

WESTERN ASSET HIGH INCOME FUND II INC.  
Form N-Q  
March 25, 2010

**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, 2010

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ITEM 1. SCHEDULE OF INVESTMENTS

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**WESTERN ASSET**

**HIGH INCOME FUND II INC.**

**FORM N-Q**

JANUARY 31, 2010

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## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited)

January 31, 2010

Face Amount	Security	Value
<b>CORPORATE BONDS &amp; NOTES</b> 89.6%		
<b>CONSUMER DISCRETIONARY</b> 16.5%		
<b>Auto Components</b> 0.8%		
4,943,480	Allison Transmission Inc., Senior Toggle Notes, 11.250% due 11/1/15 (a) (b)	\$ 5,227,730
321,000	Visteon Corp., Senior Notes: 8.250% due 8/1/10 (c)	148,463
2,874,000	12.250% due 12/31/16 (a)(c)	2,284,830
	<b>Total Auto Components</b>	7,661,023
<b>Automobiles</b> 0.5%		
7,855,000	Motors Liquidation Co.:	
9,995,000	Senior Debentures, 8.375% due 7/15/33 (c)	2,238,675
	Senior Notes, 7.200% due 1/15/11 (c)	2,773,612
	<b>Total Automobiles</b>	5,012,287
<b>Diversified Consumer Services</b> 0.5%		
1,090,000	Service Corp. International, Senior Notes, 7.500% due 4/1/27	1,013,700
3,286,000	Stonemor Operating LLC/Cornerstone Family Services/Osiris Holdings, Senior Notes, 10.250% due 12/1/17 (a)	3,466,730
	<b>Total Diversified Consumer Services</b>	4,480,430
<b>Hotels, Restaurants &amp; Leisure</b> 5.8%		
2,515,000	Ameristar Casinos Inc., Senior Notes, 9.250% due 6/1/14 (a)	2,609,312
1,000,000	Boyd Gaming Corp., Senior Subordinated Notes, 6.750% due 4/15/14	930,000
468,000	Choctaw Resort Development Enterprise, Senior Notes, 7.250% due 11/15/19 (a)	329,940
2,985,000	Downstream Development Quapaw, Senior Notes, 12.000% due 10/15/15 (a)	2,582,025
4,490,000	El Pollo Loco Inc.:	
2,530,000	Senior Notes, 11.750% due 11/15/13	4,198,150
975,000	Senior Secured Notes, 11.750% due 12/1/12	2,650,175
	Fontainebleau Las Vegas Holdings LLC/Fontainebleau Las Vegas Capital Corp., 10.250% due 6/15/15 (a)(c)	14,625
1,100,000	Harrah's Operating Co. Inc.:	
5,096,000	Senior Bonds, 5.625% due 6/1/15	679,250
	Senior Notes, 10.750% due 2/1/16	4,242,420
	Senior Secured Notes:	
1,154,000	10.000% due 12/15/15	963,590
7,365,000	11.250% due 6/1/17	7,862,137
2,995,000	Indianapolis Downs LLC & Capital Corp., Senior Secured Notes, 11.000% due 11/1/12 (a)	2,036,600
6,400,000	Inn of the Mountain Gods Resort & Casino, Senior Notes, 12.000% due 11/15/10 (c)(d)	3,184,000
1,750,000	Landry's Restaurants Inc., Senior Secured Notes, 11.625% due 12/1/15 (a)	1,881,250

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160,000	MGM MIRAGE Inc.: Senior Notes, 8.500% due 9/15/10	161,600
	Senior Secured Notes:	
890,000	10.375% due 5/15/14 (a)	981,225
2,135,000	11.125% due 11/15/17 (a)	2,412,550
2,500,000	Senior Subordinated Notes, 8.375% due 2/1/11	2,415,625
	Mohegan Tribal Gaming Authority:	
2,360,000	Senior Secured Notes, 11.500% due 11/1/17 (a)	2,489,800
	Senior Subordinated Notes:	
580,000	8.000% due 4/1/12	537,225
420,000	6.875% due 2/15/15	309,750
3,480,000	NCL Corp. Ltd., Senior Secured Notes, 11.750% due 11/15/16 (a)	3,706,200
850,000	Penn National Gaming Inc., Senior Subordinated Notes, 8.750% due 8/15/19 (a)	871,250
2,355,000	Pinnacle Entertainment Inc., Senior Notes, 8.625% due 8/1/17 (a)	2,372,663
1,800,000	Snoqualmie Entertainment Authority, Senior Secured Notes, 4.680% due 2/1/14 (a)(e)	1,206,000

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2010

Face Amount	Security	Value
<b>Hotels, Restaurants &amp; Leisure 5.8% (continued)</b>		
7,305,000	Station Casinos Inc.:	
1,450,000	Senior Notes, 6.000% due 4/1/12 (c)(d)	\$ 1,278,375
750,000	Senior Subordinated Notes, 6.625% due 3/15/18 (c)(d)	14,500
	Wynn Las Vegas LLC/Wynn Las Vegas Capital Corp., Secured Notes, 7.875% due 11/1/17 (a)	761,250
	<b>Total Hotels, Restaurants &amp; Leisure</b>	<b>53,681,487</b>
<b>Household Durables 0.6%</b>		
640,000	American Greetings Corp., Senior Notes: 7.375% due 6/1/16	633,600
497,000	7.375% due 6/1/16	457,240
1,520,000	Jarden Corp., Senior Subordinated Notes, 7.500% due 1/15/20	1,535,200
2,190,000	Libbey Glass Inc., Senior Secured Notes, 10.000% due 2/15/15 (a)	2,228,325
1,021,000	Norcraft Holdings LP/Norcraft Capital Corp., Senior Discount Notes, 9.750% due 9/1/12 (d)	995,475
	<b>Total Household Durables</b>	<b>5,849,840</b>
<b>Internet &amp; Catalog Retail 0.1%</b>		
520,000	Netflix Inc., Senior Notes, 8.500% due 11/15/17	551,200
<b>Media 5.6%</b>		
3,270,000	Affinion Group Inc., Senior Subordinated Notes: 10.125% due 10/15/13	3,339,487
6,740,000	11.500% due 10/15/15	7,009,600
785,000	Cengage Learning Acquisitions Inc.:	
2,550,000	Senior Notes, 10.500% due 1/15/15 (a)	763,413
8,660,000	Senior Subordinated Notes, 13.250% due 7/15/15 (a)	2,537,250
	Charter Communications Inc., Senior Secured Notes, 10.875% due 9/15/14 (a)	9,742,500
254,000	CMP Susquehanna Corp., 4.774% due 5/15/14 (a)(d)(e)(f)	88,900
	CSC Holdings Inc.:	
1,500,000	Senior Debentures, 7.875% due 2/15/18	1,571,250
2,835,000	Senior Notes, 8.500% due 6/15/15 (a)	3,012,187
	DISH DBS Corp., Senior Notes:	
980,000	6.625% due 10/1/14	975,100
5,065,000	7.875% due 9/1/19	5,254,937
2,039,000	Globo Comunicacoes e Participacoes SA, Bonds, 7.250% due 4/26/22 (a) (g)	2,135,853
	NET Servicos de Comunicacao SA, Bonds:	
690,000	7.500% due 1/27/20 (a)	703,800
400,000	7.500% due 1/27/20 (a)	408,000
1,695,000	R.H. Donnelley Corp., Senior Notes, 8.875% due 1/15/16 (c)	177,975
3,000,000	Sinclair Broadcast Group Inc., Senior Subordinated Notes, 8.000% due 3/15/12	2,940,000
2,525,000	Sun Media Corp., Senior Notes, 7.625% due 2/15/13	2,446,094
3,795,000	Univision Communications Inc., Senior Secured Notes, 12.000% due 7/1/14 (a)	4,117,575
1,265,000	UPC Holding BV, Senior Notes, 9.875% due 4/15/18 (a)	1,344,063

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1,370,000	Virgin Media Finance PLC:	
1,830,000	Senior Bonds, 9.500% due 8/15/16	1,459,050
	Senior Notes, 9.125% due 8/15/16	1,912,350
	<b>Total Media</b>	51,939,384
<b>Multiline Retail 0.6%</b>		
5,080,978	Neiman Marcus Group Inc.:	
1,070,000	Senior Notes, 9.000% due 10/15/15 (b)	4,966,656
	Senior Secured Notes, 7.125% due 6/1/28	925,550
	<b>Total Multiline Retail</b>	5,892,206
<b>Specialty Retail 1.5%</b>		
2,876,000	Blockbuster Inc., Senior Secured Notes, 11.750% due 10/1/14 (a)	2,113,860

