

WESTERN ASSET HIGH INCOME FUND II INC.
Form N-Q
March 28, 2011

**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

100 First Stamford Place

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

Registrant's telephone number, including area code: 1-888-777-0102

Date of fiscal year end: April 30

Date of reporting period: January 31, 2011

ITEM 1.

SCHEDULE OF INVESTMENTS

WESTERN ASSET
HIGH INCOME FUND II INC.

FORM N-Q

JANUARY 31, 2011

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Schedule of investments (unaudited)
January 31, 2011

WESTERN ASSET HIGH INCOME FUND II INC.

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|-------------|------------------|----------------|------------------|
| CORPORATE BONDS & NOTES | 89.0% | | | |
| CONSUMER DISCRETIONARY | 21.0% | | | |
| Auto Components | 0.4% | | | |
| Dana Holding Corp., Senior Notes | 6.750% | 2/15/21 | 640,000 | \$ 652,800 |
| Europcar Groupe SA, Senior Notes | 9.375% | 4/15/18 | 2,010,000 | EUR 2,855,192(a) |
| Hertz Holdings Netherlands BV, Senior Secured Bonds | 8.500% | 7/31/15 | 590,000 | EUR 886,559(a) |
| <i>Total Auto Components</i> | | | | 4,394,551 |
| Automobiles | 1.4% | | | |
| Ford Motor Credit Co., LLC, Senior Notes | 9.875% | 8/10/11 | 1,000,000 | 1,039,324(b) |
| Ford Motor Credit Co., LLC, Senior Notes | 7.500% | 8/1/12 | 580,000 | 619,492(b) |
| Ford Motor Credit Co., LLC, Senior Notes | 12.000% | 5/15/15 | 5,250,000 | 6,662,318(b) |
| Motors Liquidation Co., Senior Notes | 7.200% | 1/15/11 | 9,995,000 | 3,598,200(c) |
| Motors Liquidation Co., Senior Notes | 8.375% | 7/15/33 | 7,855,000 | 2,827,800(c) |
| <i>Total Automobiles</i> | | | | 14,747,134 |
| Diversified Consumer Services | 0.8% | | | |
| Service Corp. International, Senior Notes | 7.500% | 4/1/27 | 1,600,000 | 1,568,000(b) |
| Sotheby's, Senior Notes | 7.750% | 6/15/15 | 3,310,000 | 3,665,825(b) |
| Stonemor Operating LLC/Cornerstone Family Services of WV/Osiris Holding, Senior Notes | 10.250% | 12/1/17 | 3,191,000 | 3,342,573 |
| <i>Total Diversified Consumer Services</i> | | | | 8,576,398 |
| Hotels, Restaurants & Leisure | 7.1% | | | |
| Boyd Gaming Corp., Senior Notes | 9.125% | 12/1/18 | 2,560,000 | 2,681,600(a) |
| CCM Merger Inc., Notes | 8.000% | 8/1/13 | 4,430,000 | 4,430,000(a)(b) |
| Choctaw Resort Development Enterprise, Senior Notes | 7.250% | 11/15/19 | 451,000 | 331,485(a) |
| CityCenter Holdings LLC / CityCenter Finance Corp., Senior Secured Notes | 10.750% | 1/15/17 | 4,490,000 | 4,703,275(a)(d) |
| Downstream Development Quapaw, Senior Notes | 12.000% | 10/15/15 | 2,985,000 | 3,026,044(a)(b) |
| Dunkin Finance Corp., Senior Notes | 9.625% | 12/1/18 | 1,050,000 | 1,076,250(a) |
| El Pollo Loco Inc., Senior Notes | 11.750% | 11/15/13 | 4,320,000 | 3,715,200 |
| El Pollo Loco Inc., Senior Secured Notes | 11.750% | 12/1/12 | 2,530,000 | 2,624,875 |
| Fontainebleau Las Vegas Holdings LLC/Fontainebleau Las Vegas Capital Corp. | 10.250% | 6/15/15 | 975,000 | 3,656(a)(c) |
| Harrah's Operating Co. Inc., Senior Bonds | 5.625% | 6/1/15 | 4,870,000 | 3,944,700(b) |
| Harrah's Operating Co. Inc., Senior Notes | 10.750% | 2/1/16 | 6,646,000 | 6,430,005(b) |
| Harrah's Operating Co. Inc., Senior Secured Notes | 11.250% | 6/1/17 | 2,875,000 | 3,277,500(b) |
| Inn of the Mountain Gods Resort & Casino, Senior Notes | 12.000% | 11/15/10 | 6,950,000 | 3,926,750(c)(e) |
| Landry's Holdings Inc., Senior Secured Notes | 11.500% | 6/1/14 | 2,640,000 | 2,626,800(a) |
| Landry's Restaurants Inc., Senior Secured Notes | 11.625% | 12/1/15 | 2,330,000 | 2,533,875(b) |
| Landry's Restaurants Inc., Senior Secured Notes | 11.625% | 12/1/15 | 710,000 | 772,125(a) |
| MGM MIRAGE Inc., Senior Notes | 5.875% | 2/27/14 | 4,400,000 | 4,191,000(b) |
| MGM Resorts International, Senior Secured Notes | 10.375% | 5/15/14 | 890,000 | 1,012,375(b) |
| MGM Resorts International, Senior Secured Notes | 11.125% | 11/15/17 | 2,135,000 | 2,476,600(b) |
| Mohegan Tribal Gaming Authority, Senior Secured Notes | 11.500% | 11/1/17 | 1,445,000 | 1,398,037(a)(b) |
| Mohegan Tribal Gaming Authority, Senior Subordinated Notes | 8.000% | 4/1/12 | 6,540,000 | 5,575,350(b) |
| Mohegan Tribal Gaming Authority, Senior Subordinated Notes | 6.875% | 2/15/15 | 420,000 | 300,300(b) |

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| | | | | |
|--|---------|----------|-----------|-----------------|
| NCL Corp. Ltd., Senior Notes | 9.500% | 11/15/18 | 3,080,000 | 3,318,700(a) |
| NCL Corp. Ltd., Senior Secured Notes | 11.750% | 11/15/16 | 3,910,000 | 4,672,450(b) |
| Pinnacle Entertainment Inc., Senior Notes | 8.625% | 8/1/17 | 1,665,000 | 1,831,500(b) |
| Pinnacle Entertainment Inc., Senior Subordinated Notes | 7.500% | 6/15/15 | 570,000 | 592,800(b) |
| Snoqualmie Entertainment Authority, Senior Secured Notes | 4.428% | 2/1/14 | 1,800,000 | 1,611,000(a)(f) |
| Station Casinos Inc., Senior Notes | 6.000% | 4/1/12 | 7,305,000 | 731(c)(e) |
| Station Casinos Inc., Senior Subordinated Notes | 6.625% | 3/15/18 | 1,450,000 | 145(c)(e) |
| <i>Total Hotels, Restaurants & Leisure</i> | | | | 73,085,128 |
| Household Durables 0.6% | | | | |
| DirectBuy Holdings Inc., Senior Secured Notes | 12.000% | 2/1/17 | 1,980,000 | 1,826,550(a) |

See Notes to Schedule of Investments.

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Schedule of investments (unaudited) (cont d)

January 31, 2011

WESTERN ASSET HIGH INCOME FUND II INC.

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|---------|---------------|--------------|------------------|
| Household Durables continued | | | | |
| Standard Pacific Corp., Senior Notes | 8.375% | 1/15/21 | 4,090,000 | \$ 4,166,688(a) |
| <i>Total Household Durables</i> | | | | 5,993,238 |
| Internet & Catalog Retail 0.7% | | | | |
| Netflix Inc., Senior Notes | 8.500% | 11/15/17 | 2,790,000 | 3,166,650(b) |
| QVC Inc., Senior Secured Notes | 7.375% | 10/15/20 | 4,055,000 | 4,278,025(a)(b) |
| <i>Total Internet & Catalog Retail</i> | | | | 7,444,675 |
| Media 5.3% | | | | |
| Affinity Group Inc., Senior Secured Notes | 11.500% | 12/1/16 | 1,540,000 | 1,566,950(a) |
| CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes | 7.875% | 4/30/18 | 1,740,000 | 1,840,050 |
| CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes | 7.000% | 1/15/19 | 380,000 | 384,750 |
| CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes | 8.125% | 4/30/20 | 3,930,000 | 4,205,100 |
| Cengage Learning Acquisitions Inc., Senior Notes | 10.500% | 1/15/15 | 2,215,000 | 2,314,675(a)(b) |
| Cengage Learning Acquisitions Inc., Senior Subordinated Notes | 13.250% | 7/15/15 | 4,280,000 | 4,558,200(a)(b) |
| Charter Communications Operating LLC/Charter Communications Operating Capital, Senior Secured Notes | 10.875% | 9/15/14 | 960,000 | 1,084,800(a)(b) |
| CMP Susquehanna Corp. | 3.443% | 5/15/14 | 254,000 | 180,175(a)(e)(f) |
| CSC Holdings Inc., Senior Debentures | 7.875% | 2/15/18 | 1,500,000 | 1,680,000(b) |
| DISH DBS Corp., Senior Notes | 7.875% | 9/1/19 | 1,815,000 | 1,930,706(b) |
| Globo Comunicacoes e Participacoes SA, Bonds | 7.250% | 4/26/22 | 2,039,000 | 2,199,571(a)(g) |
| NET Servicos de Comunicacao SA, Bonds | 7.500% | 1/27/20 | 1,090,000 | 1,237,150(g) |
| Nielsen Finance LLC/Nielsen Finance Co., Senior Notes | 7.750% | 10/15/18 | 7,000,000 | 7,542,500(a)(b) |
| Nielsen Finance LLC/Nielsen Finance Co., Senior Subordinated Notes, step bond | 0.000% | 8/1/16 | 4,760,000 | 5,027,750(b) |
| Ono Finance II PLC, Senior Bonds | 10.875% | 7/15/19 | 1,060,000 | 1,105,050(a) |
| Ono Finance II PLC, Senior Bonds | 11.125% | 7/15/19 | 2,960,000EUR | 4,123,607(a) |
| Univision Communications Inc., Senior Notes | 8.500% | 5/15/21 | 5,710,000 | 5,938,400(a) |
| Univision Communications Inc., Senior Secured Notes | 12.000% | 7/1/14 | 1,155,000 | 1,266,169(a)(b) |
| Univision Communications Inc., Senior Secured Notes | 7.875% | 11/1/20 | 2,840,000 | 3,045,900(a)(b) |
| UPC Holding BV, Senior Notes | 9.875% | 4/15/18 | 1,265,000 | 1,407,313(a)(b) |
| Virgin Media Finance PLC, Senior Notes | 9.125% | 8/15/16 | 1,130,000 | 1,209,100(b) |
| <i>Total Media</i> | | | | 53,847,916 |
| Multiline Retail 0.4% | | | | |
| Neiman Marcus Group Inc., Senior Notes | 9.000% | 10/15/15 | 48,072 | 50,596(b)(d) |
| Neiman Marcus Group Inc., Senior Secured Notes | 7.125% | 6/1/28 | 4,770,000 | 4,436,100(b) |
| <i>Total Multiline Retail</i> | | | | 4,486,696 |
| Specialty Retail 2.4% | | | | |
| American Greetings Corp., Senior Notes | 7.375% | 6/1/16 | 5,710,000 | 5,952,675(b) |
| American Greetings Corp., Senior Notes | 7.375% | 6/1/16 | 937,000 | 939,342(b) |

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| | | | | |
|---|---------|----------|--------------|-------------------|
| American Greetings Corp., Senior Notes | 7.375% | 6/1/16 | 390,000 | 390,975 |
| Michaels Stores Inc., Senior Notes | 7.750% | 11/1/18 | 1,970,000 | 2,038,950(a)(b) |
| Michaels Stores Inc., Senior Subordinated Bonds | 11.375% | 11/1/16 | 2,000,000 | 2,200,000(b) |
| Michaels Stores Inc., Senior Subordinated Notes, step bond | 0.000% | 11/1/16 | 7,990,000 | 8,069,900(b) |
| PETCO Animal Supplies Inc., Senior Notes | 9.250% | 12/1/18 | 4,910,000 | 5,302,800(a) |
| <i>Total Specialty Retail</i> | | | | <i>24,894,642</i> |
| Textiles, Apparel & Luxury Goods 1.9% | | | | |
| Boardriders SA, Senior Notes | 8.875% | 12/15/17 | 2,900,000EUR | 4,308,031(a) |
| Empire Today LLC/Empire Today Finance Corp., Senior Secured Notes | 11.375% | 2/1/17 | 740,000 | 767,750(a) |
| Express LLC/Express Finance Corp., Senior Notes | 8.750% | 3/1/18 | 2,480,000 | 2,659,800(b) |
| Giraffe Acquisition Corp., Senior Notes | 9.125% | 12/1/18 | 3,730,000 | 3,953,800(a) |
| Oxford Industries Inc., Senior Secured Notes | 11.375% | 7/15/15 | 5,285,000 | 5,998,475 |

See Notes to Schedule of Investments.

