

PIMCO Income Strategy Fund II  
Form N-Q  
June 19, 2012

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

**FORM N-Q**

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

Investment Company Act file number 811-21601

PIMCO Income Strategy Fund II  
(Exact name of registrant as specified in charter)

1633 Broadway, New York, NY  
(Address of principal executive offices)

10019  
(Zip code)

Lawrence G. Altadonna

1633 Broadway,

New York, NY 10019  
(Name and address of agent for service)

Registrant's telephone number, including area code: 212-739-3371

Date of fiscal year July 31, 2012  
end:

Date of reporting period: April 30, 2012

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## Item 1. Schedule of Investments

## PIMCO Income Strategy Fund II Schedule of Investments

April 30, 2012 (unaudited)

Principal Amount (000s)		Value*
<b>CORPORATE BONDS &amp; NOTES 56.6%</b>		
<b>Airlines 1.0%</b>		
	American Airlines Pass Through Trust, (d),	
\$7,686	9.73%, 9/29/14	\$4,227,298
3,834	10.18%, 1/2/13 (b)	3,258,894
751	United Air Lines Pass Through Trust, 10.40%, 5/1/18	857,322
		8,343,514
<b>Banking 9.6%</b>		
5,500	AgFirst Farm Credit Bank, 7.30%, 5/29/12 (a)(b)(c)(e)(h) (acquisition cost-\$4,709,000; purchased 2/26/10-4/15/10)	5,389,450
£20,400	Barclays Bank PLC, 14.00%, 6/15/19 (e)	39,728,586
\$6,700	BBVA Bancomer S.A., 7.25%, 4/22/20 (a)(c)(g)	6,901,000
16,000	Cooperatieve Centrale Raiffeisen-Boerenleenbank BA, 6.875%, 3/19/20	20,501,471
\$1,400	HBOS PLC, 6.75%, 5/21/18 (a)(c)	1,287,663
1,675	Regions Financial Corp., 7.375%, 12/10/37	1,649,875
£800	Santander Finance Preferred S.A. Unipersonal, 11.30%, 7/27/14 (e)	1,272,353
		76,730,398
<b>Consumer Products 0.2%</b>		
\$1,700	Reynolds Group Issuer, Inc., 9.00%, 4/15/19 (a)(c)	1,717,000
<b>Energy 1.4%</b>		
9,192	AES Red Oak LLC, 8.54%, 11/30/19	9,788,796
2,300	Dynegy Roseton/Danskammer Pass Through Trust, 7.67%, 11/8/16, Ser. B (d)	1,495,000
		11,283,796
<b>Financial Services 25.4%</b>		
1,800	AGFC Capital Trust I, 6.00%, 1/15/67, (converts to FRN on 1/15/17) (a)(c)	900,000
	Ally Financial, Inc.,	
416	5.25%, 1/15/14	406,736
315	5.35%, 1/15/14	308,304
130	5.70%, 6/15/13	128,630
561	5.75%, 1/15/14	548,244
568	5.90%, 1/15/19-2/15/19	506,002
2,150	6.00%, 12/15/13-9/15/19	1,980,746
486	6.10%, 9/15/19	432,987
159	6.125%, 10/15/19	143,604
848	6.15%, 8/15/19-10/15/19	769,397
675	6.20%, 4/15/19	616,418
547	6.25%, 12/15/18-7/15/19	497,326
2,244	6.35%, 4/15/16-7/15/19	2,088,727
463	6.375%, 1/15/14	457,020
1,516	6.50%, 9/15/16-5/15/19	1,435,826
1,172	6.60%, 8/15/16-6/15/19	1,110,165

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132	6.65%, 10/15/18	122,401
781	6.70%, 5/15/14-12/15/19	736,920
3,696	6.75%, 6/15/14-5/15/19	3,553,053
104	6.80%, 9/15/16-9/15/18	101,368
207	6.85%, 4/15/16	202,881

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**PIMCO Income Strategy Fund II Schedule of Investments**

April 30, 2012 (unaudited) (continued)

