

JOHN HANCOCK PREFERRED INCOME FUND
Form N-Q
January 03, 2007

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

FORM N-Q

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

Investment Company Act file number 811- 21131

John Hancock Preferred Income Fund
(Exact name of registrant as specified in charter)

601 Congress Street, Boston, Massachusetts 02210
(Address of principal executive offices) (Zip code)

Alfred E. Ouellette, Senior Attorney and Assistant Secretary

601 Congress Street

Boston, Massachusetts 02210

(Name and address of agent for service)

Registrant's telephone number, including area code: 617-663-4324

Date of fiscal year end: July 31

Date of reporting period: October 31, 2006

ITEM 1. SCHEDULE OF INVESTMENTS

John Hancock

Preferred Income Fund

Securities owned by the Fund on

October 31, 2006 (unaudited)

| Issuer, description | Interest rate | Maturity date | Credit rating (A) | Par value (000) | Value |
|----------------------------|--------------------------|--------------------------|------------------------------|----------------------------|--------------|
|----------------------------|--------------------------|--------------------------|------------------------------|----------------------------|--------------|

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Bonds 1.91% **\$17,271,986**
 (Cost \$17,279,818)

Electric Utilities 1.21% **10,911,260**

Black Hills Corp.,
 Note 6.500% 05-15-13 BBB- \$5,950 6,011,785

Entergy Gulf States, Inc.,
 1st Mtg Bond 6.200 07-01-33 BBB+ 5,000 4,899,475

Gas Utilities 0.70% **6,360,726**

Southern Union Co.,
 Jr Sub Note Ser A (P) 7.200 11-01-66 BB+ 6,300 6,360,726

| Issuer, description, maturity date | Credit rating (A) | Par value (000) | Value |
|------------------------------------|----------------------|--------------------|-------|
|------------------------------------|----------------------|--------------------|-------|

Capital preferred securities 7.87% **\$71,102,239**
 (Cost \$68,433,343)

Diversified Banks 0.83% **7,537,500**

Lloyds TSB Bank Plc, 6.90%, 11-29-49 (United
 Kingdom) A+ \$7,500 7,537,500

Electric Utilities 2.83% **25,560,000**

DPL Capital Trust II, 8.125%, 09-01-31 BB- 24,000 25,560,000

Gas Utilities 2.78% **25,139,665**

KN Capital Trust I, 8.56%, Ser B, 04-15-27 BB+ 17,500 17,650,465

KN Capital Trust III, 7.63%, 04-15-28 BB+ 8,000 7,489,200

Integrated Telecommunication Services 0.67% **6,039,463**

TCI Communications Financing Trust III,
 9.65%, 03-31-27 BBB- 5,700 6,039,463

Regional Banks 0.76% **6,825,611**

Summit Capital Trust I, 8.40%, Ser B,
 03-15-27 A 6,500 6,825,611

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John Hancock
Preferred Income Fund

Securities owned by the Fund on

October 31, 2006 (unaudited)

| Issuer | Shares | Value |
|---|-------------------|----------------------|
| Common stocks 3.56% (Cost \$25,443,427) | | \$32,157,670 |
| Electric Utilities 0.71% | | 6,450,950 |
| FPL Group, Inc. | 80,000 | 4,080,000 |
| Scottish Power Plc, American Depositary Receipt (ADR) (United Kingdom) | 47,619 | 2,370,950 |
| Independent Power Producers & Energy Traders 0.77% | | 6,944,300 |
| TXU Corp. | 110,000 | 6,944,300 |
| Multi-Utilities 2.08% | | 18,762,420 |
| Alliant Energy Corp. | 190,000 | 7,286,500 |
| DTE Energy Co. | 111,046 | 5,044,820 |
| TECO Energy, Inc. | 390,000 | 6,431,100 |
| Issuer, description | Credit | |
| | rating (A) | |
| Preferred stocks 86.24% (Cost \$777,927,369) | Shares | Value |
| | | \$779,525,178 |
| Agricultural Products 1.30% | | 11,761,750 |
| Ocean Spray Cranberries, Inc., 6.25%, Ser A (S) | BB+ | 143,000 11,761,750 |
| Asset Management & Custody Banks 0.08% | | 724,800 |
| BNY Capital V, 5.95%, Ser F | A- | 30,000 724,800 |
| Automobile Manufacturers 2.00% | | 18,061,941 |
| Ford Motor Co., 7.50% | B | 40,000 745,200 |
| General Motors Corp., 7.25%, Ser 04-15-41 | B- | 378,700 7,244,531 |
| General Motors Corp., 7.25%, Ser 07-15-41 | B- | 82,000 1,567,020 |
| General Motors Corp., 7.25%, Ser 02-15-52 | B- | 254,300 4,806,270 |
| General Motors Corp., 7.375%, Ser 05-15-48 | Caa1 | 65,000 1,237,600 |
| General Motors Corp., 7.375%, Ser 10-01-51 | B- | 129,000 2,461,320 |
| Broadcasting & Cable TV 2.14% | | 19,368,155 |
| Comcast Corp., 7.00% | BBB+ | 222,000 5,627,700 |
| Comcast Corp., 7.00%, Ser B | BBB+ | 539,900 13,740,455 |

John Hancock

Preferred Income Fund

Securities owned by the Fund on October 31, 2006 (unaudited)

| | | | |
|---|------|---------|--------------------|
| Consumer Finance 4.87% | | | 44,029,138 |
| CIT Group, Inc., 6.35%, Ser A | BBB+ | 70,000 | 1,821,400 |
| Ford Motor Credit Co., 7.60% | B1 | 315,600 | 6,927,420 |
| HSBC Finance Corp., 6.00% | AA- | 199,200 | 4,888,368 |
| HSBC Finance Corp., 6.36%, Depository Shares, Ser B | A | 297,000 | 7,704,180 |
| HSBC Finance Corp., 6.875% | AA- | 399,800 | 10,230,882 |
| SLM Corp., 6.00% | A | 209,100 | 5,127,132 |
| SLM Corp., 6.97%, Ser A | BBB+ | 137,390 | 7,329,756 |
| Diversified Banks 7.12% | | | 64,361,651 |
| BAC Capital Trust IV, 5.875% | A | 141,150 | 3,396,069 |
| Bank One Capital Trust VI, 7.20% | A- | 81,100 | 2,047,775 |
| Comerica Capital Trust I, 7.60% | BBB+ | 178,100 | 4,497,025 |
| Fleet Capital Trust VIII, 7.20% | A | 464,750 | 11,776,765 |
| HSBC Holdings Plc, 6.20%, Ser A (United Kingdom) | A | 150,000 | 3,771,000 |
| Royal Bank of Scotland Group Plc, 5.75%, Ser L (United Kingdom) | A | 550,900 | 13,238,127 |
| Royal Bank of Scotland Group Plc, 6.35%, Ser N, ADR (United Kingdom) | A | 20,000 | 508,600 |
| Santander Finance Preferred SA, Unipersonal, 6.41%, Ser 1 (Spain) | A- | 225,000 | 5,742,000 |
| USB Capital IV, 7.35% | A | 165,700 | 4,155,756 |
| USB Capital V, 7.25% | A | 103,599 | 2,620,019 |
| USB Capital VI, 5.75% | A | 15,000 | 349,500 |
| USB Capital VII, 5.875% | A | 36,900 | 873,423 |
| USB Capital VIII, 6.35%, Ser 1 | A | 169,800 | 4,199,154 |
| USB Capital X, 6.50% | A | 45,000 | 1,122,300 |
| Wachovia Preferred Funding Corp., 7.25%, Ser A | A- | 69,000 | 1,954,080 |
| Wells Fargo Capital Trust IV, 7.00% | A+ | 108,100 | 2,741,416 |
| Wells Fargo Capital Trust VI, 6.95% | A+ | 53,400 | 1,368,642 |
| Electric Utilities 17.84% | | | 161,262,177 |
| Boston Edison Co., 4.78% | A- | 15,143 | 1,351,513 |

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| | | | |
|---|------|---------|------------|
| Entergy Arkansas, Inc., 6.70% | AAA | 25,300 | 644,138 |
| Entergy Mississippi, Inc., 7.25% | A- | 346,000 | 8,878,360 |
| FPC Capital I, 7.10%, Ser A | BB+ | 844,691 | 21,472,045 |
| FPL Group Capital Trust I, 5.875% | BBB+ | 502,200 | 11,987,514 |
| Georgia Power Capital Trust VII, 5.875% | BBB+ | 250,600 | 5,929,196 |
| Georgia Power Co., 6.00%, Ser R | A | 395,497 | 9,855,785 |
| Great Plains Energy, Inc., 8.00%, Conv | BBB- | 764,900 | 19,122,500 |
| HECO Capital Trust III, 6.50% | BBB- | 375,400 | 9,392,508 |
| Interstate Power & Light Co., 8.375%, Ser B | Baa3 | 700,000 | 22,575,000 |
| Northern States Power Co., 8.00% | BBB- | 235,000 | 5,997,200 |
| PPL Electric Utilities Corp., 6.25%, Depository Shares | BBB | 300,000 | 7,678,140 |
| PPL Energy Supply, LLC, 7.00% | BBB | 383,660 | 9,837,042 |
| Southern California Edison Co., 6.125% | BBB- | 119,000 | 12,082,225 |
| Southern Co. Capital Trust VI, 7.125% | BBB+ | 49,800 | 1,266,912 |
| Virginia Power Capital Trust, 7.375% | BB+ | 518,150 | 13,192,099 |

