

WESTERN ASSET HIGH INCOME FUND II INC.

Form N-Q

March 23, 2016

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED**

**MANAGEMENT INVESTMENT COMPANY**

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

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

(Exact name of registrant as specified in charter)

**620 Eighth Avenue, 49<sup>th</sup> Floor, New York, NY 10018**

(Address of principal executive offices) (Zip code)

**Robert I. Frenkel, Esq.**

**Legg Mason & Co., LLC**

**100 First Stamford Place**

**Stamford, CT 06902**

(Name and address of agent for service)

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

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

Date of reporting period: **January 31, 2016**

**ITEM 1. SCHEDULE OF INVESTMENTS.**

**WESTERN ASSET HIGH INCOME FUND II INC.**

FORM N-Q

JANUARY 31, 2016

## WESTERN ASSET HIGH INCOME FUND II INC.

## Schedule of investments (unaudited)

January 31, 2016

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>CORPORATE BONDS &amp; NOTES - 120.6%</b>				
<b>CONSUMER DISCRETIONARY - 22.3%</b>				
<b>Auto Components - 0.2%</b>				
Europcar Groupe SA, Secured Notes	5.750%	6/15/22	860,000 <sup>EUR</sup>	\$ 947,923 <sup>(a)</sup>
<b>Diversified Consumer Services - 1.0%</b>				
Co-operative Group Holdings 2011 Ltd., Senior Notes	6.875%	7/8/20	337,000 <sup>GBP</sup>	515,784 <sup>(b)</sup>
Co-operative Group Holdings 2011 Ltd., Senior Notes	7.500%	7/8/26	500,000 <sup>GBP</sup>	776,394
Service Corp. International, Senior Notes	7.500%	4/1/27	2,090,000	2,408,725 <sup>(c)</sup>
StoneMor Partners LP/Cornerstone Family Services of WV, Senior Bonds	7.875%	6/1/21	1,810,000	1,864,300 <sup>(c)</sup>
<i>Total Diversified Consumer Services</i>				5,565,203
<b>Hotels, Restaurants &amp; Leisure - 4.7%</b>				
Bossier Casino Venture Holdco Inc., Senior Secured Bonds	14.000%	2/9/18	2,510,434	2,243,324 <sup>(a)(c)(d)(e)(f)</sup>
Carrols Restaurant Group Inc., Secured Notes	8.000%	5/1/22	1,910,000	2,022,212 <sup>(c)</sup>
CCM Merger Inc., Senior Notes	9.125%	5/1/19	3,360,000	3,477,600 <sup>(a)(c)</sup>
CEC Entertainment Inc., Senior Notes	8.000%	2/15/22	3,970,000	3,453,900 <sup>(c)</sup>
Downstream Development Authority of the Quapaw Tribe of Oklahoma, Senior Secured Notes	10.500%	7/1/19	2,580,000	2,496,150 <sup>(a)(c)</sup>
Fontainebleau Las Vegas Holdings LLC, Senior Secured Notes	10.250%	6/15/15	975,000	1,926 <sup>*(a)(c)(g)</sup>
Gala Electric Casinos Ltd., Secured Notes	11.500%	6/1/19	1,097,091 <sup>GBP</sup>	1,639,859 <sup>(b)</sup>
Greektown Holdings LLC/Greektown Mothership Corp., Senior Secured Notes	8.875%	3/15/19	850,000	841,500 <sup>(a)(c)</sup>
Landry's Holdings II Inc., Senior Notes	10.250%	1/1/18	1,530,000	1,518,525 <sup>(a)(c)</sup>
Landry's Inc., Senior Notes	9.375%	5/1/20	6,978,000	7,405,402 <sup>(a)(c)</sup>
Viking Cruises Ltd., Senior Notes	8.500%	10/15/22	1,820,000	1,697,150 <sup>(a)(c)</sup>
<i>Total Hotels, Restaurants &amp; Leisure</i>				26,797,548
<b>Household Durables - 2.5%</b>				
Century Intermediate Holding Co. 2, Senior Notes	9.750%	2/15/19	3,860,000	3,951,675 <sup>(a)(c)(d)</sup>
Shea Homes LP/Shea Homes Funding Corp., Senior Notes	6.125%	4/1/25	3,120,000	3,134,415 <sup>(a)(c)</sup>
William Lyon Homes Inc., Senior Notes	8.500%	11/15/20	2,980,000	3,091,750 <sup>(c)</sup>
William Lyon Homes Inc., Senior Notes	7.000%	8/15/22	610,000	588,650
Woodside Homes Co., LLC/Woodside Homes Finance Inc., Senior Notes	6.750%	12/15/21	3,940,000	3,437,650 <sup>(a)(c)</sup>
<i>Total Household Durables</i>				14,204,140
<b>Media - 10.8%</b>				
AMC Entertainment Inc., Senior Subordinated Notes	5.750%	6/15/25	1,930,000	1,971,013 <sup>(c)</sup>
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	5.875%	5/1/27	3,100,000	3,061,250 <sup>(a)(c)</sup>
CCO Safari II LLC, Senior Secured Notes	4.908%	7/23/25	3,510,000	3,518,757 <sup>(a)(c)</sup>
CCO Safari II LLC, Senior Secured Notes	6.484%	10/23/45	1,480,000	1,493,881 <sup>(a)(c)</sup>
Clear Channel Worldwide Holdings Inc., Senior Subordinated Notes	7.625%	3/15/20	260,000	206,375 <sup>(c)</sup>
DISH DBS Corp., Senior Notes	7.875%	9/1/19	1,815,000	1,973,813 <sup>(c)</sup>

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

DISH DBS Corp., Senior Notes	6.750%	6/1/21	2,270,000	2,321,075 <sup>(c)</sup>
DISH DBS Corp., Senior Notes	5.875%	7/15/22	5,230,000	4,935,812 <sup>(c)</sup>
DISH DBS Corp., Senior Notes	5.875%	11/15/24	1,020,000	911,625 <sup>(c)</sup>
Gibson Brands Inc., Senior Secured Notes	8.875%	8/1/18	2,710,000	1,558,250 <sup>(a)(c)</sup>
iHeartCommunications Inc., Senior Notes	14.000%	2/1/21	3,120,000	798,720 <sup>(c)(d)</sup>
Lamar Media Corp., Senior Notes	5.750%	2/1/26	350,000	361,375 <sup>(a)</sup>
New Cotai LLC/New Cotai Capital Corp., Senior Secured Notes	10.625%	5/1/19	3,036,201	2,132,931 <sup>(a)(c)(d)</sup>
Numericable-SFR SAS, Senior Secured Bonds	6.250%	5/15/24	11,070,000	10,848,600 <sup>(a)</sup>

**See Notes to Schedule of Investments.**

## WESTERN ASSET HIGH INCOME FUND II INC.

## Schedule of investments (unaudited) (cont d)

January 31, 2016

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Media - (continued)</b>				
Time Warner Cable Inc., Senior Notes	8.750%	2/14/19	2,500,000	\$ 2,889,398 <sup>(c)</sup>
Time Warner Cable Inc., Senior Notes	8.250%	4/1/19	1,336,000	1,539,617 <sup>(c)</sup>
Tribune Media Co., Senior Notes	5.875%	7/15/22	1,430,000	1,430,000 <sup>(a)(c)</sup>
Univision Communications Inc., Senior Notes	8.500%	5/15/21	4,450,000	4,433,312 <sup>(a)(c)</sup>
UPC Holding BV, Junior Secured Subordinated Notes	6.375%	9/15/22	5,060,000 <sup>EUR</sup>	5,812,583 <sup>(a)</sup>
Virgin Media Finance PLC, Senior Notes	6.375%	4/15/23	5,620,000	5,781,575 <sup>(a)(c)</sup>
Virgin Media Finance PLC, Senior Notes	6.000%	10/15/24	3,990,000	4,034,887 <sup>(a)(c)</sup>
<i>Total Media</i>				<i>62,014,849</i>
<b>Multiline Retail - 0.4%</b>				
Neiman Marcus Group LLC, Senior Secured Notes	7.125%	6/1/28	660,000	577,500 <sup>(c)</sup>
Neiman Marcus Group Ltd. LLC, Senior Notes	8.750%	10/15/21	2,940,000	1,881,600 <sup>(a)(c)(d)</sup>
<i>Total Multiline Retail</i>				<i>2,459,100</i>
<b>Specialty Retail - 2.6%</b>				
American Greetings Corp., Senior Notes	7.375%	12/1/21	2,480,000	2,532,700 <sup>(c)</sup>
Guitar Center Inc., Senior Secured Bonds	6.500%	4/15/19	6,850,000	5,805,375 <sup>(a)(c)</sup>
Hot Topic Inc., Senior Secured Notes	9.250%	6/15/21	1,570,000	1,413,000 <sup>(a)(c)</sup>
L Brands Inc., Debentures	6.950%	3/1/33	800,000	804,500 <sup>(c)</sup>
L Brands Inc., Senior Notes	6.875%	11/1/35	2,380,000	2,469,250 <sup>(a)(c)</sup>
Sally Holdings LLC/Sally Capital Inc., Senior Notes	5.625%	12/1/25	1,650,000	1,711,875 <sup>(c)</sup>
<i>Total Specialty Retail</i>				<i>14,736,700</i>
<b>Textiles, Apparel &amp; Luxury Goods - 0.1%</b>				
Empire Today LLC/Empire Today Finance Corp., Senior Secured Notes	11.375%	2/1/17	590,000	572,300 <sup>(a)(c)</sup>
<b>TOTAL CONSUMER DISCRETIONARY</b>				<b>127,297,763</b>
<b>CONSUMER STAPLES - 6.5%</b>				
<b>Beverages - 1.3%</b>				
Carolina Beverage Group LLC/Carolina Beverage Group Finance Inc., Secured Notes	10.625%	8/1/18	2,610,000	2,570,850 <sup>(a)(c)</sup>
Cott Beverages Inc., Senior Notes	6.750%	1/1/20	2,140,000	2,209,550 <sup>(c)</sup>
DS Services of America Inc., Secured Notes	10.000%	9/1/21	2,390,000	2,694,725 <sup>(a)(c)</sup>
<i>Total Beverages</i>				<i>7,475,125</i>
<b>Food &amp; Staples Retailing - 1.0%</b>				
Beverages & More Inc., Senior Secured Notes	10.000%	11/15/18	3,610,000	3,298,637 <sup>(a)(c)</sup>
Dollar Tree Inc., Senior Notes	5.750%	3/1/23	2,210,000	2,339,838 <sup>(a)(c)</sup>
<i>Total Food &amp; Staples Retailing</i>				<i>5,638,475</i>