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Schedule of investments (unaudited) (cont d)

January 31, 2011

WESTERN ASSET HIGH INCOME FUND II INC.

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|---------|---------------|-------------|-----------------|
| Textiles, Apparel & Luxury Goods continued | | | | |
| Phillips-Van Heusen Corp., Senior Notes | 7.375% | 5/15/20 | 1,120,000 | \$ 1,202,600(b) |
| <i>Total Textiles, Apparel & Luxury Goods</i> | | | | 18,890,456 |
| TOTAL CONSUMER DISCRETIONARY | | | | |
| | | | | 216,360,834 |
| CONSUMER STAPLES 0.7% | | | | |
| Food Products 0.6% | | | | |
| Bumble Bee Acquisition Co., Senior Secured Notes | 9.000% | 12/15/17 | 1,690,000 | 1,810,412(a) |
| Simmons Foods Inc., Senior Secured Notes | 10.500% | 11/1/17 | 2,800,000 | 3,024,000(a) |
| Smithfield Foods Inc., Senior Secured Notes | 10.000% | 7/15/14 | 1,130,000 | 1,334,813 |
| <i>Total Food Products</i> | | | | 6,169,225 |
| Tobacco 0.1% | | | | |
| Alliance One International Inc., Senior Notes | 10.000% | 7/15/16 | 640,000 | 675,200(b) |
| TOTAL CONSUMER STAPLES | | | | |
| | | | | 6,844,425 |
| ENERGY 14.6% | | | | |
| Energy Equipment & Services 2.6% | | | | |
| Basic Energy Services Inc., Senior Secured Notes | 11.625% | 8/1/14 | 3,510,000 | 3,948,750(b) |
| Complete Production Services Inc., Senior Notes | 8.000% | 12/15/16 | 2,225,000 | 2,352,938(b) |
| Frac Tech Services LLC/Frac Tech Finance Inc., Senior Notes | 7.125% | 11/15/18 | 2,500,000 | 2,565,625(a) |
| GulfMark Offshore Inc., Senior Subordinated Notes | 7.750% | 7/15/14 | 3,115,000 | 3,185,087(b) |
| Hercules Offshore LLC, Senior Secured Notes | 10.500% | 10/15/17 | 3,565,000 | 3,155,025(a)(b) |
| Key Energy Services Inc., Senior Notes | 8.375% | 12/1/14 | 3,665,000 | 3,921,550(b) |
| Laredo Petroleum Inc., Senior Notes | 9.500% | 2/15/19 | 2,600,000 | 2,717,000(a) |
| Parker Drilling Co., Senior Notes | 9.125% | 4/1/18 | 2,730,000 | 2,893,800(b) |
| Precision Drilling Corp., Senior Notes | 6.625% | 11/15/20 | 2,350,000 | 2,435,187(a) |
| <i>Total Energy Equipment & Services</i> | | | | 27,174,962 |
| Oil, Gas & Consumable Fuels 12.0% | | | | |
| Belden & Blake Corp., Secured Notes | 8.750% | 7/15/12 | 7,595,000 | 7,500,062 |
| Berry Petroleum Co., Senior Notes | 10.250% | 6/1/14 | 2,280,000 | 2,639,100(b) |
| Berry Petroleum Co., Senior Notes | 6.750% | 11/1/20 | 590,000 | 603,275 |
| Calfrac Holdings LP, Senior Notes | 7.500% | 12/1/20 | 1,740,000 | 1,792,200(a) |
| Chesapeake Energy Corp., Senior Notes | 7.250% | 12/15/18 | 2,260,000 | 2,418,200(b) |
| Chesapeake Energy Corp., Senior Notes | 6.625% | 8/15/20 | 1,340,000 | 1,393,600(b) |
| Compagnie Generale de Geophysique-Veritas, Senior Notes | 9.500% | 5/15/16 | 1,545,000 | 1,734,263(b) |
| Compagnie Generale de Geophysique-Veritas, Senior Notes | 7.750% | 5/15/17 | 1,120,000 | 1,184,400(b) |
| Concho Resources Inc., Senior Notes | 7.000% | 1/15/21 | 2,750,000 | 2,873,750 |
| CONSOL Energy Inc., Senior Notes | 8.250% | 4/1/20 | 2,870,000 | 3,149,825(a)(b) |
| Corral Petroleum Holdings AB, Senior Bonds | 12.500% | 9/18/11 | 5,324,826 | 5,085,209(a)(d) |
| Crosstex Energy LP/Crosstex Energy Finance Corp., Senior Notes | 8.875% | 2/15/18 | 1,600,000 | 1,740,000(b) |
| Denbury Resources Inc., Senior Subordinated Notes | 8.250% | 2/15/20 | 1,875,000 | 2,074,219(b) |
| El Paso Corp., Notes | 7.875% | 6/15/12 | 1,137,000 | 1,204,211 |
| Energy Transfer Equity LP, Senior Notes | 7.500% | 10/15/20 | 2,810,000 | 3,017,237(b) |

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|---|---------|----------|-----------|-----------------|
| Enterprise Products Operating LLP, Junior Subordinated Notes | 8.375% | 8/1/66 | 285,000 | 308,140(b)(f) |
| EXCO Resources Inc., Senior Notes | 7.500% | 9/15/18 | 5,260,000 | 5,286,300(b) |
| International Coal Group Inc., Senior Secured Notes | 9.125% | 4/1/18 | 140,000 | 153,300(b) |
| KazMunaiGaz Finance Sub BV, Senior Notes | 8.375% | 7/2/13 | 1,080,000 | 1,201,068(a)(g) |
| Linn Energy LLC/Linn Energy Finance Corp., Senior Notes | 8.625% | 4/15/20 | 2,200,000 | 2,420,000(a)(b) |
| Linn Energy LLC/Linn Energy Finance Corp., Senior Notes | 7.750% | 2/1/21 | 1,570,000 | 1,648,500(a)(b) |
| LUKOIL International Finance BV, Bonds | 6.356% | 6/7/17 | 1,720,000 | 1,838,250(a)(g) |
| MarkWest Energy Partners LP/MarkWest Energy Finance Corp., Senior Notes | 8.750% | 4/15/18 | 2,440,000 | 2,677,900(b) |
| Murray Energy Corp., Senior Secured Notes | 10.250% | 10/15/15 | 4,330,000 | 4,611,450(a)(b) |
| Novatek Finance Ltd., Notes | 6.604% | 2/3/21 | 2,300,000 | 2,291,007(a) |
| Oasis Petroleum Inc., Senior Notes | 7.250% | 2/1/19 | 1,510,000 | 1,540,200(a) |

See Notes to Schedule of Investments.

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Schedule of investments (unaudited) (cont d)

January 31, 2011

WESTERN ASSET HIGH INCOME FUND II INC.

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|---------|------------------|----------------|-----------------------|
| Oil, Gas & Consumable Fuels continued | | | | |
| Offshore Group Investments Ltd., Senior Secured Notes | 11.500% | 8/1/15 | 6,260,000 | \$ 6,995,550(a)(b) |
| OPTI Canada Inc., Senior Secured Notes | 9.000% | 12/15/12 | 2,150,000 | 2,112,375(a)(b) |
| OPTI Canada Inc., Senior Secured Notes | 9.750% | 8/15/13 | 990,000 | 972,675(a)(b) |
| Overseas Shipholding Group Inc., Senior Notes | 8.125% | 3/30/18 | 3,110,000 | 3,125,550(b) |
| Peabody Energy Corp., Senior Notes | 7.875% | 11/1/26 | 1,220,000 | 1,378,600(b) |
| Pemex Project Funding Master Trust, Senior Bonds | 6.625% | 6/15/35 | 6,067,000 | 6,103,990(g) |
| Petrobras International Finance Co., Senior Notes | 6.875% | 1/20/40 | 1,145,000 | 1,186,446(g) |
| Petrobras International Finance Co., Senior Notes | 6.750% | 1/27/41 | 360,000 | 364,807 |
| Petroplus Finance Ltd., Senior Notes | 6.750% | 5/1/14 | 3,640,000 | 3,526,250(a)(b) |
| Petroplus Finance Ltd., Senior Notes | 7.000% | 5/1/17 | 320,000 | 296,000(a)(b) |
| Plains Exploration & Production Co., Senior Notes | 10.000% | 3/1/16 | 2,915,000 | 3,308,525(b) |
| Plains Exploration & Production Co., Senior Notes | 8.625% | 10/15/19 | 2,260,000 | 2,525,550(b) |
| PT Adaro Indonesia, Senior Notes | 7.625% | 10/22/19 | 770,000 | 847,000(a)(b) |
| Quicksilver Resources Inc., Senior Notes | 11.750% | 1/1/16 | 5,534,000 | 6,502,450(b) |
| Range Resources Corp., Senior Subordinated Notes | 8.000% | 5/15/19 | 530,000 | 585,650(b) |
| Regency Energy Partners LP/Regency Energy Finance Corp., Senior Notes | 6.875% | 12/1/18 | 2,800,000 | 2,891,000 |
| SandRidge Energy Inc., Senior Toggle Notes | 8.625% | 4/1/15 | 3,940,000 | 4,077,900(b)(d) |
| Stone Energy Corp., Senior Notes | 8.625% | 2/1/17 | 1,750,000 | 1,811,250(b) |
| Teekay Corp., Senior Notes | 8.500% | 1/15/20 | 4,810,000 | 5,206,825(b) |
| Tesoro Corp., Senior Notes | 6.250% | 11/1/12 | 2,000,000 | 2,105,000(b) |
| TNK-BP Finance SA | 6.625% | 3/20/17 | 230,000 | 243,800(a) |
| TNK-BP Finance SA, Senior Notes | 7.500% | 7/18/16 | 270,000 | 300,713(a)(g) |
| TNK-BP Finance SA, Senior Notes | 7.875% | 3/13/18 | 1,390,000 | 1,571,534(a)(g) |
| TNK-BP Finance SA, Senior Notes | 7.875% | 3/13/18 | 200,000 | 226,120(a) |
| Whiting Petroleum Corp., Senior Subordinated Notes | 7.000% | 2/1/14 | 175,000 | 186,375(b) |
| Whiting Petroleum Corp., Senior Subordinated Notes | 6.500% | 10/1/18 | 2,420,000 | 2,507,725(b) |
| <i>Total Oil, Gas & Consumable Fuels</i> | | | | <i>123,345,326</i> |
| TOTAL ENERGY | | | | 150,520,288 |
| FINANCIALS 7.2% | | | | |
| Capital Markets 0.2% | | | | |
| Goldman Sachs Group Inc., Subordinated Notes | 6.750% | 10/1/37 | 2,320,000 | 2,335,484(b) |
| Commercial Banks 1.6% | | | | |
| BAC Capital Trust VI, Capital Securities, Junior Subordinated Notes | 5.625% | 3/8/35 | 1,910,000 | 1,597,428(b) |
| BankAmerica Institutional Capital A, Junior Subordinated Bonds | 8.070% | 12/31/26 | 970,000 | 999,100(a)(b) |
| CIT Group Inc., Senior Secured Bonds | 7.000% | 5/1/16 | 2,657,888 | 2,691,112(b) |
| CIT Group Inc., Senior Secured Bonds | 7.000% | 5/1/17 | 1,979,044 | 2,001,308(b) |
| Credit Agricole SA, Subordinated Notes | 8.375% | 10/13/19 | 1,710,000 | 1,804,050(a)(b)(f)(h) |
| ICICI Bank Ltd., Junior Subordinated Bonds | 6.375% | 4/30/22 | 1,174,000 | 1,171,171(a)(f)(g) |
| ICICI Bank Ltd., Subordinated Bonds | 6.375% | 4/30/22 | 1,170,000 | 1,165,698(a)(f)(g) |
| NB Capital Trust II, Junior Subordinated Notes | 7.830% | 12/15/26 | 1,300,000 | 1,329,250(b) |
| NB Capital Trust IV, Junior Subordinated Notes | 8.250% | 4/15/27 | 1,762,000 | 1,817,062(b) |

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| | | | | |
|---|--------|----------|-----------|-------------------|
| Royal Bank of Scotland Group PLC, Junior Subordinated Bonds | 7.648% | 9/30/31 | 1,670,000 | 1,461,250(f)(h) |
| <i>Total Commercial Banks</i> | | | | <i>16,037,429</i> |
| Consumer Finance 2.3% | | | | |
| Ally Financial Inc., Debentures | 0.000% | 6/15/15 | 4,290,000 | 3,290,430(b) |
| Ally Financial Inc., Senior Bonds | 0.000% | 12/1/12 | 4,210,000 | 3,901,133(b) |
| Ally Financial Inc., Senior Notes | 6.875% | 8/28/12 | 3,166,000 | 3,359,918(b) |
| Ally Financial Inc., Senior Notes | 6.750% | 12/1/14 | 6,140,000 | 6,631,200(b) |
| Ally Financial Inc., Senior Notes | 7.500% | 9/15/20 | 1,980,000 | 2,168,100(a)(b) |
| Ally Financial Inc., Subordinated Notes | 8.000% | 12/31/18 | 11,000 | 12,045 |
| SLM Corp., Medium-Term Notes, Senior Notes | 8.450% | 6/15/18 | 1,340,000 | 1,449,776(b) |
| SLM Corp., Medium-Term Notes, Senior Notes | 8.000% | 3/25/20 | 2,870,000 | 2,996,825(b) |
| <i>Total Consumer Finance</i> | | | | <i>23,809,427</i> |

See Notes to Schedule of Investments.

