

WESTERN ASSET HIGH INCOME FUND II INC.
Form N-Q
September 26, 2007

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

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-8709

Western Asset High Income Fund II Inc.
(Exact name of registrant as specified in charter)

125 Broad Street, New York, NY
(Address of principal executive offices)

10004
(Zip code)

Robert I. Frenkel, Esq.

Legg Mason & Co., LLC

300 First Stamford Place

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

Registrant's telephone number, including area code: 1-800-451-2010

Date of fiscal year end: April 30

Date of reporting period: July 31, 2007

WESTERN ASSET HIGH INCOME FUND II INC.

FORM N-Q

JULY 31, 2007

ITEM 1. SCHEDULE OF INVESTMENTS

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited)

July 31, 2007

| Face Amount | Security | Value |
|--|---|-------------------|
| CORPORATE BONDS & NOTES 87.3% | | |
| Aerospace & Defense 1.7% | | |
| \$ 1,585,000 | Alliant Techsystems Inc., Senior Subordinated Notes, 6.750% due 4/1/16 | \$ 1,509,712 |
| 1,535,000 | DRS Technologies Inc., Senior Subordinated Notes: | 1,465,925 |
| 3,350,000 | 6.625% due 2/1/16 | 3,232,750 |
| | 7.625% due 2/1/18 | |
| 3,710,000 | Hawker Beechcraft Acquisition Co.: | 3,682,175 |
| 4,350,000 | Senior Notes, 8.875% due 4/1/15 (a)(b) | 4,317,375 |
| | Senior Subordinated Notes, 9.750% due 4/1/17 (a) | |
| 106,119 | Kac Acquisition Co., Subordinated Notes, 1.000% due 4/26/26 (c)(d) | 0 |
| 5,500,000 | L-3 Communications Corp., Senior Subordinated Notes, 7.625% due 6/15/12 | 5,555,000 |
| | Total Aerospace & Defense | 19,762,937 |
| Airlines 1.8% | | |
| 965,000 | Continental Airlines Inc.: | 916,750 |
| | Notes, 8.750% due 12/1/11 | |
| 198,893 | Pass-Through Certificates: | 198,402 |
| 1,240,336 | Series 1998-1, Class C, 6.541% due 9/15/08 | 1,259,260 |
| 1,365,000 | Series 2000-2, Class C, 8.312% due 10/2/12 | 1,357,916 |
| 7,380,000 | Series C, 7.339% due 4/19/14 | 7,195,500 |
| | DAE Aviation Holdings Inc., 11.250% due 8/1/15 (a) | |
| 1,785,886 | Delta Air Lines Inc., Pass-Through Certificates, Series 01-1: | 1,804,185 |
| 6,135,000 | 6.619% due 3/18/11 | 6,152,255 |
| 2,135,000 | 7.111% due 9/18/11 | 2,103,642 |
| | 7.711% due 9/18/11 | |
| | Total Airlines | 20,987,910 |
| Auto Components 1.0% | | |
| 3,335,000 | Keystone Automotive Operations Inc., Senior Subordinated | 2,517,925 |
| 9,790,000 | Notes, 9.750% due 11/1/13 | 8,713,100 |
| | Visteon Corp., Senior Notes, 8.250% due 8/1/10 (e) | |
| | Total Auto Components | 11,231,025 |
| Automobiles 2.0% | | |
| 1,880,000 | Ford Motor Co.: | 1,593,300 |
| 3,425,000 | Debentures: | 2,877,000 |
| 5,815,000 | 8.875% due 1/15/22 | 4,506,625 |
| | 8.900% due 1/15/32 | |
| | Notes, 7.450% due 7/16/31 | |
| 5,320,000 | General Motors Corp.: | 4,801,300 |
| | Notes, 7.200% due 1/15/11 | |
| 2,375,000 | Senior Debentures: | 1,947,500 |
| 8,265,000 | 8.250% due 7/15/23 | 6,839,287 |
| | 8.375% due 7/15/33 | |
| | Total Automobiles | 22,565,012 |
| Building Products 1.4% | | |

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| | | |
|-----------|---|-------------------|
| | Ainsworth Lumber Co., Ltd., Senior Notes: | |
| 1,200,000 | 7.250% due 10/1/12 | 873,000 |
| 550,000 | 6.750% due 3/15/14 | 376,750 |
| | Associated Materials Inc.: | |
| 7,565,000 | Senior Discount Notes, step bond to yield 13.847% due 3/1/14 | 4,690,300 |
| 2,585,000 | Senior Subordinated Notes, 9.750% due 4/15/12 | 2,649,625 |
| 1,750,000 | Nortek Inc., Senior Subordinated Notes, 8.500% due 9/1/14 | 1,513,750 |
| 9,655,000 | NTK Holdings Inc., Senior Discount Notes, step bond to yield 11.559% due 3/1/14 | 5,937,825 |
| | Total Building Products | 16,041,250 |

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2007

| Face Amount | Security | Value |
|--|--|-------------------|
| Capital Markets 0.3% | | |
| \$ 3,000,000 | E*TRADE Financial Corp., Senior Notes, 7.375% due 9/15/13 | \$ 3,030,000 |
| Chemicals 1.6% | | |
| 5,260,000 | Georgia Gulf Corp., Senior Subordinated Notes, 9.500% due 10/15/14 | 5,023,300 |
| 2,390,000 | Huntsman International LLC, Senior Subordinated Notes, 7.875% due 11/15/14 | 2,569,250 |
| | Lyondell Chemical Co.: | |
| | Senior Notes: | |
| 1,400,000 | 8.000% due 9/15/14 | 1,505,000 |
| 1,155,000 | 8.250% due 9/15/16 | 1,270,500 |
| 100,000 | Senior Secured Notes, 10.500% due 6/1/13 | 108,500 |
| 3,075,000 | Methanex Corp., Senior Notes, 8.750% due 8/15/12 | 3,321,000 |
| 4,475,000 | Montell Finance Co. BV, Debentures, 8.100% due 3/15/27 (a) | 3,915,625 |
| 1,255,000 | Westlake Chemical Corp., Senior Notes, 6.625% due 1/15/16 | 1,154,600 |
| | Total Chemicals | 18,867,775 |
| Commercial Banks 1.6% | | |
| 5,260,000 | ATF Capital BV, Senior Notes, 9.250% due 2/21/14 (a) | 5,509,850 |
| 4,490,000 | HSBK Europe BV, 7.250% due 5/3/17 (a) | 4,282,562 |
| | ICICI Bank Ltd., Subordinated Bonds: | |
| 1,174,000 | 6.375% due 4/30/22 (a)(f) | 1,116,371 |
| 1,170,000 | 6.375% due 4/30/22 (f) | 1,105,258 |
| | Russian Agricultural Bank, Loan Participation Notes: | |
| 1,654,000 | 7.175% due 5/16/13 (a) | 1,701,635 |
| 1,055,000 | 6.299% due 5/15/17 (a) | 1,000,984 |
| | TuranAlem Finance BV, Bonds: | |
| 2,785,000 | 8.250% due 1/22/37 (a) | 2,471,687 |
| 1,059,000 | 8.250% due 1/22/37 (a) | 939,863 |
| | Total Commercial Banks | 18,128,210 |
| Commercial Services & Supplies 2.7% | | |
| 5,985,000 | Allied Security Escrow Corp., Senior Subordinated Notes, 11.375% due 7/15/11 | 5,955,075 |
| 250,000 | Allied Waste North America Inc., Senior Notes: 6.875% due 6/1/17 | 233,750 |
| | Series B: | |
| 5,690,000 | 7.375% due 4/15/14 | 5,391,275 |
| 1,050,000 | 7.250% due 3/15/15 | 1,018,500 |
| 675,000 | Ashtead Holdings PLC, Secured Notes, 8.625% due 8/1/15 (a) | 671,625 |
| 7,693,000 | DynCorp International LLC/DIV Capital Corporation, Senior Subordinated Notes, Series B, 9.500% due 2/15/13 | 7,885,325 |
| | Interface Inc.: | |
| 2,875,000 | Senior Notes, 10.375% due 2/1/10 | 3,004,375 |
| 1,500,000 | Senior Subordinated Notes, 9.500% due 2/1/14 | 1,567,500 |
| 4,800,000 | Rental Services Corp., Senior Bonds, 9.500% due 12/1/14 (a) | 4,704,000 |
| | Total Commercial Services & Supplies | 30,431,425 |
| Communications Equipment 0.5% | | |

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|-------------------------|------|-----------|--|-----------|
| Consumer Finance | 3.4% | 6,100,000 | Lucent Technologies Inc., Debentures, 6.450% due 3/15/29 | 5,246,000 |
| | | 3,115,000 | AmeriCredit Corp., Senior Notes, 8.500% due 7/1/15 (a) | 3,005,975 |
| | | 3,075,000 | Ford Motor Credit Co.: | |
| | | 3,320,000 | Notes: | |
| | | | 7.875% due 6/15/10 | 2,942,400 |
| | | | 7.000% due 10/1/13 | 2,991,227 |
| | | | Senior Notes: | |