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

**Food Products - 2.2%**

Dole Food Co. Inc., Senior Secured Notes	7.250%	5/1/19	2,440,000	2,397,300 <sup>(a)(c)</sup>
Hearthside Group Holdings LLC/Hearthside Finance Co., Senior Notes	6.500%	5/1/22	2,300,000	2,121,750 <sup>(a)(c)</sup>
Pilgrim s Pride Corp., Senior Notes	5.750%	3/15/25	3,090,000	2,981,850 <sup>(a)(c)</sup>
Simmons Foods Inc., Secured Notes	7.875%	10/1/21	5,010,000	4,446,375 <sup>(a)(c)</sup>
TreeHouse Foods Inc., Senior Notes	6.000%	2/15/24	670,000	690,938 <sup>(a)</sup>

*Total Food Products*

12,638,213

**Household Products - 1.4%**

Central Garden & Pet Co., Senior Notes	6.125%	11/15/23	1,290,000	1,325,475 <sup>(c)</sup>
Kronos Acquisition Holdings Inc., Senior Notes	9.000%	8/15/23	690,000	596,850 <sup>(a)</sup>
Spectrum Brands Inc., Senior Notes	6.125%	12/15/24	1,630,000	1,703,350 <sup>(a)(c)</sup>
Spectrum Brands Inc., Senior Notes	5.750%	7/15/25	3,350,000	3,450,500 <sup>(a)(c)</sup>
Sun Products Corp., Senior Notes	7.750%	3/15/21	850,000	782,000 <sup>(a)(c)</sup>

*Total Household Products*

7,858,175

**Tobacco - 0.6%**

Alliance One International Inc., Secured Notes	9.875%	7/15/21	4,500,000	3,583,125 <sup>(c)</sup>
--	--------	---------	-----------	--------------------------

**TOTAL CONSUMER STAPLES**

37,193,113

See Notes to Schedule of Investments.

## WESTERN ASSET HIGH INCOME FUND II INC.

## Schedule of investments (unaudited) (cont d)

January 31, 2016

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>ENERGY - 13.8%</b>				
<b>Energy Equipment &amp; Services - 1.4%</b>				
Atwood Oceanics Inc., Senior Notes	6.500%	2/1/20	1,923,000	\$ 692,280 <sup>(c)</sup>
CGG, Senior Notes	6.500%	6/1/21	2,520,000	971,208
CGG, Senior Notes	6.875%	1/15/22	480,000	182,400
KCA Deutag UK Finance PLC, Senior Secured Notes	7.250%	5/15/21	880,000	532,400 <sup>(a)</sup>
Parker Drilling Co., Senior Notes	7.500%	8/1/20	3,140,000	2,205,850 <sup>(c)</sup>
SESI LLC, Senior Notes	7.125%	12/15/21	2,780,000	1,980,750 <sup>(c)</sup>
Sierra Hamilton LLC/Sierra Hamilton Finance Inc., Senior Secured Notes	12.250%	12/15/18	2,730,000	1,337,700 <sup>(a)(c)</sup>
<i>Total Energy Equipment &amp; Services</i>				<i>7,902,588</i>
<b>Oil, Gas &amp; Consumable Fuels - 12.4%</b>				
Approach Resources Inc., Senior Notes	7.000%	6/15/21	1,600,000	324,160 <sup>(c)</sup>
Berry Petroleum Co., Senior Notes	6.750%	11/1/20	1,550,000	348,750 <sup>(c)</sup>
California Resources Corp., Senior Notes	5.500%	9/15/21	7,550,000	1,547,750
Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes	7.625%	1/15/22	2,130,000	1,565,550 <sup>(c)</sup>
Carrizo Oil & Gas Inc., Senior Notes	7.500%	9/15/20	1,750,000	1,369,375 <sup>(c)</sup>
Chesapeake Energy Corp., Senior Notes	6.875%	11/15/20	4,340,000	1,171,800 <sup>(c)</sup>
Chesapeake Energy Corp., Senior Notes	5.375%	6/15/21	940,000	249,100
Crestwood Midstream Partners LP/Crestwood Midstream Finance Corp., Senior Notes	6.125%	3/1/22	2,919,000	1,773,292 <sup>(c)</sup>
Endeavor Energy Resources LP/EER Finance Inc., Senior Notes	7.000%	8/15/21	1,090,000	931,950 <sup>(a)(c)</sup>
Enterprise Products Operating LLC, Junior Subordinated Notes	8.375%	8/1/66	285,000	228,713 <sup>(c)(h)</sup>
EP Energy LLC/Everest Acquisition Finance Inc., Senior Notes	9.375%	5/1/20	2,730,000	1,173,900 <sup>(c)</sup>
EV Energy Partners LP/EV Energy Finance Corp., Senior Notes	8.000%	4/15/19	510,000	170,850
Gazprom OAO Via Gaz Capital SA, Loan Participation Notes, Senior Notes	6.510%	3/7/22	3,580,000	3,627,166 <sup>(a)</sup>
Globe Luxembourg SCA, Senior Secured Notes	9.625%	5/1/18	5,640,000	3,919,800 <sup>(a)(c)</sup>
Halcon Resources Corp., Senior Notes	9.750%	7/15/20	7,141,000	1,071,150
Halcon Resources Corp., Senior Notes	8.875%	5/15/21	115,000	17,250
Kinder Morgan Inc., Medium-Term Notes	7.750%	1/15/32	1,950,000	1,838,862 <sup>(c)</sup>
Lonestar Resources America Inc., Senior Notes	8.750%	4/15/19	1,080,000	550,800 <sup>(a)(c)</sup>
LUKOIL International Finance BV, Bonds	6.356%	6/7/17	1,720,000	1,791,380 <sup>(b)</sup>
LUKOIL International Finance BV, Senior Notes	4.563%	4/24/23	2,040,000	1,858,695 <sup>(a)</sup>
Magnum Hunter Resources Corp., Senior Notes	9.750%	5/15/20	8,070,000	2,057,850 <sup>(c)(i)</sup>
MEG Energy Corp., Senior Notes	6.500%	3/15/21	5,300,000	3,034,250 <sup>(a)</sup>
MEG Energy Corp., Senior Notes	6.375%	1/30/23	610,000	315,309 <sup>(a)</sup>
Milagro Oil & Gas Inc., Secured Notes	10.500%	5/15/16	3,290,000	1,003,450 <sup>(c)(f)(i)</sup>
Murray Energy Corp., Senior Secured Notes	11.250%	4/15/21	8,900,000	1,268,250 <sup>(a)</sup>
Natural Resource Partners LP/Natural Resource Partners Finance Corp., Senior Notes	9.125%	10/1/18	2,950,000	1,666,750 <sup>(c)</sup>
Oasis Petroleum Inc., Senior Notes	7.250%	2/1/19	2,240,000	1,405,600
Oasis Petroleum Inc., Senior Notes	6.500%	11/1/21	3,238,000	1,958,990 <sup>(c)</sup>
Oasis Petroleum Inc., Senior Notes	6.875%	1/15/23	1,540,000	885,500
Pacific Exploration and Production Corp., Senior Notes	7.250%	12/12/21	2,350,000	305,500 <sup>(a)(c)</sup>
Petrobras Global Finance BV, Senior Notes	6.750%	1/27/41	3,980,000	2,521,131
Petroleos de Venezuela SA, Senior Bonds	6.000%	5/16/24	12,780,000	3,802,050 <sup>(b)</sup>



