

JOHN HANCOCK PREFERRED INCOME FUND II
Form N-Q
January 03, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES**

Investment Company Act file number 811- 21202

John Hancock Preferred Income Fund II
(Exact name of registrant as specified in charter)

601 Congress Street, Boston, Massachusetts 02210
(Address of principal executive offices) (Zip code)

Alfred E. Ouellette, Senior Attorney and Assistant Secretary

601 Congress Street

Boston, Massachusetts 02210

(Name and address of agent for service)

Registrant's telephone number, including area code: 617-663-4324

Date of fiscal year end: July 31

Date of reporting period: October 31, 2006

ITEM 1. SCHEDULE OF INVESTMENTS

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Preferred Income Fund II

Securities owned by the Fund on

October 31, 2006 (unaudited)

Issuer, description	Interest rate (%)	Maturity date	Credit rating (A)	Par value (\$000)	Value
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Bonds 2.34%					\$18,078,990
(Cost \$18,042,167)					
Electric Utilities 1.29%					9,951,395
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Black Hills Corp., Note	6.500	05-15-13	BBB-	5,000	5,051,920
Entergy Gulf States, Inc., 1st Mtg Bond	6.200	07-01-33	BBB+	5,000	4,899,475
Gas Utilities 1.05%					8,127,595
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Southern Union Co., Jr Sub Note (P)	7.200	11-01-66	BB+	8,050	8,127,595
			Credit	Par value	
Issuer, description, maturity date			rating (A)	(\$000)	Value
<hr/>					
Capital preferred securities 13.00%					\$100,077,609
(Cost \$98,485,482)					
Asset Management & Custody Banks 0.64%					4,898,622
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BNY Capital, 7.97%, Ser B, 12-31-26			A-	4,700	4,898,622
Diversified Banks 0.52%					4,020,000
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Lloyds TSB Bank Plc, 6.90%, 11-29-49 (United Kingdom)			A+	4,000	4,020,000
Diversified Financial Services 1.62%					12,448,944
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JPM Capital Trust I, 7.54%, 01-15-27			A-	12,000	12,448,944
Electric Utilities 3.06%					23,589,750
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DPL Capital Trust II, 8.125%, 09-01-31			BB-	22,150	23,589,750
Gas Utilities 3.13%					24,111,901
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KN Capital Trust I, 8.56%, Ser B, 04-15-27			BB+	14,000	14,120,372
KN Capital Trust III, 7.63%, 04-15-28			BB+	10,673	9,991,529
Integrated Telecommunication Services 1.27%					9,793,467
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TCI Communications Financing Trust III, 9.65%, 3-31-27			BBB-	9,243	9,793,467
Multi-Utilities 1.92%					14,763,715
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Dominion Resources Capital Trust I, 7.83%, 12-01-27			BB+	8,450	8,801,055
Dominion Resources Capital III, 8.40%, 01-15-31			BBB-	5,000	5,962,660

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Preferred Income Fund II

Securities owned by the Fund on

October 31, 2006 (unaudited)

Regional Banks 0.45%			3,465,310
Summit Capital Trust I, 8.40%, Ser B, 03-15-27	A	3,300	3,465,310
Thrifts & Mortgage Finance 0.39%			2,985,900
Sovereign Capital Trust V, 7.75%, 05-22-36	BB+	111,000	2,985,900
Issuer		Shares	Value
Common stocks 3.37%			\$25,941,861
(Cost \$15,732,677)			
Electric Utilities 0.31%			2,370,950
Scottish Power Plc, American Depositary Receipt (ADR) (United Kingdom)		47,619	2,370,950
Gas Utilities 1.11%			8,565,081
ONEOK, Inc.		205,743	8,565,081
Multi-Utilities 1.95%			15,005,830
Alliant Energy Corp.		220,000	8,437,000
CH Energy Group, Inc.		40,000	2,080,800
DTE Energy Co.		98,790	4,488,030
Issuer, description	Credit rating (A)	Shares	Value
Preferred stocks 77.68%			\$598,560,515
(Cost \$600,945,174)			
Agricultural Products 1.71%			13,160,000
Ocean Spray Cranberries, Inc., 6.25%, Ser A (S)	BB+	160,000	13,160,000
Asset Management & Custody Banks 0.13%			966,400

