

WESTERN ASSET HIGH INCOME FUND II INC.
Form N-Q
March 25, 2010

**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)

55 Water Street, New York, NY
(Address of principal executive offices)

10041
(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: 1-888-777-0102

Date of fiscal year end: April 30

Date of reporting period: January 31, 2010

ITEM 1. SCHEDULE OF INVESTMENTS

WESTERN ASSET

HIGH INCOME FUND II INC.

FORM N-Q

JANUARY 31, 2010

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited)

January 31, 2010

| Face Amount | Security | Value |
|---|---|--------------|
| CORPORATE BONDS & NOTES 89.6% | | |
| CONSUMER DISCRETIONARY 16.5% | | |
| Auto Components 0.8% | | |
| 4,943,480 | Allison Transmission Inc., Senior Toggle Notes, 11.250% due 11/1/15 (a) (b) | \$ 5,227,730 |
| 321,000 | Visteon Corp., Senior Notes: 8.250% due 8/1/10 (c) | 148,463 |
| 2,874,000 | 12.250% due 12/31/16 (a)(c) | 2,284,830 |
| | Total Auto Components | 7,661,023 |
| Automobiles 0.5% | | |
| 7,855,000 | Motors Liquidation Co.: Senior Debentures, 8.375% due 7/15/33 (c) | 2,238,675 |
| 9,995,000 | Senior Notes, 7.200% due 1/15/11 (c) | 2,773,612 |
| | Total Automobiles | 5,012,287 |
| