

WESTERN ASSET HIGH INCOME FUND II INC.

Form N-Q

March 29, 2007

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM N-Q**

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

Investment Company Act file number **811-8709**

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

(Exact name of registrant as specified in charter)

**125 Broad Street, New York, NY 10004**

(Address of principal executive offices) (Zip code)

**Robert I. Frenkel, Esq.**

**Legg Mason & Co., LLC**

**300 First Stamford Place, 4<sup>th</sup> Floor**

**Stamford, CT 06902**

(Name and address of agent for service)

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

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

Date of reporting period: **January 31, 2007**

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

FORM N-Q

January 31, 2007



ITEM 1. SCHEDULE OF INVESTMENTS

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## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited)

January 31, 2007

Face Amount	Security	Value
<b>CORPORATE BONDS &amp; NOTES 84.2%</b>		
<b>Aerospace &amp; Defense 1.4%</b>		
\$ 1,555,000	Alliant Techsystems Inc., Senior Subordinated Notes, 6.750% due 4/1/16	\$ 1,555,000
4,200,000	Argo-Tech Corp., Senior Notes, 9.250% due 6/1/11	4,567,500
1,535,000	DRS Technologies Inc., Senior Subordinated Notes: 6.625% due 2/1/16	1,527,325
3,350,000	7.625% due 2/1/18	3,425,375
106,119	Kac Acquisition Co., Subordinated Notes, 1.000% due 4/26/26 (a)(b)	0
5,500,000	L-3 Communications Corp., Senior Subordinated Notes, 7.625% due 6/15/12	5,699,375
	<b>Total Aerospace &amp; Defense</b>	<b>16,774,575</b>
<b>Airlines 1.0%</b>		
770,000	Continental Airlines Inc.: Notes, 8.750% due 12/1/11	775,775
373,027	Pass-Through Certificates: Series 1998-1, Class C, 6.541% due 9/15/08	371,395
1,299,217	Series 2000-2, Class C, 8.312% due 10/2/12	1,313,021
1,395,954	Delta Air Lines Inc., Pass-Through Certificates, Series 01-1: 6.619% due 3/18/11 (c)	1,396,827
6,135,000	7.111% due 9/18/11 (c)	6,200,185
2,135,000	7.711% due 9/18/11 (c)	2,117,653
	<b>Total Airlines</b>	<b>12,174,856</b>
<b>Auto Components 1.1%</b>		
3,335,000	Keystone Automotive Operations Inc., Senior Subordinated Notes, 9.750% due 11/1/13	3,309,988
1,439,000	TRW Automotive Inc.: Senior Notes, 9.375% due 2/15/13	1,546,925
150,000	Senior Subordinated Notes, 11.000% due 2/15/13	165,000
4,535,000	Visteon Corp., Senior Notes: 8.250% due 8/1/10	4,557,675
3,670,000	7.000% due 3/10/14	3,247,950
	<b>Total Auto Components</b>	<b>12,827,538</b>
<b>Automobiles 2.3%</b>		
1,880,000	Ford Motor Co.: Debentures: 8.875% due 1/15/22	1,706,100
1,150,000	8.900% due 1/15/32	1,035,000
20,255,000	Notes, 7.450% due 7/16/31	16,533,144
5,320,000	General Motors Corp.: Notes, 7.200% due 1/15/11 (d)	5,200,300
2,375,000	Senior Debentures, 8.250% due 7/15/23 (d)	2,262,187
	<b>Total Automobiles</b>	<b>26,736,731</b>
<b>Building Products 1.5%</b>		
6,960,000		5,133,000



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		Associated Materials Inc., Senior Discount Notes, step bond to yield 12.785% due 3/1/14	
	2,130,000	Jacuzzi Brands Inc., Senior Secured Notes, 9.625% due 7/1/10	2,273,775
	1,750,000	Nortek Inc., Senior Subordinated Notes, 8.500% due 9/1/14	1,745,625
		NTK Holdings Inc., Senior Discount Notes, step bond to yield 11.457% due 3/1/14 (d)	8,158,500
	11,025,000	<b>Total Building Products</b>	17,310,900
<b>Capital Markets</b>	<b>0.6%</b>		
	3,304,000	BCP Crystal U.S. Holdings Corp., Senior Subordinated Notes, 9.625% due 6/15/14	3,667,440

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2007

Face Amount	Security	Value
<b>Capital Markets 0.6% (continued)</b>		
\$ 3,000,000	E*TRADE Financial Corp., Senior Notes, 7.375% due 9/15/13	\$ 3,127,500
	<b>Total Capital Markets</b>	6,794,940
<b>Chemicals 2.7%</b>		
2,800,000	Borden Chemicals & Plastics LP, Notes, 9.500% due 9/18/11	
715,000	(a)(b)(c)	42,000
3,500,000	Chemtura Corp., Senior Notes, 6.875% due 6/1/16	697,125
5,260,000	Equistar Chemicals LP, Senior Notes, 10.625% due 5/1/11	3,727,500
	Georgia Gulf Corp., Senior Notes, 9.500% due 10/15/14 (e)	5,233,700
	Huntsman International LLC, Senior Subordinated Notes, 7.875% due 11/13/14 (e)	2,473,650
2,390,000	Lyondell Chemical Co.:	
	Senior Notes:	
1,400,000	8.000% due 9/15/14	1,463,000
1,155,000	8.250% due 9/15/16	1,230,075
	Senior Secured Notes:	
1,300,000	11.125% due 7/15/12	1,405,625
100,000	10.500% due 6/1/13	110,875
3,075,000	Methanex Corp., Senior Notes, 8.750% due 8/15/12	3,367,125
3,550,000	Millennium America Inc., Senior Notes, 9.250% due 6/15/08	3,709,750
4,475,000	Montell Finance Co. BV, Debentures, 8.100% due 3/15/27 (e)	4,340,750
2,251,000	Rhodia SA, Senior Notes, 10.250% due 6/1/10	2,577,395
1,255,000	Westlake Chemical Corp., Senior Notes, 6.625% due 1/15/16	1,236,175
	<b>Total Chemicals</b>	31,614,745
<b>Commercial Banks 0.6%</b>		
440,000	Banco Mercantil del Norte SA, Subordinated Bonds, 6.135% due 10/13/16 (e)(f)	442,453
1,154,000	ICICI Bank Ltd., Bonds, 6.375% due 4/30/22 (e)(f)	1,148,411
2,650,000	Russian Agricultural Bank, Notes, 7.175% due 5/16/13 (e)	2,765,275
2,785,000	TuranAlem Finance BV, 8.250% due 1/22/37 (e)	2,826,775
	<b>Total Commercial Banks</b>	7,182,914
<b>Commercial Services &amp; Supplies 2.6%</b>		
630,000	Aleris International Inc., Senior Subordinated Notes, 10.000% due 12/15/16 (e)	655,200
2,100,000	Allied Security Escrow Corp., Senior Subordinated Notes, 11.375% due 7/15/11	2,163,000
	Allied Waste North America Inc., Senior Notes, Series B:	
250,000	8.500% due 12/1/08	261,875
757,000	9.250% due 9/1/12	805,259
5,885,000	7.375% due 4/15/14	5,899,712
1,050,000	7.250% due 3/15/15	1,056,563
	Aramark Corp., Senior Notes:	
2,690,000	8.500% due 2/1/15 (e)	2,767,337
650,000	8.860% due 2/1/15 (e)(f)	666,250
3,200,000	Brand Services Inc., Senior Notes, 12.000% due 10/15/12 (d)	3,522,080
4,495,000		4,742,225

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	DynCorp International LLC/DIV Capital Corporation, Senior Subordinated Notes, Series B, 9.500% due 2/15/13	
	Interface Inc.:	
2,875,000	Senior Notes, 10.375% due 2/1/10	3,191,250
1,500,000	Senior Subordinated Notes, 9.500% due 2/1/14	1,605,000
3,000,000	Rental Services Corp., Senior Bonds, 9.500% due 12/1/14 (e)	3,150,000
	<b>Total Commercial Services &amp; Supplies</b>	<b>30,485,751</b>
<b>Communications Equipment 0.5%</b>		
6,100,000	Lucent Technologies Inc., Debentures, 6.450% due 3/15/29	5,581,500

