

VAN KAMPEN HIGH INCOME TRUST II  
Form N-CSR  
February 28, 2005

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 811-5769

Van Kampen High Income Trust II

-----  
(Exact name of registrant as specified in charter)

1221 Avenue of the Americas New York, New York 10020

-----  
(Address of principal executive offices) (Zip code)

Ronald Robison  
1221 Avenue of the Americas New York, New York 10020

-----  
(Name and address of agent for service)

Registrant's telephone number, including area code: 212-762-4000

Date of fiscal year end: 12/31

Date of reporting period: 12/31/04

Item 1. Reports to Shareholders.

The Trust's annual report transmitted to shareholders pursuant to Rule 30e-1 under the Investment Company Act of 1940 is as follows:

Welcome, Shareholder

In this report, you'll learn about how your investment in Van Kampen High Income Trust II performed during the annual period. The portfolio management team will provide an overview of the market conditions and discuss some of the factors that affected investment performance during the reporting period. In addition, this report includes the trust's financial statements and a list of trust investments as of December 31, 2004.

MARKET FORECASTS PROVIDED IN THIS REPORT MAY NOT NECESSARILY COME TO PASS. THERE IS NO ASSURANCE THAT THE TRUST WILL ACHIEVE ITS INVESTMENT

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OBJECTIVE. TRUSTS ARE SUBJECT TO MARKET RISK, WHICH IS THE POSSIBILITY THAT THE MARKET VALUES OF SECURITIES OWNED BY THE TRUST WILL DECLINE AND THAT THE VALUE OF TRUST SHARES MAY THEREFORE BE LESS THAN WHAT YOU PAID FOR THEM. ACCORDINGLY, YOU CAN LOSE MONEY INVESTING IN THIS TRUST.

NOT FDIC INSURED	OFFER NO BANK GUARANTEE	MAY LOSE VALUE
NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY	NOT A DEPOSIT	

Performance Summary as of 12/31/04

HIGH INCOME TRUST II  
SYMBOL: VLT

AVERAGE ANNUAL TOTAL RETURNS	BASED ON NAV	BASED ON MARKET
Since Inception (4/28/89)	5.87%	6.39%
10-year	6.70	7.26
5-year	4.76	9.19
1-year	14.09	10.83

PERFORMANCE DATA QUOTED REPRESENTS PAST PERFORMANCE, WHICH IS NO GUARANTEE OF FUTURE RESULTS, AND CURRENT PERFORMANCE MAY BE LOWER OR HIGHER THAN THE FIGURES SHOWN. FOR THE MOST RECENT MONTH-END PERFORMANCE FIGURES, PLEASE VISIT VANKAMPEN.COM OR SPEAK WITH YOUR FINANCIAL ADVISOR. INVESTMENT RETURNS, NET ASSET VALUE (NAV) AND COMMON SHARE MARKET PRICE WILL FLUCTUATE AND TRUST SHARES, WHEN SOLD, MAY BE WORTH MORE OR LESS THAN THEIR ORIGINAL COST.

NAV per share is determined by dividing the value of the trust's portfolio securities, cash and other assets, less all liabilities, by the total number of common shares outstanding. The common share market price is the price the market is willing to pay for shares of the trust at a given time. Common share market price is influenced by a range of factors, including supply and demand and market conditions. Total return assumes an investment at the beginning of the period, reinvestment of all distributions for the period in accordance with the trust's dividend reinvestment plan, and sale of all shares at the end of the period.

The J.P. Morgan Global High Yield Index is generally representative of high-yield securities. The index does not include any expenses, fees or sales charges, which would lower performance. The index is unmanaged and should not be considered an investment. It is not possible to invest directly in an index.

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Trust Report

FOR THE 12-MONTH PERIOD ENDED DECEMBER 31, 2004

Van Kampen High Income Trust II is managed by the Adviser's High Yield team.(1) Current team members include Gordon Loery, Executive Director of the Adviser; Josh Givelber, Vice President and Chad Liu, Vice Presidents of the Adviser; and Sheila Finnerty, Managing Director of the Adviser.

### MARKET CONDITIONS

The CSFB High Yield Index, a broad index for the high yield market, returned 11.95% for the 12-month period ended December 31, 2004. In discussing the high yield market during 2004, it is worth noting that 2003 was one of the best years ever for this asset class, with the CSFB Index returning almost 28%. That banner year was driven by strong economic news and significantly improved corporate earnings, combined with declining defaults and record inflows into the asset class. The strong returns of 2003 continued through the end of January 2004.

Beginning in February 2004, however, the market's technical (i.e., supply/demand) situation changed. Though fundamental factors such as earnings and default rate remained as strong as they had been during the prior 15-month rally, demand receded as market participants grew concerned over the lack of job creation in the U.S. economy. Many investors took profits and became more risk-averse. Then, in early April, significant interest rate increases caused a pronounced sell-off in high yield and throughout the fixed income markets. In addition, because of the sustained rally in high yield that had previously taken place, many of these bonds were priced at a premium. In a sense, we believe the high yield market had run out of room to rally. At the same time, the high yield market's new issue calendar continued to be robust, which had a negative impact on the market's technical situation. This difficult environment persisted through May 2004.

In June, the high yield sector rebounded, experiencing a solid seven-month run through the end of 2004. The strong fundamental factors detailed above continued during this time and the supply/demand situation improved as buyers returned to the market. For each of the last seven months of 2004, high yield posted gains of 1% or more, and was the best performing fixed-income asset class for the year. As a measure of the high yield market's improvement over the 12-month period, the spread of the CSFB High Yield Index declined compared with Treasuries of similar maturity, from 486 basis points to 346 basis points. In a similar vein, the average yield to maturity of high yield bonds declined from 8.34% at the end of 2003 to 7.56% at the close of 2004.

(1) Team members may change without notice at any time.

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### PERFORMANCE ANALYSIS

A closed-end fund's return can be calculated based upon either the market price or the net asset value (NAV) of its shares. NAV per share is determined by dividing the value of the trust's portfolio securities, cash and other assets, less all liabilities, by the total number of common shares outstanding, while market price reflects the supply and demand for the shares. As a result, the two returns can differ significantly. On a NAV basis, the trust outperformed its benchmark, the J.P. Morgan Global High Yield Index, though it underperformed the index on a market-value basis. (See table below.)

During the period, three strategic decisions helped the trust's performance most. First, the trust enjoyed favorable security selection within the housing industry. Going back to late 2003, the trust had held several homebuilding

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issues that performed well, while the performance of building products companies had lagged. Early in 2004, we felt that homebuilding bonds had become overpriced, and based on our analysis we sold most of the trust's allocation, replacing these bonds with building products issues that performed extremely well over the remainder of the period. Second, the trust benefited from its lack of participation in airline bonds. Airlines were the worst performing sector within the high yield market during the 12-month period. Third, our security selection in the wireless communications and telecom sectors added to performance as we avoided several credits that had poor business results while our selections within this sector generally posted solid earnings.

The main detractor from performance during the period was security selection within the utility, service and gaming/leisure sectors. In addition, the trust's underweight in the metals/mining sector hurt performance as higher metal prices led this sector to strong gains during 2004.

On an ongoing basis, we seek to maintain a balanced and well-diversified portfolio. The trust's portfolio consists of approximately 150 issuers. This level of diversification can reduce overall credit risk, yet also allow sufficient average security size for strategic overweights. We continue to maintain an average credit quality of single B, similar to the benchmark. Beginning in late in 2003 and early 2004, we reduced the trust's allocation in BBB and higher BB credits

TOTAL RETURN FOR THE 12-MONTH PERIOD ENDED DECEMBER 31, 2004

BASED ON NAV	BASED ON MARKET PRICE	J.P. MORGAN GLOBAL HIGH YIELD INDEX
14.09%	10.83%	11.70%

Performance data quoted represents past performance, which is no guarantee of future results, and current performance may be lower or higher than the figures shown. Investment return, net asset value and common share market price will fluctuate and trust shares, when sold, may be worth more or less than their original cost. See Performance Summary for additional performance information and index definition.

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as many of these issues had performed well when interest rates declined and Treasuries and other fixed-income securities rallied. The performance of these higher rated bonds generally correlates with that of Treasuries, and the trust sold several BBB and BB credits before interest rates spiked in the spring and Treasuries were negatively impacted. In their place, we purchased lower quality credits, which historically have performed better than BBB and BB bonds in a rising interest rate environment. In terms of issuer size, we generally focus on larger companies because of their financial flexibility, ability to withstand less-favorable financial markets and superior access to capital markets.

As we have stated, we believe the fundamentals of the high yield market remain positive, with favorable earnings, lower default rates and modestly tightening high yield credit spreads. Many of these positive factors have already been "priced into" the market during the past two years, however, and high yield seems to us to be fairly valued. We believe that in 2005, high yield returns

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should be driven primarily by coupon income rather than price appreciation. We look for the trust's holdings to earn their coupon in the coming months and are hopeful that market fundamentals will remain favorable through the end of 2005.

There is no guarantee that any securities will continue to perform well or be held by the trust in the future.

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### RATINGS ALLOCATION AS OF 12/31/04

BBB/Baa	1.4%
BB/Ba	39.7
B/B	53.2
CCC/Caa	5.5
Non-Rated	0.2

### SUMMARY OF INVESTMENTS BY INDUSTRY CLASSIFICATION AS OF 12/31/04

Energy	8.8%
Gaming & Leisure	7.8
Chemicals	7.7
Forest Products	7.7
Utility	7.0
Diversified Media	5.9
Healthcare	5.7
Housing	5.5
Cable	5.3
Food & Tobacco	4.6
Services	4.3
Transportation	4.1
Wireless Communications	3.8
Telecommunications	3.8
Manufacturing	2.7
Consumer Products	2.5
Information Technology	2.4
Food & Drug	2.4
Metals	1.6
Retail	1.0
Financial	0.9
Aerospace	0.6
Broadcasting	0.4
	-----
Total Long-Term Investments	96.5%
Short-Term Investments	3.5
	-----
Total Investments	100.0%

Subject to change daily. Provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned or securities in the sectors shown above. Ratings allocation percentages are as a percentage of long-term investments. Summary of investments by industry classification percentages are as a percentage of total investments. Securities are classified by sectors that represent broad groupings of related industries. Ratings allocations based upon ratings as issued by Standard and Poor's and Moody's, respectively. Van Kampen is a wholly owned subsidiary of a global securities firm which is engaged in a wide range of financial services

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including, for example, securities trading and brokerage activities, investment banking, research and analysis, financing and financial advisory services.

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### FOR MORE INFORMATION ABOUT PORTFOLIO HOLDINGS

Each Van Kampen trust provides a complete schedule of portfolio holdings in its semiannual and annual reports within 60 days of the end of the trust's second and fourth fiscal quarters by filing the schedule electronically with the Securities and Exchange Commission (SEC). The semiannual reports are filed on Form N-CSRS and the annual reports are filed on Form N-CSR. Van Kampen also delivers the semiannual and annual reports to trust shareholders, and makes these reports available on its public web site, [www.vankampen.com](http://www.vankampen.com). In addition to the semiannual and annual reports that Van Kampen delivers to shareholders and makes available through the Van Kampen public web site, each trust files a complete schedule of portfolio holdings with the SEC for the trust's first and third fiscal quarters on Form N-Q. Van Kampen does not deliver the reports for the first and third fiscal quarters to shareholders, nor are the reports posted to the Van Kampen public web site. You may, however, obtain the Form N-Q filings (as well as the Form N-CSR and N-CSRS filings) by accessing the SEC's web site, <http://www.sec.gov>. You may also review and copy them at the SEC's Public Reference Room in Washington, DC. Information on the operation of the SEC's Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. You can also request copies of these materials, upon payment of a duplicating fee, by electronic request at the SEC's e-mail address ([publicinfo@sec.gov](mailto:publicinfo@sec.gov)) or by writing the Public Reference section of the SEC, Washington, DC 20549-0102.

In addition to filing a complete schedule of portfolio holdings with the SEC each fiscal quarter, each Van Kampen trust makes portfolio holdings information available by periodically providing the information on its public web site, [www.vankampen.com](http://www.vankampen.com). Each Van Kampen trust provides a complete schedule of portfolio holdings on the public web site on a calendar-quarter basis approximately 30 days after the close of the calendar quarter. Van Kampen closed-end funds do not presently provide partial lists of their portfolio holdings on a monthly basis, but may do so in the future.

You may obtain copies of a trust's fiscal quarter filings, or its monthly or calendar-quarter web site postings, by contacting Van Kampen Client Relations at 1-800-847-2424.

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### PROXY VOTING POLICIES AND PROCEDURES AND PROXY VOTING RECORD

The trust's policies and procedures with respect to the voting of proxies relating to the trust's portfolio securities and information on how the trust voted proxies relating to portfolio securities during the most recent twelve-month period ended June 30 is available without charge, upon request, by calling 1-800-847-2424 or by visiting our web site at [www.vankampen.com](http://www.vankampen.com). This information is also available on the Securities and Exchange Commission's web site at <http://www.sec.gov>.