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2007

| Face Amount | Security | Value |
|--|--|-------------------|
| Consumer Finance 3.4% (continued) | | |
| \$ 4,248,000 | 10.610% due 6/15/11 (f) | \$ 4,407,343 |
| 1,950,000 | 9.875% due 8/10/11 | 1,976,245 |
| 1,210,000 | 8.110% due 1/13/12 (f) | 1,156,420 |
| 2,490,000 | 8.000% due 12/15/16 | 2,298,484 |
| | General Motors Acceptance Corp.: | |
| 14,270,000 | Bonds, 8.000% due 11/1/31 (e) | 13,435,091 |
| 6,890,000 | Notes, 6.875% due 8/28/12 | 6,344,229 |
| | Total Consumer Finance | 38,557,414 |
| Containers & Packaging 2.2% | | |
| 2,500,000 | Berry Plastics Corp., Senior Term Loan, 11.610% due 6/15/14 | 2,300,000 |
| 2,000,000 | Berry Plastics Holding Corp., 8.875% due 9/15/14 | 1,930,000 |
| | Graham Packaging Co. Inc.: | |
| 1,000,000 | 8.500% due 10/15/12 | 940,000 |
| 6,630,000 | Senior Subordinated Notes, 9.875% due 10/15/14 | 6,265,350 |
| | Graphic Packaging International Corp., Senior Subordinated Notes, | |
| 4,725,000 | 9.500% due 8/15/13 | 4,748,625 |
| | Owens-Brockway Glass Container Inc., Senior Secured Notes, | |
| 2,349,000 | 8.750% due 11/15/12 | 2,448,832 |
| 1,490,000 | Plastipak Holdings Inc., Senior Notes, 8.500% due 12/15/15 (a) | 1,512,350 |
| 1,975,000 | Radnor Holdings Corp., Senior Notes, 11.000% due 3/15/10 (g) | 12,344 |
| 3,205,000 | Smurfit-Stone Container Corp., Senior Notes, 8.000% due 3/15/17 | 3,012,700 |
| | Smurfit-Stone Container Enterprises Inc., Senior Notes, 8.375% due | |
| 2,355,000 | 7/1/12 | 2,207,813 |
| | Total Containers & Packaging | 25,378,014 |
| Diversified Consumer Services 0.7% | | |
| | Education Management LLC/Education Management Finance | |
| | Corp.: | |
| 1,505,000 | Senior Notes, 8.750% due 6/1/14 | 1,505,000 |
| 4,410,000 | Senior Subordinated Notes, 10.250% due 6/1/16 | 4,410,000 |
| | Service Corp. International: | |
| 650,000 | Debentures, 7.875% due 2/1/13 | 653,645 |
| | Senior Notes: | |
| 1,200,000 | 7.625% due 10/1/18 | 1,149,000 |
| 1,010,000 | 7.500% due 4/1/27 (a) | 903,950 |
| | Total Diversified Consumer Services | 8,621,595 |
| Diversified Financial Services 2.1% | | |
| | Basell AF SCA, Senior Secured Subordinated Second Priority | |
| 4,060,000 | Notes, 8.375% due 8/15/15 (a) | 3,633,700 |
| 2,110,000 | CCM Merger Inc., Notes, 8.000% due 8/1/13 (a) | 2,088,900 |
| | El Paso Performance-Linked Trust Certificates, Notes, 7.750% due | |
| 135,000 | 7/15/11 (a) | 139,387 |
| | Hexion U.S. Finance Corp./Hexion Nova Scotia Finance ULC, | |
| 4,400,000 | 9.860% due 11/15/14 (f) | 4,554,000 |
| | Milacron Escrow Corp., Senior Secured Notes, 11.500% due | |
| 2,375,000 | 5/15/11 | 2,232,500 |

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| | | |
|---|--|-------------------|
| 700,000 | Smurfit Kappa Funding PLC, Senior Subordinated Notes, 7.750% due 4/1/15 | 672,000 |
| 1,360,000 | TNK-BP Finance SA, 7.500% due 7/18/16 (a) | 1,368,500 |
| 838,000 | UCAR Finance Inc., Senior Notes, 10.250% due 2/15/12 | 879,900 |
| 2,180,000 | Vangent Inc., Senior Subordinated Notes, 9.625% due 2/15/15 (a) | 2,071,000 |
| 4,130,000 | Vanguard Health Holdings Co. I LLC, Senior Discount Notes, step bond to yield 9.967% due 10/1/15 | 3,035,550 |
| 3,775,000 | Vanguard Health Holdings Co. II LLC, Senior Subordinated Notes, 9.000% due 10/1/14 | 3,529,625 |
| | Total Diversified Financial Services | 24,205,062 |
| Diversified Telecommunication Services | 6.5% | |
| | Axtel SAB de CV: | |

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2007

| Face Amount | Security | Value |
|--|--|-------------------|
| Diversified Telecommunication Services 6.5% (continued) | | |
| \$ 370,000 | 7.625% due 2/1/17 (a) | \$ 352,425 |
| 4,740,000 | Senior Notes, 7.625% due 2/1/17 (a) | 4,514,850 |
| 3,970,000 | Cincinnati Bell Inc., Senior Notes, 7.000% due 2/15/15 | 3,751,650 |
| 1,260,000 | Cincinnati Bell Telephone Co., Senior Debentures, 6.300% due 12/1/28 | 1,089,900 |
| 315,000 | Citizens Communications Co.: 7.050% due 10/1/46 | 232,313 |
| 385,000 | Senior Bonds, 7.125% due 3/15/19 | 349,869 |
| 3,640,000 | Senior Notes, 7.875% due 1/15/27 | 3,221,400 |
| 3,576,000 | Hawaiian Telcom Communications Inc., Senior Subordinated Notes, Series B, 12.500% due 5/1/15 | 3,772,680 |
| 4,315,000 | Intelsat Bermuda Ltd.: 9.250% due 6/15/16 | 4,422,875 |
| 6,440,000 | Senior Notes, 11.250% due 6/15/16 | 6,762,000 |
| 1,355,000 | Intelsat Corp., Senior Notes, 9.000% due 8/15/14 | 1,370,244 |
| 4,515,000 | Level 3 Financing Inc.: 9.250% due 11/1/14 | 4,334,400 |
| 3,000,000 | Senior Notes, 9.150% due 2/15/15 (a)(f) | 2,850,000 |
| 4,525,000 | Nordic Telephone Co. Holdings, Senior Secured Bonds, 8.875% due 5/1/16 (a) | 4,502,375 |
| 80,000 | NTL Cable PLC, Senior Notes: 8.750% due 4/15/14 | 80,400 |
| 6,900,000 | 9.125% due 8/15/16 | 7,003,500 |
| 2,320,000 | PAETEC Holding Corp., Secured, 9.500% due 7/15/15 (a) | 2,227,200 |
| 900,000 | Qwest Communications International Inc., Senior Notes, Series B, 7.500% due 2/15/14 | 868,500 |
| 3,878,000 | Qwest Corp.: Debentures, 6.875% due 9/15/33 | 3,378,707 |
| 7,325,000 | Notes, 8.875% due 3/15/12 | 7,737,031 |
| 4,770,000 | Telcordia Technologies Inc., Senior Subordinated Notes, 10.000% due 3/15/13 (a) | 3,601,350 |
| 2,065,000 | Univision Communications Inc., Senior Notes, 9.750% due 3/15/15 (a)(b) | 1,889,475 |
| 610,000 | Wind Acquisition Finance SA, Senior Bonds, 10.750% due 12/1/15 (a) | 631,350 |
| 5,380,000 | Windstream Corp., Senior Notes, 8.625% due 8/1/16 | 5,474,150 |
| | Total Diversified Telecommunication Services | 74,418,644 |
| Electric Utilities 0.8% | | |
| 202,000 | Energis SA, Notes, 7.375% due 1/15/14 | 209,367 |
| 1,665,000 | IPALCO Enterprises Inc., Secured Notes, 8.625% due 11/14/11 | 1,723,275 |
| 1,106,110 | Midwest Generation LLC, Pass-Through Certificates, Series B, 8.560% due 1/2/16 | 1,142,405 |
| 2,570,000 | Orion Power Holdings Inc., Senior Notes, 12.000% due 5/1/10 | 2,801,300 |
| 4,055,000 | VeraSun Energy Corp., Senior Notes, 9.375% due 6/1/17 (a) | 3,710,325 |
| | Total Electric Utilities | 9,586,672 |

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Electronic Equipment & Instruments 0.4%

| | | |
|-----------|---|------------------|
| 2,795,000 | NXP BV/NXP Funding LLC: | |
| 2,420,000 | Senior Notes, 9.500% due 10/15/15 | 2,431,650 |
| | Senior Secured Notes, 7.875% due 10/15/14 | 2,247,575 |
| | Total Electronic Equipment & Instruments | 4,679,225 |

Energy Equipment & Services 0.8%

| | | |
|-----------|---|-----------|
| 3,270,000 | Complete Production Services Inc., 8.000% due 12/15/16 | 3,155,550 |
| 1,275,000 | GulfMark Offshore Inc., Senior Subordinated Notes, 7.750% due 7/15/14 | 1,255,875 |
| 3,175,000 | Hanover Compressor Co., Senior Notes, 9.000% due 6/1/14 | 3,516,313 |
| 1,210,000 | Pride International Inc., Senior Notes, 7.375% due 7/15/14 | 1,206,975 |

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2007

| Face Amount | Security | Value |
|---|--|------------|
| Energy Equipment & Services 0.8% (continued) | | |
| \$ 400,000 | Southern Natural Gas Co., Senior Notes, 8.000% due 3/1/32 | \$ 447,256 |
| | Total Energy Equipment & Services | 9,581,969 |
| Food & Staples Retailing 0.2% | | |
| 2,591,000 | Delhaize America Inc., Debentures, 9.000% due 4/15/31 | 2,875,038 |
| Food Products 0.4% | | |
| 1,600,000 | Dole Food Co. Inc.: | |
| | Debentures, 8.750% due 7/15/13 | 1,432,000 |
| | Senior Notes: | |
| 2,065,000 | 7.250% due 6/15/10 | 1,904,963 |
| 1,050,000 | 8.875% due 3/15/11 | 981,750 |
| | Total Food Products | 4,318,713 |
| Gas Utilities 0.6% | | |
| 7,425,000 | Suburban Propane Partners LP/Suburban Energy Finance Corp., Senior Notes, 6.875% due 12/15/13 | 6,868,125 |
| Health Care Equipment & Supplies 0.2% | | |
| 1,960,000 | Advanced Medical Optics Inc., 7.500% due 5/1/17 | 1,793,400 |
| Health Care Providers & Services 4.5% | | |
| 8,020,000 | Community Health Systems Inc., Senior Notes, 8.875% due 7/15/15 (a) | 7,829,525 |
| | DaVita Inc.: | |
| 240,000 | Senior Notes, 6.625% due 3/15/13 | 230,400 |
| 4,885,000 | Senior Subordinated Notes, 7.250% due 3/15/15 | 4,652,963 |
| | HCA Inc.: | |
| 950,000 | Debentures, 7.500% due 11/15/95 | 727,863 |
| 1,500,000 | Notes, 6.375% due 1/15/15 | 1,166,250 |
| 6,115,000 | Senior Notes, 6.500% due 2/15/16 | 4,739,125 |
| | Senior Secured Notes: | |
| 3,580,000 | 9.250% due 11/15/16 (a) | 3,562,100 |
| 6,410,000 | 9.625% due 11/15/16 (a)(b) | 6,377,950 |
| | IASIS Healthcare LLC/IASIS Capital Corp., Senior Subordinated Notes, 8.750% due 6/15/14 | 4,632,000 |
| 4,800,000 | Tenet Healthcare Corp., Senior Notes: | |
| 2,370,000 | 6.375% due 12/1/11 | 2,026,350 |
| 6,000,000 | 7.375% due 2/1/13 | 5,040,000 |
| 3,880,000 | 9.875% due 7/1/14 | 3,472,600 |
| 1,470,000 | 6.875% due 11/15/31 | 1,073,100 |
| | Universal Hospital Services Inc., Secured Notes: | |
| 870,000 | 8.500% due 6/1/15 (a)(b) | 789,525 |
| 910,000 | 8.759% due 6/1/15 (a)(f) | 853,125 |
| | US Oncology Holdings Inc., Senior Notes, 9.797% due 3/15/12 (a)(b) | 4,296,600 |
| 4,620,000 | Total Health Care Providers & Services | 51,469,476 |
| Hotels, Restaurants & Leisure 5.5% | | |
| 360,000 | AMC Entertainment Inc., Senior Subordinated Notes, 8.000% due 3/1/14 | 330,300 |