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Preferred Income Fund

Securities owned by the Fund on

October 31, 2006 (unaudited)

Gas Utilities 2.27% **20,506,084**

| | | | |
|--|-----|---------|------------|
| Southern Union Co., 5.00%, Conv | BBB | 25,000 | 1,393,750 |
| Southern Union Co., 7.55%, Ser A | BB+ | 296,600 | 7,747,192 |
| Southwest Gas Capital II, 7.70% | BB | 404,300 | 10,519,886 |
| TransCanada Pipelines Ltd., 8.25% (Canada) | BBB | 32,800 | 845,256 |

Hotels, Resorts & Cruise Lines 0.33% **3,024,541**

| | | | |
|----------------------------|----|---------|-----------|
| Hilton Hotels Corp., 8.00% | BB | 118,100 | 3,024,541 |
|----------------------------|----|---------|-----------|

Integrated Telecommunication Services 3.11% **28,112,085**

| | | | |
|--|-----|---------|------------|
| Telephone & Data Systems, Inc., 6.625% | BBB | 233,000 | 5,778,400 |
| Telephone & Data Systems, Inc., 7.60%, Ser A | BBB | 690,687 | 17,315,523 |
| Verizon New England, Inc., 7.00%, Ser B | A3 | 199,450 | 5,018,162 |

Investment Banking & Brokerage 8.20% **74,138,928**

| | | | |
|---|------|---------|------------|
| Bear Stearns Capital Trust III, 7.80% | BBB+ | 40,600 | 1,029,210 |
| Goldman Sachs Group, Inc., 6.20%, Ser B | A | 460,000 | 11,799,000 |

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| | | | |
|--|----|---------|-----------|
| Lehman Brothers Holdings Capital Trust III, 6.375%, Ser K | A- | 150,000 | 3,750,000 |
| Lehman Brothers Holdings Capital Trust V, 6.00%, Ser M | A- | 70,000 | 1,701,700 |
| Lehman Brothers Holdings, Inc., 5.94%, Depository Shares, Ser C | A- | 175,600 | 8,955,600 |
| Merrill Lynch Preferred Capital Trust III, 7.00% | A | 330,500 | 8,450,885 |
| Merrill Lynch Preferred Capital Trust IV, 7.12% | A | 247,752 | 6,344,929 |
| Merrill Lynch Preferred Capital Trust V, 7.28% | A | 367,000 | 9,501,630 |
| Morgan Stanley Capital Trust II, 7.25% | A- | 240,200 | 6,041,030 |
| Morgan Stanley Capital Trust III, 6.25% | A- | 192,400 | 4,802,304 |
| Morgan Stanley Capital Trust IV, 6.25% | A- | 57,000 | 1,414,170 |
| Morgan Stanley Capital Trust V, 5.75% | A1 | 347,000 | 8,088,570 |
| Morgan Stanley Capital Trust VI, 6.60% | A- | 90,000 | 2,259,900 |

Life & Health Insurance 4.59% **41,443,156**

| | | | |
|---|------|---------|------------|
| Lincoln National Capital VI, 6.75%, Ser F | A- | 148,600 | 3,835,366 |
| MetLife, Inc., 6.50%, Ser B | BBB | 950,500 | 24,713,000 |
| PLC Capital Trust IV, 7.25% | BBB+ | 186,600 | 4,739,640 |
| PLC Capital Trust V, 6.125% | BBB+ | 256,000 | 6,246,400 |
| Prudential Plc, 6.50% (United Kingdom) | A- | 75,000 | 1,908,750 |