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PORTFOLIO OF INVESTMENTS -- DECEMBER 31, 2004

PAR AMOUNT (000)	DESCRIPTION	COUPON	MATURITY	VALUE
	CORPORATE BONDS 162.8%			
	AEROSPACE 1.0%			
\$ 355	K & F Acquisition, Inc., 144A--Private Placement (a).....	7.750%	11/15/14	\$ 368,312
				-----
	BROADCASTING 0.6%			
220	Salem Communications Corp. ....	7.750	12/15/10	238,975
				-----
	CABLE 9.0%			
425	Cablevision Systems Corp., 144A--Private Placement (a) (b).....	6.669	04/01/09	452,625
755	Charter Communications Holdings LLC.....	9.625	11/15/09	666,287
115	DirectTV Holdings LLC.....	8.375	03/15/13	129,519
635	Echostar DBS Corp. ....	6.375	10/01/11	652,462
740	Kabel Deutschland GmbH, 144A--Private Placement (Germany) (a).....	10.625	07/01/14	854,700
635	PanAmSat Corp., 144A--Private Placement (a).....	9.000	08/15/14	711,994
				-----
				3,467,587
				-----
	CHEMICALS 13.1%			
460	Equistar Chemicals LP.....	10.125	09/01/08	532,450
250	Equistar Chemicals LP.....	10.625	05/01/11	291,250
180	FMC Corp. ....	10.250	11/01/09	207,450
145	Huntsman Advanced Materials LLC, 144A--Private Placement (a).....	11.000	07/15/10	173,275
200	Innophos, Inc., 144A--Private Placement (a).....	8.875	08/15/14	217,000
145	ISP Chemco, Inc. ....	10.250	07/01/11	164,575
675	ISP Holdings, Inc. ....	10.625	12/15/09	750,937
105	Koppers, Inc. ....	9.875	10/15/13	120,225
570	Lyondell Chemical Co. ....	10.500	06/01/13	681,150
40	Millennium America, Inc. ....	7.000	11/15/06	41,800
385	Millennium America, Inc. ....	9.250	06/15/08	439,862
395	Nalco Co. ....	7.750	11/15/11	428,575
365	Rhodia SA (France).....	8.875	06/01/11	369,562
445	Rockwood Specialties Group, Inc. ....	10.625	05/15/11	513,975
101	Westlake Chemical Corp. ....	8.750	07/15/11	114,635
				-----
				5,046,721
				-----
	CONSUMER PRODUCTS 3.7%			
200	Amscan Holdings, Inc. ....	8.750	05/01/14	201,000
155	Oxford Industrials, Inc. ....	8.875	06/01/11	167,206
620	Phillips Van-Heusen Corp. ....	7.250	02/15/11	654,100
235	Rayovac Corp. ....	8.500	10/01/13	262,025
116	Tempur Pedic, Inc. ....	10.250	08/15/10	133,980
				-----
				1,418,311
				-----

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	DIVERSIFIED MEDIA 10.1%			
602	Advanstar Communications, Inc. (b).....	9.790	08/15/08	632,494
550	CanWest Media, Inc. (Canada).....	10.625	05/15/11	620,125
485	Houghton Mifflin Co. ....	9.875	02/01/13	533,500

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See Notes to Financial Statements

VAN KAMPEN HIGH INCOME TRUST II

PORTFOLIO OF INVESTMENTS -- DECEMBER 31, 2004 continued

PAR AMOUNT (000)	DESCRIPTION	COUPON	MATURITY	VALUE
-----				
	DIVERSIFIED MEDIA (CONTINUED)			
\$ 475	Interpublic Group of Cos., Inc. ....	6.250%	11/15/14	\$ 483,008
465	Marquee, Inc., 144A--Private Placement (a) (b)...	6.540	08/15/10	491,737
111	PEI Holdings, Inc. ....	11.000	03/15/10	129,870
640	Primedia, Inc. ....	8.875	05/15/11	680,000
295	Vertis, Inc. ....	9.750	04/01/09	321,550
				-----
				3,892,284
				-----
	ENERGY 14.9%			
245	BRL Universal Equipment.....	8.875	02/15/08	258,781
340	CHC Helicopter Corp. (Canada).....	7.375	05/01/14	360,400
105	CITGO Petroleum Corp., 144A-- Private Placement (a).....	6.000	10/15/11	105,000
670	El Paso Production Holding Co. ....	7.750	06/01/13	705,175
640	Frontier Oil Corp., 144A--Private Placement (a).....	6.625	10/01/11	656,000
70	Hanover Compressor Co. ....	8.625	12/15/10	76,825
285	Hanover Compressor Co. ....	9.000	06/01/14	318,487
275	Hanover Equipment Trust.....	8.500	09/01/08	297,000
120	Hanover Equipment Trust.....	8.750	09/01/11	130,800
410	Hilcorp Energy Finance Corp., 144A--Private Placement (a).....	10.500	09/01/10	465,350
140	Magnum Hunter Resources, Inc. ....	9.600	03/15/12	159,600
275	Pacific Energy Partners.....	7.125	06/15/14	294,250
615	Plains Exploration & Production Co. ....	7.125	06/15/14	673,425
227	Port Arthur Finance Corp. ....	12.500	01/15/09	266,255
135	Tesoro Petroleum Corp. ....	9.625	04/01/12	155,925
760	Vintage Petroleum, Inc. ....	7.875	05/15/11	813,200
				-----
				5,736,473
				-----
	FINANCIAL 1.4%			
510	Refco Finance Holdings LLC, 144A--Private Placement (a).....	9.000	08/01/12	561,000
				-----
	FOOD & DRUG 4.0%			
510	Delhaize America, Inc. ....	8.125	04/15/11	597,069
115	Jean Coutu Group (PJC), Inc., 144A--Private Placement (Canada) (a).....	7.625	08/01/12	122,187
530	Jean Coutu Group (PJC), Inc., 144A--Private			



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	Placement (Canada) (a).....	8.500	08/01/14	545,900
1,180	Jitney-Jungle Stores America, Inc. (c) (d) (e)...	12.000	03/01/06	0
270	Rite Aid Corp. ....	8.125	05/01/10	286,875
				-----
				1,552,031
				-----
	FOOD & TOBACCO 7.9%			
550	Constellation Brands, Inc. ....	8.000	02/15/08	600,875
255	Michael Foods, Inc. ....	8.000	11/15/13	270,300
155	Pilgrim's Pride Corp. ....	9.250	11/15/13	174,375
570	Pilgrim's Pride Corp. ....	9.625	09/15/11	644,100
305	Smithfield Foods, Inc. ....	7.000	08/01/11	327,112

See Notes to Financial Statements

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VAN KAMPEN HIGH INCOME TRUST II

PORTFOLIO OF INVESTMENTS -- DECEMBER 31, 2004 continued

PAR AMOUNT (000)	DESCRIPTION	COUPON	MATURITY	VALUE
-----				
	FOOD & TOBACCO (CONTINUED)			
\$ 160	Smithfield Foods, Inc. ....	7.625%	02/15/08	\$ 172,000
760	Smithfield Foods, Inc. ....	8.000	10/15/09	845,500
				-----
				3,034,262
				-----
	FOREST PRODUCTS 13.0%			
755	Abitibi-Consolidated, Inc. (Canada).....	6.000	06/20/13	723,856
245	Abitibi-Consolidated, Inc. (Canada).....	8.550	08/01/10	266,744
410	Georgia-Pacific Corp. ....	8.875	02/01/10	479,187
575	Graphic Packaging International, Inc. ....	9.500	08/15/13	656,937
415	MDP Acquisitions PLC (Ireland).....	9.625	10/01/12	464,800
175	Norampac, Inc. (Canada).....	6.750	06/01/13	185,062
1,020	Owens-Brockway Glass Containers, Inc. ....	8.875	02/15/09	1,113,075
365	Pliant Corp. ....	13.000	06/01/10	357,700
790	Tembec Industries, Inc. (Canada).....	7.750	03/15/12	768,275
				-----
				5,015,636
				-----
	GAMING & LEISURE 13.2%			
325	Ceasars Entertainment.....	8.875	09/15/08	368,875
240	Gaylord Entertainment Co., 144A--Private Placement (a).....	6.750	11/15/14	242,400
690	Harrahs Operating Co., Inc. ....	7.875	12/15/05	719,325
129	HMH Properties, Inc. ....	7.875	08/01/08	133,192
200	Host Marriott LP.....	7.125	11/01/13	214,750
500	Intrawest Corp., 144A--Private Placement (Canada) (a).....	7.500	10/15/13	534,375
355	Isle of Capri Casinos, Inc. ....	7.000	03/01/14	363,875
115	MGM Mirage, Inc. ....	5.875	02/27/14	113,562
830	MGM Mirage, Inc. ....	6.000	10/01/09	854,900
645	Mohegan Tribal Gaming Authority.....	7.125	08/15/14	682,087
380	Park Place Entertainment Corp. ....	7.875	12/15/05	395,200
465	Station Casinos, Inc. ....	6.000	04/01/12	476,044

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				-----
				5,098,585
				-----
	HEALTHCARE 9.6%			
290	AmerisourceBergen Corp. ....	8.125	09/01/08	324,075
255	Community Health Systems, Inc., 144A--Private Placement (a).....	6.500	12/15/12	258,188
845	Extendicare Health Services, Inc. ....	6.875	05/01/14	866,125
295	Fisher Scientific International, Inc. ....	8.125	05/01/12	328,925
125	Fisher Scientific International, Inc., 144A--Private Placement (a).....	6.750	08/15/14	134,688
410	Fresenius Medical Care Capital Trust II.....	7.875	02/01/08	445,875
180	Fresenius Medical Care Capital Trust IV.....	7.875	06/15/11	201,600
380	HCA, Inc. ....	6.375	01/15/15	382,239
65	National Nephrology Associates, Inc., 144A--Private Placement (a).....	9.000	11/01/11	75,563

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See Notes to Financial Statements

VAN KAMPEN HIGH INCOME TRUST II

PORTFOLIO OF INVESTMENTS -- DECEMBER 31, 2004 continued

PAR AMOUNT (000)	DESCRIPTION	COUPON	MATURITY	VALUE
-----				
	HEALTHCARE (CONTINUED)			
\$ 335	Team Health Inc. ....	9.000%	04/01/12	\$ 329,138
325	Tenet Healthcare Corp., 144A--Private Placement (a).....	9.875	07/01/14	355,875
				-----
				3,702,291
				-----
	HOUSING 9.2%			
59	CB Richard Ellis Service, Inc. ....	9.750	05/15/10	67,555
405	CB Richard Ellis Service, Inc. ....	11.250	06/15/11	467,775
465	Interface, Inc. ....	9.500	02/01/14	509,175
455	Nortek, Inc., 144A--Private Placement (a).....	8.500	09/01/14	477,750
650	Ply Gem Industries, Inc., 144A--Private Placement (a).....	9.000	02/15/12	663,000
250	Propex Fabrics, Inc., 144A--Private Placement (a).....	10.000	12/01/12	260,625
330	RMCC Acquisition Co., 144A--Private Placement (a).....	9.500	11/01/12	330,825
280	Technical Olympic USA, Inc. ....	9.000	07/01/10	301,000
215	Technical Olympic USA, Inc. ....	9.000	07/01/10	231,125
230	Technical Olympic USA, Inc. ....	10.375	07/01/12	258,750
				-----
				3,567,580
				-----
	INFORMATION TECHNOLOGY 4.1%			
335	Iron Mountain, Inc. ....	7.750	01/15/15	341,700
570	Iron Mountain, Inc. ....	8.625	04/01/13	608,475
590	Xerox Corp. ....	7.125	06/15/10	640,150
				-----
				1,590,325

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MANUFACTURING 4.5%				
115	Flowserve Corp. ....	12.250	08/15/10	127,650
395	Johnsondiversey, Inc. ....	9.625	05/15/12	443,388
325	Manitowoc, Inc. ....	10.500	08/01/12	375,375
755	Trimas Corp. ....	9.875	06/15/12	804,075
				1,750,488
METALS 2.8%				
159	Doe Run Resources Corp. (Acquired 02/15/01 to 10/15/04, Cost \$139,441) (f) (g).....	11.750	11/01/08	135,862
105	Foundation PA Coal Co., 144A-- Private Placement (a).....	7.250	08/01/14	112,350
155	General Cable Corp. ....	9.500	11/15/10	175,925
325	UCAR Finance, Inc. ....	10.250	02/15/12	372,938
248	United States Steel Corp. ....	9.750	05/15/10	283,960
				1,081,035
RETAIL 1.7%				
215	General Nutrition Center, Inc. ....	8.500	12/01/10	204,250
435	Petro Stopping Center Financial.....	9.000	02/15/12	462,188
				666,438

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VAN KAMPEN HIGH INCOME TRUST II

