

NUVEEN QUALITY PREFERRED INCOME FUND 2
Form N-CSRS
September 08, 2008

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM N-CSR
CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT
COMPANIES
Investment Company Act file number 811-21137
Nuveen Quality Preferred Income Fund 2**

(Exact name of registrant as specified in charter)

Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606

(Address of principal executive offices) (Zip code)

Kevin J. McCarthy
Nuveen Investments
333 West Wacker Drive
Chicago, IL 60606

(Name and address of agent for service)

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

Date of fiscal year end: December 31

Date of reporting period: June 30, 2008

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles. A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. SS. 3507.

ITEM 1. REPORTS TO SHAREHOLDERS

Semi-Annual Report
June 30, 2008

Nuveen Investments
Closed-End Funds

NUVEEN QUALITY
PREFERRED INCOME
FUND
JTP

NUVEEN QUALITY
PREFERRED INCOME
FUND 2
JPS

NUVEEN QUALITY
PREFERRED INCOME
FUND 3
JHP

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

Life is complex.
Nuveen
makes things
e-simple.

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.

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OR

www.nuveen.com/accountaccess

If you received your Nuveen Fund dividends and statements directly from Nuveen.

Chairman's
LETTER TO SHAREHOLDERS

i Robert P. Bremner ii Chairman of the Board

Dear Fellow Shareholders:

I'd like to use my initial letter to you to accomplish several things. First, I want to report that after fourteen years of service on your Fund's Board, including the last twelve as chairman, Tim Schwertfeger retired from the Board in June. The Board has elected me to replace him as the chairman, the first time this role has been filled by someone who is not an employee of Nuveen Investments. Electing an independent chairman marks a significant milestone in the management of your Fund, and it aligns us with what is now considered a best practice in the fund industry. Further, it demonstrates the independence with which your Board has always acted on your behalf.

Following Tim will not be easy. During my eleven previous years on the Nuveen Fund Board, I found that Tim always set a very high standard by combining insightful industry and market knowledge and sound, clear judgment. While the Board will miss his wise counsel, I am certain we will retain the primary commitment Tim shared with all of us—an unceasing dedication to creating and retaining value for Nuveen Fund shareholders. This focus on value over time is a touchstone that I and all the other Board members will continue to use when making decisions on your behalf.

Second, I also want to report that we are very fortunate to be welcoming two new Board members to our team. John Amboian, the current chairman and CEO of Nuveen Investments, has agreed to replace Tim as Nuveen's representative on the Board. John's presence will allow the independent Board members to benefit not only from his leadership role at Nuveen but also his broad understanding of the fund industry and Nuveen's role within it. We also are adding Terry Toth as an independent director. A former CEO of the Northern Trust Company's asset management group, Terry will bring extensive experience in the fund industry to our deliberations.

Third, on behalf of the entire Board, I would like to acknowledge the effort the whole Nuveen organization is making to resolve the auction rate preferred share situation in a satisfactory manner. As you know, we are actively pursuing a number of possible solutions, all with the goal of providing liquidity for preferred shareholders while preserving the potential benefits of leverage for common shareholders. We appreciate the patience you have shown as we've worked through the many details involved.

Finally, I urge you to take the time to review the Portfolio Managers' Comments, the Common Share Distribution and Share Price Information, and the Performance Overview sections of this report. All of us are grateful that you have chosen Nuveen Investments as a partner as you pursue your financial goals, and, on behalf of myself and the other members of your Fund's Board, let me say we look forward to continuing to earn your trust in the months and years ahead.

Sincerely,

Robert P. Bremner
Chairman of the Board
August 22, 2008

Portfolio Managers COMMENTS

Nuveen Investments Closed-End Funds

JTP, JPS, JHP

The Nuveen Quality Preferred Income Funds are sub-advised by a team of specialists at Spectrum Asset Management, 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 their management strategy and the performance of each Fund for the six-month period ended June 30, 2008.

WHAT KEY STRATEGIES WERE USED TO MANAGE THE FUNDS DURING THIS REPORTING PERIOD?

The volatility caused by the sub-prime mortgage crisis and general illiquidity in the credit markets severely impacted preferred securities during this period. Our main focus was to control concentration risk, and we reduced credit exposure to the brokerage, regional bank and monoline insurance sectors. Although new issuance was heavy, market liquidity was extremely limited which put downward pressure on the secondary market prices. Nonetheless, we found a few opportunities to sell some holdings and reinvest the proceeds into deeper discount or better structured capital securities. We were able to diversify into new names, including Allianz, Credit Suisse, National Bank of Greece, Prudential Financial and XCEL Energy.

The relative value differentials between individual investor-oriented \$25 par preferreds and institution-oriented \$1000 par capital securities oscillated with unusual dispersion during the period. We increased the Fund's overall concentration in \$25 par preferreds by approximately 3%, due to relative attractiveness. For example, even though these securities fell 10.6% in June, they outperformed \$1000 par capital securities which retreated 19%. Because the market was disjointed, we were able in a few instances to switch between securities of the same issuer and pick up yield.