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2007

Face Amount	Security	Value
<b>Consumer Finance 3.7%</b>		
\$ 3,075,000	Ford Motor Credit Co.:	
3,320,000	Notes:	
	7.875% due 6/15/10	\$ 3,122,426
	7.000% due 10/1/13	3,171,244
	Senior Notes:	
4,248,000	10.610% due 6/15/11 (e)(f)	4,623,417
1,950,000	9.875% due 8/10/11	2,089,745
1,210,000	8.110% due 1/13/12 (f)	1,216,447
2,490,000	8.000% due 12/15/16	2,448,952
	General Motors Acceptance Corp.:	
17,300,000	Bonds, 8.000% due 11/1/31 (d)	19,528,897
6,890,000	Notes, 6.875% due 8/28/12 (d)	7,010,258
	<b>Total Consumer Finance</b>	<b>43,211,386</b>
<b>Containers &amp; Packaging 2.0%</b>		
4,960,000	Graham Packaging Co. Inc., Senior Subordinated Notes, 9.875% due 10/15/14	5,133,600
4,470,000	Graphic Packaging International Corp., Senior Subordinated Notes, 9.500% due 8/15/13	4,760,550
3,750,000	JSG Funding PLC, Senior Notes, 9.625% due 10/1/12	4,003,125
1,050,000	Owens-Brockway Glass Container Inc., Senior Secured Notes: 8.875% due 2/15/09	1,078,875
4,349,000	8.750% due 11/15/12	4,620,813
1,490,000	Plastipak Holdings Inc., Senior Notes, 8.500% due 12/15/15 (e)	1,564,500
1,975,000	Radnor Holdings Corp., Senior Notes, 11.000% due 3/15/10 (c)	17,281
2,355,000	Smurfit-Stone Container Enterprises Inc., Senior Notes, 8.375% due 7/1/12	2,378,550
	<b>Total Containers &amp; Packaging</b>	<b>23,557,294</b>
<b>Diversified Consumer Services 0.4%</b>		
1,965,000	Education Management LLC/Education Management Corp.:	
290,000	8.750% due 6/1/14	2,073,075
	10.250% due 6/1/16	313,200
650,000	Service Corp. International:	
1,200,000	Debentures, 7.875% due 2/1/13	672,750
	Senior Notes, 7.625% due 10/1/18	1,266,000
	<b>Total Diversified Consumer Services</b>	<b>4,325,025</b>
<b>Diversified Financial Services 2.3%</b>		
4,060,000	Basell AF SCA, Senior Secured Subordinated Second Priority Notes, 8.375% due 8/15/15 (e)	4,212,250
2,110,000	CCM Merger Inc., Notes, 8.000% due 8/1/13 (e)	2,107,362
	CitiSteel USA Inc., Senior Secured Notes:	
1,255,000	12.949% due 9/1/10 (f)	1,302,063
870,000	15.000% due 10/1/10 (e)(g)	1,030,950
	El Paso Performance-Linked Trust Certificates, Notes, 7.750% due 7/15/11 (e)	141,075
135,000		
3,025,000	Idearc Inc., Senior Notes, 8.000% due 11/15/16 (e)	3,089,281

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2,055,000	Milacron Escrow Corp., Senior Secured Notes, 11.500% due 5/15/11	1,972,800
1,360,000	TNK-BP Finance SA, 7.500% due 7/18/16 (e)	1,423,512
1,460,000	UCAR Finance Inc., Senior Notes, 10.250% due 2/15/12	1,540,300
2,055,000	UGS Corp., Senior Subordinated Notes, 10.000% due 6/1/12	2,260,500
4,130,000	Vanguard Health Holdings Co. I LLC, Senior Discount Notes, step bond to yield 9.967% due 10/1/15	3,334,975
4,425,000	Vanguard Health Holdings Co. II LLC, Senior Subordinated Notes, 9.000% due 10/1/14	4,552,219
	<b>Total Diversified Financial Services</b>	<b>26,967,287</b>

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2007

Face Amount	Security	Value
<b>Diversified Telecommunication Services 6.7%</b>		
\$ 3,770,000	Axtel SA de CV, Senior Notes, 7.625% due 2/1/17 (e)	\$ 3,787,304
	Cincinnati Bell Inc.:	
3,240,000	Senior Notes, 7.000% due 2/15/15	3,256,200
1,040,000	Senior Subordinated Notes, 8.375% due 1/15/14	1,071,200
1,260,000	Cincinnati Bell Telephone Co., Senior Debentures, 6.300% due 12/1/28	1,146,600
	Citizens Communications Co., Senior Notes:	
1,585,000	7.875% due 1/15/27 (e)	1,612,738
2,055,000	9.000% due 8/15/31	2,224,537
	Hawaiian Telcom Communications Inc.:	
175,000	Senior Notes, Series B, 10.889% due 5/1/13 (f)	180,688
6,121,000	Senior Subordinated Notes, Series B, 12.500% due 5/1/15	6,687,192
2,725,000	Inmarsat Finance PLC, 7.625% due 6/30/12	2,827,187
	Intelsat Bermuda Ltd., Senior Notes:	
1,485,000	8.872% due 1/15/15 (e)(f)	1,518,413
4,315,000	9.250% due 6/15/16 (e)	4,757,287
6,440,000	11.250% due 6/15/16 (e)	7,309,400
490,000	Intelsat Ltd., Notes, 7.625% due 4/15/12	474,688
1,915,000	Level 3 Communications Inc., Senior Notes, 11.500% due 3/1/10	2,072,987
	Level 3 Financing Inc., Senior Notes:	
1,275,000	11.800% due 3/15/11 (f)	1,357,875
1,320,000	9.250% due 11/1/14 (e)	1,356,300
2,820,000	Nordic Telephone Co. Holdings, Senior Secured Notes, 8.875% due 5/1/16 (e)	3,045,600
	NTL Cable PLC, Senior Notes:	
140,000	8.750% due 4/15/14 (d)	145,950
4,220,000	9.125% due 8/15/16 (d)	4,483,750
1,355,000	PanAmSat Corp., Senior Notes, 9.000% due 8/15/14	1,466,788
	Qwest Communications International Inc., Senior Notes:	
365,000	7.500% due 2/15/14	378,688
900,000	Series B, 7.500% due 2/15/14	933,750
	Qwest Corp.:	
3,878,000	Debentures, 6.875% due 9/15/33	3,703,490
7,325,000	Notes, 8.875% due 3/15/12	8,167,375
3,640,000	Southwestern Bell Telephone Co., Debentures, 7.000% due 11/15/27	3,706,776
4,770,000	Telcordia Technologies Inc., Senior Subordinated Notes, 10.000% due 3/15/13	4,507,650
	(e)	
6,000,000	MXN Telefonos de Mexico SA de CV, Senior Notes, 8.750% due 1/31/16	542,018
	Wind Acquisition Finance SA, Senior Bond, 10.750% due 12/1/15 (e)	706,075
610,000	Windstream Corp., 8.625% due 8/1/16	5,601,837
5,110,000		79,030,343
<b>Total Diversified Telecommunication Services</b>		
<b>Electric Utilities 0.7%</b>		
	Enersis SA:	
1,295,000	Bonds, 7.375% due 1/15/14	1,391,514
487,000	Notes, 7.400% due 12/1/16	535,321
1,665,000	IPALCO Enterprises Inc., Secured Notes, 8.625% due 11/14/11	1,810,687

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1,106,110	Midwest Generation LLC, Pass-Through Certificates, Series B, 8.560% due 1/2/16	1,217,413
2,570,000	Orion Power Holdings Inc., Senior Notes, 12.000% due 5/1/10	2,961,925
	<b>Total Electric Utilities</b>	7,916,860
<b>Electronic Equipment &amp; Instruments</b>	<b>0.3%</b>	
	NXP BV/NXP Funding LLC:	
795,000	Senior Notes, 9.500% due 10/15/15 (e)	825,806
2,420,000	Senior Secured Bond, 7.875% due 10/15/14 (e)	2,510,750
	<b>Total Electronic Equipment &amp; Instruments</b>	3,336,556

