

WESTERN ASSET HIGH INCOME FUND II INC.

Form N-Q

September 24, 2014

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 **811-08709**

Western Asset High Income Fund II Inc.

(Exact name of registrant as specified in charter)

620 Eighth Avenue, 49th Floor, New York, NY 10018

(Address of principal executive offices) (Zip code)

Robert I. Frenkel, Esq.

Legg Mason & Co., LLC

100 First Stamford Place

Stamford, CT 06902

(Name and address of agent for service)

Registrant's telephone number, including area code: (888)777-0102

Date of fiscal year end: **April 30**

Date of reporting period: **July 31, 2014**

ITEM 1. SCHEDULE OF INVESTMENTS

WESTERN ASSET HIGH INCOME FUND II INC.

FORM N-Q

JULY 31, 2014

WESTERN ASSET HIGH INCOME FUND II INC.

Schedule of investments (unaudited)

July 31, 2014

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
CORPORATE BONDS & NOTES - 113.8%				
CONSUMER DISCRETIONARY - 24.1%				
Auto Components - 0.4%				
Europcar Groupe SA, Senior Notes	11.500%	5/15/17	380,000 ^{EUR}	\$ 583,404 ^(a)
Europcar Groupe SA, Senior Notes	9.375%	4/15/18	2,010,000 ^{EUR}	2,849,078 ^(a)
<i>Total Auto Components</i>				3,432,482
Automobiles - 0.3%				
Chrysler Group LLC/CG Co.-Issuer Inc., Secured Notes	8.250%	6/15/21	2,482,000	2,742,610 ^(b)
Diversified Consumer Services - 0.7%				
Co-operative Group Holdings 2011 Ltd., Senior Notes	6.875%	7/8/20	337,000 ^{GBP}	598,116 ^(c)
Co-operative Group Holdings 2011 Ltd., Senior Notes	7.500%	7/8/26	500,000 ^{GBP}	909,571
Service Corp. International, Senior Notes	7.500%	4/1/27	2,090,000	2,309,450 ^(b)
StoneMor Partners LP/Cornerstone Family Services of WV, Senior Notes	7.875%	6/1/21	1,810,000	1,909,550 ^{(a)(b)}
<i>Total Diversified Consumer Services</i>				5,726,687
Hotels, Restaurants & Leisure - 6.6%				
24 Hour Holdings III LLC, Senior Notes	8.000%	6/1/22	1,940,000	1,867,250 ^(a)
Arcos Dorados Holdings Inc., Senior Notes	6.625%	9/27/23	1,330,000	1,376,550 ^(a)
Bossier Casino Venture Holdco Inc.	11.000%	2/9/18	402,953	407,457 ^{(a)(d)(e)}
Bossier Casino Venture Holdco Inc., Senior Secured Bonds	14.000%	2/9/18	3,026,700	3,016,754 ^{(a)(d)(e)(f)}
Boyd Gaming Corp., Senior Notes	9.125%	12/1/18	1,470,000	1,539,825 ^(b)
Burger King Capital Holdings LLC/Burger King Capital Finance Inc., Senior Notes, Step Bond	0.000%	4/15/19	840,000	778,260 ^(a)
Caesars Entertainment Operating Co. Inc., Senior Secured Notes	11.250%	6/1/17	1,735,000	1,535,475 ^(b)
Caesars Entertainment Operating Co. Inc., Senior Secured Notes	9.000%	2/15/20	4,680,000	3,919,500
Caesars Entertainment Resort Properties LLC, Secured Notes	11.000%	10/1/21	1,000,000	1,057,500 ^(a)
Carrols Restaurant Group Inc., Senior Secured Notes	11.250%	5/15/18	2,720,000	3,046,400 ^(b)
CCM Merger Inc., Senior Notes	9.125%	5/1/19	3,360,000	3,561,600 ^{(a)(b)}
CEC Entertainment Inc., Senior Notes	8.000%	2/15/22	1,490,000	1,508,625 ^(a)
Downstream Development Quapaw, Senior Secured Notes	10.500%	7/1/19	2,580,000	2,721,900 ^{(a)(b)}
Fontainebleau Las Vegas Holdings LLC/Fontainebleau Las Vegas Capital Corp., Senior Secured Notes	10.250%	6/15/15	975,000	12,187 ^{(a)(g)}
Gala Electric Casinos Ltd., Secured Notes	11.500%	6/1/19	1,724,000 ^{GBP}	3,172,818 ^(c)
Greektown Holdings LLC/Greektown Mothership Corp., Senior Secured Notes	8.875%	3/15/19	1,630,000	1,630,000 ^(a)
Hoa Restaurant Group LLC/Hoa Finance Corp., Senior Secured Notes	11.250%	4/1/17	3,140,000	3,332,325 ^{(a)(b)}
Landry's Holdings II Inc., Senior Notes	10.250%	1/1/18	1,530,000	1,606,500 ^{(a)(b)}
Landry's Inc., Senior Notes	9.375%	5/1/20	6,978,000	7,606,020 ^{(a)(b)}
Mohegan Tribal Gaming Authority, Senior Notes	9.750%	9/1/21	1,640,000	1,779,400
Paris Las Vegas Holding LLC/Harrah's Las Vegas LLC/Flamingo Las Vegas Holding LLC, Senior Secured Notes	8.000%	10/1/20	3,340,000	3,440,200 ^{(a)(b)}
Rivers Pittsburgh Borrower LP/Rivers Pittsburgh Finance Corp., Senior Secured Notes	9.500%	6/15/19	514,000	553,835 ^{(a)(b)}
Seven Seas Cruises S de RL LLC, Senior Secured Notes	9.125%	5/15/19	3,770,000	4,090,450 ^(b)

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Total Hotels, Restaurants & Leisure

53,560,831

Household Durables - 2.0%

Century Intermediate Holding Co. 2, Senior Notes

9.750%

2/15/19

3,860,000

4,091,600^{(a)(f)}

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.

Schedule of investments (unaudited) (cont d)

July 31, 2014

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Household Durables - 2.0% (continued)				
Standard Pacific Corp., Senior Notes	6.250%	12/15/21	2,590,000	\$ 2,693,600
William Lyon Homes Inc., Senior Notes	8.500%	11/15/20	2,980,000	3,300,350 ^(b)
William Lyon Homes PNW Finance Corp., Senior Secured Notes	7.000%	8/15/22	2,320,000	2,328,700 ^(a)
Woodside Homes Co. LLC/Woodside Homes Finance Inc., Senior Notes	6.750%	12/15/21	3,520,000	3,599,200 ^{(a)(b)}
<i>Total Household Durables</i>				<i>16,013,450</i>
Media - 10.2%				
Altice SA, Senior Secured Notes	7.750%	5/15/22	4,860,000	4,981,500 ^(a)
Carmike Cinemas Inc., Secured Notes	7.375%	5/15/19	1,040,000	1,121,900 ^(b)
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	8.125%	4/30/20	5,050,000	5,397,187 ^(b)
Cerved Group SpA, Senior Secured Notes	6.375%	1/15/20	200,000 ^{EUR}	286,557 ^(a)
Cerved Group SpA, Senior Subordinated Notes	8.000%	1/15/21	300,000 ^{EUR}	446,908 ^(a)
Clear Channel Communications Inc., Senior Notes	10.000%	1/15/18	2,170,000	1,982,838
Clear Channel Worldwide Holdings Inc., Senior Notes	6.500%	11/15/22	900,000	945,000
Clear Channel Worldwide Holdings Inc., Senior Subordinated Notes	7.625%	3/15/20	260,000	273,000
CSC Holdings Inc., Senior Debentures	7.875%	2/15/18	1,500,000	1,708,125 ^(b)
CSC Holdings LLC, Senior Notes	6.750%	11/15/21	230,000	247,538
DISH DBS Corp., Senior Notes	7.875%	9/1/19	1,815,000	2,091,788 ^(b)
DISH DBS Corp., Senior Notes	6.750%	6/1/21	2,270,000	2,502,675 ^(b)
Gibson Brands Inc., Senior Secured Notes	8.875%	8/1/18	2,710,000	2,750,650 ^{(a)(b)}
MDC Partners Inc., Senior Notes	6.750%	4/1/20	800,000	836,000 ^(a)
MHGE Parent LLC/MHGE Parent Finance Inc., Senior Notes	8.500%	8/1/19	1,860,000	1,811,175 ^(a)
Nara Cable Funding Ltd., Senior Secured Notes	8.875%	12/1/18	5,000,000 ^{EUR}	7,152,670 ^{(b)(c)}
New Cotai LLC/New Cotai Capital Corp., Senior Secured Notes	10.625%	5/1/19	2,599,507	2,989,433 ^{(a)(f)}
Numericable Group SA, Senior Secured Bonds	6.000%	5/15/22	4,170,000	4,196,063 ^(a)
Ono Finance II PLC, Senior Bonds	10.875%	7/15/19	4,061,000	4,426,490 ^{(a)(b)}
Polish Television Holding BV, Senior Secured Bonds	11.000%	1/15/21	420,000 ^{EUR}	678,678 ^{(a)(f)}
Time Warner Cable Inc., Senior Notes	8.750%	2/14/19	2,500,000	3,182,815 ^(b)
Time Warner Cable Inc., Senior Notes	8.250%	4/1/19	1,336,000	1,679,834 ^(b)
TVN Finance Corp. III AB, Senior Bonds	7.375%	12/15/20	1,258,000 ^{EUR}	1,897,196 ^(a)
Univision Communications Inc., Senior Notes	8.500%	5/15/21	4,450,000	4,828,250 ^{(a)(b)}
Univision Communications Inc., Senior Secured Notes	6.875%	5/15/19	1,780,000	1,873,450 ^{(a)(b)}
Univision Communications Inc., Senior Secured Notes	7.875%	11/1/20	400,000	432,000 ^{(a)(b)}
UPC Holding BV, Junior Secured Subordinated Notes	6.375%	9/15/22	5,060,000 ^{EUR}	7,351,519 ^(a)
UPCB Finance II Ltd., Senior Notes	6.375%	7/1/20	3,500,000 ^{EUR}	4,967,876 ^{(b)(c)}
Virgin Media Finance PLC, Senior Notes	6.375%	4/15/23	5,420,000	5,718,100 ^{(a)(b)}
WMG Acquisition Corp., Senior Notes	6.750%	4/15/22	3,150,000	3,079,125 ^(a)
<i>Total Media</i>				<i>81,836,340</i>
Multiline Retail - 0.5%				
Neiman Marcus Group LLC, Senior Secured Notes	7.125%	6/1/28	660,000	674,850 ^(b)
Neiman Marcus Group Ltd. LLC, Senior Notes	8.750%	10/15/21	2,940,000	3,153,150 ^{(a)(b)(f)}
<i>Total Multiline Retail</i>				<i>3,828,000</i>
Specialty Retail - 2.7%				