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2010

Face Amount	Security	Value
<b>Specialty Retail 1.5% (continued)</b>		
2,350,000	Eye Care Centers of America, Senior Subordinated Notes, 10.750% due 2/15/15	\$ 2,479,250
300,000	Limited Brands Inc., Senior Notes, 8.500% due 6/15/19 (a)	328,500
5,965,000	Michaels Stores Inc.:	
3,000,000	Senior Notes, 10.000% due 11/1/14	6,054,475
	Senior Subordinated Notes, step bond to yield, 12.498% due 11/1/16	2,497,500
	<b>Total Specialty Retail</b>	<b>13,473,585</b>
<b>Textiles, Apparel &amp; Luxury Goods 0.5%</b>		
4,455,000	Oxford Industries Inc., Senior Secured Notes, 11.375% due 7/15/15	5,011,875
	<b>TOTAL CONSUMER DISCRETIONARY</b>	<b>153,553,317</b>
<b>CONSUMER STAPLES 1.3%</b>		
<b>Food Products 0.6%</b>		
1,030,000	Bumble Bee Foods LLC, Senior Secured Notes, 7.750% due 12/15/15 (a)	1,037,725
1,285,000	Del Monte Corp., Senior Subordinated Notes, 7.500% due 10/15/19 (a)	1,326,762
84,000	Dole Food Co. Inc.:	
1,400,000	Senior Notes, 13.875% due 3/15/14 (a)	100,800
1,130,000	Senior Secured Notes, 8.000% due 10/1/16 (a)	1,456,000
	Smithfield Foods Inc., Senior Secured Notes, 10.000% due 7/15/14 (a)	1,235,938
	<b>Total Food Products</b>	<b>5,157,225</b>
<b>Household Products 0.3%</b>		
1,065,000	American Achievement Corp., Senior Subordinated Notes, 8.250% due 4/1/12 (a)	1,067,663
1,745,000	Reynolds Group DL Escrow Inc./Reynolds Group Escrow LLC,	
	Senior Secured Notes, 7.750% due 10/15/16 (a)	1,766,812
	<b>Total Household Products</b>	<b>2,834,475</b>
<b>Personal Products 0.1%</b>		
1,390,000	Revlon Consumer Products Corp., Senior Secured Notes, 9.750% due 11/15/15 (a)	1,440,388
<b>Tobacco 0.3%</b>		
1,860,000	Alliance One International Inc., Senior Notes:	
700,000	10.000% due 7/15/16 (a)	1,980,900
	10.000% due 7/15/16 (a)	745,500
	<b>Total Tobacco</b>	<b>2,726,400</b>
	<b>TOTAL CONSUMER STAPLES</b>	<b>12,158,488</b>
<b>ENERGY 12.8%</b>		
<b>Energy Equipment &amp; Services 1.2%</b>		
2,750,000	Basic Energy Services Inc., Senior Secured Notes, 11.625% due 8/1/14	2,997,500
2,225,000	Complete Production Services Inc., Senior Notes, 8.000% due 12/15/16	2,213,875
1,145,000	GulfMark Offshore Inc., Senior Subordinated Notes, 7.750% due 7/15/14	1,142,137



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1,695,000	Hercules Offshore LLC, Senior Secured Notes, 10.500% due 10/15/17 (a)	1,754,325
3,015,000	Key Energy Services Inc., Senior Notes, 8.375% due 12/1/14	3,030,075
310,000	Parker Drilling Co., Senior Notes, 9.625% due 10/1/13	320,075
	<b>Total Energy Equipment &amp; Services</b>	<b>11,457,987</b>
<b>Oil, Gas &amp; Consumable Fuels 11.6%</b>		
770,000	Adaro Indonesia PT, Notes, 7.625% due 10/22/19 (a)	771,925
2,375,000	Arch Coal Inc., Senior Notes, 8.750% due 8/1/16 (a)	2,541,250
2,440,000	Atlas Pipeline Partners LP, Senior Notes, 8.750% due 6/15/18	2,269,200
7,595,000	Belden & Blake Corp., Secured Notes, 8.750% due 7/15/12	7,329,175
2,280,000	Berry Petroleum Co., Senior Notes, 10.250% due 6/1/14	2,508,000
2,000,000	Chesapeake Energy Corp., Senior Notes: 6.625% due 1/15/16	1,955,000
1,420,000	6.500% due 8/15/17	1,366,750
2,500,000	6.250% due 1/15/18	2,381,250
2,870,000	7.250% due 12/15/18	2,870,000

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2010

Face Amount	Security	Value
<b>Oil, Gas &amp; Consumable Fuels 11.6% (continued)</b>		
1,365,000	Compagnie Generale de Geophysique-Veritas, Senior Notes, 9.500% due 5/15/16	\$ 1,467,375
6,986,805	Corral Petroleum Holdings AB, Senior Secured Subordinated Bonds, 5.251% due 4/15/10 (a)(b)(e)(f) El Paso Corp.:	5,694,246
493,000	Medium-Term Notes, 7.800% due 8/1/31	492,516
5,200,000	Notes, 7.875% due 6/15/12	5,526,773
620,000	Encore Acquisition Co., Senior Subordinated Notes, 9.500% due 5/1/16	654,100
285,000	Enterprise Products Operating LLP, Junior Subordinated Notes, 8.375% due 8/1/66 (e)	283,568
2,565,000	Forest Oil Corp., Senior Subordinated Notes, 8.500% due 2/15/14	2,706,075
130,000	Griffin Coal Mining Co. Pty Ltd., Senior Notes, 9.500% due 12/1/16 (a)(c)	68,250
5,460,000	International Coal Group Inc., Senior Notes, 10.250% due 7/15/14	5,500,950
2,070,000	KazMunaiGaz Finance Sub B.V., Senior Notes, 8.375% due 7/2/13 (a)(g)	2,261,475
1,720,000	LUKOIL International Finance BV, Notes, 6.356% due 6/7/17 (a)(g)	1,720,000
1,215,000	Mariner Energy Inc., Senior Notes, 8.000% due 5/15/17	1,193,738
2,440,000	MarkWest Energy Partners LP/MarkWest Energy Finance Corp., Senior Notes, 8.750% due 4/15/18	2,549,800
3,140,000	Murray Energy Corp., Senior Secured Notes, 10.250% due 10/15/15 (a)	3,210,650
1,820,000	OPTI Canada Inc., Senior Secured Notes:	
1,480,000	9.000% due 12/15/12 (a)	1,874,600
1,495,000	7.875% due 12/15/14	1,291,300
6,067,000	8.250% due 12/15/14	1,323,075
1,145,000	Pemex Project Funding Master Trust, Senior Bonds, 6.625% due 6/15/35 (g)	5,651,313
3,435,000	Petrobras International Finance Co., Senior Notes, 6.875% due 1/20/40	1,157,363
1,610,000	Petrohawk Energy Corp., Senior Notes, 9.125% due 7/15/13	3,598,163
320,000	Petroplus Finance Ltd., Senior Notes:	
1,975,000	6.750% due 5/1/14 (a)	1,497,300
2,260,000	7.000% due 5/1/17 (a)	288,800
485,000	Plains Exploration & Production Co., Senior Notes:	
3,000,000	10.000% due 3/1/16	2,202,125
	8.625% due 10/15/19	2,395,600
	Quicksilver Resources Inc.:	
	Senior Notes, 11.750% due 1/1/16	561,388
	Senior Subordinated Notes, 7.125% due 4/1/16	2,861,250

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7,890,000	SandRidge Energy Inc., Senior Notes, 8.625% due 4/1/15 (b)	7,978,762
1,750,000	Stone Energy Corp., Senior Notes, 8.625% due 2/1/17	1,750,000
4,870,000	Teekay Corp., Senior Notes, 8.500% due 1/15/20	4,967,400
2,000,000	Tesoro Corp., Senior Notes, 6.250% due 11/1/12	2,025,000
2,515,000	W&T Offshore Inc., Senior Notes, 8.250% due 6/15/14 (a)	2,426,975
2,205,000	Whiting Petroleum Corp., Senior Subordinated Notes, 7.000% due 2/1/14	2,238,075
3,475,000	Williams Cos. Inc., Senior Notes, 7.625% due 7/15/19	4,177,297
	<b>Total Oil, Gas &amp; Consumable Fuels</b>	107,587,852
	<b>TOTAL ENERGY</b>	119,045,839
<b>FINANCIALS 12.8%</b>		
<b>Capital Markets 0.1%</b>		
2,715,000	Lehman Brothers Holdings Inc., Medium-Term Notes, Senior Notes, 5.250% due 2/6/12 (c)	580,331
<b>Commercial Banks 2.1%</b>		
1,910,000	BAC Capital Trust VI, Capital Securities, Junior Subordinated Notes, 5.625% due 3/8/35	1,606,180
1,300,000	Credit Agricole SA, Subordinated Notes, 8.375% due 10/13/19 (a)(e)(h)	1,408,536
1,174,000	ICICI Bank Ltd., Subordinated Bonds: 6.375% due 4/30/22 (a)(e)(g)	1,097,389
1,170,000	6.375% due 4/30/22 (a)(e)(g)	1,092,106
1,455,000	Royal Bank of Scotland Group PLC, Subordinated Notes: 5.000% due 11/12/13	1,392,464
620,000	5.050% due 1/8/15	566,104

