

LSI CORP
Form SC 13G/A
February 14, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 13G

(Rule 13d-102)

Information Statement Pursuant to Rules 13d-1 and 13d-2

Under the Securities Exchange Act of 1934

(Amendment No. 1)*

LSI Corporation
(Name of Issuer)

Common stock, par value \$0.01 per share
(Title of Class of Securities)

502161102
(CUSIP Number)

December 31, 2012
Date of Event Which Requires Filing of the Statement

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

- Rule 13d-1(b)
- Rule 13d-1(c)
- Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

Cusip No. 502161102 **13G/A** Page 2 of 10 Pages

NAME OF REPORTING PERSON

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

1.

Citadel Advisors LLC

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2.(a)

(b)

SEC USE ONLY

3.

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

SOLE VOTING POWER

5.

NUMBER OF **0**

SHARES

SHARED VOTING POWER

BENEFICIALLY

OWNED BY 6.

26,008,622 shares

EACH

REPORTING

PERSON

7. SOLE DISPOSITIVE POWER

WITH 0

8. SHARED DISPOSITIVE POWER

See Row 6 above

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9.
See Row 6 above

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11.
4.7%¹

12. TYPE OF REPORTING PERSON

IA; OO; HC

¹ The percentages reported in this Schedule 13G/A are based upon 553,142,523 shares of common stock outstanding as of December 3, 2012 (according to the Form 8-A filed by the issuer on December 18, 2012).

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NAME OF REPORTING PERSON

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

1.

Citadel Holdings II LP

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2.(a)

(b)

SEC USE ONLY

3.

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

SOLE VOTING POWER

5.

NUMBER OF **0**

SHARES

SHARED VOTING POWER

BENEFICIALLY

OWNED BY 6.

26,008,622 shares

EACH

REPORTING

PERSON

7. SOLE DISPOSITIVE POWER

WITH **0**

8. SHARED DISPOSITIVE POWER

See Row 6 above

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9.
See Row 6 above

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11.
4.7%

12. TYPE OF REPORTING PERSON

PN; HC

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NAME OF REPORTING PERSON

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

1.

Citadel Investment Group II, L.L.C.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2.(a)

(b)

SEC USE ONLY

3.

4. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

SOLE VOTING POWER

5.

NUMBER OF **0**

SHARES

SHARED VOTING POWER

BENEFICIALLY

OWNED BY 6.

26,128,410 shares

EACH

REPORTING

PERSON

7. SOLE DISPOSITIVE POWER

WITH **0**

8. SHARED DISPOSITIVE POWER

See Row 6 above.

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9.

See Row 6 above.

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11.

4.7%

12. TYPE OF REPORTING PERSON

OO; HC

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NAME OF REPORTING PERSON

S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

1.

Kenneth Griffin

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP

2.(a)

(b)

SEC USE ONLY

3.

4. CITIZENSHIP OR PLACE OF ORGANIZATION

U.S. Citizen

SOLE VOTING POWER

5.

NUMBER OF **0**

SHARES

SHARED VOTING POWER

BENEFICIALLY

OWNED BY 6.

26,128,410 shares

EACH

REPORTING

PERSON

7. SOLE DISPOSITIVE POWER

WITH **0**

8. SHARED DISPOSITIVE POWER

See Row 6 above

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

9.
See Row 6 above

10. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (9) EXCLUDES CERTAIN SHARES

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (9)

11.
4.7%

12. TYPE OF REPORTING PERSON

IN; HC

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Item 1(a) Name of Issuer

LSI Corporation

Item 1(b) Address of Issuer's Principal Executive Offices

1621 Barber Lane, Milpitas, California 95035

Item 2(a) Name of Person Filing

This Schedule 13G/A is being jointly filed by Citadel Advisors LLC ("Citadel Advisors"), Citadel Holdings II LP ("CH-II"), Citadel Investment Group II, L.L.C. ("CIG-II") and Mr. Kenneth Griffin (collectively with Citadel Advisors, CH-II and CIG-II, the "Reporting Persons") with respect to shares of common stock (and options to purchase common stock) of the above-named issuer owned by Surveyor Capital Ltd., a Cayman Islands limited company ("SC"), Citadel Global Equities Master Fund Ltd., a Cayman Islands limited company ("CG"), Citadel Global Equities Alpha Select Master Fund Ltd., a Cayman Islands limited company ("CG-Alpha"), certain segregated accounts and Citadel Securities LLC, a Delaware limited liability company ("Citadel Securities").

Citadel Advisors is the portfolio manager for SC, CG, and CG-Alpha, and the investment manager for certain segregated accounts. CH-II was, as of December 31, 2012, the managing member of Citadel Advisors. Citadel Holdings I LP, a Delaware limited partnership ("CH-I"), is the non-member manager of Citadel Securities. CIG-II is the general partner of CH-I and CH-II. Mr. Griffin is the President and Chief Executive Officer of, and owns a controlling interest in, CIG-II.

The filing of this statement shall not be construed as an admission that any of the Reporting Persons is the beneficial owner of any securities covered by the statement other than the securities actually owned by such person (if any).

Item 2(b) Address of Principal Business Office

The address of the principal business office of each of the Reporting Persons is c/o Citadel LLC, 131 S. Dearborn Street, 32nd Floor, Chicago, Illinois 60603.

Item 2(c) Citizenship

Each of Citadel Advisors and CIG-II is organized as a limited liability company under the laws of the State of Delaware. CH-II is organized as a limited partnership under the laws of the State of Delaware. Mr. Griffin is a U.S. citizen.

Item 2(d) Title of Class of Securities

Common stock, \$0.01 par value

Item 2(e) CUSIP Number

502161102

Item 3 If this statement is filed pursuant to Rules 13d-1(b), or 13d-2(b) or (c), check whether the person filing is
a:

- (a) Broker or dealer registered under Section 15 of the Exchange Act;

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- (b) o Bank as defined in Section 3(a)(6) of the Exchange Act;
- (c) o Insurance company as defined in Section 3(a)(19) of the Exchange Act;
- (d) o Investment company registered under Section 8 of the Investment Company Act;
- (e) o An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E);
- (f) o An employee benefit plan or endowment fund in accordance with Rule 13d-1(b)(1)(ii)(F);
- (g) o A parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G);
- (h) o A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act;
- (i) o A church plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act;
- (j) o Group, in accordance with Rule 13d-1(b)(1)(ii)(J).

If filing as a non-U.S. institution in accordance with Rule 13d-1(b)(1)(ii)(J), please specify the type of institution:

_____.

Item 4 Ownership

A. Citadel Advisors LLC

- (a) Citadel Advisors may be deemed to beneficially own 26,008,622 shares of Common Stock.

(b) The number of shares Citadel Advisors may be deemed to beneficially own constitutes approximately 4.7% of the Common Stock outstanding.

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(c) Number of shares as to which such person has:

(i) sole power to vote or to direct the vote: 0

(ii) shared power to vote or to direct the vote: 26,008,622

(iii) sole power to dispose or to direct the disposition of: 0

(iv) shared power to dispose or to direct the disposition of: 26,008,622

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B. Citadel Holdings II LP

- (a) CH-II may be deemed to beneficially own 26,008,622 shares of Common Stock.
- (b) The number of shares CH-II may be deemed to beneficially own constitutes approximately 4.7% of the Common Stock outstanding.
 - (c) Number of shares as to which such person has:
 - (i) sole power to vote or to direct the vote: 0
 - (ii) shared power to vote or to direct the vote: 26,008,622
 - (iii) sole power to dispose or to direct the disposition of: 0
 - (iv) shared power to dispose or to direct the disposition of: 26,008,622

C. Citadel Investment Group II, L.L.C.

- (a) CIG-II may be deemed to beneficially own 26,128,410 shares of Common Stock.
- (b) The number of shares CIG-II may be deemed to beneficially own constitutes approximately 4.7% of the Common Stock outstanding.
 - (c) Number of shares as to which such person has:
 - (i) sole power to vote or to direct the vote: 0
 - (ii) shared power to vote or to direct the vote: 26,128,410

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- (iii) sole power to dispose or to direct the disposition of: 0
- (iv) shared power to dispose or to direct the disposition of: 26,128,410

D. Kenneth Griffin

- (a) Mr. Griffin may be deemed to beneficially own 26,128,410 shares of Common Stock.

(b) The number of shares Mr. Griffin may be deemed to beneficially own constitutes approximately 4.7% of the Common Stock outstanding.

- (c) Number of shares as to which such person has:
 - (i) sole power to vote or to direct the vote: 0
 - (ii) shared power to vote or to direct the vote: 26,128,410
 - (iii) sole power to dispose or to direct the disposition of: 0

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(iv) shared power to dispose or to direct the disposition of: 26,128,410

Item 5 Ownership of Five Percent or Less of a Class

If this statement is being filed to report the fact that as of the date hereof the reporting person has ceased to be the beneficial owner of more than 5 percent of the class of securities, check the following x.

Item 6 Ownership of More than Five Percent on Behalf of Another Person

Not Applicable

Item 7 Identification and Classification of the Subsidiary which Acquired the Security Being Reported on by the Parent Holding Company

See Item 2 above

Item 8 Identification and Classification of Members of the Group

Not Applicable

Item 9 Notice of Dissolution of Group

Not Applicable

Item 10 Certification

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

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After reasonable inquiry and to the best of its knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

Dated this 14th day of February, 2013.

