

WESTERN ASSET HIGH INCOME FUND II INC.

Form N-Q

September 24, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED

MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number **811-08709**

Western Asset High Income Fund II Inc.

(Exact name of registrant as specified in charter)

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

(Address of principal executive offices) (Zip code)

Robert I. Frenkel, Esq.

Legg Mason & Co., LLC

100 First Stamford Place

Stamford, CT 06902

(Name and address of agent for service)

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

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

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

ITEM 1. SCHEDULE OF INVESTMENTS

WESTERN ASSET HIGH INCOME FUND II INC.

FORM N-Q

JULY 31, 2014

WESTERN ASSET HIGH INCOME FUND II INC.

Schedule of investments (unaudited)

July 31, 2014

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

Edgar Filing: WESTERN ASSET HIGH INCOME FUND II INC. - Form N-Q

Total Hotels, Restaurants & Leisure

53,560,831

Household Durables - 2.0%

Century Intermediate Holding Co. 2, Senior Notes

9.750%

2/15/19

3,860,000

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

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.

Schedule of investments (unaudited) (cont d)

July 31, 2014

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

Edgar Filing: WESTERN ASSET HIGH INCOME FUND II INC. - Form N-Q

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

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.

Schedule of investments (unaudited) (cont d)

July 31, 2014

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

Edgar Filing: WESTERN ASSET HIGH INCOME FUND II INC. - Form N-Q

Tobacco - 0.3%

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

TOTAL CONSUMER STAPLES

29,875,012

ENERGY - 16.5%

Energy Equipment & Services - 2.8%

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

Total Energy Equipment & Services

22,467,885

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.

Schedule of investments (unaudited) (cont d)

July 31, 2014

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

Edgar Filing: WESTERN ASSET HIGH INCOME FUND II INC. - Form N-Q

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

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.

Schedule of investments (unaudited) (cont d)

July 31, 2014

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

Edgar Filing: WESTERN ASSET HIGH INCOME FUND II INC. - Form N-Q

Insurance - 1.1%

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

Total Insurance

8,939,806

Real Estate Management & Development - 0.6%

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

TOTAL FINANCIALS

91,213,730

HEALTH CARE - 6.0%

Health Care Equipment & Supplies - 1.2%

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

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.

Schedule of investments (unaudited) (cont d)

July 31, 2014

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Health Care Equipment & Supplies - 1.2% (continued)				
Lantheus Medical Imaging Inc., Senior Notes	9.750%	5/15/17	5,070,000	\$ 5,076,337 ^(b)
<i>Total Health Care Equipment & Supplies</i>				<i>9,605,600</i>
Health Care Providers & Services - 3.7%				
Acadia Healthcare Co. Inc., Senior Notes	12.875%	11/1/18	1,248,000	1,472,640 ^(b)
Acadia Healthcare Co. Inc., Senior Notes	6.125%	3/15/21	1,540,000	1,624,700
CHS/Community Health Systems Inc., Senior Notes	8.000%	11/15/19	4,590,000	4,935,168 ^(b)
DJO Finance LLC/DJO Finance Corp., Senior Notes	9.875%	4/15/18	2,620,000	2,777,200 ^(b)
ExamWorks Group Inc., Senior Notes	9.000%	7/15/19	5,000,000	5,450,000 ^(b)
Fresenius U.S. Finance II Inc., Senior Notes	9.000%	7/15/15	1,020,000	1,083,750 ^{(a)(b)}
HCA Inc., Debentures	7.500%	11/15/95	2,205,000	2,072,700 ^(b)
IASIS Healthcare LLC/IASIS Capital Corp., Senior Notes	8.375%	5/15/19	2,540,000	2,692,400 ^(b)
Jaguar Holding Co. II/Jaguar Merger Sub Inc., Senior Notes	9.500%	12/1/19	1,020,000	1,106,700