

PIMCO Income Strategy Fund II
Form N-Q
June 25, 2010

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

OMB APPROVAL
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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)

1345 Avenue of the Americas, New York, NY
(Address of principal executive offices)

10105
(Zip code)

Lawrence G. Altadonna

1345 Avenue of the Americas,
New York, NY 10105
(Name and address of agent for service)

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

Date of fiscal year end: July 31, 2010

Date of reporting period: April 30, 2010

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (§§ 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-2001. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. § 3507.

Item 1. Schedule of Investments

PIMCO Income Strategy Fund II Schedule of Investments

April 30, 2010 (unaudited)

Principal Amount (000s)		Credit Rating (Moody's/S&P)	Value*
CORPORATE BONDS & NOTES 61.4%			
Airlines 6.7%			
	American Airlines Pass Through Trust,		
\$8,798	9.73%, 9/29/14	Caa2/CCC+	\$7,786,023
8,582	10.18%, 1/2/13	Caa1/CCC+	8,475,244
37,422	United Air Lines Pass Through Trust, 10.40%, 5/1/18	Ba1/BBB	40,602,563
			56,863,830
Banking 13.0%			
5,500	AgFirst Farm Credit Bank, 7.30%, 6/1/10 (a)(b)(d)(h)(l) (acquisition cost-\$4,709,000; purchased 2/26/10-4/15/10)	NR/A	4,940,859
	Allied Irish Banks PLC,		
700	10.75%, 3/29/17	A2/BBB+	743,470
4,232	10.75%, 3/29/17	A2/BBB+	6,094,123
£1,168	11.50%, 3/29/22	A2/BBB+	1,966,580
	Barclays Bank PLC (h),		
\$2,600	7.375%, 12/15/11 (a)(d)	Baa2/A-	2,548,000
3,700	7.434%, 12/15/17 (a)(d)	Baa2/A-	3,663,000
£13,600	14.00%, 6/15/19	Baa2/A-	27,894,575
\$6,700	BBVA Bancomer S.A., 7.25%, 4/22/20 (a)(d)	A3/NR	6,832,292
2,000	Den Norske Bank ASA, 7.729%, 6/29/11 (a)(d)(h)	Baa3/BBB+	2,022,194
1,400	HBOS PLC, 6.75%, 5/21/18 (a)(d)	Ba1/BBB-	1,342,559
12,175	HSBC Capital Funding L.P., 9.547%, 6/30/10 (a)(d)(h)	A3/A-	12,327,187
23,925	Rabobank Nederland NV, 11.00%, 6/30/19 (a)(d)(h)(k)	A2/AA-	30,875,763
9,400	UBS Preferred Funding Trust I, 8.622%, 10/1/10 (h)(k)	Baa3/BBB-	9,297,643
			110,548,245
Energy 1.3%			
10,898	AES Red Oak LLC, 8.54%, 11/30/19	B1/BB-	11,224,515
Financial Services 30.6%			
	American General Finance Corp., FRN,		
8,450	0.507%, 12/15/11	B2/B	7,611,236
1,625	0.53%, 8/17/11	B2/B	1,494,807
£2,100	BAC Capital Trust VII, 5.25%, 8/10/35	Baa3/BB	2,354,523
\$10,100	Bank of America Corp., 8.125%, 5/15/18 (h)	Ba3/BB	10,179,992
2,900	Capital One Capital VI, 8.875%, 5/15/40	Baa3/BB	3,242,415
	CIT Group, Inc.,		
2,912	7.00%, 5/1/13	NR/NR	2,886,424
1,068	7.00%, 5/1/14	NR/NR	1,033,152
1,068	7.00%, 5/1/15	NR/NR	1,021,137
2,128	7.00%, 5/1/16	NR/NR	2,030,109
2,492	7.00%, 5/1/17	NR/NR	2,376,431
200	Citigroup Capital XXI, 8.30%, 12/21/77, (converts to FRN on 12/21/37)	Ba1/BB-	201,000

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	Ford Motor Credit Co. LLC,		
8,400	3.048%, 1/13/12, FRN	B1/B-	8,169,000
7,000	7.25%, 10/25/11	B1/B-	7,232,659
3,300	7.80%, 6/1/12	B1/B-	3,423,413
	GMAC, Inc.,		
3,000	2.452%, 12/1/14, FRN	B3/B	2,692,500
360	5.90%, 1/15/19	B3/B	293,899
3	5.90%, 2/15/19	B3/B	2,445
5,500	6.00%, 12/15/11	B3/B	5,517,352
481	6.00%, 2/15/19	B3/B	395,498
119	6.00%, 3/15/19	B3/B	97,628
486	6.10%, 9/15/19	B3/B	401,116

