

PIMCO Income Strategy Fund II  
Form SC 13D/A  
November 06, 2014

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

SCHEDULE 13D  
THE SECURITIES EXCHANGE ACT OF 1934  
(Amendment No. 21)\*

PIMCO Income Strategy Fund II  
(Name of Issuer)

Auction-Rate Preferred Shares  
(Title of Class of Securities)

72201J203  
72201J302  
72201J401  
72201J500  
72201J609  
(CUSIP Number)

Brigade Leveraged Capital Structures Fund Ltd.  
c/o Ogier Fiduciary Services (Cayman) Limited  
89 Nexus Way  
Camana Bay  
Grand Cayman KY1-9007  
Attention: Donald E. Morgan, III

Copies to:

Raymond Gietz, Esq.  
Weil, Gotshal & Manges LLP  
767 Fifth Avenue  
New York, New York 10153  
(212) 310-8000

(Name, Address and Telephone Number of Person Authorized to Receive  
Notices and Communications)

November 6, 2014  
(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of ss.240.13d-1(e), 240.13d-1(f) or 240.13d-1(g), check the following box ☐.

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The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

\*No additional purchases or sales have been made since the date of the reporting persons' last filing.

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72201J203  
72201J302  
CUSIP  
No. 72201J401  
72201J500  
72201J609

NAME OF REPORTING PERSONS

1. I.R.S. IDENTIFICATION NOS. OF ABOVE  
PERSONS (ENTITIES ONLY)

Brigade Leveraged Capital Structures Fund Ltd.

CHECK THE APPROPRIATE

2. BOX IF A MEMBER OF A (a) ☐  
GROUP (b) ☒

3. SEC USE ONLY

4. SOURCE OF FUNDS

WC

CHECK BOX IF DISCLOSURE

5. OF LEGAL PROCEEDINGS IS  
REQUIRED PURSUANT TO ☐  
ITEMS 2(d) OR 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Cayman Islands

NUMBER OF SHARES BENEFICIALLY OWNED BY  
EACH REPORTING PERSON

7. SOLE VOTING POWER

0

8. SHARED VOTING POWER

0\*

9. SOLE DISPOSITIVE POWER

0

10. SHARED DISPOSITIVE POWER

0\*

11. AGGREGATE AMOUNT BENEFICIALLY OWNED  
BY EACH REPORTING PERSON

0\*

12. CHECK BOX IF THE  
AGGREGATE AMOUNT IN  
ROW (11) EXCLUDES ☐  
CERTAIN SHARES

13. PERCENT OF CLASS REPRESENTED BY AMOUNT  
IN ROW (11)

0%\*\*

14. TYPE OF REPORTING PERSON

CO

\* Consistent with the Securities and Exchange Commission's Auction Rate Securities Global Exemptive Relief no action letter issued on September 22, 2008, these amounts reflect Brigade Leveraged Capital Structures Fund Ltd.'s combined holdings in the separate series of auction rate preferred shares of the issuer identified by the CUSIP numbers set forth on the cover page of this Schedule 13D Amendment, which are treated herein as one class of securities.

\*\* Percentage calculation is based on the number of Issuer's Auction-Rate Preferred Shares outstanding as of July 31, 2014, as reported in the Issuer's Form N-CSR filed on October 3, 2014.

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CUSTOMER  
No. 72201J203  
72201J302  
72201J401  
72201J500  
72201J609

NAME OF  
REPORTING  
PERSONS

1. I.R.S.  
IDENTIFICATION  
NOS. OF ABOVE  
PERSONS  
(ENTITIES ONLY)

Brigade Capital  
Management, LP

- CHECK  
THE  
APPROPRIATE  
2. BOX IF A (a) ☐  
MEMBER (b) ☒  
OF A  
GROUP

3. SEC USE ONLY

4. SOURCE OF  
FUNDS

AF

- CHECK  
BOX IF  
DISCLOSURE  
OF LEGAL  
PROCEEDINGS  
5. IS ☐  
REQUIRED  
PURSUANT  
TO ITEMS  
2(d) OR  
2(e)

- 6.