**See Notes to Schedule of Investments.**

## WESTERN ASSET HIGH INCOME FUND II INC.

## Schedule of investments (unaudited) (cont d)

January 31, 2016

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Oil, Gas &amp; Consumable Fuels - (continued)</b>				
Petroleos de Venezuela SA, Senior Notes	8.500%	11/2/17	749,333	\$ 310,898 <sup>(b)</sup>
Puma International Financing SA, Senior Bonds	6.750%	2/1/21	4,610,000	4,287,503 <sup>(a)(c)</sup>
Quicksilver Resources Inc., Senior Notes	11.000%	7/1/21	1,335,000	30,038 <sup>*(c)(i)</sup>
Rice Energy Inc., Senior Notes	6.250%	5/1/22	600,000	457,500 <sup>(c)</sup>
Rice Energy Inc., Senior Notes	7.250%	5/1/23	2,352,000	1,816,920
Rosneft Finance SA, Senior Notes	7.500%	7/18/16	270,000	275,656 <sup>(a)</sup>
Rosneft Finance SA, Senior Notes	6.625%	3/20/17	230,000	236,531 <sup>(b)</sup>
Rosneft Finance SA, Senior Notes	7.875%	3/13/18	1,390,000	1,476,465 <sup>(a)(c)</sup>
RSP Permian Inc., Senior Notes	6.625%	10/1/22	5,280,000	4,725,600 <sup>(c)</sup>
Samson Investment Co., Senior Notes	9.750%	2/15/20	2,730,000	4,095 <sup>*(i)</sup>
Sanchez Energy Corp., Senior Notes	6.125%	1/15/23	9,910,000	4,013,550
Shelf Drilling Holdings Ltd., Senior Secured Notes	8.625%	11/1/18	1,810,000	1,276,050 <sup>(a)(c)</sup>
Whiting Petroleum Corp., Senior Notes	6.250%	4/1/23	2,530,000	1,593,900
WPX Energy Inc., Senior Notes	7.500%	8/1/20	150,000	94,965
WPX Energy Inc., Senior Notes	8.250%	8/1/23	1,480,000	950,900 <sup>(c)</sup>
YPF SA, Senior Notes	8.500%	7/28/25	3,530,000	3,302,756 <sup>(a)</sup>
<i>Total Oil, Gas &amp; Consumable Fuels</i>				70,608,250
<b>TOTAL ENERGY</b>				78,510,838
<b>FINANCIALS - 17.7%</b>				
<b>Banks - 8.9%</b>				
Bank of America Corp., Junior Subordinated Notes	6.500%	10/23/24	1,190,000	1,244,657 <sup>(c)(h)(j)</sup>
Barclays Bank PLC, Subordinated Notes	10.179%	6/12/21	3,710,000	4,941,534 <sup>(a)(c)</sup>
Barclays Bank PLC, Subordinated Notes	7.625%	11/21/22	5,000,000	5,597,140 <sup>(c)</sup>
Barclays PLC, Junior Subordinated Bonds	8.250%	12/15/18	800,000	839,972 <sup>(c)(h)(j)</sup>
BNP Paribas SA, Junior Subordinated Notes	7.375%	8/19/25	2,640,000	2,593,800 <sup>(a)(c)(h)(j)</sup>
Citigroup Inc., Junior Subordinated Bonds	6.300%	5/15/24	950,000	922,688 <sup>(c)(h)(j)</sup>
Citigroup Inc., Junior Subordinated Bonds	5.950%	5/15/25	1,580,000	1,535,049 <sup>(c)(h)(j)</sup>
Credit Agricole SA, Junior Subordinated Notes	8.375%	10/13/19	3,180,000	3,552,235 <sup>(a)(c)(h)(j)</sup>
Credit Agricole SA, Junior Subordinated Notes	7.875%	1/23/24	1,350,000	1,317,732 <sup>(a)(c)(h)(j)</sup>
Credit Agricole SA, Junior Subordinated Notes	8.125%	12/23/25	960,000	961,490 <sup>(a)(h)(j)</sup>
HSBC Holdings PLC, Junior Subordinated Bonds	6.375%	9/17/24	1,560,000	1,499,550 <sup>(c)(h)(j)</sup>
HSBC Holdings PLC, Junior Subordinated Bonds	6.375%	3/30/25	2,000,000	1,932,220 <sup>(c)(h)(j)</sup>
JPMorgan Chase & Co., Junior Subordinated Bonds	6.000%	8/1/23	1,270,000	1,270,794 <sup>(c)(h)(j)</sup>
JPMorgan Chase & Co., Junior Subordinated Notes	6.100%	10/1/24	2,410,000	2,425,063 <sup>(c)(h)(j)</sup>
M&T Bank Corp., Junior Subordinated Bonds	6.875%	6/15/16	4,400,000	4,449,500 <sup>(c)(j)</sup>
Royal Bank of Scotland Group PLC, Junior Subordinated Bonds	7.648%	9/30/31	3,530,000	4,377,200 <sup>(c)(h)(j)</sup>
Royal Bank of Scotland Group PLC, Subordinated Notes	6.100%	6/10/23	1,470,000	1,568,034 <sup>(c)</sup>
Royal Bank of Scotland NV, Subordinated Bonds	7.750%	5/15/23	650,000	740,412 <sup>(c)</sup>
Royal Bank of Scotland PLC, Subordinated Notes	13.125%	3/19/22	4,860,000 <sup>AUD</sup>	3,769,653 <sup>(b)(h)</sup>
Sberbank of Russia Via SB Capital SA, Subordinated Notes	5.500%	2/26/24	4,420,000	3,966,950 <sup>(b)(h)</sup>
Wells Fargo & Co., Junior Subordinated Bonds	5.875%	6/15/25	1,140,000	1,203,099 <sup>(c)(h)(j)</sup>
<i>Total Banks</i>				50,708,772
<b>Capital Markets - 1.0%</b>				
Goldman Sachs Group Inc., Subordinated Notes	6.750%	10/1/37	2,320,000	2,686,409 <sup>(c)</sup>

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

Goldman Sachs Group Inc., Subordinated Notes	5.150%	5/22/45	2,480,000	2,426,266 <sup>(c)</sup>
Pershing Square Holdings Ltd., Senior Notes	5.500%	7/15/22	1,000,000	891,300 <sup>(a)</sup>
<i>Total Capital Markets</i>				<i>6,003,975</i>
<b>Consumer Finance - 0.7%</b>				
Navient Corp., Medium-Term Notes, Senior Notes	8.450%	6/15/18	2,230,000	2,313,625 <sup>(c)</sup>
Navient Corp., Senior Notes	6.125%	3/25/24	710,000	585,750
TMX Finance LLC/TitleMax Finance Corp., Senior Secured Notes	8.500%	9/15/18	1,339,000	970,775 <sup>(a)(c)</sup>
<i>Total Consumer Finance</i>				<i>3,870,150</i>

See Notes to Schedule of Investments.

## WESTERN ASSET HIGH INCOME FUND II INC.

## Schedule of investments (unaudited) (cont d)

January 31, 2016

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Diversified Financial Services - 3.1%</b>				
Argos Merger Sub Inc., Senior Notes	7.125%	3/15/23	4,760,000	\$ 4,807,600 <sup>(a)(c)</sup>
International Lease Finance Corp., Senior Notes	5.750%	5/15/16	800,000	809,482 <sup>(c)</sup>
International Lease Finance Corp., Senior Notes	8.750%	3/15/17	3,385,000	3,566,436 <sup>(c)</sup>
International Lease Finance Corp., Senior Notes	8.875%	9/1/17	5,180,000	5,555,550 <sup>(c)</sup>
International Lease Finance Corp., Senior Notes	8.250%	12/15/20	2,160,000	2,467,800 <sup>(c)</sup>
ZFS Finance USA Trust II, Bonds	6.450%	12/15/65	500,000	503,125 <sup>(a)(c)(h)</sup>
<i>Total Diversified Financial Services</i>				17,709,993
<b>Insurance - 1.3%</b>				
Fidelity & Guaranty Life Holdings Inc., Senior Notes	6.375%	4/1/21	1,450,000	1,493,500 <sup>(a)(c)</sup>
Galaxy Bidco Ltd., Senior Secured Notes	6.375%	11/15/20	960,000 <sup>GBP</sup>	1,374,743 <sup>(b)</sup>
Genworth Holdings Inc., Senior Notes	4.900%	8/15/23	1,780,000	1,059,100 <sup>(c)</sup>
Liberty Mutual Group Inc., Junior Subordinated Bonds	7.800%	3/15/37	1,750,000	1,999,375 <sup>(a)(c)</sup>
MetLife Capital Trust IV, Junior Subordinated Notes	7.875%	12/15/37	1,100,000	1,325,500 <sup>(a)(c)</sup>
<i>Total Insurance</i>				7,252,218
<b>Real Estate Investment Trusts (REITs) - 0.3%</b>				
Communications Sales & Leasing Inc., Senior Secured Notes	6.000%	4/15/23	1,630,000	1,560,725 <sup>(a)(c)</sup>
<b>Real Estate Management &amp; Development - 2.4%</b>				
Caesars Entertainment Resort Properties LLC, Secured Notes	11.000%	10/1/21	1,430,000	1,251,250 <sup>(c)</sup>
Caesars Entertainment Resort Properties LLC, Senior Secured Notes	8.000%	10/1/20	5,450,000	5,095,750
Greystar Real Estate Partners LLC, Senior Secured Notes	8.250%	12/1/22	3,110,000	3,211,075 <sup>(a)(c)</sup>
Howard Hughes Corp., Senior Notes	6.875%	10/1/21	4,140,000	4,160,700 <sup>(a)(c)</sup>
<i>Total Real Estate Management &amp; Development</i>				13,718,775
<b>TOTAL FINANCIALS</b>				100,824,608
<b>HEALTH CARE - 7.9%</b>				
<b>Biotechnology - 0.2%</b>				
AMAG Pharmaceuticals Inc., Senior Notes	7.875%	9/1/23	1,490,000	1,359,625 <sup>(a)(c)</sup>
<b>Health Care Equipment &amp; Supplies - 1.3%</b>				
ConvaTec Finance International SA, Senior Notes	8.250%	1/15/19	1,610,000	1,438,938 <sup>(a)(c)(d)</sup>
DJO Finance LLC/DJO Finance Corp., Secured Notes	10.750%	4/15/20	1,860,000	1,543,800 <sup>(a)(c)</sup>
DJO Finco Inc./DJO Finance LLC/DJO Finance Corp., Secured Notes	8.125%	6/15/21	2,120,000	1,791,400 <sup>(a)(c)</sup>
Greatbatch Ltd., Senior Notes	9.125%	11/1/23	1,760,000	1,733,600 <sup>(a)(c)</sup>
Immucor Inc., Senior Notes	11.125%	8/15/19	1,330,000	1,093,925
<i>Total Health Care Equipment &amp; Supplies</i>				7,601,663
<b>Health Care Providers &amp; Services - 3.3%</b>				
BioScrip Inc., Senior Notes	8.875%	2/15/21	1,458,000	1,170,045 <sup>(c)</sup>
Centene Escrow Corp., Senior Notes	5.625%	2/15/21	1,190,000	1,213,800 <sup>(a)</sup>

