

JOHN HANCOCK PREFERRED INCOME FUND II  
Form N-Q  
December 28, 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 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: October 31, 2007

ITEM 1. SCHEDULE OF INVESTMENTS

---

---

John Hancock

**Preferred Income Fund II**

Securities owned by the Fund on  
October 31, 2007 (unaudited)

<b>Issuer, description</b>	<b>Interest rate</b>	<b>Maturity date</b>	<b>Credit rating (A)</b>	<b>Par value (000)</b>	<b>Value</b>
----------------------------	--------------------------	--------------------------	------------------------------	----------------------------	--------------

---

Edgar Filing: JOHN HANCOCK PREFERRED INCOME FUND II - Form N-Q

**Bonds 4.21%** **\$20,194,232**  
 (Cost \$20,533,892)

**Electric Utilities 2.02%** **9,663,085**

Black Hills Corp., Note	6.500%	05-15-13	BBB-	\$5,000	4,996,865
Entergy Gulf States, Inc., 1st Mtg Bond	6.200	07-01-33	BBB+	5,000	4,666,220

**Gas Utilities 2.20%** **10,531,147**

Southern Union Co., Jr Sub Note, Ser A	7.200	11-01-66	BB	10,550	10,531,147
---	-------	----------	----	--------	------------

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

**Capital preferred securities  
15.03%** **\$72,001,405**  
 (Cost \$681,007,774)

**Asset Management & Custody  
Banks 1.02%** **4,873,604**

BNY Capital, Ser B	7.97%	12-31-26	A-	\$4,700	4,873,604
--------------------	-------	----------	----	---------	-----------

**Diversified Banks 0.82%** **3,910,000**

Lloyds TSB Bank Plc (United Kingdom) (F)	6.90	11-29-49	A+	4,000	3,910,000
---	------	----------	----	-------	-----------

**Electric Utilities 5.28%** **25,274,833**

DPL Capital Trust II	8.125	09-01-31	BB+	22,150	25,274,833
----------------------	-------	----------	-----	--------	------------

**Gas Utilities 4.88%** **23,396,024**

KN Capital Trust I, Ser B	8.56	04-15-27	B-	14,000	13,720,000
KN Capital Trust III	7.63	04-15-28	B-	10,673	9,676,024

**Multi-Utilities 3.04%** **14,546,944**

Dominion Resources Capital Trust I	7.83	12-01-27	BB+	8,450	8,818,834
Dominion Resources Capital Trust III	8.40	01-15-31	BB+	5,000	5,728,110

Issuer	Shares	Value
--------	--------	-------

**Common stocks 2.47%** **\$11,836,690**  
(Cost \$9,857,727)

**Electric Utilities 1.08%** **5,195,890**

Great Plains Energy, Inc. 174,125 5,195,890

**Integrated Oil & Gas 0.49%** **2,339,700**

BP Plc (ADR) (United Kingdom) (F) 30,000 2,339,700

Page 1

John Hancock

## Preferred Income Fund II

Securities owned by the Fund on  
October 31, 2007 (unaudited)

**Multi-Utilities 0.90%** **4,301,100**

Alliant Energy Corp. 90,000 3,600,000  
CH Energy Group, Inc. 15,000 701,100

Issuer, description	Credit rating (A)	Shares	Value
---------------------	-------------------	--------	-------

**Preferred stocks 126.80%** **\$607,528,293**  
(Cost \$636,789,036)

**Agricultural Products 2.98%** **14,265,008**

Ocean Spray Cranberries, Inc., 6.25%, Ser A (S)	BB+	160,000	14,265,008
---	-----	---------	------------

**Automobile Manufacturers 2.44%** **11,680,211**

General Motors Corp., 7.25%, Ser 04-15-41	B-	77,900	1,417,001
General Motors Corp., 7.25%, Ser 07-15-41	B-	50,500	927,685
General Motors Corp., 7.25%, Ser 02-15-52	B-	442,300	7,974,669
General Motors Corp., 7.375%, Ser 10-01-51	B-	73,125	1,360,856

**Broadcasting & Cable TV 4.56%** **21,872,328**

CBS Corp., 6.75%	BBB	122,800	2,894,396
Comcast Corp., 6.625%	BBB+	118,500	2,752,755
Comcast Corp., 7.00%	BBB+	40,000	992,800

