

JOHN HANCOCK PREFERRED INCOME FUND
Form N-Q
December 28, 2005

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, 2005

ITEM 1. SCHEDULE OF INVESTMENTS

John Hancock

Preferred Income
Fund II

Securities owned by the Fund on
October 31, 2005 (unaudited)

| Issuer, description | Interest rate (%) | Maturity date | Credit rating (A) | Par value (\$000) | Value |
|--|------------------------------|--------------------------|------------------------------|------------------------------|--------------------|
| Bonds 1.26% (Cost \$9,990,100) | | | | | \$9,723,925 |

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| | | | | | |
|---|-------|----------|--------------------------|---------------|---------------------|
| Electric Utilities 1.26% | | | | | 9,723,925 |
| Black Hills Corp., Note | 6.500 | 05-15-13 | BBB- | 5,000 | 5,102,035 |
| Entergy Gulf States, Inc., 1st Mtg Bond | 6.200 | 07-01-33 | BBB+ | 5,000 | 4,621,890 |
| Issuer, description | | | Credit rating (A) | Shares | Value |
| Capital preferred stocks 12.80% (Cost \$91,760,152) | | | | | \$98,643,759 |
| Asset Management & Custody Banks 0.65% | | | | | 5,020,277 |
| BNY Capital, 7.97%, Ser B, 12-31-26 | | | A- | 4,700 | 5,020,277 |
| Diversified Banks 0.53% | | | | | 4,065,200 |
| Lloyds TSB Bank Plc, 6.90%, 11-29-49 (United Kingdom) | | | A+ | 4,000 | 4,065,200 |
| Diversified Financial Services 1.65% | | | | | 12,717,048 |
| JPM Capital Trust I, 7.54%, 01-15-27 | | | A- | 12,000 | 12,717,048 |
| Electric Utilities 3.35% | | | | | 25,804,750 |
| DPL Capital Trust II, 8.125%, 09-01-31 | | | B+ | 22,150 | 25,804,750 |
| Gas Utilities 2.90% | | | | | 22,369,083 |
| KN Capital Trust I, 8.56%, Ser B, 04-15-27 | | | BB+ | 10,000 | 10,755,770 |
| KN Capital Trust III, 7.63%, 04-15-28 | | | BB+ | 10,673 | 11,613,313 |
| Integrated Telecommunication Services 1.30% | | | | | 10,035,781 |
| TCI Communications Financing Trust III, 9.65%, 03-31-27 | | | BB+ | 9,243 | 10,035,781 |
| Multi-Utilities & Unregulated Power 1.96% | | | | | 15,092,452 |
| Dominion Resources Capital I, 7.83%, 12-01-27 | | | BBB- | 8,450 | 9,103,937 |
| Dominion Resources Capital III, 8.40%, 01-15-31 | | | BBB- | 5,000 | 5,988,515 |
| Regional Banks 0.46% | | | | | 3,539,168 |

Summit Capital Trust I, 8.40%, Ser B, 03-15-27

A

3,300

3,539,168

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John Hancock

Preferred Income Fund IISecurities owned by the Fund on
October 31, 2005 (unaudited)

| Issuer | | Shares | Value |
|--|--------------------------|---------------|----------------------|
| Common stocks 2.53% (Cost \$16,564,266) | | | \$19,549,788 |
| Electric Utilities 0.45% | | | 3,519,000 |
| Scottish Power Plc, American Depositary Receipt (ADR)(United Kingdom) | | 90,000 | 3,519,000 |
| Multi-Utilities & Unregulated Power 2.08% | | | 16,030,788 |
| Alliant Energy Corp. | | 220,000 | 5,819,000 |
| CH Energy Group, Inc. | | 40,000 | 1,862,000 |
| DTE Energy Co. | | 98,790 | 4,267,728 |
| KeySpan Corp. | | 118,081 | 4,082,060 |
| Issuer, description | Credit rating (A) | Shares | Value |
| Preferred stocks 82.24% (Cost \$632,276,141) | | | \$633,917,325 |
| Agricultural Products 1.70% | | | 13,110,000 |
| Ocean Spray Cranberries, Inc., 6.25%, Ser A (S) | BB+ | 160,000 | 13,110,000 |
| Asset Management & Custody Banks 0.12% | | | 962,400 |
| BNY Capital V, 5.95%, Ser F | A- | 40,000 | 962,400 |
| Automobile Manufacturers 1.94% | | | 14,945,115 |
| Ford Motor Co., 7.50% | BB+ | 50,000 | 862,500 |
| General Motors Corp., 7.25%, Ser 02-15-52 | BB | 447,300 | 7,322,301 |
| General Motors Corp., 7.25%, Ser 04-15-41 | BB | 87,900 | 1,431,891 |
| General Motors Corp., 7.25%, Ser 07-15-41 | BB | 233,500 | 3,841,075 |
| General Motors Corp., 7.375%, Ser 10-01-51 | BB | 91,025 | 1,487,348 |
| | | | 5,682,672 |

Broadcasting & Cable TV 0.74%

| | | | |
|---|----|---------|-----------|
| Shaw Communications, Inc., 8.50% (Canada) | B+ | 223,200 | 5,682,672 |
|---|----|---------|-----------|

Consumer Finance 2.39%

18,449,797

| | | | |
|---|------|---------|-----------|
| CIT Group, Inc., 6.35%, Ser A | BBB+ | 60,000 | 1,513,200 |
| Ford Motor Credit Co., 7.375% | BBB- | 30,000 | 607,200 |
| Ford Motor Credit Co., 7.60% | Baa3 | 100,000 | 2,114,000 |
| Household Finance Corp., 6.00% | A | 72,200 | 1,745,074 |
| Household Finance Corp., 6.875% | A | 349,100 | 8,884,595 |
| HSBC Finance Corp., 6.36%, Depository Shares, Ser B | BBB+ | 143,200 | 3,585,728 |

Diversified Banks 8.61%

66,350,970

| | | | |
|--|------|---------|------------|
| BAC Capital Trust IV, 5.875% | A | 46,150 | 1,102,985 |
| Comerica Capital Trust I, 7.60% | BBB+ | 120,400 | 3,061,772 |
| Fleet Capital Trust VII, 7.20% | A | 459,900 | 11,713,653 |
| Fleet Capital Trust VIII, 7.20% | A | 310,000 | 7,936,000 |
| HSBC Holdings Plc, 6.20%, Ser A (United Kingdom) | A- | 249,600 | 6,092,736 |
| Republic New York Corp., 6.25%, Ser HSBC | A | 50,000 | 1,245,000 |

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Preferred Income Fund II

Securities owned by the Fund on
October 31, 2005 (unaudited)

| | | | |
|---|------|---------|------------|
| Royal Bank of Scotland Group Plc, 5.75%, Ser L (United Kingdom) | A | 475,500 | 10,960,275 |
| Santander Finance Preferred S.A., Unipersonal, 6.41%, Ser 1 (Spain) | BBB+ | 225,000 | 5,670,000 |
| USB Capital III, 7.75% | A- | 134,300 | 3,393,761 |
| USB Capital IV, 7.35% | A- | 152,800 | 3,871,952 |
| USB Capital V, 7.25% | A- | 252,000 | 6,441,120 |
| Wells Fargo Capital Trust IV, 7.00% | A | 140,800 | 3,593,216 |
| Wells Fargo Capital Trust VI, 6.95% | A- | 50,000 | 1,268,500 |

Diversified Financial Services 4.87%

37,524,948

| | | | |
|---|---|---------|-----------|
| ABN AMRO Capital Funding Trust V, 5.90% | A | 312,400 | 7,347,648 |
| ABN AMRO Capital Funding Trust VII, 6.08% | A | 306,000 | 7,365,420 |
| Citigroup Capital VII, 7.125% | A | 113,700 | 2,908,446 |
| Citigroup Capital VIII, 6.95% | A | 359,000 | 9,089,880 |
| Citigroup Capital IX, 6.00% | A | 70,000 | 1,709,400 |