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2007

	Face Amount	Security	Value
<b>Energy Equipment &amp; Services</b>	<b>0.9%</b>		
\$	3,115,000	Complete Production Services Inc., Senior Notes, 8.000% due 12/15/16 (e)	\$ 3,169,513
	1,605,000	Geokinetics Inc., Secured Notes, 11.860% due 12/15/12 (d)(e)(f)	1,621,050
	650,000	GulfMark Offshore Inc., Senior Subordinated Notes, 7.750% due 7/15/14	659,750
	3,175,000	Hanover Compressor Co., Senior Notes, 9.000% due 6/1/14	3,397,250
	1,210,000	Pride International Inc., Senior Notes, 7.375% due 7/15/14	1,234,200
	400,000	Southern Natural Gas Co., Senior Notes, 8.000% due 3/1/32	464,978
		<b>Total Energy Equipment &amp; Services</b>	<b>10,546,741</b>
<b>Food Products</b>	<b>0.4%</b>		
	1,600,000	Dole Food Co. Inc.: Debentures, 8.750% due 7/15/13	1,584,000
	2,065,000	Senior Notes: 7.250% due 6/15/10	2,005,631
	1,050,000	8.875% due 3/15/11	1,050,000
		<b>Total Food Products</b>	<b>4,639,631</b>
<b>Gas Utilities</b>	<b>0.5%</b>		
	5,625,000	Suburban Propane Partners LP/Suburban Energy Finance Corp., Senior Notes, 6.875% due 12/15/13	5,498,438
<b>Health Care Providers &amp; Services</b>	<b>4.0%</b>		
	4,425,000	AmeriPath Inc., Senior Subordinated Notes, 10.500% due 4/1/13	4,823,250
	4,885,000	DaVita Inc., Senior Subordinated Notes, 7.250% due 3/15/15	4,970,487
	3,880,000	HCA Inc.: Debentures, 7.500% due 11/15/95	2,979,351
	2,100,000	Notes, 6.375% due 1/15/15	1,790,250
	7,210,000	Senior Notes, 6.500% due 2/15/16	6,110,475
	3,065,000	Senior Secured Notes: 9.250% due 11/15/16 (e)	3,264,225
	2,510,000	9.625% due 11/15/16 (e)	2,701,388
	4,800,000	IASIS Healthcare LLC/IASIS Capital Corp., Senior Subordinated Notes, 8.750% due 6/15/14	4,926,000
	6,000,000	Tenet Healthcare Corp., Senior Notes: 7.375% due 2/1/13	5,580,000
	4,560,000	9.875% due 7/1/14	4,645,500
	1,500,000	6.875% due 11/15/31	1,181,250
	4,550,000	Triad Hospitals Inc., Senior Subordinated Notes, 7.000% due 11/15/13	4,675,125
		<b>Total Health Care Providers &amp; Services</b>	<b>47,647,301</b>
<b>Hotels, Restaurants &amp; Leisure</b>	<b>6.3%</b>		
	600,000	Boyd Gaming Corp., Senior Subordinated Notes: 7.750% due 12/15/12	620,250
	1,000,000	6.750% due 4/15/14	985,000
	2,535,000	Buffets Inc., 12.500% due 11/1/14 (d)	2,630,062
	700,000	Caesars Entertainment Inc., Senior Subordinated Notes: 9.375% due 2/15/07	700,875



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4,500,000	8.875% due 9/15/08	4,719,375
3,000,000	8.125% due 5/15/11	3,191,250
2,725,000	Carrols Corp., Senior Subordinated Notes, 9.000% due 1/15/13	2,820,375
1,150,000	Choctaw Resort Development Enterprise, Senior Notes, 7.250% due 11/15/19 (e)	1,173,000
4,725,000	Denny s Holdings Inc., Senior Notes, 10.000% due 10/1/12	5,049,844
1,475,000	El Pollo Loco Inc., Senior Notes, 11.750% due 11/15/13	1,607,750
4,150,000	Herbst Gaming Inc., Senior Subordinated Notes, 7.000% due 11/15/14	4,015,125
4,070,000	Inn of the Mountain Gods Resort & Casino, Senior Notes, 12.000% due 11/15/10	4,456,650

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2007

	Face Amount	Security	Value
<b>Hotels, Restaurants &amp; Leisure</b>	<b>6.3% (continued)</b>		
\$	4,800,000	Isle of Capri Casinos Inc., Senior Subordinated Notes, 7.000% due 3/1/14	\$ 4,764,000
	3,850,000	Las Vegas Sands Corp., Senior Notes, 6.375% due 2/15/15	3,763,375
		MGM MIRAGE Inc.:	
		Senior Notes:	
	355,000	8.500% due 9/15/10	382,513
	955,000	6.750% due 9/1/12	952,612
	3,485,000	7.625% due 1/15/17	3,524,206
		Senior Subordinated Notes:	
	2,760,000	9.750% due 6/1/07	2,804,850
	455,000	8.375% due 2/1/11	480,594
		Mohegan Tribal Gaming Authority, Senior Subordinated Notes:	
	1,100,000	7.125% due 8/15/14	1,130,250
	2,475,000	6.875% due 2/15/15	2,490,469
	620,000	Penn National Gaming Inc., Senior Subordinated Notes, 6.750% due 3/1/15	600,625
	4,700,000	Pinnacle Entertainment Inc., Senior Subordinated Notes, 8.250% due 3/15/12	4,835,125
	3,930,000	Pokagon Gaming Authority, Senior Notes, 10.375% due 6/15/14 (e)	4,332,825
	415,000	River Rock Entertainment Authority, Senior Notes, 9.750% due 11/1/11	445,088
		Sbarro Inc., Senior Notes:	
	2,825,000	11.000% due 9/15/09	2,890,907
	465,000	10.375% due 2/1/15 (e)	476,625
		Snoqualmie Entertainment Authority:	
	840,000	Notes, 9.125% due 2/1/15 (e)	854,700
	885,000	Senior Notes, 9.150% due 2/1/14 (e)(f)	894,956
		Station Casinos Inc.:	
		Senior Notes:	
	40,000	6.000% due 4/1/12	38,050
	3,885,000	7.750% due 8/15/16	3,982,125
		Senior Subordinated Notes:	
	80,000	6.875% due 3/1/16	73,600
	1,355,000	6.625% due 3/15/18	1,189,012
	1,000,000	Wynn Las Vegas LLC/Wynn Las Vegas Capital Corp., 6.625% due 12/1/14	995,000
		<b>Total Hotels, Restaurants &amp; Leisure</b>	<b>73,871,063</b>
<b>Household Durables</b>	<b>1.9%</b>		
	310,000	American Greetings Corp., Senior Notes, 7.375% due 6/1/16	320,075
		Beazer Homes USA Inc., Senior Notes:	
	295,000	6.875% due 7/15/15	285,413
	1,920,000	8.125% due 6/15/16	2,006,400
	4,000,000	Holt Group Inc., Senior Notes, 9.750% due 1/15/06 (a)(b)(c)*	0
		K Hovnanian Enterprises Inc., Senior Notes:	

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2,605,000	7.500% due 5/15/16	2,618,025
4,480,000	8.625% due 1/15/17	4,748,800
2,590,000	Norcraft Cos. LP/Norcraft Finance Corp., Senior Subordinated Notes, 9.000% due 11/1/11	2,687,125
5,765,000	Norcraft Holdings LP/Norcraft Capital Corp., Senior Discount Notes, step bond to yield 9.952% due 9/1/12	5,102,025
4,150,000	Sealy Mattress Co., Senior Subordinated Notes, 8.250% due 6/15/14	4,378,250
	<b>Total Household Durables</b>	22,146,113
<b>Household Products 0.3%</b>		
	Nutro Products Inc.:	
435,000	Senior Notes, 9.400% due 10/15/13 (e)(f)	451,313
1,530,000	Senior Subordinated Notes, 10.750% due 4/15/14 (e)	1,683,000
1,890,000	Visant Holding Corp., Senior Notes, 8.750% due 12/1/13	1,993,950
	<b>Total Household Products</b>	4,128,263

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2007

Face Amount	Security	Value
<b>Independent Power Producers &amp; Energy Traders 4.0%</b>		
\$ 2,710,000	AES China Generating Co., Ltd., Class A, 8.250% due 6/26/10	\$ 2,711,469
	AES Corp.:	
	Senior Notes:	
1,325,000	9.500% due 6/1/09	1,411,125
1,900,000	9.375% due 9/15/10	2,061,500
250,000	8.875% due 2/15/11	268,750
4,225,000	7.750% due 3/1/14	4,467,937
730,000	Senior Secured Notes, 9.000% due 5/15/15 (e)	784,750
2,500,000	Calpine Generating Co. LLC, Senior Secured Notes, 14.370% due 4/1/11 (c)(f)	2,662,500
8,350,000	Dynegy Holdings Inc., Senior Debentures, 7.625% due 10/15/26 (d)	8,141,250
	Edison Mission Energy, Senior Notes:	
4,575,000	7.730% due 6/15/09	4,735,125
445,000	7.500% due 6/15/13	463,913
2,600,000	7.750% due 6/15/16	2,762,500
4,235,000	Mirant North America LLC, Senior Notes, 7.375% due 12/31/13	4,340,875
	NRG Energy Inc., Senior Notes:	
1,675,000	7.250% due 2/1/14 (d)	1,683,375
8,770,000	7.375% due 2/1/16 (d)	8,802,887
1,800,000	7.375% due 1/15/17 (d)	1,804,500
	<b>Total Independent Power Producers &amp; Energy Traders</b>	<b>47,102,456</b>
<b>Industrial Conglomerates 0.1%</b>		
680,000	Koppers Inc., Senior Notes, 9.875% due 10/15/13	741,200
2,750,000	Moll Industries Inc., Senior Subordinated Notes, 10.500% due 7/1/08 (a)(b)(c)*	0
940,000	Sequa Corp., Senior Notes, 9.000% due 8/1/09	1,001,100
	<b>Total Industrial Conglomerates</b>	<b>1,742,300</b>
<b>Insurance 0.5%</b>		
6,005,000	Crum & Forster Holdings Corp., Senior Notes, 10.375% due 6/15/13	6,515,425
<b>Internet &amp; Catalog Retail 0.3%</b>		
1,160,000	Brookstone Co. Inc., Senior Secured Notes, 12.000% due 10/15/12 (d)	1,180,300
2,218,000	FTD Inc., Senior Subordinated Notes, 7.750% due 2/15/14	2,234,635
	<b>Total Internet &amp; Catalog Retail</b>	<b>3,414,935</b>
<b>IT Services 0.6%</b>		
2,900,000	SunGard Data Systems Inc.:	
	Senior Notes, 9.125% due 8/15/13	3,066,750
3,230,000	Senior Subordinated Notes, 10.250% due 8/15/15	3,488,400
	<b>Total IT Services</b>	<b>6,555,150</b>
<b>Leisure Equipment &amp; Products 0.2%</b>		
2,810,000	WMG Acquisition Corp., Senior Subordinated Notes, 7.375% due 4/15/14	2,781,900
<b>Machinery 0.6%</b>		