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American Greetings Corp., Senior Notes	7.375%	12/1/21	2,480,000	2,616,400 ^(b)
Edcon Holdings Pty Ltd., Senior Secured Subordinated Bonds	13.375%	6/30/19	360,000 ^{EUR}	436,359 ^(a)
Edcon Pty Ltd., Senior Secured Notes	9.500%	3/1/18	3,550,000 ^{EUR}	4,753,628 ^(a)
Edcon Pty Ltd., Senior Secured Notes	9.500%	3/1/18	1,000,000 ^{EUR}	1,339,050 ^(c)
Edcon Pty Ltd., Senior Secured Notes	9.500%	3/1/18	760,000	756,200 ^(a)
Guitar Center Inc., Senior Bonds	9.625%	4/15/20	6,850,000	6,413,313 ^(a)
Hot Topic Inc., Senior Secured Notes	9.250%	6/15/21	1,570,000	1,734,850 ^{(a)(b)}

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.

Schedule of investments (unaudited) (cont d)

July 31, 2014

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Specialty Retail - 2.7% (continued)				
New Academy Finance Co. LLC/New Academy Finance Corp., Senior Notes	8.000%	6/15/18	530,000	\$ 533,975 ^{(a)(f)}
Spencer Spirit Holdings Inc., Senior Notes	9.000%	5/1/18	3,408,000	3,459,120 ^{(a)(f)}
<i>Total Specialty Retail</i>				22,042,895
Textiles, Apparel & Luxury Goods - 0.7%				
Boardriders SA, Senior Notes	8.875%	12/15/17	1,470,000 ^{EUR}	2,002,851 ^(a)
Chinos Intermediate Holdings A Inc., Senior Notes	7.750%	5/1/19	2,130,000	2,050,125 ^{(a)(b)(f)}
Empire Today LLC/Empire Today Finance Corp., Senior Secured Notes	11.375%	2/1/17	1,300,000	1,345,500 ^{(a)(b)}
<i>Total Textiles, Apparel & Luxury Goods</i>				5,398,476
TOTAL CONSUMER DISCRETIONARY				194,581,771
CONSUMER STAPLES - 3.7%				
Beverages - 0.5%				
Carolina Beverage Group LLC/Carolina Beverage Group Finance Inc., Secured Notes	10.625%	8/1/18	1,590,000	1,709,250 ^{(a)(b)}
Crestview DS Merger Subordinated II Inc., Secured Notes	10.000%	9/1/21	2,390,000	2,697,713 ^(a)
<i>Total Beverages</i>				4,406,963
Food & Staples Retailing - 0.4%				
Beverages & More Inc., Senior Secured Notes	10.000%	11/15/18	3,220,000	3,119,375 ^{(a)(b)}
Food Products - 2.2%				
Chiquita Brands International Inc./Chiquita Brands LLC, Senior Secured Notes	7.875%	2/1/21	1,749,000	1,877,989
Dole Food Co. Inc., Senior Secured Notes	7.250%	5/1/19	3,070,000	3,046,975 ^{(a)(b)}
Hearthside Group Holdings LLC/Hearthside Finance Co., Senior Notes	6.500%	5/1/22	2,970,000	2,947,725 ^(a)
Simmons Foods Inc., Senior Secured Notes	10.500%	11/1/17	4,890,000	5,226,187 ^{(a)(b)}
Virgolino de Oliveira Finance SA, Senior Secured Notes	10.875%	1/13/20	2,700,000	2,686,500 ^(a)
Wells Enterprises Inc., Senior Secured Notes	6.750%	2/1/20	1,593,000	1,664,685 ^{(a)(b)}
<i>Total Food Products</i>				17,450,061
Media - 0.1%				
SiTV LLC/SiTV Finance Inc., Senior Secured Notes	10.375%	7/1/19	650,000	656,500 ^(a)
Personal Products - 0.2%				
Hypermarcas SA, Notes	6.500%	4/20/21	1,230,000	1,340,700 ^(a)

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Tobacco - 0.3%

Alliance One International Inc., Secured Notes	9.875%	7/15/21	2,940,000	2,901,413
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TOTAL CONSUMER STAPLES

29,875,012

ENERGY - 16.5%

Energy Equipment & Services - 2.8%

Atwood Oceanics Inc., Senior Notes	6.500%	2/1/20	1,470,000	1,550,850 ^(b)
CGG, Senior Notes	7.750%	5/15/17	378,000	385,560 ^(b)
Gulfmark Offshore Inc., Senior Notes	6.375%	3/15/22	1,600,000	1,608,000 ^(b)
Hercules Offshore Inc., Senior Notes	10.250%	4/1/19	1,760,000	1,927,200 ^{(a)(b)}
Hercules Offshore Inc., Senior Notes	8.750%	7/15/21	2,400,000	2,454,000 ^{(a)(b)}
Hercules Offshore Inc., Senior Notes	7.500%	10/1/21	2,140,000	2,038,350 ^{(a)(b)}
KCA Deutag UK Finance PLC, Senior Secured Notes	7.250%	5/15/21	1,920,000	1,920,000 ^(a)
Parker Drilling Co., Senior Notes	6.750%	7/15/22	2,540,000	2,603,500 ^(a)
Petroleum Geo-Services ASA, Senior Notes	7.375%	12/15/18	1,720,000	1,814,600 ^{(a)(b)}
SESI LLC, Senior Notes	7.125%	12/15/21	2,780,000	3,106,650 ^(b)
Sierra Hamilton LLC/Sierra Hamilton Finance Inc., Senior Secured Notes	12.250%	12/15/18	2,730,000	2,863,087 ^(a)
TMK OAO Via TMK Capital SA, Senior Notes	6.750%	4/3/20	210,000	196,088 ^(a)

Total Energy Equipment & Services

22,467,885

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.