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

Centene Escrow Corp., Senior Notes	6.125%	2/15/24	810,000	834,300 <sup>(a)</sup>
HCA Inc., Debentures	7.500%	11/15/95	2,205,000	2,127,825 <sup>(c)</sup>
IASIS Healthcare LLC/IASIS Capital Corp., Senior Notes	8.375%	5/15/19	3,520,000	3,317,600 <sup>(c)</sup>
Select Medical Corp., Senior Notes	6.375%	6/1/21	1,090,000	941,487
Tenet Healthcare Corp., Senior Notes	8.125%	4/1/22	2,870,000	2,891,525 <sup>(c)</sup>
Tenet Healthcare Corp., Senior Secured Notes	6.000%	10/1/20	2,580,000	2,741,250 <sup>(c)</sup>
Universal Hospital Services Inc., Secured Notes	7.625%	8/15/20	4,100,000	3,628,500 <sup>(c)</sup>
<i>Total Health Care Providers &amp; Services</i>				<i>18,866,332</i>

**See Notes to Schedule of Investments.**

## WESTERN ASSET HIGH INCOME FUND II INC.

## Schedule of investments (unaudited) (cont d)

January 31, 2016

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Pharmaceuticals - 3.1%</b>				
ConvaTec Healthcare E SA, Senior Notes	10.875%	12/15/18	2,500,000 <sup>EUR</sup>	\$ 2,789,228 <sup>(b)(c)</sup>
DPx Holdings BV, Senior Notes	7.500%	2/1/22	1,130,000	1,062,200 <sup>(a)(c)</sup>
JLL/Delta Dutch Pledgeco BV, Senior Notes	8.750%	5/1/20	4,990,000	4,428,625 <sup>(a)(d)</sup>
Mallinckrodt International Finance SA, Senior Notes	5.750%	8/1/22	2,220,000	2,131,200 <sup>(a)</sup>
Valeant Pharmaceuticals International Inc., Senior Notes	6.750%	8/15/18	650,000	650,406 <sup>(a)</sup>
Valeant Pharmaceuticals International Inc., Senior Notes	5.375%	3/15/20	1,060,000	1,005,013 <sup>(a)(c)</sup>
Valeant Pharmaceuticals International Inc., Senior Notes	6.375%	10/15/20	1,110,000	1,071,150 <sup>(a)(c)</sup>
Valeant Pharmaceuticals International Inc., Senior Notes	7.500%	7/15/21	2,420,000	2,412,437 <sup>(a)(c)</sup>
Valeant Pharmaceuticals International Inc., Senior Notes	7.250%	7/15/22	2,050,000	2,009,000 <sup>(a)(c)</sup>
<i>Total Pharmaceuticals</i>				17,559,259
<b>TOTAL HEALTH CARE</b>				45,386,879
<b>INDUSTRIALS - 17.8%</b>				
<b>Aerospace &amp; Defense - 1.3%</b>				
Aerojet Rocketdyne Holdings Inc., Secured Notes	7.125%	3/15/21	1,490,000	1,519,800 <sup>(c)</sup>
Bombardier Inc., Senior Notes	7.500%	3/15/18	880,000	827,200 <sup>(a)(c)</sup>
CBC Ammo LLC/CBC FinCo Inc., Senior Notes	7.250%	11/15/21	4,430,000	3,632,600 <sup>(a)(c)</sup>
LMI Aerospace Inc., Secured Notes	7.375%	7/15/19	1,400,000	1,330,000 <sup>(c)</sup>
<i>Total Aerospace &amp; Defense</i>				7,309,600
<b>Air Freight &amp; Logistics - 1.2%</b>				
Air Medical Merger Sub Corp., Senior Notes	6.375%	5/15/23	1,880,000	1,663,800 <sup>(a)(c)</sup>
XPO Logistics Inc., Senior Notes	7.875%	9/1/19	3,120,000	3,123,900 <sup>(a)(c)</sup>
XPO Logistics Inc., Senior Notes	6.500%	6/15/22	2,270,000	2,040,162 <sup>(a)(c)</sup>
<i>Total Air Freight &amp; Logistics</i>				6,827,862
<b>Airlines - 2.1%</b>				
Air Canada, Pass-Through Trust, Secured Notes	6.625%	5/15/18	1,100,000	1,094,500 <sup>(a)</sup>
American Airlines, Pass-Through Trust, Secured Notes	7.000%	1/31/18	1,033,772	1,076,415 <sup>(a)(c)</sup>
Continental Airlines Inc., Pass-Through Certificates	5.983%	4/19/22	3,951,912	4,352,043 <sup>(c)</sup>
Delta Air Lines Inc., Pass-Through Certificates, Secured Notes	8.021%	8/10/22	1,116,577	1,249,170 <sup>(c)</sup>
Delta Air Lines Inc., Pass-Through Certificates, Subordinated Secured Notes	9.750%	12/17/16	451,620	477,024 <sup>(c)</sup>
Heathrow Finance PLC, Senior Secured Notes	7.125%	3/1/17	2,450,000 <sup>GBP</sup>	3,629,373 <sup>(b)(c)</sup>
<i>Total Airlines</i>				11,878,525
<b>Building Products - 0.4%</b>				
Ashton Woods USA LLC/Ashton Woods Finance Co., Senior Notes	6.875%	2/15/21	2,851,000	2,437,605 <sup>(a)(c)</sup>
<b>Commercial Services &amp; Supplies - 2.9%</b>				
Garda World Security Corp., Senior Notes	7.250%	11/15/21	1,530,000	1,201,050 <sup>(a)(c)</sup>
GFL Escrow Corp., Senior Notes	9.875%	2/1/21	1,910,000	1,931,488 <sup>(a)</sup>
Monitronics International Inc., Senior Notes	9.125%	4/1/20	6,080,000	4,909,600 <sup>(c)</sup>

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

Taylor Morrison Communities Inc./Monarch Communities Inc., Senior Notes	5.250%	4/15/21	1,241,000	1,172,745 <sup>(a)(c)</sup>
United Rentals North America Inc., Senior Notes	8.250%	2/1/21	739,000	774,103 <sup>(c)</sup>
United Rentals North America Inc., Senior Notes	7.625%	4/15/22	3,018,000	3,119,857 <sup>(c)</sup>
West Corp., Senior Notes	5.375%	7/15/22	3,850,000	3,258,062 <sup>(a)(c)</sup>
<i>Total Commercial Services &amp; Supplies</i>				<i>16,366,905</i>