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Schedule of investments (unaudited) (cont d)

January 31, 2011

WESTERN ASSET HIGH INCOME FUND II INC.

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|---------|------------------|----------------|-------------------|
| Diversified Financial Services 2.4% | | | | |
| Bank of America Corp. | 8.125% | 5/15/18 | 80,000 | \$ 83,034(f)(h) |
| Bankrate Inc., Senior Secured Notes | 11.750% | 7/15/15 | 1,550,000 | 1,774,750(a) |
| Capital One Capital V, Junior Subordinated Notes, Cumulative Trust Preferred Securities | 10.250% | 8/15/39 | 2,160,000 | 2,349,000(b) |
| ILFC E-Capital Trust I | 5.960% | 12/21/65 | 230,000 | 186,355(a)(f) |
| International Lease Finance Corp., Medium-Term Notes | 6.375% | 3/25/13 | 2,840,000 | 2,974,900(b) |
| International Lease Finance Corp., Medium-Term Notes, Senior Notes | 5.625% | 9/20/13 | 210,000 | 215,775(b) |
| International Lease Finance Corp., Senior Notes | 8.750% | 3/15/17 | 3,385,000 | 3,799,662(a)(b) |
| International Lease Finance Corp., Senior Notes | 8.875% | 9/1/17 | 5,180,000 | 5,795,125(b) |
| International Lease Finance Corp., Senior Notes | 8.250% | 12/15/20 | 1,060,000 | 1,156,725 |
| MBNA Capital A, Junior Subordinated Notes | 8.278% | 12/1/26 | 2,150,000 | 2,217,187(b) |
| Midwest Gaming Borrower LLC/Midwest Finance Corp., Senior Secured Notes | 11.625% | 4/15/16 | 1,070,000 | 1,114,138(a)(b) |
| Residential Capital LLC, Junior Secured Notes | 9.625% | 5/15/15 | 2,470,000 | 2,519,400 |
| <i>Total Diversified Financial Services</i> | | | | <i>24,186,051</i> |
| Insurance 0.6% | | | | |
| American International Group Inc., Senior Notes | 8.250% | 8/15/18 | 3,180,000 | 3,758,534(b) |
| ING Capital Funding Trust III, Junior Subordinated Bonds | 3.903% | 3/31/11 | 890,000 | 846,863(f)(h) |
| MetLife Capital Trust IV, Junior Subordinated Notes | 7.875% | 12/15/37 | 1,100,000 | 1,190,750(a)(b) |
| <i>Total Insurance</i> | | | | <i>5,796,147</i> |
| Real Estate Management & Development 0.1% | | | | |
| Realogy Corp., Senior Secured Notes | 7.875% | 2/15/19 | 1,460,000 | 1,465,475(a) |
| TOTAL FINANCIALS | | | | 73,630,013 |
| HEALTH CARE 4.2% | | | | |
| Health Care Equipment & Supplies 0.2% | | | | |
| Biomet Inc., Senior Notes | 10.000% | 10/15/17 | 1,240,000 | 1,391,900(b) |
| Biomet Inc., Senior Toggle Notes | 10.375% | 10/15/17 | 680,000 | 765,000(b)(d) |
| <i>Total Health Care Equipment & Supplies</i> | | | | <i>2,156,900</i> |
| Health Care Providers & Services 3.7% | | | | |
| American Renal Holdings, Senior Secured Notes | 8.375% | 5/15/18 | 2,390,000 | 2,470,662(a) |
| Aviv Healthcare Properties LP, Senior Notes | 7.750% | 2/15/19 | 720,000 | 743,400(a) |
| CRC Health Corp., Senior Subordinated Notes | 10.750% | 2/1/16 | 9,225,000 | 9,271,125 |
| Fresenius U.S. Finance II Inc., Senior Notes | 9.000% | 7/15/15 | 1,020,000 | 1,176,825(a)(b) |
| HCA Inc., Debentures | 7.500% | 11/15/95 | 1,325,000 | 1,060,000(b) |
| HCA Inc., Senior Secured Notes | 9.625% | 11/15/16 | 5,374,000 | 5,810,637(b)(d) |
| Tenet Healthcare Corp., Senior Notes | 6.875% | 11/15/31 | 1,470,000 | 1,205,400(b) |
| Tenet Healthcare Corp., Senior Secured Notes | 9.000% | 5/1/15 | 1,000,000 | 1,110,000(b) |
| Tenet Healthcare Corp., Senior Secured Notes | 10.000% | 5/1/18 | 2,277,000 | 2,684,014(b) |
| Universal Hospital Services Inc., Senior Secured Notes | 3.834% | 6/1/15 | 260,000 | 246,350(b)(f) |
| Universal Hospital Services Inc., Senior Secured Notes | 8.500% | 6/1/15 | 4,840,000 | 5,063,850(b)(d) |
| US Oncology Inc., Senior Secured Notes | 9.125% | 8/15/17 | 1,760,000 | 2,178,000(b) |
| US Oncology Inc., Senior Subordinated Notes | 10.750% | 8/15/14 | 520,000 | 542,750(b) |

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| | | | | |
|--|---------|---------|-----------|--------------|
| Vanguard Health Holdings Co., II LLC, Senior Notes | 8.000% | 2/1/18 | 1,805,000 | 1,863,663(b) |
| Vanguard Health Systems Inc., Senior Notes | 0.000% | 2/1/16 | 4,180,000 | 2,612,500(a) |
| <i>Total Health Care Providers & Services</i> | | | | 38,039,176 |
| Pharmaceuticals 0.3% | | | | |
| Giant Funding Corp., Senior Secured Notes | 8.250% | 2/1/18 | 2,570,000 | 2,676,013(a) |
| TOTAL HEALTH CARE | | | | 42,872,089 |
| INDUSTRIALS 12.9% | | | | |
| Aerospace & Defense 1.3% | | | | |
| FGI Operating Co. Inc., Senior Secured Notes | 10.250% | 8/1/15 | 4,130,000 | 4,429,425 |
| Kratos Defense & Security Solutions Inc., Senior Secured Notes | 10.000% | 6/1/17 | 2,160,000 | 2,421,900(b) |
| Triumph Group Inc., Senior Notes | 8.625% | 7/15/18 | 1,870,000 | 2,075,700(b) |

See Notes to Schedule of Investments.

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Schedule of investments (unaudited) (cont d)

January 31, 2011

WESTERN ASSET HIGH INCOME FUND II INC.

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|---------|------------------|----------------|------------------|
| Aerospace & Defense continued | | | | |
| Wyle Services Corp., Senior Subordinated Notes | 10.500% | 4/1/18 | 4,360,000 | \$ 4,349,100(a) |
| <i>Total Aerospace & Defense</i> | | | | 13,276,125 |
| Air Freight & Logistics 0.1% | | | | |
| TGI International Ltd., Senior Notes | 9.500% | 10/3/17 | 500,000 | 559,375(a)(g) |
| Airlines 2.5% | | | | |
| American Airlines Pass-Through Trust, Secured Notes | 7.000% | 1/31/18 | 1,690,000 | 1,694,225(a) |
| Continental Airlines Inc., Pass-Through Certificates | 5.983% | 4/19/22 | 4,823,106 | 5,064,262(b) |
| Continental Airlines Inc., Pass-Through Certificates, Subordinated Secured Notes | 8.312% | 4/2/11 | 292,759 | 294,223 |
| Continental Airlines Inc., Senior Secured Notes | 6.750% | 9/15/15 | 1,790,000 | 1,870,550(a)(b) |
| DAE Aviation Holdings Inc., Senior Notes | 11.250% | 8/1/15 | 9,040,000 | 9,514,600(a)(b) |
| Delta Air Lines Inc., Pass-Through Certificates | 7.711% | 9/18/11 | 290,000 | 297,250(b) |
| Delta Air Lines Inc., Pass-Through Certificates | 8.954% | 8/10/14 | 76,983 | 80,640 |
| Delta Air Lines Inc., Pass-Through Certificates, Secured Notes | 8.021% | 8/10/22 | 2,255,376 | 2,345,591(b) |
| Delta Air Lines Inc., Pass-Through Certificates, Subordinated Secured Notes | 9.750% | 12/17/16 | 1,037,064 | 1,135,585(b) |
| Delta Air Lines Inc., Senior Secured Notes | 9.500% | 9/15/14 | 1,177,000 | 1,291,757(a)(b) |
| United Air Lines Inc., Senior Secured Notes | 9.875% | 8/1/13 | 1,737,000 | 1,902,015(a)(b) |
| <i>Total Airlines</i> | | | | 25,490,698 |
| Building Products 0.6% | | | | |
| Ashton Woods USA LLC/Ashton Woods Finance Co., Senior Subordinated Notes, step bond | 0.000% | 6/30/15 | 1,297,400 | 723,301(a)(e)(i) |
| GTL Trade Finance Inc., Senior Notes | 7.250% | 10/20/17 | 2,260,000 | 2,505,775(a)(g) |
| GTL Trade Finance Inc., Senior Notes | 7.250% | 10/20/17 | 1,424,000 | 1,578,860(a)(g) |
| Rearden G Holdings EINS GmbH, Senior Notes | 7.875% | 3/30/20 | 800,000 | 846,000(a)(g) |
| <i>Total Building Products</i> | | | | 5,653,936 |
| Commercial Services & Supplies 2.3% | | | | |
| ACCO Brands Corp., Senior Secured Notes | 10.625% | 3/15/15 | 3,075,000 | 3,490,125(b) |
| ACCO Brands Corp., Senior Subordinated Notes | 7.625% | 8/15/15 | 1,700,000 | 1,729,750(b) |
| Altegrity Inc., Senior Subordinated Notes | 10.500% | 11/1/15 | 800,000 | 852,000(a) |
| Altegrity Inc., Senior Subordinated Notes | 11.750% | 5/1/16 | 5,495,000 | 5,907,125(a) |
| American Reprographics Co., Senior Notes | 10.500% | 12/15/16 | 2,770,000 | 2,950,050(a) |
| Garda World Security Corp., Senior Notes | 9.750% | 3/15/17 | 1,320,000 | 1,422,300(a)(b) |
| Geo Group Inc., Senior Notes | 7.750% | 10/15/17 | 2,965,000 | 3,128,075 |
| RSC Equipment Rental Inc./RSC Holdings III LLC, Senior Notes | 8.250% | 2/1/21 | 2,960,000 | 3,041,400(a) |
| RSC Equipment Rental Inc./RSC Holdings III LLC, Senior Secured Notes | 10.000% | 7/15/17 | 1,155,000 | 1,316,700(a)(b) |
| <i>Total Commercial Services & Supplies</i> | | | | 23,837,525 |
| Construction & Engineering 0.7% | | | | |
| Abengoa Finance SAU, Senior Notes | 8.875% | 11/1/17 | 2,710,000 | 2,659,187(a)(b) |
| Odebrecht Finance Ltd., Senior Notes | 7.500% | 10/18/17 | 3,740,000 | 4,067,250(a)(g) |
| <i>Total Construction & Engineering</i> | | | | 6,726,437 |

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| | | | | |
|--|---------|---------|-----------|--------------------|
| Electrical Equipment 0.3% | | | | |
| NES Rentals Holdings Inc., Senior Secured Notes | 12.250% | 4/15/15 | 3,510,000 | 3,369,600(a) |
| Industrial Conglomerates 0.3% | | | | |
| Leucadia National Corp., Senior Notes | 8.125% | 9/15/15 | 2,840,000 | 3,138,200(b) |
| Marine 1.0% | | | | |
| Navios Maritime Acquisition Corp./Navios Acquisition Finance U.S. Inc., Senior Secured Notes | 8.625% | 11/1/17 | 5,180,000 | 5,257,700(a)(b) |
| Navios Maritime Holdings Inc./Navios Maritime Finance II U.S. Inc., Senior Notes | 8.125% | 2/15/19 | 1,600,000 | 1,568,000(a) |
| Trico Shipping AS, Senior Secured Notes | 13.875% | 11/1/14 | 4,480,000 | 3,707,200(a)(b)(c) |
| <i>Total Marine</i> | | | | <i>10,532,900</i> |
| Road & Rail 2.2% | | | | |
| Florida East Coast Industries Inc., Senior Secured Notes | 8.125% | 2/1/17 | 3,460,000 | 3,607,050(a) |
| Kansas City Southern de Mexico, Senior Notes | 12.500% | 4/1/16 | 1,699,000 | 2,079,151(b) |

See Notes to Schedule of Investments.

