

WESTERN ASSET HIGH INCOME FUND II INC.
Form N-Q
September 29, 2008

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

FORM N-Q

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

Investment Company Act file number 811-8709

Western Asset High Income Fund II Inc.
(Exact name of registrant as specified in charter)

55 Water Street, New York, NY
(Address of principal executive offices)

10041
(Zip code)

Robert I. Frenkel, Esq.

Legg Mason & Co., LLC

300 First Stamford Place, 4th Floor

Stamford, CT 06902
(Name and address of agent for service)

Registrant's telephone number, including area code: 1-800-451-2010

Date of fiscal year end: October 31

Date of reporting period: July 31, 2008

ITEM 1. SCHEDULE OF INVESTMENTS

WESTERN ASSET HIGH INCOME FUND II INC.

FORM N-Q

JULY 31, 2008

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited)

July 31, 2008

Face Amount	Security	Value
CORPORATE BONDS & NOTES 88.3%		
CONSUMER DISCRETIONARY 16.9%		
Auto Components 1.4%		
2,120,000	Allison Transmission Inc., Senior Notes: 11.000% due 11/1/15 (a)	\$ 1,929,200
3,505,000	11.250% due 11/1/15 (a)(b)	3,066,875
3,620,000	Keystone Automotive Operations Inc., Senior Subordinated Notes, 9.750% due 11/1/13	1,285,100
	Visteon Corp., Senior Notes: 8.250% due 8/1/10	3,085,455
3,567,000	12.250% due 12/31/16 (a)	5,379,500
7,685,000	Total Auto Components	14,746,130
Automobiles 1.4%		
1,880,000	Ford Motor Co., Debentures: 8.875% due 1/15/22	968,200
3,425,000	8.900% due 1/15/32	1,832,375
	General Motors Corp.: Notes, 7.200% due 1/15/11	4,181,100
6,335,000	Senior Debentures: 8.250% due 7/15/23	1,187,500
	8.375% due 7/15/33	7,186,387
2,375,000	Total Automobiles	15,355,562
14,445,000		
Diversified Consumer Services 0.6%		
5,315,000	Education Management LLC/Education Management Finance Corp., Senior Subordinated Notes, 10.250% due 6/1/16	4,637,338
	Service Corp. International, Senior Notes: 7.625% due 10/1/18	1,146,000
1,200,000	7.500% due 4/1/27	830,725
1,010,000	Total Diversified Consumer Services	6,614,063
Hotels, Restaurants & Leisure 3.7%		
1,000,000	Boyd Gaming Corp., Senior Subordinated Notes: 6.750% due 4/15/14	740,000
410,000	7.125% due 2/1/16	297,250
3,820,000	Buffets Inc., Senior Notes, 12.500% due 11/1/14 (c)	76,400
2,930,000	Caesars Entertainment Inc., Senior Subordinated Notes, 8.125% due 5/15/11	2,212,150
	Carrols Corp., Senior Subordinated Notes, 9.000% due 1/15/13	2,357,125
2,725,000	Choctaw Resort Development Enterprise, Senior Notes, 7.250% due 11/15/19 (a)	387,200
484,000	Denny's Holdings Inc., Senior Notes, 10.000% due 10/1/12	4,379,550
4,515,000	Downstream Development Quapaw, Senior Notes, 12.000% due 10/15/15 (a)	2,271,500
2,950,000		

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2,360,000	El Pollo Loco Inc., Senior Notes, 11.750% due 11/15/13	2,324,600
975,000	Fontainebleau Las Vegas Holdings LLC/Fontainebleau Las Vegas Capital Corp., 10.250% due 6/15/15 (a)	521,625
2,350,000	Harrah's Operating Co. Inc., Senior Notes, 10.750% due 2/1/16 (a)	1,786,000
3,455,000	Indianapolis Downs LLC & Capital Corp., 11.000% due 11/1/12 (a)	2,815,825
5,435,000	Inn of the Mountain Gods Resort & Casino, Senior Notes, 12.000% due 11/15/10	3,994,725
955,000	MGM MIRAGE Inc.: Notes, 6.750% due 9/1/12	842,787
355,000	Senior Notes: 8.500% due 9/15/10	343,463
450,000	5.875% due 2/27/14	357,750
620,000	7.500% due 6/1/16	497,550
815,000	7.625% due 1/15/17	656,075
455,000	Senior Subordinated Notes, 8.375% due 2/1/11	412,912
380,000	Mohegan Tribal Gaming Authority, Senior Subordinated Notes, 6.875% due 2/15/15	267,900

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2008

Face Amount		Security	Value
Hotels, Restaurants & Leisure	3.7% (continued)		
3,664,000		Pokagon Gaming Authority, Senior Notes, 10.375% due 6/15/14 (a)	\$ 3,792,240
2,485,000		Sbarro Inc., Senior Notes, 10.375% due 2/1/15	2,050,125
1,670,000		Snoqualmie Entertainment Authority, Senior Secured Notes, 6.936% due 2/1/14 (a)(d)	1,227,450
		Station Casinos Inc.:	
		Senior Notes:	
2,500,000		6.000% due 4/1/12	1,687,500
4,235,000		7.750% due 8/15/16	2,858,625
1,445,000		Senior Subordinated Notes, 6.625% due 3/15/18	643,025
		Total Hotels, Restaurants & Leisure	39,801,352
Household Durables	1.7%		
310,000		American Greetings Corp., Senior Notes, 7.375% due 6/1/16	297,600
4,000,000		Holt Group Inc., Senior Notes, 9.750% due 1/15/06 (c)(e)(f)	0
3,355,000		Jarden Corp., Senior Subordinated Notes, 7.500% due 5/1/17	2,935,625
5,655,000		K Hovnanian Enterprises Inc., 11.500% due 5/1/13 (a)	5,753,963
3,730,000		Norcraft Cos. LP/Norcraft Finance Corp., Senior Subordinated Notes, 9.000% due 11/1/11	3,711,350
5,765,000		Norcraft Holdings LP/Norcraft Capital Corp., Senior Discount Notes, step bond to yield 9.952% due 9/1/12	5,274,975
		Total Household Durables	17,973,513
Internet & Catalog Retail	0.2%		
2,165,000		Ticketmaster, Senior Notes, 10.750% due 8/1/16 (a)	2,251,600
Media	5.6%		
4,765,000		Affinion Group Inc.:	
		Senior Notes, 10.125% due 10/15/13	4,812,650
3,730,000		Senior Subordinated Notes, 11.500% due 10/15/15	3,730,000
15,741,000		CCH I LLC/CCH I Capital Corp., Senior Secured Notes, 11.000% due 10/1/15	12,002,512
2,623,000		CCH II LLC/CCH II Capital Corp., Senior Notes, 10.250% due 10/1/13	2,321,355
1,500,000		Charter Communications Holdings LLC, Senior Discount Notes, 12.125% due 1/15/12	1,035,000
1,325,000		Charter Communications Holdings LLC/Charter Communications Holdings Capital Corp., Senior Discount Notes, 11.750% due 5/15/11	914,250
6,180,000		Charter Communications Inc., Senior Secured Notes, 10.875% due 9/15/14 (a)	6,458,100
2,950,000		CMP Susquehanna Corp., 9.875% due 5/15/14	1,873,250
3,000,000		CSC Holdings Inc.:	
		Senior Debentures, 8.125% due 8/15/09	3,037,500

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	Senior Notes:	
280,000	8.125% due 7/15/09	283,500
885,000	7.625% due 4/1/11	879,469
3,350,000	Dex Media Inc., Discount Notes, step bond to yield 8.367% due 11/15/13	2,026,750
2,344,000	Dex Media West LLC/Dex Media Finance Co., Senior Subordinated Notes, 9.875% due 8/15/13	1,845,900
525,000	DIRECTV Holdings LLC/DIRECTV Financing Co. Inc., Senior Notes, 8.375% due 3/15/13	544,688
1,345,000	EchoStar DBS Corp., Senior Notes, 7.750% due 5/31/15	1,297,925
2,419,000	Globo Comunicacoes e Participacoes SA, Bonds, 7.250% due 4/26/22 (a)(g)	2,376,667
9,195,000	Idearc Inc., Senior Notes, 8.000% due 11/15/16	4,229,700
	R.H. Donnelley Corp.:	
2,150,000	Senior Discount Notes, 6.875% due 1/15/13	1,075,000
1,560,000	Senior Notes, 8.875% due 1/15/16	760,500
680,000	R.H. Donnelley Inc., 11.750% due 5/15/15 (a)	506,600
2,345,000	Sun Media Corp., 7.625% due 2/15/13	2,239,475
	TL Acquisitions Inc.:	
4,350,000	Senior Notes, 10.500% due 1/15/15 (a)	3,849,750
3,380,000	Senior Subordinated Notes, step bond to yield 13.358% due 7/15/15 (a)	2,484,300
	Total Media	60,584,841

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2008

Face Amount	Security	Value
CONSUMER DISCRETIONARY 16.9% (continued)		
Multiline Retail 1.3%		
675,000	Dollar General Corp.:	
3,930,000	Senior Notes, 10.625% due 7/15/15	\$ 683,438
	Senior Subordinated Notes, 11.875% due 7/15/17 (b)	3,733,500
1,040,000	Neiman Marcus Group Inc.:	
2,660,000	7.125% due 6/1/28	920,400
6,155,000	Senior Notes, 9.000% due 10/15/15 (b)	2,620,100
	Senior Subordinated Notes, 10.375% due 10/15/15	6,062,675
	Total Multiline Retail	14,020,113
Specialty Retail 1.0%		
1,910,000	Ace Hardware Corp., Senior Secured Notes, 9.125% due 6/1/16 (a)	1,747,650
	AutoNation Inc., Senior Notes:	
385,000	4.791% due 4/15/13 (d)	319,550
830,000	7.000% due 4/15/14	718,988
3,685,000	Blockbuster Inc., Senior Subordinated Notes, 9.000% due 9/1/12	2,952,606
2,250,000	Eye Care Centers of America, Senior Subordinated Notes, 10.750% due 2/15/15	2,306,250
	Michaels Stores Inc.:	
2,410,000	Senior Notes, 10.000% due 11/1/14	1,946,075
1,830,000	Senior Subordinated Bonds, 11.375% due 11/1/16	1,299,300
	Total Specialty Retail	11,290,419
	TOTAL CONSUMER DISCRETIONARY	182,637,593
CONSUMER STAPLES 1.3%		
Food & Staples Retailing 0.1%		
576,000	Delhaize America Inc., Debentures, 9.000% due 4/15/31	663,503
Food Products 0.5%		
1,600,000	Dole Food Co. Inc.:	
	Debentures, 8.750% due 7/15/13	1,448,000
	Senior Notes:	
1,570,000	8.625% due 5/1/09	1,544,487
2,065,000	7.250% due 6/15/10	1,910,125
1,050,000	8.875% due 3/15/11	962,063
	Total Food Products	5,864,675
Household Products 0.3%		
1,265,000	American Achievement Corp., Senior Subordinated Notes, 8.250% due 4/1/12 (a)	1,246,025
1,890,000	Visant Holding Corp., Senior Notes, 8.750% due 12/1/13	1,809,675
	Total Household Products	3,055,700
Tobacco 0.4%		
875,000	Alliance One International Inc., Senior Notes:	
	8.500% due 5/15/12	824,688
3,780,000	11.000% due 5/15/12	3,883,950
	Total Tobacco	4,708,638