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| 600,000 | Boyd Gaming Corp., Senior Subordinated Notes: 7.750% due 12/15/12 | 603,000 |
| 1,000,000 | 6.750% due 4/15/14 | 945,000 |
| 4,560,000 | Buffets Inc., Senior Notes, 12.500% due 11/1/14 | 3,716,400 |
| | Caesars Entertainment Inc., Senior Subordinated Notes: | |
| 4,500,000 | 8.875% due 9/15/08 | 4,601,250 |
| 3,000,000 | 8.125% due 5/15/11 | 2,835,000 |
| 2,725,000 | Carrols Corp., Senior Subordinated Notes, 9.000% due 1/15/13 | 2,588,750 |
| 1,150,000 | Choctaw Resort Development Enterprise, Senior Notes, 7.250% due 11/15/19 (a) | 1,115,500 |

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2007

| Face Amount | Security | Value |
|---|--|-------------------|
| Hotels, Restaurants & Leisure 5.5% (continued) | | |
| \$ 4,725,000 | Denny's Holdings Inc., Senior Notes, 10.000% due 10/1/12 | \$ 4,819,500 |
| 1,635,000 | El Pollo Loco Inc., Senior Notes, 11.750% due 11/15/13 | 1,659,525 |
| 1,915,000 | Fontainebleau Las Vegas Holdings LLC/Fontainebleau Las Vegas Capital Corp., 10.250% due 6/15/15 (a) | 1,661,262 |
| 4,150,000 | Herbst Gaming Inc., Senior Subordinated Notes, 7.000% due 11/15/14 | 3,569,000 |
| 4,070,000 | Inn of the Mountain Gods Resort & Casino, Senior Notes, 12.000% due 11/15/10 | 4,334,550 |
| 910,000 | Isle of Capri Casinos Inc., Senior Subordinated Notes, 7.000% due 3/1/14 | 824,687 |
| 3,850,000 | Las Vegas Sands Corp., Senior Notes, 6.375% due 2/15/15 | 3,561,250 |
| 955,000 | MGM MIRAGE Inc.: Notes, 6.750% due 9/1/12 | 897,700 |
| 355,000 | Senior Notes: 8.500% due 9/15/10 | 360,325 |
| 620,000 | 7.500% due 6/1/16 | 579,700 |
| 4,470,000 | 7.625% due 1/15/17 | 4,179,450 |
| 455,000 | Senior Subordinated Notes, 8.375% due 2/1/11 | 462,963 |
| 380,000 | Mohegan Tribal Gaming Authority, Senior Subordinated Notes, 6.875% due 2/15/15 | 355,775 |
| 1,805,000 | Outback Steakhouse Inc., Senior Notes, 10.000% due 6/15/15 (a) | 1,579,375 |
| 4,700,000 | Pinnacle Entertainment Inc., Senior Subordinated Notes, 8.250% due 3/15/12 | 4,770,500 |
| 3,930,000 | Pokagon Gaming Authority, Senior Notes, 10.375% due 6/15/14 (a) | 4,224,750 |
| 2,255,000 | Sbarro Inc., Senior Notes, 10.375% due 2/1/15 | 1,984,400 |
| 885,000 | Snoqualmie Entertainment Authority, Senior Secured Notes: 9.150% due 2/1/14 (a)(f) | 876,150 |
| 840,000 | 9.125% due 2/1/15 (a) | 835,800 |
| 40,000 | Station Casinos Inc.: Senior Notes: 6.000% due 4/1/12 | 36,800 |
| 3,660,000 | 7.750% due 8/15/16 | 3,449,550 |
| 80,000 | Senior Subordinated Notes: 6.875% due 3/1/16 | 67,800 |
| 1,635,000 | 6.625% due 3/15/18 | 1,316,175 |
| | Total Hotels, Restaurants & Leisure | 63,142,187 |
| Household Durables 1.4% | | |
| 310,000 | American Greetings Corp., Senior Notes, 7.375% due 6/1/16 | 294,500 |
| 4,000,000 | Holt Group Inc., Senior Notes, 9.750% due 1/15/06 (c)(d)(g) | 0 |
| 3,355,000 | Jarden Corp., Senior Subordinated Notes, 7.500% due 5/1/17 | 3,036,275 |
| 2,605,000 | K Hovnanian Enterprises Inc., Senior Notes: 7.500% due 5/15/16 | 2,097,025 |
| 2,700,000 | 8.625% due 1/15/17 | 2,241,000 |
| 2,590,000 | Norcraft Cos. LP/Norcraft Finance Corp., Senior Subordinated Notes, 9.000% due 11/1/11 | 2,602,950 |

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| | | | |
|---|-------------|--|-------------------|
| | 5,765,000 | Norcraft Holdings LP/Norcraft Capital Corp., Senior Discount Notes, step bond to yield 9.952% due 9/1/12 | 4,986,725 |
| | 510,000 | Sealy Mattress Co., Senior Subordinated Notes, 8.250% due 6/15/14 | 504,900 |
| | | Total Household Durables | 15,763,375 |
| Household Products | 0.3% | | |
| | 70,000 | American Achievement Corp., Senior Subordinated Notes, 8.250% due 4/1/12 | 67,550 |
| | 1,890,000 | Visant Holding Corp., Senior Notes, 8.750% due 12/1/13 | 1,880,550 |
| | 1,425,000 | Yankee Acquisition Corp., Series B, 9.750% due 2/15/17 | 1,275,375 |
| | | Total Household Products | 3,223,475 |
| Independent Power Producers & Energy Traders | 3.7% | | |
| | 2,480,000 | AES China Generating Co., Ltd., Class A, 8.250% due 6/26/10 AES Corp.: | 2,471,866 |

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2007

| Face Amount | Security | Value |
|--|---|-------------------|
| Independent Power Producers & Energy Traders 3.7% (continued) | | |
| \$ 1,155,000 | Senior Notes: 9.500% due 6/1/09 | \$ 1,183,875 |
| 1,900,000 | 9.375% due 9/15/10 | 1,957,000 |
| 730,000 | Senior Secured Notes, 9.000% due 5/15/15 (a) | 771,975 |
| | Dynegy Holdings Inc.: | |
| 3,605,000 | Senior Debentures, 7.625% due 10/15/26 | 2,974,125 |
| 3,770,000 | Senior Notes, 7.750% due 6/1/19 (a) | 3,279,900 |
| | Edison Mission Energy, Senior Notes: | |
| 445,000 | 7.500% due 6/15/13 | 431,650 |
| 2,600,000 | 7.750% due 6/15/16 | 2,502,500 |
| 2,500,000 | 7.200% due 5/15/19 (a) | 2,243,750 |
| 2,670,000 | 7.625% due 5/15/27 (a) | 2,342,925 |
| | Mirant Mid Atlantic LLC: | |
| 1,923,235 | Pass-Through Certificates, Series B, 9.125% due 6/30/17 | 2,114,272 |
| 584,577 | Series C, 10.060% due 12/30/28 | 701,857 |
| 4,235,000 | Mirant North America LLC, Senior Notes, 7.375% due 12/31/13 | 4,235,000 |
| | NRG Energy Inc., Senior Notes: | |
| 890,000 | 7.250% due 2/1/14 | 861,075 |
| 11,570,000 | 7.375% due 2/1/16 (e) | 11,193,975 |
| 1,800,000 | 7.375% due 1/15/17 | 1,741,500 |
| 890,000 | TXU Corp., Senior Notes, Series Q, 6.500% due 11/15/24 | 701,319 |
| | Total Independent Power Producers & Energy Traders | 41,708,564 |
| Industrial Conglomerates 0.1% | | |
| 680,000 | Koppers Inc., Senior Notes, 9.875% due 10/15/13 | 724,200 |
| | Moll Industries Inc., Senior Subordinated Notes, 10.500% due | |
| 2,750,000 | 7/1/08 (c)(d)(g) | 0 |
| 940,000 | Sequa Corp., Senior Notes, 9.000% due 8/1/09 | 982,300 |
| | Total Industrial Conglomerates | 1,706,500 |
| Internet & Catalog Retail 0.2% | | |
| 2,218,000 | FTD Inc., Senior Subordinated Notes, 7.750% due 2/15/14 | 2,079,375 |
| IT Services 0.8% | | |
| | SunGard Data Systems Inc.: | |
| 2,900,000 | Senior Notes, 9.125% due 8/15/13 | 2,929,000 |
| 5,980,000 | Senior Subordinated Notes, 10.250% due 8/15/15 | 6,009,900 |
| | Total IT Services | 8,938,900 |
| Leisure Equipment & Products 0.2% | | |
| 3,110,000 | WMG Acquisition Corp., Senior Subordinated Notes, 7.375% due | |
| | 4/15/14 | 2,799,000 |
| Machinery 0.1% | | |
| 1,260,000 | American Railcar Industries Inc., Senior Notes, 7.500% due 3/1/14 | 1,234,800 |
| Media 9.1% | | |
| | Affinion Group Inc.: | |
| 4,465,000 | Senior Notes, 10.125% due 10/15/13 | 4,509,650 |
| 4,030,000 | Senior Subordinated Notes, 11.500% due 10/15/15 | 4,070,300 |
| 5,565,000 | | 5,773,687 |

