

WESTERN ASSET HIGH INCOME FUND II INC.
Form N-CSRS
December 27, 2013

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES
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: October 31, 2013

ITEM 1. REPORT TO STOCKHOLDERS.

The **Semi-Annual** Report to Stockholders is filed herewith.

Semi-Annual Report

October 31, 2013

WESTERN ASSET

HIGH INCOME FUND II INC.

(HIX)

INVESTMENT PRODUCTS: NOT FDIC INSURED NO BANK GUARANTEE MAY LOSE VALUE

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Fund objectives	

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.

Letter from the chairman

Dear Shareholder,

We are pleased to provide the semi-annual report of Western Asset High Income Fund II Inc. for the six-month reporting period ended October 31, 2013. Please read on for Fund performance information and a detailed look at prevailing economic and market conditions during the Fund's reporting period.

As always, we remain committed to providing you with excellent service and a full spectrum of investment choices. We also remain committed to supplementing the support you receive from your financial advisor. One way we accomplish this is through our website, www.lmcef.com. Here you can gain immediate access to market and investment information, including:

Fund prices and performance,

Market insights and commentaries from our portfolio managers, and

A host of educational resources.

We look forward to helping you meet your financial goals.

Sincerely,

Kenneth D. Fuller

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Chairman, President and Chief Executive Officer

November 29, 2013

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Investment commentary

Economic review

The U.S. economy continued to grow over the six months ended October 31, 2013 (the reporting period), but the pace was mixed. Looking back, U.S. gross domestic product (GDP) growth as reported by the U.S. Department of Commerce was 1.1% during the first quarter of 2013, supported by strengthening consumer spending. GDP growth in the second quarter improved to 2.5%. This was partially due to increases in exports and non-residential fixed investments, along with a smaller decline in federal government spending versus the previous quarter. The U.S. Department of Commerce's initial reading for third quarter 2013 GDP growth, released after the reporting period ended, was 2.8%. Stronger growth was driven, in part, by a deceleration in imports and increased private inventory investment and state and local government spending.

While there was some improvement in the U.S. job market, unemployment remained elevated throughout the reporting period. When the period began, unemployment, as reported by the U.S. Department of Labor, was 7.6%. Unemployment was unchanged in June, but then declined to 7.4% in July, 7.3% in August and 7.2% in September 2013, its lowest reading since November 2008. Unemployment then ticked up to 7.3% in October. Falling unemployment during the period was partially due to a decline in the workforce participation rate, which was 62.8% in October, the lowest level since 1978.

Meanwhile, the housing market continued to show signs of strength, as sales generally improved and home prices moved higher. According to the National Association of Realtors (NAR), existing-home sales dipped 3.2% on a seasonally adjusted basis in October 2013 versus the previous month, but were 6.0% higher than in October 2012. In addition, the NAR reported that the median existing-home price for all housing types was \$199,500 in October 2013, up 12.8% from October 2012. This marked the eleventh consecutive month that home prices experienced a double-digit increase compared to the same period a year earlier. The inventory of homes available for sale in October 2013 was 1.8% lower than the previous month at a 5.0 month supply at the current sales pace and was 0.9% higher than in October 2012.

The manufacturing sector expanded during the majority of the reporting period. Based on the Institute for Supply Management's Purchasing Managers' Index (PMI) after expanding the prior five months, the PMI fell to 49.0 in May 2013 (a reading below 50 indicates a contraction, whereas a reading above 50 indicates an expansion). However, this was a temporary setback, as the PMI rose over the next five months and was 56.4 in October, the best reading since April 2011.

Investment commentary (cont'd)

Market review

Q. How did the Federal Reserve Board (Fedⁱⁱ) respond to the economic environment?

A. The Fed took a number of actions as it sought to meet its dual mandate of fostering maximum employment and price stability. As has been the case since December 2008, the Fed kept the federal funds rate^{iv} at a historically low range between zero and 0.25%. At its meeting in December 2012, prior to the beginning of the reporting period, the Fed announced that it would continue purchasing \$40 billion per month of agency mortgage-backed securities (MBS), as well as initially purchasing \$45 billion per month of longer-term Treasuries. The Fed also said that it would keep the federal funds rate on hold as long as the unemployment rate remains above 6.5%, inflation between one and two years ahead is projected to be no more than a half percentage point above the Committee's 2.0% longer-run goal, and longer-term inflation expectations continue to be well anchored. At its meeting that ended on June 19, 2013, the Fed did not make any material changes to its official policy statement. However, in a press conference following the meeting, Fed Chairman Bernanke said the Committee currently anticipates that it would be appropriate to moderate the monthly pace of purchases later this year; and if the subsequent data remain broadly aligned with our current expectations for the economy, we would continue to reduce the pace of purchases in measured steps through the first half of next year, ending purchases around midyear. In a surprise to many investors, at its meeting that ended on September 18, 2013, the Fed did not taper its asset purchase program and said that it decided to await more evidence that progress will be sustained before adjusting the pace of its purchases. Fed Chairman Bernanke also brought up the potential for a partial government shutdown on October 1 and the debt ceiling debate as reasons for maintaining its current policy. At the Fed's meeting that concluded on October 30, 2013, the Fed maintained its asset purchase program and said that Asset purchases are not on a preset course, and the Committee's decisions about their pace will remain contingent on the Committee's economic outlook as well as its assessment of the likely efficacy and costs of such purchases.