Edgar Filing: JOHN HANCOCK PREFERRED INCOME FUND II - Form N-Q

Comcast Corp., 7.00%, Ser B	BBB+	615,201	15,232,377
-----------------------------	------	---------	------------

<b>Consumer Finance 4.21%</b>			<b>20,167,131</b>
-------------------------------	--	--	-------------------

HSBC Finance Corp., 6.00%	AA-	72,200	1,664,210
HSBC Finance Corp., 6.36%, Depository Shares, Ser B	A	143,200	3,521,288
HSBC Finance Corp., 6.875%	AA-	349,100	8,744,955
SLM Corp., 6.00%	BBB+	196,800	3,495,168
SLM Corp., 6.97%, Ser A	BBB-	61,400	2,741,510

<b>Diversified Banks 8.45%</b>			<b>40,486,814</b>
--------------------------------	--	--	-------------------

BAC Capital Trust II, 7.00%	A+	22,400	551,264
BAC Capital Trust IV, 5.875%	A+	51,150	1,116,605
Barclays Bank Plc, 7.10%, Ser 3 (United Kingdom) (F)	A+	100,000	2,530,000
Fleet Capital Trust VIII, 7.20%	A+	344,700	8,624,394
HSBC Holdings Plc, 6.20%, Ser A (United Kingdom) (F)	A	254,600	5,733,592
Republic New York Corp., 6.25%, Ser HSBC	A	50,000	1,143,000
Royal Bank of Scotland Group Plc, 5.75%, Ser L (United Kingdom) (F)	A	450,500	9,492,035
Royal Bank of Scotland Group Plc, 7.25%, Ser T (United Kingdom) (F)	A	26,000	662,220
Santander Finance Preferred SA, Unipersonal, 6.41%, Ser 1 (Spain) (F)	A+	225,000	5,220,000
USB Capital VIII, 6.35%, Ser 1	A+	83,000	1,882,440
Wells Fargo Capital Trust IV, 7.00%	AA-	140,800	3,531,264

Page 2

John Hancock

## Preferred Income Fund II

Securities owned by the Fund on  
October 31, 2007 (unaudited)

<b>Diversified Financial Services 13.57%</b>			<b>65,009,841</b>
--	--	--	-------------------

ABN AMRO Capital Funding Trust V, 5.90%	A	403,600	8,608,788
ABN AMRO Capital Funding Trust VII, 6.08%	A	365,000	7,942,400
Citigroup Capital VII, 7.125%	A+	364,200	9,112,284
Citigroup Capital VIII, 6.95%	A+	598,000	14,692,860
DB Capital Funding VIII, 6.375%	A+	414,700	9,629,334
DB Capital Trust II, 6.55%	A+	357,500	8,562,125

Edgar Filing: JOHN HANCOCK PREFERRED INCOME FUND II - Form N-Q

JPMorgan Chase Capital X, 7.00%, Ser J	A	259,000	6,462,050
<b>Electric Utilities 19.62%</b>			<b>94,005,089</b>
Duquesne Light Co., 6.50%	BB	98,450	5,005,572
Entergy Mississippi, Inc., 7.25%	A-	109,000	2,746,800
FPC Capital I, 7.10%, Ser A	BBB-	602,003	15,080,175
FPL Group Capital Trust I, 5.875%	BBB+	441,800	10,028,860
FPL Group Capital, Inc., 7.45%, Ser E	BBB+	60,000	1,557,000
Georgia Power Capital Trust VII, 5.875%	BBB+	116,500	2,573,485
HECO Capital Trust III, 6.50%	BB+	130,000	3,088,800
Interstate Power & Light Co., 8.375%, Ser B	Baa2	700,000	21,070,000
NSTAR Electric Co., 4.78%	A-	15,143	1,309,870
PPL Electric Utilities Corp., 6.25%, Depository Shares	BBB	130,000	3,327,194
PPL Energy Supply, LLC, 7.00%	BBB	638,570	16,060,036
Southern California Edison Co., 6.00%, Ser C	BBB-	20,000	1,910,000
Virginia Power Capital Trust, 7.375%	BB+	310,719	7,777,297
Westar Energy, Inc., 6.10%	AAA	100,000	2,470,000
<b>Gas Utilities 2.04%</b>			<b>9,778,940</b>
Southern Union Co., 7.55%	BB	129,500	3,288,005
Southwest Gas Capital II, 7.70%	BB	258,500	6,490,935
<b>Integrated Telecommunication Services 1.23%</b>			<b>5,892,027</b>
AT&T, Inc., 6.375%	A	43,100	1,038,279
Verizon New England, Inc., 7.00%, Ser B	A3	190,717	4,853,748
<b>Investment Banking &amp; Brokerage 12.79%</b>			<b>61,302,737</b>
Bear Stearns Cos., Inc. (The), 6.15%, Depository Shares, Ser E	BBB+	264,400	12,270,804
Lehman Brothers Holdings Capital Trust III, 6.375%, Ser K	A-	177,000	3,993,120
Lehman Brothers Holdings Capital Trust V, 6.00%, Ser M	A-	46,600	985,124
Lehman Brothers Holdings, Inc., 5.94%, Depository Shares, Ser C	A-	145,200	6,679,200
Merrill Lynch Preferred Capital Trust III, 7.00%	A	360,400	8,775,740
Merrill Lynch Preferred Capital Trust IV, 7.12%	A	172,200	4,222,344
Merrill Lynch Preferred Capital Trust V, 7.28%	A	275,000	6,825,500
Morgan Stanley Capital Trust III, 6.25%	A	268,779	6,026,025