CITIZENSHIP OR  
PLACE OF  
ORGANIZATION

Delaware

NUMBER OF  
SHARES  
BENEFICIALLY  
OWNED BY EACH  
REPORTING  
PERSON

7. SOLE VOTING  
POWER

0

8. SHARED VOTING  
POWER

0\*

9. SOLE  
DISPOSITIVE  
POWER

0

10. SHARED  
DISPOSITIVE  
POWER

0\*

11. AGGREGATE  
AMOUNT  
BENEFICIALLY  
OWNED BY EACH  
REPORTING  
PERSON

0\*

12. CHECK ☐   
BOX IF  
THE  
AGGREGATE  
AMOUNT  
IN ROW  
(11)

EXCLUDES  
CERTAIN  
SHARES

PERCENT OF  
CLASS  
13 REPRESENTED  
BY AMOUNT IN  
ROW (11)

0%\*\*

TYPE OF  
14. REPORTING  
PERSON

IA

\* Consistent with the Securities and Exchange Commission's Auction Rate Securities Global Exemptive Relief no action letter issued on September 22, 2008, these amounts reflect Brigade Capital Management, LP's combined holdings in the separate series of auction rate preferred shares of the issuer identified by the CUSIP numbers set forth on the cover page of this Schedule 13D Amendment, which are treated herein as one class of securities.

\*\* Percentage calculation is based on the number of Issuer's Auction-Rate Preferred Shares outstanding as of July 31, 2014, as reported in the Issuer's Form N-CSR filed on October 3, 2014.





CUSTOMER  
No 72201J203  
72201J302  
72201J401  
72201J500  
72201J609

NAME OF REPORTING  
PERSONS

1. I.R.S. IDENTIFICATION NOS.  
OF ABOVE PERSONS  
(ENTITIES ONLY)

Donald E. Morgan, III

CHECK THE  
APPROPRIATE

2. BOX IF A (a) ☐  
MEMBER OF A (b) ☒  
GROUP

3. SEC USE ONLY

4. SOURCE OF FUNDS

AF

CHECK BOX IF  
DISCLOSURE OF  
LEGAL

5. PROCEEDINGS ☐  
IS REQUIRED  
PURSUANT TO  
ITEMS 2(d) OR  
2(e)

6. CITIZENSHIP OR PLACE OF  
ORGANIZATION

U.S.A.

NUMBER OF SHARES  
BENEFICIALLY OWNED BY  
EACH REPORTING PERSON

7. SOLE VOTING POWER

0

8. SHARED VOTING POWER

0\*

9. SOLE DISPOSITIVE POWER

0

10. SHARED DISPOSITIVE  
POWER

0\*

AGGREGATE AMOUNT  
11. BENEFICIALLY OWNED BY  
EACH REPORTING PERSON

0\*

CHECK BOX IF  
THE  
AGGREGATE  
12. AMOUNT IN ☐   
ROW (11)  
EXCLUDES  
CERTAIN  
SHARES

PERCENT OF CLASS  
13 REPRESENTED BY AMOUNT  
IN ROW (11)

0%\*\*

14. TYPE OF REPORTING  
PERSON

IN

\* Consistent with the Securities and  
Exchange Commission's Auction  
Rate Securities Global Exemptive  
Relief no action letter issued on  
September 22, 2008, these amounts  
reflect Donald E. Morgan, III's  
combined holdings in the separate  
series of auction rate preferred  
shares of the issuer identified by the  
CUSIP numbers set forth on the

cover page of this Schedule 13D  
Amendment, which are treated  
herein as one class of securities.

\*\* Percentage calculation is based  
on the number of Issuer's  
Auction-Rate Preferred Shares  
outstanding as of July 31, 2014, as  
reported in the Issuer's Form  
N-CSR filed on October 3, 2014.