Q. Did Treasury yields trend higher or lower during the six months ended October 31, 2013?

A. Both short- and long-term Treasury yields moved higher during the reporting period. When the period began, the yield on the two-year Treasury was 0.22%. It fell as low as 0.20% in early May 2013 and was as high as 0.52% on September 5, 2013, before ending the period at 0.31%. The yield on the ten-year Treasury began the period at 1.70%. Ten-year Treasuries reached a low of 1.66% in early May 2013 and peaked at 2.98% on September 5, 2013, before moving down to 2.57% at the end of the period. This decline toward the end of the reporting period was triggered by the Fed's decision to not begin tapering its asset purchases, as well as a flight to quality given expectations for a partial government shutdown on October 1, 2013.

Q. What factors impacted the spread sectors (non-Treasuries) during the reporting period?

A. Most spread sectors performed poorly during the reporting period. The spread sectors were weak during the first two months

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of the period amid sharply rising interest rates given the Fed's indications that it may begin tapering its asset purchase program sooner than previously anticipated. Most spread sectors then rallied in July 2013 amid improving investor demand. However, the spread sectors again weakened in August, before strengthening in September and October after the Fed chose not to taper its asset purchase program. All told, the majority of spread sectors generated negative absolute returns and produced mixed results versus equal-duration^v Treasuries during the reporting period. The overall bond market, as measured by the Barclays U.S. Aggregate Index^{vi}, fell 1.97% during the six months ended October 31, 2013.

Q. How did the high-yield market perform over the six months ended October 31, 2013?

A. The U.S. high-yield bond market was one of the few spread sectors to generate a positive return during the reporting period. The asset class, as measured by the Barclays U.S. Corporate High Yield 2% Issuer Cap Index^{xi} declined in May and June. After a brief rally in July, the high yield bond market again weakened in August, before again moving higher in September and October. All told, the high-yield bond market gained 1.50% for the six months ended October 31, 2013.

Q. How did the emerging market debt asset class perform over the reporting period?

A. The asset class generated poor results during the six months ended October 31, 2013. The asset class fell during three of the first four months of the reporting period. This weakness was due to a number of factors, including concerns over moderating global growth, fears of a "hard landing" for China's economy, generally weaker commodity prices and sharply rising U.S. interest rates. However, the asset class then rallied sharply in September and October, as the Fed did not taper its asset purchase program and investor demand increased. Overall, the JPMorgan Emerging Markets Bond Index Global (EMBI Globalⁱⁱⁱ) fell 5.40% during the six months ended October 31, 2013.

Performance review

For the six months ended October 31, 2013, Western Asset High Income Fund II Inc. returned 3.01% based on its net asset value (NAV^x) and -2.68% based on its New York Stock Exchange (NYSE) market price per share. The Fund's unmanaged benchmarks, the Barclays U.S. Corporate High Yield 2% Issuer Cap Index and the EMBI Global, returned 1.50% and -5.40%, respectively for the same period. The Lipper High Yield (Leveraged) Closed-End Funds Category Average^x returned 2.37% over the same time frame. Please note that Lipper performance returns are based on each fund's NAV.

Investment commentary (cont d)

During this six-month period, the Fund made distributions to shareholders totaling \$0.45 per share. As of October 31, 2013, the Fund estimates that 97.20% of the distributions were sourced from net investment income and 2.80% constituted a return of capital.* The performance table shows the Fund's six-month total return based on its NAV and market price as of October 31, 2013. **Past performance is no guarantee of future results.**

Performance Snapshot as of October 31, 2013 (unaudited)

Price Per Share	6-Month Total Return**
\$9.38 (NAV)	3.01%
\$9.45 (Market Price)	-2.68%

All figures represent past performance and are not a guarantee of future results. Performance figures for periods shorter than one year represent cumulative figures and are not annualized.

**** Total returns are based on changes in NAV or market price, respectively. Returns reflect the deduction of all Fund expenses, including management fees, operating expenses, and other Fund expenses. Returns do not reflect the deduction of brokerage commissions or taxes that investors may pay on distributions or the sale of shares.**

Total return assumes the reinvestment of all distributions, including returns of capital, if any, at NAV.

Total return assumes the reinvestment of all distributions, including returns of capital, if any, in additional shares in accordance with the Fund's Dividend Reinvestment Plan.

Looking for additional information?

The Fund is traded under the symbol **HIX** and its closing market price is available in most newspapers under the NYSE listings. The daily NAV is available on-line under the symbol **XHGIX** on most financial websites. *Barron's* and the *Wall Street Journal's* Monday edition both carry closed-end fund tables that provide additional information. In addition, the Fund issues a quarterly press release that can be found on most major financial websites as well as www.lmcef.com.

In a continuing effort to provide information concerning the Fund, shareholders may call 1-888-777-0102 (toll free), Monday through Friday from 8:00 a.m. to 5:30 p.m. Eastern Time, for the Fund's current NAV, market price and other information.

Thank you for your investment in Western Asset High Income Fund II Inc. As always, we appreciate that you have chosen us to manage your assets and we remain focused on achieving the Fund's investment goals.

Sincerely,

Kenneth D. Fuller

Chairman, President and

Chief Executive Officer

November 29, 2013

RISKS: The Fund's investments are subject to credit risk, inflation risk and interest rate risk.

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*These estimates are not for tax purposes. The Fund will issue a Form 1099 with final composition of the distributions for tax purposes after year-end. A return of capital is not taxable and results in a reduction in the tax basis of a shareholder's investment. For more information about a distribution's composition, please refer to the Fund's distribution press release or, if applicable, the section 19 notice located in the press release section of our website, www.lmcef.com.