Edgar Filing: JOHN HANCOCK PREFERRED INCOME FUND II - Form N-Q

Morgan Stanley Capital Trust IV, 6.25%	A	57,000	1,270,530
Morgan Stanley Capital Trust V, 5.75%	A1	311,500	6,510,350
Morgan Stanley Capital Trust VI, 6.60%	A	160,000	3,744,000

Page 3

John Hancock

## Preferred Income Fund II

Securities owned by the Fund on  
October 31, 2007 (unaudited)

---

**Life & Health Insurance 3.15%** **15,104,123**

Phoenix Cos., Inc. (The), 7.45%	BBB-	186,200	4,506,040
PLC Capital Trust IV, 7.25%	BBB+	335,475	8,346,618
Prudential Plc, 6.50% (United Kingdom) (F)	A-	95,807	2,251,465

---

**Movies & Entertainment 4.22%** **20,222,099**

Viacom, Inc., 6.85%	BBB	834,245	20,222,099
---------------------	-----	---------	------------

---

**Multi-Line Insurance 11.75%** **56,299,532**

Aegon NV, 6.375% (Netherlands) (F)	A-	355,000	8,157,900
Aegon NV, 6.50% (Netherlands) (F)	A-	44,100	1,018,269
ING Groep NV, 7.05% (Netherlands) (F)	A	774,700	19,290,030
ING Groep NV, 7.375% (Netherlands) (F)	A	88,000	2,238,720
MetLife, Inc., 6.50%, Ser B	BBB	1,029,550	25,594,613

---

**Multi-Utilities 11.89%** **56,955,562**

Baltimore Gas & Electric Co., 6.99%, Ser 1995	Ba1	39,870	4,111,594
BGE Capital Trust II, 6.20%	BBB-	672,200	14,895,952
DTE Energy Trust I, 7.80%	BB+	313,000	7,853,170
PNM Resources, Inc., 6.75%, Conv	BBB-	240,700	10,817,058
PSEG Funding Trust II, 8.75%	BB+	680,000	17,149,600
Public Service Electric & Gas Co., 4.18%, Ser B	BB+	7,900	612,250
South Carolina Electric & Gas Co., 6.52%	Baa1	15,000	1,515,938

---

**Oil & Gas Exploration & Production 6.66%** **31,892,422**

Chesapeake Energy Corp., 6.25%, Conv (G)	B+	4,850	1,532,697
Devon Energy Corp., 6.49%, Ser A	BB+	32,355	3,286,055

Edgar Filing: JOHN HANCOCK PREFERRED INCOME FUND II - Form N-Q

Nexen, Inc., 7.35% (Canada) (F)	BB+	1,096,100	27,073,670
---------------------------------	-----	-----------	------------

---

<b>Real Estate Management &amp; Development 4.90%</b>			<b>23,464,236</b>
---	--	--	-------------------

---

Duke Realty Corp., 6.50%, Depository Shares, Ser K	BBB	110,000	2,442,000
Duke Realty Corp., 6.60%, Depository Shares, Ser L	BBB	109,840	2,452,727
Duke Realty Corp., 6.625%, Depository Shares, Ser J	BBB	449,400	10,124,982
Public Storage, Inc., 6.45%, Depository Shares, Ser X	BBB+	30,000	653,400
Public Storage, Inc., 7.50%, Depository Shares, Ser V	BBB+	307,100	7,791,127