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2010

Face Amount		Security	Value
<b>Commercial Banks</b>	<b>2.1%</b> (continued)		
		RSHB Capital, Loan Participation Notes:	
		Secured Notes:	
1,720,000		7.125% due 1/14/14 (a)(g)	\$ 1,838,852
1,320,000		7.125% due 1/14/14 (a)(g)	1,414,248
1,055,000		Senior Secured Bonds, 6.299% due 5/15/17 (a)(g)	1,053,681
		Senior Secured Notes:	
1,204,000		7.175% due 5/16/13 (a)(g)	1,290,929
2,010,000		9.000% due 6/11/14 (a)(g)	2,292,807
3,110,000		Wells Fargo Capital XIII, Medium-Term Notes, 7.700% due 3/26/13 (e) (h)	3,032,250
1,100,000		Wells Fargo Capital XV, Junior Subordinated Notes, 9.750% due 9/26/13 (e)(h)	1,177,000
		<b>Total Commercial Banks</b>	<b>19,262,546</b>
<b>Consumer Finance</b>	<b>5.2%</b>		
5,370,000		FMG Finance Pty Ltd., Senior Secured Notes, 10.625% due 9/1/16 (a)	6,108,375
		Ford Motor Credit Co., LLC, Senior Notes:	
1,000,000		9.875% due 8/10/11	1,046,583
1,580,000		7.500% due 8/1/12	1,601,547
18,040,000		12.000% due 5/15/15	20,737,251
		GMAC Inc.:	
		Senior Notes:	
3,166,000		6.875% due 8/28/12	3,158,085
6,140,000		6.750% due 12/1/14	6,032,550
11,000		Subordinated Notes, 8.000% due 12/31/18	10,505
		GMAC LLC:	
4,290,000		Debentures, zero coupon bond to yield 25.750% due 6/15/15	2,520,375
4,210,000		Senior Bonds, zero coupon bond to yield, 27.674% due 12/1/12	3,348,541
		SLM Corp., Medium-Term Notes, Senior Notes:	
2,675,000		8.450% due 6/15/18	2,625,360
1,650,000		5.625% due 8/1/33	1,270,031
		<b>Total Consumer Finance</b>	<b>48,459,203</b>
<b>Diversified Financial Services</b>	<b>3.2%</b>		
2,160,000		Capital One Capital V, Junior Subordinated Notes, Cumulative Trust Preferred Securities, 10.250% due 8/15/39	2,479,123
4,430,000		CCM Merger Inc., Notes, 8.000% due 8/1/13 (a)	3,654,750
		CIT Group Inc., Senior Secured Bonds:	
371,155		7.000% due 5/1/13	341,463
556,733		7.000% due 5/1/14	500,364
556,733		7.000% due 5/1/15	486,445
1,437,889		7.000% due 5/1/16	1,240,179
8,259,044		7.000% due 5/1/17	7,071,807
		International Lease Finance Corp., Medium-Term Notes, Senior Notes:	
390,000		5.750% due 6/15/11	365,708

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1,400,000	5.625% due 9/20/13	1,152,886
330,000	JPMorgan Chase & Co., Junior Subordinated Notes, 7.900% due 4/30/18 (e) (h)	339,121
80,000	Leucadia National Corp., Senior Notes: 7.750% due 8/15/13	82,800
3,670,000	8.125% due 9/15/15	3,770,925
230,000	TNK-BP Finance SA: 6.625% due 3/20/17 (a)	227,700
200,000	7.875% due 3/13/18 (a)	210,000
1,540,000	Senior Notes: 7.500% due 7/18/16 (a)(g)	1,593,900
1,390,000	7.875% due 3/13/18 (a)(g)	1,447,337
2,200,000	UPC Germany GmbH, Senior Secured Bonds, 8.125% due 12/1/17 (a)	2,233,000

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2010

Face Amount	Security	Value
<b>Diversified Financial Services 3.2% (continued)</b>		
2,640,000	Vanguard Health Holdings Co., II LLC, Senior Notes, 8.000% due 2/1/18 (a)	\$ 2,590,500
	<b>Total Diversified Financial Services</b>	29,788,008
<b>Insurance 1.2%</b>		
1,875,000	American International Group Inc.: Junior Subordinated Notes, 8.175% due 5/15/58 (e)	1,275,000
4,565,000	Medium-Term Notes, Senior Notes, 5.450% due 5/18/17	3,664,193
920,000	Senior Notes: 5.050% due 10/1/15	767,193
3,180,000	8.250% due 8/15/18	2,922,007
2,120,000	Everest Reinsurance Holdings Inc., Subordinated Notes, 6.600% due 5/15/37 (e)	1,738,400
1,100,000	MetLife Capital Trust IV, Junior Subordinated Notes, 7.875% due 12/15/37 (a)	1,111,000
	<b>Total Insurance</b>	11,477,793
<b>Real Estate Investment Trusts (REITs) 0.4%</b>		
1,280,000	DuPont Fabros Technology LP, Senior Notes, 8.500% due 12/15/17 (a)	1,318,400
2,500,000	Host Marriott LP, Senior Notes, 7.125% due 11/1/13	2,531,250
	<b>Total Real Estate Investment Trusts (REITs)</b>	3,849,650
<b>Real Estate Management &amp; Development 0.6%</b>		
1,297,400	Ashton Woods USA LLC/Ashton Woods Finance Co., Senior Subordinated Notes, step bond to yield, 23.322% due 6/30/15 (a)(d)	360,028
5,605,000	Realogy Corp.: Senior Notes, 10.500% due 4/15/14	4,792,275
392,591	Senior Toggle Notes, 11.000% due 4/15/14 (b)	325,851
	<b>Total Real Estate Management &amp; Development</b>	5,478,154
	<b>TOTAL FINANCIALS</b>	118,895,685
<b>HEALTH CARE 6.0%</b>		
<b>Biotechnology 0.2%</b>		
1,470,000	Talecris Biotherapeutics Holdings Corp., Senior Notes, 7.750% due 11/15/16 (a)	1,506,750
<b>Health Care Equipment &amp; Supplies 0.5%</b>		
2,150,000	Biomet Inc.: Senior Notes, 10.000% due 10/15/17	2,348,875
1,710,000	Senior Toggle Notes, 10.375% due 10/15/17 (b)	1,872,450
	<b>Total Health Care Equipment &amp; Supplies</b>	4,221,325
<b>Health Care Providers &amp; Services 5.3%</b>		
6,175,000	CRC Health Corp., Senior Subordinated Notes, 10.750% due 2/1/16	5,588,375
1,325,000	HCA Inc.: Debentures, 7.500% due 11/15/95	1,068,375
15,354,000	Senior Secured Toggle Notes, 9.625% due 11/15/16 (b)	16,313,625

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	Tenet Healthcare Corp., Senior Notes:	
3,100,000	9.000% due 5/1/15 (a)	3,286,000
5,810,000	10.000% due 5/1/18 (a)	6,478,150
1,470,000	6.875% due 11/15/31	1,190,700
	Universal Hospital Services Inc., Senior Secured Notes:	
1,010,000	3.859% due 6/1/15 (e)	868,600
4,840,000	8.500% due 6/1/15 (b)	4,755,300
8,182,000	US Oncology Holdings Inc., Senior Notes, 7.178% due 3/15/12 (b)(e)	7,772,900
2,130,000	US Oncology Inc., Senior Secured Notes, 9.125% due 8/15/17	2,247,150
	<b>Total Health Care Providers &amp; Services</b>	<b>49,569,175</b>
	<b>TOTAL HEALTH CARE</b>	<b>55,297,250</b>