	TOTAL CONSUMER STAPLES	14,292,516
ENERGY 12.8%		
Energy Equipment & Services 0.6%		
2,450,000	Complete Production Services Inc., Senior Notes, 8.000% due 12/15/16	2,443,875
1,145,000	GulfMark Offshore Inc., Senior Subordinated Notes, 7.750% due 7/15/14	1,133,550
1,600,000	Key Energy Services Inc., Senior Notes, 8.375% due 12/1/14 (a)	1,616,000
1,210,000	Pride International Inc., Senior Notes, 7.375% due 7/15/14	1,225,125
400,000	Southern Natural Gas Co., Senior Notes, 8.000% due 3/1/32	428,268
	Total Energy Equipment & Services	6,846,818

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2008

Face Amount		Security	Value
ENERGY 12.8% (continued)			
Oil, Gas & Consumable Fuels 12.2%			
3,690,000		Atlas Pipeline Partners LP, 8.750% due 6/15/18 (a)	\$ 3,643,875
6,995,000		Belden & Blake Corp., Secured Notes, 8.750% due 7/15/12	7,099,925
		Chesapeake Energy Corp., Senior Notes:	
4,430,000		6.625% due 1/15/16	4,274,950
1,885,000		6.500% due 8/15/17	1,771,900
4,670,000		7.250% due 12/15/18	4,599,950
2,109,075		Corral Finans AB, Senior Secured Subordinated Bonds, 4.290% due 4/15/10 (a)(b)(d)	1,782,169
		El Paso Corp.:	
		Medium-Term Notes:	
5,025,000		7.800% due 8/1/31	5,020,317
6,385,000		7.750% due 1/15/32	6,378,264
5,200,000		Notes, 7.875% due 6/15/12	5,399,410
		Enterprise Products Operating LP:	
55,000		Junior Subordinated Notes, 8.375% due 8/1/66 (d)	53,813
4,740,000		Subordinated Notes, 7.034% due 1/15/68 (d)	4,139,802
5,670,000		EXCO Resources Inc., Senior Notes, 7.250% due 1/15/11	5,641,650
		Gazprom:	
		Bonds:	
104,590,000	RUB	6.790% due 10/29/09	4,449,077
34,860,000	RUB	7.000% due 10/27/11	1,464,668
153,000		Loan Participation Notes, 6.212% due 11/22/16 (a)	141,479
50,960,000	RUB	Gazprom OAO, 6.950% due 8/6/09	2,166,482
1,100,000		Inergy LP/Inergy Finance Corp., Senior Notes, 8.250% due 3/1/16 (a)	1,064,250
3,705,000		International Coal Group Inc., Senior Notes, 10.250% due 7/15/14	3,788,362
2,070,000		KazMunaiGaz Finance Sub B.V., 8.375% due 7/2/13 (a)	2,119,162
1,720,000		LUKOIL International Finance BV, 6.356% due 6/7/17 (a)(g)	1,543,700
		Mariner Energy Inc., Senior Notes:	
1,465,000		7.500% due 4/15/13	1,395,413
1,110,000		8.000% due 5/15/17	1,051,725
2,260,000		MarkWest Energy Partners LP/MarkWest Energy Finance Corp., Senior Notes, 8.750% due 4/15/18 (a)	2,260,000
1,015,000		OPTI Canada Inc., Senior Secured Notes, 7.875% due 12/15/14	1,012,463
2,985,000		Parallel Petroleum Corp., 10.250% due 8/1/14	2,977,537
		Pemex Project Funding Master Trust:	
836,000		6.625% due 6/15/35 (a)	821,538
230,000		6.625% due 6/15/35 (a)	226,021

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5,001,000	Senior Bonds, 6.625% due 6/15/35 (g)	4,914,488
	Petrohawk Energy Corp., Senior Notes:	
2,275,000	9.125% due 7/15/13	2,314,812
910,000	7.875% due 6/1/15 (a)	884,975
	Petroplus Finance Ltd.:	
1,500,000	6.750% due 5/1/14 (a)	1,320,000
2,250,000	Senior Note, 7.000% due 5/1/17 (a)	1,957,500
	Petrozuata Finance Inc.:	
4,234,014	8.220% due 4/1/17 (a)(g)	4,418,194
265,369	8.220% due 4/1/17 (a)	277,575
2,540,000	Quicksilver Resources Inc., 8.250% due 8/1/15	2,482,850
	SandRidge Energy Inc.:	
7,500,000	8.625% due 4/1/15 (a)(b)	7,612,500
1,780,000	Senior Notes, 8.000% due 6/1/18 (a)	1,771,100
7,272,000	SemGroup LP, Senior Notes, 8.750% due 11/15/15	1,018,080
	(a)(c)(e)	
2,140,000	Southwestern Energy Co., Senior Notes, 7.500% due	2,204,200
	2/1/18 (a)	
740,000	Targa Resources Partners LP, Senior Notes, 8.250%	699,300
	due 7/1/16 (a)	
3,370,000	Teekay Corp., Senior Notes, 8.875% due 7/15/11	3,555,350
230,000	TNK-BP Finance SA, 6.625% due 3/20/17 (a)	195,500
4,165,000	VeraSun Energy Corp., 9.375% due 6/1/17	2,207,450