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| | | |
|-----------|---|-----------|
| | AMC Entertainment Inc., Senior Subordinated Notes, 11.000% due 2/1/16 | |
| 1,185,000 | CCH I Holdings LLC/CCH I Holdings Capital Corp.: | |
| | Senior Accreting Notes, 12.125% due 1/15/15 | 1,149,450 |
| 8,430,000 | Senior Notes, 11.750% due 5/15/14 (e) | 8,092,800 |
| | CCH I LLC/CCH Capital Corp., Senior Secured Notes, 11.000% due 10/1/15 | |
| 6,551,000 | CCH II LLC/CCH II Capital Corp., Senior Notes: | 6,583,755 |
| | 10.250% due 9/15/10 | 4,488,775 |
| 4,390,000 | 10.250% due 10/1/13 | 3,115,380 |
| 3,032,000 | Charter Communications Holdings LLC, Senior Discount Notes, 12.125% due 1/15/12 | |
| 1,500,000 | | 1,526,250 |

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2007

| Face Amount | Security | Value |
|------------------------|---|--------------|
| Media 9.1% (continued) | | |
| \$ 1,325,000 | Charter Communications Holdings LLC/Charter Communications Holdings Capital Corp., Senior Discount Notes, 11.750% due 5/15/11 | \$ 1,338,250 |
| 1,375,000 | Chukchansi Economic Development Authority, Senior Notes, 8.000% due 11/15/13 (a) | 1,381,875 |
| 3,270,000 | CMP Susquehanna Corp., 9.875% due 5/15/14 | 3,057,450 |
| 4,210,000 | CSC Holdings Inc.: Senior Debentures, Series B, 8.125% due 8/15/09 | 4,210,000 |
| 280,000 | Senior Notes, Series B: 8.125% due 7/15/09 | 280,000 |
| 3,400,000 | 7.625% due 4/1/11 | 3,272,500 |
| 813,000 | Dex Media East LLC/Dex Media East Finance Co., Senior Notes, Series B, 12.125% due 11/15/12 | 868,894 |
| 3,350,000 | Dex Media Inc., Discount Notes, step bond to yield 8.367% due 11/15/13 | 3,031,750 |
| 2,344,000 | Dex Media West LLC/Dex Media Finance Co., Senior Subordinated Notes, Series B, 9.875% due 8/15/13 | 2,472,920 |
| 3,410,000 | EchoStar DBS Corp., Senior Notes: 7.000% due 10/1/13 | 3,290,650 |
| 8,010,000 | 7.125% due 2/1/16 | 7,609,500 |
| 2,419,000 | Globo Comunicacoes Participacoes SA, Bonds, 7.250% due 4/26/22 (a) | 2,219,433 |
| 5,025,000 | Idearc Inc., Senior Notes, 8.000% due 11/15/16 | 4,786,312 |
| 930,000 | ION Media Networks Inc., Senior Secured Notes, 11.610% due 1/15/13 (a)(f) | 941,625 |
| 2,365,000 | Lamar Media Corp., Senior Subordinated Notes, 6.625% due 8/15/15 | 2,163,975 |
| 2,615,000 | Primedia Inc., Senior Notes, 8.875% due 5/15/11 | 2,696,719 |
| 1,255,000 | Quebecor Media Inc., Senior Notes, 7.750% due 3/15/16 | 1,185,975 |
| 1,000,000 | R.H. Donnelley Corp.: Senior Discount Notes: Series A-1, 6.875% due 1/15/13 | 905,000 |
| 2,200,000 | Series A-2, 6.875% due 1/15/13 | 1,991,000 |
| 5,200,000 | Senior Notes, Series A-3, 8.875% due 1/15/16 | 5,083,000 |
| 900,000 | R.H. Donnelley Finance Corp. I, Senior Subordinated Notes, 10.875% due 12/15/12 (a) | 954,000 |
| 280,000 | Rogers Cable Inc., Senior Secured Second Priority Notes, 6.750% due 3/15/15 | 287,521 |
| 506,000 | Sinclair Broadcast Group Inc., Senior Subordinated Notes, 8.000% due 3/15/12 | 508,530 |
| 4,460,000 | TL Acquisitions Inc.: Senior Notes, 10.500% due 1/15/15 (a) | 4,125,500 |
| 3,380,000 | Senior Subordinated Notes, step bond to yield 13.358% due 7/15/15 (a) | 2,569,848 |
| | XM Satellite Radio Inc., Senior Notes: | |

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| | | | |
|----------------------------|-------------|---|--------------------|
| | 1,740,000 | 9.856% due 5/1/13 (f) | 1,653,000 |
| | 1,300,000 | 9.750% due 5/1/14 | 1,267,500 |
| | | Total Media | 103,462,774 |
| Metals & Mining | 3.7% | | |
| | 385,000 | Chaparral Steel Co., Senior Notes, 10.000% due 7/15/13 | 426,388 |
| | 14,660,000 | Freeport-McMoRan Copper & Gold Inc., Senior Notes, 8.375% due 4/1/17 (e) | 15,429,650 |
| | 1,050,000 | Metals USA Holdings Corp., Senior Notes: | |
| | | 11.360% due 1/15/12 (a)(b) | 1,050,000 |
| | 2,800,000 | 11.360% due 7/1/12 (a)(b) | 2,590,000 |
| | 5,685,000 | Metals USA Inc., Senior Secured Notes, 11.125% due 12/1/15 | 6,082,950 |
| | | Noranda Aluminum Holding Corp., Senior Notes, 11.146% due 11/15/14 (a)(b) | 2,712,150 |
| | 2,870,000 | | |
| | 3,750,000 | Novelis Inc., Senior Notes, 7.250% due 2/15/15 | 3,778,125 |
| | 2,930,000 | Tube City IMS Corp., 9.750% due 2/1/15 | 2,864,075 |
| | | Vale Overseas Ltd., Notes: | |
| | 1,284,000 | 8.250% due 1/17/34 | 1,456,082 |

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2007

| Face Amount | | Security | Value |
|--|------------|--|-------------------|
| Metals & Mining 3.7% (continued) | | | |
| \$ 6,178,000 | | 6.875% due 11/21/36 | \$ 6,040,539 |
| | | Total Metals & Mining | 42,429,959 |
| Multiline Retail 1.3% | | | |
| 4,160,000 | | Dollar General Corp.: | |
| 4,010,000 | | Senior Notes, 10.625% due 7/15/15 (a) | 3,702,400 |
| | | Senior Subordinated Notes, 11.875% due 7/15/17 (a)(b) | 3,428,550 |
| 2,680,000 | | Neiman Marcus Group Inc.: | |
| 4,320,000 | | Senior Notes, 9.000% due 10/15/15 (b) | 2,807,300 |
| | | Senior Subordinated Notes, 10.375% due 10/15/15 | 4,568,400 |
| | | Total Multiline Retail | 14,506,650 |
| Oil, Gas & Consumable Fuels 10.4% | | | |
| 5,145,000 | | Belden & Blake Corp., Secured Notes, 8.750% due 7/15/12 | 5,170,725 |
| 4,430,000 | | Chesapeake Energy Corp., Senior Notes: | |
| 2,755,000 | | 6.625% due 1/15/16 | 4,197,425 |
| | | 6.500% due 8/15/17 | 2,555,263 |
| 1,005,000 | | Compagnie Generale de Geophysique SA, Senior Notes, | |
| 2,825,588 | | 7.500% due 5/15/15 | 984,900 |
| | | Corral Finans AB, 10.360% due 4/15/10 (a)(b) | 2,740,820 |
| | | El Paso Corp.: | |
| 5,025,000 | | Medium-Term Notes: | |
| 7,525,000 | | 7.800% due 8/1/31 | 4,878,305 |
| 5,200,000 | | 7.750% due 1/15/32 | 7,263,574 |
| | | Notes, 7.875% due 6/15/12 | 5,408,541 |
| 740,000 | | Enterprise Products Operating LP: | |
| 2,250,000 | | 7.034% due 1/15/68 (f) | 677,790 |
| 5,060,000 | | Junior Subordinated Notes, 8.375% due 8/1/66 (f) | 2,299,178 |
| | | EXCO Resources Inc., Senior Notes, 7.250% due 1/15/11 | 5,047,350 |
| | | Gazprom: | |
| 104,590,000 | <i>RUB</i> | Bonds: | |
| 34,860,000 | <i>RUB</i> | Series A7, 6.790% due 10/29/09 | 4,132,243 |
| | | Series A8, 7.000% due 10/27/11 | 1,397,075 |
| 2,503,000 | | Loan Participation Notes: | |
| 1,770,000 | | 6.212% due 11/22/16 (a) | 2,381,104 |
| 50,960,000 | <i>RUB</i> | Senior Notes, 6.510% due 3/7/22 (a) | 1,697,076 |
| | | Gazprom OAO, Series A6, 6.950% due 8/6/09 | 2,023,693 |
| 2,325,000 | | Inergy LP/Inergy Finance Corp., Senior Notes, 8.250% due 3/1/16 | 2,336,625 |
| 3,705,000 | | International Coal Group Inc., Senior Notes, 10.250% due 7/15/14 | 3,241,875 |
| 1,465,000 | | Mariner Energy Inc., Senior Notes: | |
| 1,110,000 | | 7.500% due 4/15/13 | 1,395,413 |
| | | 8.000% due 5/15/17 | 1,048,950 |
| 995,000 | | Northwest Pipeline Corp., Senior Notes, 7.000% due 6/15/16 | 1,009,925 |

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| | | |
|-----------|--|-----------|
| | OPTI Canada Inc., Senior Secured Notes: | |
| 190,000 | 7.875% due 12/15/14 (a) | 187,150 |
| 1,955,000 | 8.250% due 12/15/14 (a) | 1,964,775 |
| | Pemex Project Funding Master Trust: | |
| 1,846,000 | 6.125% due 8/15/08 | 1,861,691 |
| 250,000 | 7.375% due 12/15/14 | 266,506 |
| 1,298,000 | Senior Notes, 5.960% due 12/3/12 (a)(f) | 1,299,623 |
| | Petrohawk Energy Corp., Senior Notes, 9.125% due | |
| 1,925,000 | 7/15/13 | 1,992,375 |
| | Petroplus Finance Ltd.: | |
| 1,080,000 | 6.750% due 5/1/14 (a) | 990,900 |
| 2,250,000 | 7.000% due 5/1/17 (a) | 2,064,375 |
| | Petrozuata Finance Inc.: | |
| 4,276,000 | 8.220% due 4/1/17 (a) | 4,211,860 |
| 268,000 | 8.220% due 4/1/17 (a) | 268,000 |