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2010

Face Amount	Security	Value
<b>INDUSTRIALS 10.4%</b>		
<b>Aerospace &amp; Defense 1.2%</b>		
340,000	Freedom Group Inc., Senior Secured Notes, 10.250% due 8/1/15 (a)	\$ 360,400
10,225,200	Hawker Beechcraft Acquisition Co., Senior Toggle Notes, 8.875% due 4/1/15 (b)	6,160,683
106,119	Kac Acquisition Co., Subordinated Notes, 8.000% due 4/26/26 (c)(d)(f)	0
1,395,000	L-3 Communications Corp., Senior Subordinated Notes, 6.375% due 10/15/15	1,419,413
3,365,000	TransDigm Inc., Senior Subordinated Notes, 7.750% due 7/15/14 (a)	3,415,475
	<b>Total Aerospace &amp; Defense</b>	<b>11,355,971</b>
<b>Air Freight &amp; Logistics 0.1%</b>		
500,000	TGI International Ltd., Senior Notes, 9.500% due 10/3/17 (a)	543,750
<b>Airlines 3.0%</b>		
790,000	American Airlines Inc., Senior Secured Notes, 10.500% due 10/15/12 (a)	827,525
	Continental Airlines Inc., Pass-Through Certificates:	
869,397	8.312% due 10/2/12	838,968
1,930,000	7.339% due 4/19/14	1,826,263
5,000,000	5.983% due 4/19/22	4,837,500
9,280,000	DAE Aviation Holdings Inc., Senior Notes, 11.250% due 8/1/15 (a)	8,560,800
	Delta Air Lines Inc.:	
	Pass-Through Certificates:	
95,625	7.379% due 5/18/10	95,625
2,135,000	7.711% due 9/18/11	2,113,650
2,182,433	8.954% due 8/10/14	2,043,302
1,488,098	6.821% due 8/10/22	1,454,616
1,150,000	Subordinated Notes, 9.750% due 12/17/16	1,204,625
	Senior Secured Notes:	
1,310,000	9.500% due 9/15/14 (a)	1,372,225
1,440,000	12.250% due 3/15/15 (a)	1,497,600
1,080,000	United Air Lines Inc., Senior Secured Notes, 9.875% due 8/1/13 (a)	1,096,200
	<b>Total Airlines</b>	<b>27,768,899</b>
<b>Building Products 1.5%</b>		
4,560,000	Associated Materials Inc., Senior Discount Notes, 11.250% due 3/1/14	4,582,800
	GTL Trade Finance Inc., Senior Notes:	
2,260,000	7.250% due 10/20/17 (a)(g)	2,356,050
2,202,000	7.250% due 10/20/17 (a)(g)	2,295,585
3,887,200	Nortek Inc., Senior Secured Notes, 11.000% due 12/1/13	4,100,996
435,000	USG Corp., Senior Notes, 9.750% due 8/1/14 (a)	463,275
	<b>Total Building Products</b>	<b>13,798,706</b>
<b>Commercial Services &amp; Supplies 1.6%</b>		
3,075,000	ACCO Brands Corp., Senior Secured Notes, 10.625% due 3/15/15 (a)	3,382,500
	Altegrity Inc., Senior Subordinated Notes:	



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1,060,000	10.500% due 11/1/15 (a)	999,050
4,775,000	11.750% due 5/1/16 (a)	4,309,437
484,000	DynCorp International LLC/DIV Capital Corp., Senior Subordinated Notes, 9.500% due 2/15/13	492,470
1,435,000	Geo Group Inc., Senior Notes, 7.750% due 10/15/17 (a)	1,470,875
3,215,000	RSC Equipment Rental Inc.: Senior Notes, 9.500% due 12/1/14	3,271,262
1,155,000	Senior Secured Notes, 10.000% due 7/15/17 (a)	1,261,838
	<b>Total Commercial Services &amp; Supplies</b>	<b>15,187,432</b>
<b>Construction &amp; Engineering 0.4%</b>		
3,740,000	Odebrecht Finance Ltd., 7.500% due 10/18/17 (a)(g)	3,889,600
<b>Electrical Equipment 0.2%</b>		
1,770,000	Coleman Cable Inc., Senior Notes, 9.000% due 2/15/18 (a)	1,756,725

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2010

Face Amount	Security	Value
<b>Machinery 0.1%</b> 1,390,000	American Railcar Industries Inc., Senior Notes, 7.500% due 3/1/14	\$ 1,320,500
<b>Marine 0.4%</b> 510,000	Marquette Transportation Co./Marquette Transportation Finance Corp., Senior Secured Notes, 10.875% due 1/15/17 (a)	512,550
3,110,000	Trico Shipping AS, Senior Secured Notes, 11.875% due 11/1/14 (a)	3,281,050
	<b>Total Marine</b>	<b>3,793,600</b>
<b>Road &amp; Rail 1.2%</b> 2,329,000	Kansas City Southern de Mexico, Senior Notes: 9.375% due 5/1/12	2,398,870
2,905,000	12.500% due 4/1/16	3,409,744
670,000	8.000% due 2/1/18 (a)	663,300
280,000	Kansas City Southern Railway, Senior Notes, 13.000% due 12/15/13	329,000
3,897,000	RailAmerica Inc., Senior Secured Notes, 9.250% due 7/1/17	4,150,305
	<b>Total Road &amp; Rail</b>	<b>10,951,219</b>
<b>Trading Companies &amp; Distributors 0.7%</b> 2,255,000	Ashtead Capital Inc., Notes, 9.000% due 8/15/16 (a)	2,288,825
2,205,000	H&E Equipment Services Inc., Senior Notes, 8.375% due 7/15/16	2,232,563
2,430,000	Penhall International Corp., Senior Secured Notes, 12.000% due 8/1/14 (a) (d)	1,828,575
	<b>Total Trading Companies &amp; Distributors</b>	<b>6,349,963</b>
	<b>TOTAL INDUSTRIALS</b>	<b>96,716,365</b>
<b>INFORMATION TECHNOLOGY 2.5%</b> <b>Communications Equipment 0.5%</b> 6,100,000	Lucent Technologies Inc., Debentures, 6.450% due 3/15/29	4,315,750
<b>Electronic Equipment, Instruments &amp; Components 0.2%</b> 1,170,000	Jabil Circuit Inc., Senior Notes: 7.750% due 7/15/16	1,251,900
150,000	8.250% due 3/15/18	163,875
900,000	NXP BV/NXP Funding LLC, Senior Secured Notes, 7.875% due 10/15/14	805,500
	<b>Total Electronic Equipment, Instruments &amp; Components</b>	<b>2,221,275</b>
<b>IT Services 1.3%</b> 3,498,525	Ceridian Corp., Senior Notes, 12.250% due 11/15/15 (b)	3,411,062
3,100,000	First Data Corp., Senior Notes: 5.625% due 11/1/11	2,615,625
515,000	9.875% due 9/24/15	461,462
5,070,000	10.550% due 9/24/15 (b)	4,334,850
1,390,000	GXS Worldwide Inc., Senior Secured Notes, 9.750% due 6/15/15 (a)	1,355,250
	<b>Total IT Services</b>	<b>12,178,249</b>
<b>Semiconductors &amp; Semiconductor Equipment 0.5%</b> 250,000	Advanced Micro Devices Inc., Senior Notes, 8.125% due 12/15/17 (a)	252,500

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	Freescall Semiconductor Inc.:	
	Senior Notes:	
1,615,000	8.875% due 12/15/14	1,445,425
1,332,443	9.125% due 12/15/14 (b)	1,179,212
1,500,000	Senior Subordinated Notes, 10.125% due 12/15/16	1,222,500
	<b>Total Semiconductors &amp; Semiconductor Equipment</b>	<b>4,099,637</b>
	<b>TOTAL INFORMATION TECHNOLOGY</b>	<b>22,814,911</b>
<b>MATERIALS 9.4%</b>		
<b>Chemicals 2.4%</b>		
4,975,000	Ashland Inc., Senior Notes, 9.125% due 6/1/17 (a)	5,435,187
1,890,000	FMC Finance III SA, Senior Notes, 6.875% due 7/15/17	1,960,875
3,040,000	Georgia Gulf Corp., Senior Secured Notes, 9.000% due 1/15/17 (a)	3,138,800

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2010

Face Amount		Security	Value
<b>Chemicals 2.4% (continued)</b>			
1,260,000		Hexion Finance Escrow LLC/Hexion Escrow Corp., Senior Secured Notes, 8.875% due 2/1/18 (a)	\$ 1,220,625
1,753,000	EUR	Kerling PLC, Senior Secured Notes, 10.625% due 1/28/17 (a)(f)	2,494,353
1,925,000		Solutia Inc., Senior Notes, 8.750% due 11/1/17	2,045,313
5,955,000		Terra Capital Inc., Senior Notes, 7.750% due 11/1/19 (a)	6,222,975
		<b>Total Chemicals</b>	<b>22,518,128</b>
<b>Construction Materials 0.0%</b>			
145,000		Headwaters Inc., Senior Secured Notes, 11.375% due 11/1/14 (a)	152,975
<b>Containers &amp; Packaging 0.9%</b>			
1,455,000		Berry Plastics Escrow LLC/Berry Plastics Escrow Corp., Senior Secured Notes, 8.250% due 11/15/15 (a)	1,476,825
925,000		BWAY Corp., Senior Subordinated Notes, 10.000% due 4/15/14 (a)	980,500
2,100,000		Radnor Holdings Inc., Senior Notes, 11.000% due 3/15/10 (c)(d)(f)	0
2,880,000		Solo Cup Co., Senior Secured Notes, 10.500% due 11/1/13	3,038,400
2,930,000		Viskase Cos. Inc., Senior Secured Notes, 9.875% due 1/15/18 (a)	2,944,650
		<b>Total Containers &amp; Packaging</b>	<b>8,440,375</b>
<b>Metals &amp; Mining 2.7%</b>			
1,590,000		Evrax Group SA, Notes: 8.875% due 4/24/13 (a)(g)	1,635,712
680,000		9.500% due 4/24/18 (a)	706,350
4,875,000		Metals USA Inc., Senior Secured Notes, 11.125% due 12/1/15	5,045,625
2,100,000		Novelis Inc., Senior Notes: 7.250% due 2/15/15	2,000,250
565,000		11.500% due 2/15/15	614,438
1,820,000		Rio Tinto Finance USA Ltd., Senior Notes, 9.000% due 5/1/19	2,327,840
5,220,000		Ryerson Holding Corp., Senior Discount Notes, zero coupon bond to yield, 16.311% due 2/1/15 (a)	2,381,625
575,000		Ryerson Inc., Senior Secured Notes, 12.000% due 11/1/15	599,438
1,355,000		Teck Resources Ltd., Senior Secured Notes: 9.750% due 5/15/14	1,554,862
1,000,000		10.250% due 5/15/16	1,147,500
1,284,000		Vale Overseas Ltd., Notes: 8.250% due 1/17/34 (g)	1,511,014
3,268,000		6.875% due 11/21/36 (g)	3,372,135
2,070,000		Vedanta Resources PLC, Senior Notes, 8.750% due 1/15/14 (a)(g)	2,209,725
		<b>Total Metals &amp; Mining</b>	<b>25,106,514</b>
<b>Paper &amp; Forest Products 3.4%</b>			
4,296,049		Abitibi-Consolidated Co. of Canada, Senior Secured Notes, 13.750% due 4/1/11 (a)	4,424,931