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Schedule of investments (unaudited) (cont d)

January 31, 2011

WESTERN ASSET HIGH INCOME FUND II INC.

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|---------|---------------|-------------|--------------------|
| Road & Rail continued | | | | |
| Kansas City Southern de Mexico, Senior Notes | 8.000% | 2/1/18 | 6,215,000 | \$ 6,797,656(b) |
| Kansas City Southern de Mexico, Senior Notes | 6.625% | 12/15/20 | 1,090,000 | 1,110,438(a) |
| Kansas City Southern Railway, Senior Notes | 13.000% | 12/15/13 | 182,000 | 218,400 |
| Kansas City Southern Railway, Senior Notes | 8.000% | 6/1/15 | 600,000 | 651,000 |
| Quality Distribution LLC/QD Capital Corp., Senior Secured Notes | 9.875% | 11/1/18 | 4,000,000 | 4,170,000(a) |
| RailAmerica Inc., Senior Secured Notes | 9.250% | 7/1/17 | 4,024,000 | 4,461,610(b) |
| <i>Total Road & Rail</i> | | | | 23,095,305 |
| Trading Companies & Distributors 0.6% | | | | |
| Ashtead Capital Inc., Notes | 9.000% | 8/15/16 | 2,095,000 | 2,236,412(a)(b) |
| H&E Equipment Services Inc., Senior Notes | 8.375% | 7/15/16 | 3,475,000 | 3,631,375(b) |
| <i>Total Trading Companies & Distributors</i> | | | | 5,867,787 |
| Transportation 0.9% | | | | |
| Hapag-Lloyd AG, Senior Notes | 9.750% | 10/15/17 | 5,420,000 | 6,016,200(a)(b) |
| Syncreon Global Ireland Ltd./Syncreon Global Finance US Inc., Senior Notes | 9.500% | 5/1/18 | 3,460,000 | 3,572,450(a) |
| <i>Total Transportation</i> | | | | 9,588,650 |
| Transportation Infrastructure 0.1% | | | | |
| Aguila 3 SA, Senior Secured Notes | 7.875% | 1/31/18 | 1,160,000 | 1,189,000(a) |
| TOTAL INDUSTRIALS | | | | 132,325,538 |
| INFORMATION TECHNOLOGY 3.8% | | | | |
| Communications Equipment 0.6% | | | | |
| CommScope Inc., Senior Notes | 8.250% | 1/15/19 | 1,280,000 | 1,334,400(a) |
| Lucent Technologies Inc., Debentures | 6.450% | 3/15/29 | 6,100,000 | 4,880,000(b) |
| <i>Total Communications Equipment</i> | | | | 6,214,400 |
| Electronic Equipment, Instruments & Components 0.7% | | | | |
| NXP BV/NXP Funding LLC, Senior Secured Notes | 9.750% | 8/1/18 | 6,320,000 | 7,181,100(a)(b) |
| IT Services 1.4% | | | | |
| Ceridian Corp., Senior Notes | 12.250% | 11/15/15 | 3,498,525 | 3,673,451(b)(d) |
| First Data Corp., Senior Notes | 5.625% | 11/1/11 | 3,100,000 | 3,107,750(b) |
| First Data Corp., Senior Notes | 9.875% | 9/24/15 | 190,000 | 190,475(b) |
| First Data Corp., Senior Notes | 10.550% | 9/24/15 | 5,519,187 | 5,601,975(b)(d) |
| Interactive Data Corp., Senior Notes | 10.250% | 8/1/18 | 1,780,000 | 1,964,675(a)(b)(i) |
| <i>Total IT Services</i> | | | | 14,538,326 |
| Semiconductors & Semiconductor Equipment 1.1% | | | | |
| CDW LLC/CDW Finance Corp., Senior Notes | 11.000% | 10/12/15 | 1,520,000 | 1,613,100 |

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| | | | | |
|--|---------|----------|-----------|-------------------|
| CDW LLC/CDW Finance Corp., Senior Notes | 11.500% | 10/12/15 | 1,290,000 | 1,373,850(d)(f) |
| Freescale Semiconductor Inc., Senior Notes | 10.750% | 8/1/20 | 850,000 | 969,000(a)(b) |
| Freescale Semiconductor Inc., Senior Secured Notes | 9.250% | 4/15/18 | 1,590,000 | 1,768,875(a)(b) |
| Freescale Semiconductor Inc., Senior Subordinated Notes | 10.125% | 12/15/16 | 3,430,000 | 3,695,825(b) |
| Freescale Semiconductor Inc., Senior Toggle Notes | 9.125% | 12/15/14 | 1,398,225 | 1,464,641(b)(d) |
| <i>Total Semiconductors & Semiconductor Equipment</i> | | | | <i>10,885,291</i> |
| TOTAL INFORMATION TECHNOLOGY MATERIALS 9.4% | | | | 38,819,117 |
| Chemicals 2.1% | | | | |
| Ashland Inc., Senior Notes | 9.125% | 6/1/17 | 495,000 | 578,531 |
| CF Industries Inc., Senior Notes | 7.125% | 5/1/20 | 1,770,000 | 1,971,338(b) |
| FMC Finance III SA, Senior Notes | 6.875% | 7/15/17 | 3,610,000 | 3,858,187(b) |
| Georgia Gulf Corp., Senior Secured Notes | 9.000% | 1/15/17 | 2,120,000 | 2,350,550(a)(b) |
| Hexion U.S. Finance Corp./Hexion Nova Scotia Finance ULC, Senior Secured Notes | 9.000% | 11/15/20 | 2,010,000 | 2,150,700(a) |
| Ineos Finance PLC, Senior Secured Notes | 9.000% | 5/15/15 | 2,430,000 | 2,673,000(a)(b) |
| LBI Escrow Corp., Senior Secured Notes | 8.000% | 11/1/17 | 3,235,000 | 3,619,156(a)(b) |
| Solutia Inc., Senior Notes | 8.750% | 11/1/17 | 635,000 | 704,056(b) |
| Solutia Inc., Senior Notes | 7.875% | 3/15/20 | 2,050,000 | 2,234,500(b) |
| Texas Petrochemical Corp. Group LLC, Senior Secured Notes | 8.250% | 10/1/17 | 1,590,000 | 1,695,338(a)(b) |
| <i>Total Chemicals</i> | | | | <i>21,835,356</i> |

See Notes to Schedule of Investments.

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Schedule of investments (unaudited) (cont d)

January 31, 2011

WESTERN ASSET HIGH INCOME FUND II INC.

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|---------|------------------|----------------|--------------------|
| Containers & Packaging 2.5% | | | | |
| Ardagh Packaging Finance PLC, Senior Notes | 9.125% | 10/15/20 | 4,190,000 \$ | 4,556,625(a)(b) |
| Ardagh Packaging Finance PLC, Senior Secured Notes | 7.375% | 10/15/17 | 1,160,000EUR | 1,627,920(a)(b) |
| Berry Plastics Corp., Senior Secured Notes | 9.500% | 5/15/18 | 410,000 | 434,600(b) |
| Berry Plastics Corp., Senior Secured Notes | 9.750% | 1/15/21 | 1,520,000 | 1,596,000(a) |
| Packaging Dynamics Corp., Senior Secured Notes | 8.750% | 2/1/16 | 410,000 | 419,737(a) |
| Packaging Dynamics Finance Corp., Senior Subordinated Notes | 10.000% | 5/1/16 | 2,415,000 | 2,584,050(a) |
| Radnor Holdings Inc., Senior Notes | 11.000% | 3/15/10 | 2,100,000 | 0(c)(e)(i) |
| Reynolds Group Issuer Inc./Reynolds Group Issuer LLC, Senior Notes | 9.000% | 4/15/19 | 4,480,000 | 4,726,400(a)(b) |
| Reynolds Group Issuer Inc./Reynolds Group Issuer LLC, Senior Notes | 8.250% | 2/15/21 | 3,220,000 | 3,264,275(a) |
| Solo Cup Co., Senior Secured Notes | 10.500% | 11/1/13 | 1,460,000 | 1,547,600(b) |
| Viskase Cos. Inc., Senior Secured Notes | 9.875% | 1/15/18 | 3,850,000 | 4,071,375(a)(b)(e) |
| Viskase Cos. Inc., Senior Secured Notes | 9.875% | 1/15/18 | 800,000 | 846,000(a)(b)(e) |
| <i>Total Containers & Packaging</i> | | | | 25,674,582 |
| Metals & Mining 2.7% | | | | |
| Atkore International Inc., Senior Secured Notes | 9.875% | 1/1/18 | 1,860,000 | 1,994,850(a) |
| CSN Resources SA, Senior Bonds | 6.500% | 7/21/20 | 990,000 | 1,056,825(a)(g) |
| Evraz Group SA, Notes | 8.875% | 4/24/13 | 2,840,000 | 3,070,750(a)(b) |
| Evraz Group SA, Notes | 8.875% | 4/24/13 | 1,590,000 | 1,721,175(a)(g) |
| Evraz Group SA, Notes | 9.500% | 4/24/18 | 680,000 | 770,950(a)(b) |
| FMG Resources (August 2006), Senior Notes | 6.375% | 2/1/16 | 1,780,000 | 1,808,925(a) |
| FMG Resources (August 2006) Pty Ltd., Senior Notes | 7.000% | 11/1/15 | 750,000 | 778,125(a) |
| Novelis Inc., Senior Notes | 8.750% | 12/15/20 | 4,410,000 | 4,812,412(a) |
| Rio Tinto Finance USA Ltd., Senior Notes | 9.000% | 5/1/19 | 1,820,000 | 2,416,520(b) |
| Ryerson Holding Corp., Senior Secured Notes | 0.000% | 2/1/15 | 5,220,000 | 2,766,600 |
| Ryerson Inc., Senior Secured Notes | 12.000% | 11/1/15 | 310,000 | 330,150 |
| Vale Overseas Ltd., Notes | 8.250% | 1/17/34 | 2,086,000 | 2,521,490(g) |
| Vale Overseas Ltd., Notes | 6.875% | 11/21/36 | 1,556,000 | 1,645,319(g) |
| Vedanta Resources PLC, Senior Notes | 8.750% | 1/15/14 | 2,070,000 | 2,214,900(a)(g) |
| <i>Total Metals & Mining</i> | | | | 27,908,991 |
| Paper & Forest Products 2.1% | | | | |
| Appleton Papers Inc., Senior Secured Notes | 11.250% | 12/15/15 | 4,570,000 | 3,998,750(a) |
| Boise Cascade LLC, Senior Subordinated Notes | 7.125% | 10/15/14 | 1,770,000 | 1,752,300 |
| Neenah Paper Inc., Senior Notes | 7.375% | 11/15/14 | 1,110,000 | 1,123,875(b) |
| NewPage Corp., Senior Secured Notes | 11.375% | 12/31/14 | 5,090,000 | 5,128,175(b) |
| PE Paper Escrow GmbH, Senior Secured Notes | 12.000% | 8/1/14 | 1,070,000 | 1,248,546(a)(b) |
| Smurfit Capital Funding PLC, Debentures | 7.500% | 11/20/25 | 2,505,000 | 2,373,488(b) |
| Verso Paper Holdings LLC, Senior Secured Notes | 8.750% | 2/1/19 | 1,645,000 | 1,712,856(a) |
| Verso Paper Holdings LLC, Senior Subordinated Notes | 11.375% | 8/1/16 | 3,360,000 | 3,637,200(b) |
| <i>Total Paper & Forest Products</i> | | | | 20,975,190 |
| TOTAL MATERIALS | | | | 96,394,119 |
| TELECOMMUNICATION SERVICES 9.0% | | | | |

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Diversified Telecommunication Services 5.6%

| | | | | |
|--|---------|----------|-----------|-----------------|
| Axtel SAB de CV, Senior Notes | 7.625% | 2/1/17 | 4,620,000 | 4,429,425(a)(g) |
| Axtel SAB de CV, Senior Notes | 7.625% | 2/1/17 | 370,000 | 355,663(a)(g) |
| Axtel SAB de CV, Senior Notes | 9.000% | 9/22/19 | 98,000 | 96,775(a) |
| Cincinnati Bell Inc., Senior Notes | 8.375% | 10/15/20 | 2,430,000 | 2,375,325 |
| Cogent Communications Group Inc., Senior Secured Notes | 8.375% | 2/15/18 | 3,340,000 | 3,456,900(a) |
| Hawaiian Telcom Communications Inc., Senior Subordinated Notes | 12.500% | 5/1/15 | 5,441,000 | 544(c)(e)(i) |
| Inmarsat Finance PLC, Senior Notes | 7.375% | 12/1/17 | 4,330,000 | 4,622,275(a)(b) |
| Intelsat Jackson Holdings Ltd., Senior Notes | 9.500% | 6/15/16 | 4,225,000 | 4,510,188(b) |
| Intelsat Jackson Holdings Ltd., Senior Notes | 11.250% | 6/15/16 | 710,000 | 766,800(b) |
| Intelsat Jackson Holdings Ltd., Senior Notes | 11.500% | 6/15/16 | 6,775,000 | 7,333,937(b) |
| Level 3 Financing Inc., Senior Notes | 9.250% | 11/1/14 | 3,570,000 | 3,632,475(b) |

See Notes to Schedule of Investments.