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1,850,000	Case New Holland Inc., Senior Notes, 7.125% due 3/1/14	1,905,500
641,000	Mueller Group Inc., Senior Subordinated Notes, 10.000% due 5/1/12 (d)	695,485
4,814,000	Mueller Holdings Inc., Senior Discount Notes, step bond to yield 14.392% due 4/15/14 (d)	4,404,810
	<b>Total Machinery</b>	<b>7,005,795</b>
<b>Media 10.3%</b>		
	Affinion Group Inc.:	
4,465,000	Senior Notes, 10.125% due 10/15/13	4,822,200
2,025,000	Senior Subordinated Notes, 11.500% due 10/15/15	2,187,000
	AMC Entertainment Inc.:	

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2007

Media	Face Amount	Security	Value
\$	20,000	Senior Notes, Series B, 8.625% due 8/15/12	\$ 21,125
	6,905,000	Senior Subordinated Notes, 11.000% due 2/1/16	7,837,175
	2,100,000	CCH I Holdings LLC, Senior Notes:	
	156,000	13.500% due 1/15/14 (d)	2,089,500
	3,000,000	11.000% due 10/1/15	161,460
	5,040,000	CCH I Holdings LLC/CCH I Holdings Capital Corp., Senior Accreting Notes, Step bond to yield 17.441% due 1/15/15 (d)	2,887,500
	4,390,000	CCH I LLC/CCH Capital Corp., Senior Secured Notes, 11.000% due 10/1/15 (d)	5,229,000
	3,032,000	CCH II LLC/CCH II Capital Corp., Senior Notes:	
	1,395,000	10.250% due 9/15/10 (d)	4,582,062
	325,000	10.250% due 10/1/13 (d)	3,259,400
	1,325,000	Charter Communications Holdings LLC, Senior Discount Notes, 12.125% due 1/15/12	1,346,175
	925,000	Charter Communications Holdings LLC/Charter Communications Holdings Capital Corp., Senior Discount Notes:	
	1,375,000	9.920% due 4/1/11	310,375
	3,270,000	11.750% due 5/15/11	1,291,875
	4,210,000	Charter Communications Operating LLC, Second Lien Senior Notes, 8.375% due 4/30/14 (e)	966,625
	280,000	Chukchansi Economic Development Authority, Senior Notes, 8.000% due 11/15/13 (e)	1,430,000
	3,400,000	CMP Susquehanna Corp., Senior Subordinated Notes, 9.875% due 5/15/14 (e)	3,368,100
	813,000	CSC Holdings Inc.:	
	3,350,000	Senior Debentures, Series B, 8.125% due 8/15/09 (d)	4,383,663
	2,344,000	Senior Notes, Series B:	
	4,441,000	8.125% due 7/15/09	291,550
	4,410,000	7.625% due 4/1/11	3,519,000
	8,010,000	Dex Media East LLC/Dex Media East Finance Co., Senior Notes, Series B, 12.125% due 11/15/12	896,333
	1,950,000	Dex Media Inc., Discount Notes, step bond to yield 8.367% due 11/15/13	3,056,875
	930,000	Dex Media West LLC/Dex Media Finance Co., Senior Subordinated Notes, Series B, 9.875% due 8/15/13	2,560,820
	4,200,000	DIRECTV Holdings LLC/DIRECTV Financing Co. Inc., Senior Notes, 8.375% due 3/15/13	4,668,601
		EchoStar DBS Corp., Senior Notes:	
		7.000% due 10/1/13	4,437,562
		7.125% due 2/1/16	8,080,087
		Interep National Radio Sales Inc., Senior Subordinated Notes, Series B, 10.000% due 7/1/08	1,677,000
		ION Media Networks Inc., Senior Secured Notes, 11.610% due 1/15/13 (e)(f)	971,850
		Kabel Deutschland GmbH, Senior Notes, 10.625% due 7/1/14	4,709,250

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2,760,000	Lamar Media Corp., Senior Subordinated Notes, 6.625% due 8/15/15	2,732,400
3,520,000	LodgeNet Entertainment Corp., Senior Subordinated Notes, 9.500% due 6/15/13	3,792,800
2,615,000	Primedia Inc., Senior Notes, 8.875% due 5/15/11	2,680,375
1,255,000	Quebecor Media Inc., Senior Notes, 7.750% due 3/15/16	1,280,100
	R.H. Donnelley Corp.:	
	Senior Discount Notes:	
1,000,000	Series A-1, 6.875% due 1/15/13	962,500
2,200,000	Series A-2, 6.875% due 1/15/13	2,117,500
5,200,000	Senior Notes, Series A-3, 8.875% due 1/15/16	5,473,000
900,000	R.H. Donnelley Finance Corp. I, Senior Subordinated Notes, 10.875% due 12/15/12 (e)	983,250
3,475,000	Radio One Inc., Senior Subordinated Notes, Series B, 8.875% due 7/1/11	3,622,688
4,885,000	Rainbow National Services LLC, Senior Notes, 8.750% due 9/1/12 (e)	5,226,950
	Rogers Cable Inc.:	

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2007

Face Amount	Security	Value
<b>Media 10.3% (continued)</b>		
\$ 1,455,000	Secured Notes, 5.500% due 3/15/14	\$ 1,398,675
	Senior Secured Second Priority Notes:	
1,340,000	6.250% due 6/15/13	1,348,375
760,000	6.750% due 3/15/15	784,175
4,117,000	Sinclair Broadcast Group Inc., Senior Subordinated Notes, 8.000% due 3/15/12	4,250,803
750,000	Videotron Ltee., Senior Notes, 6.375% due 12/15/15	731,250
	XM Satellite Radio Inc., Senior Notes:	
860,000	9.871% due 5/1/13 (f)	844,950
2,180,000	9.750% due 5/1/14	2,201,800
	<b>Total Media</b>	<b>121,473,754</b>
<b>Metals &amp; Mining 1.7%</b>		
275,000	Chaparral Steel Co., Senior Notes, 10.000% due 7/15/13	308,000
2,810,000	Metals USA Holdings Corp., Senior Notes, 11.365% due 1/15/12 (e)(f)	2,760,825
5,685,000	Metals USA Inc., Senior Secured Notes, 11.125% due 12/1/15	6,303,244
1,305,000	RathGibson Inc., Senior Notes, 11.250% due 2/15/14	1,389,825
5,000,000	Republic Technologies International LLC/RTI Capital Corp., Senior Secured Notes, 13.750% due 7/15/09 (a)(b)(c)*	0
1,950,000	Tube City IMS Corp., Senior Subordinated Notes, 9.750% due 2/1/15 (e)	2,008,500
	Vale Overseas Ltd., Notes:	
383,000	6.250% due 1/23/17	384,677
1,284,000	8.250% due 1/17/34	1,530,714
5,826,000	6.875% due 11/21/36	5,944,041
	<b>Total Metals &amp; Mining</b>	<b>20,629,826</b>
<b>Multiline Retail 0.7%</b>		
	Neiman Marcus Group Inc.:	
1,760,000	Senior Notes, 9.000% due 10/15/15 (d)	1,936,000
4,455,000	Senior Subordinated Notes, 10.375% due 10/15/15 (d)	5,000,737
1,543,000	Saks Inc., Notes, 9.875% due 10/1/11	1,730,089
	<b>Total Multiline Retail</b>	<b>8,666,826</b>
<b>Oil, Gas &amp; Consumable Fuels 9.8%</b>		
5,145,000	Belden & Blake Corp., Secured Notes, 8.750% due 7/15/12	5,273,625
	Chesapeake Energy Corp., Senior Notes:	
5,675,000	6.625% due 1/15/16	5,547,312
3,725,000	6.500% due 8/15/17	3,576,000
925,000	6.250% due 1/15/18	875,281
5,127,000	Cimarex Energy Co., Senior Notes, 9.600% due 3/15/12	5,389,759
1,005,000	Compagnie Generale de Geophysique SA, Senior Notes, 7.500% due 5/15/15	1,012,538
	El Paso Corp.:	
	Medium-Term Notes:	
5,025,000	7.800% due 8/1/31	5,389,312
7,525,000	7.750% due 1/15/32	8,070,562
5,200,000	Notes, 7.875% due 6/15/12	5,525,000
2,250,000	Enterprise Products Operating LP, Junior Subordinated Notes, 8.375% due 8/1/66 (f)	2,462,027
4,610,000	EXCO Resources Inc., Senior Notes, 7.250% due 1/15/11	4,702,200



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	Gazprom:		
	Bonds:		
104,590,000	RUB	Series A7, 6.790% due 10/29/09	3,949,882
34,860,000	RUB	Series A8, 7.000% due 10/27/11	1,313,214
5,290,000		Loan Participation Notes, 6.212% due 11/22/16 (e)	5,231,810
50,960,000	RUB	OAD, Series A6, 6.950% due 8/6/09	1,930,273
2,325,000		Inergy LP/Inergy Finance Corp., Senior Notes, 8.250% due 3/1/16	2,412,188

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

## Schedule of Investments (unaudited) (continued)

January 31, 2007

Face Amount	Security	Value
<b>Oil, Gas &amp; Consumable Fuels 9.8% (continued)</b>		
\$ 3,705,000	International Coal Group Inc., Senior Notes, 10.250% due 7/15/14	\$ 3,667,950
1,465,000	Mariner Energy Inc., Senior Notes, 7.500% due 4/15/13	1,428,375
995,000	Northwest Pipeline Corp., Senior Notes, 7.000% due 6/15/16	1,042,263
490,000	OMI Corp., Senior Notes, 7.625% due 12/1/13	499,800
1,905,000	OPTI Canada Inc., Senior Secured Notes, 8.250% due 12/15/14 (e) Pemex Project Funding Master Trust:	2,000,250
1,846,000	6.125% due 8/15/08	1,857,076
250,000	7.375% due 12/15/14	271,250
1,298,000	Senior Notes, 5.970% due 12/3/12 (e)(f)	1,310,007
3,015,000	Petrohawk Energy Corp., Senior Notes, 9.125% due 7/15/13 Petrozuata Finance Inc.:	3,135,600
4,544,000	8.220% due 4/1/17 (e)	4,289,149
1,130,000	Pogo Producing Co., Senior Subordinated Notes:	
2,000,000	7.875% due 5/1/13	1,144,125
5,665,000	Series B, 8.250% due 4/15/11	2,042,500
160,000	SemGroup LP, Senior Notes, 8.750% due 11/15/15 (e)	5,707,487
3,715,000	SESI LLC, Senior Notes, 6.875% due 6/1/14	157,600
1,000,000	Stone Energy Corp., Senior Subordinated Notes, 8.250% due 12/15/11	3,649,987
2,550,000	Swift Energy Co., Senior Subordinated Notes, 9.375% due 5/1/12	1,055,000
1,975,000	Whiting Petroleum Corp., Senior Subordinated Notes:	
90,000	7.250% due 5/1/12	2,543,625
3,650,000	7.000% due 2/1/14	1,955,250
6,225,000	Williams Cos. Inc.:	
3,700,000	Debentures, Series A, 7.500% due 1/15/31	94,050
	Notes:	
	7.875% due 9/1/21	3,942,000
	8.750% due 3/15/32	7,112,062
	Senior Notes, 7.625% due 7/15/19	3,968,250
	<b>Total Oil, Gas &amp; Consumable Fuels</b>	<b>115,534,639</b>
<b>Paper &amp; Forest Products 1.4%</b>		
395,000	Appleton Papers Inc.:	
4,685,000	Senior Notes, 8.125% due 6/15/11	408,825
	Senior Subordinated Notes, Series B, 9.750% due 6/15/14	4,895,825
	NewPage Corp.:	
	Senior Secured Notes:	
1,110,000	10.000% due 5/1/12 (d)	1,215,450
4,290,000	11.621% due 5/1/12 (d)(f)	4,719,000
2,520,000	Senior Subordinated Notes, 12.000% due 5/1/13 (d)	2,759,400
1,000,000	Smurfit Capital Funding PLC, Debentures, 7.500% due 11/20/25	1,015,000
	Verso Paper Holdings LLC:	
15,000	Senior Secured Notes, 9.125% due 8/1/14 (e)	15,825
1,500,000	Senior Subordinated Notes, 11.375% due 8/1/16 (e)	1,597,500
	<b>Total Paper &amp; Forest Products</b>	<b>16,626,825</b>

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<b>Pharmaceuticals</b>	<b>0.5%</b>			
		4,020,000	Leiner Health Products Inc., Senior Subordinated Notes, 11.000% due 6/1/12	4,200,900
		1,915,000	Valeant Pharmaceuticals International, Senior Notes, 7.000% due 12/15/11	1,847,975
			<b>Total Pharmaceuticals</b>	<b>6,048,875</b>
<b>Real Estate Investment Trusts (REITs)</b>	<b>1.1%</b>			
		130,000	Forest City Enterprises Inc., Senior Notes, 7.625% due 6/1/15	134,225
		2,500,000	Host Marriott LP, Senior Notes: 7.125% due 11/1/13	2,550,000
		3,400,000	Series O, 6.375% due 3/15/15	3,336,250

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2007

Face Amount	Security	Value
<b>Real Estate Investment Trusts (REITs) 1.1% (continued)</b>		
\$ 2,275,000	Kimball Hill Inc., Senior Subordinated Notes, 10.500% due 12/15/12	\$ 2,246,563
1,070,000	Ventas Realty LP/Ventas Capital Corp., Senior Notes:	1,110,125
665,000	7.125% due 6/1/15	668,325
2,615,000	6.500% due 6/1/16	2,667,300
	6.750% due 4/1/17	2,667,300
	<b>Total Real Estate Investment Trusts (REITs)</b>	<b>12,712,788</b>
<b>Real Estate Management &amp; Development 0.1%</b>		
1,375,000	Ashton Woods USA LLC/Ashton Woods Finance Co., Senior Subordinated Notes, 9.500% due 10/1/15	1,326,875
<b>Road &amp; Rail 1.6%</b>		
	Grupo Transportacion Ferroviaria Mexicana SA de CV, Senior Notes:	
4,850,000	9.375% due 5/1/12	5,201,625
160,000	12.500% due 6/15/12	173,600
	Hertz Corp.:	
3,930,000	8.875% due 1/1/14	4,195,275
7,165,000	10.500% due 1/1/16	8,096,450
910,000	Kansas City Southern de Mexico, Senior Notes, 7.625% due 12/1/13 (e)	914,550
840,000	Kansas City Southern Railway, Senior Notes, 7.500% due 6/15/09	855,750
	<b>Total Road &amp; Rail</b>	<b>19,437,250</b>
<b>Semiconductors &amp; Semiconductor Equipment 0.4%</b>		
5,035,000	Freescale Semiconductor Inc., Senior Notes, 8.875% due 12/15/14 (e)	5,035,000
<b>Software 0.5%</b>		
2,695,000	Activant Solutions Inc., Senior Subordinated Notes, 9.500% due 5/1/16 (e)	2,627,625
2,951,792	UGS Capital Corp. II, Senior Notes, 10.348% due 6/1/11 (e)(f)(g)	3,025,587
	<b>Total Software</b>	<b>5,653,212</b>
<b>Specialty Retail 0.6%</b>		
	AutoNation Inc., Senior Notes:	
745,000	7.360% due 4/15/13 (f)	754,313
830,000	7.000% due 4/15/14	838,300
2,525,000	Blockbuster Inc., Senior Subordinated Notes, 9.000% due 9/1/12	2,531,312
1,995,000	Eye Care Centers of America, Senior Subordinated Notes, 10.750% due 2/15/15	2,221,931
1,370,000	Linens n Things Inc., Senior Secured Notes, 10.985% due 1/15/14 (f)	1,335,750
	<b>Total Specialty Retail</b>	<b>7,681,606</b>
<b>Textiles, Apparel &amp; Luxury Goods 0.8%</b>		
6,785,000	Levi Strauss & Co., Senior Notes, 9.750% due 1/15/15	7,361,725
2,950,000	Simmons Co., Senior Discount Notes, step bond to yield 9.995% due 12/15/14	2,433,750

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		<b>Total Textiles, Apparel &amp; Luxury Goods</b>	9,795,475
<b>Tobacco 0.2%</b>	1,970,000	Alliance One International Inc., Senior Notes, 11.000% due 5/15/12	2,137,450
		Ashtead Capital Inc., Notes, 9.000% due 8/15/16 (e)	2,327,375
<b>Trading Companies &amp; Distributors 1.0%</b>	2,165,000	H&E Equipment Services Inc., Senior Notes, 8.375% due 7/15/16	2,927,187
	2,755,000	Penhall International Corp., Senior Secured Notes, 12.000% due 8/1/14 (e)	4,159,525
	3,790,000	TransDigm Inc., Senior Subordinated Notes:	
	1,810,000	7.750% due 7/15/14 (e)	1,831,293
	775,000	7.750% due 7/15/14	794,375
		<b>Total Trading Companies &amp; Distributors</b>	<b>12,039,755</b>