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3,160,000		Appleton Papers Inc., Senior Secured Notes: 10.500% due 6/15/15 (a)	3,097,906
5,530,000		11.250% due 12/15/15 (a)(f)	5,032,300
3,210,000		Georgia-Pacific LLC, Senior Notes, 8.250% due 5/1/16 (a)	3,450,750
5,040,000		NewPage Corp., Senior Secured Notes, 11.375% due 12/31/14	4,901,400
1,070,000		PE Paper Escrow GmbH, Senior Secured Notes, 12.000% due 8/1/14 (a)	1,184,416
1,935,000		Smurfit Capital Funding PLC, Debentures, 7.500% due 11/20/25	1,712,475
3,565,000		Verso Paper Holdings LLC, Senior Secured Notes: 11.500% due 7/1/14 (a)	3,850,200
3,600,000		9.125% due 8/1/14	3,415,500
		<b>Total Paper &amp; Forest Products</b>	<b>31,069,878</b>
		<b>TOTAL MATERIALS</b>	<b>87,287,870</b>
<b>TELECOMMUNICATION SERVICES</b>	<b>9.8%</b>		
<b>Diversified Telecommunication Services</b>	<b>5.8%</b>		
4,740,000		Axtel SAB de CV, Senior Notes: 7.625% due 2/1/17 (a)(g)	4,657,050
370,000		7.625% due 2/1/17 (a)(g)	364,450

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2010

Face Amount	Security	Value
<b>Diversified Telecommunication Services 5.8% (continued)</b>		
2,880,000	CC Holdings GS V LLC, Senior Secured Notes, 7.750% due 5/1/17 (a)	\$ 3,117,600
1,305,000	Cincinnati Bell Telephone Co., Senior Debentures, 6.300% due 12/1/28	995,063
5,441,000	Hawaiian Telcom Communications Inc., Senior Subordinated Notes, 12.500% due 5/1/15 (c)(d)	544
1,925,000	Intelsat Bermuda Ltd., Senior Notes, 11.250% due 6/15/16	2,054,938
25,000	Intelsat Corp., Senior Notes, 9.250% due 8/15/14	25,625
3,140,000	Intelsat Intermediate Holding Co., Ltd., Senior Discount Notes, step bond to yield 11.892% due 2/1/15	3,253,825
6,275,000	Intelsat Jackson Holdings Ltd., Senior Notes: 9.500% due 6/15/16	6,651,500
5,755,000	11.500% due 6/15/16	6,157,850
	Level 3 Financing Inc., Senior Notes:	
65,000	9.250% due 11/1/14	61,263
3,000,000	8.750% due 2/15/17	2,722,500
1,820,000	10.000% due 2/1/18 (a)	1,710,800
3,135,000	Nordic Telephone Co. Holdings, Senior Secured Bonds, 8.875% due 5/1/16 (a)	3,354,450
3,625,000	Qwest Communications International Inc., Senior Notes, 8.000% due 10/1/15 (a)	3,770,000
2,220,000	UBS Luxembourg SA for OJSC Vimpel Communications, Loan Participation Notes, 8.250% due 5/23/16 (a)(g)	2,325,450
700,000	Vimpel Communications, Loan Participation Notes, 8.375% due 4/30/13 (a)	744,625
3,653,000	Wind Acquisition Finance SA, Senior Bonds, 10.750% due 12/1/15 (a)	3,954,372
3,260,000	Wind Acquisition Holdings Finance SpA, Senior Notes, 12.250% due 7/15/17 (a)	3,145,900
4,370,000	Windstream Corp., Senior Notes, 8.625% due 8/1/16	4,506,562
	<b>Total Diversified Telecommunication Services</b>	<b>53,574,367</b>
<b>Wireless Telecommunication Services 4.0%</b>		
3,130,000	ALLTEL Communications Inc., Senior Notes, 10.375% due 12/1/17 (a) (b) (d)	3,754,557
5,180,000	Cricket Communications Inc., Senior Secured Notes, 7.750% due 5/15/16	5,238,275
	Sprint Capital Corp., Senior Notes:	
1,450,000	7.625% due 1/30/11	1,477,188
5,355,000	8.375% due 3/15/12	5,475,487
10,525,000	8.750% due 3/15/32	9,525,125
11,515,000	True Move Co., Ltd., Notes, 10.750% due 12/16/13 (a)(g)	11,630,150
	<b>Total Wireless Telecommunication Services</b>	<b>37,100,782</b>
	<b>TOTAL TELECOMMUNICATION SERVICES</b>	<b>90,675,149</b>
<b>UTILITIES 8.1%</b>		
<b>Electric Utilities 3.6%</b>		
2,880,000	EEB International Ltd., Senior Bonds, 8.750% due 10/31/14 (a)(g)	3,124,800
4,380,000	Reliant Energy Mid-Atlantic Power Holdings LLC, Senior Notes, 9.681% due 7/2/26	4,664,700

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33,170,000	Texas Competitive Electric Holdings Co. LLC, Senior Notes, 10.250% due 11/1/15	26,121,375
	<b>Total Electric Utilities</b>	<b>33,910,875</b>
<b>Gas Utilities 0.1%</b>		
467,000	Suburban Propane Partners LP/Suburban Energy Finance Corp., Senior Notes, 6.875% due 12/15/13	471,670
<b>Independent Power Producers &amp; Energy Traders 4.3%</b>		
1,900,000	AES Corp., Senior Notes: 9.375% due 9/15/10	1,964,125
1,000,000	7.750% due 3/1/14	1,007,500
3,535,000	8.000% due 10/15/17	3,579,187
1,100,000	Colbun SA, Senior Notes, 6.000% due 1/21/20 (a)	1,103,323

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2010

Face Amount	Security	Value
<b>Independent Power Producers &amp; Energy Traders 4.3% (continued)</b>		
	Dynegy Holdings Inc.:	
3,975,000	Senior Debentures, 7.625% due 10/15/26	\$ 3,040,875
1,210,000	Senior Notes, 7.750% due 6/1/19	974,050
4,100,000	Dynegy Inc., Bonds, 7.670% due 11/8/16	4,059,000
	Edison Mission Energy, Senior Notes:	
2,890,000	7.750% due 6/15/16	2,499,850
1,405,000	7.200% due 5/15/19	1,095,900
4,605,000	7.625% due 5/15/27	3,407,700
6,650,000	Energy Future Holdings Corp., Senior Notes, 10.875% due 11/1/17	5,286,750
1,595,000	Mirant Americas Generation LLC, Senior Notes, 9.125% due 5/1/31	1,479,363
	Mirant Mid Atlantic LLC, Pass-Through Certificates:	
585,916	9.125% due 6/30/17	609,352
2,143,448	10.060% due 12/30/28	2,304,206
1,360,000	Mirant North America LLC, Senior Notes, 7.375% due 12/31/13	1,360,000
	NRG Energy Inc., Senior Notes:	
2,750,000	7.250% due 2/1/14	2,767,187
705,000	7.375% due 2/1/16	703,238
1,310,000	7.375% due 1/15/17	1,305,088
1,625,000	RRI Energy Inc., Senior Notes, 7.875% due 6/15/17	1,555,938
	<b>Total Independent Power Producers &amp; Energy Traders</b>	<b>40,102,632</b>
<b>Multi-Utilities 0.1%</b>		
740,000	Empresas Publicas de Medellin ESP, Senior Notes, 7.625% due 7/29/19 (a)	802,900
	<b>TOTAL UTILITIES</b>	<b>75,288,077</b>
	<b>TOTAL CORPORATE BONDS &amp; NOTES</b>	
	(Cost \$795,658,095)	831,732,951
<b>COLLATERALIZED MORTGAGE OBLIGATION 0.1%</b>		
2,324,906	Countrywide Home Loan Mortgage Pass-Through Trust, 2.343% due 4/20/35 (e)	
	(Cost - \$1,424,185)	1,234,292
<b>COLLATERALIZED SENIOR LOANS 2.5%</b>		
<b>CONSUMER DISCRETIONARY 0.5%</b>		
<b>Media 0.5%</b>		
785,242	Idearc Inc., Term Loan, 11.000% due 3/31/10 (c)(e)(i)(j)	742,987
4,000,000	Newsday LLC, Term Loan, 10.500% due 7/15/10 (e)(i)(j)	4,303,332
	<b>TOTAL CONSUMER DISCRETIONARY</b>	<b>5,046,319</b>
<b>ENERGY 0.8%</b>		
<b>Energy Equipment &amp; Services 0.6%</b>		
5,557,815	Turbo Beta Ltd., Term Loan, 14.500% due 5/13/10 (d)(e)(i)(j)	4,890,877
<b>Oil, Gas &amp; Consumable Fuels 0.2%</b>		
279,613	Ashmore Energy International, Synthetic Revolving Credit Facility, 3.231% due 2/26/10 (e)(i)(j)	258,992
1,902,435	Ashmore Energy International, Term Loan, 3.251% due 3/31/10 (e)(i)(j)	1,762,130
	<b>Total Oil, Gas &amp; Consumable Fuels</b>	<b>2,021,122</b>
	<b>TOTAL ENERGY</b>	<b>6,911,999</b>