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This Amendment No. 21 amends the Schedule 13D first filed with the Securities and Exchange Commission on January 28, 2011, as amended on March 10, 2011, April 29, 2011, July 15, 2011, September 9, 2011, September 21, 2011, October 24, 2011, November 14, 2011, December 1, 2011, February 29, 2012, May 10, 2012, June 6, 2012, August 1, 2012, May 3, 2013, June 28, 2013, September 20, 2013, April 24, 2014, May 5, 2014, June 6, 2014, August 21, 2014 and September 18, 2014 (the "Schedule 13D"), and is being filed by Brigade Leveraged Capital Structures Fund Ltd., a Cayman Islands exempted company ("Brigade LCSF"), Brigade Capital Management, LP, a Delaware limited partnership ("Brigade CM") and Donald E. Morgan, III (each a "Reporting Person" and collectively the "Reporting Persons"), with respect to the Auction-Rate Preferred Shares, par value \$.00001 per share ("Shares"), of PIMCO Income Strategy Fund II, a Massachusetts business trust (the "Issuer"). Unless otherwise indicated herein, all capitalized terms used and not defined herein have the respective meanings assigned to them in the Schedule 13D.

Item 4. Purpose of  
Transaction.

Item 4 is  
supplemented  
by the  
following:

On October 31,  
2014, the Issuer  
and PIMCO  
Income Strategy  
Fund I ("PFL")  
announced the  
expiration and  
final results of  
the issuer tender  
offers  
conducted by  
the Issuer and  
PFL (together,  
the "Tender  
Offers") for up  
to 100% of the  
Shares and up  
to 100% of the  
outstanding  
auction rate  
preferred shares  
of PFL  
(collectively,  
the "ARPS") at  
a price equal to  
90% of the  
ARPS' per share  
liquidation  
preference of

\$25,000 per share (or \$22,500 per share), and any unpaid dividends accrued on the ARPS through the expiration date of the Tender Offers. The Reporting Persons validly tendered and did not withdraw prior to the expiration of the offering period, and the Issuer and PFL accepted for payment, 100% of the ARPS beneficially owned by the Reporting Persons as of the expiration of the offering period. As a result of such acceptance for payment, the Reporting Persons no longer beneficially own any ARPS.

This is the final amendment to the Schedule 13D and constitutes an exit filing for the Reporting Persons.

Item 6. Contracts, Arrangements, Understandings

or Relationships  
with Respect to  
Securities of the  
Issuer.

Item 6 is  
supplemented  
by the  
following:

The Reporting  
Persons have  
entered into a  
Joint Filing  
Agreement, a  
copy of which  
is attached  
hereto as  
Exhibit A.

Material to be  
Item 7. Filed as  
Exhibits.

Exhibit A: Joint  
Filing  
Agreement

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SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

November 6, 2014

(Date)

Brigade Leveraged Capital Structures Fund Ltd.

/s/ Donald E. Morgan, III

(Signature)

Director

(Name/Title)

Brigade Capital Management, LP\*

By: /s/ Donald E. Morgan, III

(Signature)

Managing Member of its General Partner

(Name/Title)

/s/ Donald E. Morgan, III\*

(Signature)

Attention: Intentional misstatements or omissions of fact constitute Federal criminal violations (see 18 U.S.C. 1001).

\* The Reporting Persons disclaim beneficial ownership in the Shares reported herein except to the extent of their pecuniary interest therein.

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Exhibit A

Joint Filing Agreement

Pursuant to Rule 13d-1(k)(1) under the Securities Exchange Act of 1934, as amended, each of the undersigned hereby agrees that only one statement containing the information required by Schedule 13D need be filed with respect to the ownership by each of the undersigned of PIMCO Income Strategy Fund II.

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original.

November 6, 2014

(Date)

Brigade Leveraged Capital Structures Fund Ltd.

/s/ Donald E. Morgan, III

(Signature)

Director

(Name/Title)

Brigade Capital Management, LP

By: /s/ Donald E. Morgan, III

(Signature)

Managing Member of its General Partner

(Name/Title)

/s/ Donald E. Morgan, III

(Signature)

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