CITADEL ADVISORS LLC

By: Citadel Advisors Holdings LP,
its Managing Member

By: Citadel Investment Group II, L.L.C.,
its General Partner

By: /s/ Mark Polemeni
Mark Polemeni, Authorized Signatory

**CITADEL INVESTMENT GROUP II,
L.L.C.**

By: /s/ Mark Polemeni
Mark Polemeni, Authorized Signatory

CITADEL HOLDINGS II LP

By: Citadel Investment Group II, L.L.C.,
its General Partner

By: /s/ Mark Polemeni
Mark Polemeni, Authorized Signatory

KENNETH GRIFFIN

By: /s/ Mark Polemeni
Mark Polemeni, attorney-in-fact*

Mark Polemeni is signing on behalf of Kenneth Griffin as attorney-in-fact pursuant to a power of attorney previously filed with the Securities and Exchange Commission on January 18, 2013, and hereby incorporated by reference herein. The power of attorney was filed as an attachment to a filing by Citadel Advisors LLC on Schedule 13G for TiVo Inc.

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Total Beverages

6,999,063

Food & Staples Retailing - 0.4%

Beverages & More Inc., Senior Secured Notes

10.000% 11/15/18 3,220,000 3,014,725^{(a)(b)}

Food Products - 1.7%

Dole Food Co. Inc., Senior Secured Notes

7.250% 5/1/19 3,070,000 3,089,187^{(a)(b)}

Hearthside Group Holdings LLC/Hearthside Finance Co., Senior Notes

6.500% 5/1/22 2,970,000 2,925,450^(a)

Simmons Foods Inc., Secured Notes

7.875% 10/1/21 3,700,000 3,598,250^(a)

Virgolino de Oliveira Finance SA, Senior Secured Notes

10.875% 1/13/20 2,700,000 621,000^(a)

Wells Enterprises Inc., Senior Secured Notes

6.750% 2/1/20 1,593,000 1,628,843^{(a)(b)}

Total Food Products

11,862,730

Household Products - 0.3%

Spectrum Brands Inc., Senior Notes

6.125% 12/15/24 1,630,000 1,707,425^{(a)(b)}

Sun Products Corp., Senior Notes

7.750% 3/15/21 590,000 523,625^(a)

Total Household Products

2,231,050

Tobacco - 0.3%

Alliance One International Inc., Secured Notes

9.875% 7/15/21 2,940,000 2,469,600

TOTAL CONSUMER STAPLES

26,577,168

ENERGY - 17.7%

Energy Equipment & Services - 2.8%

Atwood Oceanics Inc., Senior Notes

6.500% 2/1/20 5,343,000 4,848,772^(b)

CGG, Senior Notes

7.750% 5/15/17 378,000 344,925^(b)

CGG, Senior Notes

6.500% 6/1/21 2,520,000 1,940,400

CGG, Senior Notes

6.875% 1/15/22 480,000 376,800

Gulfmark Offshore Inc., Senior Notes

6.375% 3/15/22 1,600,000 1,264,000^(b)

Hercules Offshore Inc., Senior Notes

7.500% 10/1/21 1,885,000 655,038^(a)

Hercules Offshore Inc., Senior Notes

6.750% 4/1/22 4,225,000 1,457,625^(a)

KCA Deutag UK Finance PLC, Senior Secured Notes

7.250% 5/15/21 1,280,000 892,800^(a)

Key Energy Services Inc., Senior Notes

6.750% 3/1/21 630,000 381,150

Parker Drilling Co., Senior Notes

7.500% 8/1/20 3,250,000 2,535,000

SESI LLC, Senior Notes

7.125% 12/15/21 2,780,000 2,800,850^(b)

Sierra Hamilton LLC/Sierra Hamilton Finance Inc., Senior Secured Notes

12.250% 12/15/18 2,730,000 2,429,700^{(a)(b)}

TMK OAO Via TMK Capital SA, Senior Notes

6.750% 4/3/20 210,000 119,700^(a)

Total Energy Equipment & Services

20,046,760

Oil, Gas & Consumable Fuels - 14.9%

Approach Resources Inc., Senior Notes

7.000% 6/15/21 650,000 526,500

Arch Coal Inc., Senior Notes

7.250% 6/15/21 3,700,000 878,750

Berry Petroleum Co., Senior Notes

6.375% 9/15/22 1,570,000 1,091,150

Blue Racer Midstream LLC/Blue Racer Finance Corp., Senior Notes

6.125% 11/15/22 1,740,000 1,726,950^(a)

California Resources Corp., Senior Notes

5.500% 9/15/21 1,920,000 1,622,400^(a)

California Resources Corp., Senior Notes

6.000% 11/15/24 5,620,000 4,601,375^(a)

Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes

9.625% 8/1/20 1,570,000 1,562,150^(b)

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.

Schedule of investments (unaudited) (cont d)

January 31, 2015

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Oil, Gas & Consumable Fuels - (continued)				
Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes	6.500%	4/15/21	520,000	\$ 453,700 ^(a)
Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes	7.625%	1/15/22	2,130,000	1,948,950
Carrizo Oil & Gas Inc., Senior Notes	7.500%	9/15/20	1,140,000	1,117,200 ^(b)
Carrizo Oil & Gas Inc., Senior Notes	7.500%	9/15/20	610,000	597,800 ^(a)
Chesapeake Energy Corp., Senior Notes	6.875%	11/15/20	2,100,000	2,283,750 ^(b)
Comstock Resources Inc., Senior Notes	7.750%	4/1/19	3,370,000	1,735,550
Comstock Resources Inc., Senior Notes	9.500%	6/15/20	2,130,000	1,096,950 ^(b)
CONSOL Energy Inc., Senior Notes	8.250%	4/1/20	2,870,000	2,891,525 ^(b)
Corral Petroleum Holdings AB, Senior Notes	15.000%	12/31/17	4,888,643	4,005,632 ^{(a)(f)}
Crestwood Midstream Partners LP, Senior Notes	6.125%	3/1/22	2,919,000	2,853,322
EDC Finance Ltd., Senior Notes	4.875%	4/17/20	1,100,000	885,500 ^(a)
El Paso Corp., Medium-Term Notes	7.800%	8/1/31	1,952,000	2,405,475 ^(b)
Enterprise Products Operating LLC, Junior Subordinated Notes	8.375%	8/1/66	285,000	301,493 ^{(b)(h)}
EP Energy LLC/EP Energy Finance Inc., Senior Notes	9.375%	5/1/20	910,000	921,375 ^(b)
Globe Luxembourg SCA, Senior Secured Notes	9.625%	5/1/18	5,270,000	4,005,200 ^{(a)(b)}
Halcon Resources Corp., Senior Notes	9.750%	7/15/20	3,793,000	2,550,792 ^(e)
Halcon Resources Corp., Senior Notes	8.875%	5/15/21	8,490,000	5,688,300 ^{(b)(e)}
Kodiak Oil & Gas Corp., Senior Notes	8.125%	12/1/19	2,720,000	2,781,200 ^(b)
Lonestar Resources America Inc., Senior Notes	8.750%	4/15/19	1,080,000	750,600 ^(a)
LUKOIL International Finance BV, Bonds	6.356%	6/7/17	1,720,000	1,660,540 ^(c)
Magnum Hunter Resources Corp., Senior Notes	9.750%	5/15/20	7,190,000	5,320,600 ^(b)
MEG Energy Corp., Senior Notes	6.375%	1/30/23	5,020,000	4,492,900 ^(a)
Milagro Oil & Gas Inc., Secured Notes	10.500%	5/15/16	3,290,000	2,385,250 ^(g)
Murray Energy Corp., Senior Secured Notes	9.500%	12/5/20	2,090,000	2,063,875 ^{(a)(b)}
Murray Energy Corp., Senior Secured Notes	8.625%	6/15/21	1,740,000	1,670,400 ^{(a)(b)}
Natural Resource Partners LP/Natural Resource Partners Finance Corp., Senior Notes	9.125%	10/1/18	2,240,000	2,155,552 ^(b)
New Gulf Resources LLC/NGR Finance Corp., Senior Secured Notes	11.750%	5/15/19	2,910,000	2,007,900

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Novatek Finance Ltd., Notes	6.604%	2/3/21	2,300,000	1,976,850 ^(a)
Pacific Rubiales Energy Corp., Senior Notes	5.375%	1/26/19	2,350,000	1,551,000 ^(a)
Parsley Energy LLC/Parsley Finance Corp., Senior Notes	7.500%	2/15/22	1,130,000	1,124,350 ^(a)
Petrobras Global Finance BV, Senior Notes	7.250%	3/17/44	3,000,000	2,602,470 ⁽ⁱ⁾
Puma International Financing SA, Senior Bonds	6.750%	2/1/21	5,600,000	5,594,400 ^{(a)(b)}
Quicksilver Resources Inc., Senior Notes	11.000%	7/1/21	3,485,000	470,475
Rosneft Finance SA, Senior Notes	7.500%	7/18/16	270,000	264,284 ^(a)
Rosneft Finance SA, Senior Notes	6.625%	3/20/17	230,000	216,200 ^(c)
Rosneft Finance SA, Senior Notes	7.875%	3/13/18	1,390,000	1,294,424 ^{(a)(b)}
RSP Permian Inc., Senior Notes	6.625%	10/1/22	5,280,000	5,273,400 ^(a)
Samson Investment Co., Senior Notes	9.750%	2/15/20	2,730,000	859,950
Sanchez Energy Corp., Senior Notes	6.125%	1/15/23	9,940,000	8,846,600 ^{(a)(b)}
Shelf Drilling Holdings Ltd., Senior Secured Notes	8.625%	11/1/18	1,810,000	1,448,000 ^(a)
Summit Midstream Holdings LLC/Summit Midstream Finance Corp., Senior Notes	7.500%	7/1/21	1,370,000	1,448,775 ^(b)
Teine Energy Ltd., Senior Notes	6.875%	9/30/22	1,130,000	909,650 ^(a)