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As interest rates rise, bond prices fall generally, reducing the value of the Fund's holdings. The Fund may use derivatives, such as options and futures, which can be illiquid, may disproportionately increase losses, and have a potentially large impact on Fund performance. High-yield bonds involve greater credit and liquidity risks than investment grade bonds. Foreign securities are subject to certain risks not associated with domestic investing, such as currency fluctuations and changes in political and economic conditions which could result in significant fluctuations. These risks are magnified in emerging markets. Leverage may result in greater volatility of NAV and the market price of common shares and increases a shareholder's risk of loss.

All investments are subject to risk including the possible loss of principal. Past performance is no guarantee of future results. All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

The information provided is not intended to be a forecast of future events, a guarantee of future results or investment advice. Views expressed may differ from those of the firm as a whole.

- i Gross domestic product (GDP) is the market value of all final goods and services produced within a country in a given period of time.
- ii The Institute for Supply Management's PMI is based on a survey of purchasing executives who buy the raw materials for manufacturing at more than 350 companies. It offers an early reading on the health of the manufacturing sector.
- iii The Federal Reserve Board (Fed) is responsible for the formulation of policies designed to promote economic growth, full employment, stable prices and a sustainable pattern of international trade and payments.
- iv The federal funds rate is the rate charged by one depository institution on an overnight sale of immediately available funds (balances at the Federal Reserve) to another depository institution; the rate may vary from depository institution to depository institution and from day to day.
- v Duration is the measure of the price sensitivity of a fixed-income security to an interest rate change of 100 basis points. Calculation is based on the weighted average of the present values for all cash flows.
- vi The Barclays U.S. Aggregate Index is a broad-based bond index comprised of government, corporate, mortgage- and asset-backed issues, rated investment grade or higher, and having at least one year to maturity.
- vii The Barclays U.S. Corporate High Yield 2% Issuer Cap Index is an index of the 2% Issuer Cap component of the Barclays U.S. Corporate High Yield Index, which covers the U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bond market.
- viii The JPMorgan Emerging Markets Bond Index Global (EMBI Global) tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds and local market instruments.
- ix Net asset value (NAV) is calculated by subtracting total liabilities and outstanding preferred stock (if any) from the closing value of all securities held by the Fund (plus all other assets) and dividing the result (total net assets) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the Fund has invested. However, the price at which an investor may buy or sell shares of the Fund is the Fund's market price as determined by supply of and demand for the Fund's shares.
- x Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the six-month period ended October 31, 2013, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 41 funds in the Fund's Lipper category.

Fund at a glance (unaudited)

Investment breakdown (%) as a percent of total investments

The bar graph above represents the composition of the Fund's investments as of October 31, 2013 and April 30, 2013 and does not include derivatives, such as futures contracts, written options, swap contracts and forward foreign currency contracts. The Fund is actively managed. As a result, the composition of the Fund's investments is subject to change at any time.
Represents less than 0.1%.

Spread duration (unaudited)

Economic exposure October 31, 2013

Total Spread Duration

HIX 3.47 years

Benchmark 4.63 years

Spread duration measures the sensitivity to changes in spreads. The spread over Treasuries is the annual risk-premium demanded by investors to hold non-Treasury securities. Spread duration is quantified as the % change in price resulting from a 100 basis points change in spreads. For a security with positive spread duration, an increase in spreads would result in a price decline and a decline in spreads would result in a price increase. This chart highlights the market sector exposure of the Fund's sectors relative to the selected benchmark sectors as of the end of the reporting period.

Benchmark 80% of Barclays U.S. Corporate High Yield 2% Issuer Cap Index and 20% of JPMorgan Emerging Markets Bond Index Global
EM Emerging Markets
HIX Western Asset High Income Fund II Inc.
HY High Yield
IG Credit Investment Grade Credit

Effective duration (unaudited)

Interest rate exposure October 31, 2013

Total Effective Duration
 HIX 3.76 years
 Benchmark 4.71 years

Effective duration measures the sensitivity to changes in relevant interest rates. Effective duration is quantified as the % change in price resulting from a 100 basis points change in interest rates. For a security with positive effective duration, an increase in interest rates would result in a price decline and a decline in interest rates would result in a price increase. This chart highlights the interest rate exposure of the Fund's sectors relative to the selected benchmark sectors as of the end of the reporting period.

Benchmark 80% of Barclays U.S. Corporate High Yield 2% Issuer Cap Index and 20% of JPMorgan Emerging Markets Bond Index Global
 EM Emerging Markets
 HIX Western Asset High Income Fund II Inc.
 HY High Yield
 IG Credit Investment Grade Credit

Schedule of investments (unaudited)

October 31, 2013

Western Asset High Income Fund II Inc.