**FINANCIALS 0.6%**

**Diversified Financial Services 0.2%**

2,000,000

CIT Group Inc., Term Loan, 13.000% due 2/1/10 (e)(i)(j)

2,067,084

**Real Estate Management & Development 0.4%**

3,500,000

Realty Corp., Term Loan, 13.500% due 4/15/10 (e)(i)(j)

3,821,563

**TOTAL FINANCIALS**

5,888,647

**INDUSTRIALS 0.3%**

**Airlines 0.3%**

3,028,283

United Airlines Inc., Term Loan B, 2.250% due 4/28/10  
(e)(i)(j)

2,464,895

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2010

Face Amount		Security	Value
<b>Trading Companies &amp; Distributors</b> 0.0%			
2,664,344		Penhall International Corp., Term Loan, 9.631% due 4/1/10 (e)(i)(j)	\$ 199,826
		<b>TOTAL INDUSTRIALS</b>	2,664,721
<b>MATERIALS</b> 0.1%			
<b>Chemicals</b> 0.1%			
698,621		Lyondell Chemical Co., Term Loan, 3.731% - 7.000% due 2/26/10 (e)(i)(j)	507,955
<b>TELECOMMUNICATION SERVICES</b> 0.2%			
<b>Diversified Telecommunication Services</b> 0.2%			
2,000,000		Level 3 Communications Inc., Term Loan, 11.500% due 4/15/10 (e)(i)(j)	2,166,250
		<b>TOTAL COLLATERALIZED SENIOR LOANS</b>	
		(Cost \$24,876,137)	23,185,891
<b>CONVERTIBLE BONDS &amp; NOTES</b> 0.4%			
<b>INDUSTRIALS</b> 0.4%			
<b>Airlines</b> 0.0%			
220,000		AMR Corp., Senior Notes, 6.250% due 10/15/14	215,600
<b>Marine</b> 0.4%			
4,500,000		Horizon Lines Inc., Senior Notes, 4.250% due 8/15/12	3,870,000
		<b>TOTAL CONVERTIBLE BONDS &amp; NOTES</b>	
		(Cost \$4,092,263)	4,085,600
<b>SOVEREIGN BONDS</b> 3.8%			
<b>Argentina</b> 0.4%			
1,400,000	EUR	Republic of Argentina: 9.250% due 10/21/02 (c)	789,539
300,000	EUR	9.000% due 6/20/03 (c)	174,913
250,000	EUR	10.250% due 1/26/07 (c)	151,487
275,000	EUR	8.000% due 2/26/08 (c)	162,246
665,000		Bonds, 7.000% due 9/12/13	561,981
97,000	EUR	GDP Linked Securities, 0.000% due 12/15/35 (e)	6,598
		Medium-Term Notes:	
1,175,000	EUR	7.000% due 3/18/04 (c)	685,077
600,000	EUR	8.125% due 10/4/04 (c)	339,415
525,000	EUR	9.000% due 5/24/05 (a)(c)	306,098
		<b>Total Argentina</b>	3,177,354
<b>Brazil</b> 1.2%			
		Brazil Nota do Tesouro Nacional, Notes:	
1,301,000	BRL	10.000% due 7/1/10	691,913
19,097,000	BRL	10.000% due 1/1/12	9,826,376
1,157,000	BRL	10.000% due 1/1/17	529,159
		<b>Total Brazil</b>	11,047,448
<b>Colombia</b> 0.1%			
495,000		Republic of Colombia, Senior Notes, 7.375% due 3/18/19	555,638
<b>Hungary</b> 0.1%			
1,020,000		Republic of Hungary, Senior Notes, 6.250% due 1/29/20	1,026,834
<b>Indonesia</b> 0.4%			
		Republic of Indonesia:	
11,011,000,000	IDR	10.250% due 7/15/22	1,214,649
7,031,000,000	IDR	11.000% due 9/15/25	815,559
6,948,000,000	IDR	10.250% due 7/15/27	753,099

8,327,000,000

IDR

Bonds, 9.750% due 5/15/37

833,052

**Total Indonesia**

3,616,359

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2010

Face Amount	Security	Value
<b>Panama 0.5%</b>		
1,097,000	Republic of Panama: 9.375% due 4/1/29 (g)	\$ 1,459,010
3,370,000	6.700% due 1/26/36 (g)	3,496,375
	<b>Total Panama</b>	<b>4,955,385</b>
<b>Russia 0.0%</b>		
329,940	Russian Foreign Bond-Eurobond, Senior Bonds, 7.500% due 3/31/30 (a)	372,040
<b>Turkey 0.6%</b>		
490,000	Republic of Turkey: 7.000% due 6/5/20 (g)	534,100
1,175,000	11.875% due 1/15/30 (g)	1,865,313
594,000	Bonds, 7.000% due 9/26/16 (g)	657,855
2,784,000	Notes, 6.875% due 3/17/36 (g)	2,777,040
	<b>Total Turkey</b>	<b>5,834,308</b>
<b>United Arab Emirates 0.1%</b>		
1,060,000	MDC-GMTN B.V., Senior Notes, 5.750% due 5/6/14 (a)	1,105,614
<b>Venezuela 0.4%</b>		
3,370,000	Bolivarian Republic of Venezuela: 5.750% due 2/26/16 (a)(g)	2,392,700
1,164,000	Collective Action Securities, 9.375% due 1/13/34 (g)	817,710
	<b>Total Venezuela</b>	<b>3,210,410</b>
	<b>TOTAL SOVEREIGN BONDS</b>	
	(Cost \$34,204,397)	<b>34,901,390</b>
<b>Shares</b>		
<b>COMMON STOCKS 1.5%</b>		
<b>CONSUMER DISCRETIONARY 0.9%</b>		
<b>Media 0.9%</b>		
187,249	Charter Communications Inc. (f) *	5,735,437
88,573	Charter Communications Inc., Class A Shares *	2,712,991
6,947	SuperMedia Inc. *	252,255
	<b>TOTAL CONSUMER DISCRETIONARY</b>	<b>8,700,683</b>
<b>ENERGY 0.1%</b>		
<b>Oil, Gas &amp; Consumable Fuels 0.1%</b>		
20,408	SemGroup Corp., Class A Shares *	484,681
<b>FINANCIALS 0.1%</b>		
<b>Diversified Financial Services 0.1%</b>		
31,948	CIT Group Inc. *	1,016,592
<b>INDUSTRIALS 0.0%</b>		
<b>Building Products 0.0%</b>		
7,072	Nortek Inc. *	279,362
<b>MATERIALS 0.4%</b>		
<b>Chemicals 0.4%</b>		
212,078	Georgia Gulf Corp. *	3,255,397
	<b>TOTAL COMMON STOCKS</b>	
	(Cost \$16,665,856)	<b>13,736,715</b>
<b>CONVERTIBLE PREFERRED STOCKS 1.0%</b>		
<b>FINANCIALS 1.0%</b>		
<b>Diversified Financial Services 1.0%</b>		
6,812	Bank of America Corp., 7.250%	6,164,860
33,500	Citigroup Inc., 7.500% due 12/15/12*	3,502,090