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2008

Face Amount		Security	Value
Oil, Gas & Consumable Fuels	12.2%	(continued)	
2,275,000		W&T Offshore Inc., Senior Notes, 8.250% due 6/15/14 (a)	\$ 2,149,875
2,550,000		Whiting Petroleum Corp., Senior Subordinated Notes: 7.250% due 5/1/12	2,518,125
1,975,000		7.000% due 2/1/14	1,910,812
		Williams Cos. Inc.:	
		Notes:	
2,760,000		7.875% due 9/1/21	2,946,300
3,689,000		8.750% due 3/15/32	4,205,460
3,700,000		Senior Notes, 7.625% due 7/15/19	3,903,500
		Total Oil, Gas & Consumable Fuels	131,755,848
		TOTAL ENERGY	138,602,666
FINANCIALS	10.3%		
Commercial Banks	1.9%		
5,260,000		ATF Capital BV, Senior Notes, 9.250% due 2/21/14 (a)(g)	5,246,850
4,490,000		HSBK Europe BV, 7.250% due 5/3/17 (a)(g)	3,794,050
1,174,000		ICICI Bank Ltd., Subordinated Bonds:	
1,170,000		6.375% due 4/30/22 (a)(d)(g)	999,810
76,695,000	RUB	6.375% due 4/30/22 (a)(d)(g)	992,241
		JPMorgan Chase Bank, Credit-Linked Notes (Russian Agricultural Bank), 9.500% due 2/11/11 (f)	3,275,231
1,320,000		RSHB Capital, Notes, 7.125% due 1/14/14 (a)	1,307,988
		Russian Agricultural Bank, Loan Participation Notes:	
1,204,000		7.175% due 5/16/13 (a)(g)	1,196,656
1,055,000		6.299% due 5/15/17 (a)(g)	951,293
		TuranAlem Finance BV, Bonds:	
2,785,000		8.250% due 1/22/37 (a)(g)	2,137,487
1,059,000		8.250% due 1/22/37 (a)(g)	822,049
		Total Commercial Banks	20,723,655
Consumer Finance	3.9%		
4,090,000		AmeriCredit Corp., 8.500% due 7/1/15	3,159,525
		Ford Motor Credit Co.:	
		Notes:	
3,075,000		7.875% due 6/15/10	2,619,925
3,320,000		7.000% due 10/1/13	2,380,765
		Senior Notes:	
4,248,000		8.026% due 6/15/11 (d)	3,355,083
1,620,000		5.538% due 1/13/12 (d)	1,175,394
15,860,000		12.000% due 5/15/15	13,380,781
		General Motors Acceptance Corp.:	
14,400,000		Bonds, 8.000% due 11/1/31	8,083,080
3,130,000		Notes, 6.875% due 8/28/12	1,965,928
6,750,000		SLM Corp., 8.450% due 6/15/18	6,381,018
		Total Consumer Finance	42,501,499

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Diversified Financial Services 2.9%

3,380,000	Basell AF SCA, Senior Secured Subordinated Second Priority Notes, 8.375% due 8/15/15 (a)	2,095,600
2,210,000	Capmark Financial Group Inc., 5.875% due 5/10/12	1,409,472
2,110,000	CCM Merger Inc., Notes, 8.000% due 8/1/13 (a)	1,724,925
4,190,000	Citigroup Inc., Junior Subordinated Notes, Preferred Securities, 8.400% due 4/30/18 (d)(h)	3,592,883
135,000	El Paso Performance-Linked Trust Certificates, Senior Notes, 7.750% due 7/15/11 (a)	137,285
4,400,000	Hexion U.S. Finance Corp./Hexion Nova Scotia Finance ULC, 7.176% due 11/15/14 (d)	3,454,000
3,460,000	Leucadia National Corp., Senior Notes, 8.125% due 9/15/15	3,464,325

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2008

Face Amount	Security	Value
Diversified Financial Services 2.9% (continued)		
6,943,000	Residential Capital LLC: Junior Secured Notes, 9.625% due 5/15/15 (a)	\$ 2,742,485
5,159,000	Senior Secured Notes, 8.500% due 5/15/10 (a)	3,714,480
460,000	Smurfit Kappa Funding PLC, Senior Subordinated Notes, 7.750% due 4/1/15	416,300
	TNK-BP Finance SA: 7.500% due 7/18/16 (a)(g)	1,237,600
1,360,000	Senior Notes, 7.875% due 3/13/18 (a)	995,100
1,070,000	Vanguard Health Holdings Co. I LLC, Senior Discount Notes, step bond to yield 10.653% due 10/1/15	3,540,000
4,000,000	Vanguard Health Holdings Co. II LLC, Senior Subordinated Notes, 9.000% due 10/1/14	3,072,300
3,135,000	Total Diversified Financial Services	31,596,755
Insurance 0.5%		
6,560,000	American International Group Inc., Junior Subordinated Debentures, 8.175% due 5/15/58 (a)(d)	5,892,376
Real Estate Investment Trusts (REITs) 0.5%		
130,000	Forest City Enterprises Inc., Senior Notes, 7.625% due 6/1/15	116,350
2,500,000	Host Marriott LP, Senior Notes, 7.125% due 11/1/13	2,312,500
2,535,000	Ventas Realty LP/Ventas Capital Corp., Senior Notes, 6.750% due 4/1/17	2,401,912
	Total Real Estate Investment Trusts (REITs)	4,830,762
Real Estate Management & Development 0.6%		
2,270,000	Ashton Woods USA LLC/Ashton Woods Finance Co., Senior Subordinated Notes, 9.500% due 10/1/15	1,373,350
	Realogy Corp.: 10.500% due 4/15/14	334,050
510,000	11.000% due 4/15/14 (b)	2,463,750
4,500,000	Senior Subordinated Notes, 12.375% due 4/15/15	2,090,400
4,355,000	Total Real Estate Management & Development	6,261,550
	TOTAL FINANCIALS	111,806,597
HEALTH CARE 6.0%		
Health Care Equipment & Supplies 0.5%		
2,670,000	Advanced Medical Optics Inc., Senior Subordinated Notes, 7.500% due 5/1/17	2,416,350
	Biomet Inc.: 10.375% due 10/15/17 (b)	1,512,225
1,430,000	11.625% due 10/15/17	1,851,881
1,745,000	Total Health Care Equipment & Supplies	5,780,456
Health Care Providers & Services 5.5%		
4,735,000	CRC Health Corp., 10.750% due 2/1/16	3,764,325
	DaVita Inc.: Senior Notes, 6.625% due 3/15/13	2,146,200
2,190,000	Senior Subordinated Notes, 7.250% due 3/15/15	3,010,744
3,045,000		