Security	Rate	Maturity Date	Face Amount	Value
Corporate Bonds & Notes 120.8%				
Consumer Discretionary 24.0%				
<i>Auto Components 0.5%</i>				
American Axle & Manufacturing Inc., Senior Notes	6.625%	10/15/22	700,000	\$ 742,000 (a)
Europcar Groupe SA, Senior Notes	11.500%	5/15/17	380,000 EUR	603,656 (b)
Europcar Groupe SA, Senior Notes	9.375%	4/15/18	2,010,000 EUR	2,879,175 (b)
<i>Total Auto Components</i>				<i>4,224,831</i>
<i>Automobiles 0.5%</i>				
Chrysler Group LLC/CG Co.-Issuer Inc., Secured Notes	8.250%	6/15/21	2,482,000	2,820,173 (a)
Jaguar Holding Co. II/Jaguar Merger Sub Inc., Senior Notes	9.500%	12/1/19	1,020,000	1,150,050 (a)(b)
<i>Total Automobiles</i>				<i>3,970,223</i>
<i>Diversified Consumer Services 1.0%</i>				
Co-operative Group Holdings 2011 Ltd., Senior Notes, Step bond	6.875%	7/8/20	337,000 GBP	554,546 (b)
Co-operative Group Holdings 2011 Ltd., Senior Notes, Step bond	7.500%	7/8/26	500,000 GBP	821,742
Laureate Education Inc., Senior Notes	9.250%	9/1/19	1,910,000	2,110,550 (a)(b)
Service Corp. International, Senior Notes	7.500%	4/1/27	2,090,000	2,246,750 (a)
StoneMor Partners LP/Cornerstone Family Services of WV, Senior Notes	7.875%	6/1/21	1,810,000	1,886,925 (a)(b)
<i>Total Diversified Consumer Services</i>				<i>7,620,513</i>
<i>Hotels, Restaurants & Leisure 6.3%</i>				
Arcos Dorados Holdings Inc., Senior Notes	6.625%	9/27/23	1,730,000	1,764,600 (b)
Bossier Casino Venture Holdco Inc., Senior Secured Bonds	14.000%	2/9/18	2,726,837	2,576,357 (b)(c)(d)(e)
Boyd Gaming Corp., Senior Notes	9.125%	12/1/18	1,470,000	1,605,975 (a)
Boyd Gaming Corp., Senior Notes	9.000%	7/1/20	2,370,000	2,565,525 (a)
Burger King Capital Holdings LLC/Burger King Capital Finance Inc., Senior Notes, Step bond	0.000%	4/15/19	840,000	749,700 (b)
Caesars Entertainment Operating Co. Inc., Senior Secured Notes	11.250%	6/1/17	2,875,000	2,875,000 (a)
Caesars Entertainment Operating Co. Inc., Senior Secured Notes	8.500%	2/15/20	4,500,000	4,170,937
Carrols Restaurant Group Inc., Senior Secured Notes	11.250%	5/15/18	2,720,000	3,134,800 (a)
CCM Merger Inc., Senior Notes	9.125%	5/1/19	3,360,000	3,578,400 (a)(b)
Downstream Development Quapaw, Senior Secured Notes	10.500%	7/1/19	2,580,000	2,573,550 (a)(b)
Fontainebleau Las Vegas Holdings LLC/Fontainebleau Las Vegas Capital Corp., Senior Secured Notes	10.250%	6/15/15	975,000	1,828 (b)(f)
Hoa Restaurant Group LLC/Hoa Finance Corp., Senior Secured Notes	11.250%	4/1/17	3,140,000	3,242,050 (a)(b)
Landry's Holdings II Inc., Senior Notes	10.250%	1/1/18	1,530,000	1,625,625 (a)(b)
Landry's Inc., Senior Notes	9.375%	5/1/20	6,978,000	7,588,575 (a)(b)

See Notes to Financial Statements.

Western Asset High Income Fund II Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Hotels, Restaurants & Leisure continued</i>				
MGM Resorts International, Senior Notes	5.875%	2/27/14	700,000	\$ 710,500 (a)
Mohegan Tribal Gaming Authority, Secured Notes	11.500%	11/1/17	1,445,000	1,625,625 (b)
Mohegan Tribal Gaming Authority, Senior Notes	9.750%	9/1/21	1,640,000	1,775,300 (b)
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	3,356,700 (b)
Rivers Pittsburgh Borrower LP/Rivers Pittsburgh Finance Corp., Senior Secured Notes	9.500%	6/15/19	656,000	724,880 (a)(b)
Seven Seas Cruises S de RL LLC, Senior Secured Notes	9.125%	5/15/19	3,770,000	4,161,138 (a)
<i>Total Hotels, Restaurants & Leisure</i>				50,407,065
<i>Household Durables 1.4%</i>				
APX Group Inc., Senior Secured Notes	6.375%	12/1/19	1,820,000	1,822,275
Standard Pacific Corp., Senior Notes	6.250%	12/15/21	2,590,000	2,670,937
WCI Communities Inc., Senior Notes	6.875%	8/15/21	1,730,000	1,691,075 (b)
William Lyon Homes Inc., Senior Notes	8.500%	11/15/20	2,980,000	3,203,500 (a)
Woodside Homes Co. LLC/Woodside Homes Finance Inc., Senior Notes	6.750%	12/15/21	1,950,000	1,940,250 (b)
<i>Total Household Durables</i>				11,328,037
<i>Media 9.1%</i>				
Carmike Cinemas Inc., Secured Notes	7.375%	5/15/19	1,040,000	1,133,600 (a)
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	8.125%	4/30/20	5,050,000	5,555,000 (a)
Cerved Group SpA, Senior Secured Notes	6.375%	1/15/20	200,000 EUR	287,843 (b)
Cerved Group SpA, Senior Subordinated Notes	8.000%	1/15/21	300,000 EUR	433,801 (b)
Clear Channel Worldwide Holdings Inc., Senior Notes	6.500%	11/15/22	1,960,000	2,067,800
Clear Channel Worldwide Holdings Inc., Senior Notes	6.500%	11/15/22	900,000	940,500
Clear Channel Worldwide Holdings Inc., Senior Subordinated Notes	7.625%	3/15/20	260,000	276,250
CSC Holdings Inc., Senior Debentures	7.875%	2/15/18	1,500,000	1,743,750 (a)
CSC Holdings LLC, Senior Notes	6.750%	11/15/21	230,000	251,850
DISH DBS Corp., Senior Notes	7.875%	9/1/19	1,815,000	2,119,012 (a)
DISH DBS Corp., Senior Notes	6.750%	6/1/21	2,270,000	2,468,625 (a)
Gibson Brands Inc., Senior Secured Notes	8.875%	8/1/18	780,000	819,000 (b)
Good Sam Enterprises LLC, Secured Notes	11.500%	12/1/16	3,220,000	3,521,875
Gray Television Inc., Senior Notes	7.500%	10/1/20	1,830,000	1,926,075 (b)
MDC Partners Inc., Senior Notes	6.750%	4/1/20	800,000	836,000 (b)
Nara Cable Funding Ltd., Senior Secured Notes	8.875%	12/1/18	5,000,000 EUR	7,348,818 (a)(b)
New Cotai LLC/New Cotai Capital Corp., Senior Secured Notes	10.625%	5/1/19	1,680,000	1,713,600 (b)(c)
Ono Finance II PLC, Senior Bonds	10.875%	7/15/19	4,061,000	4,436,642 (a)(b)
Polish Television Holding BV, Senior Secured Bonds	11.000%	1/15/21	420,000 EUR	605,953 (b)(c)

