME, BIRTHDATE AND ADDRESS	POSITION(S) HELD WITH THE FUNDS	YEAR FIRST ELECTED OR APPOINTED (3)	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), Assistant Associate General Counsel, formerly, Vice Assistant General Counsel of Nuveen Inv Managing Director (since 2002), General Assistant Secretary, formerly, Vice Pre Advisory Corp. and Nuveen Institutional Managing Director (since 2002), Assista Associate General Counsel, formerly, Vi 2000), of Nuveen Asset Management, Inc. Secretary of Nuveen Investments, Inc. ( Secretary of NWQ Investment Management (since 2002); Vice President and Assist Nuveen Investments Advisers Inc. (since Director, Associate General Counsel and of Rittenhouse Asset Management, Inc. ( 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), formerly, President (since 2000), previously, Ass Investments, LLC.
---	--	------	--

51

Board Members  
 AND OFFICERS (CONTINUED)

NAME, BIRTHDATE AND ADDRESS	POSITION(S) HELD WITH THE FUNDS	YEAR FIRST ELECTED OR APPOINTED (3)	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS
--------------------------------	---------------------------------------	---	--

-----  
 OFFICERS OF THE FUNDS (CONTINUED):  
 -----

Peter H. D'Arrigo 11/28/67 333 W. Wacker Drive Chicago, IL 60606	Vice President and Treasurer	1999	Vice President of Nuveen Investments, L prior thereto, Assistant Vice President President and Treasurer of Nuveen Inves 1999); Vice President and Treasurer of and Nuveen Institutional Advisory Corp President and Treasurer of Nuveen Asset (since 2002) and of Nuveen Investments 2002); Assistant Treasurer of NWQ Inves
---	---------------------------------	------	---

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

Company, LLC (since 2002); Vice President of Nuveen Rittenhouse Asset Management, Inc. Chartered Financial Analyst.

Jessica R. Droeger 9/24/64 333 W. Wacker Drive Chicago, IL 60606	Vice President and Secretary	2000	Vice President (since 2002) and Assistant Secretary (since 1998); formerly, Assistant Vice President of Nuveen Investments, LLC; Vice President and Assistant Secretary (since 1998), formerly Vice President of Nuveen Advisory Corp. Institutional Advisory Corp.
Lorna C. Ferguson 10/24/45 333 W. Wacker Drive Chicago, IL 60606	Vice President	1998	Managing Director (since 2004) formerly Managing Director of Nuveen Investments, LLC; Managing Director formerly, Vice President (since 1998) of Nuveen Corp. and Nuveen Institutional Advisory Corp.
William M. Fitzgerald 3/2/64 333 W. Wacker Drive Chicago, IL 60606	Vice President	1995	Managing Director (since 2002) of Nuveen Investments, LLC; Managing Director (since 2001), formerly of Nuveen Advisory Corp. and Nuveen Institutional Advisory Corp. (since 1995); Managing Director of Nuveen Rittenhouse Management, Inc. (since 2001); Vice President of Nuveen Investment Advisers Inc. (since 2002);
Stephen D. Foy 5/31/54 333 W. Wacker Drive Chicago, IL 60606	Vice President and Controller	1998	Vice President (since 1993) and Funds Controller of Nuveen Investments, LLC and Vice President and Controller (since 1998) of Nuveen Investments, LLC. Certified Public Accountant.

52

NAME, BIRTHDATE AND ADDRESS	POSITION(S) HELD WITH THE FUNDS	YEAR FIRST ELECTED OR APPOINTED (3)	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS
--------------------------------	---------------------------------------	---	--

OFFICERS OF THE FUNDS (CONTINUED) :

David J. Lamb 3/22/63 333 W. Wacker Drive Chicago, IL 60606	Vice President	2000	Vice President (since 2000) of Nuveen Investments, LLC, previously Assistant Vice President of Nuveen Investments, LLC prior thereto, Associate of Nuveen Investments, LLC. Certified Public Accountant.
Tina M. Lazar 8/27/61 333 W. Wacker Drive Chicago, IL 60606	Vice President	2002	Vice President (since 1999), previously Vice President (since 1993) of Nuveen Investments, LLC.
Larry W. Martin 7/27/51 333 W. Wacker Drive Chicago, IL 60606	Vice President and Assistant Secretary	1988	Vice President, Assistant Secretary and Counsel of Nuveen Investments, LLC; Vice President and Assistant Secretary of Nuveen Institutional Advisory Corp.; Assistant Secretary of Nuveen Investments, Inc. and (since 1997) Nuveen Investments, Inc.; Vice President (since 2000), Assistant Secretary (since 1998) of Nuveen Rittenhouse Management, Inc.; Vice President and Assistant Secretary of Nuveen Investments Advisers Inc. (since 2002);

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

Secretary of NWQ Investment Management  
(since 2002).