Schedule of investments (unaudited) (cont d)

July 31, 2014

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Oil, Gas & Consumable Fuels - 13.7%				
Arch Coal Inc., Senior Notes	7.000%	6/15/19	3,700,000	\$ 2,553,000 ^(b)
Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes	9.625%	8/1/20	1,570,000	1,797,650 ^(b)
Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes	6.500%	4/15/21	520,000	533,000 ^(a)
Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes	7.625%	1/15/22	2,130,000	2,273,775
Carrizo Oil & Gas Inc., Senior Notes	7.500%	9/15/20	1,140,000	1,239,750 ^(b)
Chesapeake Energy Corp., Senior Notes	6.875%	11/15/20	2,100,000	2,373,000 ^(b)
Comstock Resources Inc., Senior Notes	9.500%	6/15/20	2,130,000	2,390,925 ^(b)
CONSOL Energy Inc., Senior Notes	8.250%	4/1/20	2,870,000	3,070,900 ^(b)
Corral Petroleum Holdings AB, Senior Notes	15.000%	12/31/17	5,427,575	5,081,567 ^{(a)(f)}
EDC Finance Ltd., Senior Notes	4.875%	4/17/20	1,100,000	1,006,500 ^(a)
El Paso Corp., Medium-Term Notes	7.800%	8/1/31	1,952,000	2,156,960
Enterprise Products Operating LLC, Junior Subordinated Notes	8.375%	8/1/66	285,000	320,418 ^{(b)(h)}
EP Energy LLC/EP Energy Finance Inc., Senior Notes	9.375%	5/1/20	910,000	1,012,375 ^(b)
EXCO Resources Inc., Senior Notes	8.500%	4/15/22	1,910,000	1,924,325
Globe Luxembourg SCA, Senior Secured Notes	9.625%	5/1/18	3,530,000	3,899,873 ^{(a)(b)}
Halcon Resources Corp., Senior Notes	9.750%	7/15/20	5,050,000	5,428,750 ^(b)
Halcon Resources Corp., Senior Notes	8.875%	5/15/21	1,730,000	1,803,525
Kodiak Oil & Gas Corp., Senior Notes	8.125%	12/1/19	2,720,000	2,992,272 ^(b)
Lonestar Resources America Inc., Senior Notes	8.750%	4/15/19	1,080,000	1,093,500 ^(a)
LUKOIL International Finance BV, Bonds	6.356%	6/7/17	1,720,000	1,840,056 ^(c)
Magnum Hunter Resources Corp., Senior Notes	9.750%	5/15/20	4,530,000	4,903,725 ^(b)
MEG Energy Corp., Senior Notes	7.000%	3/31/24	5,020,000	5,321,200 ^{(a)(b)}
Milagro Oil & Gas Inc., Secured Notes	10.500%	5/15/16	3,290,000	2,681,350 ^(g)
Murray Energy Corp., Senior Secured Notes	8.625%	6/15/21	1,740,000	1,853,100 ^{(a)(b)}
Natural Resource Partners LP/Natural Resource Partners Finance Corp., Senior Notes	9.125%	10/1/18	2,240,000	2,368,800
New Gulf Resources LLC/NGR Finance Corp., Senior Secured Notes	11.750%	5/15/19	2,910,000	2,997,300
Novatek Finance Ltd., Notes	6.604%	2/3/21	2,300,000	2,354,625 ^{(a)(i)}
Pacific Rubiales Energy Corp., Senior Notes	5.375%	1/26/19	2,350,000	2,402,875 ^(a)
Petrobras Global Finance BV, Senior Notes	6.250%	3/17/24	920,000	973,443
Petrobras International Finance Co., Senior Notes	6.875%	1/20/40	1,145,000	1,203,738 ⁽ⁱ⁾
Petrobras International Finance Co., Senior Notes	6.750%	1/27/41	1,820,000	1,869,358 ^(b)
Plains Exploration & Production Co., Senior Notes	8.625%	10/15/19	1,140,000	1,208,400 ^(b)
PT Adaro Indonesia, Senior Notes	7.625%	10/22/19	770,000	803,688 ^{(a)(b)}
Puma International Financing SA, Senior Bonds	6.750%	2/1/21	5,600,000	5,803,000 ^(a)
Quicksilver Resources Inc., Senior Notes	11.000%	7/1/21	4,330,000	4,308,350
Rex Energy Corp., Senior Notes	6.250%	8/1/22	730,000	723,613 ^(a)
Rose Rock Midstream LP/Rose Rock Finance Corp., Senior Notes	5.625%	7/15/22	1,850,000	1,859,250 ^(a)
Rosneft Finance SA, Senior Notes	7.500%	7/18/16	270,000	286,538 ^(a)
Rosneft Finance SA, Senior Notes	6.625%	3/20/17	230,000	240,350 ^(c)
Rosneft Finance SA, Senior Notes	7.875%	3/13/18	1,390,000	1,492,512 ^{(a)(b)}
Samson Investment Co., Senior Notes	9.750%	2/15/20	6,620,000	6,735,850 ^{(a)(b)}
Sanchez Energy Corp., Senior Notes	7.750%	6/15/21	3,960,000	4,316,400
SandRidge Energy Inc., Senior Notes	7.500%	2/15/23	920,000	963,700 ^(b)
Shelf Drilling Holdings Ltd., Senior Secured Notes	8.625%	11/1/18	1,810,000	1,927,650 ^(a)
Sibur Securities Ltd., Senior Notes	3.914%	1/31/18	400,000	366,000 ^(a)
Sidewinder Drilling Inc., Senior Notes	9.750%	11/15/19	1,100,000	1,127,500 ^{(a)(b)}

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Summit Midstream Holdings LLC/Summit Midstream Finance Corp., Senior Notes	7.500%	7/1/21	1,370,000	1,496,725
Triangle USA Petroleum Corp., Senior Notes	6.750%	7/15/22	1,130,000	1,134,237 ^(a)
Westmoreland Coal Co./Westmoreland Partners, Senior Secured Notes	10.750%	2/1/18	1,670,000	1,782,725 ^(a)
<i>Total Oil, Gas & Consumable Fuels</i>				<i>110,298,123</i>
TOTAL ENERGY				132,766,008

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.

Schedule of investments (unaudited) (cont d)

July 31, 2014

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
FINANCIALS - 11.3%				
Banks - 5.9%				
Banco Espirito Santo SA, Senior Notes	5.875%	11/9/15	1,300,000 ^{EUR}	\$ 1,628,112 ^(c)
Banco Espirito Santo SA, Senior Notes	4.750%	1/15/18	300,000 ^{EUR}	371,586 ^(c)
Banco Espirito Santo SA, Senior Notes	4.000%	1/21/19	600,000 ^{EUR}	714,362 ^(c)
Bank of America Corp., Junior Subordinated Notes	5.200%	6/1/23	2,410,000	2,271,425 ^{(b)(h)(j)}
Barclays Bank PLC, Subordinated Notes	10.179%	6/12/21	3,710,000	5,117,006 ^{(a)(b)}
Barclays Bank PLC, Subordinated Notes	7.625%	11/21/22	5,000,000	5,653,125 ^(b)
Citigroup Inc., Junior Subordinated Bonds	6.300%	5/15/24	950,000	957,839 ^{(h)(j)}
Credit Agricole SA, Subordinated Notes	8.375%	10/13/19	3,180,000	3,732,525 ^{(a)(b)(h)(j)}
Intesa Sanpaolo SpA, Senior Notes	3.625%	8/12/15	3,920,000	4,006,377 ^{(a)(b)}
JPMorgan Chase & Co., Junior Subordinated Bonds	6.000%	8/1/23	1,270,000	1,295,400 ^{(b)(h)(j)}
M&T Bank Corp., Junior Subordinated Bonds	6.875%	6/15/16	4,400,000	4,511,505 ^(j)
Royal Bank of Scotland Group PLC, Junior Subordinated Bonds	7.648%	9/30/31	3,530,000	4,219,056 ^{(b)(h)(j)}
Royal Bank of Scotland Group PLC, Subordinated Notes	5.000%	10/1/14	1,660,000	1,670,026 ^(b)
Royal Bank of Scotland Group PLC, Subordinated Notes	6.100%	6/10/23	1,470,000	1,592,993
Royal Bank of Scotland NV, Subordinated Notes	7.750%	5/15/23	650,000	750,504 ^(b)
Royal Bank of Scotland PLC, Subordinated Notes	13.125%	3/19/22	4,860,000 ^{AUD}	5,400,875 ^{(c)(h)}
Wells Fargo & Co., Junior Subordinated Bonds	5.900%	6/15/24	3,570,000	3,752,963 ^{(h)(j)}
<i>Total Banks</i>				47,645,679
Capital Markets - 0.5%				
Credit Suisse Group AG, Junior Subordinated Notes	6.250%	12/18/24	1,350,000	1,355,940 ^{(a)(h)(j)}
Goldman Sachs Group Inc., Subordinated Notes	6.750%	10/1/37	2,320,000	2,771,746 ^(b)
<i>Total Capital Markets</i>				4,127,686
Consumer Finance - 1.4%				
Ally Financial Inc., Senior Notes	6.750%	12/1/14	6,140,000	6,216,750 ^(b)
SLM Corp., Medium-Term Notes, Senior Notes	8.450%	6/15/18	2,230,000	2,581,225 ^(b)
Stearns Holdings Inc., Senior Secured Notes	9.375%	8/15/20	1,250,000	1,312,500 ^(a)
TMX Finance LLC/TitleMax Finance Corp., Senior Secured Notes	8.500%	9/15/18	1,110,000	1,183,537 ^{(a)(b)}
<i>Total Consumer Finance</i>				11,294,012
Diversified Financial Services - 1.8%				
Carlson Travel Holdings Inc., Senior Notes	7.500%	8/15/19	1,010,000	1,027,675 ^{(a)(f)}
International Lease Finance Corp., Senior Notes	5.750%	5/15/16	800,000	838,500
International Lease Finance Corp., Senior Notes	8.750%	3/15/17	3,385,000	3,848,322 ^(b)
International Lease Finance Corp., Senior Notes	8.875%	9/1/17	5,180,000	5,969,950 ^(b)
International Lease Finance Corp., Senior Notes	8.250%	12/15/20	2,160,000	2,602,800 ^(b)
ZFS Finance USA Trust II, Bonds	6.450%	12/15/65	500,000	541,250 ^{(a)(h)}
<i>Total Diversified Financial Services</i>				14,828,497

