

PIMCO Income Strategy Fund II
Form SC 13D/A
August 21, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

SCHEDULE 13D
THE SECURITIES EXCHANGE ACT OF 1934
(Amendment No. 19)*

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)

August 20, 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.

CUSTOMER
No. 72201J203
72201J302
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 (a) ☐
MEMBER
OF A
GROUP
(b) ☒

3. SEC USE ONLY

4. SOURCE OF
FUNDS

WC

5. CHECK ☐
BOX IF
DISCLOSURE
OF LEGAL
PROCEEDINGS
IS
REQUIRED
PURSUANT
TO ITEMS

2(d) OR

2(e)

CITIZENSHIP OR

6. PLACE OF
ORGANIZATION

Cayman Islands

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY EACH
REPORTING
PERSON

7. SOLE VOTING
POWER

0

8. SHARED VOTING
POWER

1,619*

9. DISPOSITIVE
POWER

0

10. SHARED
DISPOSITIVE
POWER

1,619*

11. AGGREGATE
AMOUNT
BENEFICIALLY
OWNED BY EACH
REPORTING
PERSON

1,619*

12. CHECK ☐
BOX IF
THE
AGGREGATE

AMOUNT
IN ROW
(11)
EXCLUDES
CERTAIN
SHARES

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

25.1%**

TYPE OF
14. 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 January 31, 2014, as reported in the Issuer's

Form N-CSRS filed on
March 31, 2014.

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
OF A
GROUP
(b) ☒

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)

CITIZENSHIP OR
6. PLACE OF
ORGANIZATION

Delaware

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY EACH
REPORTING
PERSON

7. SOLE VOTING
POWER

0

8. SHARED VOTING
POWER

1,669*

SOLE
9. DISPOSITIVE
POWER

0

SHARED
10. DISPOSITIVE
POWER

1,669*

AGGREGATE
AMOUNT
BENEFICIALLY
11. OWNED BY EACH
REPORTING
PERSON

1,669*

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

EXCLUDES
CERTAIN
SHARES

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

25.9%**

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 January 31, 2014, as reported in the Issuer's Form N-CSRS filed on March 31, 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
GROUP
(b) ☒

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)

CITIZENSHIP OR
6. PLACE OF
ORGANIZATION

U.S.A.

NUMBER OF
SHARES
BENEFICIALLY
OWNED BY EACH
REPORTING
PERSON

7. SOLE VOTING
POWER

0

8. SHARED VOTING
POWER

1,669*

SOLE
9. DISPOSITIVE
POWER

0

SHARED
10. DISPOSITIVE
POWER

1,669*

AGGREGATE
AMOUNT
BENEFICIALLY
11. OWNED BY EACH
REPORTING
PERSON

1,669*

12. CHECK ☐
BOX IF
THE
AGGREGATE
AMOUNT
IN ROW

(11)
EXCLUDES
CERTAIN
SHARES

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

25.9%**

TYPE OF
14. 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 January 31, 2014, as reported in the Issuer's Form N-CSRS filed on March 31, 2014.

This Amendment No. 19 ("Amendment No. 19") 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 and June 6, 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:

As previously
disclosed, from
time to time, the
Reporting
Persons have
had discussions
with the
sub-advisor and
investment
manager of the
Issuer
concerning the
Reporting
Persons'
proposal that
the Issuer
pursue leverage
alternatives for
the outstanding
Shares and use
the resulting
funds to make
an issuer tender
offer for the
Shares. These
discussions
have
recommenced
and, to facilitate

these
discussions, the
Reporting
Persons have
entered into a
confidentiality
agreement with
the sub-advisor
and investment
manager of the
Issuer.

However, there
is no guarantee
that any
agreement will
be reached with
respect to an
issuer tender
offer for the
Shares.

The Reporting
Persons
evaluate their
investment in
the Shares and
purposes for
holding such
Shares on an
ongoing basis
and reserve the
right to change
their intentions
and develop
plans or
proposals at any
time, as they
deem
appropriate.

Contracts,
Arrangements,
Understandings
Item 6. 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

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.

August 21, 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.

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.

August 21, 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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