PORTFOLIO OF INVESTMENTS -- DECEMBER 31, 2004 continued

PAR AMOUNT (000)	DESCRIPTION	COUPON	MATURITY	VALUE
SERVICES 7.3%				
\$1,140	Allied Waste North America, Inc. ....	8.875%	04/01/08	\$ 1,225,500
380	Buhrmann US, Inc. ....	8.250	07/01/14	386,175
295	MSW Energy Holdings II LLC.....	7.375	09/01/10	311,225
65	MSW Energy Holdings LLC.....	8.500	09/01/10	71,500
295	United Rentals North America, Inc. ....	6.500	02/15/12	289,100
540	United Rentals North America, Inc. ....	7.750	11/15/13	531,900
				2,815,400
TELECOMMUNICATIONS 6.4%				
450	Axtel SA (Mexico).....	11.000	12/15/13	487,125
640	Cincinnati Bell, Inc. ....	7.250	07/15/13	660,800
220	Exodus Communications, Inc. (c) (d) (e).....	11.250	07/01/08	0
320	Qwest Communications International, Inc., 144A-- Private Placement (a) (b).....	6.040	02/15/09	325,600
525	Qwest Corp. ....	6.625	09/15/05	538,125
425	Qwest Corp., 144A--Private Placement (a).....	7.875	09/01/11	463,250
				2,474,900

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TRANSPORTATION 7.0%				
335	AutoNation, Inc. ....	9.000	08/01/08	384,413
435	Laidlaw International, Inc. ....	10.750	06/15/11	510,038
795	Sonic Automotive, Inc. ....	8.625	08/15/13	851,644
820	TRW Automotive, Inc. ....	9.375	02/15/13	955,300
				2,701,395
UTILITY 11.9%				
365	AES Corp. ....	7.750	03/01/14	397,850
18	AES Corp. ....	8.875	02/15/11	20,655
54	AES Corp. ....	9.375	09/15/10	63,045
245	Calpine Corp., 144A--Private Placement (a).....	8.500	07/15/10	211,313
50	CMS Energy Corp. ....	7.500	01/15/09	53,500
295	CMS Energy Corp. ....	8.500	04/15/11	336,669
405	Dynegy Holdings, Inc. ....	6.875	04/01/11	391,838
295	Dynegy Holdings, Inc., 144A-- Private Placement (a).....	9.875	07/15/10	331,138
170	IPALCO Enterprises, Inc. ....	8.625	11/14/11	191,250
350	Monongahela Power Co. ....	5.000	10/01/06	358,071
220	Nevada Power Co. ....	8.250	06/01/11	253,825
360	Nevada Power Co. ....	9.000	08/15/13	423,000
300	PSEG Energy Holdings, Inc. ....	7.750	04/16/07	318,750
200	Reliant Energy, Inc. ....	6.750	12/15/14	199,750
145	Southern Natural Gas Co. ....	8.875	03/15/10	163,125
580	TNP Enterprises, Inc. ....	10.250	04/01/10	622,050
200	Trans Continental Gas Pipe Line Corp. ....	8.875	07/15/12	244,250
				4,580,079

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See Notes to Financial Statements

VAN KAMPEN HIGH INCOME TRUST II

PORTFOLIO OF INVESTMENTS -- DECEMBER 31, 2004 continued

PAR AMOUNT (000)	DESCRIPTION	COUPON	MATURITY	VALUE
WIRELESS COMMUNICATIONS 6.4%				
\$ 120	Centennial Communications Corp. ....	8.125%	02/01/14	\$ 123,900
750	Nextel Communications, Inc. ....	6.875	10/31/13	817,500
210	Rogers Wireless Communications, Inc., 144A--Private Placement (Canada) (a).....	7.500	03/15/15	222,600
155	Rogers Wireless Communications, Inc., 144A--Private Placement (Canada) (a).....	8.000	12/15/12	164,688
185	Rural Cellular Corp. (b).....	6.990	03/15/10	192,400
425	Rural Cellular Corp. ....	8.250	03/15/12	451,563
500	SBA Communications Corp., 144A--Private Placement (a).....	8.500	12/01/12	512,500
				2,485,151

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TOTAL CORPORATE BONDS 162.8%..... 62,845,259  
-----

DESCRIPTION..... VALUE

EQUITIES 0.6%

DecisionOne Corp. (2,450 common shares) (e) (h)..... 0  
 DecisionOne Corp. (5,386 common stock warrants) (e) (h)..... 0  
 Doe Run Resources Corp. (1 common stock warrant) (e) (h)..... 0  
 HCI Direct, Inc. (30,357 common shares) (e) (h)..... 236,785  
 Hosiery Corp. of America, Inc. (500 common shares) (e) (h)..... 0  
 VS Holdings, Inc. (8,891 common shares) (e) (h)..... 1,600  
 -----

TOTAL EQUITIES..... 238,385  
-----

TOTAL LONG-TERM INVESTMENTS 163.4%

(Cost \$61,924,613)..... 63,083,644

REPURCHASE AGREEMENT 5.9%

State Street Bank & Trust Co. (\$2,287,000 par collateralized by U.S.  
 Government obligations in a pooled cash account, interest rate of 2.15%,  
 dated 12/31/04, to be sold on 01/03/05 at \$2,287,410)  
 (Cost \$2,287,000)..... 2,287,000  
 -----

TOTAL INVESTMENTS 169.3%

(Cost \$64,211,613)..... 65,370,644

See Notes to Financial Statements 13

VAN KAMPEN HIGH INCOME TRUST II

PORTFOLIO OF INVESTMENTS -- DECEMBER 31, 2004 continued

DESCRIPTION..... VALUE

OTHER ASSETS IN EXCESS OF LIABILITIES 2.7%..... \$ 1,032,876  
 PREFERRED SHARES (INCLUDING ACCRUED DISTRIBUTIONS) (72.0%)..... (27,803,516)  
 -----

NET ASSETS APPLICABLE TO COMMON SHARES 100.0%..... \$38,600,004  
 =====

Percentages are calculated as a percentage of net assets applicable to common shares.

(a) 144A securities are those which are exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may only be resold in transactions exempt from registration which are normally those transactions with qualified institutional buyers.

(b) Variable rate security. Interest rate shown is that in effect at December

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31, 2004.

- (c) Non-income producing as security is in default.
- (d) This borrower has filed for protection in federal bankruptcy court.
- (e) Market value is determined in accordance with procedures established in good faith by the Board of Trustees.
- (f) Payment-in-kind security.
- (g) These securities are restricted and may be resold only in transactions exempt from registration which are normally those transactions with qualified institutional buyers. Restricted securities comprise 0.4% of net assets applicable to common shares.
- (h) Non-income producing security.

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See Notes to Financial Statements

### VAN KAMPEN HIGH INCOME TRUST II

#### FINANCIAL STATEMENTS

Statement of Assets and Liabilities  
December 31, 2004

#### ASSETS:

Total Investments (Cost \$64,211,613).....	\$ 65,370,644
Cash.....	997
Receivables:	
Interest.....	1,208,648
Investments Sold.....	201,491
Other.....	798
	-----
Total Assets.....	66,782,578
	-----

#### LIABILITIES:

Payables:	
Income Distributions--Common Shares.....	44,391
Investment Advisory Fee.....	39,325
Other Affiliates.....	4,750
Trustees' Deferred Compensation and Retirement Plans.....	208,091
Accrued Expenses.....	82,501
	-----
Total Liabilities.....	379,058
Preferred Shares (including accrued distributions).....	27,803,516
	-----

NET ASSETS APPLICABLE TO COMMON SHARES..... \$ 38,600,004

#### NET ASSET VALUE PER COMMON SHARE

(\$38,600,004 divided by 8,109,000 shares outstanding)..... \$ 4.76

#### NET ASSETS CONSIST OF:

Common Shares (\$.01 par value with an unlimited number of shares authorized, 8,109,000 shares issued and outstanding).....	\$ 81,090
Paid in Surplus.....	64,211,619
Net Unrealized Appreciation.....	1,159,031

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Accumulated Undistributed Net Investment Income.....	(234,620)
Accumulated Net Realized Loss.....	(26,617,116)
	-----
NET ASSETS APPLICABLE TO COMMON SHARES.....	\$ 38,600,004
	=====
PREFERRED SHARES (\$.01 par value, authorized 100,000,000 shares, 1,112 issued with liquidation preference of \$25,000 per share).....	\$ 27,800,000
	=====
NET ASSETS INCLUDING PREFERRED SHARES.....	\$ 66,400,004
	=====

See Notes to Financial Statements

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VAN KAMPEN HIGH INCOME TRUST II

FINANCIAL STATEMENTS continued

Statement of Operations  
For the Year Ended December 31, 2004

INVESTMENT INCOME:	
Interest.....	\$4,958,932
Other.....	88,180
	-----
Total Income.....	5,047,112
	-----
EXPENSES:	
Investment Advisory Fee.....	453,820
Preferred Share Maintenance.....	82,351
Trustees' Fees and Related Expenses.....	48,336
Professional Fees.....	44,081
Legal.....	16,509
Custody.....	12,371
Other.....	127,171
	-----
Total Expenses.....	784,639
	-----
NET INVESTMENT INCOME.....	\$4,262,473
	=====
REALIZED AND UNREALIZED GAIN/LOSS:	
Net Realized Gain.....	\$ 755,174
	-----
Unrealized Appreciation/Depreciation:	
Beginning of the Period.....	616,691
End of the Period.....	1,159,031
	-----
Net Unrealized Appreciation During the Period.....	542,340
	-----
NET REALIZED AND UNREALIZED GAIN.....	\$1,297,514
	=====
DISTRIBUTIONS TO PREFERRED SHAREHOLDERS.....	\$ (410,282)
	=====
NET INCREASE IN NET ASSETS APPLICABLE TO COMMON SHARES FROM OPERATIONS.....	\$5,149,705
	=====

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See Notes to Financial Statements

VAN KAMPEN HIGH INCOME TRUST II

FINANCIAL STATEMENTS continued

Statements of Changes in Net Assets

	FOR THE YEAR ENDED DECEMBER 31, 2004	FOR THE YEAR ENDED DECEMBER 31, 2003
	-----	-----
FROM INVESTMENT ACTIVITIES:		
Operations:		
Net Investment Income.....	\$ 4,262,473	\$ 4,201,818
Net Realized Gain/Loss.....	755,174	(5,545,510)
Net Unrealized Appreciation During the Period.....	542,340	11,684,955
Distributions to Preferred Shareholders:		
Net Investment Income.....	(410,282)	(317,415)
Return of Capital Distribution.....	-0-	(8,277)
	-----	-----
Change in Net Assets Applicable to Common Shares from Operations.....	5,149,705	10,015,571
Distributions to Common Shareholders:		
Net Investment Income.....	(3,600,383)	(3,587,601)
Return of Capital Distribution.....	-0-	(93,545)
	-----	-----
NET CHANGE IN NET ASSETS APPLICABLE TO COMMON SHARES FROM INVESTMENT ACTIVITIES.....	1,549,322	6,334,425
NET ASSETS APPLICABLE TO COMMON SHARES:		
Beginning of the Period.....	37,050,682	30,716,257
	-----	-----
End of the Period (Including accumulated undistributed net investment income of (\$234,620) and (\$613,037), respectively).....	\$38,600,004	\$37,050,682
	=====	=====

See Notes to Financial Statements

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VAN KAMPEN HIGH INCOME TRUST II

FINANCIAL HIGHLIGHTS

THE FOLLOWING SCHEDULE PRESENTS FINANCIAL HIGHLIGHTS FOR ONE COMMON SHARE OF THE TRUST OUTSTANDING THROUGHOUT THE PERIODS INDICATED.

	2004	2003	2002
	-----	-----	-----
NET ASSET VALUE, BEGINNING OF THE PERIOD.....	\$ 4.57	\$ 3.79	\$ 4.77



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Net Investment Income.....	.52	.52	.60
Net Realized and Unrealized Gain/Loss.....	.16	.75	(.89)
Common Share Equivalent of Distributions Paid to Preferred Shareholders:			
Net Investment Income.....	(.05)	(.04)	(.07)
Return of Capital Distributions.....	-0-	-0-*	-0-*
Total from Investment Operations.....	.63	1.23	(.36)
Distributions Paid to Common Shareholders:			
Net Investment Income.....	(.44)	(.44)	(.58)
Return of Capital Distributions.....	-0-	(.01)	(.04)
NET ASSET VALUE, END OF THE PERIOD.....	\$ 4.76	\$ 4.57	\$ 3.79
Common Share Market Price at End of the Period.....	\$ 5.14	\$ 5.08	\$ 4.07
Total Return (a).....	10.83%	37.20%	-19.86%
Net Assets Applicable to Common Shares at End of the Period (In millions).....	\$ 38.6	\$ 37.1	\$ 30.7
Ratio of Expenses to Average Net Assets Applicable to Common Shares (b).....	2.12%	2.25%	2.28%
Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares (b).....	11.51%	12.29%	14.50%
Portfolio Turnover.....	86%	74%	81%
SUPPLEMENTAL RATIOS:			
Ratio of Expenses to Average Net Assets Including Preferred Shares (b).....	1.21%	1.24%	1.18%
Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares (d).....	10.40%	11.34%	12.93%
SENIOR SECURITIES:			
Total Preferred Shares Outstanding.....	1,112	1,112	1,112
Asset Coverage Per Preferred Share (e).....	\$59,715	\$58,320	\$52,652
Involuntary Liquidating Preference Per Preferred Share.....	\$25,000	\$25,000	\$25,000
Average Market Value Per Preferred Share.....	\$25,000	\$25,000	\$25,000

\* Amount is less than \$.01.