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Schedule of investments (unaudited) (cont d)

January 31, 2011

WESTERN ASSET HIGH INCOME FUND II INC.

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|---------|---------------|-------------|-----------------|
| Diversified Telecommunication Services continued | | | | |
| Primus Telecommunications Group Inc., Senior Subordinated Secured Notes | 14.250% | 5/20/13 | 644,000 \$ | 652,050(d) |
| Qwest Communications International Inc., Senior Notes | 8.000% | 10/1/15 | 1,110,000 | 1,207,125(a)(b) |
| Sunrise Communications Holdings SA, Senior Secured Notes | 8.500% | 12/31/18 | 533,000EUR | 777,191(a) |
| Sunrise Communications International SA, Senior Secured Notes | 7.000% | 12/31/17 | 448,000EUR | 645,582(a) |
| TW Telecom Holdings Inc., Senior Notes | 8.000% | 3/1/18 | 3,120,000 | 3,361,800(b) |
| UBS Luxembourg SA for OJSC Vimpel Communications, Loan Participation Notes | 8.250% | 5/23/16 | 2,220,000 | 2,400,375(a)(g) |
| Vimpel Communications, Loan Participation Notes | 8.375% | 4/30/13 | 700,000 | 756,000(a)(b) |
| Vimpel Communications, Notes | 6.493% | 2/2/16 | 375,000 | 375,506(a) |
| West Corp., Senior Notes | 8.625% | 10/1/18 | 2,640,000 | 2,844,600(a)(b) |
| West Corp., Senior Notes | 7.875% | 1/15/19 | 4,000,000 | 4,160,000(a) |
| Wind Acquisition Finance SA, Senior Notes | 11.750% | 7/15/17 | 1,620,000 | 1,854,900(a) |
| Wind Acquisition Finance SA, Senior Secured Notes | 7.250% | 2/15/18 | 1,690,000 | 1,753,375(a) |
| Wind Acquisition Holdings Finance SpA, Senior Notes | 12.250% | 7/15/17 | 2,008,897 | 2,340,365(a)(d) |
| Windstream Corp., Senior Notes | 8.625% | 8/1/16 | 870,000 | 926,550(b) |
| Windstream Corp., Senior Notes | 7.750% | 10/15/20 | 1,620,000 | 1,680,750 |
| <i>Total Diversified Telecommunication Services</i> | | | | 57,316,476 |
| Wireless Telecommunication Services 3.4% | | | | |
| Buccaneer Merger Sub Inc., Senior Notes | 9.125% | 1/15/19 | 3,754,000 | 4,016,780(a) |
| MetroPCS Wireless Inc., Senior Notes | 7.875% | 9/1/18 | 2,220,000 | 2,331,000(b) |
| Sprint Capital Corp., Global Notes | 6.900% | 5/1/19 | 2,380,000 | 2,397,850(b) |
| Sprint Capital Corp., Senior Notes | 8.375% | 3/15/12 | 3,235,000 | 3,453,362(b) |
| Sprint Capital Corp., Senior Notes | 6.875% | 11/15/28 | 2,500,000 | 2,250,000(b) |
| Sprint Capital Corp., Senior Notes | 8.750% | 3/15/32 | 10,685,000 | 11,179,181(b) |
| True Move Co., Ltd., Notes | 10.750% | 12/16/13 | 8,965,000 | 9,682,200(a)(g) |
| <i>Total Wireless Telecommunication Services</i> | | | | 35,310,373 |
| TOTAL TELECOMMUNICATION SERVICES | | | | 92,626,849 |
| UTILITIES 6.2% | | | | |
| Electric Utilities 1.8% | | | | |
| AES Red Oak LLC, Secured Notes | 9.200% | 11/30/29 | 4,270,000 | 4,237,975 |
| Astoria Depositor Corp., Pass-Through Certificates | 8.144% | 5/1/21 | 2,810,000 | 2,810,000(a) |
| EEB International Ltd., Senior Bonds | 8.750% | 10/31/14 | 2,880,000 | 3,106,800(a)(g) |
| Reliant Energy Mid-Atlantic Power Holdings LLC, Senior Notes | 9.681% | 7/2/26 | 6,680,000 | 7,214,400(b) |
| Texas Competitive Electric Holdings Co. LLC / TCEH Finance Inc., Senior Secured Notes | 15.000% | 4/1/21 | 1,220,000 | 1,091,900(a)(b) |

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| | | | | |
|--|---------|----------|-----------|-----------------|
| <i>Total Electric Utilities</i> | | | | 18,461,075 |
| Gas Utilities 0.3% | | | | |
| Ferrellgas LP/Ferrellgas Finance Corp., Senior Notes | 6.500% | 5/1/21 | 1,270,000 | 1,238,250(a) |
| Suburban Propane Partners LP/Suburban Energy Finance Corp., Senior Notes | 7.375% | 3/15/20 | 2,230,000 | 2,377,738(b) |
| <i>Total Gas Utilities</i> | | | | 3,615,988 |
| Independent Power Producers & Energy Traders 4.0% | | | | |
| AES Corp., Senior Notes | 8.000% | 10/15/17 | 331,000 | 359,962(b) |
| Calpine Corp., Senior Secured Notes | 7.875% | 7/31/20 | 730,000 | 768,325(a)(b) |
| Calpine Corp., Senior Secured Notes | 7.500% | 2/15/21 | 5,840,000 | 5,942,200(a)(b) |
| Calpine Corp., Senior Secured Notes | 7.875% | 1/15/23 | 3,240,000 | 3,292,650(a) |
| Colbun SA, Senior Notes | 6.000% | 1/21/20 | 1,100,000 | 1,140,071(a)(g) |
| Dynegy Inc., Bonds | 7.670% | 11/8/16 | 3,600,000 | 3,420,000(b) |
| Edison Mission Energy, Senior Notes | 7.750% | 6/15/16 | 750,000 | 675,000(b) |
| Energy Future Holdings Corp., Senior Notes | 10.875% | 11/1/17 | 5,027,000 | 3,770,250 |
| Energy Future Holdings Corp., Senior Notes | 12.000% | 11/1/17 | 1,188,048 | 795,992(d) |
| Energy Future Intermediate Holding Co. LLC, Senior Secured Notes | 9.750% | 10/15/19 | 920,000 | 947,872 |

See Notes to Schedule of Investments.

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Schedule of investments (unaudited) (cont d)

January 31, 2011

WESTERN ASSET HIGH INCOME FUND II INC.

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|----------------|---------------|-------------|--------------------|
| Independent Power Producers & Energy Traders continued | | | | |
| Energy Future Intermediate Holding Co. LLC/EFIH Finance Inc., Senior Secured Notes | 10.000% | 12/1/20 | 3,353,000 | \$ 3,572,974(b) |
| Foresight Energy LLC/Foresight Energy Corp., Senior Notes | 9.625% | 8/15/17 | 6,900,000 | 7,426,125(a)(b) |
| Mirant Americas Generation LLC, Senior Notes | 9.125% | 5/1/31 | 5,845,000 | 6,049,575(b) |
| Mirant Mid Atlantic LLC, Pass-Through Certificates | 10.060% | 12/30/28 | 1,607,586 | 1,816,572(b) |
| NRG Energy Inc., Senior Notes | 7.375% | 1/15/17 | 1,310,000 | 1,365,675(b) |
| <i>Total Independent Power Producers & Energy Traders</i> | | | | <i>41,343,243</i> |
| Multi-Utilities 0.1% | | | | |
| Empresas Publicas de Medellin ESP, Senior Notes | 7.625% | 7/29/19 | 740,000 | 850,075(a)(g) |
| TOTAL UTILITIES | | | | 64,270,381 |
| TOTAL CORPORATE BONDS & NOTES (Cost \$868,478,401) | | | | 914,663,653 |
| COLLATERALIZED MORTGAGE OBLIGATIONS 0.2% | | | | |
| Countrywide Home Loan Mortgage Pass-Through Trust, 2004-HYB5 7A1 (Cost - \$1,300,248) | 2.337% | 4/20/35 | 2,097,640 | 1,776,097(f) |
| COLLATERALIZED SENIOR LOANS 2.2% | | | | |
| CONSUMER DISCRETIONARY 0.5% | | | | |
| Hotels, Restaurants & Leisure 0.1% | | | | |
| CityCenter Holdings LLC, Term Loan | 7.500% | 1/14/14 | 867,000 | 883,256(j) |
| Media 0.4% | | | | |
| Newsday LLC, Term Loan | 10.500% | 8/1/13 | 4,000,000 | 4,267,500(j) |
| TOTAL CONSUMER DISCRETIONARY | | | | 5,150,756 |
| ENERGY 0.3% | | | | |
| Energy Equipment & Services 0.3% | | | | |
| Turbo Beta Ltd., Term Loan | 14.500% | 3/15/18 | 5,663,628 | 2,817,655(e)(j) |
| FINANCIALS 0.4% | | | | |
| Real Estate Management & Development 0.4% | | | | |
| Realogy Corp., Term Loan | 13.500% | 10/15/17 | 3,500,000 | 3,906,875(j) |
| INDUSTRIALS 0.1% | | | | |
| Aerospace & Defense 0.1% | | | | |
| Hawker Beechcraft Acquisition Co. LLC, LC Facility Deposits | 2.303% | 3/26/14 | 53,575 | 47,930(j) |
| Hawker Beechcraft Acquisition Co. LLC, Term Loan | 2.260 - 2.303% | 3/26/14 | 936,718 | 838,029(j) |
| TOTAL INDUSTRIALS | | | | 885,959 |
| INFORMATION TECHNOLOGY 0.0% | | | | |
| IT Services 0.0% | | | | |
| First Data Corp., Term Loan | 3.012% | 9/24/14 | 500,000 | 473,999(j) |
| TELECOMMUNICATION SERVICES 0.7% | | | | |
| Diversified Telecommunication Services 0.2% | | | | |
| Level 3 Communications Inc., Term Loan | 11.500% | 3/13/14 | 2,000,000 | 2,177,000(j) |
| Wireless Telecommunication Services 0.5% | | | | |
| Vodafone Group PLC, Term Loan | 6.875% | 8/11/15 | 5,680,000 | 5,765,200(d)(i)(j) |
| TOTAL TELECOMMUNICATION SERVICES | | | | 7,942,200 |

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| | | | | | |
|---|----------------|----------|-----------|-----------------|------------|
| UTILITIES | 0.2% | | | | |
| Independent Power Producers & Energy Traders | 0.2% | | | | |
| Energy Future Holdings, Term | | | | | |
| Loan B3 | 3.761 - 3.803% | 10/10/14 | 2,375,448 | 1,966,319(j) | |
| TOTAL COLLATERALIZED SENIOR LOANS (Cost | \$24,826,799) | | | 23,143,763 | |
| CONVERTIBLE BONDS & NOTES | 1.4% | | | | |
| FINANCIALS | 0.7% | | | | |
| Real Estate Management & Development | 0.7% | | | | |
| Realogy Corp., Senior Subordinated Bonds | 11.000% | 4/15/18 | 7,025,000 | 7,323,562(a)(i) | |
| INDUSTRIALS | 0.6% | | | | |
| Marine | 0.6% | | | | |
| Horizon Lines Inc., Senior Notes | 4.250% | 8/15/12 | 7,230,000 | 6,805,238(b) | |
| MATERIALS | 0.1% | | | | |
| Chemicals | 0.1% | | | | |
| Hercules Inc. | 6.500% | 6/30/29 | 880,000 | 704,000 | |
| TOTAL CONVERTIBLE BONDS & NOTES (Cost | \$11,542,639) | | | \$ | 14,832,800 |

See Notes to Schedule of Investments.

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Schedule of investments (unaudited) (cont d)

January 31, 2011

WESTERN ASSET HIGH INCOME FUND II INC.