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	HCA Inc.:	
950,000	Debentures, 7.500% due 11/15/95	679,530
1,500,000	Notes, 6.375% due 1/15/15	1,237,500
6,115,000	Senior Notes, 6.500% due 2/15/16	5,121,312
	Senior Secured Notes:	
3,580,000	9.250% due 11/15/16	3,696,350
9,560,000	9.625% due 11/15/16 (b)	9,870,700
4,800,000	IASIS Healthcare LLC/IASIS Capital Corp., Senior Subordinated Notes, 8.750% due 6/15/14	4,836,000
	Tenet Healthcare Corp., Senior Notes:	
3,555,000	6.375% due 12/1/11	3,519,450
2,240,000	6.500% due 6/1/12	2,186,800
6,000,000	7.375% due 2/1/13	5,670,000

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2008

Face Amount	Security	Value
Health Care Providers & Services 5.5% (continued)		
985,000	9.875% due 7/1/14	\$ 994,850
1,470,000	6.875% due 11/15/31	1,065,750
	Universal Hospital Services Inc.:	
910,000	6.303% due 6/1/15 (d)	850,850
4,505,000	Senior Secured Notes, 8.500% due 6/1/15 (b)	4,527,525
7,869,000	US Oncology Holdings Inc., Senior Notes, 7.949% due 3/15/12 (b)(d)	6,334,545
	Total Health Care Providers & Services	59,512,431
Pharmaceuticals 0.0%		
10,855,000	Leiner Health Products Inc., Senior Subordinated Notes, 11.000% due 6/1/12 (c)(e)	244,238
	TOTAL HEALTH CARE	65,537,125
INDUSTRIALS 12.4%		
Aerospace & Defense 1.5%		
2,370,000	BE Aerospace Inc., 8.500% due 7/1/18	2,452,950
	DRS Technologies Inc., Senior Subordinated Notes:	
335,000	6.625% due 2/1/16	340,025
3,320,000	7.625% due 2/1/18	3,469,400
	Hawker Beechcraft Acquisition Co.:	
7,565,000	Senior Notes, 8.875% due 4/1/15 (b)	7,508,263
280,000	Senior Subordinated Notes, 9.750% due 4/1/17	277,900
106,119	Kac Acquisition Co., Subordinated Notes, 1.000% due 4/26/26 (c)(e)(f)	0
2,600,000	L-3 Communications Corp., Senior Subordinated Notes, 6.125% due 1/15/14	2,470,000
	Total Aerospace & Defense	16,518,538
Airlines 1.9%		
	Continental Airlines Inc., Pass-Through Certificates:	
95,329	6.541% due 9/15/08	89,609
1,147,795	8.312% due 10/2/12	1,021,537
1,765,000	7.339% due 4/19/14	1,306,100
7,870,000	DAE Aviation Holdings Inc., Senior Notes, 11.250% due 8/1/15 (a)	7,712,600
	Delta Air Lines Inc.:	
1,644,136	8.954% due 8/10/14 (f)	1,200,219
	Pass-Through Certificates:	
1,773,817	6.619% due 3/18/11	1,614,174
6,135,000	7.111% due 9/18/11	5,490,825
2,135,000	7.711% due 9/18/11	1,761,375
	Total Airlines	20,196,439
Building Products 1.8%		
	Associated Materials Inc.:	
9,895,000	Senior Discount Notes, step bond to yield 14.669% due 3/1/14	6,110,162
3,005,000	Senior Subordinated Notes, 9.750% due 4/15/12	2,974,950

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2,360,000	GTL Trade Finance Inc.:	
2,302,000	7.250% due 10/20/17 (a)(g)	2,351,176
	7.250% due 10/20/17 (a)(g)	2,296,148
2,080,000	Nortek Inc.:	
1,355,000	Senior Secured Notes, 10.000% due 12/1/13 (a)	1,872,000
8,825,000	Senior Subordinated Notes, 8.500% due 9/1/14	774,044
	NTK Holdings Inc., Senior Discount Notes, step bond to yield 11.589% due 3/1/14	3,684,438
	Total Building Products	20,062,918
Commercial Services & Supplies 3.0%		
6,040,000	Allied Security Escrow Corp., Senior Subordinated Notes, 11.375% due 7/15/11	6,070,200
1,690,000	Allied Waste North America Inc., Senior Notes, 7.375% due 4/15/14	1,694,225
1,285,000	Ashtead Holdings PLC, Secured Notes, 8.625% due 8/1/15 (a)	1,130,800

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2008

Face Amount	Security	Value
Commercial Services & Supplies 3.0% (continued)		
3,520,000	DynCorp International LLC/DIV Capital Corp.: 9.500% due 2/15/13 (a)	\$ 3,515,600
7,693,000	Senior Subordinated Notes, 9.500% due 2/15/13	7,625,686
2,875,000	Interface Inc.: Senior Notes, 10.375% due 2/1/10	3,033,125
1,500,000	Senior Subordinated Notes, 9.500% due 2/1/14	1,586,250
5,305,000	Rental Services Corp., Senior Notes, 9.500% due 12/1/14	4,376,625
2,380,000	US Investigations Services Inc.: 11.750% due 5/1/16 (a)	2,034,900
1,020,000	Senior Subordinated Notes, 10.500% due 11/1/15 (a)	928,200
	Total Commercial Services & Supplies	31,995,611
Construction & Engineering 0.7%		
3,330,000	CSC Holdings Inc., 8.500% due 6/15/15 (a)	3,296,700
3,740,000	Odebrecht Finance Ltd., 7.500% due 10/18/17 (a)(g)	3,786,750
	Total Construction & Engineering	7,083,450
Industrial Conglomerates 0.3%		
2,750,000	Moll Industries Inc., Senior Subordinated Notes, 10.500% due 7/1/08 (c)(e)(f)	0
1,800,000	Sequa Corp., Senior Notes: 11.750% due 12/1/15 (a)	1,575,000
1,800,000	13.500% due 12/1/15 (a)(b)	1,575,000
	Total Industrial Conglomerates	3,150,000
Machinery 0.1%		
1,260,000	American Railcar Industries Inc., Senior Notes, 7.500% due 3/1/14	1,171,800
490,000	Terex Corp., Senior Subordinated Notes, 7.375% due 1/15/14	481,425
	Total Machinery	1,653,225
Road & Rail 1.7%		
10,825,000	Hertz Corp., Senior Subordinated Notes, 10.500% due 1/1/16	9,471,875
7,020,000	Kansas City Southern de Mexico, Senior Notes: 9.375% due 5/1/12 (g)	7,283,250
910,000	7.625% due 12/1/13	896,350
125,000	7.375% due 6/1/14	120,937
820,000	Kansas City Southern Railway, Senior Notes, 7.500% due 6/15/09	833,325
	Total Road & Rail	18,605,737
Trading Companies & Distributors 1.1%		
2,955,000	Ashtead Capital Inc., Notes, 9.000% due 8/15/16 (a)	2,615,175
5,825,000	H&E Equipment Services Inc., Senior Notes, 8.375% due 7/15/16	5,038,625
6,005,000	Penhall International Corp., Senior Secured Notes, 12.000% due	4,293,575