(a) Total return assumes an investment at the common share market price at the beginning of the period indicated, reinvestment of all distributions for the period in accordance with the Trust's dividend reinvestment plan, and sale of all shares at the closing common share market price at the end of the period indicated.

(b) Ratios do not reflect the effect of dividend payments to preferred shareholders.

(c) As required, effective January 1, 2001, the Trust has adopted the provisions of the AICPA Audit and Accounting Guide for Investment Companies and began amortizing premium on fixed income securities. The effect of this change for the period ended December 31, 2001 was to decrease net investment income per share by \$.02, increase net realized and unrealized gains and losses per share by \$.02 and decrease the ratio of net investment income to average net assets applicable to common shares by .40%. Per share, ratios and supplemental data for periods prior to December 31, 2001 have not been restated to reflect this change in presentation.

(d) Ratios reflect the effect of dividend payments to preferred shareholders.

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(e) Calculated by subtracting the Trust's total liabilities (not including the preferred shares) from the Trust's total assets and dividing this by the number of preferred shares outstanding.

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Year Ended December 31,

2001 (c)	2000	1999	1998	1997	1996	1995
\$ 5.40	\$ 6.56	\$ 7.59	\$ 8.44	\$ 8.31	\$ 8.12	\$ 7.32
.90	1.10	1.14	1.18	1.20	1.23	1.27
(.61)	(1.11)	(1.00)	(.77)	.18	.21	.81
(.18)	(.33)	(.27)	(.30)	(.29)	(.29)	(.32)
-0-*	-0-*	-0-	-0-	-0-	-0-	-0-
.11	(.34)	(.13)	.11	1.09	1.15	1.76
(.73)	(.76)	(.90)	(.96)	(.96)	(.96)	(.96)
(.01)	(.06)	-0-	-0-	-0-	-0-	-0-
\$ 4.77	\$ 5.40	\$ 6.56	\$ 7.59	\$ 8.44	\$ 8.31	\$ 8.12
\$ 5.75	\$ 5.69	\$ 5.75	\$ 8.625	\$ 9.8125	\$ 9.375	\$ 8.75
13.57%	12.13%	-25.28%	-2.73%	15.34%	18.91%	30.33%
\$ 38.7	\$ 43.8	\$ 53.2	\$ 61.6	\$ 68.4	\$ 67.4	\$ 65.8
2.14%	2.03%	1.97%	1.92%	1.83%	1.89%	1.96%
16.83%	18.16%	16.32%	14.54%	14.43%	15.19%	16.19%
63%	40%	56%	65%	98%	94%	124%
1.15%	1.07%	1.10%	1.14%	1.10%	1.12%	1.15%
13.40%	12.66%	12.41%	10.85%	10.93%	11.58%	12.09%
1,360	1,520	1,800	900	900	900	900
\$53,426	\$53,812	\$54,557	\$118,418	\$126,015	\$124,849	\$123,135
\$25,000	\$25,000	\$25,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
\$25,000	\$25,000	\$25,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000

See Notes to Financial Statements

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VAN KAMPEN HIGH INCOME TRUST II

NOTES TO FINANCIAL STATEMENTS -- DECEMBER 31, 2004

1. SIGNIFICANT ACCOUNTING POLICIES

Van Kampen High Income Trust II (the "Trust") is registered as a diversified, closed-end management investment company under the Investment Company Act of 1940, as amended. The Trust's investment objective is to provide high current income, while seeking to preserve shareholders' capital through investment in a professionally managed diversified portfolio of high yield, fixed income securities. The Trust commenced investment operations on April 28, 1989.

The following is a summary of significant accounting policies consistently followed by the Trust in the preparation of its financial statements. The

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preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

A. SECURITY VALUATION Investments are stated at value using market quotations or indications of value obtained from an independent pricing service. For those securities where quotations or prices are not available, valuations are obtained from yield data relating to instruments or securities with similar characteristics in accordance with procedures established in good faith by the Board of Trustees. Securities which are not valued by independent pricing services or dealers are valued at fair value using procedures established in good faith by the Board of Trustees. Short-term securities with remaining maturities of 60 days or less are valued at amortized cost, which approximates market value.

B. SECURITY TRANSACTIONS Security transactions are recorded on a trade date basis. Realized gains and losses are determined on an identified cost basis. The Trust may purchase and sell securities on a "when-issued" or "delayed delivery" basis with settlement to occur at a later date. The value of the security so purchased is subject to market fluctuations during this period. The Trust will segregate assets with the custodian having an aggregate value at least equal to the amount of the when-issued or delayed delivery purchase commitments until after payment is made. At December 31, 2004, the Trust had no when-issued and delayed delivery purchase commitments.

The Trust may invest in repurchase agreements, which are short-term investments in which the Trust acquires ownership of a debt security and the seller agrees to repurchase the security at a future time and specified price. The Trust may invest independently in repurchase agreements, or transfer uninvested cash balances into a pooled cash account along with other investment companies advised by Van Kampen Asset Management (the "Adviser") or its affiliates, the daily aggregate of which is invested in repurchase agreements. Repurchase agreements are fully collateralized by the underlying debt security. The Trust will make payment for such securities only upon physical delivery or evidence of book entry transfer to the account of the custodian bank. The seller is required to maintain the value of the underlying security at not less than the repurchase proceeds due the Trust.

C. INVESTMENT INCOME Interest income is recorded on an accrual basis. Bond discount is accreted and premium is amortized over the expected life of each applicable security. Other

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VAN KAMPEN HIGH INCOME TRUST II

NOTES TO FINANCIAL STATEMENTS -- DECEMBER 31, 2004 continued

income is comprised primarily of consent fees. Consent fees are earned as compensation for agreeing to changes in the terms of debt instruments.

D. FEDERAL INCOME TAXES It is the Trust's policy to comply with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no provision for federal income taxes is required.

The Trust intends to utilize provisions of the federal income tax laws which allow it to carry a realized capital loss forward for eight years following the

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year of the loss and offset such losses against any future realized capital gains. At December 31, 2004, the Trust had an accumulated capital loss carryforward for tax purposes of \$26,614,115 which will expire according to the following table:

AMOUNT	EXPIRATION
\$1,997,967.....	December 31, 2007
3,362,300.....	December 31, 2008
5,094,823.....	December 31, 2009
9,494,354.....	December 31, 2010
5,789,566.....	December 31, 2011
875,105.....	December 31, 2012

At December 31, 2004, the cost and related gross unrealized appreciation and depreciation are as follows:

Cost of investments for tax purposes.....	\$64,512,750
	=====
Gross tax unrealized appreciation.....	\$ 3,818,330
Gross tax unrealized depreciation.....	(2,960,436)
	-----
Net tax unrealized appreciation on investments.....	\$ 857,894
	=====

E. DISTRIBUTION OF INCOME AND GAINS The Trust declares and pays monthly dividends from net investment income to common shareholders. Net realized gains, if any, are distributed annually to common shareholders. Distributions from net realized gains for book purposes may include short-term capital gains which are included in ordinary income for tax purposes.

The tax character of distributions paid during the years ended December 31, 2004 and 2003 were as follows:

	2004	2003
Distributions paid from:		
Ordinary income.....	\$4,011,590	\$3,889,082
Return of capital.....	--	101,822
	-----	-----
	\$4,011,590	\$3,990,904
	=====	=====

Due to inherent differences in the recognition of income, expenses and realized gains/losses under accounting principles generally accepted in the United States of America and federal income tax purposes, permanent differences between book and tax basis reporting for the 2004 fiscal year have been identified and appropriately reclassified. Permanent

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NOTES TO FINANCIAL STATEMENTS -- DECEMBER 31, 2004 continued

differences of \$216,540 relating to book to tax amortization differences were reclassified from accumulated undistributed net investment income to accumulated net realized loss and permanent differences of \$87,760 relating to fee income received from tender offers were reclassified from accumulated undistributed net investment income to accumulated net realized loss. Also, a permanent book and tax difference relating to the true-up of prior year adjustments totaling \$2,171 was reclassified from accumulated undistributed net investment income to accumulated net realized loss in the amount of \$1,890 and capital in the amount of \$281.

As of December 31, 2004, the components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income..... \$332,847

Net realized gains or losses may differ for financial and tax reporting purposes primarily as a result of the deferral of losses relating to wash sale transactions.

### 2. INVESTMENT ADVISORY AGREEMENT AND OTHER TRANSACTIONS WITH AFFILIATES

Under the terms of the Trust's Investment Advisory Agreement, the Adviser will provide investment advice and facilities to the Trust for an annual fee payable monthly of .70% of the average daily net assets of the Trust.

For the year ended December 31, 2004, the Trust recognized expenses of approximately \$3,900 representing legal services provided by Skadden, Arps, Slate, Meagher & Flom LLP, of which a trustee of the Trust is a partner of such firm and he and his law firm provide legal services as legal counsel to the Trust.

Under separate Accounting Services and Legal Services agreements, the Adviser provides accounting and legal services to the Trust. The Adviser allocates the cost of such services to each trust. For the year ended December 31, 2004, the Trust recognized expenses of approximately \$24,300 representing Van Kampen Investments Inc.'s or its affiliates (collectively "Van Kampen") cost of providing accounting and legal services to the Trust, which are reported as part of "Other" and "Legal" expenses, respectively, in the Statement of Operations.

Certain officers and trustees of the Trust are also officers and directors of Van Kampen. The Trust does not compensate its officers or trustees who are also officers of Van Kampen.

The Trust provides deferred compensation and retirement plans for its trustees who are not officers of Van Kampen. Under the deferred compensation plan, trustees may elect to defer all or a portion of their compensation to a later date. Benefits under the retirement plan are payable upon retirement for a ten-year period and are based upon each trustee's years of service to the Trust. The maximum annual benefit per trustee under the plan is \$2,500.

### 3. INVESTMENT TRANSACTIONS

During the period, the cost of purchases and proceeds from sales of investments, excluding short-term investments were \$53,450,774 and \$53,375,108, respectively.

VAN KAMPEN HIGH INCOME TRUST II

NOTES TO FINANCIAL STATEMENTS -- DECEMBER 31, 2004 continued

4. AUCTION PREFERRED SHARES

As of December 31, 2004, the Trust has outstanding 1,112 Auction Preferred Shares ("APS"). Dividends are cumulative and the dividend rate is currently reset every 28 days through an auction process. The rate in effect on December 31, 2004 was 2.308%. During the year ended December 31, 2004, the rates ranged from 1.068% to 2.308%.

The Trust pays annual fees equivalent to .25% of the preferred share liquidation value for the remarketing efforts associated with the preferred auctions. These fees are included as a component of Preferred Share Maintenance expense.

The APS are redeemable at the option of the Trust in whole or in part at the liquidation value of \$25,000 per share plus accumulated and unpaid dividends. The Trust is subject to certain asset coverage tests and the APS are subject to mandatory redemption if the tests are not met.

5. INDEMNIFICATIONS

The Trust enters into contracts that contain a variety of indemnifications. The Trust's maximum exposure under these arrangements is unknown. However, the Trust has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

VAN KAMPEN HIGH INCOME TRUST II

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees and Shareholders of Van Kampen High Income Trust II

We have audited the accompanying statement of assets and liabilities of Van Kampen High Income Trust II (the "Trust"), including the portfolio of investments, as of December 31, 2004, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits. The Fund's financial highlights for the periods ended prior to December 31, 2000, were audited by other auditors whose report, dated February 10, 2000, expressed an unqualified opinion on those financial highlights.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such

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opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2004, by correspondence with the Trust's custodian. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Van Kampen High Income Trust II as of December 31, 2004, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP  
Chicago, Illinois  
February 11, 2005

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### VAN KAMPEN HIGH INCOME TRUST II

#### DIVIDEND REINVESTMENT PLAN

The Trust offers a Dividend Reinvestment Plan (the "Plan") pursuant to which Common Shareholders who are participants in the Plan may have all distributions of dividends and capital gains automatically reinvested in Common Shares of the Trust. All Common Shareholders are deemed to be participants in the Plan unless they specifically elect not to participate. Common Shareholders who elect not to participate in the Plan will receive all distributions of dividends and capital gains in cash paid by check mailed directly to the Common Shareholder by the Trust's dividend disbursing agent.

#### HOW THE PLAN WORKS

State Street Bank and Trust Company, as your Plan Agent, serves as agent for the Common Shareholders in administering the Plan. After the Trust declares a dividend or determines to make a capital gains distribution, the Plan Agent will, as agent for the participants, receive the cash payment and use it to buy Common Shares in the open market, on the New York Stock Exchange or elsewhere, for the participants' accounts. The Trust will not issue any new Common Shares in connection with the Plan. All reinvestments are in full and fractional Common Shares, carried to three decimal places.