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2007

| Face Amount | Security | Value |
|--|--|--------------------|
| Oil, Gas & Consumable Fuels 10.4% (continued) | | |
| \$ 1,130,000 | Pogo Producing Co., Senior Subordinated Notes: 7.875% due 5/1/13 | \$ 1,149,775 |
| 2,000,000 | Series B, 8.250% due 4/15/11 | 2,032,500 |
| 5,665,000 | SemGroup LP, Senior Notes, 8.750% due 11/15/15 (a) | 5,608,350 |
| 160,000 | SESI LLC, Senior Notes, 6.875% due 6/1/14 | 149,600 |
| 3,000,000 | Stallion Oilfield Services, 9.820% due 7/31/12 | 2,955,000 |
| 8,435,000 | Stone Energy Corp., Senior Subordinated Notes, 8.250% due 12/15/11 (e) | 8,350,650 |
| 230,000 | TNK-BP Finance SA, 6.625% due 3/20/17 (a) | 214,475 |
| 2,275,000 | W&T Offshore Inc., Senior Notes, 8.250% due 6/15/14 (a) | 2,149,875 |
| 2,550,000 | Whiting Petroleum Corp., Senior Subordinated Notes: 7.250% due 5/1/12 | 2,422,500 |
| 1,975,000 | 7.000% due 2/1/14 | 1,856,500 |
| 90,000 | Williams Cos. Inc.: Debentures, Series A, 7.500% due 1/15/31 | 89,100 |
| 3,650,000 | Notes: 7.875% due 9/1/21 | 3,814,250 |
| 6,225,000 | 8.750% due 3/15/32 | 6,909,750 |
| 3,700,000 | Senior Notes, 7.625% due 7/15/19 | 3,774,000 |
| | Total Oil, Gas & Consumable Fuels | 118,471,430 |
| Paper & Forest Products 2.2% | | |
| 2,845,000 | Abitibi-Consolidated Co. of Canada, Senior Notes: 6.000% due 6/20/13 | 2,261,775 |
| 2,550,000 | 8.375% due 4/1/15 | 2,091,000 |
| 1,750,000 | Abitibi-Consolidated Inc.: Debentures: 7.400% due 4/1/18 | 1,338,750 |
| 150,000 | 8.850% due 8/1/30 | 120,000 |
| 835,000 | Notes: 8.550% due 8/1/10 | 776,550 |
| 700,000 | 7.750% due 6/15/11 | 619,500 |
| 3,895,000 | Appleton Papers Inc.: Senior Notes, 8.125% due 6/15/11 | 3,992,375 |
| 4,685,000 | Senior Subordinated Notes, Series B, 9.750% due 6/15/14 | 4,825,550 |
| 960,000 | NewPage Corp.: Senior Secured Notes: 10.000% due 5/1/12 | 984,000 |
| 4,290,000 | 11.606% due 5/1/12 (f) | 4,611,750 |
| 1,170,000 | Senior Subordinated Notes, 12.000% due 5/1/13 | 1,224,112 |
| 1,000,000 | Smurfit Capital Funding PLC, Debentures, 7.500% due 11/20/25 | 947,500 |
| 370,000 | Verso Paper Holdings LLC: Senior Secured Notes, 9.125% due 8/1/14 (a) | 372,775 |
| 965,000 | Senior Subordinated Notes, 11.375% due 8/1/16 (a) | 989,125 |
| | Total Paper & Forest Products | 25,154,762 |
| Pharmaceuticals 0.7% | | |

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| | | | |
|--|-------------|--|-----------|
| | | Leiner Health Products Inc., Senior Subordinated Notes, 11.000% due 6/1/12 (e) | 7,891,800 |
| Real Estate Investment Trusts (REITs) | 0.8% | | |
| 9,395,000 | | | |
| 130,000 | | Forest City Enterprises Inc., Senior Notes, 7.625% due 6/1/15 Host Marriott LP, Senior Notes: | 125,450 |
| 2,500,000 | | 7.125% due 11/1/13 | 2,443,750 |
| 1,860,000 | | Series O, 6.375% due 3/15/15 | 1,748,400 |
| 920,000 | | Kimball Hill Inc., Senior Subordinated Notes, 10.500% due 12/15/12 | 749,800 |
| 1,245,000 | | Ventas Realty LP/Ventas Capital Corp., Senior Notes: 6.500% due 6/1/16 | 1,156,294 |

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2007

| Face Amount | Security | Value |
|---|--|--------------|
| Real Estate Investment Trusts (REITs) 0.8% (continued) | | |
| \$ 3,105,000 | 6.750% due 4/1/17 | \$ 2,918,700 |
| | Total Real Estate Investment Trusts (REITs) | 9,142,394 |
| Real Estate Management & Development 0.8% | | |
| 2,180,000 | Ashton Woods USA LLC/Ashton Woods Finance Co., Senior Subordinated Notes, 9.500% due 10/1/15 | 1,820,300 |
| 8,945,000 | Realogy Corp., Senior Subordinated Notes, 12.375% due 4/15/15 (a) | 7,513,800 |
| | Total Real Estate Management & Development | 9,334,100 |
| Road & Rail 1.7% | | |
| 4,850,000 | Grupo Transportacion Ferroviaria Mexicana SA de CV, Senior Notes, 9.375% due 5/1/12 | 5,141,000 |
| 3,930,000 | Hertz Corp.: Senior Notes, 8.875% due 1/1/14 | 3,949,650 |
| 7,760,000 | Senior Subordinated Notes, 10.500% due 1/1/16 (e) | 8,070,400 |
| 910,000 | Kansas City Southern de Mexico, Senior Notes: 7.625% due 12/1/13 (a) | 912,275 |
| 125,000 | 7.375% due 6/1/14 (a) | 121,562 |
| 840,000 | Kansas City Southern Railway, Senior Notes, 7.500% due 6/15/09 | 831,600 |
| | Total Road & Rail | 19,026,487 |
| Semiconductors & Semiconductor Equipment 0.3% | | |
| 3,295,000 | Freescale Semiconductor Inc., Senior Notes, 8.875% due 12/15/14 (a) | 3,023,163 |
| Software 0.3% | | |
| 3,540,000 | Activant Solutions Inc., Senior Subordinated Notes, 9.500% due 5/1/16 | 3,194,850 |
| Specialty Retail 0.7% | | |
| 745,000 | AutoNation Inc., Senior Notes: 7.360% due 4/15/13 (f) | 696,575 |
| 830,000 | 7.000% due 4/15/14 | 780,200 |
| 4,810,000 | Blockbuster Inc., Senior Subordinated Notes, 9.000% due 9/1/12 | 4,028,375 |
| 1,995,000 | Eye Care Centers of America, Senior Subordinated Notes, 10.750% due 2/15/15 | 2,194,500 |
| | Total Specialty Retail | 7,699,650 |
| Textiles, Apparel & Luxury Goods 0.7% | | |
| 5,470,000 | Levi Strauss & Co., Senior Notes: 9.750% due 1/15/15 | 5,552,050 |
| 400,000 | 8.875% due 4/1/16 | 388,000 |
| 2,950,000 | Simmons Co., Senior Discount Notes, step bond to yield 9.995% due 12/15/14 | 2,256,750 |
| | Total Textiles, Apparel & Luxury Goods | 8,196,800 |
| Tobacco 0.3% | | |
| 875,000 | Alliance One International Inc., Senior Notes: 8.500% due 5/15/12 (a) | 866,250 |
| 1,970,000 | 11.000% due 5/15/12 | 2,078,350 |
| | Total Tobacco | 2,944,600 |

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| | | | |
|---|-------------|---|-------------------|
| Trading Companies & Distributors | 1.1% | | |
| | 2,955,000 | Ashtead Capital Inc., Notes, 9.000% due 8/15/16 (a) | 2,984,550 |
| | 3,235,000 | H&E Equipment Services Inc., Senior Notes, 8.375% due 7/15/16 | 3,315,875 |
| | 4,865,000 | Penhall International Corp., Senior Secured Notes, 12.000% due 8/1/14 (a) | 5,181,225 |
| | 655,000 | TransDigm Inc., Senior Subordinated Notes, 7.750% due 7/15/14 (a) | 645,175 |
| | | Total Trading Companies & Distributors | 12,126,825 |
| Transportation Infrastructure | 0.5% | | |
| | | Saint Acquisition Corp., Secured Notes: | |

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2007

| Face Amount | | Security | Value |
|---|-----|--|-------------------|
| Transportation Infrastructure 0.5% (continued) | | | |
| \$ 600,000 | | 13.107% due 5/15/15 (a)(f) | \$ 429,000 |
| 7,040,000 | | 12.500% due 5/15/17 (a) | 5,033,600 |
| | | Total Transportation Infrastructure | 5,462,600 |
| Wireless Telecommunication Services 3.0% | | | |
| 1,825,000 | | American Tower Corp., Senior Notes, 7.500% due 5/1/12 | 1,815,875 |
| 3,860,000 | | MetroPCS Wireless Inc., Senior Notes: | |
| 1,000,000 | | 9.250% due 11/1/14 (a) | 3,802,100 |
| | | 9.250% due 11/1/14 (a) | 985,000 |
| 4,180,000 | | Nextel Communications Inc., Senior Notes, Series D, 7.375% due 8/1/15 | 4,058,032 |
| 440,000 | | Rogers Wireless Communications Inc., Senior Secured Notes, 7.250% due 12/15/12 | 464,937 |
| 1,575,000 | | Rural Cellular Corp.: | |
| 2,105,000 | | Senior Notes, 9.875% due 2/1/10 | 1,641,937 |
| 2,590,000 | | Senior Secured Notes, 8.250% due 3/15/12 | 2,168,150 |
| 13,410,000 | | Senior Subordinated Notes, 8.360% due 6/1/13 (a)(f) | 2,615,900 |
| | | True Move Co., Ltd., 10.750% due 12/16/13 (a)(e) | 14,214,600 |
| 2,220,000 | | UBS Luxembourg SA for OJSC Vimpel Communications, 8.250% due 5/23/16 | 2,278,763 |
| | | Total Wireless Telecommunication Services | 34,045,294 |
| | | TOTAL CORPORATE BONDS & NOTES | |
| | | (Cost \$1,036,209,618) | 995,355,205 |
| ASSET-BACKED SECURITY 0.0% | | | |
| Diversified Financial Services 0.0% | | | |
| 1,975,400 | | Airplanes Pass-Through Trust, Subordinated Notes, Series D, 10.875% due 3/15/19 (c)(d)(g) (Cost - \$2,052,466) | 0 |
| CONVERTIBLE BOND & NOTE 0.1% | | | |
| Automobiles 0.1% | | | |
| 1,110,000 | | Ford Motor Co., Senior Notes, 4.250% due 12/15/36 (Cost - \$1,110,000) | 1,290,375 |
| SOVEREIGN BONDS 6.3% | | | |
| Argentina 0.6% | | | |
| 1,400,000 | EUR | Republic of Argentina: | |
| 300,000 | EUR | 9.250% due 10/21/02 (g) | 647,868 |
| 250,000 | EUR | 9.000% due 6/20/03 (g) | 138,315 |
| 275,000 | EUR | 10.250% due 1/26/07 (g) | 124,689 |
| 5,530,930 | ARS | 8.000% due 2/26/08 (g) | 133,387 |
| 665,000 | | Bonds, 2.000% due 1/3/10 (f) | 3,722,145 |
| 97,000 | EUR | Bonds, Series VII, 7.000% due 9/12/13 | 593,568 |
| | | GDP Linked Securities, 0.662% due 12/15/35 (f) | 16,226 |
| | | Medium-Term Notes: | |
| 1,175,000 | EUR | 7.000% due 3/18/04 (c)(g) | 563,885 |
| 600,000 | EUR | 8.125% due 10/4/04 (g) | 277,658 |