Principal Amount (000s)		Value*
<b>Financial Services (continued)</b>		
\$7	6.875%, 7/15/18	\$6,623
645	6.90%, 7/15/18-8/15/18	611,508
135	6.95%, 6/15/17	132,219
10,133	7.00%, 8/15/16-11/15/24	9,723,775
329	7.05%, 3/15/18-4/15/18	315,769
6	7.15%, 9/15/18	5,681
477	7.20%, 10/15/17	460,990
1,292	7.25%, 6/15/16-4/15/18	1,246,225
542	7.30%, 12/15/17-1/15/18	522,290
223	7.35%, 1/15/17-4/15/18	217,739
80	7.375%, 11/15/16-4/15/18	77,538
166	7.40%, 12/15/17	161,167
2,692	7.50%, 11/15/16-12/15/17	2,632,858
40	8.00%, 3/15/17	39,850
3	8.125%, 11/15/17	2,930
25	8.20%, 3/15/17	25,002
24	8.40%, 8/15/15	23,657
224	9.00%, 7/15/20	224,003
3,200	American General Finance Corp., 4.125%, 11/29/13	3,844,026
\$3,100	Bank of America Corp., 6.00%, 9/1/17	3,319,248
2,900	Capital One Capital VI, 8.875%, 5/15/40	2,977,236
13,200	Citigroup Capital XXI, 8.30%, 12/21/77, (converts to FRN on 12/21/37)	13,439,250
£2,000	Credit Agricole S.A., 8.125%, 10/26/19 (e)	2,483,037
\$8,000	Ford Motor Credit Co. LLC, 8.00%, 12/15/16	9,573,960
1,100	HSBC Finance Capital Trust IX, 5.911%, 11/30/35, (converts to FRN on 11/30/15)	1,017,500
11,000	ILFC E-Capital Trust II, 6.25%, 12/21/65, (converts to FRN on 12/21/15) (a)(c)	8,195,000
500	LBG Capital No.1 PLC, 6.439%, 5/23/20	518,229
500	7.375%, 3/12/20	537,621
£300	7.588%, 5/12/20	406,254
£10,200	7.867%, 12/17/19	13,986,631
£1,000	7.869%, 8/25/20	1,371,350
\$4,500	7.875%, 11/1/20 (a)(c)	3,971,992
£4,700	11.04%, 3/19/20	7,684,836
8,900	LBG Capital No.2 PLC, 8.875%, 2/7/20	10,543,935
£300	12.75%, 8/10/20	497,581
1,100	15.00%, 12/21/19	1,754,565
\$25,500	National City Preferred Capital Trust I, 12.00%, 12/10/12 (e)(g)	27,202,584
5,965	NSG Holdings LLC, 7.75%, 12/15/25 (a)(c)	6,024,650
2,200	PNC Preferred Funding Trust I, 2.124%, 3/15/17 (a)(c)(e)	1,694,352
5,000	SLM Corp., 5.625%, 8/1/33	4,175,000
10,700	8.00%, 3/25/20 (g)	11,422,250
1,700	8.45%, 6/15/18	1,870,000

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11,800	Springleaf Finance Corp., 6.50%, 9/15/17	9,617,000
1,596	State Street Capital Trust III, 5.464%, 5/29/12 (e)(g)	1,603,214
800	USB Capital IX, 3.50%, 5/29/12 (e)	610,816

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**PIMCO Income Strategy Fund II Schedule of Investments**

April 30, 2012 (unaudited) (continued)