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	8/1/14 (a)	
	Total Trading Companies & Distributors	11,947,375
Transportation Infrastructure 0.3%		
5,090,000	Swift Transportation Co., Senior Secured Notes:	
2,595,000	10.426% due 5/15/15 (a)(d)	1,857,850
	12.500% due 5/15/17 (a)	1,025,025
	Total Transportation Infrastructure	2,882,875
	TOTAL INDUSTRIALS	134,096,168
INFORMATION TECHNOLOGY 2.1%		
Communications Equipment 0.4%		
6,100,000	Lucent Technologies Inc., Debentures, 6.450% due	
	3/15/29	4,331,000
Electronic Equipment, Instruments & Components 0.2%		
2,085,000	NXP BV/NXP Funding LLC:	
	Senior Notes, 9.500% due 10/15/15	1,449,075
1,120,000	Senior Secured Notes:	
	5.541% due 10/15/13 (d)	883,400

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2008

Face Amount	Security	Value
Electronic Equipment, Instruments & Components 0.2% (continued)		
155,000	7.875% due 10/15/14	\$ 129,813
	Total Electronic Equipment, Instruments & Components	2,462,288
IT Services 1.1%		
3,045,000	Ceridian Corp., Senior Notes, 12.250% due 11/15/15 (a)(b)	2,770,950
2,600,000	First Data Corp., 5.625% due 11/1/11	1,404,000
1,480,000	SunGard Data Systems Inc.: Senior Notes, 9.125% due 8/15/13	1,520,700
5,890,000	Senior Subordinated Notes, 10.250% due 8/15/15	6,007,800
	Total IT Services	11,703,450
Semiconductors & Semiconductor Equipment 0.1%		
1,150,000	Freescale Semiconductor Inc., 10.125% due 12/15/16	908,500
Software 0.3%		
3,890,000	Activant Solutions Inc., Senior Subordinated Notes, 9.500% due 5/1/16	2,975,850
	TOTAL INFORMATION TECHNOLOGY	22,381,088
MATERIALS 8.5%		
Chemicals 1.2%		
8,020,000	Georgia Gulf Corp., Senior Notes, 10.750% due 10/15/16	4,210,500
2,390,000	Huntsman International LLC, Senior Subordinated Notes, 7.875% due 11/15/14	2,252,575
3,075,000	Methanex Corp., Senior Notes, 8.750% due 8/15/12	3,259,500
4,475,000	Montell Finance Co. BV, Debentures, 8.100% due 3/15/27 (a)	2,617,875
1,015,000	Westlake Chemical Corp., Senior Notes, 6.625% due 1/15/16	852,600
	Total Chemicals	13,193,050
Containers & Packaging 1.0%		
2,000,000	Berry Plastics Holding Corp., 8.875% due 9/15/14	1,610,000
1,080,000	Graham Packaging Co. Inc., Senior Subordinated Notes, 9.875% due 10/15/14	928,800
4,225,000	Graphic Packaging International Corp., Senior Subordinated Notes, 9.500% due 8/15/13	3,950,375
1,120,000	Plastipak Holdings Inc., Senior Notes, 8.500% due 12/15/15 (a)	957,600
1,975,000	Radnor Holdings Inc., Senior Notes, 11.000% due 3/15/10 (c)(e)(f)	0
1,700,000	Rock-Tenn Co., Senior Notes, 9.250% due 3/15/16 (a)	1,759,500
1,195,000	Solo Cup Co., Senior Subordinated Notes, 8.500% due 2/15/14	1,027,700
	Total Containers & Packaging	10,233,975
Metals & Mining 3.4%		
1,590,000	Evraz Group SA, Notes: 8.875% due 4/24/13 (a)	1,554,225

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680,000	9.500% due 4/24/18 (a)	658,784
4,005,000	Freeport-McMoRan Copper & Gold Inc., Senior Notes, 8.375% due 4/1/17	4,201,706
2,545,000	Metals USA Holdings Corp., 8.791% due 7/1/12 (b)(d)	2,347,762
5,000,000	Metals USA Inc., Senior Secured Notes, 11.125% due 12/1/15	5,200,000
3,855,000	Noranda Aluminium Holding Corp., Senior Notes, 8.578% due 11/15/14 (d)	3,180,375
5,140,000	Novelis Inc., Senior Notes, 7.250% due 2/15/15	4,780,200
8,630,000	Ryerson Inc., Senior Secured Notes, 12.000% due 11/1/15 (a)	8,457,400
1,284,000	Vale Overseas Ltd., Notes: 8.250% due 1/17/34 (g)	1,419,978
3,268,000	6.875% due 11/21/36 (g)	3,138,865
2,070,000	Vedanta Resources PLC, Senior Notes, 8.750% due 1/15/14 (a)(g)	2,080,350
	Total Metals & Mining	37,019,645
Paper & Forest Products 2.9%		
6,400,000	Abitibi-Consolidated Co. of Canada: 15.500% due 7/15/10 (a)	4,832,000
5,000,000	Senior Secured Notes, 13.750% due 4/1/11 (a)	5,237,500
3,895,000	Appleton Papers Inc.: Senior Notes, 8.125% due 6/15/11	3,729,462