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BNY Capital V, 5.95%, Ser F	A-	40,000	966,400
Automobile Manufacturers 2.02%			15,553,377
General Motors Corp., 7.25%, Ser 04-15-41	B	87,900	1,681,527
General Motors Corp., 7.25%, Ser 07-15-41	B-	210,500	4,022,655
General Motors Corp., 7.25%, Ser 02-15-52	B	447,300	8,453,970
General Motors Corp., 7.375%, Ser 10-01-51	B	73,125	1,395,225
Broadcasting & Cable TV 1.57%			12,106,865
Comcast Corp., 7.00%	BBB+	40,000	1,014,000
Comcast Corp., 7.00%, Ser B	BBB+	435,869	11,092,865

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Securities owned by the Fund on

October 31, 2006 (unaudited)

Consumer Finance 1.98% **15,241,285**

HSBC Finance Corp., 6.00%	A	72,200	1,771,788
HSBC Finance Corp., 6.36%, Depository Shares, Ser B	A	143,200	3,714,608
HSBC Finance Corp., 6.875%	AA-	349,100	8,933,469
SLM Corp., 6.00%	A	33,500	821,420

Diversified Banks 6.92% **53,345,710**

BAC Capital Trust IV, 5.875%	A	51,150	1,230,669
Comerica Capital Trust I, 7.60%	BBB+	120,400	3,040,100
Fleet Capital Trust VIII, 7.20%	A	310,000	7,855,400
HSBC Holdings Plc, 6.20%, Ser A (United Kingdom)	A-	249,600	6,274,944
Republic New York Corp., 6.25%, Ser HSBC	A	50,000	1,267,000
Royal Bank of Scotland Group Plc, 5.75%, Ser L (United Kingdom)	A	450,500	10,825,515
Santander Finance Preferred SA, Unipersonal, 6.41%, Ser 1 (Spain)	A-	225,000	5,742,000
USB Capital IV, 7.35%	A	152,800	3,832,224
USB Capital V, 7.25%	A	252,000	6,373,080
USB Capital VIII, 6.35%, Ser 1	A	83,000	2,052,590
Wells Fargo Capital Trust IV, 7.00%	A+	140,800	3,570,688
Wells Fargo Capital Trust VI, 6.95%	A-	50,000	1,281,500

Diversified Financial Services 6.86% **52,859,551**

Abbey National Plc, 7.375% (United Kingdom)	A	140,800	3,622,784
ABN AMRO Capital Funding Trust V, 5.90%	A	373,600	9,014,968
ABN AMRO Capital Funding Trust VII, 6.08%	A	336,000	8,359,680
Citigroup Capital VII, 7.125%	A	222,200	5,648,324
Citigroup Capital VIII, 6.95%	A	538,500	13,575,585
DB Capital Funding VIII, 6.375%	A	165,000	4,166,250
JPMorgan Chase Capital IX, 7.50%, Ser I	A-	73,800	1,885,590
JPMorgan Chase Capital X, 7.00%, Ser J	A1	259,000	6,586,370

Electric Utilities 15.06% **116,050,419**

Boston Edison Co., 4.78%	A-	15,143	1,351,513
Cleveland Electric Financing Trust I, 9.00%	BB+	210,000	5,346,600
Entergy Mississippi, Inc., 7.25%	A-	109,000	2,796,940
FPC Capital I, 7.10%, Ser A	BB+	586,703	14,913,990
FPL Group Capital Trust I, 5.875%	BBB+	441,800	10,545,766
Georgia Power Capital Trust V, 7.125%	BBB+	259,300	6,565,476
Georgia Power Capital Trust VII, 5.875%	BBB+	116,500	2,756,390
Great Plains Energy, Inc., 8.00%, Conv	BBB-	564,100	14,102,500
HECO Capital Trust III, 6.50%	BBB-	120,000	3,002,400
Interstate Power & Light Co., 8.375%, Ser B	Baa3	700,000	22,575,000
Northern States Power Co., 8.00%	BBB-	175,800	4,486,416
PPL Electric Utilities Corp., 6.25%, Depository Shares	BBB	130,000	3,327,194

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Preferred Income Fund II
Securities owned by the Fund on

October 31, 2006 (unaudited)

PPL Energy Supply, LLC, 7.00%	BBB	475,570	12,193,615
Southern California Edison Co., 6.00%, Ser C	BBB-	20,000	2,025,626
Southern California Edison Co., 6.125%	BBB-	10,000	1,015,313
Southern Co. Capital Trust VI, 7.125%	BBB+	37,100	943,824
Virginia Power Capital Trust, 7.375%	BB+	318,219	8,101,856