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|---------|---------------|-------------------|-----------------|
| SOVEREIGN BONDS 3.2% | | | | |
| Argentina 0.5% | | | | |
| Republic of Argentina | 7.820% | 12/31/33 | 1,939,031EUR \$ | 1,997,755(f) |
| Republic of Argentina, GDP Linked Securities | 0.000% | 12/15/35 | 4,809,113EUR | 849,387(f) |
| Republic of Argentina, Senior Bonds | 7.000% | 9/12/13 | 98,000 | 100,475 |
| Republic of Argentina, Senior Bonds | 7.000% | 10/3/15 | 1,396,000 | 1,315,730(g) |
| Republic of Argentina, Senior Bonds | 2.260% | 12/31/38 | 224,638EUR | 112,261 |
| Republic of Argentina, Senior Notes | 8.750% | 6/2/17 | 782,235 | 786,146 |
| <i>Total Argentina</i> | | | | 5,161,754 |
| Brazil 0.7% | | | | |
| Brazil Nota do Tesouro Nacional, Notes | 10.000% | 1/1/14 | 1,117,000BRL | 624,869 |
| Brazil Nota do Tesouro Nacional, Notes | 10.000% | 1/1/17 | 13,247,000BRL | 7,085,268 |
| <i>Total Brazil</i> | | | | 7,710,137 |
| Colombia 0.1% | | | | |
| Republic of Colombia, Senior Notes | 7.375% | 3/18/19 | 495,000 | 597,712(g) |
| Indonesia 0.4% | | | | |
| Republic of Indonesia, Senior Bonds | 10.250% | 7/15/22 | 11,011,000,000IDR | 1,312,884 |
| Republic of Indonesia, Senior Bonds | 11.000% | 9/15/25 | 7,031,000,000IDR | 857,049 |
| Republic of Indonesia, Senior Bonds | 10.250% | 7/15/27 | 6,948,000,000IDR | 783,010 |
| Republic of Indonesia, Senior Bonds | 6.625% | 2/17/37 | 825,000 | 886,087(a)(g) |
| Republic of Indonesia, Senior Bonds | 9.750% | 5/15/37 | 8,327,000,000IDR | 866,766 |
| <i>Total Indonesia</i> | | | | 4,705,796 |
| Peru 0.2% | | | | |
| Republic of Peru, Bonds | 7.840% | 8/12/20 | 4,040,000PEN | 1,665,005 |
| Russia 0.3% | | | | |
| RSHB Capital, Loan Participation Notes, Senior Secured Bonds | 6.299% | 5/15/17 | 1,055,000 | 1,089,288(a)(g) |
| RSHB Capital, Loan Participation Notes, Senior Secured Notes | 7.175% | 5/16/13 | 1,204,000 | 1,294,300(a)(g) |
| Russian Foreign Bond-Eurobond, Senior Bonds | 7.500% | 3/31/30 | 411,700 | 472,837(a) |
| <i>Total Russia</i> | | | | 2,856,425 |
| Turkey 0.6% | | | | |
| Republic of Turkey, Bonds | 10.000% | 1/9/13 | 1,235,000TRY | 793,073 |
| Republic of Turkey, Bonds | 7.000% | 9/26/16 | 594,000 | 670,477(g) |
| Republic of Turkey, Senior Bonds | 11.875% | 1/15/30 | 1,175,000 | 1,932,875(g) |
| Republic of Turkey, Senior Notes | 7.000% | 6/5/20 | 490,000 | 548,800(g) |
| Republic of Turkey, Senior Notes | 6.875% | 3/17/36 | 2,064,000 | 2,146,560(g) |
| <i>Total Turkey</i> | | | | 6,091,785 |
| Venezuela 0.4% | | | | |
| Bolivarian Republic of Venezuela | 5.750% | 2/26/16 | 3,370,000 | 2,417,975(a)(g) |
| Bolivarian Republic of Venezuela, Collective Action Securities | 1.303% | 4/20/11 | 472,000 | 471,056(a)(f) |
| | 9.375% | 1/13/34 | 1,164,000 | 793,266(g) |

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Bolivarian Republic of Venezuela, Collective
 Action Securities, Global Senior Bonds

Total Venezuela

TOTAL SOVEREIGN BONDS (Cost \$31,223,213)

3,682,297
 32,470,911

SHARES

COMMON STOCKS 1.3%

CONSUMER DISCRETIONARY 1.1%

Media 1.1%

Charter Communications Inc.

187,249

7,864,458*(i)

Charter Communications Inc., Class A Shares

88,573

3,720,066*

TOTAL CONSUMER DISCRETIONARY

11,584,524

See Notes to Schedule of Investments.

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Schedule of investments (unaudited) (cont d)

January 31, 2011

WESTERN ASSET HIGH INCOME FUND II INC.

| | SHARES | VALUE |
|--|---------|----------------------|
| SECURITY | | |
| ENERGY 0.1% | | |
| Oil, Gas & Consumable Fuels 0.1% | | |
| SemGroup Corp., Class A Shares | 20,408 | \$ 587,739* |
| INDUSTRIALS 0.0% | | |
| Building Products 0.0% | | |
| Ashton Woods USA LLC, Class B Membership | 399 | 179,570(e)(i) |
| Nortek Inc. | 7,072 | 270,521* |
| TOTAL INDUSTRIALS | | 450,091 |
| MATERIALS 0.1% | | |
| Chemicals 0.1% | | |
| LyondellBasell Industries NV, Class A Shares | 36,755 | 1,320,975* |
| TOTAL COMMON STOCKS (Cost \$7,785,860) | | 13,943,329 |
| | RATE | |
| CONVERTIBLE PREFERRED STOCKS 0.7% | | |
| FINANCIALS 0.7% | | |
| Diversified Financial Services 0.7% | | |
| Bank of America Corp. (Cost - \$6,579,053) | 7.250% | 6,812 6,747,286(b) |
| PREFERRED STOCKS 1.5% | | |
| CONSUMER DISCRETIONARY 0.1% | | |
| Automobiles 0.1% | | |
| Corts-Ford Motor Co. | 7.400% | 53,250 1,328,588 |
| Media 0.0% | | |
| CMP Susquehanna Radio Holdings Corp. | 0.000% | 59,329 593*(a)(f) |
| TOTAL CONSUMER DISCRETIONARY | | 1,329,181 |
| FINANCIALS 1.4% | | |
| Commercial Banks 0.4% | | |
| Banesto Holdings Ltd. | 10.500% | 168,225 4,231,918(a) |
| Diversified Financial Services 1.0% | | |
| Citigroup Capital XII | 8.500% | 214,775 5,648,583(f) |
| Citigroup Capital XIII | 7.875% | 168,125 4,493,981(f) |
| <i>Total Diversified Financial Services</i> | | <i>10,142,564</i> |
| Thriffs & Mortgage Finance 0.0% | | |
| Federal National Mortgage Association (FNMA) | 84,700 | 134,673* |
| TOTAL FINANCIALS | | 14,509,155 |
| TOTAL PREFERRED STOCKS (Cost \$17,060,939) | | 15,838,336 |

WARRANTS

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| | EXPIRATION DATE | | |
|--|--------------------|--------|---------------|
| WARRANTS 0.1% | | | |
| Bolivarian Republic of Venezuela, Oil-linked payment obligations | 4/15/20 | 18,500 | 490,250 |
| Buffets Restaurant Holdings | 4/28/14 | 3,488 | 35*(e)(i) |
| Charter Communications Inc. | 11/30/14 | 4,876 | 36,448* |
| CMP Susquehanna Radio Holdings Co. | 3/23/19 | 67,797 | 0*(a)(e)(i) |
| Nortek Inc. | 12/7/14 | 8,427 | 58,991*(e)(i) |
| SemGroup Corp. | 11/30/14 | 21,482 | 146,076*(e) |
| Turbo Beta Ltd. | 11/1/14 | 1 | 0*(a)(e)(i) |
| TOTAL WARRANTS (Cost \$119,064) | | | 731,800 |
| TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENTS (Cost \$968,916,216) | | | 1,024,147,975 |

| | | MATURITY DATE | FACE AMOUNT | |
|---|--------|------------------|----------------|--------------|
| SHORT-TERM INVESTMENTS 0.4% | | | | |
| Sovereign Bonds 0.4% | | | | |
| Egypt Treasury Bills | 9.233% | 4/12/11 | 18,675,000EGP | 3,120,694(k) |
| Egypt Treasury Bills | 9.151% | 4/26/11 | 5,075,000EGP | 847,869(k) |
| Total Sovereign Bonds (Cost \$4,015,628) | | | | 3,968,563 |

See Notes to Schedule of Investments.

Schedule of investments (unaudited) (cont d)

January 31, 2011

WESTERN ASSET HIGH INCOME FUND II INC.

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|----------------|---------------|-------------|---------------|
| U.S. Government Agencies 0.0% | | | | |
| Federal Home Loan Mortgage Corp. (FHLMC), Discount Notes | 0.180% | 5/9/11 | 3,000 \$ | 2,999(k)(l) |
| Federal National Mortgage Association (FNMA), Discount Notes | 0.189 - 0.240% | 5/9/11 | 90,000 | 89,966(k)(l) |
| Federal National Mortgage Association (FNMA), Discount Notes | 0.160% | 5/16/11 | 1,000 | 1,000(k)(l) |
| Total U.S. Government Agencies (Cost \$93,941) | | | | 93,965 |
| TOTAL SHORT-TERM INVESTMENTS (Cost \$4,109,569) | | | | 4,062,528 |
| TOTAL INVESTMENTS 100.0 % (Cost \$973,025,785#) | | | \$ | 1,028,210,503 |

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) Securities are in default as of January 31, 2011.
- (d) Payment-in-kind security for which part of the income earned may be paid as additional principal.
- (e) Illiquid security.
- (f) Variable rate security. Interest rate disclosed is as of the most recent information available.
- (g) All or a portion of this security is held by the counterparty as collateral for open reverse repurchase agreements.
- (h) Security has no maturity date. The date shown represents the next call date.
- (i) Security is valued in good faith in accordance with procedures approved by the Board of Directors (See Note 1).
- (j) Interest rates disclosed represent the effective rates on collateralized senior loans. Ranges in interest rates are attributable to multiple contracts under the same loan.
- (k) Rate shown represents yield-to-maturity.
- (l) All or a portion of this security is held at the broker as collateral for open futures contracts.
- # Aggregate cost for federal income tax purposes is substantially the same.

Abbreviations used in this schedule:

| | |
|------|----------------------------|
| BRL | - Brazilian Real |
| EGP | - Egyptian Pound |
| EUR | - Euro |
| GDP | - Gross Domestic Product |
| IDR | - Indonesian Rupiah |
| OJSC | - Open Joint Stock Company |
| PEN | - Peruvian Nuevo Sol |
| TRY | - Turkish Lira |

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. Debt securities are valued at the mean between the last quoted bid and asked prices provided by an independent pricing service, which are based on transactions in debt obligations, quotations from bond dealers, market transactions in comparable securities and various other relationships between securities. Publicly traded foreign government debt securities are typically traded internationally in the over-the-counter market, and are valued at the mean between the last quoted bid and asked prices as of the close of business of that market. 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 reliable prices are not readily available, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded, but before the Fund calculates its net asset value, the Fund values these securities as determined in accordance with procedures approved by the Fund's Board of Directors. Short-term obligations with maturities of 60 days or less are valued at amortized cost, which approximates fair value.

The Fund has adopted Financial Accounting Standards Board Codification Topic 820 (ASC Topic 820). ASC Topic 820 establishes a single definition of fair value, creates a three-tier hierarchy as a framework for measuring fair value based on inputs used to value the Fund's investments, and requires additional disclosure about fair value. The hierarchy of inputs is summarized below.

- Level 1 quoted prices in active markets for identical investments
- Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The Fund uses valuation techniques to measure fair value that are consistent with the market approach and/or income approach, depending on the type of security and the particular circumstance. The market approach uses prices and other relevant information generated by market

transactions involving identical or comparable securities. The income approach uses valuation techniques to discount estimated future cash flows to present value.

Notes to Schedule of Investments (unaudited) (continued)

The following is a summary of the inputs used in valuing the Fund's assets and liabilities carried at fair value:

| DESCRIPTION | ASSETS | | | TOTAL |
|-------------------------------------|-------------------------------|---|--|------------------|
| | QUOTED PRICES (LEVEL 1) | OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2) | SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) | |
| Long-term investments : | | | | |
| Corporate bonds & notes | | \$ 911,975,133 | \$ 2,688,520 | \$ 914,663,653 |
| Collateralized mortgage obligations | | 1,776,097 | | 1,776,097 |
| Collateralized senior loans | | 17,378,563 | 5,765,200 | 23,143,763 |
| Convertible bonds & notes | | 14,832,800 | | 14,832,800 |
| Sovereign bonds | | 32,470,911 | | 32,470,911 |
| Common stocks: | | | | |
| Consumer discretionary | \$ 3,720,066 | 7,864,458 | | 11,584,524 |
| Industrials | 270,521 | | 179,570 | 450,091 |
| Other common stocks | 1,908,714 | | | 1,908,714 |
| Convertible preferred stocks | 6,747,286 | | | 6,747,286 |
| Preferred stocks: | | | | |
| Consumer discretionary | 1,328,588 | 593 | | 1,329,181 |
| Financials | 10,277,237 | 4,231,918 | | 14,509,155 |
| Warrants | 36,448 | 636,326 | 59,026 | 731,800 |
| Total long-term investments | \$ 24,288,860 | \$ 991,166,799 | \$ 8,692,316 | \$ 1,024,147,975 |
| Short-term investments | | 4,062,528 | | 4,062,528 |
| Total investments | \$ 24,288,860 | \$ 995,229,327 | \$ 8,692,316 | \$ 1,028,210,503 |
| Other financial instruments: | | | | |
| Futures contracts | \$ 336,880 | | | \$ 336,880 |
| Forward foreign currency contracts | | 139,416 | | 139,416 |
| Total other financial instruments | \$ 336,880 | \$ 139,416 | | \$ 476,296 |
| Total | \$ 24,625,740 | \$ 995,368,743 | \$ 8,692,316 | \$ 1,028,686,799 |

| DESCRIPTION | LIABILITIES | | | TOTAL |
|------------------------------------|-------------------------------|---|--|------------|
| | QUOTED PRICES (LEVEL 1) | OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2) | SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) | |
| Other financial instruments: | | | | |
| Futures contracts | \$ 470,977 | | | \$ 470,977 |
| Forward foreign currency contracts | | \$ 327,875 | | 327,875 |
| Total | \$ 470,977 | \$ 327,875 | | \$ 798,852 |

See Schedule of Investments for additional detailed categorizations.