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| | | | | |
|---------------|-------------|-----|----------------------------------|-----------|
| | 525,000 | EUR | 9.000% due 5/24/05 (g) | 251,229 |
| | | | Total Argentina | 6,468,970 |
| Brazil | 1.5% | | Brazil Nota do Tesouro Nacional: | |
| | 1,000 | BRL | 10.000% due 1/1/10 (f) | 527 |
| | 18,729,000 | BRL | 9.762% due 7/1/10 (e)(f) | 9,772,117 |
| | 2,175,000 | BRL | Series B, 6.000% due 5/15/45 (f) | 1,882,949 |
| | 2,430,000 | | Federative Republic of Brazil: | |
| | | | 11.000% due 8/17/40 | 3,141,990 |
| | | | Collective Action Securities: | |

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2007

| Face Amount | | Security | Value |
|--------------------------------|------------|--|-------------------|
| Brazil 1.5% (continued) | | | |
| \$ 1,203,000 | | 8.750% due 2/4/25 | \$ 1,457,735 |
| 197,000 | | Notes, 8.000% due 1/15/15 | 213,647 |
| | | Total Brazil | 16,468,965 |
| Colombia 0.4% | | | |
| 100,000 | | Republic of Colombia: | |
| 4,615,000 | | 7.375% due 1/27/17 | 106,450 |
| | | 7.375% due 9/18/37 | 4,921,897 |
| | | Total Colombia | 5,028,347 |
| Ecuador 0.2% | | | |
| 2,100,000 | | Republic of Ecuador, 10.000% due 8/15/30 (a) | 1,777,125 |
| Indonesia 0.3% | | | |
| 8,077,000,000 | <i>IDR</i> | Republic of Indonesia: | |
| 6,948,000,000 | <i>IDR</i> | Series FR40, 11.000% due 9/15/25 | 955,233 |
| 11,011,000,000 | <i>IDR</i> | Series FR42, 10.250% due 7/15/27 | 774,321 |
| 8,327,000,000 | <i>IDR</i> | Series FR43, 10.250% due 7/15/22 | 1,228,749 |
| | | Series FR45, 9.750% due 5/15/37 | 885,778 |
| | | Total Indonesia | 3,844,081 |
| Mexico 1.1% | | | |
| 50,000 | | United Mexican States: | |
| | | 11.375% due 9/15/16 | 69,187 |
| 11,592,000 | | Medium-Term Notes, Series A, 6.750% due 9/27/34 (e) | 12,215,070 |
| | | Total Mexico | 12,284,257 |
| Panama 0.3% | | | |
| 1,285,000 | | Republic of Panama: | |
| 350,000 | | 9.625% due 2/8/11 | 1,435,987 |
| 1,320,000 | | 7.250% due 3/15/15 | 368,375 |
| | | 6.700% due 1/26/36 | 1,316,700 |
| | | Total Panama | 3,121,062 |
| Peru 0.0% | | | |
| 259,000 | | Republic of Peru: | |
| 198,000 | | Bonds, 6.550% due 3/14/37 | 256,734 |
| | | Global Bonds, 7.350% due 7/21/25 | 217,305 |
| | | Total Peru | 474,039 |
| Russia 0.0% | | | |
| 244,000 | | Russian Federation, 12.750% due 6/24/28 (a) | 425,780 |
| Turkey 1.0% | | | |
| 2,023,000 | <i>TRY</i> | Republic of Turkey: | |
| 490,000 | | 14.000% due 1/19/11 | 1,479,252 |
| 1,175,000 | | 7.000% due 6/5/20 | 485,100 |
| 594,000 | | 11.875% due 1/15/30 | 1,786,734 |
| 7,954,000 | | Bonds, 7.000% due 9/26/16 | 598,455 |
| | | Notes, 6.875% due 3/17/36 | 7,427,048 |
| | | Total Turkey | 11,776,589 |
| Uruguay 0.1% | | | |

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| | | | |
|------------------|-------------|--|-----------|
| | 1,026,307 | Oriental Republic of Uruguay, Bonds, 7.625% due 3/21/36 | 1,098,148 |
| Venezuela | 0.8% | | |
| | 273,000 | Bolivarian Republic of Venezuela: 8.500% due 10/8/14 | 277,778 |

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2007

| Face Amount | Security | Value |
|--|---|------------------|
| Venezuela 0.8% (continued) | | |
| \$ 8,258,000 | 5.750% due 2/26/16 | \$ 7,019,300 |
| 241,000 | 7.650% due 4/21/25 | 220,515 |
| | Collective Action Securities: | |
| 1,164,000 | 9.375% due 1/13/34 | 1,244,025 |
| 183,000 | Notes, 10.750% due 9/19/13 | 205,646 |
| | Total Venezuela | 8,967,264 |
| | TOTAL SOVEREIGN BONDS | |
| | (Cost \$71,318,470) | 71,734,627 |
| LOAN PARTICIPATIONS 1.7% | | |
| Diversified Telecommunication Services 0.4% | | |
| 5,000,000 | Univision Communications Inc., Term Loan B, 7.605% due 9/15/14 (f)(h) | 4,632,188 |
| Oil, Gas & Consumable Fuels 0.9% | | |
| 279,613 | Ashmore Energy International, Synthetic Revolving Department, 8.260% due 3/30/14 (Credit Suisse) (f)(h) | 274,021 |
| 2,130,387 | Ashmore Energy Term Loan, 8.360% due 3/30/14 (Credit Suisse) (f)(h) | 2,087,779 |
| 7,500,000 | SandRidge Energy, Term Loan, 8.625% due 4/1/15 (Banc of America Securities) (f)(h) | 7,350,000 |
| | Total Oil, Gas & Consumable Fuels | 9,711,800 |
| Paper & Forest Products 0.2% | | |
| 2,500,000 | Verso Paper Holdings Term Loan, 11.605% due 2/1/12 (Credit Suisse) (f)(h) | 2,493,750 |
| Trading Companies & Distributors 0.2% | | |
| 2,000,000 | Penhall International Corp., Term Loan, 12.824% due 4/1/12 (Deutsche Bank Securities) (f)(h) | 2,045,000 |
| | TOTAL LOAN PARTICIPATIONS | |
| | (Cost \$19,007,519) | 18,882,738 |
| Shares | | |
| COMMON STOCKS 0.0% | | |
| CONSUMER DISCRETIONARY 0.0% | | |
| Household Durables 0.0% | | |
| 10,685,938 | Home Interiors & Gifts Inc. (c)(d)* | 106,859 |
| 52,472 | Mattress Discounters Corp. (c)(d)* | 0 |
| | TOTAL CONSUMER DISCRETIONARY | 106,859 |
| CONSUMER STAPLES 0.0% | | |
| Food Products 0.0% | | |
| 3,784 | Imperial Sugar Co. | 101,828 |
| | TOTAL COMMON STOCKS | |
| | (Cost \$7,846,354) | 208,687 |
| CONVERTIBLE PREFERRED STOCKS 0.1% | | |
| ENERGY 0.1% | | |

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| | | | |
|--|-------------|---|------------------|
| Oil, Gas & Consumable Fuels | 0.1% | | |
| | | Chesapeake Energy Corp. Convertible, 6.250% | |
| | 5,355 | (Cost - \$1,345,637) | 1,494,045 |
| ESCROWED SHARES | 0.0% | | |
| | 2,025,000 | Pillowtex Corp. (c)(d)* | |
| PREFERRED STOCKS | 0.3% | (Cost - \$0) | 0 |
| CONSUMER DISCRETIONARY | 0.2% | | |
| Automobiles | 0.1% | | |
| | 65,000 | Ford Motor Co., 7.400% | 1,140,100 |
| | 1,800 | Ford Motor Co., 8.000% | 32,616 |
| | 1,800 | Ford Motor Co., Series F, 7.550% | 31,050 |
| | | Total Automobiles | 1,203,766 |