**See Notes to Schedule of Investments.**

## WESTERN ASSET HIGH INCOME FUND II INC.

## Schedule of investments (unaudited) (cont d)

January 31, 2016

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Construction &amp; Engineering - 2.4%</b>				
Astaldi SpA, Senior Notes	7.125%	12/1/20	1,070,000 <sup>EUR</sup>	\$ 1,120,648 <sup>(a)</sup>
Astaldi SpA, Senior Notes	7.125%	12/1/20	240,000 <sup>EUR</sup>	251,360 <sup>(b)</sup>
Ausdrill Finance Pty Ltd., Senior Notes	6.875%	11/1/19	2,420,000	1,712,150 <sup>(a)(c)</sup>
Brundage-Bone Concrete Pumping Inc., Senior Secured Notes	10.375%	9/1/21	2,380,000	2,314,550 <sup>(a)(c)</sup>
Empresas ICA SAB de CV, Senior Notes	8.900%	2/4/21	880,000	167,200 <sup>(b)(c)</sup>
Michael Baker Holdings LLC/Michael Baker Finance Corp., Senior Notes	8.875%	4/15/19	3,259,668	2,314,364 <sup>(a)(c)(d)</sup>
Michael Baker International LLC/CDL Acquisition Co. Inc., Senior Secured Notes	8.250%	10/15/18	3,670,000	3,165,375 <sup>(a)(c)</sup>
Modular Space Corp., Secured Notes	10.250%	1/31/19	2,970,000	972,340 <sup>(a)(c)</sup>
Odebrecht Finance Ltd., Senior Notes	5.250%	6/27/29	3,000,000	1,365,000 <sup>(a)</sup>
<i>Total Construction &amp; Engineering</i>				13,382,987
<b>Electrical Equipment - 0.6%</b>				
International Wire Group Holdings Inc., Senior Secured Notes	8.500%	10/15/17	1,970,000	1,977,387 <sup>(a)(c)</sup>
NES Rentals Holdings Inc., Senior Secured Notes	7.875%	5/1/18	1,800,000	1,395,000 <sup>(a)(c)</sup>
Trionista TopCo GmbH, Senior Subordinated Notes	6.875%	4/30/21	150,000 <sup>EUR</sup>	170,656 <sup>(a)</sup>
<i>Total Electrical Equipment</i>				3,543,043
<b>Machinery - 2.8%</b>				
CTP Transportation Products LLC/CTP Finance Inc., Senior Secured Notes	8.250%	12/15/19	1,200,000	1,218,000 <sup>(a)(c)</sup>
DH Services Luxembourg Sarl, Senior Notes	7.750%	12/15/20	5,370,000	5,329,725 <sup>(a)(c)</sup>
Global Brass and Copper Inc., Senior Secured Notes	9.500%	6/1/19	2,390,000	2,509,500 <sup>(c)</sup>
KION Finance SA, Senior Secured Notes	6.750%	2/15/20	3,027,000 <sup>EUR</sup>	3,411,552 <sup>(a)</sup>
KraussMaffei Group GmbH, Senior Secured Notes	8.750%	12/15/20	560,000 <sup>EUR</sup>	649,817 <sup>(a)</sup>
KraussMaffei Group GmbH, Senior Secured Notes	8.750%	12/15/20	366,400 <sup>EUR</sup>	425,166 <sup>(b)</sup>
SIG Combibloc Holdings SCA, Senior Bonds	7.750%	2/15/23	800,000 <sup>EUR</sup>	895,889 <sup>(a)</sup>
SPL Logistics Escrow LLC/SPL Logistics Finance Corp., Senior Secured Notes	8.875%	8/1/20	1,760,000	1,610,400 <sup>(a)(c)</sup>
<i>Total Machinery</i>				16,050,049
<b>Marine - 0.6%</b>				
Navios Maritime Acquisition Corp./Navios Acquisition Finance U.S. Inc., Senior Secured Notes	8.125%	11/15/21	4,110,000	3,282,863 <sup>(a)(c)</sup>
Ultrapetrol Bahamas Ltd., Senior Secured Notes	8.875%	6/15/21	2,150,000	376,250 <sup>(i)</sup>
<i>Total Marine</i>				3,659,113
<b>Road &amp; Rail - 1.8%</b>				
Flexi-Van Leasing Inc., Senior Notes	7.875%	8/15/18	2,500,000	2,487,500 <sup>(a)(c)</sup>
Florida East Coast Holdings Corp., Senior Notes	9.750%	5/1/20	490,000	297,675 <sup>(a)(c)</sup>
Florida East Coast Holdings Corp., Senior Secured Notes	6.750%	5/1/19	4,070,000	3,734,225 <sup>(a)(c)</sup>
Jack Cooper Holdings Corp., Senior Secured Notes	10.250%	6/1/20	4,430,000	3,521,850 <sup>(a)(c)</sup>



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

<i>Total Road &amp; Rail</i>				<i>10,041,250</i>
<b>Trading Companies &amp; Distributors - 0.5%</b>				
H&E Equipment Services Inc., Senior Notes	7.000%	9/1/22	3,150,000	2,898,000 <sup>(c)</sup>
<b>Transportation - 0.9%</b>				
Hapag-Lloyd AG, Senior Notes	9.750%	10/15/17	1,732,000	1,766,640 <sup>(a)(c)</sup>
Neovia Logistics Intermediate Holdings LLC/Logistics Intermediate Finance Corp., Senior Notes	10.000%	2/15/18	3,890,000	3,617,700 <sup>(a)(c)(d)</sup>
<i>Total Transportation</i>				<i>5,384,340</i>
<b>Transportation Infrastructure - 0.3%</b>				
Aguila 3 SA, Senior Secured Notes	7.875%	1/31/18	1,700,000	1,734,000 <sup>(a)(c)</sup>
<b>TOTAL INDUSTRIALS</b>				<b>101,513,279</b>

See Notes to Schedule of Investments.

## WESTERN ASSET HIGH INCOME FUND II INC.

## Schedule of investments (unaudited) (cont d)

January 31, 2016

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>INFORMATION TECHNOLOGY - 4.0%</b>				
<b>Communications Equipment - 0.4%</b>				
CommScope Technologies Finance LLC, Senior Notes	6.000%	6/15/25	2,410,000	\$ 2,349,750 <sup>(a)(c)</sup>
<b>Electronic Equipment, Instruments &amp; Components - 0.4%</b>				
Interface Security Systems Holdings Inc./Interface Security Systems LLC, Senior Secured Notes	9.250%	1/15/18	2,620,000	2,466,075 <sup>(c)</sup>
<b>Internet Software &amp; Services - 0.6%</b>				
Ancestry.com Holdings LLC, Senior Notes	9.625%	10/15/18	1,390,000	1,303,125 <sup>(a)(c)(d)</sup>
Ancestry.com Inc., Senior Notes	11.000%	12/15/20	2,100,000	2,236,500 <sup>(c)</sup>
<i>Total Internet Software &amp; Services</i>				3,539,625
<b>IT Services - 2.2%</b>				
Compiler Finance Subordinated Inc., Senior Notes	7.000%	5/1/21	3,583,000	1,540,690 <sup>(a)(c)(f)</sup>
First Data Corp., Secured Notes	5.750%	1/15/24	1,220,000	1,213,900 <sup>(a)(c)</sup>
First Data Corp., Senior Notes	7.000%	12/1/23	1,860,000	1,878,600 <sup>(a)(c)</sup>
First Data Corp., Senior Secured Notes	5.000%	1/15/24	7,780,000	7,799,450 <sup>(a)</sup>
<i>Total IT Services</i>				12,432,640
<b>Semiconductors &amp; Semiconductor Equipment - 0.4%</b>				
QUALCOMM Inc., Senior Subordinated Notes	4.800%	5/20/45	2,130,000	1,900,346 <sup>(c)</sup>
<b>TOTAL INFORMATION TECHNOLOGY</b>				22,688,436
<b>MATERIALS - 11.7%</b>				
<b>Chemicals - 1.2%</b>				
Eco Services Operations LLC/Eco Finance Corp., Senior Notes	8.500%	11/1/22	926,000	810,250 <sup>(a)(c)</sup>
Hexion Inc., Senior Secured Notes	8.875%	2/1/18	2,240,000	1,534,400 <sup>(c)</sup>
HIG BBC Intermediate Holdings LLC/HIG BBC Holdings Corp., Senior Notes	10.500%	9/15/18	1,500,000	982,500 <sup>(a)(c)(d)</sup>
Rain CII Carbon LLC/CII Carbon Corp., Senior Secured Notes	8.000%	12/1/18	4,000,000	3,340,000 <sup>(a)(c)</sup>
Rain CII Carbon LLC/CII Carbon Corp., Senior Secured Notes	8.250%	1/15/21	490,000	372,405 <sup>(a)(c)</sup>
<i>Total Chemicals</i>				7,039,555
<b>Construction Materials - 0.7%</b>				
Cemex SAB de CV, Senior Secured Notes	6.125%	5/5/25	1,530,000	1,313,428 <sup>(a)</sup>
Hardwoods Acquisition Inc., Senior Secured Notes	7.500%	8/1/21	2,540,000	1,917,700 <sup>(a)(c)</sup>
NWH Escrow Corp., Senior Secured Notes	7.500%	8/1/21	790,000	576,700 <sup>(a)</sup>
<i>Total Construction Materials</i>				3,807,828
<b>Containers &amp; Packaging - 3.8%</b>				
Ardagh Finance Holdings SA, Senior Notes	8.625%	6/15/19	2,748,675	2,542,524 <sup>(a)(c)(d)</sup>
Ardagh Packaging Finance PLC, Senior Notes	9.125%	10/15/20	3,170,000	3,185,850 <sup>(a)(c)</sup>

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

Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	9.125%	10/15/20	1,220,000	1,230,675 <sup>(a)(c)</sup>
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	7.000%	11/15/20	532,941	507,627 <sup>(a)(c)</sup>
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	6.000%	6/30/21	1,960,000	1,778,700 <sup>(a)(c)</sup>
BWAY Holding Co., Senior Notes	9.125%	8/15/21	4,070,000	3,378,100 <sup>(a)(c)</sup>
Coveris Holdings SA, Senior Notes	7.875%	11/1/19	2,690,000	2,138,550 <sup>(a)</sup>
Pactiv LLC, Senior Bonds	8.375%	4/15/27	5,220,000	4,593,600 <sup>(c)</sup>
Pactiv LLC, Senior Notes	7.950%	12/15/25	920,000	805,000 <sup>(c)</sup>
PaperWorks Industries Inc., Senior Secured Notes	9.500%	8/15/19	2,000,000	1,850,000 <sup>(a)(c)</sup>
<i>Total Containers &amp; Packaging</i>				22,010,626