Gas Utilities 1.65% **12,720,710**

Southern Union Co., 7.55%	BB+	229,500	5,994,540
Southwest Gas Capital II, 7.70%	BB	258,500	6,726,170

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Hotels, Resorts & Cruise Lines 0.42%			3,201,250
Hilton Hotels Corp., 8.00%	BB	125,000	3,201,250
Integrated Telecommunication Services 0.50%			3,880,930
Verizon New England, Inc., 7.00%, Ser B	A3	154,250	3,880,930
Investment Banking & Brokerage 9.02%			69,492,121
Bear Stearns Cos., Inc. (The), 6.15%, Depository Shares, Ser E	BBB	248,600	12,497,122
Goldman Sachs Group, Inc., 6.20%, Ser B	A-	140,000	3,591,000
Lehman Brothers Holdings Capital Trust III, 6.375%, Ser K	A-	177,000	4,425,000
Lehman Brothers Holdings Capital Trust V, 6.00%, Ser M	A-	50,000	1,215,500
Lehman Brothers Holdings, Inc., 5.94%, Depository Shares, Ser C	A-	145,200	7,405,200
Merrill Lynch Preferred Capital Trust III, 7.00%	A-	360,400	9,215,428
Merrill Lynch Preferred Capital Trust IV, 7.12%	A-	167,400	4,287,114
Merrill Lynch Preferred Capital Trust V, 7.28%	A-	273,200	7,073,148
Morgan Stanley Capital Trust II, 7.25%	A-	35,000	880,250
Morgan Stanley Capital Trust III, 6.25%	A-	248,779	6,209,524
Morgan Stanley Capital Trust IV, 6.25%	A-	57,000	1,414,170
Morgan Stanley Capital Trust V, 5.75%	A1	311,500	7,261,065
Morgan Stanley Capital Trust VI, 6.60%	A-	160,000	4,017,600
Life & Health Insurance 1.27%			9,778,693
PLC Capital Trust IV, 7.25%	BBB+	331,075	8,409,305
Prudential Plc, 6.50% (United Kingdom)	A-	53,807	1,369,388
Multi-Line Insurance 6.58%			50,665,193
Aegon NV, 6.375% (Netherlands)	A-	355,000	9,009,900
Aegon NV, 6.50% (Netherlands)	A-	44,100	1,127,637
ING Groep NV, 7.05% (Netherlands)	A	774,700	19,739,356
MetLife, Inc., 6.50%, Ser B	BBB	799,550	20,788,300

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Securities owned by the Fund on

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Multi-Utilities 8.07% **62,206,937**

Baltimore Gas & Electric Co., 6.99%, Ser 1995	Ba1	39,870	4,166,415
BGE Capital Trust II, 6.20%	BBB-	645,000	15,821,850
Dominion CNG Capital Trust I, 7.80%	BB+	150,000	3,763,500
DTE Energy Trust I, 7.80%	BB+	253,000	6,368,010
PNM Resources, Inc., 6.75%, Conv	BBB-	115,400	5,730,764
PSEG Funding Trust II, 8.75%	BB+	680,000	17,856,800
Public Service Electric & Gas Co., 4.18%, Ser B	BB+	7,900	635,950
South Carolina Electric & Gas Co., 6.52%	Baa1	15,000	1,512,657
TECO Capital Trust I, 8.50%	B	245,212	6,350,991

Oil & Gas Exploration & Production 4.45% **34,288,062**

Apache Corp., 5.68%, Depository Shares, Ser B	BBB	25,000	2,471,095
Chesapeake Energy Corp., 6.25%, Conv (G)	B+	4,850	1,327,930
Devon Energy Corp., 6.49%, Ser A	BB+	32,355	3,288,077
Nexen, Inc., 7.35% (Canada)	BB+	1,068,800	27,200,960

Real Estate Management & Development 3.37% **25,960,970**

Duke Realty Corp., 6.50%, Depository Shares, Ser K	BBB	110,000	2,753,300
Duke Realty Corp., 6.60%, Depository Shares, Ser L	BBB	109,840	2,765,771
Duke Realty Corp., 6.625%, Depository Shares, Ser J	BBB	449,400	11,293,422
Duke Realty Corp., 7.99%, Depository Shares, Ser B	BBB	10,650	532,833
Public Storage, Inc., 6.45%, Depository Shares, Ser X	BBB+	30,000	741,600
Public Storage, Inc., 7.50%, Depository Shares, Ser V	BBB+	307,100	7,874,044