---

<b>Regional Banks 3.72%</b>			<b>17,814,597</b>
-----------------------------	--	--	-------------------

---

PFGI Capital Corp., 7.75%	A	686,000	17,814,597
---------------------------	---	---------	------------

Page 4

---

John Hancock

## Preferred Income Fund II

Securities owned by the Fund on  
October 31, 2007 (unaudited)

---

<b>Reinsurance 0.17%</b>			<b>792,000</b>
--------------------------	--	--	----------------

---

RenaissanceRe Holdings Ltd., 6.08%, Ser C (Bermuda) (F)	BBB	40,000	792,000
---	-----	--------	---------

---

<b>Specialized Finance 1.19%</b>			<b>5,705,982</b>
----------------------------------	--	--	------------------

---

CIT Group, Inc., 6.35%, Ser A	BBB+	100,000	2,230,000
Repsol International Capital Ltd., 7.45%, Ser A (Cayman Islands) (F)	BB+	136,313	3,475,982

---

<b>Thriffs &amp; Mortgage Finance 0.61%</b>			<b>2,906,970</b>
---	--	--	------------------

---

Sovereign Capital Trust V, 7.75%	BB+	115	2,906,970
----------------------------------	-----	-----	-----------

---

<b>Wireless Telecommunication Services 6.66%</b>			<b>31,910,644</b>
--	--	--	-------------------

---

Telephone & Data Systems, Inc.,	BB+	155,000	3,123,250
---------------------------------	-----	---------	-----------

6.625%

Telephone & Data Systems, Inc.,

7.60%,

Ser A

BB+

665,967

15,723,481

United States Cellular Corp., 7.50%

BB+

559,243

13,063,913

Issuer	Number of contracts	Exercise price	Expiration date	Value
--------	---------------------	----------------	-----------------	-------

**Purchased options 0.04%** **\$171,360**

(Cost \$158,559)

**Options - Puts 0.04%** **171,360**

iShares S&P SmallCap Index Fund	952	\$88	03-24-08	171,360
---------------------------------	-----	------	----------	---------

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

**Short-term investments**

**3.44%**

**\$16,500,000**

(Cost \$16,500,000)

**Government U.S. Agency 3.44%** **16,500,000**

Federal Home Loan Bank,

Discount Note

4.40% (Y)

11-01-07 AAA

\$16,500

16,500,000

John Hancock

## Preferred Income Fund II

Securities owned by the Fund on

October 31, 2007 (unaudited)

**Total investments (Cost \$1,364,846,988) 151.99%** **\$728,231,980**

**Other assets and liabilities, net 1.37%** **\$6,557,161**

**Fund preferred shares, at liquidation value (53.36%)** **(\$255,658,094)**

**Total net assets applicable to common shareholders 100.00%** **\$479,131,047**

The percentage shown for each investment category is the total value of that category, as



a percentage of the net assets applicable to common shareholders.

John Hancock

## Preferred Income Fund II

### Notes to Schedule of Investments

October 31, 2007 (unaudited)

ADR American Depositary Receipt

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

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

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

(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 \$14,265,008 or 2.98% of the net assets applicable to common shareholders as of October 31, 2007.

(Y) Represents current yield as of October 31, 2007.

The cost of investments owned on October 31, 2007, including short-term investments, was \$1,364,846,988. Gross unrealized appreciation and depreciation of investments aggregated \$15,254,404 and \$38,960,868 respectively, resulting in net unrealized depreciation of \$23,706,464.

Notes to Schedule of Investments - Page 1

John Hancock

## Preferred Income Fund II

### Interest rate swap contracts

October 31, 2007 (unaudited)

Notional amount	Rate type		Termination date	Counterparty	Appreciation (depreciation)
	Payments made by Fund	Payments received by Fund			
\$63,500,000	2.558% (a)	3-month LIBOR	June 2008	Morgan Stanley	\$885,880

(a) Fixed rate

Interest rate swap contracts

John Hancock

**Preferred Income Fund II**

Financial futures contracts

October 31, 2007 (unaudited)

<b>Open contracts</b>	<b>Number of contracts</b>	<b>Position</b>	<b>Expiration</b>	<b>Appreciation (depreciation)</b>
U.S. 10-year Treasury Note	720	Short	Dec 2007	\$399,958