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| | | | |
|---|-----|---------|-----------|
| General Electric Capital Corp., 6.10% | AAA | 22,863 | 577,748 |
| JPMorgan Chase Capital IX, 7.50%, Ser I | A- | 73,800 | 1,864,926 |
| JPMorgan Chase Capital X, 7.00%, Ser J | A1 | 259,000 | 6,661,480 |

Electric Utilities 14.08%

108,512,539

| | | | |
|---|------|---------|------------|
| Boston Edison Co., 4.78% | BBB+ | 15,143 | 1,317,441 |
| Cleveland Electric Financing Trust I, 9.00% | BB | 210,000 | 5,487,300 |
| Entergy Mississippi, Inc., 7.25% | A- | 109,000 | 2,826,370 |
| FPC Capital I, 7.10%, Ser A | BB+ | 559,503 | 14,093,881 |
| FPL Group Capital Trust I, 5.875% | BBB+ | 436,800 | 10,461,360 |
| FPL Group, Inc., 8.00%, Conv | A- | 140,000 | 9,066,400 |
| Georgia Power Capital Trust V, 7.125% | BBB+ | 207,300 | 5,288,223 |
| Georgia Power Capital Trust VII, 5.875% | BBB+ | 116,500 | 2,792,505 |
| Great Plains Energy, Inc., 8.00%, Conv | BBB- | 544,100 | 14,078,587 |
| HECO Capital Trust III, 6.50% | BBB- | 120,000 | 3,136,800 |
| Interstate Power & Light Co., 8.375%, Ser B | BBB- | 700,000 | 23,100,000 |
| Northern States Power Co., 8.00% | BBB- | 175,800 | 4,595,412 |
| NVP Capital III, 7.75% | CCC+ | 108,500 | 2,739,625 |
| Southern California Edison Co., 6.125% | BBB- | 10,000 | 997,500 |
| Southern Co. Capital Trust VI, 7.125% | BBB+ | 30,000 | 765,900 |
| Virginia Power Capital Trust, 7.375% | BBB- | 304,519 | 7,765,235 |

Gas Utilities 1.87%

14,438,960

| | | | |
|---------------------------------------|-----|---------|-----------|
| AGL Capital Trust II, 8.00% | BBB | 41,000 | 1,033,200 |
| Southern Union Co., 7.55% | BB+ | 197,600 | 5,224,544 |
| Southwest Gas Capital II, 7.70% | BB | 253,900 | 6,751,201 |
| Vectren Utility Holdings, Inc., 7.25% | A- | 56,500 | 1,430,015 |

Hotels, Resorts & Cruise Lines 0.41%

3,140,000

| | | | |
|----------------------------|------|---------|-----------|
| Hilton Hotels Corp., 8.00% | BBB- | 125,000 | 3,140,000 |
|----------------------------|------|---------|-----------|

Integrated Telecommunication Services 2.97%

22,876,212

| | | | |
|--|----|---------|------------|
| Telephone & Data Systems, Inc., 6.625% | A- | 150,000 | 3,652,500 |
| Telephone & Data Systems, Inc., 7.60%, Ser A | A- | 605,967 | 15,427,920 |
| Verizon New England, Inc., 7.00%, Ser B | A2 | 150,150 | 3,795,792 |

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Preferred Income Fund II

Securities owned by the Fund on

October 31, 2005 (unaudited)

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Investment Banking & Brokerage 8.16% **62,869,678**

| | | | |
|---|------|---------|------------|
| Bear Stearns Cos., Inc. (The), 6.15%, Depositary Shares, Ser E | BBB | 248,600 | 12,454,860 |
| Goldman Sachs Group, Inc., 6.20%, Ser B | A- | 140,000 | 3,478,132 |
| Lehman Brothers Holdings Capital Trust III, 6.375%, Ser K | BBB+ | 170,000 | 4,175,200 |
| Lehman Brothers Holdings Capital Trust V, 6.00%, Ser M | BBB+ | 40,000 | 937,600 |
| Lehman Brothers Holdings, Inc., 5.94%, Depositary Shares, Ser C | BBB+ | 145,200 | 7,136,580 |
| Merrill Lynch Preferred Capital Trust III, 7.00% | A- | 360,400 | 9,201,012 |
| Merrill Lynch Preferred Capital Trust IV, 7.12% | A- | 167,400 | 4,330,638 |
| Merrill Lynch Preferred Capital Trust V, 7.28% | A- | 273,200 | 7,103,200 |
| Morgan Stanley Capital Trust II, 7.25% | A- | 35,000 | 883,400 |
| Morgan Stanley Capital Trust III, 6.25% | A- | 248,779 | 6,085,134 |
| Morgan Stanley Capital Trust IV, 6.25% | A- | 57,000 | 1,389,090 |
| Morgan Stanley Capital Trust V, 5.75% | A1 | 248,900 | 5,694,832 |