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Insurance - 1.1%

American International Group Inc., Senior Notes	8.250%	8/15/18	3,180,000	3,916,056 ^(b)
Fidelity & Guaranty Life Holdings Inc., Senior Notes	6.375%	4/1/21	1,450,000	1,544,250 ^{(a)(b)}
Liberty Mutual Group Inc., Junior Subordinated Bonds	7.800%	3/15/37	1,750,000	2,082,500 ^{(a)(b)}
MetLife Capital Trust IV, Junior Subordinated Notes	7.875%	12/15/37	1,100,000	1,397,000 ^{(a)(b)}

Total Insurance

8,939,806

Real Estate Management & Development - 0.6%

Howard Hughes Corp., Senior Notes	6.875%	10/1/21	4,140,000	4,378,050 ^{(a)(b)}
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TOTAL FINANCIALS

91,213,730

HEALTH CARE - 6.0%

Health Care Equipment & Supplies - 1.2%

Alere Inc., Senior Subordinated Notes	6.500%	6/15/20	2,800,000	2,877,000 ^(b)
ConvaTec Finance International SA, Senior Notes	8.250%	1/15/19	1,610,000	1,652,263 ^{(a)(b)(f)}

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.

Schedule of investments (unaudited) (cont d)

July 31, 2014

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Health Care Equipment & Supplies - 1.2% (continued)				
Lantheus Medical Imaging Inc., Senior Notes	9.750%	5/15/17	5,070,000	\$ 5,076,337 ^(b)
<i>Total Health Care Equipment & Supplies</i>				<i>9,605,600</i>
Health Care Providers & Services - 3.7%				
Acadia Healthcare Co. Inc., Senior Notes	12.875%	11/1/18	1,248,000	1,472,640 ^(b)
Acadia Healthcare Co. Inc., Senior Notes	6.125%	3/15/21	1,540,000	1,624,700
CHS/Community Health Systems Inc., Senior Notes	8.000%	11/15/19	4,590,000	4,935,168 ^(b)
DJO Finance LLC/DJO Finance Corp., Senior Notes	9.875%	4/15/18	2,620,000	2,777,200 ^(b)
ExamWorks Group Inc., Senior Notes	9.000%	7/15/19	5,000,000	5,450,000 ^(b)
Fresenius U.S. Finance II Inc., Senior Notes	9.000%	7/15/15	1,020,000	1,083,750 ^{(a)(b)}
HCA Inc., Debentures	7.500%	11/15/95	2,205,000	2,072,700 ^(b)
IASIS Healthcare LLC/IASIS Capital Corp., Senior Notes	8.375%	5/15/19	2,540,000	2,692,400 ^(b)
Jaguar Holding Co. II/Jaguar Merger Sub Inc., Senior Notes	9.500%	12/1/19	1,020,000	1,106,700 ^{(a)(b)}
Labco SAS, Senior Secured Notes	8.500%	1/15/18	254,000 ^{EUR}	361,801 ^(a)
Tenet Healthcare Corp., Senior Notes	8.125%	4/1/22	2,870,000	3,214,400 ^(b)
Tenet Healthcare Corp., Senior Secured Notes	6.000%	10/1/20	2,580,000	2,702,550
<i>Total Health Care Providers & Services</i>				<i>29,494,009</i>
Pharmaceuticals - 1.1%				
Capsugel SA, Senior Notes	7.000%	5/15/19	1,000,000	1,009,375 ^{(a)(f)}
ConvaTec Healthcare E SA, Senior Notes	10.875%	12/15/18	2,500,000 ^{EUR}	3,622,131 ^{(b)(c)}
JLL/Delta Dutch Newco BV, Senior Notes	7.500%	2/1/22	2,830,000	2,925,512 ^(a)
Salix Pharmaceuticals Ltd., Senior Notes	6.000%	1/15/21	1,580,000	1,655,050 ^(a)
<i>Total Pharmaceuticals</i>				<i>9,212,068</i>
TOTAL HEALTH CARE				48,311,677
INDUSTRIALS - 20.8%				
Aerospace & Defense - 2.4%				
CBC Ammo LLC/CBC FinCo Inc., Senior Notes	7.250%	11/15/21	4,110,000	4,151,100 ^{(a)(b)}
Ducommun Inc., Senior Notes	9.750%	7/15/18	1,960,000	2,170,700 ^(b)
Erickson Inc., Secured Notes	8.250%	5/1/20	4,854,000	4,902,540
GenCorp Inc., Secured Notes	7.125%	3/15/21	1,490,000	1,620,077 ^(b)
LMI Aerospace Inc., Secured Notes	7.375%	7/15/19	1,400,000	1,422,750 ^(a)
TransDigm Inc., Senior Subordinated Notes	6.000%	7/15/22	4,840,000	4,870,250 ^(a)
<i>Total Aerospace & Defense</i>				<i>19,137,417</i>
Airlines - 1.9%				
Air Canada, Pass-Through Trust, Secured Notes	6.625%	5/15/18	1,100,000	1,156,705 ^(a)
American Airlines, Pass-Through Trust, Secured Notes	7.000%	1/31/18	1,143,621	1,240,829 ^(a)
Delta Air Lines Inc., Pass-Through Certificates	8.954%	8/10/14	4,871	4,904
Delta Air Lines Inc., Pass-Through Certificates, Secured Notes	8.021%	8/10/22	1,308,912	1,528,941 ^(b)
Delta Air Lines Inc., Pass-Through Certificates, Subordinated Secured Notes	9.750%	12/17/16	525,592	595,890 ^(b)

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Heathrow Finance PLC, Senior Secured Notes	7.125%	3/1/17	2,450,000 ^{GBP}	4,514,568 ^{(b)(c)}
United Airlines Inc., Pass-Through Certificates	5.983%	4/19/22	4,213,744	4,708,859 ^(b)
United Airlines Inc., Pass-Through Certificates, Senior Secured Notes	6.125%	4/29/18	1,430,000	1,530,100 ^(b)
<i>Total Airlines</i>				<i>15,280,796</i>
Building Products - 0.7%				
Ashton Woods USA LLC/Ashton Woods Finance Co., Senior Notes	6.875%	2/15/21	2,851,000	2,786,853 ^{(a)(b)}
Rearden G Holdings EINS GmbH, Senior Notes	7.875%	3/30/20	800,000	846,960 ^(a)
Spie BondCo 3 SCA, Secured Notes	11.000%	8/15/19	1,139,000 ^{EUR}	1,727,935 ^(a)
<i>Total Building Products</i>				<i>5,361,748</i>
Commercial Services & Supplies - 2.9%				
Garda World Security Corp., Senior Notes	7.250%	11/15/21	780,000	797,550 ^(a)

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.