Regional Banks 2.31% **17,814,597**

PFGI Capital Corp., 7.75%	A	686,000	17,814,597
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Reinsurance 0.12% **932,000**

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RenaissanceRe Holdings Ltd., 6.08%, Ser C (Bermuda)	BBB	40,000	932,000
Specialized Finance 0.65%			5,030,366
CIT Group, Inc., 6.35%, Ser A	BBB+	60,000	1,561,200
Repsol International Capital Ltd., 7.45%, Ser A (Cayman Islands)	BB+	136,313	3,469,166
Wireless Telecommunication Service 3.02%			23,305,079
Telephone & Data Systems, Inc., 6.625%	A-	155,000	3,844,000
Telephone & Data Systems, Inc., 7.60%, Ser A	A-	605,967	15,191,593
United States Cellular, 7.50%	A-	165,100	4,269,486

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Preferred Income Fund II
 Securities owned by the Fund on

October 31, 2006 (unaudited)

Issuer, description	Maturity date	Credit rating (A)	Par value (\$000)	Value
Short-term investments 3.61%				\$27,800,000
(Cost \$27,800,000)				
Government U.S. Agency 3.61%				27,800,000
Federal Home Loan Bank Discount Note	11-01-06		27,800	27,800,000
Total investments (Cost \$761,005,500) 100.00%				\$770,458,975

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Preferred Income Fund II
 Financial futures contracts

October 31, 2006 (unaudited)

Open contracts	Number of contracts	Position	Expiration	Appreciation (depreciation)
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U.S. 10-year Treasury Note	720	Short	December 2006	\$938,786
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Financial futures contracts

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Preferred Income Fund II

Interest rate swap contracts

October 31, 2006 (unaudited)

Notional amount	Rate type		Termination date	Appreciation (depreciation)
	Payments made by Fund	Payments received by Fund		
\$63,500,000	2.56%	(a) 3-month LIBOR	June 2008	\$2,478,156

(a) Fixed rate

Interest rate swap contracts

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Preferred Income Fund II

Footnotes to Schedule of Investments

October 31, 2006 (unaudited)

(A) Credit ratings are unaudited and are rated by Moody's Investors Service where Standard & Poor's ratings are not available unless indicated otherwise.

(G) Security rated internally by John Hancock Advisers, LLC.

(P) Represents rate in effect on October 31, 2006.

(S) This security is exempt from registration under Rule 144A of the Securities Act of 1933. Such security may be resold, normally to qualified institutional buyers, in transactions exempt from registration. Rule 144A securities amounted to \$13,160,000 or 1.71% of the Fund's net assets as of October 31, 2006.

Parenthetical disclosure of a foreign country in the security description represents country of a foreign issuer; however, security is U.S. dollar-denominated.

The percentage shown for each investment category is the total value of that category as a percentage of the total investments of the Fund.

The cost of investments owned on October 31, 2006, including short-term investments, was \$761,005,500. Gross unrealized appreciation and depreciation of investments aggregated \$25,158,599 and \$15,705,124, respectively, resulting in net unrealized appreciation of \$9,453,475.

ITEM 2. CONTROLS AND PROCEDURES.

(a) Based upon their evaluation of the registrant's disclosure controls and procedures as conducted within 90 days of the filing date of this Form N-Q, the registrant's principal executive officer and principal accounting officer have concluded that those disclosure controls and procedures provide reasonable assurance that the material information required to be disclosed by the registrant on this report is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

(b) There were no changes in the registrant's internal control over financial reporting that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

Separate certifications for the registrant's principal executive officer and principal accounting officer, as required by Rule 30a-2(a) under the Investment Company Act of 1940, are attached.

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.

John Hancock Preferred Income Fund II

By: /s/ Keith F. Hartstein

Keith F. Hartstein
President and Chief Executive Officer

Date: January 2, 2007

Pursuant to the requirements of the Securities Exchange Act of 1934 and the 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: /s/ Keith F. Hartstein

Keith F. Hartstein
President and Chief Executive Officer

Date: January 2, 2007

By: /s/ John G. Vrysen

John G. Vrysen
Chief Financial Officer

Date: January 2, 2007