Experience under the Plan may indicate that changes are desirable. Accordingly, the Trust reserves the right to amend or terminate the Plan as applied to any dividend or capital gains distribution paid subsequent to written notice of the change sent to all Common Shareholders of the Trust at least 90 days before the record date for the dividend or distribution. The Plan also may be amended or terminated by the Plan Agent, with the written consent of the Trust, by providing at least 90 days written notice to all Participants in the Plan.

#### COSTS OF THE PLAN

The Plan Agent's fees for the handling of the reinvestment of dividends and distributions will be paid by the Trust. However, each participant will pay a pro rata share of brokerage commissions incurred with respect to the Plan Agent's open market purchases in connection with the reinvestment of dividends

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and distributions. No other charges will be made to participants for reinvesting dividends or capital gains distributions, except for certain brokerage commissions, as described above.

### TAX IMPLICATIONS

You will receive tax information annually for your personal records and to help you prepare your federal income tax return. The automatic reinvestment of dividends and capital gains distributions does not relieve you of any income tax which may be payable on dividends or distributions.

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### VAN KAMPEN HIGH INCOME TRUST II

#### DIVIDEND REINVESTMENT PLAN continued

#### RIGHT TO WITHDRAW

All Common Shareholders of the Trust are deemed to be participants in the Plan unless they specifically elect not to participate. You may withdraw from the Plan at any time by calling 1-800-341-2929 or by writing State Street Bank and Trust Company. If you withdraw, you will receive, without charge, a share certificate issued in your name for all full Common Shares credited to your account under the Plan, and a cash payment will be made for any fractional Common Share credited to your account under the Plan. You may again elect to participate in the Plan at any time by calling 1-800-341-2929 or writing to the Trust at:

2800 Post Oak Blvd.  
Houston, TX 77056  
Attn: Closed-End Funds

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### VAN KAMPEN HIGH INCOME TRUST II

#### BOARD OF TRUSTEES AND IMPORTANT ADDRESSES

#### BOARD OF TRUSTEES

DAVID C. ARCH  
JERRY D. CHOATE  
ROD DAMMEYER  
LINDA HUTTON HEAGY  
R. CRAIG KENNEDY  
HOWARD J KERR  
MITCHELL M. MERIN\*  
JACK E. NELSON  
RICHARD F. POWERS, III\*  
HUGO F. SONNENSCHNEIN  
WAYNE W. WHALEN\* - Chairman  
SUSAN H. WOOLSEY

#### INVESTMENT ADVISER

VAN KAMPEN ASSET MANAGEMENT  
1221 Avenue of the Americas  
New York, New York 10020

#### CUSTODIAN AND TRANSFER AGENT



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STATE STREET BANK  
 AND TRUST COMPANY  
 c/o EquiServe  
 P.O. Box 43011  
 Providence, Rhode Island 02940-3011

LEGAL COUNSEL

SKADDEN, ARPS, SLATE,  
 MEAGHER & FLOM LLP  
 333 West Wacker Drive  
 Chicago, Illinois 60606

INDEPENDENT REGISTERED

PUBLIC ACCOUNTING FIRM

DELOITTE & TOUCHE LLP  
 180 North Stetson Avenue  
 Chicago, Illinois 60601

\* "Interested persons" of the Trust, as defined in the Investment Company Act of 1940, as amended.

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VAN KAMPEN HIGH INCOME TRUST II

TRUSTEE AND OFFICER INFORMATION

The business and affairs of the Trust are managed under the direction of the Trust's Board of Trustees and the Trust's officers appointed by the Board of Trustees. The tables below list the trustees and executive officers of the Trust and their principal occupations during the last five years, other directorships held by trustees and their affiliations, if any, with Van Kampen Investments Inc. ("Van Kampen Investments"), Van Kampen Asset Management (the "Adviser"), Van Kampen Funds Inc. (the "Distributor"), Van Kampen Advisors Inc., Van Kampen Exchange Corp. and Van Kampen Investor Services Inc. ("Investor Services"). The term "Fund Complex" includes each of the investment companies advised by the Adviser or its affiliates as of the date of this Statement of Additional Information. Trustees serve until reaching their retirement age or until their successors are duly elected and qualified. Officers are annually elected by the trustees.

INDEPENDENT TRUSTEES:

NAME, AGE AND ADDRESS OF INDEPENDENT TRUSTEE	POSITION(S) HELD WITH TRUST	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF FUNDS IN FUND COMPLEX OVERSEEN BY TRUSTEE	OT HE
David C. Arch (59) Blistex Inc. 1800 Swift Drive Oak Brook, IL 60523	Trustee	Trustee since 1989	Chairman and Chief Executive Officer of Blistex Inc., a consumer health care products manufacturer. Director of the Heartland Alliance, a	83	Tr Ge in

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nonprofit organization serving human needs based in Chicago. Director of St. Vincent de Paul Center, a Chicago based day care facility serving the children of low income families. Board member of the Illinois Manufacturers' Association.

Jerry D. Choate (66) 33971 Selva Road Suite 130 Dana Point, CA 92629	Trustee	Trustee since 2003	Prior to January 1999, Chairman and Chief Executive Officer of the Allstate Corporation ("Allstate") and Allstate Insurance Company. Prior to January 1995, President and Chief Executive Officer of Allstate. Prior to August 1994, various management positions at Allstate.	81
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VAN KAMPEN HIGH INCOME TRUST II  
 TRUSTEE AND OFFICER INFORMATION continued

NAME, AGE AND ADDRESS OF INDEPENDENT TRUSTEE	POSITION(S) HELD WITH TRUST	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF FUNDS IN FUND COMPLEX OVERSEEN BY TRUSTEE
Rod Dammeyer (64) CAC, L.L.C. 4350 LaJolla Village Drive Suite 980 San Diego, CA 92122-6223	Trustee	Trustee since 1989	President of CAC, L.L.C., a private company offering capital investment and management advisory services. Prior to February 2001, Vice Chairman and Director of Anixter International, Inc., a global distributor of wire, cable and communications connectivity products. Prior to July 2000, Managing Partner of Equity Group Corporate Investment (EGI), a company that makes private investments in other companies.	83

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VAN KAMPEN HIGH INCOME TRUST II  
TRUSTEE AND OFFICER INFORMATION continued

NAME, AGE AND ADDRESS OF INDEPENDENT TRUSTEE	POSITION(S) HELD WITH TRUST	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF FUNDS IN FUND COMPLEX OVERSEEN BY TRUSTEE
Linda Hutton Heagy (56) Heidrick & Struggles 233 South Wacker Drive Suite 7000 Chicago, IL 60606	Trustee	Trustee since 2003	Managing Partner of Heidrick & Struggles, an executive search firm. Trustee on the University of Chicago Hospitals Board, Vice Chair of the Board of the YMCA of Metropolitan Chicago and a member of the Women's Board of the University of Chicago. Prior to 1997, Partner of Ray & Berndtson, Inc., an executive recruiting firm. Prior to 1996, Trustee of The International House Board, a fellowship and housing organization for international graduate students. Prior to 1995, Executive Vice President of ABN AMRO, N.A., a bank holding company. Prior to 1992, Executive Vice President of La Salle National Bank.	81
R. Craig Kennedy (52) 1744 R Street, NW Washington, DC 20009	Trustee	Trustee since 2003	Director and President of the German Marshall Fund of the United States, an independent U.S. foundation created to deepen understanding, promote collaboration and stimulate exchanges of practical experience	81

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between Americans and Europeans. Formerly, advisor to the Dennis Trading Group Inc., a managed futures and option company that invests money for individuals and institutions. Prior to 1992, President and Chief Executive Officer, Director and member of the Investment Committee of the Joyce Foundation, a private foundation.

Howard J Kerr (69)  
736 North Western Avenue  
P.O. Box 317  
Lake Forest, IL 60045

Trustee

Trustee since 1992

Prior to 1998, President and Chief Executive Officer of Pocklington Corporation, Inc., an investment holding company. Director of the Marrow Foundation.

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VAN KAMPEN HIGH INCOME TRUST II  
TRUSTEE AND OFFICER INFORMATION continued

NAME, AGE AND ADDRESS OF INDEPENDENT TRUSTEE	POSITION(S) HELD WITH TRUST	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF FUNDS IN FUND COMPLEX OVERSEEN BY TRUSTEE	OT HE
Jack E. Nelson (68) 423 Country Club Drive Winter Park, FL 32789	Trustee	Trustee since 2003	President of Nelson Investment Planning Services, Inc., a financial planning company and registered investment adviser in the State of Florida. President of Nelson Invest Brokerage Services Inc., a member of the NASD, Securities Investors Protection Corp. and the Municipal Securities Rulemaking Board. President of Nelson Sales and Services Corporation, a marketing and services company to support affiliated companies.	81	Tr Ge in
Hugo F. Sonnenschein (64) 1126 E. 59th Street	Trustee	Trustee since 1994	President Emeritus and Honorary Trustee of the	83	Tr Ge

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Chicago, IL 60637

University of Chicago and the Adam Smith Distinguished Service Professor in the Department of Economics at the University of Chicago. Prior to July 2000, President of the University of Chicago. Trustee of the University of Rochester and a member of its investment committee. Member of the National Academy of Sciences, the American Philosophical Society and a fellow of the American Academy of Arts and Sciences.

Suzanne H. Woolsey, Ph.D.  
(63)  
815 Cumberstone Road  
Harwood, MD 20776

Trustee

Trustee since 2003

Chief Communications Officer of the National Academy of Sciences/National Research Council, an independent, federally chartered policy institution, from 2001 to November 2003 and Chief Operating Officer from 1993 to 2001. Director of the Institute for Defense Analyses, a federally funded research and development center, Director of the German Marshall Fund of the United States, Director of the Rocky Mountain Institute and Trustee of Colorado College. Prior to 1993, Executive Director of the Commission on Behavioral and Social Sciences and Education at the National Academy of Sciences/National Research Council. From 1980 through 1989, Partner of Coopers & Lybrand.

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VAN KAMPEN HIGH INCOME TRUST II

TRUSTEE AND OFFICER INFORMATION continued

INTERESTED TRUSTEES:\*

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NAME, AGE AND ADDRESS OF INDEPENDENT TRUSTEE	POSITION(S) HELD WITH TRUST	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF FUNDS IN FUND COMPLEX OVERSEEN BY TRUSTEE	OT HE
Mitchell M. Merin* (51) 1221 Avenue of the Americas New York, NY 10020	Trustee, President and Chief Executive Officer	Trustee since 2003; President and Chief Executive Officer since 2002	President and Chief Executive Officer of funds in the Fund Complex. Chairman, President, Chief Executive Officer and Director of the Adviser and Van Kampen Advisors Inc. since December 2002. Chairman, President and Chief Executive Officer of Van Kampen Investments since December 2002. Director of Van Kampen Investments since December 1999. Chairman and Director of Van Kampen Funds Inc. since December 2002. President, Director and Chief Operating Officer of Morgan Stanley Investment Management since December 1998. President and Director since April 1997 and Chief Executive Officer since June 1998 of Morgan Stanley Investment Advisors Inc. and Morgan Stanley Services Company Inc. Chairman, Chief Executive Officer and Director of Morgan Stanley Distributors Inc. since June 1998. Chairman since June 1998, and Director since January 1998 of Morgan Stanley Trust. Director of various Morgan Stanley subsidiaries. President of the Morgan Stanley Funds since May 1999. Previously Chief Executive Officer of Van Kampen Funds Inc. from December 2002 to July 2003, Chief Strategic Officer of Morgan Stanley Investment Advisors Inc. and Morgan Stanley	81	Tr Ge in

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Services Company Inc. and Executive Vice President of Morgan Stanley Distributors Inc. from April 1997 to June 1998. Chief Executive Officer from September 2002 to April 2003 and Vice President from May 1997 to April 1999 of the Morgan Stanley Funds.

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VAN KAMPEN HIGH INCOME TRUST II  
TRUSTEE AND OFFICER INFORMATION continued

NAME, AGE AND ADDRESS OF INDEPENDENT TRUSTEE	POSITION(S) HELD WITH TRUST	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF FUNDS IN FUND COMPLEX OVERSEEN BY TRUSTEE	OT HE
Richard F. Powers, III* (58) 1 Parkview Plaza P.O. Box 5555 Oakbrook Terrace, IL 60181	Trustee	Trustee since 1999	Advisory Director of Morgan Stanley. Prior to December 2002, Chairman, Director, President, Chief Executive Officer and Managing Director of Van Kampen Investments and its investment advisory, distribution and other subsidiaries. Prior to December 2002, President and Chief Executive Officer of funds in the Fund Complex. Prior to May 1998, Executive Vice President and Director of Marketing at Morgan Stanley and Director of Dean Witter, Discover & Co. and Dean Witter Realty. Prior to 1996, Director of Dean Witter Reynolds Inc.	83	Tr Ge in
Wayne W. Whalen* (65) 333 West Wacker Drive Chicago, IL 60606	Trustee	Trustee since 1989	Partner in the law firm of Skadden, Arps, Slate, Meagher & Flom LLP, legal counsel to funds in the Fund Complex.	83	Tr Ge in

\* Such trustee is an "interested person" (within the meaning of Section 2(a)(19) of the 1940 Act). Messrs. Merin and Powers are interested persons

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of funds in the Fund Complex and the Adviser by reason of their current or former positions with Morgan Stanley or its affiliates. Mr. Whalen is an interested person of certain funds in the Fund Complex by reason of he and his firm currently providing legal services as legal counsel to such funds in the Fund Complex.