Schedule of investments (unaudited) (cont d)

July 31, 2014

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Commercial Services & Supplies - 2.9% (continued)				
JM Huber Corp., Senior Notes	9.875%	11/1/19	1,490,000	\$ 1,693,012 ^{(a)(b)}
Monitronics International Inc., Senior Notes	9.125%	4/1/20	6,080,000	6,414,400 ^(b)
RSC Equipment Rental Inc./RSC Holdings III LLC, Senior Notes	8.250%	2/1/21	1,600,000	1,754,000 ^(b)
Taylor Morrison Communities Inc./Monarch Communities Inc., Senior Notes	7.750%	4/15/20	4,686,000	5,037,450 ^{(a)(b)}
Taylor Morrison Communities Inc./Monarch Communities Inc., Senior Notes	7.750%	4/15/20	1,186,000	1,274,950 ^{(a)(b)}
Taylor Morrison Communities Inc./Monarch Communities Inc., Senior Notes	5.250%	4/15/21	1,241,000	1,228,590 ^{(a)(b)}
United Rentals North America Inc., Senior Notes	7.625%	4/15/22	3,018,000	3,342,435 ^(b)
United Rentals North America Inc., Senior Subordinated Notes	8.375%	9/15/20	1,310,000	1,418,075 ^(b)
<i>Total Commercial Services & Supplies</i>				22,960,462
Construction & Engineering - 2.7%				
Astaldi SpA, Senior Bonds	7.125%	12/1/20	1,070,000 ^{EUR}	1,547,406 ^(a)
Astaldi SpA, Senior Notes	7.125%	12/1/20	240,000 ^{EUR}	347,082 ^(c)
Ausdrill Finance Pty Ltd., Senior Notes	6.875%	11/1/19	2,420,000	2,214,300 ^(a)
Empresas ICA SAB de CV, Senior Notes	8.875%	5/29/24	3,237,000	3,298,748 ^(a)
Michael Baker Holdings LLC/Micahel Baker Finance Corp., Senior Notes	8.875%	4/15/19	3,110,000	3,125,550 ^{(a)(f)}
Michael Baker International LLC/CDL Acquisition Co. Inc., Senior Secured Notes	8.250%	10/15/18	3,670,000	3,853,500 ^{(a)(b)}
Modular Space Corp., Secured Notes	10.250%	1/31/19	2,970,000	3,066,525 ^(a)
Odebrecht Finance Ltd., Senior Notes	4.375%	4/25/25	4,240,000	4,033,512 ^{(a)(i)}
<i>Total Construction & Engineering</i>				21,486,623
Electrical Equipment - 0.5%				
International Wire Group Holdings Inc., Senior Secured Notes	8.500%	10/15/17	1,970,000	2,157,150 ^{(a)(b)}
NES Rentals Holdings Inc., Senior Secured Notes	7.875%	5/1/18	1,800,000	1,890,000 ^{(a)(b)}
Trionista Holdco GmbH, Senior Secured Notes	5.000%	4/30/20	100,000 ^{EUR}	138,927 ^(a)
Trionista TopCo GmbH, Senior Subordinated Notes	6.875%	4/30/21	150,000 ^{EUR}	214,094 ^(a)
<i>Total Electrical Equipment</i>				4,400,171
Industrial Conglomerates - 0.3%				
Leucadia National Corp., Senior Notes	8.125%	9/15/15	2,490,000	2,676,750 ^(b)
Machinery - 2.4%				
CTP Transportation Products LLC/CTP Finance Inc., Senior Secured Notes	8.250%	12/15/19	1,200,000	1,299,000 ^(a)
Dematic SA/DH Services Luxembourg Sarl, Senior Notes	7.750%	12/15/20	5,370,000	5,772,750 ^{(a)(b)}
Gardner Denver Inc., Senior Notes	6.875%	8/15/21	1,070,000	1,083,375 ^{(a)(b)}
Global Brass and Copper Inc., Senior Secured Notes	9.500%	6/1/19	2,390,000	2,700,700 ^(b)
KION Finance SA, Senior Secured Notes	6.750%	2/15/20	3,027,000 ^{EUR}	4,426,209 ^(a)

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KraussMaffei Group GmbH, Senior Secured Notes	8.750%	12/15/20	700,000 ^{EUR}	1,049,815 ^(a)
KraussMaffei Group GmbH, Senior Secured Notes	8.750%	12/15/20	458,000 ^{EUR}	686,879 ^(c)
SPL Logistics Escrow LLC/SPL Logistics Finance Corp., Senior Secured Notes	8.875%	8/1/20	1,760,000	1,958,000 ^{(a)(b)}
<i>Total Machinery</i>				<i>18,976,728</i>
Marine - 1.3%				
Horizon Lines LLC, Secured Notes	13.000%	10/15/16	3,631,806	3,211,122 ^(f)
Horizon Lines LLC, Senior Secured Notes	11.000%	10/15/16	1,860,000	1,864,650
Navios Maritime Acquisition Corp./Navios Acquisition Finance U.S. Inc., Senior Secured Notes	8.125%	11/15/21	2,960,000	3,011,800 ^{(a)(b)}
Ultrapetrol Bahamas Ltd., Senior Secured Notes	8.875%	6/15/21	2,150,000	2,316,625
<i>Total Marine</i>				<i>10,404,197</i>

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.

Schedule of investments (unaudited) (cont d)

July 31, 2014

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Professional Services - 0.3%				
Ceridian LLC/Comdata Inc., Senior Notes	8.125%	11/15/17	2,330,000	\$ 2,330,000 ^(a)
Road & Rail - 2.4%				
Flexi-Van Leasing Inc., Senior Notes	7.875%	8/15/18	2,500,000	2,662,500 ^{(a)(b)}
Florida East Coast Holdings Corp., Senior Notes	9.750%	5/1/20	3,740,000	3,936,350 ^(a)
Florida East Coast Holdings Corp., Senior Secured Notes	6.750%	5/1/19	1,860,000	1,929,750 ^(a)
Jack Cooper Holdings Corp., Senior Secured Notes	9.250%	6/1/20	5,530,000	6,076,087 ^{(a)(b)}
Jurassic Holdings III Inc., Secured Notes	6.875%	2/15/21	1,680,000	1,675,800 ^(a)
Quality Distribution LLC/QD Capital Corp., Secured Notes	9.875%	11/1/18	3,200,000	3,392,000 ^(b)
<i>Total Road & Rail</i>				19,672,487
Trading Companies & Distributors - 0.6%				
Emeco Pty Ltd., Senior Secured Notes	9.875%	3/15/19	1,400,000	1,400,000 ^(a)
H&E Equipment Services Inc., Senior Notes	7.000%	9/1/22	3,150,000	3,425,625 ^(b)
<i>Total Trading Companies & Distributors</i>				4,825,625
Transportation - 2.1%				
CMA CGM, Senior Notes	8.500%	4/15/17	3,140,000	3,194,950 ^{(a)(b)}
Hapag-Lloyd AG, Senior Notes	9.750%	10/15/17	3,490,000	3,734,300 ^{(a)(b)}
Neovia Logistics Intermediate Holdings LLC/Logistics Intermediate Finance Corp., Senior Notes	10.000%	2/15/18	3,890,000	4,074,775 ^{(a)(b)(f)}
Syncreon Group BV/Syncreon Global Finance US Inc., Senior Notes	8.625%	11/1/21	3,400,000	3,429,750 ^(a)
Watco Cos., LLC/Watco Finance Corp., Senior Notes	6.375%	4/1/23	2,580,000	2,631,600 ^{(a)(b)}
<i>Total Transportation</i>				17,065,375
Transportation Infrastructure - 0.3%				
Aguila 3 SA, Senior Secured Notes	7.875%	1/31/18	1,700,000	1,779,688 ^{(a)(b)}
Global Ship Lease Inc., Senior Secured Notes	10.000%	4/1/19	820,000	865,100 ^(a)
<i>Total Transportation Infrastructure</i>				2,644,788
TOTAL INDUSTRIALS				167,223,167
INFORMATION TECHNOLOGY - 2.9%				
Electronic Equipment, Instruments & Components - 0.1%				
Techem GmbH, Senior Secured Notes	6.125%	10/1/19	650,000 ^{EUR}	933,485 ^(a)
Internet Software & Services - 0.7%				
Ancestry.com Inc., Senior Notes	9.625%	10/15/18	1,390,000	1,421,275 ^{(a)(f)}
Ancestry.com Inc., Senior Notes	11.000%	12/15/20	2,100,000	2,425,500 ^(b)
Zayo Group LLC/Zayo Capital Inc., Senior Secured Notes	8.125%	1/1/20	1,920,000	2,042,400 ^(b)

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<i>Total Internet Software & Services</i>				5,889,175
IT Services - 1.6%				
Compiler Finance Subordinated Inc., Senior Notes	7.000%	5/1/21	2,758,000	2,744,210 ^{(a)(b)}
First Data Corp., Senior Notes	12.625%	1/15/21	4,760,000	5,682,250 ^(b)
First Data Corp., Senior Subordinated Notes	11.750%	8/15/21	3,535,000	4,144,788
<i>Total IT Services</i>				12,571,248
Software - 0.5%				
Audatex North America Inc., Senior Notes	6.000%	6/15/21	1,390,000	1,462,975 ^{(a)(b)}
Interface Security Systems Holdings Inc./Interface Security Systems LLC, Senior Secured Notes	9.250%	1/15/18	2,430,000	2,502,900 ^{(a)(b)}
<i>Total Software</i>				3,965,875
TOTAL INFORMATION TECHNOLOGY				23,359,783

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.