**See Notes to Schedule of Investments.**

## WESTERN ASSET HIGH INCOME FUND II INC.

## Schedule of investments (unaudited) (cont d)

January 31, 2016

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Metals &amp; Mining - 5.3%</b>				
ArcelorMittal, Senior Notes	8.000%	10/15/39	3,200,000	\$ 2,272,000
Barmingo Finance Pty Ltd., Senior Notes	9.000%	6/1/18	3,210,000	2,487,750 <sup>(a)(c)</sup>
Coeur Mining Inc., Senior Notes	7.875%	2/1/21	1,650,000	952,875 <sup>(c)</sup>
Evrax Group SA, Notes	9.500%	4/24/18	680,000	704,807 <sup>(a)(c)</sup>
Evrax Group SA, Senior Notes	9.500%	4/24/18	330,000	342,038 <sup>(b)</sup>
Evrax Group SA, Senior Notes	6.750%	4/27/18	2,390,000	2,350,804 <sup>(a)</sup>
FMG Resources (August 2006) Pty Ltd., Senior Secured Notes	9.750%	3/1/22	5,580,000	4,868,550 <sup>(a)</sup>
GTL Trade Finance Inc., Senior Bonds	5.893%	4/29/24	2,996,000	2,047,766 <sup>(a)</sup>
Midwest Vanadium Pty Ltd., Senior Secured Notes	11.500%	2/15/18	3,070,000	153,500 <sup>(a)(f)(i)</sup>
Mirabela Nickel Ltd., Subordinated Notes	1.000%	9/10/44	32,857	0 <sup>(a)(e)(f)(k)</sup>
Prince Mineral Holding Corp., Senior Secured Notes	11.500%	12/15/19	240,000	188,400 <sup>(a)(c)</sup>
Rio Tinto Finance USA Ltd., Senior Notes	9.000%	5/1/19	1,820,000	2,112,463 <sup>(c)</sup>
Schaeffler Holding Finance BV, Senior Secured Bonds	6.875%	8/15/18	3,230,000	3,326,900 <sup>(a)(d)</sup>
Schaeffler Holding Finance BV, Senior Secured Notes	6.875%	8/15/18	2,040,000 <sup>EUR</sup>	2,287,336 <sup>(a)(d)</sup>
Schaeffler Holding Finance BV, Senior Secured Notes	6.750%	11/15/22	3,000,000	3,150,000 <sup>(a)(c)(d)</sup>
St. Barbara Ltd., Senior Secured Notes	8.875%	4/15/18	570,000	555,750 <sup>(a)(c)</sup>
Steel Dynamics Inc., Senior Notes	6.125%	8/15/19	1,300,000	1,306,500 <sup>(c)</sup>
Vale Overseas Ltd., Senior Notes	4.375%	1/11/22	1,784,000	1,248,800
<i>Total Metals &amp; Mining</i>				30,356,239
<b>Paper &amp; Forest Products - 0.7%</b>				
Appvion Inc., Secured Notes	9.000%	6/1/20	3,480,000	1,200,600 <sup>(a)(c)</sup>
Fibria Overseas Finance Ltd., Senior Notes	5.250%	5/12/24	1,340,000	1,259,600 <sup>(c)</sup>
Resolute Forest Products Inc., Senior Notes	5.875%	5/15/23	2,030,000	1,309,350 <sup>(c)</sup>
<i>Total Paper &amp; Forest Products</i>				3,769,550
<b>TOTAL MATERIALS</b>				
				66,983,798
<b>TELECOMMUNICATION SERVICES - 15.4%</b>				
<b>Diversified Telecommunication Services - 6.6%</b>				
Axtel SAB de CV, Senior Secured Notes	9.000%	1/31/20	2,164,000	2,316,346 <sup>(a)(c)</sup>
CCOH Safari LLC, Senior Notes	5.750%	2/15/26	2,050,000	2,043,583 <sup>(a)(c)</sup>
CenturyLink Inc., Senior Notes	6.750%	12/1/23	2,780,000	2,641,000 <sup>(c)</sup>
CenturyLink Inc., Senior Notes	7.650%	3/15/42	3,170,000	2,393,350 <sup>(c)</sup>
Frontier Communications Corp., Senior Notes	10.500%	9/15/22	2,030,000	1,981,788 <sup>(a)(c)</sup>
Frontier Communications Corp., Senior Notes	11.000%	9/15/25	3,100,000	2,999,250 <sup>(a)(c)</sup>
Intelsat Jackson Holdings SA, Senior Notes	7.500%	4/1/21	7,920,000	6,811,200 <sup>(c)</sup>
Intelsat Luxembourg SA, Senior Bonds	7.750%	6/1/21	2,910,000	1,280,400 <sup>(c)</sup>
Level 3 Financing Inc., Senior Notes	7.000%	6/1/20	750,000	789,375 <sup>(c)</sup>
Level 3 Financing Inc., Senior Notes	6.125%	1/15/21	1,260,000	1,323,000 <sup>(c)</sup>
Oi Brasil Holdings Cooperatief U.A., Senior Notes	5.750%	2/10/22	4,340,000	1,931,300 <sup>(a)</sup>
Verizon Communications Inc., Senior Notes	5.150%	9/15/23	3,550,000	3,933,613 <sup>(c)</sup>
Windstream Services LLC, Senior Notes	7.750%	10/15/20	3,700,000	3,080,250 <sup>(c)</sup>
Windstream Services LLC, Senior Notes	7.750%	10/1/21	4,700,000	3,689,500
Windstream Services LLC, Senior Notes	6.375%	8/1/23	630,000	458,325 <sup>(c)</sup>
<i>Total Diversified Telecommunication Services</i>				37,672,280

**Wireless Telecommunication Services - 8.8%**

Altice Financing SA, Senior Secured Notes	5.250%	2/15/23	270,000 <sup>EUR</sup>	285,544 <sup>(a)</sup>
Altice Financing SA, Senior Secured Notes	6.625%	2/15/23	6,240,000	6,162,000 <sup>(a)</sup>
Neptune Finco Corp., Senior Notes	10.125%	1/15/23	400,000	424,000 <sup>(a)</sup>
Neptune Finco Corp., Senior Notes	6.625%	10/15/25	2,510,000	2,610,400 <sup>(a)(c)</sup>
Neptune Finco Corp., Senior Notes	10.875%	10/15/25	6,720,000	7,123,200 <sup>(a)(c)</sup>
Sprint Capital Corp., Senior Notes	6.875%	11/15/28	3,200,000	2,124,000 <sup>(c)</sup>
Sprint Capital Corp., Senior Notes	8.750%	3/15/32	8,610,000	6,113,100 <sup>(c)</sup>
Sprint Communications Inc., Senior Notes	9.000%	11/15/18	7,200,000	7,380,000 <sup>(a)(c)</sup>
Sprint Communications Inc., Senior Notes	11.500%	11/15/21	2,145,000	1,807,163
Sprint Corp., Senior Notes	7.250%	9/15/21	4,400,000	3,190,000 <sup>(c)</sup>
Sprint Corp., Senior Notes	7.875%	9/15/23	570,000	408,975 <sup>(c)</sup>

**See Notes to Schedule of Investments.**

## WESTERN ASSET HIGH INCOME FUND II INC.

## Schedule of investments (unaudited) (cont d)

January 31, 2016

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Wireless Telecommunication Services - (continued)</b>				
T-Mobile USA Inc., Senior Notes	6.542%	4/28/20	1,090,000	\$ 1,128,150 <sup>(c)</sup>
T-Mobile USA Inc., Senior Notes	6.633%	4/28/21	140,000	145,425 <sup>(c)</sup>
T-Mobile USA Inc., Senior Notes	6.000%	3/1/23	3,650,000	3,688,325 <sup>(c)</sup>
T-Mobile USA Inc., Senior Notes	6.500%	1/15/26	740,000	743,700 <sup>(c)</sup>
Vimpel Communications Via VIP Finance Ireland Ltd. OJSC, Senior Notes	9.125%	4/30/18	2,220,000	2,409,199 <sup>(b)</sup>
Vimpel Communications Via VIP Finance Ireland Ltd. OJSC, Senior Notes	7.748%	2/2/21	2,300,000	2,379,962 <sup>(a)(c)</sup>
VimpelCom Holdings BV, Senior Notes	7.504%	3/1/22	1,620,000	1,648,350 <sup>(b)</sup>
VimpelCom Holdings BV, Senior Notes	7.504%	3/1/22	700,000	712,250 <sup>(a)</sup>
<i>Total Wireless Telecommunication Services</i>				50,483,743
<b>TOTAL TELECOMMUNICATION SERVICES</b>				88,156,023
<b>UTILITIES - 3.5%</b>				
<b>Electric Utilities - 1.8%</b>				
NRG REMA LLC, Pass-Through Certificates, Senior Secured Bonds	9.237%	7/2/17	1,465,737	1,462,989 <sup>(c)</sup>
NRG REMA LLC, Pass-Through Certificates, Senior Secured Bonds	9.681%	7/2/26	4,320,000	4,239,000 <sup>(c)</sup>
Red Oak Power LLC, Secured Notes	9.200%	11/30/29	4,380,000	4,555,200 <sup>(c)</sup>
<i>Total Electric Utilities</i>				10,257,189
<b>Independent Power and Renewable Electricity</b>				
<b>Producers - 1.7%</b>				
Calpine Corp., Senior Secured Notes	7.875%	1/15/23	2,415,000	2,590,087 <sup>(a)(c)</sup>
Mirant Mid Atlantic LLC, Pass-Through Certificates, Secured Bonds	10.060%	12/30/28	7,190,293	6,911,669 <sup>(c)</sup>
Mirant Mid Atlantic LLC, Pass-Through Certificates, Senior Secured Notes	9.125%	6/30/17	210,604	210,867 <sup>(c)</sup>
<i>Total Independent Power and Renewable Electricity Producers</i>				9,712,623
<b>TOTAL UTILITIES</b>				19,969,812
<b>TOTAL CORPORATE BONDS &amp; NOTES</b>				
(Cost - \$773,004,970)				688,524,549
<b>CONVERTIBLE BONDS &amp; NOTES - 0.4%</b>				
<b>MATERIALS - 0.4%</b>				
<b>Chemicals - 0.1%</b>				
Hercules Inc., Junior Subordinated Bonds	6.500%	6/30/29	802,000	683,705
<b>Metals &amp; Mining - 0.3%</b>				
Mirabela Nickel Ltd., Senior Secured Bonds	9.500%	6/24/19	2,172,320	1,281,669 <sup>(a)(d)(f)</sup>