Total Oil, Gas & Consumable Fuels

106,921,434

TOTAL ENERGY

126,968,194

FINANCIALS - 11.4%

Banks - 6.5%

Bank of America Corp., Junior Subordinated	6.500%	10/23/24	1,190,000	1,249,127 ^{(b)(h)(j)}
Barclays Bank PLC, Subordinated Notes	10.179%	6/12/21	3,710,000	5,092,253 ^{(a)(b)}
Barclays Bank PLC, Subordinated Notes	7.625%	11/21/22	5,000,000	5,587,500 ^(b)
Barclays PLC, Junior Subordinated Bonds	8.250%	12/15/18	800,000	835,455 ^{(b)(h)(j)}
Citigroup Inc., Junior Subordinated Bonds	6.300%	5/15/24	950,000	958,015 ^{(h)(j)}
Credit Agricole SA, Junior Subordinated Notes	7.875%	1/23/24	1,350,000	1,398,114 ^{(a)(h)(j)}
Credit Agricole SA, Subordinated Notes	8.375%	10/13/19	3,180,000	3,704,700 ^{(a)(b)(h)(j)}
HSBC Holdings PLC, Junior Subordinated Bonds	6.375%	9/17/24	1,560,000	1,601,746 ^{(b)(h)(j)}

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.**Schedule of investments (unaudited) (cont d)****January 31, 2015**

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Banks - (continued)				
Intesa Sanpaolo SpA, Senior Notes	3.625%	8/12/15	3,920,000	\$ 3,969,000 ^{(a)(b)}
JPMorgan Chase & Co., Junior Subordinated Bonds	6.000%	8/1/23	1,270,000	1,288,654 ^{(b)(h)(j)}
JPMorgan Chase & Co., Junior Subordinated Notes	6.100%	10/1/24	2,410,000	2,470,250 ^{(b)(h)(j)}
M&T Bank Corp., Junior Subordinated Bonds	6.875%	6/15/16	4,400,000	4,521,000 ^{(b)(j)}
Novo Banco SA, Senior Notes	5.875%	11/9/15	1,500,000 ^{EUR}	1,734,647 ^(c)
Royal Bank of Scotland Group PLC, Junior Subordinated Bonds	7.648%	9/30/31	3,530,000	4,236,000 ^{(b)(h)(j)}
Royal Bank of Scotland Group PLC, Subordinated Notes	6.100%	6/10/23	1,470,000	1,647,916 ^(b)
Royal Bank of Scotland NV, Subordinated Notes	7.750%	5/15/23	650,000	791,382 ^(b)
Royal Bank of Scotland PLC, Subordinated Notes	13.125%	3/19/22	4,860,000 ^{AUD}	4,411,961 ^{(c)(h)}
Wells Fargo & Co., Junior Subordinated Bonds	5.875%	6/15/25	1,140,000	1,197,000 ^{(h)(j)}
<i>Total Banks</i>				<i>46,694,720</i>
Capital Markets - 0.6%				
Credit Suisse Group AG, Junior Subordinated Notes	6.250%	12/18/24	1,350,000	1,304,978 ^{(a)(h)(j)}
Goldman Sachs Group Inc., Subordinated Notes	6.750%	10/1/37	2,320,000	3,052,412 ^(b)
<i>Total Capital Markets</i>				<i>4,357,390</i>
Consumer Finance - 0.6%				
SLM Corp., Medium-Term Notes, Senior Notes	8.450%	6/15/18	2,230,000	2,526,835 ^(b)
Stearns Holdings Inc., Senior Secured Notes	9.375%	8/15/20	1,250,000	1,234,375 ^{(a)(b)}
TMX Finance LLC/TitleMax Finance Corp., Senior Secured Notes	8.500%	9/15/18	1,110,000	849,150 ^{(a)(b)}
<i>Total Consumer Finance</i>				<i>4,610,360</i>
Diversified Financial Services - 1.9%				
International Lease Finance Corp., Senior Notes	5.750%	5/15/16	800,000	832,260 ^(b)
International Lease Finance Corp., Senior Notes	8.750%	3/15/17	3,385,000	3,774,783 ^(b)
International Lease Finance Corp., Senior Notes	8.875%	9/1/17	5,180,000	5,892,250 ^(b)
International Lease Finance Corp., Senior Notes	8.250%	12/15/20	2,160,000	2,656,800 ^(b)
ZFS Finance USA Trust II, Bonds	6.450%	12/15/65	500,000	523,750 ^{(a)(b)(h)}

<i>Total Diversified Financial Services</i>				13,679,843
Insurance - 0.7%				
Fidelity & Guaranty Life Holdings Inc., Senior Notes	6.375%	4/1/21	1,450,000	1,547,875 ^{(a)(b)}
Liberty Mutual Group Inc., Junior Subordinated Bonds	7.800%	3/15/37	1,750,000	2,065,000 ^{(a)(b)}
MetLife Capital Trust IV, Junior Subordinated Notes	7.875%	12/15/37	1,100,000	1,402,500 ^{(a)(b)}
<i>Total Insurance</i>				5,015,375
Real Estate Management & Development - 1.1%				
Greystar Real Estate Partners LLC, Senior Secured Notes	8.250%	12/1/22	3,110,000	3,187,750 ^{(a)(b)}
Howard Hughes Corp., Senior Notes	6.875%	10/1/21	4,140,000	4,347,000 ^{(a)(b)}
<i>Total Real Estate Management & Development</i>				7,534,750
TOTAL FINANCIALS				81,892,438
HEALTH CARE - 7.5%				
Health Care Equipment & Supplies - 0.9%				
ConvaTec Finance International SA, Senior Notes	8.250%	1/15/19	1,610,000	1,626,100 ^{(a)(b)(f)}
Lantheus Medical Imaging Inc., Senior Notes	9.750%	5/15/17	5,070,000	4,835,513 ^(b)
<i>Total Health Care Equipment & Supplies</i>				6,461,613
Health Care Providers & Services - 5.0%				
Acadia Healthcare Co. Inc., Senior Notes	12.875%	11/1/18	1,248,000	1,410,240 ^(b)
Acadia Healthcare Co. Inc., Senior Notes	6.125%	3/15/21	1,540,000	1,578,500 ^(b)
CHS/Community Health Systems Inc., Senior Notes	8.000%	11/15/19	4,590,000	4,899,825 ^(b)
DJO Finance LLC/DJO Finance Corp., Senior Notes	9.875%	4/15/18	4,390,000	4,411,950 ^(b)

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.**Schedule of investments (unaudited) (cont d)****January 31, 2015**

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Health Care Providers & Services - (continued)				
DJO Finance LLC/DJO Finance Corp., Senior Subordinated Notes	9.750%	10/15/17	590,000	\$ 581,150
ExamWorks Group Inc., Senior Notes	9.000%	7/15/19	5,000,000	5,325,000 ^(b)
Fresenius U.S. Finance II Inc., Senior Notes	9.000%	7/15/15	1,020,000	1,053,150 ^{(a)(b)}
HCA Inc., Debentures	7.500%	11/15/95	2,205,000	2,182,950 ^(b)
IASIS Healthcare LLC/IASIS Capital Corp., Senior Notes	8.375%	5/15/19	3,520,000	3,696,000 ^(b)
Jaguar Holding Co. II/Jaguar Merger Sub Inc., Senior Notes	9.500%	12/1/19	1,020,000	1,095,225 ^{(a)(b)}
Kindred Healthcare Inc., Senior Secured Notes	8.750%	1/15/23	760,000	817,000 ^(a)
Labco SAS, Senior Secured Notes	8.500%	1/15/18	254,000 ^{EUR}	299,936 ^(a)
Tenet Healthcare Corp., Senior Notes	8.125%	4/1/22	2,870,000	3,243,100 ^(b)
Tenet Healthcare Corp., Senior Secured Notes	6.000%	10/1/20	2,580,000	2,799,300 ^(b)
Universal Hospital Services Inc., Secured Notes	7.625%	8/15/20	2,860,000	2,516,800
<i>Total Health Care Providers & Services</i>				<i>35,910,126</i>
Pharmaceuticals - 1.6%				
ConvaTec Healthcare E SA, Senior Notes	10.875%	12/15/18	2,500,000 ^{EUR}	2,991,844 ^{(b)(c)}
JLL/Delta Dutch Newco BV, Senior Notes	7.500%	2/1/22	2,830,000	2,875,987 ^{(a)(b)}
Salix Pharmaceuticals Ltd., Senior Notes	6.250%	1/15/21	3,050,000	3,255,875 ^(a)
Valeant Pharmaceuticals International Inc., Senior Notes	5.500%	3/1/23	1,800,000	1,854,000 ^(a)
<i>Total Pharmaceuticals</i>				<i>10,977,706</i>
TOTAL HEALTH CARE				
				53,349,445
INDUSTRIALS - 20.5%				
Aerospace & Defense - 1.9%				
CBC Ammo LLC/CBC FinCo Inc., Senior Notes	7.250%	11/15/21	4,110,000	3,760,650 ^{(a)(b)}
Ducommun Inc., Senior Notes	9.750%	7/15/18	1,960,000	2,102,100 ^(b)
Erickson Inc., Secured Notes	8.250%	5/1/20	4,854,000	4,392,870 ^(b)
GenCorp Inc., Secured Notes	7.125%	3/15/21	1,490,000	1,574,557 ^(b)
LMI Aerospace Inc., Secured Notes	7.375%	7/15/19	1,400,000	1,396,780 ^{(a)(b)}
<i>Total Aerospace & Defense</i>				<i>13,226,957</i>
Air Freight & Logistics - 0.3%				