Schedule of investments (unaudited) (cont d)

July 31, 2014

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
MATERIALS - 13.1%				
Chemicals - 0.5%				
HIG BBC Intermediate Holdings LLC/HIG BBC Holdings Corp., Senior Notes	10.500%	9/15/18	1,500,000	\$ 1,545,000 ^{(a)(f)}
KP Germany Erste GmbH, Senior Secured Notes	11.625%	7/15/17	680,000 ^{EUR}	1,017,544 ^(a)
KP Germany Erste GmbH, Senior Secured Notes	11.625%	7/15/17	530,000 ^{EUR}	793,086 ^(c)
Momentive Performance Materials Inc., Senior Secured Notes	8.875%	10/15/20	590,000	620,975
<i>Total Chemicals</i>				<i>3,976,605</i>
Construction Materials - 0.4%				
Cemex SAB de CV, Senior Secured Notes	9.000%	1/11/18	780,000	830,700 ^(c)
Hardwoods Acquisition Inc., Senior Secured Notes	7.500%	8/1/21	2,540,000	2,590,800 ^(a)
<i>Total Construction Materials</i>				<i>3,421,500</i>
Containers & Packaging - 2.9%				
Ardagh Finance Holdings SA, Senior Notes	8.625%	6/15/19	2,420,000	2,450,250 ^{(a)(f)}
Ardagh Packaging Finance PLC, Senior Notes	9.125%	10/15/20	3,170,000	3,439,450 ^{(a)(b)}
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	6.250%	1/31/19	930,000	930,000 ^(a)
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	9.125%	10/15/20	1,220,000	1,317,600 ^{(a)(b)}
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	7.000%	11/15/20	871,765	863,047 ^{(a)(b)}
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	6.750%	1/31/21	2,970,000	2,970,000 ^(a)
Coveris Holdings SA, Senior Notes	7.875%	11/1/19	3,490,000	3,716,850 ^{(a)(b)}
Pactiv LLC, Senior Bonds	8.375%	4/15/27	3,320,000	3,581,450 ^(b)
Pactiv LLC, Senior Notes	7.950%	12/15/25	920,000	983,250 ^(b)
PaperWorks Industries Inc., Senior Secured Notes	9.500%	8/15/19	2,000,000	2,030,000 ^(a)
Reynolds Group Issuer Inc./Reynolds Group Issuer LLC/Reynolds Group Issuer (Luxembourg) SA, Senior Notes	8.500%	5/15/18	1,340,000	1,391,925 ^(b)
<i>Total Containers & Packaging</i>				<i>23,673,822</i>
Metals & Mining - 7.8%				
AngloGold Ashanti Holdings PLC, Senior Notes	8.500%	7/30/20	811,000	920,688
AuRico Gold Inc., Secured Notes	7.750%	4/1/20	1,950,000	1,984,125 ^(a)
Barmenco Finance Pty Ltd., Senior Notes	9.000%	6/1/18	2,530,000	2,327,600 ^{(a)(b)}
Coeur Mining Inc., Senior Notes	7.875%	2/1/21	2,780,000	2,724,400 ^(b)
CSN Resources SA, Senior Bonds	6.500%	7/21/20	990,000	1,019,700 ^(a)
Essar Steel Minnesota LLC, Senior Secured Notes	11.500%	5/15/20	2,580,000	2,660,625 ^(a)
Evraz Group SA, Notes	8.250%	11/10/15	170,000	175,243 ^(c)
Evraz Group SA, Notes	9.500%	4/24/18	680,000	710,600 ^{(a)(b)}
Evraz Group SA, Notes	6.750%	4/27/18	4,550,000	4,327,960 ^{(a)(i)}
Evraz Group SA, Senior Notes	9.500%	4/24/18	330,000	344,850 ^(c)

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FMG Resources (August 2006) Pty Ltd., Senior Notes	8.250%	11/1/19	3,790,000	4,078,987 ^{(a)(b)}
FMG Resources (August 2006) Pty Ltd., Senior Notes	6.875%	4/1/22	2,000,000	2,135,000 ^{(a)(b)}
GTL Trade Finance Inc., Senior Bonds	5.893%	4/29/24	2,996,000	3,096,366 ^(a)
Midwest Vanadium Pty Ltd., Senior Secured Notes	11.500%	2/15/18	3,070,000	1,320,100 ^{(a)(d)(g)}
Mirabela Nickel Ltd., Senior Notes	8.750%	4/15/18	2,570,000	572,452 ^{(a)(d)(e)(g)}
Molycorp Inc., Senior Secured Notes	10.000%	6/1/20	1,070,000	957,650 ^(b)
Prince Mineral Holding Corp., Senior Secured Notes	12.000%	12/15/19	1,570,000	1,767,231 ^{(a)(b)}
Rain CII Carbon LLC/CII Carbon Corp., Senior Secured Notes	8.250%	1/15/21	4,490,000	4,680,825 ^{(a)(b)}
Rio Tinto Finance USA Ltd., Senior Notes	9.000%	5/1/19	1,820,000	2,367,116 ^(b)
Ryerson Inc./Joseph T. Ryerson & Son Inc., Senior Secured Notes	9.000%	10/15/17	3,960,000	4,202,550
Schaeffler Holding Finance BV, Senior Secured Bonds	6.875%	8/15/18	1,730,000	1,825,150 ^{(a)(f)}

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.

Schedule of investments (unaudited) (cont d)

July 31, 2014

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Metals & Mining - 7.8% (continued)				
Schaeffler Holding Finance BV, Senior Secured Notes	6.875%	8/15/18	2,040,000 ^{EUR}	\$ 2,871,660 ^{(a)(f)}
St. Barbara Ltd., Senior Secured Notes	8.875%	4/15/18	3,850,000	3,060,750 ^{(a)(b)}
Steel Dynamics Inc., Senior Notes	6.125%	8/15/19	1,300,000	1,391,000 ^(b)
SunCoke Energy Partners LP/SunCoke Energy Partners Finance Corp., Senior Notes	7.375%	2/1/20	1,200,000	1,266,000 ^{(a)(b)}
SunCoke Energy Partners LP/SunCoke Energy Partners Finance Corp., Senior Notes	7.375%	2/1/20	520,000	551,200 ^(a)
Thompson Creek Metals Co. Inc., Senior Secured Notes	9.750%	12/1/17	1,950,000	2,198,625 ^(b)
Vale Overseas Ltd., Notes	8.250%	1/17/34	1,784,000	2,248,573 ⁽ⁱ⁾
Vedanta Resources PLC, Senior Notes	6.750%	6/7/16	3,630,000	3,827,835 ^(a)
Vedanta Resources PLC, Senior Notes	6.000%	1/31/19	760,000	784,700 ^(a)
<i>Total Metals & Mining</i>				<i>62,399,561</i>
Paper & Forest Products - 1.5%				
Appvion Inc., Secured Notes	9.000%	6/1/20	4,800,000	4,602,000 ^{(a)(b)}
Fibria Overseas Finance Ltd., Senior Notes	5.250%	5/12/24	1,340,000	1,331,960
Resolute Forest Products Inc., Senior Notes	5.875%	5/15/23	4,060,000	3,877,300
Verso Paper Holdings LLC/Verso Paper Inc., Senior Secured Notes	11.750%	1/15/19	1,768,000	1,723,800 ^(b)
Verso Paper Holdings LLC/Verso Paper Inc., Senior Secured Notes	11.750%	1/15/19	260,000	278,850
<i>Total Paper & Forest Products</i>				<i>11,813,910</i>
TOTAL MATERIALS				105,285,398
TELECOMMUNICATION SERVICES - 11.0%				
Diversified Telecommunication Services - 6.1%				
Axtel SAB de CV, Senior Secured Notes, Step Bond	8.000%	1/31/20	2,544,000	2,645,760 ^(a)
CenturyLink Inc., Senior Notes	5.800%	3/15/22	6,600,000	6,798,000 ^(b)
Cogent Communications Holdings Inc., Senior Secured Notes	8.375%	2/15/18	3,340,000	3,557,100 ^{(a)(b)}
Intelsat Jackson Holdings SA, Senior Bonds	5.500%	8/1/23	1,250,000	1,204,688
Intelsat Jackson Holdings SA, Senior Notes	7.250%	10/15/20	6,670,000	7,053,525 ^(b)
Intelsat Luxembourg SA, Senior Bonds	8.125%	6/1/23	2,070,000	2,160,562
Level 3 Financing Inc., Senior Notes	7.000%	6/1/20	750,000	801,563
Level 3 Financing Inc., Senior Notes	8.625%	7/15/20	4,090,000	4,468,325 ^(b)
Level 3 Financing Inc., Senior Notes	6.125%	1/15/21	1,260,000	1,308,825 ^{(a)(b)}
TW Telecom Holdings Inc., Senior Notes	5.375%	10/1/22	940,000	1,021,075
TW Telecom Holdings Inc., Senior Notes	6.375%	9/1/23	3,640,000	4,126,850
UBS Luxembourg SA for OJSC Vimpel Communications, Loan Participation Notes	8.250%	5/23/16	2,220,000	2,369,850 ^(c)
Unitymedia Hessen GmbH & Co. KG/Unitymedia NRW GmbH, Senior Secured Notes	7.500%	3/15/19	260,000	275,600 ^(a)
Verizon Communications Inc., Senior Notes	5.150%	9/15/23	3,550,000	3,935,928 ^(b)
Windstream Corp., Senior Notes	7.500%	4/1/23	5,780,000	6,184,600 ^(b)
Windstream Corp., Senior Notes	6.375%	8/1/23	1,430,000	1,417,487 ^(b)