Multi-Line Insurance 3.92% **35,445,821**

| | | | |
|-----------------------------------|----|---------|------------|
| AEGON NV, 6.375% (Netherlands) | A- | 444,900 | 11,291,562 |
| AEGON NV, 6.50% (Netherlands) | A- | 111,100 | 2,840,827 |
| ING Groep NV, 6.20% (Netherlands) | A | 134,793 | 3,380,608 |
| ING Groep NV, 7.05% (Netherlands) | A | 703,800 | 17,932,824 |

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Preferred Income Fund
 Securities owned by the Fund on

October 31, 2006 (unaudited)

Multi-Utilities 8.13% **73,451,126**

| | | | |
|---|------|---------|------------|
| Aquila, Inc., 7.875% | B2 | 511,700 | 12,946,010 |
| Baltimore Gas & Electric Co., 6.99%, Ser 1995 | Ba1 | 40,000 | 4,180,000 |
| BGE Capital Trust II, 6.20% | BBB- | 831,825 | 20,404,667 |

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| | | | |
|--|------|---------|------------|
| Dominion CNG Capital Trust I, 7.80% | BB+ | 253,476 | 6,359,713 |
| DTE Energy Trust I, 7.80% | BB+ | 135,100 | 3,400,467 |
| PNM Resources, Inc., 6.75%, Conv | BBB- | 268,000 | 13,308,880 |
| PSEG Funding Trust II, 8.75% | BB+ | 233,500 | 6,131,710 |
| Public Service Electric & Gas Co., 4.18%, Ser B | BB+ | 7,900 | 635,950 |
| TECO Capital Trust I, 8.50% | B | 234,893 | 6,083,729 |

Oil & Gas Exploration & Production 3.69% **33,332,764**

| | | | |
|--|-----|-----------|------------|
| Chesapeake Energy Corp., 6.25%, Conv (G) | B+ | 4,530 | 1,240,314 |
| Nexen, Inc., 7.35% (Canada) | BB+ | 1,261,000 | 32,092,450 |

Other Diversified Financial Services 7.51% **67,879,009**

| | | | |
|---|----|---------|------------|
| ABN AMRO Capital Funding Trust V, 5.90% | A | 626,100 | 15,107,793 |
| ABN AMRO Capital Funding Trust VII, 6.08% | A | 328,000 | 8,160,640 |
| Citigroup Capital VII, 7.125% (G) | A | 138,700 | 3,525,754 |
| Citigroup Capital VIII, 6.95% | A | 410,600 | 10,351,226 |
| Citigroup Capital X, 6.10% | A | 73,300 | 1,822,971 |
| Citigroup Capital XI, 6.00% | A | 25,000 | 611,500 |
| DB Capital Funding VIII, 6.375% | A | 175,000 | 4,418,750 |
| JPMorgan Chase Capital IX, 7.50%, Ser I | A- | 61,000 | 1,558,550 |
| JPMorgan Chase Capital X, 7.00%, Ser J | A- | 607,100 | 15,438,553 |
| JPMorgan Chase Capital XI, 5.875%, Ser K | A- | 289,700 | 6,883,272 |

Real Estate Management & Development 3.93% **35,488,935**

| | | | |
|--|------|---------|------------|
| Duke Realty Corp., 6.50%, Depositary Shares, Ser K | BBB | 110,000 | 2,753,300 |
| Duke Realty Corp., 6.60%, Depositary Shares, Ser L | BBB | 109,840 | 2,765,771 |
| Duke Realty Corp., 6.625%, Depositary Shares, Ser J | BBB | 59,925 | 1,505,915 |
| Duke Realty Corp., 7.99%, Depositary Shares, Ser B | BBB | 251,830 | 12,599,382 |
| Public Storage, Inc., 6.45%, Depositary Shares, Ser X | BBB+ | 25,000 | 618,000 |
| Public Storage, Inc., 6.50%, Depositary Shares, Ser W | BBB+ | 100,000 | 2,487,000 |
| Public Storage, Inc., 7.50%, Depositary Shares, Ser V | BBB+ | 497,643 | 12,759,567 |

Regional Banks 2.57% **23,220,833**

| | | | |
|---|-----|---------|------------|
| KeyCorp Capital VI, 6.125% | BBB | 20,900 | 517,275 |
| National Commerce Capital Trust II, 7.70% | A- | 80,300 | 2,032,393 |
| PFGI Capital Corp., 7.75% | A | 796,000 | 20,671,165 |