Principal Amount (000s)		Value*
<b>Financial Services (continued)</b>		
\$17,550	Wells Fargo & Co., 7.98%, 3/15/18 (e)	\$19,129,500
		202,948,196
<b>Insurance 17.6%</b>		
3,000	American General Institutional Capital A, 7.57%, 12/1/45 (a)(c)	3,045,000
5,000	American General Institutional Capital B, 8.125%, 3/15/46 (a)(c)	5,150,000
	American International Group, Inc.,	
1,900	6.25%, 3/15/87, (converts to FRN on 3/15/37)	1,732,534
£10,545	6.765%, 11/15/17 (a)(c)	18,716,669
12,540	6.797%, 11/15/17 (a)(b)(c)(h)	
	(acquisition cost-\$11,931,071; purchased 5/20/10-5/21/10)	18,300,620
MXN 16,000	7.98%, 6/15/17	1,211,009
12,800	8.00%, 5/22/68, (converts to FRN on 5/22/18) (a)(c)	16,401,176
\$31,750	8.175%, 5/15/68, (converts to FRN on 5/15/38) (g)	34,091,563
£1,000	8.625%, 5/22/68, (converts to FRN on 5/22/18) (a)(c)	1,614,785
£6,550	8.625%, 5/22/68, (converts to FRN on 5/22/18)	10,576,843
\$1,700	AXA S.A., 6.463%, 12/14/18 (a)(c)(e)(g)	1,398,250
6,500	Dai-ichi Life Insurance Co., Ltd., 7.25%, 7/25/21 (a)(c)(e)(g)	6,841,107
4,700	Hartford Financial Services Group, Inc., 8.125%, 6/15/68, (converts to FRN on 6/15/18)	4,958,500
15,000	Metlife Capital Trust IV, 7.875%, 12/15/67, (converts to FRN on 12/15/37) (a)(c)(g)	16,762,500
		140,800,556
<b>Telecommunications 0.4%</b>		
	CenturyLink, Inc.,	
1,400	6.00%, 4/1/17	1,504,875
1,500	7.60%, 9/15/39	1,426,868
		2,931,743
<b>Utilities 1.0%</b>		
3,900	AES Andres Dominicana Ltd., 9.50%, 11/12/20 (a)(c)	4,134,000
4,500	Ameren Energy Generating Co., 7.95%, 6/1/32	3,600,225
		7,734,225
	Total Corporate Bonds & Notes (cost \$418,578,101)	452,489,428
<b>MUNICIPAL BONDS 17.8%</b>		
<b>California 10.6%</b>		
13,100	Alameda Cnty. Joint Powers Auth. Rev., 7.046%, 12/1/44, Ser. A	16,129,375
1,650	City & Cnty. of San Francisco Redev. Agcy., Tax Allocation, 8.406%, 8/1/39	1,897,912
3,000	La Quinta Financing Auth., Tax Allocation, 8.07%, 9/1/36, Ser. A	3,209,310
4,000	Long Beach Redev. Agcy., Tax Allocation, 8.11%, 8/1/30	4,357,480
10,800	Los Angeles Cnty. Public Works Financing Auth. Rev., 7.618%, 8/1/40	13,875,840
20,000	Northern California Power Agcy. Rev., 7.311%, 6/1/40	23,446,000
1,200	Riverside Cnty. Dev. Agcy., Tax Allocation, 7.50%, 10/1/30, Ser. A-T	1,246,032
1,355	San Bernardino Cnty. Redev. Agcy., Tax Allocation, 8.50%, 9/1/40	1,423,035
5,100	San Luis Obispo Cnty. Rev., zero coupon, 9/1/27, Ser. C (NPFGC)	2,203,710

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**PIMCO Income Strategy Fund II Schedule of Investments**

April 30, 2012 (unaudited) (continued)

Principal Amount (000s)		Value*
<b>California (continued)</b>		
\$9,200	State Public Works Board Rev., 7.804%, 3/1/35, Ser. B-2	\$10,490,484
7,500	Stockton Public Financing Auth. Rev., 7.942%, 10/1/38, Ser. B	6,800,700
		85,079,878
<b>Colorado 0.8%</b>		
5,000	Denver Public Schools, CP, 7.017%, 12/15/37, Ser. B	6,443,550
<b>District of Columbia 1.9%</b>		
13,000	Metropolitan Airports Auth. Rev., 7.462%, 10/1/46	14,841,320
<b>Ohio 2.3%</b>		
13,000	American Municipal Power, Inc. Rev., Comb Hydroelectric Projects, 8.084%, 2/15/50, Ser. B	18,327,010
<b>Texas 2.2%</b>		
4,000	Dallas Convention Center Hotel Dev. Corp. Rev., 7.088%, 1/1/42	4,703,400
11,500	North Texas Tollway Auth. Rev., 8.91%, 2/1/30	13,111,150
		17,814,550
	Total Municipal Bonds (cost \$122,234,686)	142,506,308
<b>MORTGAGE-BACKED SECURITIES 11.1%</b>		
354	Banc of America Alternative Loan Trust, 6.00%, 1/25/36, CMO	256,272
99	Banc of America Funding Corp., CMO, 5.739%, 1/20/47, FRN	