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VAN KAMPEN HIGH INCOME TRUST II

TRUSTEE AND OFFICER INFORMATION continued

OFFICERS:

NAME, AGE AND ADDRESS OF OFFICER	POSITION(S) HELD WITH TRUST	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS
Stefanie V. Chang (38) 1221 Avenue of the Americas New York, NY 10020	Vice President and Secretary	Officer since 2003	Executive Director of Morgan S Vice President of funds in the
Amy R. Doberman (42) 1221 Avenue of the Americas New York, NY 10020	Vice President	Officer since 2004	Managing Director and General Management; Managing Director Management, Inc., Morgan Stanl and the Adviser. Vice Presiden Institutional and Retail Funds President of funds in the Fund Previously, Managing Director Americas, UBS Global Asset Man 2004 and General Counsel of Ae Inc. from January 1997 to July
James W. Garrett (36) 1221 Avenue of the Americas New York, NY 10020	Chief Financial Officer and Treasurer	Officer since 2005	Executive Director of Morgan S Chief Financial Officer and Tr Institutional Funds since 2002 since January 2005.
Joseph J. McAlinden (62) 1221 Avenue of the Americas New York, NY 10020	Executive Vice President and Chief Investment Officer	Officer since 2002	Managing Director and Chief In Stanley Investment Advisors In Investment Management Inc. and Trust for over 5 years. Execut Investment Officer of funds in Director and Chief Investment Investments, the Adviser and V December 2002.

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VAN KAMPEN HIGH INCOME TRUST II

TRUSTEE AND OFFICER INFORMATION continued

TERM OF  
OFFICE AND

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NAME, AGE AND ADDRESS OF OFFICER	POSITION(S) HELD WITH TRUST	LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS
Ronald E. Robison (66) 1221 Avenue of the Americas New York, NY 10020	Executive Vice President and Principal Executive Officer	Officer since 2003	Principal Executive Officer of since May 2003. Chief Executive Investor Services. Executive V Executive Officer of funds in Director of Morgan Stanley. Ch Managing Director and Director Advisors Inc., Morgan Stanley Managing Director and Director Distributors Inc. Chief Execut Morgan Stanley Trust. Executiv Executive Officer of the Insti Stanley Funds; Director of Mor Chief Global Operations Office Morgan Stanley Investment Mana
John L. Sullivan (49) 1 Parkview Plaza Oakbrook Terrace, IL 60181	Chief Compliance Officer	Officer since 1998	Chief Compliance Officer of fu August 2004. Director and Mana Investments, the Adviser, Van certain other subsidiaries of August 2004, Vice President, C Treasurer of funds in the Fund Accounting for Morgan Stanley to December 2002, Executive Di Investments, the Adviser and V

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VAN KAMPEN

### AN IMPORTANT NOTICE CONCERNING OUR U.S. PRIVACY POLICY

We are required by federal law to provide you with a copy of our Privacy Policy annually.

The following Policy applies to current and former individual clients of Van Kampen Investments Inc., Van Kampen Asset Management, Van Kampen Advisors Inc., Van Kampen Funds Inc., Van Kampen Investor Services Inc. and Van Kampen Exchange Corp., as well as current and former individual investors in Van Kampen mutual funds, unit investment trusts, and related companies.

This Policy is not applicable to partnerships, corporations, trusts or other non-individual clients or account holders, nor is this Policy applicable to individuals who are either beneficiaries of a trust for which we serve as trustee or participants in an employee benefit plan administered or advised by us. This Policy is, however, applicable to individuals who select us to be a custodian of securities or assets in individual retirement accounts, 401(k) accounts, 529 Educational Savings Accounts, accounts subject to the Uniform Gifts to Minors Act, or similar accounts.

Please note that we may amend this Policy at any time, and will inform you of any changes to this Policy as required by law.

WE RESPECT YOUR PRIVACY

We appreciate that you have provided us with your personal financial

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information. We strive to maintain the privacy of such information while we help you achieve your financial objectives. This Policy describes what non-public personal information we collect about you, why we collect it, and when we may share it with others.

We hope this Policy will help you understand how we collect and share non-public personal information that we gather about you. Throughout this Policy, we refer to the non-public information that personally identifies you or your accounts as "personal information."

### 1. WHAT PERSONAL INFORMATION DO WE COLLECT ABOUT YOU?

To serve you better and manage our business, it is important that we collect and maintain accurate information about you. We may obtain this information from applications and other forms you submit to us, from your dealings with us, from consumer reporting agencies, from our Web sites and from third parties and other sources.

For example:

- We may collect information such as your name, address, e-mail address, telephone/fax numbers, assets, income and investment objectives through applications and other forms you submit to us.
- We may obtain information about account balances, your use of account(s) and the types of products and services you prefer to receive from us through your dealings and transactions with us and other sources.
- We may obtain information about your creditworthiness and credit history from consumer reporting agencies.
- We may collect background information from and through third-party vendors to verify representations you have made and to comply with various regulatory requirements.
- If you interact with us through our public and private Web sites, we may collect information that you provide directly through online communications (such as an e-mail address). We may also collect information about your Internet service provider, your domain name, your computer's operating system and Web browser,

(continued on back)

VAN KAMPEN

AN IMPORTANT NOTICE CONCERNING OUR U.S. PRIVACY POLICY continued

your use of our Web sites and your product and service preferences, through the use of "cookies." "Cookies" recognize your computer each time you return to one of our sites, and help to improve our sites' content and personalize your experience on our sites by, for example, suggesting offerings that may interest you. Please consult the Terms of Use of these sites for more details on our use of cookies.

### 2. WHEN DO WE DISCLOSE PERSONAL INFORMATION WE COLLECT ABOUT YOU?

To provide you with the products and services you request, to serve you better and to manage our business, we may disclose personal information we collect about you to our affiliated companies and to non-affiliated third parties as required or permitted by law.

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A. INFORMATION WE DISCLOSE TO OUR AFFILIATED COMPANIES. We do not disclose personal information that we collect about you to our affiliated companies except to enable them to provide services on our behalf or as otherwise required or permitted by law.

B. INFORMATION WE DISCLOSE TO THIRD PARTIES. We do not disclose personal information that we collect about you to non-affiliated third parties except to enable them to provide services on our behalf, to perform joint marketing agreements with other financial institutions, or as otherwise required or permitted by law. For example, some instances where we may disclose information about you to non-affiliated third parties include: for servicing and processing transactions, to offer our own products and services, to protect against fraud, for institutional risk control, to respond to judicial process or to perform services on our behalf. When we share personal information with these companies, they are required to limit their use of personal information to the particular purpose for which it was shared and they are not allowed to share personal information with others except to fulfill that limited purpose.

3. HOW DO WE PROTECT THE SECURITY AND CONFIDENTIALITY OF PERSONAL INFORMATION WE COLLECT ABOUT YOU?

We maintain physical, electronic and procedural security measures to help safeguard the personal information we collect about you. We have internal policies governing the proper handling of client information. Third parties that provide support or marketing services on our behalf may also receive personal information, and we require them to adhere to confidentiality standards with respect to such information.

The Statement of Additional Information includes additional information about Fund trustees and is available, without charge, upon request by calling 1-800-847-2424.

Van Kampen Funds Inc.  
1 Parkview Plaza, P.O. Box 5555  
Oakbrook Terrace, IL 60181-5555  
www.vankampen.com

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Member NASD/SIPC. 902, 911, 104  
VLT ANR 3/05 RN05-00264P-Y12/04

(VAN KAMPEN INVESTMENTS LOGO)

Item 2. Code of Ethics.

(a) The Trust has adopted a code of ethics (the "Code of Ethics") that applies to its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the Trust or a third party.

(b) No information need be disclosed pursuant to this paragraph.

(c) The Trust has amended its Code of Ethics during the period covered by the shareholder report presented in Item 1 hereto to delete from the end of the following paragraph on page 2 of the Code the phrase "to the detriment of the Fund.":

"Each Covered Officer must not use his personal influence or personal relationship improperly to influence investment decisions or financial reporting

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by the Fund whereby the Covered Officer would benefit personally (directly or indirectly)."

Further, due to personnel changes at the Adviser, the list of Covered Officers set forth in Exhibit B and the General Counsel designee to whom questions about the application of the Code should be referred in Exhibit C were amended during the period. Exhibit B was then amended again in February 2005. Both editions of Exhibit B are attached.

- (d) Not applicable.
- (e) Not applicable.
- (f)
  - (1) The Trust's Code of Ethics is attached hereto as Exhibit 11A.
  - (2) Not applicable.
  - (3) Not applicable.

Item 3. Audit Committee Financial Expert.

The Trust's Board of Trustees has determined that it has two "audit committee financial experts" serving on its audit committee, each of whom are "independent" Trustees : Jerry Choate and R. Craig Kennedy. Under applicable securities laws, a person who is determined to be an audit committee financial expert will not be deemed an "expert" for any purpose, including without limitation for the purposes of Section 11 of the Securities Act of 1933, as a result of being designated or identified as an audit committee financial expert. The designation or identification of a person as an audit committee financial expert does not impose on such person any duties, obligations, or liabilities that are greater than the duties, obligations, and liabilities imposed on such person as a member of the audit committee and Board of Trustees in the absence of such designation or identification.

Item 4. Principal Accountant Fees and Services.

(a) (b) (c) (d) and (g). Based on fees billed for the periods shown:

2004	REGISTRANT	COVERED ENTITIES (1)
AUDIT FEES.....	\$42,130	N/A
NON-AUDIT FEES		
AUDIT-RELATED FEES.....	\$750 (2)	\$198,000 (3)
TAX FEES.....	\$1550 (4)	\$0
ALL OTHER FEES.....	\$0	\$0
TOTAL NON-AUDIT FEES.....	\$2,300	\$198,000
TOTAL.....	\$44,430	\$198,000

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	REGISTRANT	COVERED ENTITIES (1)
AUDIT FEES.....	\$38,135	N/A
NON-AUDIT FEES		
AUDIT-RELATED FEES.....	\$3,000 (2)	\$230,000 (3)
TAX FEES.....	\$1,500 (4)	\$0
ALL OTHER FEES.....	\$0	\$0
TOTAL NON-AUDIT FEES.....	\$4,500	\$230,000
TOTAL.....	\$42,635	\$230,000

N/A- Not applicable, as not required by Item 4.

- (1) Covered Entities include the Adviser (excluding sub-advisors) and any entity controlling, controlled by or under common control with the Adviser that provides ongoing services to the Registrant.
- (2) Audit-Related Fees represent agreed upon procedures provided that are reasonably related to the performance of the audit of the financial statements of the Registrant.
- (3) Audit-Related Fees represent assurance and related services provided that are reasonably related to the performance of the audit of the financial statements of the Covered Entities' and funds advised by the Adviser or its affiliates, specifically attestation services provided in connection with a SAS 70 Report.
- (4) Tax Fees represent tax advice and compliance services provided in connection with the review of the Registrant's tax.

(e) (1) The audit committee's pre-approval policies and procedures are as follows:

JOINT AUDIT COMMITTEE  
AUDIT AND NON-AUDIT SERVICES  
PRE-APPROVAL POLICY AND PROCEDURES  
OF THE  
VAN KAMPEN FUNDS

AS ADOPTED JULY 23, 2003 AND AMENDED MAY 26, 2004 (1)

1. STATEMENT OF PRINCIPLES

The Audit Committee of the Board is required to review and, in its sole discretion, pre-approve all Covered Services to be provided by the Independent Auditors to the Fund and Covered Entities in order to assure that services performed by the Independent Auditors do not impair the auditor's independence from the Fund. (2)

The SEC has issued rules specifying the types of services that an

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independent auditor may not provide to its audit client, as well as the audit committee's administration of the engagement of the independent auditor. The SEC's rules establish two different approaches to pre-approving services, which the SEC considers to be equally valid. Proposed services either: may be pre-approved without consideration of specific case-by-case services by the Audit Committee ("general pre-approval"); or require the specific pre-approval of the Audit Committee ("specific pre-approval"). The Audit Committee believes that the combination of these two approaches in this Policy will result in an effective and efficient procedure to pre-approve services performed by the Independent Auditors. As set forth in this Policy, unless a type of service has received general pre-approval, it will require specific pre-approval by the Audit Committee (or by any member of the Audit Committee to which pre-approval authority has been delegated) if it is to be provided by the Independent Auditors. Any proposed services exceeding pre-approved cost levels or budgeted amounts will also require specific pre-approval by the Audit Committee.

For both types of pre-approval, the Audit Committee will consider whether such services are consistent with the SEC's rules on auditor independence. The Audit Committee will also consider whether the Independent Auditors are best positioned to provide the most effective and efficient services, for reasons such as its familiarity with the Fund's business, people, culture, accounting systems, risk profile and other factors, and whether the service might enhance the Fund's ability to manage or control risk or improve audit quality. All such factors will be considered as a whole, and no one factor should necessarily be determinative.