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<i>Total Diversified Telecommunication Services</i>				49,329,738
Wireless Telecommunication Services - 4.9%				
Matterhorn Midco & Cy SCA, Senior Notes	7.750%	2/15/20	1,400,000 ^{EUR}	1,992,025 ^(a)
Phones4u Finance PLC, Senior Secured Notes	9.500%	4/1/18	1,300,000 ^{GBP}	2,246,915 ^(c)
Sprint Capital Corp., Senior Notes	6.875%	11/15/28	3,530,000	3,459,400 ^(b)
Sprint Capital Corp., Senior Notes	8.750%	3/15/32	8,465,000	9,438,475 ^(b)
Sprint Communications Inc., Senior Notes	9.000%	11/15/18	7,200,000	8,460,000 ^{(a)(b)}
Sprint Corp., Senior Notes	7.875%	9/15/23	6,930,000	7,432,425 ^(a)
Syniverse Holdings Inc., Senior Notes	9.125%	1/15/19	2,831,000	2,979,627 ^(b)
T-Mobile USA Inc., Senior Notes	6.542%	4/28/20	1,090,000	1,143,138 ^(b)
VimpelCom Holdings BV, Senior Notes	7.504%	3/1/22	2,230,000	2,282,851 ^(a)
<i>Total Wireless Telecommunication Services</i>				39,434,856
TOTAL TELECOMMUNICATION SERVICES				88,764,594

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.

Schedule of investments (unaudited) (cont d)

July 31, 2014

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
UTILITIES - 4.4%				
Electric Utilities - 1.5%				
AES Red Oak LLC, Secured Notes	9.200%	11/30/29	4,270,000	\$ 4,761,050 ^(b)
GenOn REMA LLC, Pass-Through Certificates	9.237%	7/2/17	2,092,921	2,197,567
GenOn REMA LLC, Pass-Through Certificates	9.681%	7/2/26	4,320,000	4,698,000 ^(b)
Midwest Generation LLC, Pass-Through Certificates	8.560%	1/2/16	768,650	795,553 ^(g)
<i>Total Electric Utilities</i>				<i>12,452,170</i>
Gas Utilities - 0.3%				
Suburban Propane Partners LP/Suburban Energy Finance Corp., Senior Notes	7.375%	3/15/20	2,230,000	2,335,925 ^(b)
Independent Power and Renewable Electricity Producers - 2.6%				
Atlantic Power Corp., Senior Notes	9.000%	11/15/18	1,890,000	1,975,050 ^(b)
Calpine Corp., Senior Secured Notes	7.875%	1/15/23	3,349,000	3,642,037 ^{(a)(b)}
Dynegy Roseton LLC/Dynegy Danskammer LLC Pass-Through Trust, Secured Bonds	7.670%	11/8/16	3,100,000	0 ^{(d)(e)(k)}
First Wind Holdings Inc., Senior Secured Notes	10.250%	6/1/18	5,200,000	5,564,000 ^{(a)(b)}
Foresight Energy LLC/Foresight Energy Corp., Senior Notes	7.875%	8/15/21	3,350,000	3,551,000 ^{(a)(b)}
Mirant Mid Atlantic LLC, Pass-Through Certificates	9.125%	6/30/17	280,424	299,878 ^(b)
Mirant Mid Atlantic LLC, Pass-Through Certificates	10.060%	12/30/28	4,900,701	5,525,540
<i>Total Independent Power and Renewable Electricity Producers</i>				<i>20,557,505</i>
TOTAL UTILITIES				35,345,600
TOTAL CORPORATE BONDS & NOTES				
(Cost - \$873,718,292)				916,726,740
COLLATERALIZED MORTGAGE OBLIGATIONS - 0.1%				
Countrywide Home Loan Mortgage Pass-Through Trust, 2004-HYB5 7A1 (Cost - \$800,006)	2.376%	4/20/35	1,233,302	1,079,177 ^(h)
CONVERTIBLE BONDS & NOTES - 0.4%				
MATERIALS - 0.3%				
Chemicals - 0.1%				
Hercules Inc., Junior Subordinated Bonds	6.500%	6/30/29	802,000	737,840
Metals & Mining - 0.2%				
Mirabela Nickel Ltd., Senior Secured Bonds	9.500%	6/20/19	1,890,000	1,890,000 ^{(a)(d)(e)}
TOTAL MATERIALS				2,627,840

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TELECOMMUNICATION SERVICES - 0.1%

Diversified Telecommunication Services - 0.1%

Axtel SAB de CV, Senior Secured Notes, Step Bond	8.000%	1/31/20	2,900,100 ^{MXN}	427,776 ^(a)
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TOTAL CONVERTIBLE BONDS & NOTES

(Cost - \$3,041,260)				3,055,616
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SENIOR LOANS - 3.3%

CONSUMER DISCRETIONARY - 1.3%

Hotels, Restaurants & Leisure - 0.7%

Equinox Holdings Inc., Second Lien Term Loan	9.750%	7/31/20	2,510,000	2,553,925 ^{(l)(m)}
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Stockbridge SBE Holdings LLC, Term Loan B	13.000%	5/2/17	2,585,000	2,895,200 ^{(l)(m)}
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<i>Total Hotels, Restaurants & Leisure</i>				5,449,125
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Household Durables - 0.5%

William Lyon Homes Inc., Bridge Term Loan		7/13/15	3,950,000	3,950,000 ^{(d)(e)(l)(n)}
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Specialty Retail - 0.1%

Gymboree Corp., Initial Term Loan	5.000%	2/23/18	1,220,000	1,006,500 ^{(l)(m)}
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TOTAL CONSUMER DISCRETIONARY				10,405,625
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See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.