See Notes to Financial Statements.

Schedule of investments (unaudited) (cont d)

October 31, 2013

Western Asset High Income Fund II Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Media continued</i>				
Time Warner Cable Inc., Senior Notes	8.750%	2/14/19	3,420,000	\$ 4,080,166 (a)
Time Warner Cable Inc., Senior Notes	8.250%	4/1/19	1,336,000	1,567,932 (a)
TVN Finance Corp. III AB, Senior Bonds	7.375%	12/15/20	1,258,000 EUR	1,810,532 (b)
Univision Communications Inc., Senior Notes	8.500%	5/15/21	4,450,000	4,950,625 (a)(b)
Univision Communications Inc., Senior Secured Notes	6.875%	5/15/19	1,780,000	1,926,850 (a)(b)
Univision Communications Inc., Senior Secured Notes	7.875%	11/1/20	400,000	446,000 (a)(b)
UPC Holding BV, Junior Secured Subordinated Notes	6.375%	9/15/22	5,060,000 EUR	7,011,738 (b)
UPC Holding BV, Senior Notes	9.875%	4/15/18	1,265,000	1,375,687 (a)(b)
UPCB Finance II Ltd., Senior Notes	6.375%	7/1/20	4,500,000 EUR	6,538,785 (a)(b)
Virgin Media Finance PLC, Senior Notes	6.375%	4/15/23	5,420,000	5,582,600 (a)(b)
<i>Total Media</i>				<i>73,776,909</i>
<i>Multiline Retail 1.1%</i>				
Bon-Ton Department Stores Inc., Secured Notes	8.000%	6/15/21	2,890,000	2,738,275
Neiman Marcus Group LLC, Senior Secured Notes	7.125%	6/1/28	660,000	646,800 (a)
Neiman Marcus Group Ltd. Inc., Senior Notes	8.000%	10/15/21	280,000	288,050 (b)
Neiman Marcus Group Ltd. Inc., Senior Notes	8.750%	10/15/21	4,940,000	5,100,550 (b)(c)
<i>Total Multiline Retail</i>				<i>8,773,675</i>
<i>Specialty Retail 3.3%</i>				
American Greetings Corp., Senior Notes	7.375%	12/1/21	2,480,000	2,486,200 (a)
Edcon Pty Ltd., Senior Secured Notes	9.500%	3/1/18	3,550,000 EUR	4,904,360 (b)
Edcon Pty Ltd., Senior Secured Notes	9.500%	3/1/18	1,000,000 EUR	1,381,510 (b)
Edcon Pty Ltd., Senior Secured Notes	9.500%	3/1/18	760,000	768,406 (b)
Gymboree Corp., Senior Notes	9.125%	12/1/18	4,540,000	4,415,150 (a)
Hot Topic Inc., Senior Secured Notes	9.250%	6/15/21	1,570,000	1,652,425 (b)
Michaels Stores Inc., Senior Subordinated Bonds	11.375%	11/1/16	1,303,000	1,338,845 (a)
New Academy Finance Co. LLC/New Academy Finance Corp., Senior Notes	8.000%	6/15/18	530,000	544,575 (b)(c)
Spencer Spirit Holdings Inc., Senior Notes	9.000%	5/1/18	4,165,000	4,165,000 (a)(b)(c)
Spencer Spirit Holdings Inc./Spencer Gifts LLC/Spirit Halloween Superstores, Senior Notes	11.000%	5/1/17	4,860,000	5,273,100 (a)(b)
<i>Total Specialty Retail</i>				<i>26,929,571</i>
<i>Textiles, Apparel & Luxury Goods 0.8%</i>				
Boardriders SA, Senior Notes	8.875%	12/15/17	2,900,000 EUR	4,154,034 (b)
Chinos Intermediate Holdings A Inc., Senior Notes	7.750%	5/1/19	1,210,000	1,220,587 (b)(c)
Empire Today LLC/Empire Today Finance Corp., Senior Secured Notes	11.375%	2/1/17	1,300,000	1,202,500 (a)(b)
<i>Total Textiles, Apparel & Luxury Goods</i>				<i>6,577,121</i>
Total Consumer Discretionary				193,607,945

See Notes to Financial Statements.