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The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value:

| INVESTMENTS IN SECURITIES | CORPORATE BONDS & NOTES | COLLATERALIZED SENIOR LOANS | COMMON STOCKS | PREFERRED STOCKS | WARRANTS | TOTAL |
|--|-------------------------|-----------------------------|---------------|------------------|-----------|--------------|
| Balance as of April 30, 2010 | \$ 76,200 | | | \$ 59 | \$ 21,171 | \$ 97,430 |
| Accrued premiums/discounts | 3,167 | \$ 3,333 | | | | 6,500 |
| Realized gain (loss) | | | | | | |
| Change in unrealized appreciation (depreciation)(1) | 285,483 | 119,639 | \$ 179,570 | 534 | 37,855 | 623,081 |
| Net purchases (sales) | 1,780,000 | 5,642,228 | 0* | | | 7,422,228 |
| Transfers into Level 3 | 723,845 | | | | | 723,845 |
| Transfers out of Level 3 | (180,175) | | | (593) | | (180,768) |
| Balance as of January 31, 2011 | \$ 2,688,520 | \$ 5,765,200 | \$ 179,570 | | \$ 59,026 | \$ 8,692,316 |
| Net change in unrealized appreciation (depreciation) for investments in securities still held at January 31, 2011(1) | \$ 184,675 | \$ 119,639 | \$ 179,570 | | \$ 37,855 | \$ 521,739 |

* Value is less than \$1.

(1) Change in unrealized appreciation (depreciation) includes net unrealized appreciation (depreciation) resulting from changes in investment values during the reporting period and the reversal of previously recorded unrealized appreciation (depreciation) when gains or losses are realized.

(b) Repurchase Agreements. The Fund may enter into repurchase agreements with institutions that its investment adviser has determined are creditworthy. Each repurchase agreement is recorded at cost. Under the terms of a typical repurchase agreement, the Fund acquires a debt security subject to an obligation of the seller to repurchase, and of the Fund to resell, the security at an agreed-upon price and time, thereby determining the yield during the Fund's holding

Notes to Schedule of Investments (unaudited) (continued)

period. When entering into repurchase agreements, it is the Fund's policy that its custodian or a third party custodian, acting on the Fund's behalf, take possession of the underlying collateral securities, the market value of which, at all times, at least equals the principal amount of the repurchase transaction, including accrued interest. To the extent that any repurchase transaction maturity exceeds one business day, the value of the collateral is marked-to-market and measured against the value of the agreement in an effort to ensure the adequacy of the collateral. If the counterparty defaults, the Fund generally has the right to use the collateral to satisfy the terms of the repurchase transaction. However, if the market value of the collateral declines during the period in which the Fund seeks to assert its rights or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited.

(c) Loan Participations. The Fund may invest in loans arranged through private negotiation between one or more financial institutions. The Fund's investment in any such loan may be in the form of a participation in or an assignment of the loan. In connection with purchasing participations, the Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement related to the loan, or any rights of off-set against the borrower and the Fund may not benefit directly from any collateral supporting the loan in which it has purchased the participation.

The Fund assumes the credit risk of the borrower, the lender that is selling the participation and any other persons interpositioned between the Fund and the borrower. In the event of the insolvency of the lender selling the participation, the Fund may be treated as a general creditor of the lender and may not benefit from any off-set between the lender and the borrower.

(d) Reverse Repurchase Agreements. The Fund may enter into reverse repurchase agreements. Under the terms of a typical reverse repurchase agreement, a Fund sells a security subject to an obligation to repurchase the security from the buyer at an agreed-upon time and price. In the event the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, the fund's use of the proceeds of the agreement may be restricted pending a determination by the counterparty, or its trustee or receiver, whether to enforce the Fund's obligation to repurchase the securities. In entering into reverse repurchase agreements, the Fund will maintain cash, U.S. government securities or other liquid debt obligations at least equal in value to its obligations with respect to reverse repurchase agreements or will take other actions permitted by law to cover its obligations.

(e) Forward Foreign Currency Contracts. The Fund enters into a forward foreign currency contract to hedge against foreign currency exchange rate risk on its non-U.S. dollar denominated securities or to facilitate settlement of a foreign currency denominated portfolio transaction. A forward foreign currency contract is an agreement between two parties to buy and sell a currency at a set price with delivery and settlement at a future date. The contract is marked-to-market daily and the change in value is recorded by the Fund as an unrealized gain or loss. When a forward foreign currency contract is closed, through either delivery or offset by entering into another forward foreign currency contract, the Fund recognizes a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value of the contract at the time it is closed.

When entering into a forward foreign currency contract, the Fund bears the risk of an unfavorable change in the foreign exchange rate underlying the forward foreign currency contract. Risks may also arise upon entering into these contracts from the potential inability of the counterparties to meet the terms of their contracts.

(f) Futures contracts. The Fund uses futures contracts to gain exposure to, or hedge against, changes in the value of interest rates or foreign currencies. A futures contract represents a commitment for the future purchase or sale of an asset at a specified price on a specified date.

Upon entering into a futures contract, the Fund is required to deposit cash or cash equivalents with a broker in an amount equal to a certain percentage of the contract amount. This is known as the initial margin and subsequent payments (variation margin) are made or received by the Fund each day, depending on the daily fluctuation in the value of the contract. For certain futures, including foreign denominated futures, variation margin is not settled daily, but is recorded as a net variation margin payable or receivable. Futures contracts are valued daily at the settlement price established by the board of trade or exchange on which they are traded.

Futures contracts involve, to varying degrees, risk of loss. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market.

(g) Foreign Currency Translation. Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts based upon prevailing exchange rates on the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts based upon prevailing exchange rates on the respective dates of such transactions.

Notes to Schedule of Investments (unaudited) (continued)

Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of U.S. dollar denominated transactions as a result of, among other factors, the possibility of lower levels of governmental supervision and regulation of foreign securities markets and the possibility of political or economic instability.

(h) Credit and Market Risk. The Fund invests in high-yield and emerging market instruments that are subject to certain credit and market risks. The yields of high-yield and emerging market debt obligations reflect, among other things, perceived credit and market risks. The Fund's investment in securities rated below investment grade typically involve risks not associated with higher rated securities including, among others, greater risk related to timely and ultimate payment of interest and principal, greater market price volatility and less liquid secondary market trading. The consequences of political, social, economic or diplomatic changes may have disruptive effects on the market prices of investments held by the Fund. The Fund's investment in non-U.S. dollar denominated securities may also result in foreign currency losses caused by devaluations and exchange rate fluctuations.

(i) Security Transactions. Security transactions are accounted for on a trade date basis.

(j) Counterparty Risk and Credit-Risk-Related Contingent Features of Derivative Instruments. The Fund may invest in certain securities or engage in other transactions, where the Fund is exposed to counterparty credit risk in addition to broader market risks. The Fund may invest in securities of issuers, which may also be considered counterparties as trading partners in other transactions. This may increase the risk of loss in the event of default or bankruptcy by the counterparty or if the counterparty otherwise fails to meet its contractual obligations. The Fund's investment manager attempts to mitigate counterparty risk by (i) periodically assessing the creditworthiness of its trading partners, (ii) monitoring and/or limiting the amount of its net exposure to each individual counterparty based on its assessment and (iii) requiring collateral from the counterparty for certain transactions. Market events and changes in overall economic conditions may impact the assessment of such counterparty risk by the investment manager. In addition, declines in the values of underlying collateral received may expose the Fund to increased risk of loss.

The Fund has entered into master agreements with certain of its derivative counterparties that provide for general obligations, representations, agreements, collateral, events of default or termination and credit related contingent features. The credit related contingent features include, but are not limited to, a percentage decrease in the Fund's net assets or NAV over a specified period of time. If these credit related contingent features were triggered, the derivatives counterparty could terminate the positions and demand payment or require additional collateral.

As of January 31, 2011, the Fund held forward foreign currency contracts with credit related contingent features which had a liability position of \$327,875. If a contingent feature in the master agreements would have been triggered, the Fund would have been required to pay this amount to its derivatives counterparties.

2. Investments

At January 31, 2011, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows:

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| | | |
|-------------------------------|----|--------------|
| Gross unrealized appreciation | \$ | 92,339,145 |
| Gross unrealized depreciation | | (37,154,427) |
| Net unrealized appreciation | \$ | 55,184,718 |

At January 31, 2011, the Fund had the following open futures contracts:

| | NUMBER OF CONTRACTS | EXPIRATION DATE | BASIS VALUE | MARKET VALUE | UNREALIZED GAIN (LOSS) |
|--|------------------------|--------------------|----------------|-----------------|---------------------------|
| Contracts to Buy: | | | | | |
| U.S. Treasury Ultra Long-Term Bonds | 65 | 3/11 | \$ 8,476,133 | \$ 8,005,156 | \$ (470,977) |
| Contracts to Sell: | | | | | |
| U.S. Treasury 5-Year Notes | 263 | 3/11 | 31,479,778 | 31,142,898 | 336,880 |
| Net unrealized loss on open futures contracts | | | | | \$ (134,097) |

Notes to Schedule of Investments (unaudited) (continued)

At January 31, 2011, the Fund had the following open forward foreign currency contracts:

| FOREIGN CURRENCY | COUNTERPARTY | LOCAL CURRENCY | MARKET VALUE | SETTLEMENT DATE | UNREALIZED GAIN (LOSS) |
|--|---------------------------|----------------|--------------|-----------------|------------------------|
| Contracts to Buy: | | | | | |
| Euro | UBS AG | 1,609,456 | \$ 2,203,243 | 2/14/11 | \$ 60,413 |
| Euro | UBS AG | 3,000,000 | 4,106,808 | 2/14/11 | 47,148 |
| | | | | | 107,561 |
| Contracts to Sell: | | | | | |
| Euro | Citibank, N.A. | 1,742,359 | 2,385,178 | 2/14/11 | (14,003) |
| Euro | UBS AG | 2,950,000 | 4,038,361 | 2/14/11 | (135,729) |
| Euro | UBS AG | 6,995,357 | 9,576,196 | 2/14/11 | 25,911 |
| Euro | UBS AG | 1,378,818 | 1,887,514 | 2/14/11 | 698 |
| Euro | UBS AG | 1,502,136 | 2,056,329 | 2/14/11 | 5,246 |
| Euro | JPMorgan Chase Bank, N.A. | 2,310,000 | 3,162,201 | 2/15/11 | (178,143) |
| | | | | | (296,020) |
| Net unrealized loss on open forward foreign currency contracts | | | | | \$ (188,459) |

Transactions in reverse repurchase agreements for the Fund during the period ended January 31, 2011 were as follows:

| Average Daily Balance * | Weighted Average Interest Rate * | Maximum Amount Outstanding |
|-------------------------|----------------------------------|----------------------------|
| \$53,958,672 | 0.942% | \$57,575,213 |

* Average based on number of days the Fund had reverse repurchase agreements outstanding.

Interest rates on reverse repurchase agreements ranged from 0.450% to 2.500% during the period ended January 31, 2011. Interest expense incurred on reverse repurchase agreements totaled \$389,859.