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2008

Face Amount	Security	Value
Paper & Forest Products 2.9% (continued)		
4,685,000	Senior Subordinated Notes, 9.750% due 6/15/14	\$ 4,357,050
8,025,000	NewPage Corp., Senior Secured Notes, 9.123% due 5/1/12	7,663,875
2,787,134	(d)	2,605,971
	Newpage Holding Corp., 9.986% due 11/1/13 (b)(d)	1,731,825
1,935,000	Smurfit Capital Funding PLC, Debentures, 7.500% due	1,208,350
1,430,000	11/20/25	31,366,033
	Verso Paper Holdings LLC, 11.375% due 8/1/16	91,812,703
	Total Paper & Forest Products	
	TOTAL MATERIALS	
TELECOMMUNICATION SERVICES 8.9%		
Diversified Telecommunication Services 6.1%		
370,000	Axtel SAB de CV:	371,850
4,740,000	7.625% due 2/1/17 (a)(g)	4,751,850
	Senior Notes, 7.625% due 2/1/17 (a)(g)	989,100
1,260,000	Cincinnati Bell Telephone Co., Senior Debentures, 6.300%	214,988
	due 12/1/28	3,734,700
315,000	Citizens Communications Co.:	316,350
4,220,000	Debentures, 7.050% due 10/1/46	1,120,365
	Senior Notes, 7.875% due 1/15/27	1,762,450
855,000	Hawaiian Telcom Communications Inc.:	2,006,813
5,211,000	Senior Notes, 9.750% due 5/1/13	4,962,500
	Senior Subordinated Notes, 12.500% due 5/1/15	2,242,688
1,745,000	Inmarsat Finance II PLC, step bond to yield 8.867% due	1,818,600
1,925,000	11/15/12	4,497,225
5,000,000	Intelsat Bermuda Ltd., Senior Notes, 11.250% due 6/15/16	4,389,250
2,215,000	Intelsat Corp., 9.250% due 8/15/14 (a)	1,243,750
	Intelsat Jackson Holdings Ltd., 9.500% due 6/15/16 (a)	7,508,112
2,165,000	Level 3 Financing Inc.:	3,911,400
4,915,000	6.704% due 2/15/15 (d)	2,125,650
4,525,000	Senior Notes, 9.250% due 11/1/14	685,939
	Nordic Telephone Co. Holdings, Senior Secured Bonds,	8,742,000
	8.875% due 5/1/16 (a)	3,224,000
	Qwest Communications International Inc., Senior Notes:	
1,250,000	6.176% due 2/15/09 (d)	1,243,750
8,095,000	7.500% due 2/15/14	7,508,112
4,770,000	Telcordia Technologies Inc., Senior Subordinated Notes,	3,911,400
	10.000% due 3/15/13 (a)	2,125,650
2,220,000	UBS Luxembourg SA for OJSC Vimpel Communications,	2,125,650
	Loan Participation Notes, 8.250% due 5/23/16 (a)(g)	2,125,650
700,000	Vimpel Communications, Loan Participation Notes, 8.375%	2,125,650
	due	2,125,650
	4/30/13 (a)	685,939
9,400,000	Virgin Media Finance PLC, Senior Notes, 9.125% due	8,742,000
3,100,000	8/15/16	3,224,000

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	Wind Acquisition Finance SA, Senior Bonds, 10.750% due 12/1/15 (a)	
5,445,000	Windstream Corp., Senior Notes, 8.625% due 8/1/16	5,540,287
	Total Diversified Telecommunication Services	66,159,867
Wireless Telecommunication Services 2.8%		
2,900,000	ALLTEL Communications Inc., Senior Notes, 10.375% due 12/1/17 (a)(b)	3,378,500
1,825,000	American Tower Corp., Senior Notes, 7.500% due 5/1/12	1,866,062
4,860,000	MetroPCS Wireless Inc., Senior Notes, 9.250% due 11/1/14	4,738,500
	Nextel Communications Inc., Senior Notes, 7.375% due 8/1/15	3,220,594
4,180,000	Rural Cellular Corp., Senior Subordinated Notes, 5.682% due 6/1/13 (d)	2,602,950
2,590,000	Sprint Capital Corp., Senior Notes, 6.875% due 11/15/28	2,661,314
3,350,000	True Move Co., Ltd., 10.750% due 12/16/13 (a)(f)(g)	11,415,950
13,510,000	Total Wireless Telecommunication Services	29,883,870
	TOTAL TELECOMMUNICATION SERVICES	96,043,737
UTILITIES 9.1%		
Electric Utilities 1.5%		
	EEB International Ltd., Senior Bonds, 8.750% due 10/31/14 (a)(g)	3,067,200
2,880,000	Enersis SA, Notes, 7.375% due 1/15/14	215,133
202,000	IPALCO Enterprises Inc., Senior Secured Notes, 8.625% due 11/14/11	1,700,381
1,665,000	Orion Power Holdings Inc., Senior Notes, 12.000% due 5/1/10	3,327,605
3,074,000		