The Audit Committee is also mindful of the relationship between fees for audit and non-audit services in deciding whether to pre-approve any such services and may determine for each fiscal year, the appropriate ratio between the total amount of fees for Audit, Audit-related and Tax services for the Fund (including any Audit-related or Tax service fees for Covered Entities that were subject to pre-approval), and the total amount of fees for certain permissible non-audit services classified as All Other services for the Fund (including any such services for Covered Entities subject to pre-approval).

The appendices to this Policy describe the Audit, Audit-related, Tax and All Other services that have the general pre-approval of the Audit Committee. The term of any general pre-approval is 12 months from the date of pre-approval, unless the Audit Committee considers and provides a different period and states otherwise. The Audit Committee will annually review and pre-approve the services that may be provided by the Independent Auditors without obtaining specific pre-approval

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- (1) This Joint Audit Committee Audit and Non-Audit Services Pre-Approval Policy and Procedures (the "Policy"), amended as of the date above, supercedes and replaces all prior versions that may have been amended from time to time.
  - (2) Terms used in this Policy and not otherwise defined herein shall have the meanings as defined in the Joint Audit Committee Charter.

from the Audit Committee. The Audit Committee will add to or subtract from the list of general pre-approved services from time to time, based on subsequent determinations.

The purpose of this Policy is to set forth the policy and procedures by which the Audit Committee intends to fulfill its responsibilities. It does not delegate the Audit Committee's responsibilities to pre-approve services performed by the Independent Auditors to management.

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The Fund's Independent Auditors have reviewed this Policy and believes that implementation of the Policy will not adversely affect the Independent Auditors' independence.

### 2. DELEGATION

As provided in the Act and the SEC's rules, the Audit Committee may delegate either type of pre-approval authority to one or more of its members. The member to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next scheduled meeting.

### 3. AUDIT SERVICES

The annual Audit services engagement terms and fees are subject to the specific pre-approval of the Audit Committee. Audit services include the annual financial statement audit and other procedures required to be performed by the Independent Auditors to be able to form an opinion on the Fund's financial statements. These other procedures include information systems and procedural reviews and testing performed in order to understand and place reliance on the systems of internal control, and consultations relating to the audit. The Audit Committee will monitor the Audit services engagement as necessary, but no less than on a quarterly basis, and will also approve, if necessary, any changes in terms, conditions and fees resulting from changes in audit scope, Fund structure or other items.

In addition to the annual Audit services engagement approved by the Audit Committee, the Audit Committee may grant general pre-approval to other Audit services, which are those services that only the Independent Auditors reasonably can provide. Other Audit services may include statutory audits and services associated with SEC registration statements (on Forms N-1A, N-2, N-3, N-4, etc.), periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings.

The Audit Committee has pre-approved the Audit services in Appendix B.1. All other Audit services not listed in Appendix B.1 must be specifically pre-approved by the Audit Committee (or by any member of the Audit Committee to which pre-approval has been delegated).

### 4. AUDIT-RELATED SERVICES

Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Fund's financial statements or, to the extent they are Covered Services, the Covered Entities' financial statements, or that are traditionally performed by the Independent Auditors. Because the Audit Committee believes that the provision of Audit-related services does not impair the independence of the auditor and is consistent with the SEC's rules on auditor independence, the Audit Committee may grant general pre-approval to Audit-related services. Audit-related services include, among others, accounting consultations related to accounting, financial reporting or disclosure matters not classified as "Audit services"; assistance with understanding and implementing new accounting and financial reporting guidance from rulemaking authorities; agreed-upon or expanded audit procedures related to accounting and/or billing records required to respond to or comply with financial, accounting or regulatory reporting matters; and assistance with internal control reporting requirements under Forms N-SAR and/or N-CSR.

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The Audit Committee has pre-approved the Audit-related services in Appendix B.2. All other Audit-related services not listed in Appendix B.2 must be specifically pre-approved by the Audit Committee (or by any member of the Audit Committee to which pre-approval has been delegated).

### 5. TAX SERVICES

The Audit Committee believes that the Independent Auditors can provide Tax services to the Fund and, to the extent they are Covered Services, the Covered Entities, such as tax compliance, tax planning and tax advice without impairing the auditor's independence, and the SEC has stated that the Independent Auditors may provide such services. Hence, the Audit Committee believes it may grant general pre-approval to those Tax services that have historically been provided by the Independent Auditors, that the Audit Committee has reviewed and believes would not impair the independence of the Independent Auditors, and that are consistent with the SEC's rules on auditor independence. The Audit Committee will not permit the retention of the Independent Auditors in connection with a transaction initially recommended by the Independent Auditors, the sole business purpose of which may be tax avoidance and the tax treatment of which may not be supported in the Internal Revenue Code and related regulations. The Audit Committee will consult with Director of Tax or outside counsel to determine that the tax planning and reporting positions are consistent with this policy.

Pursuant to the preceding paragraph, the Audit Committee has pre-approved the Tax Services in Appendix B.3. All Tax services involving large and complex transactions not listed in Appendix B.3 must be specifically pre-approved by the Audit Committee (or by any member of the Audit Committee to which pre-approval has been delegated), including tax services proposed to be provided by the Independent Auditors to any executive officer or trustee/director/managing general partner of the Fund, in his or her individual capacity, where such services are paid for by the Fund (generally applicable only to internally managed investment companies).

### 6. ALL OTHER SERVICES

The Audit Committee believes, based on the SEC's rules prohibiting the Independent Auditors from providing specific non-audit services, that other types of non-audit services are permitted. Accordingly, the Audit Committee believes it may grant general pre-approval to those permissible non-audit services classified as All Other services that it believes are routine and recurring services, would not impair the independence of the auditor and are consistent with the SEC's rules on auditor independence.

The Audit Committee has pre-approved the All Other services in Appendix B.4. Permissible All Other services not listed in Appendix B.4 must be specifically pre-approved by the Audit Committee (or by any member of the Audit Committee to which pre-approval has been delegated).

A list of the SEC's prohibited non-audit services is attached to this policy as Appendix B.5. The SEC's rules and relevant guidance should be consulted to determine the precise definitions of these services and the applicability of exceptions to certain of the prohibitions.

### 7. PRE-APPROVAL FEE LEVELS OR BUDGETED AMOUNTS

Pre-approval fee levels or budgeted amounts for all services to be



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provided by the Independent Auditors will be established annually by the Audit Committee. Any proposed services exceeding these levels or amounts will require specific pre-approval by the Audit Committee. The Audit Committee is mindful of the overall relationship of fees for audit and non-audit services in determining whether to pre-approve any such services. For each fiscal year, the Audit Committee may determine the appropriate ratio between the total amount of fees for Audit, Audit-related, and Tax services for the Fund (including any Audit-related or Tax services fees for Covered Entities subject to pre-approval), and the total amount of fees for certain permissible non-audit services classified as All Other services for the Fund (including any such services for Covered Entities subject to pre-approval).

### 8. PROCEDURES

All requests or applications for services to be provided by the Independent Auditors that do not require specific approval by the Audit Committee will be submitted to the Fund's Chief Financial Officer and must include a detailed description of the services to be rendered. The Fund's Chief Financial Officer will determine whether such services are included within the list of services that have received the general pre-approval of the Audit Committee. The Audit Committee will be informed on a timely basis of any such services rendered by the Independent Auditors. Requests or applications to provide services that require specific approval by the Audit Committee will be submitted to the Audit Committee by both the Independent Auditors and the Fund's Chief Financial Officer, and must include a joint statement as to whether, in their view, the request or application is consistent with the SEC's rules on auditor independence.

The Audit Committee has designated the Fund's Chief Financial Officer to monitor the performance of all services provided by the Independent Auditors and to determine whether such services are in compliance with this Policy. The Fund's Chief Financial Officer will report to the Audit Committee on a periodic basis on the results of its monitoring. A sample report is included as Appendix B.7. Both the Fund's Chief Financial Officer and management will immediately report to the chairman of the Audit Committee any breach of this Policy that comes to the attention of the Fund's Chief Financial Officer or any member of management.

### 9. ADDITIONAL REQUIREMENTS

The Audit Committee has determined to take additional measures on an annual basis to meet its responsibility to oversee the work of the Independent Auditors and to assure the auditor's independence from the Fund, such as reviewing a formal written statement from the Independent Auditors delineating all relationships between the Independent Auditors and the Fund, consistent with Independence Standards Board No. 1, and discussing with the Independent Auditors its methods and procedures for ensuring independence.

### 10. COVERED ENTITIES

Covered Entities include the Fund's investment adviser(s) and any entity controlling, controlled by or under common control with the Fund's investment adviser(s) that provides ongoing services to the Fund(s). Beginning with non-audit service contracts entered into on or after May 6, 2003, the Fund's audit committee must pre-approve non-audit services provided not only to the Fund but also to the Covered Entities if the engagements relate directly to the operations and financial reporting of the Fund. This list of Covered Entities would include:

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- Van Kampen Investments Inc.
- Van Kampen Asset Management
- Van Kampen Advisors Inc.
- Van Kampen Funds Inc.
- Van Kampen Investor Services Inc.
- Morgan Stanley Investment Management Inc.
- Morgan Stanley Trust Company
- Morgan Stanley Investment Management Ltd.
- Morgan Stanley Investment Management Company
- Morgan Stanley Asset & Investment Trust Management Company Ltd.

(e) (2) Beginning with non-audit service contracts entered into on or after May 6, 2003, the audit committee also is required to pre-approve services to Covered Entities to the extent that the services

are determined to have a direct impact on the operations or financial reporting of the Registrant. 100% of such services were pre-approved by the audit committee pursuant to the Audit Committee's pre-approval policies and procedures (included herein).

(f) Not applicable.

(g) See table above.

(h) The audit committee of the Board of Trustees has considered whether the provision of services other than audit services performed by the auditors to the Registrant and Covered Entities is compatible with maintaining the auditors' independence in performing audit services.

### Item 5. Audit Committee of Listed Registrants.

(a) The Trust has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act whose members are: Craig Kennedy, Jerry Choate and Rod Dammeier.

(b) Not applicable.

### Item 6. Schedule of Investments.

Please refer to Item #1.

### Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.

The Trust's and its investment advisor's Proxy Voting Policies and Procedures are as follows:

#### I. POLICY STATEMENT

Introduction - Morgan Stanley Investment Management's ("MSIM") policies and procedures for voting proxies with respect to securities held in the accounts of clients applies to those MSIM entities that provide discretionary Investment Management services and for which a MSIM entity has the authority to vote their

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proxies. The policies and procedures and general guidelines in this section will be reviewed and, as necessary, updated periodically to address new or revised proxy voting issues. The MSIM entities covered by these policies and procedures currently include the following: Morgan Stanley Investment Advisors Inc., Morgan Stanley Alternative Investment Partners, L.P., Morgan Stanley AIP GP LP, Morgan Stanley Investment Management Inc., Morgan Stanley Investment Group Inc., Morgan Stanley Investment Management Limited, Morgan Stanley Investment Management Company, Morgan Stanley Asset & Investment Trust Management Co., Limited, Morgan Stanley Investment Management Private Limited, Morgan Stanley Investments LP, Morgan Stanley Hedge Fund Partners GP LP, Morgan Stanley Hedge Fund Partners LP, Van Kampen Investment Advisory Corp., Van Kampen Asset Management Inc., and Van Kampen Advisors Inc. (each a "MSIM Affiliate" and collectively referred to as the "MSIM Affiliates").

Each MSIM Affiliate will vote proxies as part of its authority to manage, acquire and dispose of account assets. With respect to the MSIM registered management investment companies (Van Kampen, Institutional and Advisor Funds) (collectively referred to as the "MSIM Funds"), each MSIM Fund will vote proxies pursuant to authority granted under its applicable investment advisory agreement or, in the absence of such authority, as authorized by its Board of Directors or Trustees. A MSIM Affiliate will not vote proxies if the "named fiduciary" for an ERISA account has reserved the authority for itself, or in the case of an account not governed by ERISA, the Investment Management Agreement does not authorize the MSIM Affiliate to vote proxies. MSIM Affiliates will, in a prudent and diligent manner, vote proxies in the best interests of clients, including beneficiaries of and participants in a client's benefit plan(s) for which we manage assets, consistent with the objective of maximizing long-term investment returns ("Client Proxy Standard"). In certain situations, a client or its fiduciary may provide a MSIM Affiliate with a statement of proxy voting policy. In these

situations, the MSIM Affiliate will comply with the client's policy unless to do so would be inconsistent with applicable laws or regulations or the MSIM Affiliate's fiduciary responsibility.