---

Edward F. Neild, IV 7/7/65 333 W. Wacker Drive Chicago, IL 60606	Vice President	1996	Managing Director (since 2002) of Nuveen Managing Director (since 1997), formerl (since 1996) of Nuveen Advisory Corp. a Advisory Corp.; Managing Director of Nu Inc. (since 1999). Chartered Financial
---	----------------	------	---

- (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) 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.

53

Reinvest Automatically  
EASILY AND CONVENIENTLY

SIDEBAR TEXT: NUVEEN MAKES REINVESTING EASY. A PHONE CALL IS ALL IT TAKES TO SET UP YOUR REINVESTMENT ACCOUNT.

NUVEEN CLOSED-END EXCHANGE-TRADED FUNDS  
DIVIDEND REINVESTMENT PLAN

Your Nuveen Closed-End Exchange-Traded 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 tax-free compounding. Just like dividends or distributions in cash, there may be times when income or capital gains taxes may be payable on dividends or distributions that are reinvested.

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

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

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.

54

Other Useful  
INFORMATION

### QUARTERLY PORTFOLIO OF INVESTMENTS AND PROXY VOTING

Each Fund's quarterly portfolio of investments and information regarding how the Funds voted proxies relating to portfolio securities held during the most recent 12-month period ended June 30, 2004, 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](http://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](mailto:publicinfo@sec.gov) or by writing to the SEC's Public

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

Reference Section at 450 Fifth Street NW, Washington, D.C. 20549.

### GLOSSARY OF TERMS USED IN THIS REPORT

**AVERAGE ANNUAL TOTAL RETURN:** This is a commonly used method to express an investment's performance over a particular, usually multi-year time period. It expresses the return (including change in NAV and reinvested dividends) that would have been necessary on an annual basis to equal the investment's actual performance over the time period being considered.

**NET ASSET VALUE (NAV):** A fund's NAV is calculated by subtracting the liabilities of the fund from its total assets and then dividing the remainder by the number of shares outstanding. Fund NAVs are calculated at the end of each business day.

**UNAUDITED INFORMATION:** The Nuveen Quality Preferred Income Fund, Nuveen Quality Preferred Income Fund 2 and Nuveen Quality Preferred Income Fund 3 designate 11%, 11% and 12% respectively, of dividends declared from net investment income as dividends qualifying for the 70% dividends received deduction for corporations and 11%, 11% and 12% 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  
William J. Schneider  
Timothy R. Schwertfeger  
Judith M. Stockdale

#### FUND MANAGER

Nuveen Institutional  
Advisory Corp.  
333 West Wacker Drive  
Chicago, IL 60606

#### CUSTODIAN

State Street Bank & Trust  
Boston, MA

#### TRANSFER AGENT AND SHAREHOLDER SERVICES

State Street Bank & Trust  
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

Each 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 fiscal year ended July 31, 2004. Any future repurchases will be reported to shareholders in the next annual or semiannual

report.

55

Nuveen Investments:  
SERVING Investors  
For GENERATIONS

Photo of: 2 women looking at a photo album.

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.

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 \$100 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 tax-free 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 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.

Learn more  
about Nuveen Funds at  
[WWW.NUVEEN.COM/ETF](http://WWW.NUVEEN.COM/ETF)

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

Logo: NUVEEN Investments

EAN-D-0704D

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

### 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. The registrant has posted such code of ethics on its website at [www.nuveen.com/etf](http://www.nuveen.com/etf).

### ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The registrant's board of directors determined that the registrant had 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 was William E. Bennett, who was "independent" for purposes of Item 3 of Form N-CSR.