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2008

Face Amount	Security	Value
Electric Utilities 1.5% (continued)		
8,760,000	Texas Competitive Electric Holding Co. LLC, Senior Notes, 10.500% due 11/1/16 (a)(b)	\$ 8,475,300
	Total Electric Utilities	16,785,619
Gas Utilities 0.5%		
6,190,000	Suburban Propane Partners LP/Suburban Energy Finance Corp., Senior Notes, 6.875% due 12/15/13	5,741,225
Independent Power Producers & Energy Traders 7.1%		
144,000	AES China Generating Co., Ltd., 8.250% due 6/26/10	133,792
	AES Corp., Senior Notes:	
1,900,000	9.375% due 9/15/10	2,009,250
6,365,000	8.000% due 10/15/17	6,301,350
510,000	8.000% due 6/1/20 (a)	493,425
	Dynegy Holdings Inc.:	
3,605,000	Senior Debentures, 7.625% due 10/15/26	3,028,200
2,060,000	Senior Notes, 7.750% due 6/1/19	1,905,500
4,000,000	Dynegy Inc., 7.670% due 11/8/16	3,915,000
	Edison Mission Energy, Senior Notes:	
2,600,000	7.750% due 6/15/16	2,619,500
2,500,000	7.200% due 5/15/19	2,362,500
4,275,000	7.625% due 5/15/27	3,783,375
31,740,000	Energy Future Holdings, Senior Notes, 11.250% due 11/1/17 (a)(b)	31,581,300
1,929,103	Mirant Mid Atlantic LLC, Pass-Through Certificates, 10.060% due 12/30/28	2,175,064
	Mirant North America LLC, Senior Notes, 7.375% due 12/31/13	3,266,250
	NRG Energy Inc., Senior Notes:	
890,000	7.250% due 2/1/14	869,975
9,970,000	7.375% due 2/1/16	9,695,825
1,800,000	7.375% due 1/15/17	1,741,500
890,000	TXU Corp., Senior Notes, 6.500% due 11/15/24	657,383
	Total Independent Power Producers & Energy Traders	76,539,189
	TOTAL UTILITIES	99,066,033
	TOTAL CORPORATE BONDS & NOTES	
	(Cost \$1,079,748,894)	956,276,226
ASSET-BACKED SECURITY 0.0%		
FINANCIAL 0.0%		
Diversified Financial Services 0.0%		
1,975,400	Airplanes Pass-Through Trust, Subordinated Notes, 10.875% due 3/15/19 (c)(e)(f)	
	(Cost - \$2,052,466)	0
CONVERTIBLE BONDS & NOTES 0.3%		
INDUSTRIALS 0.3%		

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Airlines	0.0%		
		Delta Air Lines Inc., Pass-Through Certificates, 7.379% due 5/18/10	441,461
			469,639
Marine	0.3%		
		Horizon Lines Inc., 4.250% due 8/15/12	2,858,537
			3,590,000
		TOTAL CONVERTIBLE BONDS & NOTES	
		(Cost \$3,325,537)	3,299,998
COLLATERALIZED MORTGAGE OBLIGATION	0.1%		
		Countrywide Home Loan Mortgage Pass-Through Trust, 4.549% due 4/20/35 (d)	
		(Cost - \$1,721,096)	1,828,650
			2,857,266

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2008

Face Amount		Security	Value
SOVEREIGN BONDS	4.3%		
Argentina	0.2%		
		Republic of Argentina:	
1,400,000	EUR	9.250% due 10/21/02 (c)	\$ 622,101
300,000	EUR	9.000% due 6/20/03 (c)	137,400
250,000	EUR	10.250% due 1/26/07 (c)	119,860
275,000	EUR	8.000% due 2/26/08 (c)	128,094
665,000		Bonds, 7.000% due 9/12/13 (g)	491,897
97,000	EUR	GDP Linked Securities, 1.262% due 12/15/35 (d)	11,872
		Medium-Term Notes:	
1,175,000	EUR	7.000% due 3/18/04 (c)	540,440
600,000	EUR	8.125% due 10/4/04 (c)	266,615
525,000	EUR	9.000% due 5/24/05 (a)(c)	241,473
		Total Argentina	2,559,752
Brazil	1.1%		
		Brazil Nota do Tesouro Nacional:	
1,000	BRL	10.000% due 1/1/10	601
12,268,000	BRL	10.000% due 7/1/10	7,253,550
4,315,000	BRL	10.000% due 1/1/12	2,462,789
2,177,000	BRL	6.000% due 5/15/17	2,222,114
		Total Brazil	11,939,054
Colombia	0.2%		
2,055,000		Republic of Colombia, 7.375% due 9/18/37 (g)	2,250,225
Ecuador	0.2%		
2,100,000		Republic of Ecuador, 10.000% due 8/15/30 (a)(g)	1,942,500
Indonesia	0.3%		
		Republic of Indonesia:	
11,011,000,000	IDR	10.250% due 7/15/22	1,044,696
8,077,000,000	IDR	11.000% due 9/15/25	790,565
6,948,000,000	IDR	10.250% due 7/15/27	634,687
8,327,000,000	IDR	9.750% due 5/15/37	708,425
		Total Indonesia	3,178,373
Panama	0.6%		
		Republic of Panama:	
350,000		7.250% due 3/15/15 (g)	378,875
1,097,000		9.375% due 4/1/29 (g)	1,440,910
4,130,000		6.700% due 1/26/36 (g)	4,222,925
		Total Panama	6,042,710
Peru	0.1%		
		Republic of Peru:	
259,000		Bonds, 6.550% due 3/14/37	268,972
198,000		Global Bonds, 7.350% due 7/21/25	225,225
		Total Peru	494,197
Turkey	0.9%		
		Republic of Turkey:	
490,000		7.000% due 6/5/20 (g)	476,525

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1,175,000	11.875% due 1/15/30 (g)	1,771,313
594,000	Bonds, 7.000% due 9/26/16 (g)	601,425
7,954,000	Notes, 6.875% due 3/17/36 (g)	7,347,507
	Total Turkey	10,196,770
Venezuela 0.7%		
273,000	Bolivarian Republic of Venezuela: 8.500% due 10/8/14	251,842

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2008

Face Amount	Security	Value
Venezuela 0.7% (continued)		
8,258,000	5.750% due 2/26/16 (g)	\$ 6,276,080
241,000	7.650% due 4/21/25	184,486
1,164,000	Collective Action Securities:	