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XPO Logistics Inc., Senior Notes	7.875%	9/1/19	2,050,000	2,137,125 ^{(a)(b)}
Airlines - 1.8%				
Air Canada, Pass-Through Trust, Secured Notes	6.625%	5/15/18	1,100,000	1,133,440 ^(a)
American Airlines, Pass-Through Trust, Secured Notes	7.000%	1/31/18	1,143,621	1,220,815 ^{(a)(b)}
Delta Air Lines Inc., Pass-Through Certificates, Secured Notes	8.021%	8/10/22	1,246,030	1,443,775 ^(b)
Delta Air Lines Inc., Pass-Through Certificates, Subordinated Secured Notes	9.750%	12/17/16	503,828	568,066 ^(b)
Heathrow Finance PLC, Senior Secured Notes	7.125%	3/1/17	2,450,000 ^{GBP}	4,017,579 ^{(b)(c)}
United Airlines Inc., Pass-Through Certificates	5.983%	4/19/22	4,127,986	4,499,505 ^(b)
<i>Total Airlines</i>				<i>12,883,180</i>
Building Products - 0.5%				
Ashton Woods USA LLC/Ashton Woods Finance Co., Senior Notes	6.875%	2/15/21	2,851,000	2,672,812 ^{(a)(b)}
Reardeen G Holdings EINS GmbH, Senior Notes	7.875%	3/30/20	800,000	768,000 ^(a)
<i>Total Building Products</i>				<i>3,440,812</i>
Commercial Services & Supplies - 3.7%				
Garda World Security Corp., Senior Notes	7.250%	11/15/21	1,530,000	1,499,400 ^(a)
JM Huber Corp., Senior Notes	9.875%	11/1/19	1,490,000	1,627,825 ^{(a)(b)}
Monitronics International Inc., Senior Notes	9.125%	4/1/20	6,080,000	5,684,800 ^(b)
RSC Equipment Rental Inc./RSC Holdings III LLC, Senior Notes	8.250%	2/1/21	1,600,000	1,738,000 ^(b)
Taylor Morrison Communities Inc./Monarch Communities Inc., Senior Notes	7.750%	4/15/20	4,686,000	4,920,300 ^{(a)(b)}

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.**Schedule of investments (unaudited) (cont d)****January 31, 2015**

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Commercial Services & Supplies - (continued)				
Taylor Morrison Communities Inc./Monarch Communities Inc., Senior Notes	7.750%	4/15/20	1,186,000	\$ 1,239,370 ^{(a)(b)}
Taylor Morrison Communities Inc./Monarch Communities Inc., Senior Notes	5.250%	4/15/21	1,241,000	1,175,848 ^{(a)(b)}
United Rentals North America Inc., Senior Notes	7.625%	4/15/22	3,018,000	3,334,286 ^(b)
United Rentals North America Inc., Senior Subordinated Notes	8.375%	9/15/20	1,310,000	1,403,665 ^(b)
West Corp., Senior Notes	5.375%	7/15/22	3,850,000	3,696,000 ^(a)
<i>Total Commercial Services & Supplies</i>				<i>26,319,494</i>
Construction & Engineering - 2.8%				
Astaldi SpA, Senior Bonds	7.125%	12/1/20	1,070,000 ^{EUR}	1,272,578 ^(a)
Astaldi SpA, Senior Notes	7.125%	12/1/20	240,000 ^{EUR}	285,438 ^(c)
Ausdrill Finance Pty Ltd., Senior Notes	6.875%	11/1/19	2,420,000	1,923,900 ^(a)
Brundage-Bone Concrete Pumping Inc., Senior Secured Notes	10.375%	9/1/21	2,380,000	2,448,425 ^{(a)(b)}
Empresas ICA SAB de CV, Senior Notes	8.875%	5/29/24	3,237,000	2,286,131 ^(a)
Michael Baker Holdings LLC/Michael Baker Finance Corp., Senior Notes	8.875%	4/15/19	3,110,000	3,032,250 ^{(a)(b)(f)}
Michael Baker International LLC/CDL Acquisition Co. Inc., Senior Secured Notes	8.250%	10/15/18	3,670,000	3,578,250 ^{(a)(b)}
Modular Space Corp., Secured Notes	10.250%	1/31/19	2,970,000	2,093,850 ^(a)
Odebrecht Finance Ltd., Senior Notes	4.375%	4/25/25	4,240,000	3,201,200 ^{(a)(i)}
<i>Total Construction & Engineering</i>				<i>20,122,022</i>
Electrical Equipment - 0.6%				
International Wire Group Holdings Inc., Senior Secured Notes	8.500%	10/15/17	1,970,000	2,053,725 ^{(a)(b)}
NES Rentals Holdings Inc., Senior Secured Notes	7.875%	5/1/18	1,800,000	1,822,500 ^{(a)(b)}
Trionista TopCo GmbH, Senior Subordinated Notes	6.875%	4/30/21	150,000 ^{EUR}	180,653 ^(a)
<i>Total Electrical Equipment</i>				<i>4,056,878</i>
Industrial Conglomerates - 0.4%				

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Leucadia National Corp., Senior Notes	8.125%	9/15/15	2,490,000	2,598,938 ^(b)
Machinery - 2.4%				
CTP Transportation Products LLC/CTP Finance Inc., Senior Secured Notes	8.250%	12/15/19	1,200,000	1,275,000 ^{(a)(b)}
Dematic SA/DH Services Luxembourg Sarl, Senior Notes	7.750%	12/15/20	5,370,000	5,625,075 ^{(a)(b)}
Gardner Denver Inc., Senior Notes	6.875%	8/15/21	1,070,000	1,027,200 ^{(a)(b)}
Global Brass and Copper Inc., Senior Secured Notes	9.500%	6/1/19	2,390,000	2,563,275 ^(b)
KION Finance SA, Senior Secured Notes	6.750%	2/15/20	3,027,000 ^{EUR}	3,714,947 ^(a)
KraussMaffei Group GmbH, Senior Secured Notes	8.750%	12/15/20	630,000 ^{EUR}	775,971 ^(a)
KraussMaffei Group GmbH, Senior Secured Notes	8.750%	12/15/20	408,856 ^{EUR}	503,587 ^(c)
SPL Logistics Escrow LLC/SPL Logistics Finance Corp., Senior Secured Notes	8.875%	8/1/20	1,760,000	1,834,800 ^{(a)(b)}
<i>Total Machinery</i>				<i>17,319,855</i>
Marine - 1.1%				
Horizon Lines LLC, Senior Secured Notes	11.000%	10/15/16	1,851,000	1,857,941 ^(e)
Navios Maritime Acquisition Corp./Navios Acquisition Finance U.S. Inc., Senior Secured Notes	8.125%	11/15/21	4,110,000	3,914,775 ^{(a)(b)}
Ultrapetrol Bahamas Ltd., Senior Secured Notes	8.875%	6/15/21	2,150,000	2,203,750
<i>Total Marine</i>				<i>7,976,466</i>
Road & Rail - 2.5%				
Flexi-Van Leasing Inc., Senior Notes	7.875%	8/15/18	2,500,000	2,487,500 ^{(a)(b)}
Florida East Coast Holdings Corp., Senior Notes	9.750%	5/1/20	3,390,000	3,322,200 ^{(a)(b)}
Florida East Coast Holdings Corp., Senior Secured Notes	6.750%	5/1/19	1,860,000	1,841,400 ^(a)
Jack Cooper Holdings Corp., Senior Secured Notes	9.250%	6/1/20	5,530,000	5,737,375 ^{(a)(b)}
Jurassic Holdings III Inc., Secured Notes	6.875%	2/15/21	1,680,000	1,444,800 ^(a)

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.**Schedule of investments (unaudited) (cont d)****January 31, 2015**