Life & Health Insurance 3.84% **29,624,891**

| | | | |
|--|------|---------|------------|
| MetLife, Inc., 6.375%, Ser B, Conv | BBB+ | 8,390 | 229,467 |
| MetLife, Inc., 6.50%, Ser B | BBB | 799,550 | 20,140,664 |
| PLC Capital Trust IV, 7.25% | BBB+ | 331,075 | 8,518,560 |
| Prudential Plc, 6.50% (United Kingdom) | A | 30,000 | 736,200 |

Multi-Line Insurance 3.07% **23,637,555**

| | | | |
|-------------------------------------|----|---------|------------|
| AEGON N.V., 6.375% (Netherlands) | A- | 150,000 | 3,766,500 |
| ING Groep N.V., 7.05% (Netherlands) | A- | 774,700 | 19,871,055 |

Multi-Utilities & Unregulated Power 13.54% **104,359,667**

| | | | |
|---|------|---------|------------|
| Baltimore Gas & Electric Co., 6.99%, Ser 1995 | Baa1 | 39,870 | 4,162,679 |
| BGE Capital Trust II, 6.20% | BBB- | 525,000 | 12,888,750 |
| Consumers Energy Co. Financing IV, 9.00% | Ba2 | 217,000 | 5,555,200 |
| Dominion CNG Capital Trust I, 7.80% | BBB- | 150,000 | 3,816,000 |
| DTE Energy Trust I, 7.80% | BB+ | 253,000 | 6,456,560 |
| Energy East Capital Trust I, 8.25% | BBB- | 424,800 | 10,785,672 |
| ONEOK, Inc., 8.50%, Conv | BBB+ | 470,000 | 16,252,600 |
| PSEG Funding Trust II, 8.75% | BB+ | 680,000 | 18,040,400 |
| Public Service Electric & Gas Co., 4.18%, Ser B | BB+ | 7,900 | 639,900 |
| Public Service Enterprise Group, Inc., 10.25%, Conv | BBB- | 75,450 | 6,003,557 |
| Puget Sound Energy Capital Trust II, 8.40% | BB | 232,060 | 5,915,209 |
| South Carolina Electric & Gas Co., 6.52% | Baa1 | 15,000 | 1,523,438 |
| TECO Capital Trust I, 8.50% | B | 490,434 | 12,319,702 |

Oil & Gas Exploration & Production 4.96% **38,242,989**

| | | | |
|---|------|-----------|------------|
| Anadarko Petroleum Corp., 5.46%, Depository Shares, Ser B | BBB- | 62,000 | 6,048,875 |
| Apache Corp., 5.68%, Depository Shares, Ser B | BBB | 25,000 | 2,513,282 |
| Devon Energy Corp., 6.49%, Ser A | BB+ | 32,355 | 3,324,476 |
| Nexen, Inc., 7.35% (Canada) | BB+ | 1,018,800 | 26,356,356 |

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Preferred Income Fund**II**Securities owned by the Fund on
October 31, 2005 (unaudited)