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Preferred Income Fund

Securities owned by the Fund on

October 31, 2006 (unaudited)

| | | | | | |
|---|----------------------|----------------------|--------------------------|------------------------|--------------|
| Reinsurance 0.39% | | | | 3,567,230 | |
| RenaissanceRe Holdings Ltd., 6.08%, Ser C (Bermuda) | BBB | 153,100 | 3,567,230 | | |
| Specialized Finance 0.28% | | | | 2,545,000 | |
| Repsol International Capital Ltd., 7.45%, Ser A (Cayman Islands) | BB+ | 100,000 | 2,545,000 | | |
| Thriffs & Mortgage Finance 1.38% | | | | 12,479,100 | |
| Abbey National Plc, 7.375% (United Kingdom) | A | 370,000 | 9,520,100 | | |
| Sovereign Capital Trust V, 7.75% | BB+ | 110,000 | 2,959,000 | | |
| Wireless Telecommunication Services 0.59% | | | | 5,320,954 | |
| United States Cellular, 7.50% | BBB | 205,760 | 5,320,954 | | |
| Issuer, description | Interest rate | Maturity date | Credit rating (A) | Par value (000) | Value |
| Short-term investments 0.42% | | | | \$3,800,000 | |
| (Cost \$3,800,000) | | | | | |
| Government U.S. Agency 0.42% | | | | 3,800,000 | |
| Federal Home Loan Bank, Disc Note | 4.98% | 11-01-06 | AAA | \$3,800 | 3,800,000 |
| Total investments (Cost \$892,883,957) | | | | \$903,857,073 | |
| 100.00% | | | | | |

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Preferred Income Fund

Footnotes to Schedule of Investments

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October 31, 2006 (unaudited)

(A) Credit ratings are unaudited and are rated by Moody's Investors Service where Standard & Poor's ratings are not available, unless indicated otherwise.

(G) Security rated internally by John Hancock Advisers, LLC.

(S) This security is exempt from registration under Rule 144A of the Securities Act of 1933. Such securities may be resold, normally to qualified institutional buyers, in transactions exempt from registration. Rule 144A securities amounted to \$11,761,750 or 1.30% of the Fund's total investments as of October 31, 2006.

Parenthetical disclosure of a foreign country in the security description represents country of a foreign issuer; however, security is U.S. dollar-denominated.

The percentage shown for each investment category is the total value of that category as a percentage of the total investments of the Fund.

The cost of investments owned on October 31, 2006, including short-term investments, was \$892,883,957. Gross unrealized appreciation and depreciation of investments aggregated \$30,082,757 and \$19,109,641, respectively, resulting in net unrealized appreciation of \$10,973,116.

Footnotes to Schedule of Investments - Page 1

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Preferred Income Fund

Financial futures contracts

October 31, 2006 (unaudited)

| Open contracts | Number of contracts | Position | Expiration | Appreciation (depreciation) |
|----------------------------|----------------------------|-----------------|-------------------|------------------------------------|
| U.S. 10-year Treasury Note | 840 | Short | Dec-06 | (\$1,095,251) |

Financial futures contracts

John Hancock

Preferred Income Fund

Interest rate swap contracts

October 31, 2006 (unaudited)

| Notional amount | Rate type | | Termination date | Appreciation |
|------------------------|------------------------------|----------------------------------|-------------------------|---------------------|
| | Payments made by Fund | Payments received by Fund | | |
| \$70,000,000 | 2.56% | (a) 3-month LIBOR | Jun 08 | \$2,731,826 |

\$2,731,826

(a) Fixed rate

Interest rate swap contracts

ITEM 2. CONTROLS AND PROCEDURES.

(a) Based upon their evaluation of the registrant's disclosure controls and procedures as conducted within 90 days of the filing date of this Form N-Q, the registrant's principal executive officer and principal accounting officer have concluded that those disclosure controls and procedures provide reasonable assurance that the material information required to be disclosed by the registrant on this report is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

(b) There were no changes in the registrant's internal control over financial reporting that occurred during the registrant's last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

Separate certifications for the registrant's principal executive officer and principal accounting officer, as required by Rule 30a-2(a) under the Investment Company Act of 1940, are attached.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

John Hancock Preferred Income Fund

By: /s/ Keith F. Hartstein

Keith F. Hartstein
President and Chief Executive Officer

Date: January 2, 2007

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Keith F. Hartstein

Keith F. Hartstein
President and Chief Executive Officer

Date: January 2, 2007

By: /s/ John G. Vrysen

John G. Vrysen
Chief Financial Officer

Date: January 2, 2007