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2007

| Shares | | Security | Value |
|---------------------------------------|-------------|--|------------------|
| Media | 0.1% | | |
| | 150 | ION Media Networks Inc., 13.250% (b) | \$ 1,072,500 |
| | | TOTAL CONSUMER DISCRETIONARY | 2,276,266 |
| FINANCIALS | 0.1% | | |
| Diversified Financial Services | 0.1% | | |
| | 12,100 | Preferred Plus, Series FRD-1, 7.400% | 211,871 |
| | 8,200 | Preferred Plus, Series FMC1 Trust, Senior Debentures, Series LMG-3, 8.250% | 161,130 |
| | 44,100 | Saturns, Series F 2003-5, 8.125% | 800,415 |
| | 17,552 | TCR Holdings Corp., Class B Shares, (c)(d)* | 17 |
| | 9,654 | TCR Holdings Corp., Class C Shares, (c)(d)* | 10 |
| | 25,451 | TCR Holdings Corp., Class D Shares, (c)(d)* | 25 |
| | 52,657 | TCR Holdings Corp., Class E Shares, (c)(d)* | 53 |
| | | TOTAL FINANCIALS | 1,173,521 |
| | | TOTAL PREFERRED STOCKS | |
| | | (Cost \$3,400,005) | 3,449,787 |
| Warrants | | | |
| WARRANTS | 0.1% | | |
| | 18,500 | Bolivarian Republic of Venezuela, Oil-linked payment obligations, Expires 4/15/20* | 693,750 |
| | 3,500 | Brown Jordan International Inc., Expires 8/15/07(a)(c)* | 31 |
| | 13,517,970 | ContiFinancial Corp., Liquidating Trust, Units of Interest (Represents interest in a trust in the liquidation of ContiFinancial Corp. and its affiliates)(c)(d)* | 32 |
| | 2,750 | Leap Wireless International Inc., Expires 4/15/10(c)(d)* | 0 |
| | 3,500 | Mattress Discounters Co., Expires 7/15/07(c)(d)* | 0 |
| | 13,614 | Pillowtex Corp., Expires 11/24/09(c)(d)* | 0 |
| | 5,000 | UbiquiTel Inc., Expires 4/15/10(a)(c)(d)* | 50 |
| | | TOTAL WARRANTS | |
| | | (Cost \$538,361) | 693,863 |
| | | TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENTS | |
| | | (Cost \$1,142,828,430) | 1,093,109,327 |
| Face Amount | | | |
| SHORT-TERM INVESTMENTS | 4.1% | | |
| Sovereign Bonds | 1.6% | | |
| \$ | 5,005,000 | MYR Bank Negara Malaysia Monetary Notes: Zero coupon bond to yield 3.184% due 8/9/07 | 1,447,825 |
| | 2,955,000 | MYR Zero coupon bond to yield 3.324% due 8/9/07 | 854,784 |
| | 6,600,000 | MYR Series 2307, Zero coupon bond to yield 3.487% due 1/17/08 | 1,874,633 |

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| | | | |
|----------------------------------|-----|---|------------------|
| 47,100,000 | EGP | Egypt Treasury Bills: | |
| 33,275,000 | EGP | Zero coupon bond to yield 9.643% due 10/30/07 | 8,144,509 |
| | | Zero coupon bond to yield 9.307% due 11/6/07 | 5,774,922 |
| | | Total Sovereign Bonds | |
| | | (Cost \$17,936,185) | 18,096,673 |
| Repurchase Agreement 2.5% | | | |
| 28,913,000 | | Nomura Securities International Inc. repurchase agreement dated 7/31/07, 5.250% due 8/1/07; Proceeds at maturity - \$28,917,216; (Fully collateralized by U.S. government agency obligation, 6.000% due 5/23/17; Market value - \$29,491,385) (Cost - \$28,913,000) | 28,913,000 |
| | | TOTAL SHORT-TERM INVESTMENTS | |
| | | (Cost \$46,849,185) | \$ 47,009,673 |
| | | TOTAL INVESTMENTS 100.0% (Cost | |
| | | \$1,189,677,615#) | \$ 1,140,119,000 |

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

-
- * Non-income producing security.
Face amount denominated in U.S. dollars, unless otherwise noted.
- (a) Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. This security has been deemed liquid pursuant to guidelines approved by the Board of Directors, unless otherwise noted.
 - (b) Payment-in-kind security for which part of the income earned may be paid as additional principal.
 - (c) Illiquid security.
 - (d) Security is valued in good faith at fair value by or under the direction of the Board of Directors (See Note 1).
 - (e) All or a portion of this security is segregated for extended settlements and reverse repurchase agreements.
 - (f) Variable rate security. Interest rate disclosed is that which is in effect at July 31, 2007.
 - (g) Security is currently in default.
 - (h) Participation interest was acquired through the financial institution indicated parenthetically.
- # Aggregate cost for federal income tax purposes is substantially the same.

Abbreviations used in this schedule:

ARS - Argentine Peso
BRL - Brazilian Real
EGP - Egyptian Pound
EUR - Euro
GDP - Gross Domestic Product
IDR - Indonesian Rupiah
MYR - Malaysian Ringgit
OJSC - Open Joint Stock Company
RUB - Russian Ruble
TRY - Turkish Lira

See Notes to Schedule of Investments.

Notes to Schedule of Investments (unaudited)

1. Organization and Significant Accounting Policies

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

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

(a) Investment Valuation. Debt securities are valued at the mean between the last quoted bid and asked prices provided by an independent pricing service that are based on transactions in debt obligations, quotations from bond dealers, market transactions in comparable securities and various other relationships between securities. Equity securities for which market quotations are available are valued at the last reported sales price or official closing price on the primary market or exchange on which they trade. When prices are not readily available, or are determined not to reflect fair value, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded, but before the Fund calculates its net asset value, the Fund may value these securities at fair value as determined in accordance with the procedures approved by the Fund's Board of Trustees. Short-term obligations with maturities of 60 days or less are valued at amortized cost, which approximates fair value.

(b) Repurchase Agreements. When entering into repurchase agreements, it is the Fund's policy that its custodian or a third party custodian take possession of the underlying collateral securities, the market value of which, at all times, at least equals the principal amount of the repurchase transaction, including accrued interest. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market to ensure the adequacy of the collateral. If the seller defaults, and the market value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited.

(c) Reverse Repurchase Agreements. The Fund may enter into a reverse repurchase agreement in which the Fund sells a portfolio security at a specified price with an agreement to purchase the same or substantially the same security from the same counterparty at a fixed or determinable price at a future date. When entering into reverse repurchase agreements, the Fund's custodian delivers to the counterparty liquid assets, the market value of which, at the inception of the transaction, at least equals the repurchase price (including accrued interest). The Fund pays interest on amounts obtained pursuant to reverse repurchase agreements. Reverse repurchase agreements are considered to be borrowings, which may create leverage risk to the Fund.

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

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

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

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

Notes to Schedule of Investments (unaudited) (continued)

(g) Loan Participations. The Fund may invest in loans arranged through private negotiation between one or more financial institutions. The Fund's investment in any such loan may be in the form of a participation in or an assignment of the loan. In connection with purchasing participations, the Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement, nor any rights of set-off against the borrower and the Fund may not benefit directly from any collateral supporting the loan in which it has purchased the participation.

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

2. Investments

At July 31, 2007, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows:

| | | |
|-------------------------------|----|--------------|
| Gross unrealized appreciation | \$ | 16,731,246 |
| Gross unrealized depreciation | | (66,289,861) |
| Net unrealized depreciation | \$ | (49,558,615) |

Transactions in reverse repurchase agreements for the Fund during the period ended July 31, 2007 were as follows:

| Average Daily Balance * | Weighted Average Interest Rate * | Maximum Amount Outstanding |
|-------------------------------|--|----------------------------------|
| \$ 81,006,888 | 5.259% | \$ 104,901,159 |

Interest rates on reverse repurchase agreements ranged from 3.250% to 5.400% during the period ended July 31, 2007. Interest expense incurred on reverse repurchase agreements totaled \$1,088,702.

At July 31, 2007, the Fund had the following open reverse repurchase agreements:

| Face Amount | Security | Value |
|----------------|----------|--------------|
| \$ 1,699,243 | | \$ 1,699,243 |

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| | | |
|-----------|---|-----------|
| | Reverse Repurchase Agreement with Credit Suisse, dated 11/9/06 bearing 5.250% to be repurchased at \$1,765,159 on 8/2/07, collateralized by: \$1,846,000 Pemex Proj FDG Master TR, 6.125% due 8/15/08; Market value (including accrued interest) - \$1,913,852 | |
| 1,323,416 | Reverse Repurchase Agreement with Credit Suisse, dated 11/30/06 bearing 5.350% to be repurchased at \$1,371,601 on 8/2/07, collateralized by: \$1,360,000 TNK-BP Finance SA, 7.500% due 7/18/16; Market value (including accrued interest) - \$1,372,380 | 1,323,416 |
| 615,300 | Reverse Repurchase Agreement with Credit Suisse, dated 12/14/06 bearing 5.250% to be repurchased at an amount and date to be determined, collateralized by: \$500,000 Federative Republic of Brazil, 11.000% due 8/17/40; Market value (including accrued interest) - \$671,569 | 615,300 |
| 1,362,375 | Reverse Repurchase Agreement with Credit Suisse, dated 1/31/07 bearing 5.250% to be repurchased at \$1,398,733 on 8/2/07, collateralized by: \$2,100,000 Republic of Ecuador, 10.000% due 8/15/30; Market value (including accrued interest) - \$1,874,003 | 1,362,375 |

Notes to Schedule of Investments (unaudited) (continued)

| Face Amount | Security | Value |
|----------------|---|--------------|
| \$ 1,136,636 | Reverse Repurchase Agreement with JPMorgan Chase & Co., dated 3/23/07 bearing 5.100% to be repurchased at an amount and date to be determined, collateralized by: \$1,026,308 Republico Oriental Del Uruguay, 7.625% due 3/21/36; Market value (including accrued interest) - \$1,126,432 | \$ 1,136,636 |
| 2,847,663 | Reverse Repurchase Agreement with JPMorgan Chase & Co., dated 3/23/07 bearing 5.000% to be repurchased at an amount and date to be determined, collateralized by: \$2,785,000 Turanalem Finance BV Global, 8.250% due 1/22/37; Market value (including accrued interest) - \$2,477,931 | 2,847,663 |
| 633,204 | Reverse Repurchase Agreement with JPMorgan Chase & Co., dated 3/23/07 bearing 5.100% to be repurchased at an amount and date to be determined, collateralized by: \$594,000 Republic of Turkey, 7.000% due 9/26/16; Market value (including accrued interest) - \$612,918 | 633,204 |
| 1,811,595 | Reverse Repurchase Agreement with JPMorgan Chase & Co., dated 3/23/07 bearing 5.150% to be repurchased at an amount and date to be determined, collateralized by: \$1,770,000 Gaz Cap SA Luxembourg, 6.510% due 3/7/22; Market value (including accrued interest) - \$1,743,104 | 1,811,595 |
| 2,214,672 | Reverse Repurchase Agreement with Credit Suisse, dated 4/30/07 bearing 5.350% to be repurchased at an amount and date to be determined, collateralized by: \$2,220,000 UBS Luxembourg SA, 8.250% due 5/23/16; Market value (including accrued interest) - \$2,313,602 | 2,214,672 |
| 1,054,487 | Reverse Repurchase Agreement with Credit Suisse, dated 5/09/07 bearing 5.300% to be repurchased at \$1,067,683 on 8/2/07, collateralized by: \$1,174,000 ICICI Bank Ltd., 6.375% due 4/30/22; Market value (including accrued interest) - \$1,135,388 | 1,054,487 |
| 5,494,713 | Reverse Repurchase Agreement with Credit Suisse, dated 6/18/07 bearing 5.350% to be repurchased at \$5,531,459 on 8/2/07, collateralized by: \$6,178,000 Vale Overseas Ltd, 6.875% due 11/21/36; Market value (including accrued interest) - \$6,123,640 | 5,494,713 |
| 2,205,393 | Reverse Repurchase Agreement with Credit Suisse, dated 6/18/07 bearing 5.300% to be repurchased at an amount and date to be determined, collateralized by: \$2,503,000 Gaz Cap SA Luxembourg, 6.212% due 11/22/16; Market value (including accrued interest) - \$2,411,103 | 2,205,393 |