Schedule of investments (unaudited) (cont d)

July 31, 2014

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
CONSUMER STAPLES - 0.1%				
Food Products - 0.1%				
AdvancePierre Foods Inc., Second Lien Term Loan	9.500%	10/10/17	1,080,000	\$ 1,051,650 ^{(1)(m)}
HEALTH CARE - 0.9%				
Health Care Providers & Services - 0.9%				
CRC Health Corp., Second Lien Term Loan	9.000%	9/28/21	2,130,000	2,154,851 ^{(1)(m)}
Physiotherapy Associates Holdings Inc., Exit Term Loan	11.000%	10/10/16	2,280,000	2,268,600 ^{(d)(1)(m)}
Radnet Management Inc., Second Lien Term Loan	8.000%	3/25/21	2,620,000	2,636,375 ^{(1)(m)}
TOTAL HEALTH CARE				7,059,826
MATERIALS - 0.5%				
Chemicals - 0.5%				
Kerling PLC, EUR Term Loan	10.000%	6/30/16	1,200,000 ^{EUR}	1,680,173 ^{(1)(m)}
Kronos Inc., Second Lien Term Loan	9.750%	4/30/20	1,920,000	1,990,800 ^{(1)(m)}
TOTAL MATERIALS				3,670,973
UTILITIES - 0.5%				
Independent Power and Renewable Electricity Producers - 0.5%				
Energy Future Intermediate Holding Co. LLC, DIP Term Loan	4.250%	6/19/16	4,245,032	4,263,604 ^{(1)(m)}
TOTAL SENIOR LOANS				
(Cost - \$26,053,300)				26,451,678
SOVEREIGN BONDS - 2.6%				
Argentina - 0.1%				
Republic of Argentina, Senior Bonds	7.000%	10/3/15	936,000	886,438
Brazil - 0.9%				
Federative Republic of Brazil, Notes	10.000%	1/1/17	15,782,000 ^{BRL}	6,754,209
Hungary - 0.2%				
Hungary Government Bond, Senior Notes	5.750%	11/22/23	1,658,000	1,811,365
Turkey - 0.6%				
Republic of Turkey, Senior Bonds	11.875%	1/15/30	1,175,000	2,045,945
Republic of Turkey, Senior Notes	6.875%	3/17/36	2,064,000	2,471,640
<i>Total Turkey</i>				4,517,585
Venezuela - 0.8%				

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Bolivarian Republic of Venezuela, Senior Bonds	5.750%	2/26/16	3,370,000	3,198,130 ^(c)
Bolivarian Republic of Venezuela, Senior Bonds	9.250%	9/15/27	3,050,000	2,577,250
Bolivarian Republic of Venezuela, Senior Bonds	9.375%	1/13/34	1,164,000	951,570
<i>Total Venezuela</i>				6,726,950
TOTAL SOVEREIGN BONDS				
(Cost - \$22,101,059)				20,696,547
			SHARES	
COMMON STOCKS - 3.1%				
CONSUMER DISCRETIONARY - 0.3%				
Automobiles - 0.3%				
Ford Motor Co.			116,147	1,976,822
Hotels, Restaurants & Leisure - 0.0%				
Bossier Casino Venture Holdco Inc.			166,350	332,700 ^{*(d)(e)}
TOTAL CONSUMER DISCRETIONARY				
				2,309,522
ENERGY - 0.5%				
Energy Equipment & Services - 0.5%				
KCAD Holdings I Ltd.			533,873,172	4,155,669 ^{*(d)(e)}

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.

Schedule of investments (unaudited) (cont d)

July 31, 2014

	SECURITY	SHARES	VALUE
FINANCIALS - 1.3%			
Banks - 1.2%			
	Citigroup Inc.	143,529	\$ 7,020,003
	JPMorgan Chase & Co.	48,547	2,799,706
	<i>Total Banks</i>		<i>9,819,709</i>
Diversified Financial Services - 0.0%			
	PB Investors II LLC	60,468	0*(d)(e)(k)
Real Estate Management & Development - 0.1%			
	Realogy Holdings Corp.	20,618	757,917*
TOTAL FINANCIALS			10,577,626
HEALTH CARE - 0.2%			
Health Care Providers & Services - 0.2%			
	Physiotherapy Associates Holdings Inc.	31,500	1,512,000*(d)(e)
INDUSTRIALS - 0.8%			
Marine - 0.8%			
	DeepOcean Group Holding AS	198,468	6,168,584*(d)(e)
	Horizon Lines Inc., Class A Shares	1,490,060	551,322*
TOTAL INDUSTRIALS			6,719,906
MATERIALS - 0.0%			
Chemicals - 0.0%			
	LyondellBasell Industries NV, Class A Shares	19	2,019
Metals & Mining - 0.0%			
	Mirabela Nickel Ltd.	989,632	101,163*
TOTAL MATERIALS			103,182
TOTAL COMMON STOCKS			
	(Cost - \$35,056,788)		25,377,905
PREFERRED STOCKS - 2.2%			
FINANCIALS - 2.2%			
Consumer Finance - 1.6%			
	GMAC Capital Trust I	8.125%	489,100 13,293,738 ^(h)

Diversified Financial Services - 0.6%			
Citigroup Capital XIII	7.875%	168,125	4,554,506 ^(h)

TOTAL PREFERRED STOCKS

(Cost - \$16,143,736)			17,848,244
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	EXPIRATION DATE	WARRANTS	
WARRANTS - 0.1%			
Bolivarian Republic of Venezuela, Oil-linked payment obligations (Cost - \$0)	4/15/20	18,500	416,250

TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENTS

(Cost - \$976,914,441)			1,011,652,157
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	RATE	MATURITY DATE	FACE AMOUNT	
SHORT-TERM INVESTMENTS - 1.7%				
Repurchase Agreements - 1.7%				
Barclays Capital Inc. repurchase agreement dated 7/31/14; Proceeds at maturity - \$13,200,015; (Fully collateralized by U.S. government obligations, 2.125% due 8/15/21; Market value - \$13,462,881) (Cost - \$13,200,000)	0.040%	8/1/14	13,200,000	13,200,000

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.**Schedule of investments (unaudited) (cont d)****July 31, 2014**

	SECURITY	VALUE
TOTAL INVESTMENTS - 127.3%		
(Cost - \$990,114,441#)		\$ 1,024,852,157
Liabilities in Excess of Other Assets - (27.3)%		(219,621,809)
TOTAL NET ASSETS - 100.0%		\$ 805,230,348

Face amount denominated in U.S. dollars, unless otherwise noted.

* Non-income producing security.

- (a) Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. This security has been deemed liquid pursuant to guidelines approved by the Board of Directors, unless otherwise noted.
- (b) All or a portion of this security is pledged as collateral pursuant to the loan agreement.
- (c) Security is exempt from registration under Regulation S of the Securities Act of 1933. Regulation S applies to securities offerings that are made outside of the United States and do not involve direct selling efforts in the United States. This security has been deemed liquid pursuant to guidelines approved by the Board of Directors, unless otherwise noted.
- (d) Illiquid security.
- (e) Security is valued in good faith in accordance with procedures approved by the Board of Directors (See Note 1).
- (f) Payment-in-kind security for which the issuer has the option at each interest payment date of making interest payments in cash or additional debt securities.
- (g) The coupon payment on these securities is currently in default as of July 31, 2014.
- (h) Variable rate security. Interest rate disclosed is as of the most recent information available.
- (i) All or a portion of this security is held by the counterparty as collateral for open reverse repurchase agreements.

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- (j) Security has no maturity date. The date shown represents the next call date.
- (k) Value is less than \$1.
- (l) Senior loans may be considered restricted in that the Fund ordinarily is contractually obligated to receive approval from the agent bank and/or borrower prior to the disposition of a senior loan.
- (m) Interest rates disclosed represent the effective rates on senior loans. Ranges in interest rates are attributable to multiple contracts under the same loan.
- (n) All or a portion of this loan is unfunded as of July 31, 2014. The interest rate for fully unfunded term loans is to be determined.

Aggregate cost for federal income tax purposes is substantially the same.

Abbreviations used in this schedule:

AUD	Australian Dollar
BRL	Brazilian Real
EUR	Euro
GBP	British Pound
MXN	Mexican Peso
OJSC	Open Joint Stock Company

See Notes to Schedule of Investments.

Notes to Schedule of Investments (unaudited)

1. Organization and significant accounting policies

Western Asset High Income Fund II Inc. (the Fund) was incorporated in Maryland and is registered as a diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the 1940 Act). The Fund seeks to maximize current income by investing at least 80% of its net assets, plus any borrowings for investment purposes, in high-yield debt securities. As a secondary objective, the Fund seeks capital appreciation to the extent consistent with its objective of seeking to maximize current income.

The following are significant accounting policies consistently followed by the Fund and are in conformity with U.S. generally accepted accounting principles (GAAP).

(a) Investment valuation. The valuations for fixed income securities (which may include, but are not limited to, corporate, government, municipal, mortgage-backed, collateralized mortgage obligations and asset-backed securities) and certain derivative instruments are typically the prices supplied by independent third party pricing services, which may use market prices or broker/dealer quotations or a variety of valuation techniques and methodologies. The independent third party pricing services use inputs that are observable such as issuer details, interest rates, yield curves, prepayment speeds, credit risks/spreads, default rates and quoted prices for similar securities. Short-term fixed income securities that will mature in 60 days or less are valued at amortized cost, unless it is determined that using this method would not reflect an investment's fair value. Futures contracts are valued daily at the settlement price established by the board of trade or exchange on which they are traded. Equity securities for which market quotations are available are valued at the last reported sales price or official closing price on the primary market or exchange on which they trade. When the Fund holds securities or other assets that ar