

JOHN HANCOCK PREFERRED INCOME FUND II
Form N-Q
June 29, 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 P. Ouellette, Senior Counsel 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: April 30, 2007

ITEM 1. SCHEDULE OF INVESTMENTS

John Hancock

Preferred Income Fund II

Securities owned by the Fund on

April 30, 2007 (unaudited)

| Issuer, description | Interest rate | Maturity date | Credit rating (A) | Par value (000) | Value |
|----------------------------|--------------------------|--------------------------|------------------------------|----------------------------|--------------|
|----------------------------|--------------------------|--------------------------|------------------------------|----------------------------|--------------|

Bonds 2.67% **\$20,580,381**
(Cost \$20,533,892)

Electric Utilities 1.28% **9,855,525**

Black Hills Corp.,
Note 6.500% 05-15-13 BBB- 5,000 5,078,350

Entergy Gulf States, Inc.,
1st Mtg Bond 6.200 07-01-33 BBB+ 5,000 4,777,175

Gas Utilities 1.39% **10,724,856**

Southern Union Co.,
Jr Sub Note (P) 7.200 11-01-66 BB 10,550 10,724,856

| Issuer, description, maturity date | Credit rating (A) | Par value (000) | Value |
|------------------------------------|----------------------|--------------------|-------|
|------------------------------------|----------------------|--------------------|-------|

Capital preferred securities 10.20% **\$78,527,397**
(Cost \$72,286,552)

Asset Management & Custody Banks 0.64% **4,892,023**

BNY Capital I, 7.97%, Ser B, 12-31-26 A- \$4,700 4,892,023

Diversified Banks 0.52% **4,014,640**

Lloyds TSB Bank Plc, 6.90%, 11-29-49 (United Kingdom) A+ 4,000 4,014,640

Electric Utilities 3.50% **26,967,625**

DPL Capital Trust II, 8.125%, 09-01-31 BB- 22,150 26,967,625

Gas Utilities 3.25% **25,016,078**

KN Capital Trust I, 8.56%, Ser B, 04-15-27 B- 14,000 14,512,288

KN Capital Trust III, 7.63%, 04-15-28 B- 10,673 10,503,790

Multi-Utilities 1.90% **14,645,941**

Dominion Resources Capital Trust I,
7.83%,12-01-27 BB+ 8,450 8,619,701

Dominion Resources Capital Trust III, 8.40%,
01-15-31 BB+ 5,000 6,026,240

Thriffs & Mortgage Finance 0.39% **2,991,090**

Sovereign Capital Trust V, 7.75%, 05-22-36 BB+ 111,400 2,991,090

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Preferred Income Fund II

Securities owned by the Fund on

April 30, 2007 (unaudited)

| Issuer | Shares | Value |
|--|--------------------------|----------------------|
| Common stocks 2.77% (Cost \$15,069,131) | | \$21,316,543 |
| Electric Utilities 0.99% | | 7,641,840 |
| Great Plains Energy, Inc. | 234,125 | 7,641,840 |
| Integrated Oil & Gas 0.28% | | 2,119,503 |
| BP Plc, American Depositary Receipt (United Kingdom) | 31,484 | 2,119,503 |
| Multi-Utilities 1.50% | | 11,555,200 |
| Alliant Energy Corp. | 220,000 | 9,636,000 |
| CH Energy Group, Inc. | 40,000 | 1,919,200 |
| | Credit rating (A) | |
| Issuer, description | Shares | Value |
| Preferred stocks 79.26% (Cost \$608,926,027) | | \$610,502,414 |
| Agricultural Products 1.81% | | 13,935,008 |
| Ocean Spray Cranberries, Inc., 6.25%, Ser A (S) | 160,000 | 13,935,008 |
| Automobile Manufacturers 2.07% | | 15,956,738 |
| General Motors Corp., 7.25%, Ser 04-15-41 | 87,900 | 1,711,413 |
| General Motors Corp., 7.25%, Ser 07-15-41 | 210,500 | 4,117,380 |
| General Motors Corp., 7.25%, Ser 02-15-52 | 447,300 | 8,691,039 |
| General Motors Corp., 7.375%, Ser 10-01-51 | 73,125 | 1,436,906 |
| Broadcasting & Cable TV 1.79% | | 13,754,846 |
| Comcast Corp., 7.00% | 40,000 | 1,038,000 |
| Comcast Corp., 7.00%, Ser B | 492,901 | 12,716,846 |
| Consumer Finance 2.70% | | 20,822,831 |
| HSBC Finance Corp., 6.00% | 72,200 | 1,788,394 |
| HSBC Finance Corp., 6.36%, Depositary Shares, Ser B | 143,200 | 3,708,880 |
| HSBC Finance Corp., 6.875% | 349,100 | 8,884,595 |
| SLM Corp., 6.00% | 176,800 | 3,772,912 |

| | | | |
|-------------------------|------|--------|-----------|
| SLM Corp., 6.97%, Ser A | BBB+ | 53,900 | 2,668,050 |
|-------------------------|------|--------|-----------|