Although Mr. Bennett served as the audit committee financial expert during the reporting period, he unexpectedly resigned from the Board effective April 30, 2004. Since that time, the Audit Committee determined that Jack B. Evans, the Chairman of the Audit Committee, qualifies as an audit committee financial expert and recommended to the full Board that he be designated as such. On July 26, 2004, the full Board voted to so designate Mr. Evans. Accordingly for this reporting period, the registrant did not have a designated "audit committee financial expert" from April 30, 2004 to July 26, 2004. Mr. Evans, who is independent for purposes of Item 3 of Form N-CSR, served as the registrant's audit committee financial expert from July 26, 2004 to the end of the reporting period on July 31, 2004.

Mr. Bennett was formerly Executive Vice President and Chief Credit Officer of First Chicago Corporation and its principal subsidiary, The First National Bank of Chicago. As part of his role as Chief Credit Officer, Mr. Bennett set policy as to accrual of assets/loans; designated performing/non-performing assets; set the level of reserves against the credit portfolio; and determined the carrying value of credit related assets and exposure. Among other things, Mr. Bennett was also responsible for the oversight of the internal analysis function including setting ground rules for the review and preparation of financial analysis and financial statements for use in making credit and risk decisions for clients. Mr. Bennett has significant experience reviewing, analyzing and evaluating financial statements of domestic and international companies in a variety of industries with complex accounting issues.

### 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 entered into on or after May 6, 2003, 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 during the fiscal year in which the services are

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

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 BILLED
July 31, 2004	\$ 26,088	\$ 0	\$ 9
Percentage approved pursuant to pre-approval exception	N/A	0%	
July 31, 2003	\$ 11,550	\$ 0	\$ 4
Percentage approved pursuant to pre-approval exception	N/A	0%	

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

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 Institutional Advisory Corp. ("NIAC" or the "Adviser"), and any entity controlling, controlled by or under common control with NIAC ("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 table also shows 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.



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

FISCAL YEAR ENDED	AUDIT-RELATED FEES BILLED TO ADVISER AND AFFILIATED FUND SERVICE PROVIDERS	TAX FEES BILLED ADVISER AND AFFILIATED FUND SERVICE PROVIDERS
July 31, 2004	\$ 0	\$ 0
Percentage approved pursuant to pre-approval exception	0%	0%
July 31, 2003	\$ 0	\$ 0
Percentage approved pursuant to pre-approval exception	N/A	N/A

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 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-AUDIT FEES BILLED TO AFFILIATED FUND SERVICE PROVIDERS (ENGAGEMENTS RELATED TO THE OPERATIONS AND FINANCIAL REPORTING OF THE FUND)
July 31, 2004	\$ 12,548	\$ 0	\$ 0
July 31, 2003	\$ 6,488	\$ 0	\$ 0

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

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

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.

Not applicable at this time.

### ITEM 6. SCHEDULE OF INVESTMENTS.

Not applicable at this time.

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

In the rare event that a municipal issuer held by the Fund were to issue a proxy or that the Fund were to receive a proxy issued by a cash management security, the Adviser would either engage an independent third party to determine how the proxy should be voted or vote the proxy with the consent, or based on the instructions, of the Fund's Board of Directors or Trustees or its representative. In the case of a conflict of interest, the proxy would be submitted to the applicable Fund's Board to determine how the proxy should be voted. A member of the Adviser's legal department would oversee the administration of the voting, and ensure that records were maintained in accordance with Rule 204-2(c)(2) under the Investment Advisers Act of 1940 (17 CFR 275.204-2(c)(2)), reports were filed with the SEC on Form N-PX, and the results were provided to the Board of Directors or Trustees and made available to shareholders as required by applicable rules.

### ITEM 8. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Not applicable to this registrant.

### ITEM 9. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

In the event of a vacancy on the Board, the nominating and governance committee receives suggestions from various sources, including shareholders, as to suitable candidates. Suggestions should be sent in writing to Lorna Ferguson, Vice President for Board Relations, Nuveen Investments, 333 West Wacker Drive, Chicago, IL 60606. The nominating and governance committee sets appropriate standards and requirements for nominations for new directors and reserves the right to interview all candidates and to make the final selection of any new directors.

### ITEM 10. 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)).

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

(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 registrant's last fiscal half-year (the registrant's second fiscal half-year in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 11. 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 posted on registrant's website at www.nuveen.com/etf.

(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 at this time.

(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: October 8, 2004  
-----

Pursuant to the requirements of the Securities Exchange Act of 1934 and the

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

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: October 8, 2004

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

-----  
Stephen D. Foy  
Vice President and Controller  
(Principal Financial Officer)

Date: October 8, 2004

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