At January 31, 2011, the Fund had the following open reverse repurchase agreements:

| Security | Face Amount |
|--|--------------|
| Reverse repurchase agreement with Credit Suisse, dated 7/19/10 bearing 0.850% to be repurchased at \$1,058,600 on 3/15/11, collateralized by: \$1,400,000 GTL Trade Finance Inc., 7.250% due 10/20/17; Market value (including accrued interest) \$1,581,250 | \$ 1,052,660 |
| Reverse repurchase agreement with Credit Suisse, dated 7/20/10 bearing 0.850% to be repurchased at \$1,554,162 on 3/15/11, collateralized by: \$1,175,000 Republic of Turkey, 11.875% due 1/15/30; Market value (including accrued | 1,545,477 |

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interest) \$1,939,428

Reverse repurchase agreement with Credit Suisse, dated 11/4/10 bearing 1.000% to be repurchased at \$2,637,705 on 2/1/11, collateralized by: \$4,000,000 Axtel SAB de CV, 7.625% due 2/1/17; Market value (including accrued interest) \$3,987,500 2,631,200

Reverse repurchase agreement with Credit Suisse, dated 11/4/10 bearing 1.000% to be repurchased at \$936,979 on 3/15/11, collateralized by: \$1,204,000 RSHB Capital, Loan Participation Notes, 7.175% due 5/16/13; Market value (including accrued interest) \$1,312,675 933,582

Reverse repurchase agreement with Credit Suisse, dated 11/4/10 bearing 0.750% to be repurchased at \$1,777,062 on 3/15/11, collateralized by: \$1,784,000 Vale Overseas Ltd., 8.250% due 1/17/34; Market value (including accrued interest) \$2,162,541 1,772,226

Reverse repurchase agreement with Credit Suisse, dated 11/4/10 bearing 1.000% to be repurchased at \$1,598,246 on 3/15/11, collateralized by: \$2,070,000 Vedanta Resources PLC, 8.750% due 1/15/14; Market value (including accrued interest) \$2,223,406 1,592,451

Reverse repurchase agreement with Credit Suisse, dated 11/4/10 bearing 1.000% to be repurchased at \$576,641 on 3/15/11, collateralized by: \$1,164,000 Bolivarian Republic of Venezuela, 9.375% due 1/13/34; Market value (including accrued interest) \$798,994 574,550

Notes to Schedule of Investments (unaudited) (continued)

| Security | Face Amount |
|---|--------------|
| Reverse repurchase agreement with Credit Suisse, dated 11/4/10 bearing 0.850% to be repurchased at \$1,479,542 on 3/15/11, collateralized by: \$1,860,000 GTL Trade Finance Inc., 7.250% due 10/20/17; Market value (including accrued interest) \$2,100,804 | \$ 1,474,980 |
| Reverse repurchase agreement with Credit Suisse, dated 11/15/10 bearing 0.750% to be repurchased at \$1,042,460 on 3/15/11, collateralized by: \$1,090,000 NET Servicos de Comunicacao SA, 7.500% due 1/27/20; Market value (including accrued interest) \$1,238,279 | 1,039,860 |
| Reverse repurchase agreement with Credit Suisse, dated 11/19/10 bearing 0.750% to be repurchased at \$5,441,291 on 2/11/11, collateralized by: \$6,067,000 Pemex Project Funding Master Trust, 6.625% due 6/15/35; Market value (including accrued interest) \$6,156,993 | 5,431,785 |
| Reverse repurchase agreement with Credit Suisse, dated 12/1/10 bearing 1.000% to be repurchased at \$2,859,238 on 3/15/11, collateralized by: \$3,740,000 Odebrecht Finance Ltd., 7.500% due 10/18/17; Market value (including accrued interest) \$4,148,934 | 2,851,002 |
| Reverse repurchase agreement with Credit Suisse, dated 12/6/10 bearing 1.000% to be repurchased at \$1,640,296 on 3/15/11, collateralized by: \$3,370,000 Bolivarian Republic of Venezuela, 5.750% due 2/26/16; Market value (including accrued interest) \$2,501,406 | 1,635,798 |
| Reverse repurchase agreement with Credit Suisse, dated 12/22/10 bearing 0.750% to be repurchased at \$1,880,916 on 2/2/11, collateralized by: \$2,064,000 Republic of Turkey, 6.875% due 3/17/36; Market value (including accrued interest) \$2,200,262 | 1,879,272 |
| Reverse repurchase agreement with Credit Suisse, dated 12/22/10 bearing 0.850% to be repurchased at \$5,650,953 on 3/15/11, collateralized by: \$7,000,000 True Move Co., Ltd., 10.750% due 12/16/13; Market value (including accrued interest) \$7,657,163 | 5,639,900 |
| Reverse repurchase agreement with Credit Suisse, dated 1/19/11 bearing 0.500% to be repurchased at an amount and date to be determined, collateralized by: \$1,396,000 Republic of Argentina, 7.000% due 10/3/15; Market value (including accrued interest) \$1,348,419 | 1,088,880 |
| Reverse repurchase agreement with Credit Suisse, dated 1/24/11 bearing 0.750% to be repurchased at an amount and date to be determined, collateralized by: \$1,556,000 Vale Overseas Ltd., 6.875% due 11/21/36; Market value (including accrued interest) \$1,666,596 | 1,294,748 |
| Reverse repurchase agreement with JPMorgan Chase & Co., dated 11/23/09 bearing 0.950% to be repurchased at an amount and date to be determined, collateralized by: \$490,000 Republic of Turkey, 7.000% due 6/5/20; Market value (including accrued interest) \$554,265 | 527,730 |
| Reverse repurchase agreement with JPMorgan Chase & Co., dated 11/23/09 bearing 0.950% to be repurchased at an amount and date to be determined, collateralized by: \$594,000 Republic of Turkey, 7.000% due 9/26/16; Market value (including accrued interest) \$685,180 | 632,610 |
| Reverse repurchase agreement with JPMorgan Chase & Co., dated 4/5/10 bearing 0.500% to be repurchased at an amount and date to be determined, collateralized by: \$1,145,000 Petrobras International Finance Co., 6.875% due 1/20/40; Market value (including accrued interest) \$1,189,055 | 1,017,905 |
| Reverse repurchase agreement with JPMorgan Chase & Co., dated 1/25/11 bearing 1.150% to be repurchased at an amount and date to be determined, collateralized by: \$1,174,000 ICICI Bank Ltd., 6.375% due 4/30/22; Market value (including accrued interest) \$1,190,498 | 953,288 |

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| | |
|---|-----------|
| Reverse repurchase agreement with JPMorgan Chase & Co., dated 1/25/11 bearing 1.050% to be repurchased at an amount and date to be determined, collateralized by: \$1,055,000 RSHB Capital, Loan Participation Notes, 6.299% due 5/15/17; Market value (including accrued interest) \$1,103,606 | 877,232 |
| Reverse repurchase agreement with JPMorgan Chase & Co., dated 1/25/11 bearing 1.050% to be repurchased at an amount and date to be determined, collateralized by: \$370,000 Axtel SAB de CV, 7.625% due 2/1/17; Market value (including accrued interest) \$369,769 | 307,100 |
| Reverse repurchase agreement with UBS Securities LLC, dated 1/12/11 bearing 1.000% to be repurchased at \$1,562,428 on 2/1/11, collateralized by: \$1,540,000 TNK-BP Finance SA, 7.500% due 7/18/16; Market value (including accrued interest) \$1,777,294 | 1,561,560 |

Notes to Schedule of Investments (unaudited) (continued)

| Security | Face Amount |
|---|--------------|
| Reverse repurchase agreement with UBS Securities LLC, dated 1/12/11 bearing 0.600% to be repurchased at an amount and date to be determined, collateralized by: \$1,100,000 Colbun SA, 6.000% due 1/21/20; Market value (including accrued interest) \$1,142,076 | \$ 1,003,200 |
| Reverse repurchase agreement with UBS Securities LLC, dated 1/12/11 bearing 0.850% to be repurchased at an amount and date to be determined, collateralized by: \$2,880,000 EEB International Ltd., 8.750% due 10/31/14; Market value (including accrued interest) \$3,172,507 | 2,522,880 |
| Reverse repurchase agreement with UBS Securities LLC, dated 1/12/11 bearing 0.950% to be repurchased at \$1,394,604 on 3/1/11, collateralized by: \$1,590,000 Evraz Group SA, 8.875% due 4/24/13; Market value (including accrued interest) \$1,759,942 | 1,392,840 |
| Reverse repurchase agreement with UBS Securities LLC, dated 1/12/11 bearing 0.700% to be repurchased at an amount and date to be determined, collateralized by: \$2,000,000 Globo Comunicacoes e Participacoes SA, 7.250% due 4/26/22; Market value (including accrued interest) \$2,196,538 | 1,760,000 |
| Reverse repurchase agreement with UBS Securities LLC, dated 1/12/11 bearing 1.000% to be repurchased at an amount and date to be determined, collateralized by: \$1,390,000 TNK-BP Finance SA, 7.875% due 3/13/18; Market value (including accrued interest) \$1,614,170 | 1,426,140 |
| Reverse repurchase agreement with UBS Securities LLC, dated 1/12/11 bearing 0.500% to be repurchased at an amount and date to be determined, collateralized by: \$1,170,000 ICICI Bank Ltd., 6.375% due 4/30/22; Market value (including accrued interest) \$1,184,960 | 1,006,785 |
| Reverse repurchase agreement with UBS Securities LLC, dated 1/12/11 bearing 0.850% to be repurchased at an amount and date to be determined, collateralized by: \$2,220,000 UBS Luxembourg SA for OJSC Vimpel Communications, 8.250% due 5/23/16; Market value (including accrued interest) \$2,435,791 | 1,976,910 |
| Reverse repurchase agreement with UBS Securities LLC, dated 1/12/11 bearing 0.500% to be repurchased at an amount and date to be determined, collateralized by: \$1,720,000 LUKOIL International Finance BV, 6.356% due 6/7/17; Market value (including accrued interest) \$1,855,069 | 1,642,600 |
| Reverse repurchase agreement with UBS Securities LLC, dated 1/12/11 bearing 0.500% to be repurchased at an amount and date to be determined, collateralized by: \$825,000 Republic of Indonesia, 6.625% due 2/17/37; Market value (including accrued interest) \$910,986 | 788,288 |
| Reverse repurchase agreement with UBS Securities LLC, dated 1/12/11 bearing 0.600% to be repurchased at an amount and date to be determined, collateralized by: \$740,000 Empresas Publicas de Medellin ESP, 7.625% due 7/29/19; Market value (including accrued interest) \$876,755 | 784,770 |
| Reverse repurchase agreement with UBS Securities LLC, dated 1/12/11 bearing 0.700% to be repurchased at an amount and date to be determined, collateralized by: \$500,000 TGI International Ltd., 9.500% due 10/3/17; Market value (including accrued interest) \$575,165 | 487,000 |
| Reverse repurchase agreement with UBS Securities LLC, dated 1/12/11 bearing 0.500% to be repurchased at an amount and date to be determined, collateralized by: \$495,000 Republic of Colombia, 7.375% due 3/18/19; Market value (including accrued interest) \$611,428 | 550,440 |
| Reverse repurchase agreement with UBS Securities LLC, dated 1/12/11 bearing 0.700% to be repurchased at an amount and date to be determined, collateralized by: \$800,000, Rearden G Holdings EINS GmbH, 7.875% due 3/30/20; Market value (including accrued interest) \$867,580 | 736,000 |

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| | |
|---|----------------------|
| Reverse repurchase agreement with UBS Securities LLC, dated 1/12/11 bearing 0.700% to be repurchased at an amount and date to be determined, collateralized by: \$990,000 CSN Resources SA, 6.500% due 7/21/20; Market value (including accrued interest) \$1,058,780 | 971,685 |
| Reverse repurchase agreement with UBS Securities LLC, dated 1/19/11 bearing 0.750% to be repurchased at \$2,073,149 on 2/1/11, collateralized by: \$2,070,000 KazMunaiGaz Finance Sub BV, 8.375% due 7/2/13; Market value (including accrued interest) \$2,314,954 | 2,072,587 |
| Total Reverse Repurchase Agreements (Proceeds \$57,437,921) | \$ 57,437,921 |

Notes to Schedule of Investments (unaudited) (continued)

3. Derivative Instruments and Hedging Activities

Financial Accounting Standards Board Codification Topic 815 requires enhanced disclosure about an entity's derivative and hedging activities.

The following is a summary of the Fund's derivative instruments categorized by risk exposure at January 31, 2011.

| Primary Underlying Risk Disclosure | Futures Contracts | | Forward Foreign Currency Contracts | | Total |
|------------------------------------|-------------------------|-------------------------|------------------------------------|-------------------------|---------------------|
| | Unrealized Appreciation | Unrealized Depreciation | Unrealized Appreciation | Unrealized Depreciation | |
| Interest Rate Contracts | \$ 336,880 | \$ (470,977) | | | \$ (134,097) |
| Foreign Exchange Contracts | | | \$ 139,416 | \$ (327,875) | \$ (188,459) |
| Total | \$ 336,880 | \$ (470,977) | \$ 139,416 | \$ (327,875) | \$ (322,556) |

During the period ended January 31, 2011, the volume of derivative activity for the Fund was as follows:

| | Average market value |
|--|----------------------|
| Futures contracts (to buy) | \$ 8,638,713 |
| Futures contracts (to sell) | 31,301,432 |
| Forward foreign currency contracts (to buy) | 1,554,530 |
| Forward foreign currency contracts (to sell) | 10,311,845 |

ITEM 2. CONTROLS AND PROCEDURES.

(a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the disclosure controls and procedures required by Rule 30a-3(b) under the 1940 Act and 15d-15(b) under the Securities Exchange Act of 1934.

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are likely to materially affect the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940, as amended, are attached hereto.

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.

Western Asset High Income Fund II Inc.

By /s/ R. Jay Gerken
R. Jay Gerken
Chief Executive Officer

Date: March 25, 2011

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/ R. Jay Gerken
R. Jay Gerken
Chief Executive Officer

Date: March 25, 2011

By /s/ Kaprel Ozsolak
Kaprel Ozsolak
Chief Financial Officer

Date: March 25, 2011

