

GROSS WILLIAM H
Form 4
April 08, 2010

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
GROSS WILLIAM H

2. Issuer Name and Ticker or Trading Symbol
PIMCO Income Strategy Fund II [PFN]

5. Relationship of Reporting Person(s) to Issuer
(Check all applicable)

(Last) (First) (Middle)
C/O PIMCO, 840 NEWPORT CENTER DRIVE, SUITE 100
(Street)

3. Date of Earliest Transaction (Month/Day/Year)
04/08/2010

____ Director
____ Officer (give title below) 10% Owner
____ Other (specify below)
See Remarks

NEWPORT BEACH, CA 92660

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
| | | | Code | V | Amount | (A) or (D) | Price |
| Common Stock | 04/08/2010 | | X | | 49,291 | A | (1) 197,164 |
| Common Stock | 04/08/2010 | | J | | 1,000,000 (2) | A | (3) 1,197,164 |
| Common Stock | | | | | | | 27,732 |
| | | | | | | I | By Spouse |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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displays a currently valid OMB control number.

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)**

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Security (Instr. 3 and 4) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|
| Subscription Rights (Right to Buy) | \$ 8.87 ⁽¹⁾ | 04/08/2010 | | X | 147,873 ⁽⁴⁾ | 03/24/2010 04/23/2010 | Common Stock 49 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | | See Remarks |
|--|---------------|-----------|---------|-------|-------------|
| | Director | 10% Owner | Officer | Other | |
| GROSS WILLIAM H C/O PIMCO 840 NEWPORT CENTER DRIVE, SUITE 100 NEWPORT BEACH, CA 92660 | | | | | |

Signatures

/s/ Michael Flaherty, Attorney-in-Fact for William H. Gross
04/08/2010
Date

Signature of Reporting Person

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- The subscription price will be determined based upon a formula equal to 90% of the average of the last reported sale prices of the Fund's common shares on the NYSE on April 23, 2010 (the "Expiration Date") and on each of the four preceding trading days (the "Formula Price"). If, however, the Formula Price is less than 80% of the Fund's net asset value per common share on the Expiration Date, then the
- (1) subscription price will be 80% of the Fund's net asset value per common share on that day. Rights holders may not know the subscription price at the time of exercise and will be required initially to pay for both the common shares subscribed for pursuant to the primary subscription and, if eligible, any additional common shares subscribed for pursuant to the over-subscription privilege at the estimated subscription price of \$8.87 per common share.
 - (2) Represents 1,000,000 shares subscribed for by the Reporting Person pursuant to an over-subscription privilege under the rights offering referenced herein. Shareholders as of the rights offering's record date ("Record Date Shareholders") who exercised all rights issued to them were entitled to subscribe for additional common shares at the subscription price. If sufficient common shares are not available to honor all over-subscription requests, available common shares will be allocated pro rata among the Record Date Shareholders who over-subscribe, based on the number of rights issued to them by the Issuer on the record date.

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- Record Date Shareholders who exercise all rights issued to them (other than those rights that cannot be exercised because they represent the right to acquire less than one share) are entitled to subscribe for additional shares at the same subscription price pursuant to the over-subscription privilege, subject to certain limitations and subject to allotment as noted in Footnote 2.
- (3) Record Date Shareholders who exercise all rights issued to them (other than those rights that cannot be exercised because they represent the right to acquire less than one share) are entitled to subscribe for additional shares at the same subscription price pursuant to the over-subscription privilege, subject to certain limitations and subject to allotment as noted in Footnote 2.
- (4) The subscription rights entitle the holder to purchase one new common share for every three rights held (1-for-3).

Remarks:

Mr. Gross is Portfolio Manager of the Issuer. Mr. Gross is the Co-Chief Information Officer of Pacific Investment Management.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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