Western Asset High Income Fund II Inc.

Security	Rate	Maturity Date	Face Amount	Value
Consumer Staples 3.7%				
<i>Beverages 0.4%</i>				
Carolina Beverage Group LLC/Carolina Beverage Group Finance Inc., Secured Notes	10.625%	8/1/18	1,000,000	\$ 1,052,500 (b)
Crestview DS Merger Subordinated II Inc., Senior Secured Notes	10.000%	9/1/21	2,390,000	2,497,550 (b)
<i>Total Beverages</i>				<i>3,550,050</i>
<i>Food Products 2.3%</i>				
Chiquita Brands International Inc./Chiquita Brands LLC, Senior Secured Notes	7.875%	2/1/21	3,730,000	4,056,375 (a)(b)
Dole Food Co. Inc., Senior Secured Notes	7.250%	5/1/19	2,510,000	2,528,825 (b)
Post Holdings Inc., Senior Notes	7.375%	2/15/22	3,050,000	3,267,312 (a)(b)
Simmons Foods Inc., Senior Secured Notes	10.500%	11/1/17	4,640,000	4,883,600 (a)(b)
Sun Merger Sub Inc., Senior Notes	5.875%	8/1/21	2,690,000	2,817,775 (b)
Wells Enterprises Inc., Senior Secured Notes	6.750%	2/1/20	1,280,000	1,318,400 (a)(b)
<i>Total Food Products</i>				<i>18,872,287</i>
<i>Household Products 0.5%</i>				
Harbinger Group Inc., Senior Secured Notes	7.875%	7/15/19	1,690,000	1,804,075 (b)
Sun Products Corp., Senior Notes	7.750%	3/15/21	2,530,000	2,289,650 (a)(b)
<i>Total Household Products</i>				<i>4,093,725</i>
<i>Personal Products 0.2%</i>				
Hypermecas SA, Notes	6.500%	4/20/21	1,230,000	1,300,725 (b)
<i>Tobacco 0.3%</i>				
Alliance One International Inc., Secured Notes	9.875%	7/15/21	2,460,000	2,373,900 (b)
Total Consumer Staples				30,190,687
Energy 15.1%				
<i>Energy Equipment & Services 2.5%</i>				
Atwood Oceanics Inc., Senior Notes	6.500%	2/1/20	1,470,000	1,580,250 (a)
CGG, Senior Notes	9.500%	5/15/16	723,000	763,669 (a)
CGG, Senior Notes	7.750%	5/15/17	1,120,000	1,157,800 (a)
Gulfmark Offshore Inc., Senior Notes	6.375%	3/15/22	1,600,000	1,620,000 (a)
Hercules Offshore Inc., Senior Notes	10.250%	4/1/19	1,760,000	1,997,600 (a)(b)
Hercules Offshore Inc., Senior Notes	8.750%	7/15/21	2,400,000	2,652,000 (a)(b)
Hercules Offshore Inc., Senior Notes	7.500%	10/1/21	2,140,000	2,247,000 (b)
Parker Drilling Co., Senior Notes	9.125%	4/1/18	3,240,000	3,483,000 (a)
Petroleum Geo-Services ASA, Senior Notes	7.375%	12/15/18	1,720,000	1,849,000 (a)(b)
SESI LLC, Senior Notes	7.125%	12/15/21	2,780,000	3,089,275 (a)
TMK OAO Via TMK Capital SA, Senior Notes	6.750%	4/3/20	210,000	205,800 (b)
<i>Total Energy Equipment & Services</i>				<i>20,645,394</i>

See Notes to Financial Statements.

Schedule of investments (unaudited) (cont d)