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Road & Rail - (continued)				
Quality Distribution LLC/QD Capital Corp., Secured Notes	9.875%	11/1/18	3,022,000	\$ 3,180,655 ^(b)
<i>Total Road & Rail</i>				<i>18,013,930</i>
Trading Companies & Distributors - 0.4%				
H&E Equipment Services Inc., Senior Notes	7.000%	9/1/22	3,150,000	3,016,125 ^(b)
Transportation - 1.9%				
CMA CGM, Senior Notes	8.500%	4/15/17	3,140,000	3,210,964 ^{(a)(b)}
Hapag-Lloyd AG, Senior Notes	9.750%	10/15/17	3,490,000	3,629,600 ^{(a)(b)}
Neovia Logistics Intermediate Holdings LLC/Logistics Intermediate Finance Corp., Senior Notes	10.000%	2/15/18	3,890,000	3,928,900 ^{(a)(b)(f)}
Syncreon Group BV/Syncreon Global Finance U.S. Inc., Senior Notes	8.625%	11/1/21	3,400,000	3,060,000 ^(a)
<i>Total Transportation</i>				<i>13,829,464</i>
Transportation Infrastructure - 0.2%				
Aguila 3 SA, Senior Secured Notes	7.875%	1/31/18	1,700,000	1,678,750 ^{(a)(b)}
TOTAL INDUSTRIALS				146,619,996
INFORMATION TECHNOLOGY - 3.9%				
Electronic Equipment, Instruments & Components - 0.5%				
Interface Security Systems Holdings Inc./Interface Security Systems LLC, Senior Secured Notes	9.250%	1/15/18	2,590,000	2,609,425 ^(b)
Techem GmbH, Senior Secured Notes	6.125%	10/1/19	650,000 ^{EUR}	786,062 ^(a)
<i>Total Electronic Equipment, Instruments & Components</i>				<i>3,395,487</i>
Internet Software & Services - 0.7%				
Ancestry.com Inc., Senior Notes	9.625%	10/15/18	1,390,000	1,313,550 ^{(a)(f)}
Ancestry.com Inc., Senior Notes	11.000%	12/15/20	2,100,000	2,289,000 ^(b)
Zayo Group LLC/Zayo Capital Inc., Senior Secured Notes	8.125%	1/1/20	1,728,000	1,838,160 ^(b)

<i>Total Internet Software & Services</i>				5,440,710
IT Services - 1.8%				
Compiler Finance Subordinated Inc., Senior Notes	7.000%	5/1/21	2,758,000	2,385,670 ^{(a)(b)}
First Data Corp., Secured Notes	8.250%	1/15/21	810,000	867,712 ^{(a)(b)}
First Data Corp., Senior Notes	12.625%	1/15/21	4,760,000	5,658,450 ^(b)
First Data Corp., Senior Subordinated Notes	11.750%	8/15/21	3,535,000	4,087,344 ^(b)
<i>Total IT Services</i>				12,999,176
Semiconductors & Semiconductor Equipment - 0.3%				
Micron Technology Inc., Senior Notes	5.250%	8/1/23	1,880,000	1,885,875 ^(a)
Software - 0.6%				
Activision Blizzard Inc., Senior Notes	5.625%	9/15/21	2,510,000	2,695,112 ^{(a)(b)}
Audatex North America Inc., Senior Notes	6.000%	6/15/21	1,390,000	1,452,550 ^{(a)(b)}
<i>Total Software</i>				4,147,662
TOTAL INFORMATION TECHNOLOGY				27,868,910
MATERIALS - 13.3%				
Chemicals - 0.9%				
Eco Services Operations LLC/Eco Finance Corp., Senior Notes	8.500%	11/1/22	1,530,000	1,545,300 ^{(a)(b)}
HIG BBC Intermediate Holdings LLC/HIG BBC Holdings Corp., Senior Notes	10.500%	9/15/18	1,500,000	1,432,500 ^{(a)(f)}
KP Germany Erste GmbH, Senior Secured Notes	11.625%	7/15/17	680,000 ^{EUR}	838,386 ^(a)
KP Germany Erste GmbH, Senior Secured Notes	11.625%	7/15/17	530,000 ^{EUR}	653,448 ^(c)
PSPC Escrow Corp., Senior Notes	6.500%	2/1/22	2,080,000	2,132,000 ^(a)
<i>Total Chemicals</i>				6,601,634
Construction Materials - 0.4%				
Cemex SAB de CV, Senior Secured Notes	5.700%	1/11/25	810,000	749,250 ^(a)

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.**Schedule of investments (unaudited) (cont d)****January 31, 2015**

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Construction Materials - (continued)				
Hardwoods Acquisition Inc., Senior Secured Notes	7.500%	8/1/21	2,540,000	\$ 2,476,500 ^(a)
<i>Total Construction Materials</i>				3,225,750
Containers & Packaging - 3.7%				
Ardagh Finance Holdings SA, Senior Notes	8.625%	6/15/19	2,526,101	2,529,259 ^{(a)(f)}
Ardagh Packaging Finance PLC, Senior Notes	9.125%	10/15/20	3,170,000	3,376,050 ^{(a)(b)}
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	6.250%	1/31/19	930,000	909,075 ^(a)
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	9.125%	10/15/20	1,220,000	1,299,300 ^{(a)(b)}
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	7.000%	11/15/20	871,765	861,957 ^{(a)(b)}
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	6.750%	1/31/21	2,970,000	2,918,025 ^(a)
BWAY Holding Co., Senior Notes	9.125%	8/15/21	3,120,000	3,131,700 ^{(a)(b)}
Coveris Holdings SA, Senior Notes	7.875%	11/1/19	3,490,000	3,542,350 ^{(a)(b)}
Pactiv LLC, Senior Bonds	8.375%	4/15/27	3,320,000	3,369,800 ^(b)
Pactiv LLC, Senior Notes	7.950%	12/15/25	920,000	920,000 ^(b)
PaperWorks Industries Inc., Senior Secured Notes	9.500%	8/15/19	2,000,000	1,997,500 ^{(a)(b)}
Reynolds Group Issuer Inc./Reynolds Group Issuer LLC/Reynolds Group Issuer (Luxembourg) SA, Senior Notes	8.500%	5/15/18	1,340,000	1,373,500 ^(b)
<i>Total Containers & Packaging</i>				26,228,516
Metals & Mining - 7.1%				
Barmenco Finance Pty Ltd., Senior Notes	9.000%	6/1/18	2,530,000	2,416,150 ^{(a)(b)}
Coeur Mining Inc., Senior Notes	7.875%	2/1/21	2,780,000	2,390,800 ^(b)
CSN Resources SA, Senior Bonds	6.500%	7/21/20	990,000	908,325 ^(a)
Evrax Group SA, Notes	9.500%	4/24/18	680,000	598,400 ^{(a)(b)}
Evrax Group SA, Notes	6.750%	4/27/18	4,090,000	3,312,900 ^{(a)(i)}
Evrax Group SA, Senior Notes	9.500%	4/24/18	330,000	290,400 ^(c)
FMG Resources (August 2006) Pty Ltd., Senior Notes	8.250%	11/1/19	1,140,000	1,016,025 ^(a)
FMG Resources (August 2006) Pty Ltd., Senior Notes	6.875%	4/1/22	4,650,000	3,667,687 ^{(a)(b)}
GTL Trade Finance Inc., Senior Bonds	5.893%	4/29/24	2,996,000	2,943,570 ^{(a)(i)}

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Midwest Vanadium Pty Ltd., Senior Secured Notes	11.500%	2/15/18	3,070,000	491,200 ^{(a)(e)(g)}
Mirabela Nickel Ltd., Subordinated Notes	1.000%	9/10/44	32,532	0 ^{(a)(d)(e)(k)}
Prince Mineral Holding Corp., Senior Secured Notes	12.500%	12/15/19	1,570,000	1,609,250 ^{(a)(b)}
Rain CII Carbon LLC/CII Carbon Corp., Senior Secured Notes	8.250%	1/15/21	4,490,000	4,478,775 ^{(a)(b)}
Rio Tinto Finance USA Ltd., Senior Notes	9.000%	5/1/19	1,820,000	2,335,417 ^(b)
Ryerson Inc./Joseph T. Ryerson & Son Inc., Senior Secured Notes	9.000%	10/15/17	3,960,000	4,039,200 ^(b)
Schaeffler Holding Finance BV, Senior Secured Bonds	6.875%	8/15/18	3,230,000	3,391,500 ^{(a)(f)}
Schaeffler Holding Finance BV, Senior Secured Notes	6.875%	8/15/18	2,040,000 ^{EUR}	2,429,219 ^{(a)(f)}
Schaeffler Holding Finance BV, Senior Secured Notes	6.750%	11/15/22	3,330,000	3,579,750 ^{(a)(b)(f)}
St. Barbara Ltd., Senior Secured Notes	8.875%	4/15/18	1,600,000	1,288,000 ^{(a)(b)}
Steel Dynamics Inc., Senior Notes	6.125%	8/15/19	1,300,000	1,384,500 ^(b)
Thompson Creek Metals Co. Inc., Senior Secured Notes	9.750%	12/1/17	1,950,000	2,006,063 ^(b)
Vale Overseas Ltd., Notes	8.250%	1/17/34	1,784,000	1,997,325 ⁽ⁱ⁾
Vedanta Resources PLC, Senior Notes	6.750%	6/7/16	3,630,000	3,548,325 ^(a)
Vedanta Resources PLC, Senior Notes	6.000%	1/31/19	760,000	684,000 ^(a)
<i>Total Metals & Mining</i>				<i>50,806,781</i>
Paper & Forest Products - 1.2%				
Appvion Inc., Secured Notes	9.000%	6/1/20	4,800,000	3,282,000 ^{(a)(b)}
Fibria Overseas Finance Ltd., Senior Notes	5.250%	5/12/24	1,340,000	1,353,400 ^(b)
Resolute Forest Products Inc., Senior Notes	5.875%	5/15/23	2,030,000	1,948,800

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.**Schedule of investments (unaudited) (cont d)****January 31, 2015**