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Preferred Income Fund II

Securities owned by the Fund on

April 30, 2007 (unaudited)

| | | | |
|--------------------------------|--|--|-------------------|
| Diversified Banks 5.04% | | | 38,862,170 |
|--------------------------------|--|--|-------------------|

| | | | |
|--|-----|---------|------------|
| BAC Capital Trust IV, 5.875% | A+ | 51,150 | 1,221,974 |
| Fleet Capital Trust VIII, 7.20% | A | 310,000 | 7,870,900 |
| HSBC Holdings Plc, 6.20%, Ser A (United Kingdom) | A | 249,600 | 6,324,864 |
| Republic New York Corp., 6.25%, Ser HSBC | A | 50,000 | 1,238,500 |
| Royal Bank of Scotland Group Plc, 5.75%, Ser L (United Kingdom) | A | 450,500 | 10,821,010 |
| Santander Finance Preferred SA Unipersonal, 6.41%, Ser 1 (Spain) | A+ | 225,000 | 5,737,500 |
| USB Capital VIII, 6.35%, Ser 1 | A+ | 83,000 | 2,072,510 |
| Wells Fargo Capital Trust IV, 7.00% | AA- | 140,800 | 3,574,912 |

| | | | |
|---|--|--|-------------------|
| Diversified Financial Services 6.95% | | | 53,532,894 |
|---|--|--|-------------------|

| | | | |
|--|----|---------|------------|
| Abbey National Plc, 7.375%, Ser C (United Kingdom) | A+ | 140,800 | 3,572,096 |
| ABN AMRO Capital Funding Trust V, 5.90% | A | 373,600 | 9,018,704 |
| ABN AMRO Capital Funding Trust VII, 6.08% | A | 345,000 | 8,583,600 |
| Citigroup Capital VII, 7.125% | A+ | 222,200 | 5,648,324 |
| Citigroup Capital VIII, 6.95% | A+ | 538,500 | 13,624,050 |
| DB Capital Funding VIII, 6.375% | A | 254,200 | 6,507,520 |
| JPMorgan Chase Capital X, 7.00%, Ser J | A- | 259,000 | 6,578,600 |

| | | | |
|----------------------------------|--|--|--------------------|
| Electric Utilities 14.00% | | | 107,869,228 |
|----------------------------------|--|--|--------------------|

| | | | |
|--|------|---------|------------|
| Cleveland Electric Financing Trust I, 9.00% | BB+ | 210,000 | 5,476,800 |
| Duquesne Light Co., 6.50% | BB+ | 96,550 | 4,846,810 |
| Entergy Mississippi, Inc., 7.25% | A- | 109,000 | 2,783,860 |
| FPC Capital I, 7.10%, Ser A | BB+ | 597,003 | 15,187,756 |
| FPL Group Capital Trust I, 5.875% | BBB+ | 441,800 | 10,682,724 |
| Georgia Power Capital Trust V, 7.125% | BBB+ | 259,300 | 6,523,988 |
| Georgia Power Capital Trust VII, 5.875% | BBB+ | 116,500 | 2,790,175 |
| HECO Capital Trust III, 6.50% | BBB- | 120,000 | 3,073,200 |
| Interstate Power & Light Co., 8.375%, Ser B | Baa2 | 700,000 | 22,968,750 |
| Northern States Power Co., 8.00% | BBB- | 175,800 | 4,518,060 |
| NSTAR Electric Co., 4.78% | A- | 15,143 | 1,362,870 |
| PPL Electric Utilities Corp., 6.25%, Depository Shares | BBB | 130,000 | 3,416,569 |
| PPL Energy Supply LLC, 7.00% | BBB | 475,570 | 12,302,996 |
| Southern California Edison Co., 6.00%, Ser C | BBB- | 20,000 | 1,994,376 |

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| | | | |
|--|------|---------|-----------|
| Southern California Edison Co., 6.125% | BBB- | 10,000 | 997,500 |
| Southern Co. Capital Trust VI, 7.125% | BBB+ | 37,100 | 936,404 |
| Virginia Power Capital Trust, 7.375% | BB+ | 318,219 | 8,006,390 |