Notes to Schedule of Investments (unaudited) (continued)

| Face Amount | Security | Value |
|----------------|--|--------------|
| \$ 6,698,063 | Reverse Repurchase Agreement with Credit Suisse, dated 6/18/07 bearing 5.250% to be repurchased at an amount and date to be determined, collateralized by: \$7,954,000 Republic of Turkey, 6.750% due 3/17/36; Market value (including accrued interest) - \$7,630,546 | \$ 6,698,063 |
| 4,724,837 | Reverse Repurchase Agreement with Credit Suisse, dated 6/26/07 bearing 5.300% to be repurchased at \$4,750,574 on 8/2/07, collateralized by: \$4,615,000 Republic of Colombia, 7.375% due 9/18/37; Market value (including accrued interest) - \$5,047,681 | 4,724,837 |
| 1,279,476 | Reverse Repurchase Agreement with Credit Suisse, dated 6/26/07 bearing 5.400% to be repurchased at \$1,286,577 on 8/2/07, collateralized by: \$1,320,000 Republic of Panama, 6.700% due 1/26/36; Market value (including accrued interest) - \$1,318,142 | 1,279,476 |
| 1,120,466 | Reverse Repurchase Agreement with Credit Suisse, dated 6/26/07 bearing 5.400% to be repurchased at \$1,126,685 on 8/2/07, collateralized by: \$1,164,000 Bolivarian Republic of Venezuela, 9.375% due 1/13/34; Market value (including accrued interest) - \$1,249,659 | 1,120,466 |
| 2,113,208 | Reverse Repurchase Agreement with Credit Suisse, dated 6/26/07 bearing 5.400% to be repurchased at an amount and date to be determined, collateralized by: \$2,480,000 AES China Generating Co., 8.250% due 6/26/10; Market value (including accrued interest) - \$2,491,990 | 2,113,208 |
| 1,371,609 | Reverse Repurchase Agreement with Credit Suisse, dated 6/26/07 bearing 5.400% to be repurchased at an amount and date to be determined, collateralized by: \$1,285,000 Republic of Panama, 9.625% due 2/8/11; Market value (including accrued interest) - \$1,495,437 | 1,371,609 |
| 10,003,565 | Reverse Repurchase Agreement with Credit Suisse, dated 7/3/07 bearing 5.350% to be repurchased at \$10,048,164 on 8/2/07, collateralized by: \$11,050,000 True Move Co., Ltd., 10.750% due 12/16/13; Market value (including accrued interest) - \$11,862,447 | 10,003,565 |
| 11,325,384 | Reverse Repurchase Agreement with Credit Suisse, dated 7/3/07 bearing 5.300% to be repurchased at \$11,375,404 on 8/2/07, collateralized by: \$11,592,000 United Mexican States, 6.750% due 9/27/34; Market value (including accrued interest) - \$12,485,104 | 11,325,384 |

Notes to Schedule of Investments (unaudited) (continued)

| Face Amount | Security | Value |
|----------------|---|--------------|
| \$ 3,825,646 | Reverse Repurchase Agreement with Credit Suisse, dated 7/3/07 bearing 5.350% to be repurchased at an amount and date to be determined, collateralized by: \$4,246,000 Petrozuata Finance Inc., 8.220% due 4/1/17; Market value (including accrued interest) - \$4,298,650 | \$ 3,825,646 |
| 4,338,522 | Reverse Repurchase Agreement with Credit Suisse, dated 7/3/07 bearing 5.250% to be repurchased at an amount and date to be determined, collateralized by: \$4,740,000 Axtel Sab de CV, 7.625% due 2/1/17; Market value (including accrued interest) - \$4,694,559 | 4,338,522 |
| 6,394,169 | Reverse Repurchase Agreement with Credit Suisse, dated 7/3/07 bearing 5.350% to be repurchased at an amount and date to be determined, collateralized by: \$8,258,000 Bolivarian Republic of Venezuela, 5.750% due 2/26/16; Market value (including accrued interest) - \$7,223,925 | 6,394,169 |
| 4,740,875 | Reverse Repurchase Agreement with Credit Suisse, dated 7/3/07 bearing 5.400% to be repurchased at an amount and date to be determined, collateralized by: \$4,850,000 Kansas City Southern de Mexico, 9.375% due 5/1/12; Market value (including accrued interest) - \$5,254,672 | 4,740,875 |
| 961,740 | Reverse Repurchase Agreement with Credit Suisse, dated 7/13/07 bearing 5.250% to be repurchased at \$964,545 on 8/2/07, collateralized by: \$1,170,000 ICICI Bank Ltd., 6.375% due 4/30/22; Market value (including accrued interest) - \$1,124,211 | 961,740 |
| 1,447,197 | Reverse Repurchase Agreement with Credit Suisse, dated 7/13/07 bearing 5.350% to be repurchased at \$1,451,498 on 8/2/07, collateralized by: \$1,284,000 Vale Overseas Ltd., 8.250% due 1/17/34; Market value (including accrued interest) - \$1,460,399 | 1,447,197 |
| 2,142,644 | Reverse Repurchase Agreement with Credit Suisse, dated 7/13/07 bearing 5.350% to be repurchased at \$2,149,012 on 8/2/07, collateralized by: \$2,360,000 True Move Co. Ltd., 10.750% due 12/16/13; Market value (including accrued interest) - \$2,533,518 | 2,142,644 |
| 4,061,205 | Reverse Repurchase Agreement with Credit Suisse, dated 7/13/07 bearing 5.350% to be repurchased at an amount and date to be determined, collateralized by: \$4,490,000 HSBK Europe BV, 7.250% due 5/3/17; Market value (including accrued interest) - \$4,362,174 | 4,061,205 |

Notes to Schedule of Investments (unaudited) (continued)

| Face Amount | Security | Value |
|----------------|--|--------------------|
| \$ 4,924,938 | Reverse Repurchase Agreement with Credit Suisse, dated 7/13/07 bearing 5.350% to be repurchased at an amount and date to be determined, collateralized by: \$5,260,000 ATF Capital BV, 9.250% due 2/21/14; Market value (including accrued interest) - \$5,726,287 | \$ 4,924,938 |
| 1,292,289 | Reverse Repurchase Agreement with Credit Suisse, dated 7/13/07 bearing 5.350% to be repurchased at an amount and date to be determined, collateralized by: \$1,298,000 Pemex Proj FDG Master TR, 6.180% due 12/3/12; Market value (including accrued interest) - \$1,312,301 | 1,292,289 |
| 1,565,015 | Reverse Repurchase Agreement with Credit Suisse, dated 7/13/07 bearing 5.350% to be repurchased at an amount and date to be determined, collateralized by: \$1,654,000 RSHB Cap SA, 7.175% due 5/16/13; Market value (including accrued interest) - \$1,726,467 | 1,565,015 |
| 1,792,479 | Reverse Repurchase Agreement with Credit Suisse, dated 7/13/07 bearing 5.350% to be repurchased at an amount and date to be determined, collateralized by: \$2,419,000 Globo Comunicacoes Part, 7.250% due 4/26/22; Market value (including accrued interest) - \$2,265,913 | 1,792,479 |
| 2,445,000 | Reverse Repurchase Agreement with Credit Suisse, dated 7/17/07 bearing 5.150% to be repurchased at an amount and date to be determined, collateralized by: \$2,000,000 Federative Republic of Brazil, 11.000% due 8/17/40; Market value (including accrued interest) - \$2,686,276 | 2,445,000 |
| 1,163,800 | Reverse Repurchase Agreement with Credit Suisse, dated 7/17/07 bearing 5.350% to be repurchased at an amount and date to be determined, collateralized by: \$1,000,000 Federative Republic of Brazil, 8.750% due 2/4/25; Market value (including accrued interest) - \$1,254,775 | 1,163,800 |
| 1,624,673 | Reverse Repurchase Agreement with Credit Suisse, dated 7/19/07 bearing 3.900% to be repurchased at an amount and date to be determined, collateralized by: \$1,175,000 Republic of Turkey, 11.875% due 1/15/30; Market value (including accrued interest) - \$1,793,180 | 1,624,673 |
| | Total Reverse Repurchase Agreements (Proceeds - \$103,755,497) | 103,755,497 |

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

3. Loan

At July 31, 2007, the Fund had a \$225,000,000 loan outstanding pursuant to a revolving credit and security agreement among the Fund, CIESCO, LLC and Citibank, N.A.. The loan generally bears interest at a variable rate based on the weighted average interest rates of the underlying commercial paper or LIBOR plus any applicable margin. Securities held by the Fund are subject to a lien, granted to the lender, to the extent of the borrowings outstanding and any additional expenses.

ITEM 2. CONTROLS AND PROCEDURES.

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

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

ITEM 3. EXHIBITS.

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

SIGNATURES

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Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Western Asset High Income Fund II Inc.

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

Date: September 26, 2007

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

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

Date: September 26, 2007

By */s/ Kaprel Ozsolak*
Kaprel Ozsolak
Chief Financial Officer

Date: September 26, 2007