Proxy Research Services - To assist the MSIM Affiliates in their responsibility for voting proxies and the overall global proxy voting process, Institutional Shareholder Services ("ISS") and the Investor Responsibility Research Center ("IRRC") have been retained as experts in the proxy voting and corporate governance area. ISS and IRRC are independent advisers that specialize in providing a variety of fiduciary-level proxy-related services to institutional investment managers, plan sponsors, custodians, consultants, and other institutional investors. The services provided to MSIM Affiliates include in-depth research, global issuer analysis, and voting recommendations. In addition to research, ISS provides vote execution, reporting, and recordkeeping. MSIM's Proxy Review Committee (see Section IV.A. below) will carefully monitor and supervise the services provided by the proxy research services.

Voting Proxies for certain Non-US Companies - While the proxy voting process is well established in the United States and other developed markets with a number of tools and services available to assist an investment manager, voting proxies of non-US companies located in certain jurisdictions, particularly emerging markets, may involve a number of problems that may restrict or prevent a MSIM Affiliate's ability to vote such proxies. These problems include, but are not limited to: (i) proxy statements and ballots being written in a language other than English; (ii) untimely and/or inadequate notice of shareholder meetings; (iii) restrictions on the ability of holders outside the issuer's jurisdiction of organization to exercise votes; (iv) requirements to vote proxies in person, (v) the imposition of restrictions on the sale of the securities for a period of

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time in proximity to the shareholder meeting; and (vi) requirements to provide local agents with power of attorney to facilitate the MSIM Affiliate's voting instructions. As a result, clients' non-U.S. proxies will be voted on a best efforts basis only, consistent with the Client Proxy Standard. ISS has been retained to provide assistance to the MSIM Affiliates in connection with voting their clients' non-US proxies.

### II. GENERAL PROXY VOTING GUIDELINES

To ensure consistency in voting proxies on behalf of its clients, MSIM Affiliates will follow (subject to any exception set forth herein) these Proxy Voting Policies and Procedures, including the guidelines set forth below. These guidelines address a broad range of issues, including board size and composition, executive compensation, anti-takeover proposals, capital structure proposals and social responsibility issues and are meant to be general voting parameters on issues that arise most frequently. The MSIM Affiliates, however, may vote in a manner that is contrary to the following general guidelines, pursuant to the procedures set forth in Section IV. below, provided the vote is consistent with the Client Proxy Standard.

### III. GUIDELINES

#### A. MANAGEMENT PROPOSALS

1. When voting on routine ballot items the following proposals are generally voted in support of management, subject to the review and approval of the Proxy Review Committee, as appropriate.
  - Selection or ratification of auditors.
  - Approval of financial statements, director and auditor reports.
  - Election of Directors.
  - Limiting Directors' liability and broadening indemnification of Directors.
  - Requirement that a certain percentage (up to 66 2/3%) of its Board's members be comprised of independent and unaffiliated Directors.
  - Requirement that members of the company's compensation, nominating and audit committees be comprised of independent or unaffiliated Directors.
  - Recommendations to set retirement ages or require specific levels of stock ownership by Directors.
  - General updating/corrective amendments to the charter.
  - Elimination of cumulative voting.
  - Elimination of preemptive rights.
  - Provisions for confidential voting and independent

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tabulation of voting results.

- Proposals related to the conduct of the annual meeting except those proposals that relate to the "transaction of such other business which may come before the meeting."
2. The following non-routine proposals, which potentially may have a substantive financial or best interest impact on a shareholder, are generally voted in support of management, subject to the review and approval of the Proxy Review Committee, as appropriate.

### Capitalization changes

- Capitalization changes that eliminate other classes of stock and voting rights.
- Proposals to increase the authorization of existing classes of common stock (or securities convertible into common stock) if: (i) a clear and legitimate business purpose is stated; (ii) the number of shares requested is reasonable in relation to the purpose for which authorization is requested; and (iii) the authorization does not exceed 100% of shares currently authorized and at least 30% of the new authorization will be outstanding.
- Proposals to create a new class of preferred stock or for issuances of preferred stock up to 50% of issued capital.
- Proposals for share repurchase plans.
- Proposals to reduce the number of authorized shares of common or preferred stock, or to eliminate classes of preferred stock.
- Proposals to effect stock splits.
- Proposals to effect reverse stock splits if management proportionately reduces the authorized share amount set forth in the corporate charter. Reverse stock splits that do not adjust proportionately to the authorized share amount will generally be approved if the resulting increase in authorized shares coincides with the proxy guidelines set forth above for common stock increases.

### Compensation

- Director fees, provided the amounts are not excessive relative to other companies in the country or industry.
- Employee stock purchase plans that permit discounts up to 15%, but only for grants that are part of a broad based employee plan, including all non-executive employees.

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- Establishment of Employee Stock Option Plans and other employee ownership plans.

### Anti-Takeover Matters

- Modify or rescind existing supermajority vote requirements to amend the charters or bylaws.
- Adoption of anti-greenmail provisions provided that the proposal: (i) defines greenmail; (ii) prohibits buyback offers to large block holders not made to all shareholders or not approved by disinterested shareholders; and (iii) contains no anti-takeover measures or other provisions restricting the rights of shareholders.

3. The following non-routine proposals, which potentially may have a substantive financial or best interest impact on the shareholder, are generally voted against (notwithstanding management support), subject to the review and approval of the Proxy Review Committee, as appropriate.

- Capitalization changes that add classes of stock which substantially dilute the voting interests of existing shareholders.
- Proposals to increase the authorized number of shares of existing classes of stock that carry preemptive rights or supervoting rights.
- Creation of "blank check" preferred stock.
- Changes in capitalization by 100% or more.
- Compensation proposals that allow for discounted stock options that have not been offered to employees in general.
- Amendments to bylaws that would require a supermajority shareholder vote to pass or repeal certain provisions.
- Proposals to indemnify auditors.

4. The following types of non-routine proposals, which potentially may have a potential financial or best interest impact on an issuer, are voted as determined by the Proxy Review Committee.

### Corporate Transactions

- Mergers, acquisitions and other special corporate transactions (i.e., takeovers, spin-offs, sales of assets, reorganizations, restructurings and recapitalizations) will be examined on a case-by-case basis. In all cases, ISS and IRRRC research and analysis will be used along with MSIM Affiliates' research and analysis, based on, among other things, MSIM internal company-specific knowledge.
- Change-in-control provisions in non-salary compensation plans, employment contracts, and

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severance agreements that benefit management and would be costly to shareholders if triggered.

- Shareholders rights plans that allow appropriate offers to shareholders to be blocked by the board or trigger provisions that prevent legitimate offers from proceeding.
- Executive/Director stock option plans. Generally, stock option plans should meet the following criteria:
  - (i) Whether the stock option plan is incentive based;
  - (ii) For mature companies, should be no more than 5% of the issued capital at the time of approval;
  - (iii) For growth companies, should be no more than 10% of the issued capital at the time of approval.

### Anti-Takeover Provisions

- Proposals requiring shareholder ratification of poison pills.
- Anti-takeover and related provisions that serve to prevent the majority of shareholders from exercising their rights or effectively deter the appropriate tender offers and other offers.

## B. SHAREHOLDER PROPOSALS

1. The following shareholder proposals are generally supported, subject to the review and approval of the Proxy Review Committee, as appropriate:
  - Requiring auditors to attend the annual meeting of shareholders.
  - Requirement that members of the company's compensation, nominating and audit committees be comprised of independent or unaffiliated Directors.
  - Requirement that a certain percentage of its Board's members be comprised of independent and unaffiliated Directors.
  - Confidential voting.
  - Reduction or elimination of supermajority vote requirements.
2. The following shareholder proposals will be voted as determined by the Proxy Review Committee.
  - Proposals that limit tenure of directors.

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- Proposals to limit golden parachutes.
  - Proposals requiring directors to own large amounts of stock to be eligible for election.
  - Restoring cumulative voting in the election of directors.
  - Proposals that request or require disclosure of executive compensation in addition to the disclosure required by the Securities and Exchange Commission ("SEC") regulations.
  - Proposals that limit retirement benefits or executive compensation.
  - Requiring shareholder approval for bylaw or charter amendments.
  - Requiring shareholder approval for shareholder rights plan or poison pill.
  - Requiring shareholder approval of golden parachutes.
  - Elimination of certain anti-takeover related provisions.
  - Prohibit payment of greenmail.
3. The following shareholder proposals are generally not supported, subject to the review and approval of the Committee, as appropriate.
- Requirements that the issuer prepare reports that are costly to provide or that would require duplicative efforts or expenditures that are of a non-business nature or would provide no pertinent information from the perspective of institutional shareholders.
  - Restrictions related to social, political or special interest issues that impact the ability of the company to do business or be competitive and that have a significant financial or best interest impact to the shareholders.
  - Proposals that require inappropriate endorsements or corporate actions.

#### IV. ADMINISTRATION OF PROXY POLICIES AND PROCEDURES

##### A. PROXY REVIEW COMMITTEE

1. The MSIM Proxy Review Committee ("Committee") is responsible for creating and implementing MSIM's Proxy Voting Policy and Procedures and, in this regard, has expressly adopted them. Following are some of the functions and responsibilities of the Committee.
- (a) The Committee, which will consist of members designated by MSIM's Chief Investment Officer, is responsible for establishing MSIM's proxy voting



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policies and guidelines and determining how MSIM will vote proxies on an ongoing basis.

- (b) The Committee will periodically review and have the authority to amend as necessary MSIM's proxy voting policies and guidelines (as expressed in these Proxy Voting Policy and Procedures) and establish and direct voting positions consistent with the Client Proxy Standard.
- (c) The Committee will meet at least monthly to (among other matters): (1) address any outstanding issues relating to MSIM's Proxy Voting Policy and Procedures; and (2) generally review proposals at upcoming shareholder meetings of MSIM portfolio companies in accordance with this Policy and Procedures including, as appropriate, the voting results of prior shareholder meetings of the same issuer where a similar proposal was presented to shareholders. The Committee, or its designee, will timely communicate to ISS MSIM's Proxy Voting Policy and Procedures (and any amendments to them and/or any additional guidelines or procedures it may adopt).
- (d) The Committee will meet on an ad hoc basis to (among other matters): (1) authorize "split voting" (i.e., allowing certain shares of the same issuer that are the subject of the same proxy solicitation and held by one or more MSIM portfolios to be voted differently than other shares) and/or "override voting"

(i.e., voting all MSIM portfolio shares in a manner contrary to the Procedures); (2) review and approve upcoming votes, as appropriate, for matters for which specific direction has been provided in Sections I, II, and III above; and (3) determine how to vote matters for which specific direction has not been provided in Sections I, II and III above. Split votes will generally not be approved within a single Global Investor Group team. The Committee may take into account ISS recommendations and the research provided by IRRC as well as any other relevant information they may request or receive.

- (e) In addition to the procedures discussed above, if the Committee determines that an issue raises a potential material conflict of interest, or gives rise to the appearance of a potential material conflict of interest, the Committee will designate a special committee to review, and recommend a course of action with respect to, the conflict(s) in question ("Special Committee"). The Special Committee may request the assistance of the Law and Compliance Departments and will have sole discretion to cast a vote. In addition to the research provided by ISS and IRRC, the Special Committee may request analysis from MSIM Affiliate investment professionals and outside sources to the extent it deems appropriate.

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- (f) The Committee and the Special Committee, or their designee(s), will document in writing all of their decisions and actions, which documentation will be maintained by the Committee and the Special Committee, or their designee(s) for a period of at least 6 years. To the extent these decisions relate to a security held by a MSIM U.S. registered investment company, the Committee and Special Committee, or their designee(s), will report their decisions to each applicable Board of Trustees/Directors of those investment companies at each Board's next regularly Scheduled Board meeting. The report will contain information concerning decisions made by the Committee and Special Committee during the most recently ended calendar quarter immediately preceding the Board meeting.

The Committee and Special Committee, or their designee(s), will timely communicate to applicable PMS, the Compliance Departments and, as necessary to ISS, decisions of the Committee and Special Committee so that, among other things, ISS will vote proxies consistent with their decisions.

Item 8. Purchase of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.

Not Applicable.

Item 9. Submission of Matters to a Vote of Security Holders.

Not Applicable.

Item 10. Controls and Procedures

(a) The Trust's principal executive officer and principal financial officer have concluded that the Trust's disclosure controls and procedures are sufficient to ensure that information required to be disclosed by the Trust in this Form N-CSR was recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, based upon such officers' evaluation of these controls and procedures as of a date within 90 days of the filing date of the report.

(b) There were no changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal half-year (the registrant's second fiscal half-year in the case

of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 11. Exhibits.

(a) The Code of Ethics for Principal Executive and Senior Financial Officers is attached hereto.

(b) (1) A certification for the Principal Executive Officer of the registrant is attached hereto as part of EX-99.CERT.

(b) (2) A certification for the Principal Financial Officer of the registrant is attached hereto as part of EX-99.CERT.

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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.

(Registrant) Van Kampen High Income Trust II

By: /s/ Ronald E. Robison  
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Name: Ronald E. Robison  
Title: Principal Executive Officer  
Date: February 17, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ Ronald E. Robison  
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Name: Ronald E. Robison  
Title: Principal Executive Officer  
Date: February 17, 2005

By: /s/ James W. Garrett  
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Name: James W. Garrett  
Title: Principal Financial Officer  
Date: February 17, 2005