Gas Utilities 1.63% **12,542,735**

| | | | |
|---------------------------------|----|---------|-----------|
| Southern Union Co., 7.55% | BB | 229,500 | 5,909,625 |
| Southwest Gas Capital II, 7.70% | BB | 258,500 | 6,633,110 |

Hotels, Resorts & Cruise Lines 0.42% **3,203,750**

| | | | |
|----------------------------|-----|---------|-----------|
| Hilton Hotels Corp., 8.00% | BB+ | 125,000 | 3,203,750 |
|----------------------------|-----|---------|-----------|

Integrated Telecommunication Services 0.54% **4,146,250**

| | | | |
|---|----|---------|-----------|
| Verizon New England, Inc., 7.00%, Ser B | A3 | 165,850 | 4,146,250 |
|---|----|---------|-----------|

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Preferred Income Fund II

Securities owned by the Fund on

April 30, 2007 (unaudited)

Investment Banking & Brokerage 8.92% **68,702,633**

| | | | |
|---|------|---------|------------|
| Bear Stearns Cos., Inc. (The), 6.15%, Depositary Shares, Ser E | BBB+ | 248,600 | 12,648,768 |
| Goldman Sachs Group, Inc., 6.20%, Ser B | A | 140,000 | 3,592,400 |
| Lehman Brothers Holdings Capital Trust III, 6.375%, Ser K | A- | 177,000 | 4,440,930 |
| Lehman Brothers Holdings Capital Trust V, 6.00%, Ser M | A- | 10,000 | 241,700 |
| Lehman Brothers Holdings, Inc., 5.94%, Depositary Shares, Ser C | A- | 145,200 | 7,441,500 |
| Merrill Lynch Preferred Capital Trust III, 7.00% | A | 360,400 | 9,150,556 |
| Merrill Lynch Preferred Capital Trust IV, 7.12% | A | 167,400 | 4,277,070 |
| Merrill Lynch Preferred Capital Trust V, 7.28% | A | 273,200 | 7,023,972 |
| Morgan Stanley Capital Trust II, 7.25% | A- | 35,000 | 878,500 |
| Morgan Stanley Capital Trust III, 6.25% | A- | 248,779 | 6,172,207 |
| Morgan Stanley Capital Trust IV, 6.25% | A- | 57,000 | 1,404,480 |
| Morgan Stanley Capital Trust V, 5.75% | A1 | 311,500 | 7,382,550 |
| Morgan Stanley Capital Trust VI, 6.60% | A- | 160,000 | 4,048,000 |

Life & Health Insurance 1.71% **13,196,167**

| | | | |
|--|------|---------|-----------|
| Phoenix Cos., Inc. (The), 7.45% | BBB- | 94,800 | 2,376,636 |
| PLC Capital Trust IV, 7.25% | BBB+ | 331,075 | 8,356,333 |
| Prudential Plc, 6.50% (United Kingdom) | A- | 95,807 | 2,463,198 |

Movies & Entertainment 2.10% **16,168,363**

| | | | |
|---------------------|-----|---------|------------|
| Viacom, Inc., 6.85% | BBB | 643,645 | 16,168,363 |
|---------------------|-----|---------|------------|

Multi-Line Insurance 6.63% **51,054,352**

| | | | |
|-----------------------------------|-----|---------|------------|
| Aegon NV, 6.375% (Netherlands) | A- | 355,000 | 9,219,350 |
| Aegon NV, 6.50% (Netherlands) | A- | 44,100 | 1,128,960 |
| ING Groep NV, 7.05% (Netherlands) | A | 774,700 | 19,661,886 |
| MetLife, Inc., 6.50%, Ser B | BBB | 799,550 | 21,044,156 |

Multi-Utilities 8.28% **63,744,839**

| | | | |
|---|------|---------|------------|
| Baltimore Gas & Electric Co., 6.99%, Ser 1995 | Ba1 | 39,870 | 4,102,874 |
| BGE Capital Trust II, 6.20% | BBB- | 670,600 | 16,503,466 |
| Dominion CNG Capital Trust I, 7.80% | BB+ | 150,000 | 3,765,000 |
| DTE Energy Trust I, 7.80% | BB+ | 313,000 | 7,881,340 |
| PNM Resources, Inc., 6.75%, Conv | BBB- | 217,400 | 11,843,952 |
| PSEG Funding Trust II, 8.75% | BB+ | 680,000 | 17,476,000 |
| Public Service Electric & Gas Co., 4.18%, Ser B | BB+ | 7,900 | 657,675 |
| South Carolina Electric & Gas Co., 6.52% | Baa1 | 15,000 | 1,514,532 |