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Paper & Forest Products - (continued)				
Verso Paper Holdings LLC/Verso Paper Inc., Senior Secured Notes	11.750%	1/15/19	1,768,000	\$ 1,423,240 ^(b)
Verso Paper Holdings LLC/Verso Paper Inc., Senior Secured Notes	11.750%	1/15/19	260,000	255,450
<i>Total Paper & Forest Products</i>				8,262,890
TOTAL MATERIALS				95,125,571
TELECOMMUNICATION SERVICES - 13.2%				
Diversified Telecommunication Services - 6.4%				
Axtel SAB de CV, Senior Secured Notes	9.000%	1/31/20	2,544,000	2,442,240 ^(a)
CCOH Safari LLC, Senior Bonds	5.500%	12/1/22	550,000	558,938
CCOH Safari LLC, Senior Bonds	5.750%	12/1/24	900,000	914,625
CenturyLink Inc., Senior Notes	5.800%	3/15/22	6,600,000	6,979,500 ^(b)
Cogent Communications Holdings Inc., Senior Secured Notes	8.375%	2/15/18	3,340,000	3,507,000 ^{(a)(b)}
Intelsat Jackson Holdings SA, Senior Bonds	5.500%	8/1/23	1,250,000	1,239,062
Intelsat Jackson Holdings SA, Senior Notes	7.250%	10/15/20	6,670,000	7,011,837 ^(b)
Intelsat Luxembourg SA, Senior Bonds	8.125%	6/1/23	2,070,000	2,101,050 ^(b)
Level 3 Financing Inc., Senior Notes	7.000%	6/1/20	750,000	802,500 ^(b)
Level 3 Financing Inc., Senior Notes	8.625%	7/15/20	4,090,000	4,480,595 ^(b)
Level 3 Financing Inc., Senior Notes	6.125%	1/15/21	1,260,000	1,313,550 ^(b)
Level 3 Financing Inc., Senior Notes	5.625%	2/1/23	2,330,000	2,381,726 ^(a)
Verizon Communications Inc., Senior Notes	5.150%	9/15/23	3,550,000	4,073,352 ^(b)
Windstream Corp., Senior Notes	7.750%	10/1/21	520,000	530,400
Windstream Corp., Senior Notes	7.500%	4/1/23	5,780,000	5,758,325 ^(b)
Windstream Corp., Senior Notes	6.375%	8/1/23	910,000	841,750 ^(b)
Ziggo Bond Finance BV, Senior Notes	5.875%	1/15/25	950,000	971,375 ^(a)
<i>Total Diversified Telecommunication Services</i>				45,907,825
Wireless Telecommunication Services - 6.8%				
Altice Financing SA, Senior Secured Notes	5.250%	2/15/23	270,000 ^{EUR}	305,100 ^(a)
Altice Financing SA, Senior Secured Notes	6.625%	2/15/23	3,120,000	3,200,159 ^(a)
Altice Finco SA, Senior Notes	7.625%	2/15/25	540,000	540,000 ^(a)
Matterhorn Midco & Cy SCA, Senior Notes	7.750%	2/15/20	1,400,000 ^{EUR}	1,672,965 ^(a)
Sprint Capital Corp., Senior Notes	6.875%	11/15/28	3,530,000	3,265,250 ^(b)
Sprint Capital Corp., Senior Notes	8.750%	3/15/32	8,465,000	8,697,787 ^(b)

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Sprint Communications Inc., Senior Notes	9.000%	11/15/18	7,200,000	8,316,000 ^{(a)(b)}
Sprint Corp., Senior Notes	7.875%	9/15/23	6,930,000	7,059,937 ^(b)
Syniverse Holdings Inc., Senior Notes	9.125%	1/15/19	2,831,000	2,958,395 ^(b)
T-Mobile USA Inc., Senior Notes	6.542%	4/28/20	1,090,000	1,133,262 ^(b)
T-Mobile USA Inc., Senior Notes	6.633%	4/28/21	140,000	145,880 ^(b)
T-Mobile USA Inc., Senior Notes	6.000%	3/1/23	4,970,000	5,094,250 ^(b)
Vimpel Communications Via VIP Finance Ireland Ltd. OJSC, Senior Notes	9.125%	4/30/18	2,220,000	2,120,100 ^(c)
Vimpel Communications Via VIP Finance Ireland Ltd. OJSC, Senior Notes	7.748%	2/2/21	2,300,000	1,978,000 ^(a)
VimpelCom Holdings BV, Senior Notes	7.504%	3/1/22	1,620,000	1,354,450 ^(c)
VimpelCom Holdings BV, Senior Notes	7.504%	3/1/22	700,000	585,256 ^(a)

Total Wireless Telecommunication Services 48,426,791

TOTAL TELECOMMUNICATION SERVICES

94,334,616

UTILITIES - 5.4%

Electric Utilities - 1.7%

AES Red Oak LLC, Secured Notes	9.200%	11/30/29	4,380,000	4,818,000 ^(b)
GenOn REMA LLC, Pass-Through Certificates	9.237%	7/2/17	2,092,921	2,187,103 ^(b)
GenOn REMA LLC, Pass-Through Certificates	9.681%	7/2/26	4,320,000	4,600,800 ^(b)

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.**Schedule of investments (unaudited) (cont d)****January 31, 2015**

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Electric Utilities - (continued)				
Midwest Generation LLC, Pass-Through Certificates	8.560%	1/2/16	433,028	\$ 437,358
<i>Total Electric Utilities</i>				<i>12,043,261</i>
Gas Utilities - 0.3%				
Suburban Propane Partners LP/Suburban Energy Finance Corp., Senior Notes	7.375%	3/15/20	2,230,000	2,330,350 ^(b)
Independent Power and Renewable Electricity Producers - 3.4%				
Atlantic Power Corp., Senior Notes	9.000%	11/15/18	1,890,000	1,927,800 ^(b)
Calpine Corp., Senior Secured Notes	7.875%	1/15/23	2,927,000	3,292,875 ^{(a)(b)}
First Wind Holdings Inc., Senior Secured Notes	10.250%	6/1/18	5,200,000	5,544,500 ^{(a)(b)}
Foresight Energy LLC/Foresight Energy Corp., Senior Notes	7.875%	8/15/21	4,480,000	4,267,200 ^{(a)(b)}
Mirant Mid Atlantic LLC, Pass-Through Certificates	9.125%	6/30/17	280,365	301,392 ^(b)
Mirant Mid Atlantic LLC, Pass-Through Certificates	10.060%	12/30/28	6,790,832	7,300,144 ^(b)
TerraForm Power Operating LLC, Senior Notes	5.875%	2/1/23	1,970,000	2,016,788 ^(a)
<i>Total Independent Power and Renewable Electricity Producers</i>				<i>24,650,699</i>
TOTAL UTILITIES				39,024,310
TOTAL CORPORATE BONDS & NOTES (Cost - \$885,428,698)				868,230,228
COLLATERALIZED MORTGAGE				
OBLIGATIONS - 0.1%				
Countrywide Home Loan Mortgage Pass-Through Trust, 2004-HYB5 7A1 (Cost - \$789,323)	2.375%	4/20/35	1,208,259	1,053,986 ^(h)

**CONVERTIBLE BONDS & NOTES -
0.4%****MATERIALS - 0.3%****Chemicals - 0.1%**

Hercules Inc., Junior Subordinated Bonds	6.500%	6/30/29	802,000	745,860
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Metals & Mining - 0.2%

Mirabela Nickel Ltd., Senior Secured Bonds	9.500%	6/24/19	1,979,775	1,554,123 ^{(a)(e)(f)}
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TOTAL MATERIALS

2,299,983

**TELECOMMUNICATION SERVICES -
0.1%****Diversified Telecommunication Services -
0.1%**

Axtel SAB de CV, Senior Secured Notes	9.000%	1/31/20	2,900,100 ^{MXN}	270,866 ^(a)
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**TOTAL CONVERTIBLE BONDS &
NOTES**

(Cost - \$3,123,375)

2,570,849

SENIOR LOANS - 3.2%**CONSUMER DISCRETIONARY - 0.7%****Hotels, Restaurants & Leisure - 0.4%**

Equinox Holdings Inc., Second Lien Term Loan	9.750%	7/31/20	2,510,000	2,547,650 ^{(l)(m)}
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Specialty Retail - 0.1%

Gymboree Corp., Initial Term Loan	5.000%	2/23/18	1,220,000	848,409 ^{(l)(m)}
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Textiles, Apparel & Luxury Goods - 0.2%

TOMS Shoes LLC, Term Loan B	6.500%	10/28/20	1,590,000	1,468,099 ^{(l)(m)}
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TOTAL CONSUMER DISCRETIONARY

4,864,158

CONSUMER STAPLES - 0.1%**Food Products - 0.1%**

AdvancePierre Foods Inc., Second Lien Term Loan	9.500%	10/10/17	1,080,000	1,066,500 ^{(l)(m)}
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ENERGY - 0.3%**Oil, Gas & Consumable Fuels - 0.3%**

Westmoreland Coal Co., Term Loan B	7.500%	12/16/20	2,040,000	2,004,300 ^{(l)(m)}
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HEALTH CARE - 1.0%**Health Care Providers & Services - 1.0%**

CRC Health Corp., Second Lien Term Loan	9.000%	9/28/21	2,130,000	2,188,575 ^{(l)(m)}
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Physiotherapy Associates Holdings Inc., Exit Term Loan	11.000%	1/2/17	2,280,000	2,277,150 ^{(e)(l)(m)}
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See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.