<b>TOTAL CONVERTIBLE PREFERRED STOCKS</b>		
(Cost \$9,929,053)	\$	9,666,950

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2010

Shares	Security	Value
<b>ESCROWED SHARES 0.0%</b>		
<b>CONSUMER DISCRETIONARY 0.0%</b>		
<b>Textiles, Apparel &amp; Luxury Goods 0.0%</b>		
2,025,000	Pillowtex Corp., 9.000% due 12/15/49 (c)(d)(f) (Cost - \$0)	\$ 0
<b>PREFERRED STOCKS 1.0%</b>		
<b>CONSUMER DISCRETIONARY 0.3%</b>		
<b>Automobiles 0.3%</b>		
101,500	Corts-Ford Motor Co., 7.400%	2,126,425
1,800	Corts-Ford Motor Co., 8.000%	39,690
2,700	Ford Motor Co., Series F, 7.550%	55,134
	<b>Total Automobiles</b>	<b>2,221,249</b>
<b>Media 0.0%</b>		
59,329	CMP Susquehanna Radio Holdings Corp., 0.000% (a)(d)(e)(f)*	59
7	ION Media Networks Inc., Series B, 12.000% (d)(f)*	0
	<b>Total Media</b>	<b>59</b>
	<b>TOTAL CONSUMER DISCRETIONARY</b>	<b>2,221,308</b>
<b>FINANCIALS 0.7%</b>		
<b>Commercial Banks 0.3%</b>		
105,775	Santander Finance Preferred SA Unipersonal, 10.500%	2,982,855
<b>Consumer Finance 0.2%</b>		
2,521	GMAC Inc., 7.000% (a)	1,801,885
<b>Diversified Financial Services 0.2%</b>		
8,200	Preferred Plus, Series FMC1 Trust, 8.250%	180,482
12,600	Preferred Plus, Trust, Series FRD-1, 7.400%	254,646
69,100	Saturns, Series F 2003-5, 8.125%	1,547,840
		1,982,968
<b>Thrifts &amp; Mortgage Finance 0.0%</b>		
84,700	Federal National Mortgage Association (FNMA), 8.250% *	93,170
	<b>TOTAL FINANCIALS</b>	<b>6,860,878</b>
	<b>TOTAL PREFERRED STOCKS</b>	
	(Cost \$9,264,842)	9,082,186
<b>Warrants</b>		
<b>WARRANTS 0.1%</b>		
18,500	Bolivarian Republic of Venezuela, Oil-linked payment obligations, Expires 4/15/20	508,750
3,488	Buffets Restaurant Holdings, Expires 4/28/14(d)(f)*	35
4,877	Charter Communications Inc., Expires 11/30/14*	34,258
67,797	CNB Capital Trust, Expires 3/23/19(a)(d)(f)*	67
2,750	Leap Wireless International Inc., Expires 4/15/10(a)(d)(f)*	0
8,427	Nortek Inc., Expires 12/7/14(f)*	107,448
21,482	SemGroup Corp., Expires 11/30/14(d)*	112,779
1	Turbo Beta Ltd., Expires 11/1/14(d)(f)*	0
	<b>TOTAL WARRANTS</b>	
	(Cost \$119,065)	763,337
	<b>TOTAL INVESTMENTS 100.0%</b> (Cost \$896,233,893#)	<b>928,389,312</b>

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

\* Non-income producing security.

*See Notes to Schedule of Investments.*

**Western Asset High Income Fund II Inc.**

Schedule of Investments (unaudited) (continued)

January 31, 2010

- (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) Payment-in-kind security for which part of the income earned may be paid as additional principal.
  - (c) The coupon payment on these securities is currently in default as of January 31, 2010.
  - (d) Illiquid security.
  - (e) Variable rate security. Interest rate disclosed is that which is in effect at January 31, 2010.
  - (f) Security is valued in good faith at fair value by or under the direction of the Board of Directors (See Note 1).
  - (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) The date shown represents the last in range of interest reset dates.
  - (j) Interest rates disclosed represent the effective rates on loans and debt securities. Ranges in interest rates are attributable to multiple contracts under the same loan.
- # Aggregate cost for federal income tax purposes is substantially the same.

Abbreviations used in this schedule:

BRL	- Brazilian Real
EUR	- Euro
GDP	- Gross Domestic Product
IDR	- Indonesian Rupiah
OJSC	- Open Joint Stock Company

*See Notes to Schedule of Investments.*



**Notes to Schedule of Investments (unaudited)**

**1. Organization and Significant Accounting Policies**

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

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

**(a) Investment Valuation.** 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. 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 prices are not readily available, or are determined not to reflect fair value, 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 at fair value 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 (formerly, Statement of Financial Accounting Standards No. 157) (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.

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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 the 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 convert future amounts to a single present amount.

Notes to Schedule of Investments (unaudited) (continued)

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

DESCRIPTION	QUOTED PRICES (LEVEL 1)	OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	TOTAL
Long-term investments :				
Corporate bonds & notes		\$ 820,917,505	\$ 10,815,446	\$ 831,732,951
Collateralized mortgage obligations		1,234,292		1,234,292
Collateralized senior loans		23,185,891		23,185,891
Convertible bonds & notes		4,085,600		4,085,600
Sovereign bonds		34,901,390		34,901,390
Common stocks:				
Consumer discretionary	\$ 2,965,246	5,735,437		8,700,683
Energy		484,681		484,681
Other common stocks	4,551,351			4,551,351
Convertible preferred stocks	9,666,950			9,666,950
Escrowed shares			0	0
Preferred stocks:				
Consumer discretionary	2,221,249		59	2,221,308
Financials	5,058,993	1,801,885		6,860,878
Warrants		655,787	107,550	763,337
Total investments	\$ 24,463,789	\$ 893,002,468	\$ 10,923,055	\$ 928,389,312
Other financial instruments:				
Forward foreign currency contracts		\$ 47,014		\$ 47,014
Reverse repurchase agreements		(53,193,708)		(53,193,708)
Total other financial instruments		(53,146,694)		(53,146,694)
Total	\$ 24,463,789	\$ 839,855,774	\$ 10,923,055	\$ 875,242,618

See Schedule of Investments for additional detailed categorizations.

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	ASSET BACKED SECURITIES	COMMON STOCKS	ESCROWED SHARES	PREFERRED STOCK	WARRANTS	TOTAL
Balance as of April 30, 2009	\$ 2,705,414	\$ 0	\$ 0	\$ 0	\$ 25,215	\$ 1,864	\$ 2,732,493
Accrued premiums/discounts	126,516						126,516
Realized gain/(loss)(1)	(99,233)	(3,942,677)	(4,225,322)			(60,715)	(8,327,947)
Change in unrealized appreciation (depreciation)(2)	(859,930)	3,942,677	4,233,217		(25,156)	58,953	7,349,761

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Net purchases (sales)	6,490,732	(7,895)	107,448	6,590,285
Net transfers in and/or out of Level 3	2,451,947			2,451,947
Balance as of January 31, 2010	\$ 10,815,446	\$ 0	\$ 59	\$ 10,923,055
Net change in unrealized appreciation (depreciation) for investments in securities still held at January 31, 2010(2)	\$ (1,358,837)	\$ (25,156)	\$ (1,762)	\$ (1,385,755)

(1) This amount is included in net realized gain (loss) from investment transactions.

(2) 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, a fund takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and of the fund to resell, the obligation at an agreed-upon price and time, thereby determining the yield during a fund's holding 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 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) 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

**Notes to Schedule of Investments (unaudited) (continued)**

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.

**(d) 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.

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.

**(e) Forward Foreign Currency Contracts.** The Fund may enter 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) 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.

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

**2. Investments**

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At January 31, 2010, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows:

Gross unrealized appreciation	\$	83,314,838
Gross unrealized depreciation		(51,159,419)
Net unrealized appreciation	\$	32,155,419

Transactions in reverse repurchase agreements for the Fund during the period ended January 31, 2010 were as follows:

	<b>Average Daily Balance*</b>	<b>Weighted Average Interest Rate*</b>	<b>Maximum Amount Outstanding</b>
\$	48,592,299	1.724%	\$ 55,977,131

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

Interest rates on reverse repurchase agreements ranged from 0.000% to 3.250% during the period ended January 31, 2010. Interest expense incurred on reverse repurchase agreements totaled \$642,417.