**TOTAL CONVERTIBLE BONDS & NOTES**

(Cost - \$2,912,097)

1,965,374

**SENIOR LOANS - 3.4%**

**CONSUMER DISCRETIONARY - 1.0%**

**Hotels, Restaurants & Leisure - 0.4%**

Equinox Holdings Inc., Second Lien Term Loan	9.750%	7/31/20	2,510,000	2,522,550 <sup>(1)(m)</sup>
--	--------	---------	-----------	-----------------------------

**Specialty Retail - 0.4%**

Spencer Gifts LLC, Second Lien Term Loan	9.250%	6/29/22	2,070,000	2,080,350 <sup>(1)(m)</sup>
--	--------	---------	-----------	-----------------------------

**Textiles, Apparel & Luxury Goods - 0.2%**

TOMS Shoes LLC, Term Loan B	6.500%	10/28/20	1,578,075	1,037,584 <sup>(1)(m)</sup>
-----------------------------	--------	----------	-----------	-----------------------------

**TOTAL CONSUMER DISCRETIONARY**

5,640,484

**CONSUMER STAPLES - 0.2%**

**Food Products - 0.2%**

AdvancePierre Foods Inc., Second Lien Term Loan	9.500%	10/10/17	1,080,000	1,067,850 <sup>(1)(m)</sup>
---	--------	----------	-----------	-----------------------------

**ENERGY - 0.8%**

**Energy Equipment & Services - 0.3%**

Hercules Offshore LLC, Exit Term Loan	10.500%	5/6/20	2,930,000	1,655,450 <sup>(1)(m)</sup>
---------------------------------------	---------	--------	-----------	-----------------------------

**See Notes to Schedule of Investments.**

## WESTERN ASSET HIGH INCOME FUND II INC.

## Schedule of investments (unaudited) (cont d)

January 31, 2016

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Oil, Gas &amp; Consumable Fuels - 0.5%</b>				
Magnum Hunter Resources Inc., DIP Term Loan	9.000%	9/15/16	1,820,000	\$ 1,820,000 <sup>(1)(m)</sup>
Westmoreland Coal Co., Term Loan B	7.500%	12/16/20	1,570,423	942,254 <sup>(1)(m)</sup>
<i>Total Oil, Gas &amp; Consumable Fuels</i>				2,762,254
<b>TOTAL ENERGY</b>				4,417,704
<b>HEALTH CARE - 0.8%</b>				
<b>Health Care Equipment &amp; Supplies - 0.3%</b>				
Lantheus Medical Imaging Inc., Term Loan	7.000 - 8.500%	6/30/22	1,920,350	1,766,722 <sup>(1)(m)</sup>
<b>Health Care Providers &amp; Services - 0.5%</b>				
Radnet Management Inc., Second Lien Term Loan	8.000%	3/25/21	2,620,000	2,469,350 <sup>(1)(m)</sup>
<b>TOTAL HEALTH CARE</b>				4,236,072
<b>INDUSTRIALS - 0.3%</b>				
<b>Commercial Services &amp; Supplies - 0.3%</b>				
Kronos Inc., Second Lien Term Loan	9.750%	4/30/20	1,917,947	1,907,159 <sup>(1)(m)</sup>
<b>UTILITIES - 0.3%</b>				
<b>Electric Utilities - 0.3%</b>				
Panda Temple Power LLC, 2015 Term Loan B	7.250%	3/4/22	2,292,675	1,891,457 <sup>(1)(m)</sup>
<b>TOTAL SENIOR LOANS</b>				
(Cost - \$21,863,280)				19,160,726
<b>SOVEREIGN BONDS - 1.6%</b>				
<b>Argentina - 0.1%</b>				
Republic of Argentina, Senior Bonds	7.000%	4/17/17	330,000	333,314
<b>Hungary - 0.3%</b>				
Republic of Hungary, Senior Notes	5.750%	11/22/23	1,658,000	1,862,209
<b>Turkey - 0.8%</b>				
Republic of Turkey, Senior Bonds	11.875%	1/15/30	1,175,000	1,951,149 <sup>(c)</sup>
Republic of Turkey, Senior Notes	6.875%	3/17/36	2,064,000	2,348,894
<i>Total Turkey</i>				4,300,043
<b>Venezuela - 0.4%</b>				
Bolivarian Republic of Venezuela, Senior Bonds	9.250%	9/15/27	3,050,000	1,136,125
Bolivarian Republic of Venezuela, Senior Bonds	9.375%	1/13/34	1,164,000	408,564
Bolivarian Republic of Venezuela, Senior Notes	7.750%	10/13/19	2,246,000	769,255 <sup>(b)</sup>
<i>Total Venezuela</i>				2,313,944



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

**TOTAL SOVEREIGN BONDS**  
 (Cost - \$10,959,835) 8,809,510

**U.S. GOVERNMENT & AGENCY  
 OBLIGATIONS - 2.6%**

**U.S. Government Obligations - 2.6%**  
 U.S. Treasury Notes (Cost - \$14,995,618) 1.375% 9/30/20 15,000,000 15,049,215

**SHARES**

**COMMON STOCKS - 3.1%**

**CONSUMER DISCRETIONARY - 0.0%**

**Hotels, Restaurants & Leisure - 0.0%**

Bossier Casino Venture Holdco Inc. 166,350 0\*(e)(f)(k)

**ENERGY - 0.3%**

**Energy Equipment & Services - 0.3%**

Hercules Offshore Inc. 96,800 89,056\*  
 KCAD Holdings I Ltd. 533,873,172 1,874,429\*(e)(f)

**TOTAL ENERGY** 1,963,485

See Notes to Schedule of Investments.

## WESTERN ASSET HIGH INCOME FUND II INC.

## Schedule of investments (unaudited) (cont d)

January 31, 2016

SECURITY	SHARES	VALUE
<b>FINANCIALS - 1.6%</b>		
<b>Banks - 1.6%</b>		
Citigroup Inc.	143,529	\$ 6,111,465
JPMorgan Chase & Co.	48,547	2,888,546
<i>Total Banks</i>		<i>9,000,011</i>
<b>Diversified Financial Services - 0.0%</b>		
PB Investors II LLC	60,468	0 <sup>*(e)(f)(k)</sup>
<b>TOTAL FINANCIALS</b>		<b>9,000,011</b>
<b>HEALTH CARE - 0.6%</b>		
<b>Health Care Providers &amp; Services - 0.6%</b>		
Physiotherapy Associates Holdings Inc.	31,500	3,457,440 <sup>*(e)(f)</sup>
<b>INDUSTRIALS - 0.4%</b>		
<b>Marine - 0.1%</b>		
DeepOcean Group Holding AS	198,468	861,748 <sup>*(e)(f)</sup>
<b>Trading Companies &amp; Distributors - 0.3%</b>		
H&E Equipment Services Inc.	131,330	1,529,995
<b>TOTAL INDUSTRIALS</b>		<b>2,391,743</b>
<b>MATERIALS - 0.1%</b>		
<b>Metals &amp; Mining - 0.1%</b>		
Mirabela Nickel Ltd.	6,589,511	387,089 <sup>*(e)(f)</sup>
<b>TELECOMMUNICATION SERVICES - 0.1%</b>		
<b>Diversified Telecommunication Services - 0.1%</b>		
Axtel SAB de CV, Sponsored ADR	171,910	531,872 <sup>*(a)</sup>
<b>TOTAL COMMON STOCKS</b>		<b>17,731,640</b>
(Cost - \$34,060,875)		
	<b>RATE</b>	
<b>CONVERTIBLE PREFERRED STOCKS - 0.0%</b>		
<b>ENERGY - 0.0%</b>		
<b>Oil, Gas &amp; Consumable Fuels - 0.0%</b>		
Rex Energy Corp. (Cost - \$2,265,400)	6.000%	31,500 108,990
<b>PREFERRED STOCKS - 2.9%</b>		
<b>FINANCIALS - 2.9%</b>		
<b>Consumer Finance - 2.2%</b>		
GMAC Capital Trust I	8.125%	489,100 12,447,595 <sup>(h)</sup>
<b>Diversified Financial Services - 0.7%</b>		

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

Citigroup Capital XIII	6.986%	168,125	4,298,956 <sup>(c)(h)</sup>
<b>TOTAL PREFERRED STOCKS</b>			
(Cost - \$16,143,736)			16,746,551
		<b>EXPIRATION DATE</b>	<b>WARRANTS</b>
<b>WARRANTS - 0.0%</b>			
Bolivarian Republic of Venezuela, Oil-linked payment obligations (Cost - \$0)		4/15/20	18,500
			83,250
<b>TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENTS</b>			
(Cost - \$876,205,811)			\$ 768,179,805

See Notes to Schedule of Investments.

**WESTERN ASSET HIGH INCOME FUND II INC.**

Schedule of investments (unaudited) (cont d)

January 31, 2016

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>SHORT-TERM INVESTMENTS - 4.3%</b>				
<b>Repurchase Agreements - 4.1%</b>				
Barclays Capital Inc., repurchase agreement dated 1/29/16; Proceeds at maturity - \$23,700,612; (Fully collateralized by U.S. government obligations, 1.500% due 5/31/19; Market value - \$24,174,000) (Cost - \$23,700,000)	0.310%	2/1/16	23,700,000	\$ 23,700,000
<b>SHARES</b>				
<b>Money Market Funds - 0.2%</b>				
State Street Institutional U.S. Government Money Market Fund, Premier Class (Cost - \$1,072,154)	0.194%		1,072,154	1,072,154
<b>TOTAL SHORT-TERM INVESTMENTS</b> (Cost - \$24,772,154)				24,772,154
<b>TOTAL INVESTMENTS - 138.9%</b> (Cost - \$900,977,965#)				792,951,959
Liabilities in Excess of Other Assets - (38.9)%				(222,015,874)
<b>TOTAL NET ASSETS - 100.0%</b>				\$ 570,936,085

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) 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.
- (c) All or a portion of this security is pledged as collateral pursuant to the loan agreement.
- (d) 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.