Discussions of specific investments are for illustrative purposes only and are not intended as recommendations of individual investments. The views expressed in this commentary represent those of the portfolio managers as of the date of this report and are subject to change at any time, based on market conditions and other factors. The Funds disclaim any obligation to advise shareholders of such changes.

Past performance does not guarantee future results. Current performance may be higher or lower than the data shown.

Returns do not reflect the deduction of taxes that shareholders may have to pay on Fund distributions or upon the sale of Fund shares. For additional information, see the individual Performance Overview for your Fund in this report.

HOW DID THE FUNDS PERFORM OVER THIS SIX-MONTH PERIOD?

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

Cumulative Total Returns on Common Share Net Asset Value
For the six-month period ended 6/30/2008

JTP	-4.39%
JPS	-5.12%
JHP	-5.46%
Lehman Brothers Aggregate Bond Index ¹	1.13%
Comparative Benchmark ²	-3.29%

Over the six-month period, all three Funds underperformed the index and benchmark. One of the key factors in the performance of these Funds, relative to that of the unleveraged index and benchmark, was the Funds' use of financial leverage. Although leveraging provides opportunities for additional income and total returns for common shareholders, it can also expose shareholders to additional risk especially when market conditions are unfavorable. With the steep decrease in prices among preferred securities during this period, the impact of these valuation changes was magnified by the use of leverage. However, we firmly believe that the use of this strategy should work to the benefit of the Funds' common shareholders over the long term.

Additionally, there also were some rather severe devaluations in the REIT mortgage sector, which caused several long term holdings, including Union Planter and CBG Florida REIT, to lose their premiums to the market.

1 The Lehman Brothers Aggregate Bond Index is an unmanaged index that includes all investment-grade, publicly issued, fixed-rate, dollar denominated, non-convertible debt issues and commercial mortgage backed securities with maturities of at least one year and outstanding par values of \$150 million or more. Index returns do not include the effects of any sales charges or management fees. It is not possible to invest directly in an index.

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

On the plus side, about 2.5% of the Funds' securities were retired (called, put back to the issuer or tendered by the issuer) at significantly higher prices than where they had been trading. This boosted performance and provided capital to invest at significantly higher yields.

RECENT DEVELOPMENTS IN THE AUCTION RATE PREFERRED SECURITIES (ARPS) MARKETS

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Beginning in February 2008, more shares for sale were submitted in the regularly scheduled auctions for the preferred shares issued by these Funds than there were offers to buy. This meant these auctions failed to clear and that many or all auction preferred shareholders who wanted to sell their shares in these auctions were unable to do so. This decline in liquidity in auction preferred shares did not lower the credit quality of these shares, and auction preferred shareholders unable to sell their shares received distributions at the maximum rate applicable to failed auctions as calculated in accordance with the pre-established terms of the auction preferred shares.

After the close of the reporting period, each of the Funds entered into a prime brokerage facility with Credit Suisse Securities and utilized \$100 million, \$230 million and \$25 million for JTP, JPS and JHP, respectively, along with available cash to redeem \$148 million, \$280 million and \$64 million, of each respective Fund's outstanding FundPreferred shares.

For current, up-to-date information, please visit the Nuveen CEF Auction Rate Preferred Resource Center at: <http://www.nuveen.com/ResourceCenter/AuctionRatePreferred.aspx>.

Common Share
Distribution and Share Price

INFORMATION

We are providing you with information regarding your Funds' distributions. This information is as of June 30, 2008, and likely will vary over time based on the Funds' investment activities and portfolio investment value changes.

The Funds employ financial leverage through the issuance of Fund Preferred shares. Financial leverage provides the potential for higher earnings (net investment income), total returns and distributions over time, but as noted earlier also increases the variability of common shareholders' net asset value per share in response to changing market conditions. Over the reporting period, the impact of financial leverage on the Funds' net asset value per share contributed positively to the income return and detracted from the price return. The overall impact of financial leverage detracted from the Funds' total return.

During certain periods, the Funds may pay dividends at a rate that may be more or less than the amount of net investment income actually earned by the Funds during the period. If a Fund has cumulatively earned more than it has paid in dividends, it holds excess in reserve as undistributed net investment income (UNII) as part of the Fund's NAV. Conversely, if a Fund has cumulatively paid dividends in excess of earnings, the excess constitutes negative UNII that is likewise reflected in a Funds' NAV. As of June 30, 2008, JTP and JHP had positive UNII balances, and JPS had a negative UNII balance for financial statement purposes. All three Funds had positive UNII balances, based upon our best estimate, for tax purposes.

The following table provides estimated information regarding each Fund's common share distributions and total return performance for the six months ended June 30, 2008. The distribution information is presented on a tax basis rather than on a generally accepted accounting principles (GAAP) basis. This information is intended to help you better understand whether the Funds' returns for the specified time period were sufficient to meet each Fund's distributions.