Real Estate Investment Trusts 4.58% **35,290,786**

| | | | |
|---|------|---------|------------|
| Duke Realty Corp., 6.50%, Depository Shares, Ser K | BBB | 110,000 | 2,702,700 |
| Duke Realty Corp., 6.60%, Depository Shares, Ser L | BBB | 109,840 | 2,718,540 |
| Duke Realty Corp., 6.625%, Depository Shares, Ser J | BBB | 449,400 | 11,284,434 |
| Duke Realty Corp., 7.99%, Depository Shares, Ser B | BBB | 10,650 | 534,497 |
| Kimco Realty Co., 6.65%, Depository Shares, Ser F | BBB+ | 37,030 | 942,784 |
| Public Storage, Inc., 6.45%, Depository Shares, Ser X | BBB+ | 30,000 | 721,500 |
| Public Storage, Inc., 7.50%, Depository Shares, Ser V | BBB+ | 307,100 | 7,920,109 |
| Public Storage, Inc., 8.00%, Depository Shares, Ser R | BBB+ | 304,500 | 7,789,110 |
| Public Storage, Inc., 8.60%, Depository Shares, Ser Q | BBB+ | 26,700 | 677,112 |

Regional Banks 2.35% **18,136,125**

| | | | |
|---------------------------|----|---------|------------|
| PFGI Capital Corp., 7.75% | A- | 686,000 | 18,136,125 |
|---------------------------|----|---------|------------|

Reinsurance 0.11% **858,000**

| | | | |
|---|------|--------|---------|
| RenaissanceRe Holdings Ltd., 6.08%, Ser C (Bermuda) | BBB+ | 40,000 | 858,000 |
|---|------|--------|---------|

Thriffs & Mortgage Finance 1.37% **10,585,005**

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| | | | |
|---|----|---------|-----------|
| Abbey National Plc, 7.25% (United Kingdom) | A- | 275,620 | 6,959,405 |
| Abbey National Plc, 7.375% (United Kingdom) | A- | 140,800 | 3,625,600 |

Wireless Telecommunication Services

0.56% **4,319,016**

| | | | |
|-------------------------------|----|---------|-----------|
| United States Cellular, 7.50% | A- | 165,100 | 4,319,016 |
|-------------------------------|----|---------|-----------|

| Issuer, description, maturity date | Interest rate (%) | Maturity date | Credit rating (A) | Par value (\$000) | Value |
|---|-------------------|---------------|-------------------|-------------------|--------------------|
| Short-term investments 1.17% (Cost \$9,000,000) | | | | | \$9,000,000 |

Government U.S. Agency 1.17% **9,000,000**

| | | | | | |
|---------------------------|------|----------|-----|-------|-----------|
| Fannie Mae, Discount Note | Zero | 11-01-05 | AAA | 9,000 | 9,000,000 |
|---------------------------|------|----------|-----|-------|-----------|

Total investments 100.00% **\$770,834,797**

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Preferred Income Fund II

Financial futures contracts

October 31, 2005 (unaudited)

| Open contracts | Number of contracts | Position | Expiration | Appreciation |
|----------------------------|---------------------|----------|---------------|--------------|
| U.S. 10-year Treasury Note | 684 | Short | December 2005 | \$1,506,243 |

Financial futures contracts

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Preferred Income Fund II

Interest rate swap contracts

October 31, 2005 (unaudited)

| Notional amount | Rate type | | Termination date | Appreciation |
|--------------------------------|-----------------------|---------------------------|------------------|--------------|
| | Payments made by Fund | Payments received by Fund | | |
| \$63,500,000 (a) Fixed rate | 2.56%(a) | 3-month LIBOR | June 2008 | \$3,475,058 |

Interest rate swap contracts

John Hancock

Preferred Income Fund II

Footnotes to Schedule of Investments

October 31, 2005 (unaudited)

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

(S) This security is exempt from registration under Rule 144A of the Securities Act of 1933. Such securities may be resold, normally to qualified institutional buyers, in transactions exempt from registration. Rule 144A securities amounted to \$13,110,000 or 1.70% of the Fund's total investments as of October 31, 2005.

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, 2005, including short-term investments, was \$759,590,659. Gross unrealized appreciation and depreciation of investments aggregated \$31,172,539 and \$19,928,401, respectively, resulting in net unrealized appreciation of \$11,244,138.

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 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.

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John Hancock Preferred Income Fund II

By: /s/Keith F. Hartstein
Keith F. Hartstein
President and Chief Executive Officer

Date: December 21, 2005

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: December 21, 2005

By: /s/John G. Vrysen
John G. Vrysen
Executive Vice President and Chief Financial Officer

Date: December 21, 2005