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

- (e) Security is valued in good faith in accordance with procedures approved by the Board of Directors (See Note 1).
- (f) Illiquid security.
- (g) The maturity principal is currently in default as of January 31, 2016.
- (h) Variable rate security. Interest rate disclosed is as of the most recent information available.
- (i) The coupon payment on these securities is currently in default as of January 31, 2016.
- (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:

ADR	American Depositary Receipts
AUD	Australian Dollar
DIP	Debtor-in-Possession
EUR	Euro
GBP	British Pound
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. Investments in open-end funds are valued at the closing net asset value per share of each fund on the day of valuation. 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 (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.



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

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:

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		\$ 125,054,439	\$ 2,243,324	\$ 127,297,763
Materials		66,983,798	0*	66,983,798
Other corporate bonds & notes		494,242,988		494,242,988
Convertible bonds & notes		1,965,374		1,965,374
Senior loans:				
Consumer discretionary		3,560,134	2,080,350	5,640,484
Consumer staples			1,067,850	1,067,850
Energy			4,417,704	4,417,704
Health care		2,469,350	1,766,722	4,236,072
Industrials		1,907,159		1,907,159
Utilities			1,891,457	1,891,457
Sovereign bonds		8,809,510		8,809,510
U.S. government & agency obligations		15,049,215		15,049,215
Common stocks:				
Consumer discretionary			0*	0*
Energy	\$ 89,056		1,874,429	1,963,485
Financials	9,000,011		0*	9,000,011
Health care			3,457,440	3,457,440
Industrials	1,529,995		861,748	2,391,743
Materials			387,089	387,089
Telecommunication services	531,872			531,872
Convertible preferred stocks	108,990			108,990
Preferred stocks	16,746,551			16,746,551
Warrants		83,250		83,250
Total long-term investments	\$ 28,006,475	\$ 720,125,217	\$ 20,048,113	\$ 768,179,805
Short-term investments :				



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

Repurchase agreements		\$	23,700,000		\$	23,700,000		
Money market funds	1,072,154					1,072,154		
Total short-term investments	\$	1,072,154	\$	23,700,000		\$	23,772,154	
Total investments	\$	29,078,629	\$	743,825,217	\$	20,048,113	\$	792,951,959
Other financial instruments:								
Futures contracts	\$	522,075				\$	522,075	
Forward foreign currency contracts			\$	803,152			\$	803,152
Total other financial instruments	\$	522,075	\$	803,152			\$	1,325,227
Total	\$	29,600,704	\$	744,628,369	\$	20,048,113	\$	794,277,186

DESCRIPTION	LIABILITIES			TOTAL		
	QUOTED PRICES (LEVEL 1)	OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)			
Other financial instruments:						
Futures contracts	\$	626,465		\$	626,465	
Forward foreign currency contracts			\$	75,043	\$	75,043
Total	\$	626,465	\$	75,043	\$	701,508

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:

INVESTMENTS IN SECURITIES	CORPORATE BONDS & NOTES			
	CONSUMER DISCRETIONARY	INDUSTRIALS	MATERIALS	UTILITIES
Balance as of April 30, 2015	\$ 3,094,961	\$ 7,669,528	\$ 0*	\$ 5,418,115
Accrued premiums/discounts	44,189	57,160		3,258
Realized gain (loss)	0*			(0)*
Change in unrealized appreciation (depreciation) <sup>1</sup>	(45,460)	(310,200)	(325)	(468,717)
Purchases	286,290		325	
Sales	(1,136,656)	(261,836)		(502,789)
Transfers into Level 3 <sup>2</sup>				
Transfers out of Level 3 <sup>3</sup>		(7,154,652)		(4,449,867)
Balance as of January 31, 2016	\$ 2,243,324		\$ 0*	
Net change in unrealized appreciation (depreciation) for investments in securities still held at January 31, 2016 <sup>1</sup>	\$ (45,460)		\$ (325)	

INVESTMENTS IN SECURITIES (cont d)	SENIOR LOANS				UTILITIES
	CONSUMER DISCRETIONARY	CONSUMER STAPLES	ENERGY	HEALTH CARE	
Balance as of April 30, 2015	\$ 2,560,200		\$ 2,014,551	\$ 2,629,825	
Accrued premiums/discounts	4,929		12,035	3,916	
Realized gain (loss)			10,641	116	
Change in unrealized appreciation (depreciation) <sup>1</sup>	(21,879)		(1,765,146)	(294,010)	
Purchases	2,059,650		4,610,100	1,905,875	
Sales			(464,477)	(9,650)	
Transfers into Level 3 <sup>2</sup>		\$ 1,067,850			\$ 1,891,457
Transfers out of Level 3 <sup>3</sup>	(2,522,550)			(2,469,350)	
Balance as of January 31, 2016	\$ 2,080,350	\$ 1,067,850	\$ 4,417,704	\$ 1,766,722	\$ 1,891,457
Net change in unrealized appreciation (depreciation) for investments in securities still held at January 31, 2016 <sup>1</sup>	\$ (20,043)		\$ (1,765,146)	\$ (131,163)	

INVESTMENTS IN SECURITIES (cont d)	COMMON STOCKS					TOTAL
	CONSUMER DISCRETIONARY	ENERGY FINANCIALS	HEALTH CARE	INDUSTRIALS	MATERIALS	
Balance as of April 30, 2015	\$ 0*	\$ 6,533,540	\$ 0*	\$ 2,614,500	\$ 2,928,197	\$ 35,463,417
Accrued premiums/discounts						125,487
Realized gain (loss)						10,757
Change in unrealized appreciation (depreciation) <sup>1</sup>	(4,659,111)		842,940	(2,066,449)		(8,788,357)
Purchases						8,862,240
Sales						(2,375,408)
Transfers into Level 3 <sup>2</sup>					\$ 387,089	3,346,396
Transfers out of Level 3 <sup>3</sup>						(16,596,419)
Balance as of January 31, 2016	\$ 0*	\$ 1,874,429	\$ 0*	\$ 3,457,440	\$ 861,748	\$ 20,048,113
		\$ (4,659,111)		\$ 842,940	\$ (2,066,449)	\$ (7,844,757)

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

Net change in unrealized appreciation (depreciation) for investments in securities still held at January 31, 2016<sup>1</sup>

The Fund's policy is to recognize transfers between levels as of the end of the reporting period.

\* Amount represents less than \$1.

<sup>1</sup> 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.

<sup>2</sup> Transferred into Level 3 as a result of the unavailability of a quoted price in an active market for an identical investment or the unavailability of other significant observable inputs.

<sup>3</sup> Transferred out of Level 3 as a result of the availability of a quoted price in an active market for an identical investment or the availability of other significant observable inputs.

### 2. Investments

At January 31, 2016, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows:

Gross unrealized appreciation	\$ 21,892,165
Gross unrealized depreciation	(129,918,171)
Net unrealized depreciation	\$ (108,026,006)

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

At January 31, 2016, the Fund had the following open futures contracts:

	Number of Contracts	Expiration Date	Basis Value	Market Value	Unrealized Appreciation (Depreciation)
<b>Contracts to Buy:</b>					
U.S. Treasury Ultra Long-Term Bonds	61	3/16	\$ 9,615,362	\$ 10,137,437	\$ 522,075
<b>Contracts to Sell:</b>					
U.S. Treasury 5-Year Notes	309	3/16	36,661,144	37,287,609	(626,465)
<b>Net unrealized depreciation on open futures contracts</b>					\$ (104,390)

At January 31, 2016, the Fund had the following open forward foreign currency contracts:

Currency Purchased		Currency Sold		Counterparty	Settlement Date	Unrealized Appreciation (Depreciation)
EUR	50,000	USD	53,797	Citibank, N.A.	2/16/16	\$ 386
EUR	45,000	USD	48,881	Citibank, N.A.	2/16/16	(117)
EUR	200,000	USD	220,758	Citibank, N.A.	2/16/16	(4,027)
GBP	25,000	USD	38,082	Citibank, N.A.	2/16/16	(2,459)
GBP	760,000	USD	1,151,381	Citibank, N.A.	2/16/16	(68,440)
USD	4,592,571	EUR	4,214,837	Citibank, N.A.	2/16/16	25,127
USD	1,949,279	GBP	1,287,120	Citibank, N.A.	2/16/16	115,233
EUR	1,550,000	USD	1,673,272	UBS AG	2/16/16	6,399
EUR	1,260,000	USD	1,359,033	UBS AG	2/16/16	6,376
USD	17,296,802	EUR	15,858,834	UBS AG	2/16/16	111,242
USD	7,323,235	GBP	4,761,556	UBS AG	2/16/16	538,389
Total						\$ 728,109

Abbreviations used in this table:

EUR	Euro
GBP	British Pound
USD	United States Dollar

**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/ JANE TRUST*  
**Jane Trust**  
**Chief Executive Officer**

Date: March 23, 2016

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/ JANE TRUST*  
**Jane Trust**  
**Chief Executive Officer**

Date: March 23, 2016

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

Date: March 23, 2016