October 31, 2013

Western Asset High Income Fund II Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Oil, Gas & Consumable Fuels 12.6%</i>				
Alliance Oil Co., Ltd., Senior Notes	7.000%	5/4/20	2,220,000	\$ 2,306,025 (b)
Arch Coal Inc., Senior Notes	8.750%	8/1/16	2,080,000	2,090,400 (a)
Arch Coal Inc., Senior Notes	7.000%	6/15/19	1,630,000	1,279,550
Arch Coal Inc., Senior Notes	9.875%	6/15/19	1,360,000	1,162,800
Atlas Pipeline Partners LP/Atlas Pipeline Finance Corp., Senior Notes	6.625%	10/1/20	1,010,000	1,065,550
Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes	9.375%	5/1/19	2,140,000	2,380,750 (a)
Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes	9.375%	5/1/19	690,000	767,625 (a)
Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes	9.625%	8/1/20	1,570,000	1,768,212 (a)
Carrizo Oil & Gas Inc., Senior Notes	7.500%	9/15/20	1,140,000	1,248,300 (a)
Chesapeake Energy Corp., Senior Notes	6.875%	11/15/20	2,100,000	2,383,500 (a)
Comstock Resources Inc., Senior Notes	9.500%	6/15/20	2,130,000	2,374,950 (a)
CONSOL Energy Inc., Senior Notes	8.250%	4/1/20	2,870,000	3,153,412 (a)
Corral Petroleum Holdings AB, Senior Notes	15.000%	12/31/17	4,740,758	4,728,906 (b)(c)(d)
Crosstex Energy LP/Crosstex Energy Finance Corp., Senior Notes	8.875%	2/15/18	1,600,000	1,706,000 (a)
Denbury Resources Inc., Senior Subordinated Notes	8.250%	2/15/20	1,875,000	2,071,875 (a)
EDC Finance Ltd., Senior Notes	4.875%	4/17/20	1,100,000	1,094,500 (b)
Enterprise Products Operating LLC, Junior Subordinated Notes	8.375%	8/1/66	285,000	314,763 (a)(g)
EP Energy LLC/EP Energy Finance Inc., Senior Notes	9.375%	5/1/20	910,000	1,055,600 (a)
EPE Holdings LLC/EP Energy Bond Co. Inc., Senior Notes	8.875%	12/15/17	2,325,657	2,447,754 (b)(c)
Globe Luxembourg SCA, Senior Secured Notes	9.625%	5/1/18	3,530,000	3,618,250 (a)(b)
Halcon Resources Corp., Senior Notes	9.750%	7/15/20	3,920,000	4,282,600 (a)
Kodiak Oil & Gas Corp., Senior Notes	8.125%	12/1/19	2,720,000	3,032,800 (a)
LUKOIL International Finance BV, Bonds	6.356%	6/7/17	1,720,000	1,929,496 (b)
Magnum Hunter Resources Corp., Senior Notes	9.750%	5/15/20	2,330,000	2,481,450 (b)
Magnum Hunter Resources Corp., Senior Notes	9.750%	5/15/20	2,200,000	2,343,000 (b)
MEG Energy Corp., Senior Notes	7.000%	3/31/24	5,020,000	5,145,500 (b)
Milagro Oil & Gas Inc., Secured Notes	10.500%	5/15/16	3,290,000	2,483,950
Murray Energy Corp., Senior Secured Notes	8.625%	6/15/21	1,740,000	1,879,200 (a)(b)
Natural Resource Partners LP, Senior Notes	9.125%	10/1/18	2,240,000	2,318,400 (b)
Novatek Finance Ltd., Notes	6.604%	2/3/21	2,300,000	2,584,625 (b)(h)
Peabody Energy Corp., Senior Notes	7.875%	11/1/26	1,780,000	1,842,300 (a)
Petrobras International Finance Co., Senior Notes	6.875%	1/20/40	1,145,000	1,157,500 (h)
Petrobras International Finance Co., Senior Notes	6.750%	1/27/41	1,820,000	1,807,351 (a)
Plains Exploration & Production Co., Senior Notes	8.625%	10/15/19	1,140,000	1,261,836 (a)

See Notes to Financial Statements.

Western Asset High Income Fund II Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Oil, Gas & Consumable Fuels continued</i>				
PT Adaro Indonesia, Senior Notes	7.625%	10/22/19	770,000	\$ 817,163 ^{(a)(b)}
Quicksilver Resources Inc., Senior Notes	11.000%	7/1/21	3,980,000	4,039,700 ^{(a)(b)}
Range Resources Corp., Senior Subordinated Notes	8.000%	5/15/19	530,000	571,075 ^(a)
Rosneft Finance SA, Senior Notes	7.500%	7/18/16	270,000	303,750 ^(b)
Rosneft Finance SA, Senior Notes	6.625%	3/20/17	230,000	254,725 ^(b)
Rosneft Finance SA, Senior Notes	7.875%	3/13/18	1,390,000	1,621,088 ^{(a)(b)}
Rosneft Finance SA, Senior Notes	7.875%	3/13/18	200,000	233,250 ^(b)
Samson Investment Co., Senior Notes	10.250%	2/15/20	6,620,000	7,182,700 ^{(a)(b)}
Sanchez Energy Corp., Senior Notes	7.750%	6/15/21	3,960,000	4,059,000 ^(b)
SandRidge Energy Inc., Senior Notes	7.500%	2/15/23	920,000	959,100 ^(a)
Shelf Drilling Holdings Ltd., Senior Secured Notes	8.625%	11/1/18	1,810,000	1,959,325 ^(b)
Sidewinder Drilling Inc., Senior Notes	9.750%	11/15/19	1,100,000	1,072,500 ^{(a)(b)}
Summit Midstream Holdings LLC/Summit Mindstream Finance Corp., Senior Notes	7.500%	7/1/21	1,370,000	1,448,775 ^(b)
Xinergy Ltd., Senior Secured Notes	9.250%	5/15/19	4,740,000	3,483,900 ^{(a)(b)}
<i>Total Oil, Gas & Consumable Fuels</i>				101,574,781
Total Energy				122,220,175
Financials 10.6%				
<i>Capital Markets 0.3%</i>				
Goldman Sachs Group Inc., Subordinated Notes	6.750%	10/1/37	2,320,000	2,541,994 ^(a)
<i>Commercial Banks 4.0%</i>				
Barclays Bank PLC, Subordinated Notes	10.179%	6/12/21	3,710,000	4,932,092 ^{(a)(b)}
Barclays Bank PLC, Subordinated Notes	7.625%	11/21/22	5,000,000	5,170,000 ^(a)
Credit Agricole SA, Subordinated Notes	8.375%	10/13/19	3,180,000	3,597,375 ^{(a)(b)(g)(i)}
Intesa Sanpaolo SpA, Senior Notes	3.625%	8/12/15	3,920,000	4,020,897 ^(b)
M&T Bank Corp., Junior Subordinated Notes	6.875%	6/15/16	4,400,000	4,485,201 ^{(a)(b)(i)}
Royal Bank of Scotland Group PLC, Junior Subordinated Bonds	7.648%	9/30/31	3,530,000	3,706,500 ^{(a)(g)(i)}
Royal Bank of Scotland Group PLC, Subordinated Notes	5.000%	10/1/14	1,660,000	1,699,075 ^(a)
Royal Bank of Scotland Group PLC, Subordinated Notes	6.100%	6/10/23	1,470,000	1,514,188
Royal Bank of Scotland NV, Subordinated Notes	7.750%	5/15/23	650,000	725,707 ^(a)
Santander Issuances SAU, Notes	5.911%	6/20/16	2,090,000	2,202,528 ^(b)
<i>Total Commercial Banks</i>				32,053,563
<i>Consumer Finance 1.4%</i>				
Ally Financial Inc., Senior Notes	6.750%	12/1/14	6,140,000	6,493,050 ^(a)
SLM Corp., Medium-Term Notes, Senior Notes	8.450%	6/15/18	2,230,000	2,611,887 ^(a)
Stearns Holdings Inc., Senior Secured Notes	9.375%	8/15/20	1,250,000	1,307,813 ^(b)