Financial futures contracts

**Notes to portfolio of investments****Security valuation**

The net asset value of the common shares of the Fund is determined daily as of the close of the New York Stock Exchange (NYSE), normally at 4:00 P.M., Eastern Time. Short-term debt investments that have a remaining maturity of 60 days or less are valued at amortized cost, and thereafter assume a constant amortization to maturity of any discount or premium, which approximates market value. All other securities held by the Fund are valued at the last sale price or official closing price (closing bid price or last evaluated quote if no sale has occurred) as of the close of business on the principal securities exchange (domestic or foreign) on which they trade or, lacking any sales, at the closing bid price. Securities traded only in the over-the-counter market are valued at the last bid price quoted by brokers making markets in the securities at the close of trading. Securities for which there are no such quotations, principally debt securities, are valued based on the valuation provided by an independent pricing service, which utilizes both dealer-supplied and electronic data processing techniques, which take into account factors such as institutional-size trading in similar groups of securities, yield, quality, coupon rate, maturity, type of issue, trading characteristics and other market data.

Other assets and securities for which no such quotations are readily available are valued at fair value as determined in good faith under consistently applied procedures established by and under the general supervision of the Board of Trustees. Generally, trading in non-U.S. securities is substantially completed each day at various times prior to the close of trading on the NYSE. The values of such securities used in computing the net asset value of the Fund's shares are generally determined as of such times. Occasionally, significant events that affect the values of such securities may occur between the times at which such values are generally determined and the close of the NYSE. Upon such an occurrence, these securities will be valued at fair value as determined in good faith under consistently applied procedures established by and under the general supervision of the Board of Trustees.

**Futures**

The Fund may purchase and sell financial futures contracts and options on those contracts. The Fund invests in contracts based on financial instruments such as U.S. Treasury Bonds or Notes or on securities indices such as the Standard & Poor's 500 Index, in order to hedge against a decline in the value of securities owned by the Fund.

Initial margin deposits required upon entering into futures contracts are satisfied by the delivery of specific securities or cash as collateral to the broker (the Fund's agent in acquiring the futures position). If the position is closed out by taking an opposite position prior to the settlement date of the futures contract, a final determination of variation margin is made, cash is required to be paid to or released by the broker and the Fund realizes a gain or loss.

When the Fund sells a futures contract based on a financial instrument, the Fund becomes obligated to deliver that kind of instrument at an agreed upon date for a specified price. The Fund realizes a gain or loss depending on

whether the price of an offsetting purchase is less or more than the price of the initial sale or on whether the price of an offsetting sale is more or less than the price of the initial purchase. The Fund could be exposed to risks if it could not close out futures positions because of an illiquid secondary market or the inability of counterparties to meet the terms of their contracts. Futures contracts are valued at the quoted daily settlement prices established by the exchange on which they trade.

Notes to Schedule of Investments - Page 2

---

### Swap contracts

The Fund may enter into swap transactions in order to hedge the value of the Fund's portfolio against interest rate fluctuations or to enhance the Fund's income. Interest rate swaps represent an agreement between two counterparties to exchange cash flows based on the difference in the two interest rates, applied to the notional principal amount for a specified period. The payment flows are usually netted against each other, with the difference being paid by one party to the other. The Fund settles accrued net receivable or payable under the swap contracts on a periodic basis.

The Fund records changes in the value of the swaps as unrealized gains or losses on swap contracts. Net periodic payments accrued, but not yet received (paid) are included in change in the unrealized appreciation/ depreciation on the Statement of Operations.

Swap contracts are subject to risks related to the counterparty's ability to perform under the contract, and may decline in value if the counterparty's creditworthiness deteriorates. The risks may arise from unanticipated movement in interest rates. The Fund may also suffer losses if it is unable to terminate outstanding swap contracts or reduce its exposure through offsetting transactions.

Notes to Schedule of Investments - Page 3

---

---

### 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

Edgar Filing: JOHN HANCOCK PREFERRED INCOME FUND II - Form N-Q

By: /s/ Keith F. Hartstein

-----  
Keith F. Hartstein  
President and  
Chief Executive Officer

Date: December 19, 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: December 19, 2007

By: /s/ Charles A. Rizzo

-----  
Charles A. Rizzo  
Chief Financial Officer

Date: December 19, 2007

---