As of 6/30/08 (Common Shares)	JTP	JPS	JHP
Inception date	6/25/02	9/24/02	12/18/02
Six months ended June 30, 2008:			
Per share distribution:			
From net investment income	\$0.47	\$0.50	\$0.46
From realized capital gains			
From return of capital			0.03
Total per share distribution	\$0.47	\$0.50	\$0.49
Distribution rate on NAV	4.64%	4.76%	4.91%
Annualized total returns:			
Six-Month (Cumulative) on NAV	4.39%	5.12%	5.46%
1-Year on NAV	17.08%	16.98%	18.70%
5-Year on NAV	0.00%	0.04%	0.23%
Since inception on NAV	2.26%	3.07%	1.71%

COMMON SHARE REPURCHASES AND SHARE PRICE INFORMATION

The Board of Directors/Trustees for each of Nuveen's 120 closed-end funds approved a program, effective August 7, 2008, under which each fund may repurchase up to 10% of its common shares.

As of June 30, 2008, the Funds' shares were trading relative to their common share NAVs as shown in the accompanying table:

	6/30/08 Discount	6-Month Average Discount
JTP	6.62%	3.18%
JPS	4.66%	3.52%
JHP	5.11%	2.72%

Fund Snapshot

Common Share Price	\$9.45
Common Share Net Asset Value	\$10.12
Premium/(Discount) to NAV	-6.62%
Current Distribution Rate ¹	9.84%
Net Assets Applicable to Common Shares (\$000)	\$653,259

Average Annual Total Return

(Inception 6/25/02)

	On Share Price	On NAV
6-Month (Cumulative)	-4.45%	-4.39%
1-Year	-21.53%	-17.08%
5-Year	-2.09%	0.00%
Since Inception	0.50%	2.26%

Industries

(as a % of total investments)²

Commercial Banks	30.1%
Insurance	19.6%
Real Estate/Mortgage	13.8%
Capital Markets	8.9%
Diversified Financial Services	8.2%
Media	4.0%
Investment Companies	3.4%
Short-Term Investments	1.6%

Other	10.4%
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Top Five Issuers

(as a % of total investments)³

ING Groep N.V.	3.1%
Banco Santander Finance	2.9%
Deutsche Bank AG	2.8%
HSBC Holdings Public Limited Company	2.5%
Citigroup Inc.	2.5%

JTP
Performance
 OVERVIEW

Nuveen Quality
 Preferred Income
 Fund
 as of June 30, 2008

Portfolio Allocation (as a % of total investments)²

2007-2008 Monthly Distributions Per Common Share

Common Share Price Performance Weekly Closing Price

- 1 Current Distribution Rate is based on the Fund's current annualized monthly distribution divided by the Fund's current market price. The Fund's monthly distributions to its shareholders may be comprised of ordinary income net realized capital gains and, if at the end of the calendar year the Fund's cumulative net ordinary income and net realized gains are less than the amount of the Fund's distributions, a tax return of capital.
- 2 Excluding derivative transactions.
- 3 Excluding short-term investments and derivative transactions.

Fund Snapshot

Common Share Price	\$10.02
Common Share Net Asset Value	\$10.51
Premium/(Discount) to NAV	-4.66%
Current Distribution Rate ¹	9.82%
Net Assets Applicable to Common Shares (\$000)	\$1,259,841

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

	On Share Price	On NAV
6-Month (Cumulative)	-3.13%	-5.12%
1-Year	-20.73%	-16.98%
5-Year	-0.25%	0.04%
Since Inception	1.73%	3.07%

Industries

(as a % of total investments)²

Commercial Banks	29.5%
Insurance	18.6%
Real Estate/Mortgage	13.7%
Diversified Financial Services	8.4%
Capital Markets	7.8%
Media	3.7%
Electric Utilities	3.7%
Investment Companies	3.3%
Short-Term Investments	2.1%

Other	9.2%
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Top Five Issuers

(as a % of total investments)³

Wachovia Corporation	3.2%
ING Groep N.V.	3.1%
Deutsche Bank AG	2.7%
Barclays Bank PLC	2.7%
American International Group	2.6%

JPS
Performance
 OVERVIEW

Nuveen Quality
 Preferred Income
 Fund 2
 as of June 30, 2008

Portfolio Allocation (as a % of total investments)²

2007-2008 Monthly Distributions Per Common Share

Common Share Price Performance Weekly Closing Price

1 Current Distribution Rate is based on the Fund's current annualized monthly distribution divided by the Fund's current market price. The Fund's monthly distributions to its shareholders may be comprised of ordinary income, net realized capital gains and, if at the end of the calendar year the Fund's cumulative net ordinary income and net realized gains are less than the amount of the Fund's distributions, a tax return of capital.

2 Excluding derivative transactions.

3 Excluding short-term investments and derivative transactions.

Fund Snapshot

Common Share Price	\$9.47
Common Share Net Asset Value	\$9.98
Premium/(Discount) to NAV	-5.11%
Current Distribution Rate ¹	10.07%
Net Assets Applicable to Common Shares (\$000)	\$236,437

Average Annual Total Return

(Inception 12/18/02)

	On Share Price	On NAV
6-Month (Cumulative)	-5.83%	-5.46%
1-Year	-22.61%	-18.70%
5-Year	-1.41%	-0.23%
Since Inception	0.09%	1.71%

Industries

(as a % of total investments)²