Oil & Gas Exploration & Production 4.13% **31,779,926**

| | | | |
|--|-----|-----------|------------|
| Chesapeake Energy Corp., 6.25%, Conv (G) | B+ | 4,850 | 1,319,200 |
| Devon Energy Corp., 6.49%, Ser A | BB+ | 32,355 | 3,259,766 |
| Nexen, Inc., 7.35% (Canada) | BB+ | 1,068,800 | 27,200,960 |

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Preferred Income Fund II
Securities owned by the Fund on

April 30, 2007 (unaudited)

Real Estate Management & Development 3.37% **25,974,897**

| | | | |
|---|------|---------|------------|
| Duke Realty Corp., 6.50%, Depositary Shares, Ser K | BBB | 110,000 | 2,777,500 |
| Duke Realty Corp., 6.60%, Depositary Shares, Ser L | BBB | 109,840 | 2,793,231 |
| Duke Realty Corp., 6.625%, Depositary Shares, Ser J | BBB | 449,400 | 11,347,350 |
| Duke Realty Corp., 7.99%, Depositary Shares, Ser B | BBB | 10,650 | 531,502 |
| Public Storage, Inc., 6.45%, Depositary Shares, Ser X | BBB+ | 30,000 | 743,400 |
| Public Storage, Inc., 7.50%, Depositary Shares, Ser V | BBB+ | 307,100 | 7,781,914 |

Regional Banks 2.30% **17,728,847**

| | | | |
|---------------------------|---|---------|------------|
| PFGI Capital Corp., 7.75% | A | 686,000 | 17,728,847 |
|---------------------------|---|---------|------------|

| | | | |
|--|------|---------|-------------------|
| Reinsurance 0.12% | | | 948,400 |
| <hr/> | | | |
| RenaissanceRe Holdings Ltd., 6.08%, Ser C (Bermuda) | BBB | 40,000 | 948,400 |
| Specialized Finance 0.65% | | | 5,016,298 |
| <hr/> | | | |
| CIT Group, Inc., 6.35%, Ser A | BBB+ | 60,000 | 1,559,400 |
| Repsol International Capital Ltd., 7.45%, Ser A (Cayman Islands) | BB+ | 136,313 | 3,456,898 |
| Wireless Telecommunication Services 4.10% | | | 31,561,242 |
| <hr/> | | | |
| Telephone & Data Systems, Inc., 6.625% | BB+ | 155,000 | 3,799,050 |
| Telephone & Data Systems, Inc., 7.60% | BB+ | 605,967 | 15,137,056 |
| United States Cellular, 7.50% | BB+ | 502,393 | 12,625,136 |

| Issuer, description | Maturity date | Par value (000) | Value |
|--|----------------------|------------------------|----------------------|
| U.S. government & agencies securities 5.10% | | | \$39,300,000 |
| (Cost \$39,300,000) | | | |
| Government U.S. Agency 5.10% | | | 39,300,000 |
| <hr/> | | | |
| Discount Note | 05-01-07 | \$39,300 | 39,300,000 |
| Total investments (Cost \$756,115,602) | | | \$770,226,735 |
| 100.00% | | | |

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Preferred Income Fund II

Financial futures contracts

April 30, 2007 (unaudited)

| Open contracts | Number of contracts | Position | Expiration | Appreciation (depreciation) |
|----------------------------|----------------------------|-----------------|-------------------|------------------------------------|
| U.S. 10-year Treasury Note | 720 | Short | June 2007 | \$373,921 |

Financial futures contracts

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Preferred Income Fund II

Interest rate swap contracts

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April 30, 2007 (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 | \$1,799,791 |

(a) Fixed rate

Interest rate swap contracts

John Hancock

Preferred Income Fund II

Footnotes to Schedule of Investments

April 30, 2007 (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 April 30, 2007.

(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 \$13,935,008 or 1.81% of the Fund's total investments as of April 30, 2007.

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 April 30, 2007, including short-term investments, was \$756,115,602. Gross unrealized appreciation and depreciation of investments aggregated \$27,279,522 and \$13,168,389, respectively, resulting in net unrealized appreciation of \$14,111,133.

Footnotes to Schedule of Investments - Page 1

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 financial 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.

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(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 financial 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: June 29, 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: June 29, 2007

By: /s/ Charles A. Rizzo

Charles A. Rizzo
Chief Financial Officer

Date: June 29, 2007