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

## Schedule of Investments (unaudited) (continued)

January 31, 2007

Face Amount	Security	Value
<b>Wireless Telecommunication Services 2.5%</b>		
\$ 1,825,000	American Tower Corp., Senior Notes, 7.500% due 5/1/12	\$ 1,895,719
4,180,000	Nextel Communications Inc., Senior Notes, Series D, 7.375% due 8/1/15	4,287,949
440,000	Rogers Wireless Communications Inc., Senior Secured Notes, 7.250% due 12/15/12	465,300
1,040,000	Rogers Wireless Inc., Senior Subordinated Notes, 8.000% due 12/15/12	1,099,800
	Rural Cellular Corp.:	
1,090,000	Secured Notes, 8.250% due 3/15/12	1,141,775
2,590,000	Senior Notes, 9.875% due 2/1/10	2,758,350
11,050,000	True Move Co., Ltd., 10.750% due 12/16/13 (e)	10,939,500
3,900,000	UbiquiTel Operating Co., Senior Notes, 9.875% due 3/1/11	4,193,073
2,220,000	UBS Luxembourg SA, Notes, 8.250% due 5/23/16	2,345,763
	<b>Total Wireless Telecommunication Services</b>	<b>29,127,229</b>
	<b>TOTAL CORPORATE BONDS &amp; NOTES</b>	
	(Cost \$968,900,913)	993,352,097
<b>ASSET-BACKED SECURITY 0.0%</b>		
<b>Diversified Financial Services 0.0%</b>		
1,975,400	Airplanes Pass-Through Trust, Subordinated Notes, Series D, 10.875% due 3/15/19 (a)(b)(c)*	
	(Cost - \$2,052,466)	0
<b>CONVERTIBLE BOND &amp; NOTE 0.1%</b>		
<b>Automobiles 0.1%</b>		
1,110,000	Ford Motor Co., Senior Notes, 4.250% due 12/15/36	
	(Cost - \$1,110,000)	1,265,400
<b>MORTGAGE-BACKED SECURITY 5.2%</b>		
<b>FNMA 5.2%</b>		
63,900,000	Federal National Mortgage Association (FNMA), 5.000% due 2/12/37 (h)	
	(Cost - \$61,084,406)	61,324,063
<b>SOVEREIGN BONDS 6.9%</b>		
<b>Argentina 0.6%</b>		
	Republic of Argentina:	
1,400,000	EUR 9.250% due 10/21/02 (c)	582,355
300,000	EUR 9.000% due 6/20/03 (c)	128,690
250,000	EUR 10.250% due 1/26/07 (c)	111,304
275,000	EUR 8.000% due 2/26/08 (c)	120,200
664,500	5.590% due 8/3/12 (f)	631,616
6,634,286	ARS Bonds, 2.000% due 1/3/10 (f)	4,511,496
97,000	EUR GDP Linked Securities, 0.000% due 12/15/35 (f)	16,833
	Medium-Term Notes:	
1,175,000	EUR 7.000% due 3/18/04 (a)(c)	507,855
600,000	EUR 8.125% due 10/4/04 (c)	249,581
525,000	EUR 9.000% due 5/24/05 (c)(e)	226,061
	<b>Total Argentina</b>	<b>7,085,991</b>
<b>Brazil 1.5%</b>		
	Federative Republic of Brazil:	
8,894,000	11.000% due 8/17/40 (d)	11,702,280

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	Collective Action Securities:	
2,005,000	8.750% due 2/4/25 (d)	2,469,659
3,449,000	Notes, 8.000% due 1/15/15 (d)	3,811,145
	<b>Total Brazil</b>	<b>17,983,084</b>

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

## Schedule of Investments (unaudited) (continued)

January 31, 2007

	Face Amount	Security	Value
<b>Colombia 0.4%</b>			
\$	51,000	Republic of Colombia:	\$ 72,203
	4,615,000	10.375% due 1/28/33	4,901,130
		7.375% due 9/18/37	4,973,333
		<b>Total Colombia</b>	
<b>Ecuador 0.1%</b>	2,100,000	Republic of Ecuador, 10.000% due 8/15/30 (e)	1,648,500
<b>El Salvador 0.2%</b>			
	1,300,000	Republic of El Salvador:	1,488,500
	270,000	7.750% due 1/24/23 (e)	322,650
		8.250% due 4/10/32 (e)	1,811,150
		<b>Total El Salvador</b>	
<b>Indonesia 0.1%</b>	400,000	Republic of Indonesia, 8.500% due 10/12/35 (e)	490,000
<b>Mexico 1.2%</b>			
	50,000	United Mexican States:	71,000
	1,579,000	11.375% due 9/15/16	
		Medium-Term Notes:	1,678,477
	1,944,000	6.750% due 9/27/34	
	8,795,000	Series A:	1,971,216
		5.875% due 1/15/14	10,575,987
		8.000% due 9/24/22	14,296,680
		<b>Total Mexico</b>	
<b>Panama 0.2%</b>			
	1,285,000	Republic of Panama:	1,461,688
	350,000	9.625% due 2/8/11	376,250
		7.250% due 3/15/15	1,837,938
		<b>Total Panama</b>	
<b>Peru 0.4%</b>			
	708,000	Republic of Peru:	910,134
	168,000	8.750% due 11/21/33	167,622
	198,000	FLIRB, 5.000% due 3/7/17 (e)(f)	218,097
		Global Bonds, 7.350% due 7/21/25	
		PDI:	3,076,343
	3,085,600	5.000% due 3/7/17 (f)	255,864
	256,120	5.000% due 3/7/17 (e)(f)	4,628,060
		<b>Total Peru</b>	
<b>Philippines 0.2%</b>	1,975,000	Republic of the Philippines, 9.500% due 2/2/30	2,613,123
<b>Russia 0.4%</b>			
	330,561	Russian Federation:	344,196
	244,000	8.250% due 3/31/10 (e)	436,760
	3,372,000	12.750% due 6/24/28 (e)	3,753,458
		5.000% due 3/31/30 (e)	4,534,414
		<b>Total Russia</b>	



**South Africa 0.1%**

575,000	Republic of South Africa:	618,700
725,000	9.125% due 5/19/09	760,344
	6.500% due 6/2/14	1,379,044
	<b>Total South Africa</b>	

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2007

	Face Amount	Security	Value
<b>Turkey 0.6%</b>			
\$	2,106,000	Republic of Turkey:	\$ 2,569,317
	315,000	11.500% due 1/23/12	385,402
	490,000	11.000% due 1/14/13	491,225
	335,000	7.000% due 6/5/20	511,713
	594,000	11.875% due 1/15/30	602,019
	1,464,000	Bonds, 7.000% due 9/26/16	1,701,900
	587,000	Collective Action Securities, Notes, 9.500% due 1/15/14	556,916
		Notes, 6.875% due 3/17/36	6,818,492
		<b>Total Turkey</b>	
<b>Uruguay 0.1%</b>	1,026,307	Republic of Uruguay, Bonds, 7.625% due 3/21/36	1,104,306
<b>Venezuela 0.8%</b>			
	10,246,000	Bolivarian Republic of Venezuela:	9,387,897
	241,000	5.750% due 2/26/16	251,544
	183,000	7.650% due 4/21/25	220,058
		Collective Action Securities, Notes, 10.750% due 9/19/13	9,859,499
		<b>Total Venezuela</b>	
		<b>TOTAL SOVEREIGN BONDS</b>	
		(Cost \$77,351,271)	81,063,614
<b>LOAN PARTICIPATION 0.1%</b>			
<b>United States 0.1%</b>	1,500,000	Verso Paper Holdings Term Loan, 1.000% due 2/1/12	1,503,750
		(Cost - \$1,500,000)	
	Shares		
<b>COMMON STOCKS 0.0%</b>			
<b>CONSUMER DISCRETIONARY 0.0%</b>			
<b>Household Durables 0.0%</b>	10,685,938	Home Interiors & Gifts Inc. (a)(b)(c)*	106,859
	52,472	Mattress Discounters Corp. (a)(b)*	0
		<b>TOTAL CONSUMER DISCRETIONARY</b>	106,859
<b>CONSUMER STAPLES 0.0%</b>			
<b>Food Products 0.0%</b>	3,784	Imperial Sugar Co.	117,872
		<b>TOTAL COMMON STOCKS</b>	
		(Cost \$7,846,354)	224,731
<b>PREFERRED STOCKS 0.5%</b>			
<b>CONSUMER DISCRETIONARY 0.4%</b>			
<b>Automobiles 0.1%</b>	65,000	Ford Motor Co., 7.400%	1,180,400
	1,800	Ford Motor Co., 8.000%	35,100
	1,800	Ford Motor Co., Series F, 7.550%	32,670
		<b>Total Automobiles</b>	1,248,170
<b>Media 0.3%</b>	387	ION Media Networks Inc., 13.250% (g)	2,941,200