Schedule of investments (unaudited) (cont d)

January 31, 2015

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Health care - (continued)				
Radnet Management Inc., Second Lien Term Loan	8.000%	3/25/21	2,620,000	\$ 2,580,700 ^{(l)(m)}
TOTAL HEALTH CARE				7,046,425
MATERIALS - 0.5%				
Chemicals - 0.5%				
Kerling PLC, EUR Term Loan	10.000%	6/30/16	1,200,000 ^{EUR}	1,372,950 ^{(l)(m)}
Kronos Inc., Second Lien Term Loan	9.750%	4/30/20	1,918,495	1,964,060 ^{(l)(m)}
TOTAL MATERIALS				3,337,010
UTILITIES - 0.6%				
Independent Power and Renewable Electricity Producers - 0.6%				
Energy Future Intermediate Holding Co., LLC, DIP Term Loan	4.250%	6/19/16	4,245,032	4,250,338 ^{(l)(m)}
TOTAL SENIOR LOANS (Cost - \$23,017,127)				22,568,731
SOVEREIGN BONDS - 2.4%				
Argentina - 0.1%				
Republic of Argentina, Senior Bonds	7.000%	10/3/15	936,000	923,400
Brazil - 0.8%				
Federative Republic of Brazil, Notes	10.000%	1/1/17	15,782,000 ^{BRL}	5,665,039
Hungary - 0.3%				
Republic of Hungary, Senior Notes	5.750%	11/22/23	1,658,000	1,930,791
Turkey - 0.7%				
Republic of Turkey, Senior Bonds	11.875%	1/15/30	1,175,000	2,149,282
Republic of Turkey, Senior Notes	6.875%	3/17/36	2,064,000	2,675,460
<i>Total Turkey</i>				4,824,742
Venezuela - 0.5%				

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Bolivarian Republic of Venezuela, Senior Bonds	5.750%	2/26/16	3,370,000	1,937,750 ^(c)
Bolivarian Republic of Venezuela, Senior Bonds	9.250%	9/15/27	3,050,000	1,143,750
Bolivarian Republic of Venezuela, Senior Bonds	9.375%	1/13/34	1,164,000	404,490

Total Venezuela 3,485,990

TOTAL SOVEREIGN BONDS

(Cost - \$22,299,145) 16,829,962

SHARES

COMMON STOCKS - 2.9%

CONSUMER DISCRETIONARY - 0.4%

Automobiles - 0.4%

Ford Motor Co. 200,627 2,951,223

Hotels, Restaurants & Leisure - 0.0%

Bossier Casino Venture Holdco Inc. 166,350 0^{*(d)(e)(k)}

TOTAL CONSUMER DISCRETIONARY

2,951,223

ENERGY - 0.1%

Energy Equipment & Services - 0.1%

KCAD Holdings I Ltd. 533,873,172 853,663^{*(d)(e)}

FINANCIALS - 1.3%

Banks - 1.3%

Citigroup Inc. 143,529 6,738,686

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.**Schedule of investments (unaudited) (cont d)****January 31, 2015**

SECURITY	SHARES	VALUE
JPMorgan Chase & Co.	48,547	\$ 2,639,986
<i>Total Banks</i>		<i>9,378,672</i>
Diversified Financial Services - 0.0%		
PB Investors II LLC	60,468	0 ^{*(d)(e)(k)}
TOTAL FINANCIALS		9,378,672
HEALTH CARE - 0.4%		
Health Care Providers & Services - 0.4%		
Physiotherapy Associates Holdings Inc.	31,500	2,614,500 ^{*(d)(e)}
INDUSTRIALS - 0.7%		
Marine - 0.7%		
DeepOcean Group Holding AS	198,468	4,185,492 ^{*(d)(e)}
Horizon Lines Inc., Class A Shares	1,490,060	938,738 ^{*(e)}
TOTAL INDUSTRIALS		5,124,230
MATERIALS - 0.0%		
Chemicals - 0.0%		
LyondellBasell Industries NV, Class A Shares	19	1,503
Metals & Mining - 0.0%		
Mirabela Nickel Ltd.	6,589,511	147,829 ^{*(d)(e)}
TOTAL MATERIALS		149,332
TOTAL COMMON STOCKS		21,071,620
(Cost - \$36,285,594)		
	RATE	
PREFERRED STOCKS - 2.6%		
ENERGY - 0.2%		
Oil, Gas & Consumable Fuels - 0.2%		
Rex Energy Corp.	6.000%	18,100 785,178
SandRidge Energy Inc.	8.500%	17,400 713,400

TOTAL ENERGY			1,498,578
FINANCIALS - 2.4%			
Consumer Finance - 1.8%			
GMAC Capital Trust I	8.125%	489,100	12,863,330 ^(h)
Diversified Financial Services - 0.6%			
Citigroup Capital XIII	7.875%	168,125	4,446,906 ^{(b)(h)}
TOTAL FINANCIALS			17,310,236
TOTAL PREFERRED STOCKS			
(Cost - \$19,595,460)			18,808,814
		EXPIRATION	
		DATE	WARRANTS
WARRANTS - 0.0%			
Bolivarian Republic of Venezuela, Oil-linked payment obligations (Cost - \$0)		4/15/20	18,500
			175,750*
TOTAL INVESTMENTS - 132.8%			
(Cost - \$990,538,722#)			951,309,940
Liabilities in Excess of Other Assets - (32.8)%			(235,225,398)
TOTAL NET ASSETS - 100.0%			\$ 716,084,542

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.

Schedule of investments (unaudited) (cont d)

January 31, 2015

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

- * Non-income producing security.
- (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) All or a portion of this security is pledged as collateral pursuant to the loan agreement.
- (c) Security is exempt from registration under Regulation S of the Securities Act of 1933. Regulation S applies to securities offerings that are made outside of the United States and do not involve direct selling efforts in the United States. This security has been deemed liquid pursuant to guidelines approved by the Board of Directors, unless otherwise noted.
- (d) Security is valued in good faith in accordance with procedures approved by the Board of Directors (See Note 1).
- (e) Illiquid security.
- (f) Payment-in-kind security for which the issuer has the option at each interest payment date of making interest payments in cash or additional debt securities.
- (g) The coupon payment on these securities is currently in default as of January 31, 2015.
- (h) Variable rate security. Interest rate disclosed is as of the most recent information available.
- (i) All or a portion of this security is held by the counterparty as collateral for open reverse repurchase agreements.
- (j) Security has no maturity date. The date shown represents the next call date.
- (k) Value is less than \$1.

- (l) Interest rates disclosed represent the effective rates on senior loans. Ranges in interest rates are attributable to multiple contracts under the same loan.

- (m) Senior loans may be considered restricted in that the Fund ordinarily is contractually obligated to receive approval from the agent bank and/or borrower prior to the disposition of a senior loan.

Aggregate cost for federal income tax purposes is substantially the same.

Abbreviations used in this schedule:

AUD Australian Dollar
BRL Brazilian Real
EUR Euro
GBP British Pound
MXN Mexican Peso
OJSC Open Joint Stock Company

This Schedule of Investments is unaudited and is intended to provide information about the Fund's portfolio holdings as of the date of the schedule. Other information regarding the Fund is available in the Fund's most recent annual or semi-annual shareholder report.

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. The valuations for fixed income securities (which may include, but are not limited to, corporate, government, municipal, mortgage-backed, collateralized mortgage obligations and asset-backed securities) and certain derivative instruments are typically the prices supplied by independent third party pricing services, which may use market prices or broker/dealer quotations or a variety of valuation techniques and methodologies. The independent third party pricing services use inputs that are observable such as issuer details, interest rates, yield curves, prepayment speeds, credit risks/spreads, default rates and quoted prices for similar securities. Short-term fixed income securities that will mature in 60 days or less are valued at amortized cost, unless it is determined that using this method would not reflect an investment's fair value. Futures contracts are valued daily at the settlement price established by the board of trade or exchange on which they are traded. 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 the Fund holds securities or other assets that are denominated in a foreign currency, the Fund will normally use the currency exchange rates as of 4:00 p.m. (Eastern Time). If independent third party pricing services are unable to supply prices for a portfolio investment, or if the prices supplied are deemed by the manager to be unreliable, the market price may be determined by the manager using quotations from one or more broker/dealers or at the transaction price if the security has recently been purchased and no value has yet been obtained from a pricing service or pricing broker. When reliable prices are not readily available, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded, but before the Fund calculates its net asset value, the Fund values these securities as determined in accordance with procedures approved by the Fund's Board of Directors.

The Board of Directors is responsible for the valuation process and has delegated the supervision of the daily valuation process to the Legg Mason North Atlantic Fund Valuation Committee (formerly, Legg Mason North American Fund Valuation Committee) (the Valuation Committee). The Valuation Committee, pursuant to the policies adopted by the Board of Directors, is responsible for making fair value determinations, evaluating the effectiveness of the Fund's pricing policies, and reporting to the Board of Directors. When determining the reliability of third party pricing information for investments owned by the Fund, the Valuation Committee, among other things, conducts due diligence reviews of pricing vendors, monitors the daily change in prices and reviews transactions among market participants.

The Valuation Committee will consider pricing methodologies it deems relevant and appropriate when making fair value determinations. Examples of possible methodologies include, but are not limited to, multiple of earnings; discount from market of a similar freely traded security; discounted cash-flow analysis; book value or a multiple thereof; risk premium/yield analysis; yield to maturity; and/or fundamental investment analysis. The Valuation Committee will also consider factors it deems relevant and appropriate in light of the facts and circumstances. Examples of possible factors include, but are not limited to, the type of security; the issuer's financial statements; the

purchase price of the security; the discount from market value of unrestricted securities of the same class at the time of purchase; analysts' research and observations from financial institutions; information regarding any transactions or offers with respect to the security; the existence of merger proposals or tender offers affecting the security; the price and extent of public trading in similar securities of the issuer or comparable companies; and the existence of a shelf registration for restricted securities.

For each portfolio security that has been fair valued pursuant to the policies adopted by the Board of Directors, the fair value price is compared against the last available and next available market quotations. The Valuation Committee reviews the results of such back testing monthly and fair valuation occurrences are reported to the Board of Directors quarterly.

The Fund uses valuation techniques to measure fair value that are consistent with the market approach and/or income approach, depending on the type of security and the particular circumstance. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable securities. The income approach uses valuation techniques to discount estimated future cash flows to present value.

GAAP establishes a disclosure hierarchy that categorizes the inputs to valuation techniques used to value assets and liabilities at measurement date. These inputs are summarized in the three broad levels listed below:

Notes to Schedule of Investments (unaudited) (continued)

Level 1 quoted prices in active markets for identical investments

Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

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

DESCRIPTION	ASSETS			TOTAL
	QUOTED PRICES (LEVEL 1)	OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	
Long-term investments :				
Corporate bonds & notes:				
Consumer discretionary		\$ 173,259,364	\$ 3,210,216	\$ 176,469,580
Materials		95,125,571	0*	95,125,571
Other corporate bonds & notes		596,635,077		596,635,077
Collateralized mortgage obligations		1,053,986		1,053,986
Convertible bonds & notes		2,570,849		2,570,849
Senior loans		22,568,731		22,568,731
Sovereign bonds		16,829,962		16,829,962
Common stocks:				
Consumer discretionary	\$ 2,951,223		0*	2,951,223
Energy			853,663	853,663
Financials	9,378,672		0*	9,378,672
Health care			2,614,500	2,614,500
Industrials	938,738		4,185,492	5,124,230
Materials	1,503		147,829	149,332
Preferred stocks:				
Oil, gas & consumable fuels	713,400	785,178		1,498,598
Other preferred stocks	17,310,236			17,310,236
Warrants		175,750		175,750
Total investments	\$ 31,293,772	\$ 909,004,468	\$ 11,011,700	\$ 951,309,940

Other financial instruments:

Forward foreign currency contracts		\$	5,689,204		\$	5,689,204		
Total	\$	31,293,772	\$	914,693,672	\$	11,011,700	\$	956,999,144

LIABILITIES

DESCRIPTION	QUOTED PRICES (LEVEL 1)	OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	TOTAL
Other financial instruments:				
Futures contracts	\$ 2,457,100			\$ 2,457,100
Forward foreign currency contracts		\$ 675,435		675,435
Total	\$ 2,457,100	\$ 675,435	\$	\$ 3,132,535

See Schedule of Investments for additional detailed categorizations.

* Amount represents less than \$1.

Notes to Schedule of Investments (unaudited) (continued)

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value:

CORPORATE BONDS & NOTES**CONSUMER**

INVESTMENTS IN SECURITIES	DISCRETIONARY	MATERIALS	UTILITIES	TOTAL
Balance as of April 30, 2014	\$ 2,878,399	\$ 609,500	0*	\$ 3,487,899
Accrued premiums/discounts	37,342	45,423		82,765
Realized gain (loss)		4,128	\$ (1,703,131)	(1,699,003)
Change in unrealized appreciation (depreciation) ⁽¹⁾	(445,385)	(49,551)	1,720,949	1,226,013
Purchases	739,860	0*		739,860
Sales		(609,500)	(17,818)	(627,318)
Transfers into Level 3				
Transfers out of Level 3 ⁽²⁾				
Balance as of January 31, 2015	\$ 3,210,216	0*		\$ 3,210,216
Net change in unrealized appreciation (depreciation) for investments in securities still held at January 31, 2015 ⁽¹⁾	\$ (445,385)			\$ (445,385)

COMMON STOCKS**INVESTMENTS IN****CONSUMER****HEALTH**

SECURITIES	DISCRETIONARY	ENERGY	FINANCIAL	CARE	INDUSTRIAL	MATERIALS	WARRANTS	TOTAL
Balance as of April 30, 2014	\$ 332,700	\$ 3,651,159	\$ 0*	\$ 1,512,000	\$ 7,068,061		\$ 455,563	\$ 13,019,483
Accrued premiums/discounts								
Realized gain (loss)								
Change in unrealized appreciation (depreciation) ⁽¹⁾	(332,700)	(2,797,496)		1,102,500	(2,882,569)	\$ (399,675)	(279,813)	(5,589,753)
Purchases						547,504		547,504
Sales								
Transfers into Level 3								
Transfers out of Level 3 ⁽²⁾							(175,750)	(175,750)
	0*	\$ 853,663	\$ 0*	\$ 2,614,500	\$ 4,185,492	\$ 147,829		\$ 7,801,484

Balance as of
January 31, 2015

Net change in
unrealized
appreciation
(depreciation) for
investments in
securities still held at

January 31, 2015 ⁽¹⁾	\$ (332,700)	\$ (2,797,496)	\$ 1,102,500	\$ (2,882,569)	\$ (399,675)	\$ (5,309,940)
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The Fund's policy is to recognize transfers between levels as of the end of the reporting period.

* Value is less than \$1.

(1) Change in unrealized appreciation (depreciation) includes net unrealized appreciation (depreciation) resulting from changes in investment values during the reporting period and the reversal of previously recorded unrealized appreciation (depreciation) when gains or losses are realized.

(2) Transferred out of Level 3 as a result of availability of a quoted price in an active market for an identical investment or the availability of other significant observable outputs.

2. Investments

At January 31, 2015, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows:

Gross unrealized appreciation	\$ 36,838,422
Gross unrealized depreciation	(76,067,204)
Net unrealized depreciation	\$ (39,228,782)

At January 31, 2015, the Fund had the following open futures contracts:

Notes to Schedule of Investments (unaudited) (continued)

	Number of Contracts	Expiration Date	Basis Value	Market Value	Unrealized Depreciation
Contracts to Sell:					
U.S. Treasury 5-Year Notes	277	3/15	\$ 32,898,615	\$ 33,612,218	\$ (713,603)
U.S. Treasury 10-Year Notes	338	3/15	42,492,253	44,235,750	(1,743,497)
Net unrealized depreciation on open futures contracts					\$ (2,457,100)

At January 31, 2015, the Fund had the following open forward foreign currency contracts:

Currency	Currency		Settlement Date	Unrealized Appreciation (Depreciation)
Purchased	Sold	Counterparty		
EUR 4,889,000	USD 6,038,741	Citibank, N.A.	2/13/15	\$ (513,684)
EUR 660,000	USD 809,530	Citibank, N.A.	2/13/15	(63,664)
USD 25,336,585	EUR 20,243,373	Citibank, N.A.	2/13/15	2,459,556
USD 1,932,854	GBP 1,210,000	Citibank, N.A.	2/13/15	110,472
EUR 175,000	USD 217,161	UBS AG	2/13/15	(19,394)
EUR 94,947	USD 118,147	UBS AG	2/13/15	(10,847)
EUR 1,500,000	USD 1,762,995	UBS AG	2/13/15	(67,846)
USD 29,177,978	EUR 23,375,819	UBS AG	2/13/15	2,760,973
USD 6,813,057	GBP 4,285,804	UBS AG	2/13/15	358,203
Total				\$ 5,013,769

Abbreviations used in this table:

EUR	Euro
GBP	Great Britain Pound
USD	United States Dollar

At January 31, 2015, the Fund had the following open reverse repurchase agreements:

Counterparty	Rate	Effective Date	Maturity Date	Face Amount of Reverse Repurchase Agreements
Credit Suisse	0.85%	5/5/14	TBD*	\$ 511,000
Credit Suisse	0.85%	8/12/14	TBD*	2,492,672
JPMorgan Chase & Co.	0.75%	12/19/14	TBD*	1,752,780
JPMorgan Chase & Co.	0.95%	12/19/14	TBD*	311,500

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JPMorgan Chase & Co.	0.55%	12/19/14	TBD*	1,245,125
JPMorgan Chase & Co.	0.25%	12/19/14	TBD*	2,444,246
				\$ 8,757,323

* TBD To Be Determined; These reverse repurchase agreements have no maturity dates because they are renewed daily and can be terminated by either the Fund or the counterparty in accordance with the terms of the agreements.

On January 31, 2015, the total market value of cash and underlying collateral (refer to the Schedule of Investments for positions held at the counterparty as collateral for reverse repurchase agreements) for open reverse repurchase agreements was \$10,199,895.

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

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/ **KENNETH D. FULLER**
 Kenneth D. Fuller
 Chief Executive Officer

Date: March 16, 2015

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/ **KENNETH D. FULLER**
 Kenneth D. Fuller
 Chief Executive Officer

Date: March 16, 2015

By /s/ **RICHARD F. SENNETT**
 Richard F. Sennett
 Principal Financial Officer

Date: March 16, 2015