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Schedule of investments (unaudited) (cont d)

October 31, 2013

Western Asset High Income Fund II Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Consumer Finance continued</i>				
TMX Finance LLC/TitleMax Finance Corp., Senior Secured Notes	8.500%	9/15/18	1,110,000	\$ 1,184,925 ^(b)
<i>Total Consumer Finance</i>				<i>11,597,675</i>
<i>Diversified Financial Services 3.0%</i>				
Bank of America Corp., Junior Subordinated Notes	5.200%	6/1/23	2,410,000	2,199,125 ^{(a)(g)(i)}
ING US Inc., Junior Subordinated Notes	5.650%	5/15/53	1,070,000	1,022,405 ^(g)
International Lease Finance Corp., Senior Notes	5.750%	5/15/16	800,000	857,000
International Lease Finance Corp., Senior Notes	8.750%	3/15/17	3,385,000	3,994,300 ^(a)
International Lease Finance Corp., Senior Notes	8.875%	9/1/17	5,180,000	6,170,675 ^(a)
International Lease Finance Corp., Senior Notes	8.250%	12/15/20	2,160,000	2,556,900 ^(a)
JPMorgan Chase & Co., Junior Subordinated Bonds	6.000%	8/1/23	1,270,000	1,235,075 ^{(g)(i)}
Nationstar Mortgage LLC/Nationstar Capital Corp., Senior Notes	7.875%	10/1/20	2,200,000	2,362,250
TransUnion Holding Co. Inc., Senior Notes	9.625%	6/15/18	2,630,000	2,860,125 ^(a)
ZFS Finance USA Trust II, Bonds	6.450%	12/15/65	500,000	538,750 ^{(b)(g)}
<i>Total Diversified Financial Services</i>				<i>23,796,605</i>
<i>Insurance 1.2%</i>				
American International Group Inc., Senior Notes	8.250%	8/15/18	3,180,000	4,031,137 ^(a)
Fidelity & Guaranty Life Holdings Inc., Senior Notes	6.375%	4/1/21	1,450,000	1,518,875 ^(b)
ING Capital Funding Trust III, Junior Subordinated Bonds	3.848%	12/31/13	810,000	803,925 ^{(a)(g)(i)}
Liberty Mutual Group Inc., Junior Subordinated Bonds	7.800%	3/15/37	1,750,000	1,916,250 ^{(a)(b)}
MetLife Capital Trust IV, Junior Subordinated Notes	7.875%	12/15/37	1,100,000	1,273,250 ^{(a)(b)}
<i>Total Insurance</i>				<i>9,543,437</i>
<i>Real Estate Management & Development 0.7%</i>				
Howard Hughes Corp., Senior Notes	6.875%	10/1/21	4,140,000	4,305,600 ^(b)
Realogy Group LLC, Senior Secured Notes	7.625%	1/15/20	1,320,000	1,478,400 ^(b)
<i>Total Real Estate Management & Development</i>				<i>5,784,000</i>
Total Financials				85,317,274
<i>Health Care 7.1%</i>				
<i>Health Care Equipment & Supplies 1.1%</i>				
Alere Inc., Senior Subordinated Notes	6.500%	6/15/20	2,800,000	2,884,000
ConvaTec Finance International SA, Senior Notes	8.250%	1/15/19	1,610,000	1,664,338 ^{(b)(c)}
Lantheus Medical Imaging Inc., Senior Notes	9.750%	5/15/17	4,530,000	4,122,300 ^(a)
<i>Total Health Care Equipment & Supplies</i>				<i>8,670,638</i>
<i>Health Care Providers & Services 5.5%</i>				
Acadia Healthcare Co. Inc., Senior Notes	12.875%	11/1/18	1,248,000	1,513,200 ^(a)
Acadia Healthcare Co. Inc., Senior Notes	6.125%	3/15/21	1,540,000	1,578,500 ^(b)
CHS/Community Health Systems Inc., Senior Notes	8.000%	11/15/19	4,590,000	4,997,362 ^(a)

See Notes to Financial Statements.

Western Asset High Income Fund II Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Health Care Providers & Services</i> continued CRC Health Corp., Senior Subordinated Notes	10.750%	2/1/16	8,195,000	\$