**Notes to Schedule of Investments (unaudited) (continued)**

At January 31, 2010, the Fund had the following open reverse repurchase agreements:

<b>Face Amount</b>	<b>Security</b>	<b>Value</b>
\$ 3,082,421	Reverse Repurchase Agreement with Credit Suisse, dated 10/14/09 bearing 1.250% to be repurchased at an amount and date to be determined, collateralized by: \$4,740,000 Axtel SAB de CV, 7.625% due 2/1/17;	
	Market value (including accrued interest) \$4,837,763	\$ 3,082,421
1,154,593	Reverse Repurchase Agreement with Credit Suisse, dated 10/14/09 bearing 1.250% to be repurchased at an amount and date to be determined, collateralized by: \$1,097,000 Republic of Panama, 9.375% due 4/1/29;	
	Market value (including accrued interest) \$1,493,762	1,154,593
909,742	Reverse Repurchase Agreement with Credit Suisse, dated 10/14/09 bearing 1.000% to be repurchased at an amount and date to be determined, collateralized by: \$1,204,000 RSHB Capital, 7.175% due 5/16/13;	
	Market value (including accrued interest) \$1,309,304	909,742
1,616,040	Reverse Repurchase Agreement with Credit Suisse, dated 10/14/09 bearing 1.000% to be repurchased at an amount and date to be determined, collateralized by: \$2,010,000 RSHB Capital, 9.000% due 6/11/14;	
	Market value (including accrued interest) \$2,318,650	1,616,040
1,531,613	Reverse Repurchase Agreement with Credit Suisse, dated 10/14/09 bearing 1.000% to be repurchased at an amount and date to be determined, collateralized by: \$1,175,000 Republic of Turkey, 11.875% due 1/15/30;	
	Market value (including accrued interest) \$1,871,865	1,531,613
2,294,294	Reverse Repurchase Agreement with Credit Suisse, dated 10/14/09 bearing 1.000% to be repurchased at an amount and date to be determined, collateralized by: \$2,784,000 Republic of Turkey, 6.875% due 3/17/36;	
	Market value (including accrued interest) \$2,849,476	2,294,294
1,086,778	Reverse Repurchase Agreement with Credit Suisse, dated 10/14/09 bearing 1.000% to be repurchased at \$1,091,366 on 3/15/10, collateralized by: \$1,284,000 Vale Overseas Ltd., 8.250% due 1/17/34;	
	Market value (including accrued interest) \$1,515,403	1,086,778
1,256,490	Reverse Repurchase Agreement with Credit Suisse, dated 10/14/09 bearing 1.500% to be repurchased at an amount and date to be determined, collateralized by: \$2,070,000 Vedanta Resources PLC, 8.750% due 1/15/14;	1,256,490

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	Market value (including accrued interest) \$2,128,823	
2,324,036	Reverse Repurchase Agreement with Credit Suisse, dated 10/21/09 bearing 1.500% to be repurchased at an amount and date to be determined, collateralized by: \$3,740,000 Odebrecht Finance Ltd., 7.500% due 10/18/17;	
	Market value (including accrued interest) \$3,971,284	2,324,036
595,270	Reverse Repurchase Agreement with Credit Suisse, dated 10/21/09 bearing 2.500% to be repurchased at an amount and date to be determined, collateralized by: \$1,164,000 Bolivarian Republic of Venezuela, 9.375% due 1/13/34;	
	Market value (including accrued interest) \$823,438	595,270



## Notes to Schedule of Investments (unaudited) (continued)

Face Amount	Security	Value
\$ 2,698,022	Reverse Repurchase Agreement with Credit Suisse, dated 10/30/09 bearing 1.250% to be repurchased at \$2,707,671 on 2/10/10, collateralized by: \$3,370,000 Republic of Panama, 6.700% due 1/26/36;	
	Market value (including accrued interest) \$3,500,117	\$ 2,698,022
4,610,313	Reverse Repurchase Agreement with Credit Suisse, dated 10/30/09 bearing 1.000% to be repurchased at an amount and date to be determined, collateralized by: \$6,067,000 Pemex Project Funding Master Trust, 6.625% due 6/15/35;	
	Market value (including accrued interest) \$5,704,316	4,610,313
1,214,908	Reverse Repurchase Agreement with Credit Suisse, dated 11/20/09 bearing 1.000% to be repurchased at an amount and date to be determined, collateralized by: \$1,802,000 GTL Trade Finance Inc., 7.250% due 10/20/17;	
	Market value (including accrued interest) \$1,915,912	1,214,908
1,254,012	Reverse Repurchase Agreement with Credit Suisse, dated 11/20/09 bearing 1.000% to be repurchased at an amount and date to be determined, collateralized by: \$1,860,000 GTL Trade Finance Inc., 7.250% due 10/20/17;	
	Market value (including accrued interest) \$1,977,579	1,254,012
4,071,200	Reverse Repurchase Agreement with Credit Suisse, dated 12/22/09 bearing 1.500% to be repurchased at \$4,079,682 on 2/10/10, collateralized by: \$7,000,000 True Move Co., Ltd., 10.750% due 12/16/13;	
	Market value (including accrued interest) \$7,167,163	4,071,200
2,343,156	Reverse Repurchase Agreement with Credit Suisse, dated 12/22/09 bearing 1.000% to be repurchased at \$2,348,558 on 3/15/10, collateralized by: \$3,268,000 Vale Overseas Ltd., 6.875% due 11/21/36;	
	Market value (including accrued interest) \$3,416,822	2,343,156
1,518,185	Reverse Repurchase Agreement with Credit Suisse, dated 12/22/09 bearing 1.500% to be repurchased at an amount and date to be determined, collateralized by: \$3,370,000 Bolivarian Republic of Venezuela, 5.750% due 2/26/16;	
	Market value (including accrued interest) \$2,476,131	1,518,185
731,402	Reverse Repurchase Agreement with JPMorgan Chase & Co., dated 10/13/09 bearing 1.750% 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 \$1,116,716	731,402
861,408	Reverse Repurchase Agreement with JPMorgan Chase & Co., dated 10/13/09 bearing 1.750% to be repurchased at an amount and date to be determined, collateralized by: \$1,055,000 RSHB	861,408

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Capital, 6.299% due 5/15/17;

Market value \$1,068,000

1,132,560 Reverse Repurchase Agreement with JPMorgan Chase & Co., dated 10/13/09 bearing 1.750% to be repurchased at an amount and date to be determined, collateralized by: \$1,320,000 RSHB Capital, 7.125% due 1/14/14;

Market value \$1,418,925

1,132,560

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: \$490,000 Republic of Turkey, 7.000% due 6/5/20;

Market value \$539,565

527,730

## Notes to Schedule of Investments (unaudited) (continued)

Face Amount	Security	Value
\$ 632,610	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 \$672,557	\$ 632,610
312,650	Reverse Repurchase Agreement with JPMorgan Chase & Co., dated 11/23/09 bearing 1.500% 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 \$378,556	312,650
1,293,600	Reverse Repurchase Agreement with UBS Securities LLC, dated 9/10/09 bearing 1.000% to be repurchased at an amount and date to be determined, collateralized by: \$1,540,000 TNK-BP Finance SA, 7.500% due 7/18/16;	
	Market value \$1,598,367	1,293,600
1,146,750	Reverse Repurchase Agreement with UBS Securities LLC, dated 9/10/09 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 \$1,489,973	1,146,750
798,525	Reverse Repurchase Agreement with UBS Securities LLC, dated 9/10/09 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 \$1,111,368	798,525
1,431,900	Reverse Repurchase Agreement with UBS Securities LLC, dated 9/10/09 bearing 0.000% 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 \$1,736,819	1,431,900
1,548,000	Reverse Repurchase Agreement with UBS Securities LLC, dated 9/10/09 bearing 0.500% to be repurchased at an amount and date to be determined, collateralized by: \$1,720,000 RSHB Capital, 7.125% due 1/14/14;	
	Market value \$1,906,221	1,548,000
2,530,800	Reverse Repurchase Agreement with UBS Securities LLC, dated 10/13/09 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 \$3,189,877	2,530,800
1,327,650	Reverse Repurchase Agreement with UBS Securities LLC, dated 10/13/09 bearing 0.950% to be repurchased at an amount and date to be determined, collateralized by: \$1,590,000 Evraz Group	1,327,650

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SA, 8.875% due 4/24/13;

Market value \$1,674,480

1,759,500 Reverse Repurchase Agreement with UBS Securities LLC, dated 10/13/09 bearing 0.450% to be repurchased at an amount and date to be determined, collateralized by: \$2,070,000 KazMunaiGaz Finance Sub B.V., 8.375% due 7/02/33;

Market value \$2,275,842

1,759,500

1,892,550 Reverse Repurchase Agreement with UBS Securities LLC, dated 10/13/09 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 \$2,360,866

1,892,550

Notes to Schedule of Investments (unaudited) (continued)

Face Amount	Security	Value
\$ 1,705,000	Reverse Repurchase Agreement with UBS Securities LLC, dated 1/15/10 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 \$2,134,038	\$ 1,705,000
	<b>Total Reverse Repurchase Agreements</b> (Proceeds \$53,193,708)	<b>\$ 53,193,708</b>

At January 31, 2010, the Fund had the following open forward foreign currency contracts:

Foreign Currency Contracts to Sell:	Local Currency	Market Value	Settlement Date	Unrealized Gain
Euro	1,742,359	\$ 2,418,651	2/17/10	\$ 47,014

3. Derivative Instruments and Hedging Activities

Financial Accounting Standards Board Codification Topic 815 (formerly, Statement of Financial Accounting Standards No. 161) ( ASC 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, 2010.

Primary Underlying Risk Disclosure	Forward Foreign Currency Contracts Unrealized Appreciation
Foreign Exchange Contracts	\$ 47,014

The Fund had average market values of \$241,865 in forward foreign currency contracts to sell.

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.

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**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, 2010

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, 2010

By /s/ Kaprel Ozsolak  
Kaprel Ozsolak  
Chief Financial Officer

Date: March 25, 2010

**SIGNATURES**