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Principal Amount (000s)		Credit Rating (Moody s/S&P)	Value*
Financial Services (continued)			
\$159	6.125%, 10/15/19	B3/B	\$131,116
394	6.15%, 8/15/19	B3/B	326,054
454	6.15%, 10/15/19	B3/B	375,096
665	6.20%, 4/15/19	B3/B	561,420
500	6.25%, 12/15/18	B3/B	418,572
35	6.25%, 7/15/19	B3/B	29,202
7	6.35%, 4/15/16	B3/B	6,161
303	6.35%, 4/15/19	B3/B	255,566
254	6.35%, 7/15/19	B3/B	213,495
249	6.50%, 9/15/16	B3/B	219,492
250	6.50%, 10/15/16	B3/B	220,076
5	6.50%, 6/15/18	B3/B	4,279
449	6.50%, 11/15/18	B3/B	381,663
190	6.50%, 12/15/18	B3/B	161,698
15	6.50%, 5/15/19	B3/B	12,764
193	6.60%, 8/15/16	B3/B	170,989
732	6.60%, 5/15/18	B3/B	628,370
100	6.60%, 6/15/19	B3/B	85,652
132	6.65%, 10/15/18	B3/B	113,544
256	6.70%, 6/15/18	B3/B	222,415
335	6.70%, 12/15/19	B3/B	288,160
3,000	6.75%, 12/1/14	B3/B	3,017,682
215	6.75%, 8/15/16	B3/B	192,302
14	6.75%, 6/15/17	B3/B	12,510
831	6.75%, 7/15/18	B3/B	724,451
3	6.75%, 9/15/18	B3/B	2,671
612	6.75%, 10/15/18	B3/B	546,051
107	6.75%, 11/15/18	B3/B	92,610
92	6.80%, 9/15/16	B3/B	82,412
207	6.85%, 4/15/16	B3/B	186,870
3,575	6.875%, 9/15/11	B3/B	3,634,824
3,375	6.875%, 8/28/12	B3/B	3,435,203
3	6.875%, 7/15/18	B3/B	2,633
319	6.90%, 7/15/18	B3/B	280,830
326	6.90%, 8/15/18	B3/B	287,092
43	7.00%, 2/15/18	B3/B	38,262
506	7.00%, 3/15/18	B3/B	448,662
5	7.00%, 5/15/18	B3/B	4,449
400	7.00%, 9/15/18	B3/B	356,423
10	7.00%, 6/15/22	B3/B	8,564
325	7.05%, 3/15/18	B3/B	289,072
4	7.05%, 4/15/18	B3/B	3,544
6	7.15%, 9/15/18	B3/B	5,330
472	7.20%, 10/15/17	B3/B	428,406
55	7.25%, 6/15/16	B3/B	50,579
653	7.25%, 9/15/17	B3/B	597,594
329	7.25%, 1/15/18	B3/B	298,355
255	7.25%, 4/15/18	B3/B	228,504
39	7.30%, 12/15/17	B3/B	35,563
503	7.30%, 1/15/18	B3/B	457,027
58	7.35%, 4/15/18	B3/B	52,357

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Principal Amount (000s)		Credit Rating (Moody s/S&P)	Value*
Financial Services (continued)			
\$25	7.375%, 11/15/16	B3/B	\$23,405
3	7.375%, 4/15/18	B3/B	2,712
166	7.40%, 12/15/17	B3/B	152,287
251	7.50%, 11/15/16	B3/B	236,542
15	7.50%, 8/15/17	B3/B	13,986
559	7.50%, 11/15/17	B3/B	517,631
290	7.50%, 12/15/17	B3/B	267,642
3	8.125%, 11/15/17	B3/B	2,880
224	9.00%, 7/15/20	B3/B	224,984
11,000	ILFC E-Capital Trust II, 6.25%, 12/21/65, (converts to FRN on 12/21/15) (a)(b)(d)(l) (acquisition cost-\$5,582,500; purchased 9/22/09)	B3/BB	8,415,000
	International Lease Finance Corp.,		
1,350	4.75%, 1/13/12	B1/BB+	1,325,585
1,350	5.30%, 5/1/12	B1/BB+	1,317,323
1,350	5.35%, 3/1/12	B1/BB+	1,327,586
4,950	5.625%, 9/20/13	B1/BB+	4,599,758
5,950	6.625%, 11/15/13	B1/BB+	5,658,575
15,900	JPMorgan Chase & Co., 7.90%, 4/30/18 (h)	Baa1/BBB+	16,754,593
	LBG Capital No.1 PLC,		
500	6.439%, 5/23/20	Ba3/BB-	551,804
£10,200	7.867%, 12/17/19	Ba3/BB-	13,739,119
£900	7.869%, 8/25/20	Ba3/BB-	1,212,275
\$4,500	7.875%, 11/1/20	Ba3/BB-	4,140,000
	LBG Capital No.2 PLC,		
8,900	8.875%, 2/7/20	Ba2/BB	11,242,185
£300	12.75%, 8/10/20	Ba2/BB	525,778
1,100	15.00%, 12/21/19	Ba2/BB	1,857,520
\$4,800	LBI Escrow Corp., 8.00%, 11/1/17 (a)(d)	Ba3/NR	4,986,000
2,500	Lehman Brothers Holdings, Inc., 7.50%, 5/11/38 (f)	WR/NR	9,375
2,000	Mellon Capital IV, 6.244%, 6/20/12 (h)	A3/A-	1,915,000
15,400	MUFG Capital Finance 1 Ltd., 6.346%, 3/17/06 (h)	Ba1/BBB+	15,188,250
1,600	MUFG Capital Finance 2 Ltd., 4.85%, 7/25/16 (h)	Ba1/BBB+	1,898,739
\$22,600	National City Preferred Capital Trust I, 12.00%, 12/10/12 (h)(k)	Baa3/BBB	26,220,949
3,500	NB Capital Trust II, 7.83%, 12/15/26	Baa3/BB	3,500,000
	SLM Corp.,		
19,350	0.546%, 10/25/11, FRN	Ba1/BBB-	18,610,095
10,000	4.776%, 9/15/15, FRN	Ba1/BBB-	8,162,900
1,900	5.00%, 10/1/13	Ba1/BBB-	1,875,158
3,400	5.375%, 5/15/14	Ba1/BBB-	3,258,852
6,750	Wells Fargo & Co., 7.98%, 3/15/18 (h)	Ba1/A-	7,155,000
9,900	Wells Fargo Capital XIII, 7.70%, 3/26/13 (h)	Ba1/A-	10,345,500
			260,518,340
Healthcare & Hospitals 0.8%			
6,700	HCA, Inc., 9.625%, 11/15/16, PIK	B2/BB-	7,303,000
Insurance 9.0%			
3,000	American General Institutional Capital A, 7.57%, 12/1/45 (a)(d)	Ba2/B	2,767,980
3,400	American International Group, Inc., 0.371%, 3/20/12, FRN	A3/A-	3,272,775

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Principal Amount (000s)		Credit Rating (Moody s/S&P)	Value*
Insurance (continued)			
\$12,600	0.414%, 10/18/11, FRN (k)	A3/A-	\$12,146,337
3,200	4.95%, 3/20/12 (k)	A3/A-	3,263,424
10,000	5.05%, 10/1/15 (k)	A3/A-	9,444,670
13,600	5.45%, 5/18/17	A3/A-	12,539,431
£5,000	5.75%, 3/15/67, (converts to FRN on 3/15/17)	Ba2/BBB	5,127,679
\$1,450	8.175%, 5/15/68, (converts to FRN on 5/15/38)	Ba2/BBB	1,266,938
1,300	8.25%, 8/15/18	A3/A-	1,389,070
£2,400	8.625%, 5/22/68, (converts to FRN on 5/22/18)	Ba2/BBB	3,140,895
\$1,700	AXA S.A., 6.463%, 12/14/18 (a)(d)(h)	Baa1/BBB	1,530,000
4,700	Hartford Financial Services Group, Inc., 8.125%, 6/15/68, (converts to FRN on 6/15/18)	Ba1/BB+	4,876,250
15,000	Metlife Capital Trust IV, 7.875%, 12/15/67, (converts to FRN on 12/15/37) (a)(d)	Baa2/BBB	15,724,875
			76,490,324
	Total Corporate Bonds & Notes (cost \$473,699,835)		522,948,254

MORTGAGE-BACKED SECURITIES 14.2%