<b>FINANCIALS</b>	<b>0.1%</b>			
<b>Diversified Financial Services</b>	<b>0.1%</b>		<b>TOTAL CONSUMER DISCRETIONARY</b>	4,189,370
		12,100	Preferred Plus, Series FRD-1, 7.400%	220,220
		8,200	Preferred Plus, Series FMC1 Trust, Senior Debentures, Series LMG-3, 8.250%	168,920

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2007

Shares	Security	Value
<b>Diversified Financial Services</b>	<b>0.1% (continued)</b>	
44,100	Saturns, Series F 2003-5, 8.125%	\$ 863,478
17,552	TCR Holdings Corp., Class B Shares (a)(b)*	17
9,654	TCR Holdings Corp., Class C Shares (a)(b)*	10
25,451	TCR Holdings Corp., Class D Shares (a)(b)*	25
52,657	TCR Holdings Corp., Class E Shares (a)(b)*	53
	<b>TOTAL FINANCIALS</b>	1,252,723
	<b>TOTAL PREFERRED STOCKS</b>	
	(Cost \$5,156,455)	5,442,093
<b>CONVERTIBLE PREFERRED STOCKS</b>	<b>0.1%</b>	
<b>ENERGY</b>	<b>0.1%</b>	
<b>Oil, Gas &amp; Consumable Fuels</b>	<b>0.1%</b>	
5,355	Chesapeake Energy Corp., Convertible, 6.250%	
	(Cost - \$1,345,637)	1,365,525
<b>ESCROWED SHARES</b>	<b>0.0%</b>	
8,800,000	Breed Technologies Inc. (a)(b)(c)*	0
2,025,000	Pillowtex Corp. (a)(b)(c)*	0
2,648,056	Vlasic Foods International Inc. (a)(b)(c)*	52,961
	<b>TOTAL ESCROWED SHARES</b>	
	(Cost \$0)	52,961
<b>Warrants</b>		
<b>WARRANTS</b>	<b>0.1%</b>	
18,500	Bolivarian Republic of Venezuela, Oil-linked payment obligations, Expires 4/15/20*	629,000
3,500	Brown Jordan International Inc., Expires 8/15/07(a)(e)*	35
30,928,049	ContiFinancial Corp., Liquidating Trust, Units of Interest (Represents interest in a trust in the liquidation of ContiFinancial Corp. and its affiliates)(a)(c)*	93
2,750	Leap Wireless International Inc., Expires 4/15/10(a)(b)(e)*	0
3,500	Mattress Discounters Co., Expires 7/15/07(a)(b)(e)*	0
13,614	Pillowtex Corp., Expires 11/24/09(a)(b)*	0
5,000	UbiquiTel Inc., Expires 4/15/10(a)(b)(e)*	50
	<b>TOTAL WARRANTS</b>	
	(Cost \$538,361)	629,178
	<b>TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENTS</b>	
	(Cost \$1,126,885,863)	1,146,223,412
<b>Face Amount</b>		
<b>SHORT-TERM INVESTMENTS</b>	<b>2.8%</b>	
<b>Certificate of Deposit (Yankee)</b>	<b>0.1%</b>	
\$ 1,800,000	UBS AG Jersey Branch, Medium-Term Notes, 7.684% due 4/12/07	

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		(Cost - \$1,806,480)	1,806,480
<b>Sovereign Bonds</b>	<b>1.2%</b>		
		Egypt Treasury Bills:	
	5,500,000	EGP	Zero coupon bond to yield 9.724% due 4/17/07
	47,100,000	EGP	Zero coupon bond to yield 9.643% due 10/30/07
	33,275,000	EGP	Zero coupon bond to yield 9.307% due 11/6/07
		<b>Total Sovereign Bonds</b>	
		(Cost \$14,039,486)	14,116,341
<b>Repurchase Agreement</b>	<b>1.5%</b>		
	17,200,000		
		Nomura Securities International Inc. repurchase agreement dated 1/31/07, 5.240% due 2/1/07; Proceeds at maturity - \$17,202,504; (Fully collateralized by various U.S. government agency obligations, 4.250% to 5.500% due 5/16/08 to 1/23/12; Market value - \$17,548,789)	
		(Cost - \$17,200,000) (d)	17,200,000

*See Notes to Schedule of Investments.*

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

Schedule of Investments (unaudited) (continued)

January 31, 2007

<b>TOTAL SHORT-TERM INVESTMENTS</b>		
(Cost \$33,045,966)		\$ 33,122,821
<b>TOTAL INVESTMENTS 100.0%</b> (Cost \$1,159,931,829#)		\$ 1,179,346,233

- \* Non-income producing security.  
Face amount denominated in U.S. dollars, unless otherwise noted.
- (a) Illiquid security.
- (b) Security is valued in good faith at fair value by or under the direction of the Board of Directors (See Note 1).
- (c) Security is currently in default.
- (d) All or a portion of this security is segregated for extended settlements, reverse repurchase agreements and TBA s.
- (e) 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.
- (f) Variable rate security. Interest rate disclosed is that which is in effect at January 31, 2007.
- (g) Payment-in-kind security for which part of the income earned may be paid as additional principal.
- (h) This security is traded on a to-be-announced ( TBA ) basis (See Note 1).
- # Aggregate cost for federal income tax purposes is substantially the same.

Abbreviations used in this schedule:

- ARS - Argentine Peso
- EGP - Egyptian Pound
- EUR - Euro
- FLIRB - Front-Loaded Interest Reduction Bonds
- GDP - Gross Domestic Product
- MXN - Mexican Peso
- PDI - Past Due Interest
- RUB - Russian Ruble

*See Notes to Schedule of Investments.*

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

**1. Organization and Significant Accounting Policies**

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

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

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

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

**(c) Reverse Repurchase Agreements.** The Fund may enter into reverse repurchase agreements in which the Fund sells portfolio securities and agrees to repurchase them from the buyer at a specified date and price. Whenever the Fund enters into a reverse repurchase agreement, the Fund's custodian delivers liquid assets to the counterparty in an amount at least equal to the repurchase price (including accrued interest). The Fund pays interest on amounts obtained pursuant to reverse repurchase agreements. Reverse repurchase agreements are considered to be borrowings, which may create leverage risk to the Fund.

**(d) Securities Traded on a To-Be-Announced Basis.** The Fund may trade securities on a to-be-announced ( TBA ) basis. In a TBA transaction, the Fund commit to purchasing or selling securities, which have not yet been issued by the issuer and for which specific information is not known, such as the face amount and maturity date and the underlying pool of investments in U.S. government agency mortgage pass-through transactions. Securities purchased on a TBA basis are not settled until they are delivered to the Fund, normally 15 to 45 days later. Beginning on the date the Fund enter into a TBA transaction, cash, U.S. government securities or other liquid high-grade debt obligations are segregated in an amount equal in value to the purchase price of the TBA security. These transactions are subject to market fluctuations and their current value is determined in the same manner as for other securities.

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

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

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

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

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

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

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

**2. Investments**

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

Gross unrealized appreciation	\$	47,916,499
Gross unrealized depreciation		(28,502,095)
Net unrealized appreciation	\$	19,414,404

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

Average Daily Balance	Weighted Average Interest Rate	Maximum Amount Outstanding
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\$ 63,634,084 5.185% \$ 90,229,562

Interest rates on reverse repurchase agreements ranged from 1.00% to 5.400% during the period ended January 31, 2007.

At January 31, 2007, the Fund had the following reverse repurchase agreements outstanding:

FACE AMOUNT	SECURITY	VALUE
\$ 1,565,602	Reverse Repurchase Agreement with Credit Suisse First Boston, dated 11/21/06 bearing 5.350% to be repurchased at \$1,582,586 on 2/2/07, collateralized by: \$1,464,000 Republic of Turkey, 9.500% due 1/15/14; Market value (including accrued interest) - \$1,708,431.	\$ 1,565,602
2,380,201	Reverse Repurchase Agreement with Credit Suisse First Boston, dated 11/21/06 bearing 5.350% to be repurchased at \$2,407,438 on 2/6/07, collateralized by: \$2,106,000 Republic of Turkey, 11.500% due 1/23/12; Market value (including accrued interest) - \$2,575,339.	2,380,201
4,706,513	Reverse Repurchase Agreement with Credit Suisse First Boston, dated 1/22/07 bearing 5.250% to be repurchased at \$4,714,063 on 2/02/07, collateralized by: \$5,290,000 Gazprom, 6.212% due 11/22/16; Market value (including accrued interest) - \$5,296,266.	4,706,513

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

\$1,026,990	Reverse Repurchase Agreement with Credit Suisse First Boston, dated 1/9/07 bearing 5.350% to be repurchased at \$1,031,111 on 2/5/07, collateralized by: \$900,000 Republic of Venezuela, 10.750% due 9/19/13; Market value (including accrued interest) - \$1,146,253	\$ 1,026,990
3,740,054	Reverse Repurchase Agreement with Credit Suisse First Boston, dated 1/18/07 bearing 1.50% to be repurchased at \$3,742,859 on 2/5/07, collateralized by: \$3,169,000 Republic of Venezuela, 9.375% due 1/13/34; Market value (including accrued interest) - \$4,171,856.	3,740,054
2,439,325	Reverse Repurchase Agreement with Credit Suisse First Boston, dated 11/9/06 bearing 5.250% to be repurchased at an amount and date to be determined, collateralized by: \$2,650,000 Russian Agricultural bank, 7.175% due 5/16/13; Market value (including accrued interest) - \$2,805,719.	2,439,325
1,699,243	Reverse Repurchase Agreement with Credit Suisse First Boston, dated 11/9/06 bearing 5.250% to be repurchased at an amount and date to be determined, collateralized by: \$1,846,000 Pemex Project Funding Master Trust, 6.125% due 8/15/08; Market value (including accrued interest) - \$1,909,308.	1,699,243
2,347,287	Reverse Repurchase Agreement with Credit Suisse First Boston, dated 11/9/06 bearing 5.250% to be repurchased at an amount and date to be determined, collateralized by: \$1,975,000 Republic of the Philippines, 10.625% due 3/16/25; Market value (including accrued interest) - \$2,706,425.	2,347,287
9,695,608	Reverse Repurchase Agreement with Credit Suisse First Boston, dated 11/22/06 bearing 5.300% to be repurchased at \$9,792,672 on 1/29/07, collateralized by: \$8,795,000 United Mexican States, Medium-Term Notes, 8.000% due 9/24/22; Market value (including accrued interest) - \$10,828,662	9,695,608
4,888,779	Reverse Repurchase Agreement with Credit Suisse First Boston, dated 11/24/06 bearing 5.300% to be repurchased at \$4,941,320 on 2/5/07, collateralized by: \$5,145,000 Republic of Colombia, 7.375% due 9/18/37; Market value (including accrued interest) - \$5,027,750.	4,888,779
936,915	Reverse Repurchase Agreement with Credit Suisse First Boston, dated 11/21/06 bearing 5.350% to be repurchased at an amount and date to be determined, collateralized by: \$1,050,000 Petrozuata Finance Inc, 8.220% due 4/1/17; Market value (including accrued interest) - \$1,018,737.	936,915
860,297	Reverse Repurchase Agreement with JPMorgan Chase & Co., dated 11/21/06 bearing 5.350% to be repurchased at an amount and date to be determined, collateralized by: \$965,000 Republic of Turkey, 11.875% due 1/15/30; Market value (including accrued interest) - \$981,960.	860,297
4,703,530	Reverse Repurchase Agreement with Credit Suisse First Boston, dated 11/30/06 bearing 5.400% to be repurchased at an amount and date to be determined, collateralized by: \$4,850,000 Grupo Transportacion Ferroviaria Mexicana SA de CV, 9.375% due 5/1/12; Market value (including accrued interest) - \$5,317,181.	4,703,530
1,323,416	Reverse Repurchase Agreement with Credit Suisse First Boston, dated 11/30/06 bearing 5.350% to be repurchased at an amount and date to be determined, collateralized by: \$1,360,000 TNK BP Finance SA, 7.500% due 7/18/16; Market value (including accrued interest) - \$1,427,457.	1,323,416

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

\$	2,778,664 Reverse Repurchase Agreement with Credit Suisse First Boston, dated 11/30/06 bearing 5.350% to be repurchased at an amount and date to be determined, collateralized by: \$4,060,000 Republic of Peru, 5.000% due 8/7/17; Market value (including accrued interest) - \$3,138,993.	\$ 2,778,664
	1,372,410 Reverse Repurchase Agreement with Credit Suisse First Boston, dated 12/4/06 bearing 5.250% to be repurchased at an amount and date to be determined, collateralized by: \$1,300,000 Republic of EL Salvador, 7.750% due 1/24/23; Market value (including accrued interest)	\$ 1,372,410
	1,358,334 Reverse Repurchase Agreement with Credit Suisse First Boston, dated 12/14/06 bearing 5.350% to be repurchased at \$1,369,033 on 2/5/07, collateralized by: \$1,020,000 United Mexican States, 11.375% due 9/15/16; Market value (including accrued interest) - \$1,531,920.	1,358,334
	1,297,331 Reverse Repurchase Agreement with Credit Suisse First Boston, dated 12/14/06 bearing 5.250% to be repurchased at an amount and date to be determined, collateralized by: \$1,295,000 Enersis SA, 7.375% due 1/15/14; Market value (including accrued interest) - \$1,410,765.	1,297,331
	2,305,149 Reverse Repurchase Agreement with Credit Suisse First Boston, dated 1/8/07 bearing 5.350% to be repurchased at an amount and date to be determined, collateralized by: \$2,005,000 Federative Republic of Brazil, 8.750% due 2/4/25; Market value (including accrued interest) - \$2,555,947.	2,305,149
	790,778 Reverse Repurchase Agreement with Credit Suisse First Boston, dated 1/24/07 bearing 5.250% to be repurchased at an amount and date to be determined, collateralized by: \$668,000 Republic of Peru, 8.750% due 11/21/33; Market value (including accrued interest) - \$870,339.	790,778
	2,863,757 Reverse Repurchase Agreement with Credit Suisse First Boston, dated 1/25/07 bearing 5.350% to be repurchased at \$2,875,248 on 2/21/07, collateralized by: \$2,795,000 Russian Federation, 5.000% due 3/31/30; Market value (including accrued interest) - \$3,158,792.	2,863,757
	15,409,746 Reverse Repurchase Agreement with Credit Suisse First Boston, dated 1/31/07 bearing 5.250% to be repurchased at \$15,420,982 on 2/5/07, collateralized by: \$12,564,000 Federative Republic of Brazil, 11.000% due 8/17/40; Market value (including accrued interest) - \$17,342,719.	15,409,746
	3,424,857 Reverse Repurchase Agreement with Credit Suisse First Boston, dated 1/31/07 bearing 5.300% to be repurchased at an amount and date to be determined, collateralized by: \$3,449,000 Federative Republic of Brazil, 8.000% due 1/15/15; Market value (including accrued interest) - \$3,824,103.	3,424,857
	2,644,827 Reverse Repurchase Agreement with Credit Suisse First Boston, dated 1/31/07 bearing 5.250% to be repurchased at \$2,647,141 on 2/06/07, collateralized by: \$2,894,000 United Mexican States, 8.875% due 1/15/14; Market value (including accrued interest) - \$2,942,479.	2,644,827

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

\$	1,362,375 Reverse Repurchase Agreement with Credit Suisse First Boston, dated 1/31/07 bearing 5.250% to be repurchased at an amount and date to be determined, collateralized by: \$2,100,000 Republic Of Ecuador, 10.000% due 8/15/30; Market value (including accrued interest) - \$1,745,511.	\$	1,362,375
	8,525,697 Reverse Repurchase Agreement with Credit Suisse First Boston, dated 1/31/07 bearing 5.350% to be repurchased at an amount and date to be determined, collateralized by: \$10,246,000 Republic of Venezuela, 5.750% due 2/26/16; Market value (including accrued interest) - \$9,642,333.		8,525,697
	<b>Total Reverse Repurchase Agreements</b> (Proceeds - \$86,447,685)	<b>\$</b>	<b>86,447,685</b>

**3. Loan**

At January 31, 2007, the Fund had a \$125,000,000 loan outstanding pursuant to a revolving credit and security agreement among the Fund, CIESCO, LLC and Citibank, N.A.. The loan generally bears interest at a variable rate based on the weighted average interest rates of the underlying commercial paper or LIBOR plus any applicable margin. Securities held by the Fund are subject to a lien, granted to the lender, to the extent of the borrowings outstanding and any additional expenses.

ITEM 2. CONTROLS AND PROCEDURES.

- (a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the disclosure controls and procedures required by Rule 30a-3(b) under the 1940 Act and 15d-15(b) under the Securities Exchange Act of 1934.
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are likely to materially affect the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

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

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**SIGNATURES**





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

Western Asset High Income Fund II Inc.

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

Date: March 29, 2007

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

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

Date: March 29, 2007

By: /s/ Frances M. Guggino  
Frances M. Guggino  
Chief Financial Officer

Date: March 29, 2007

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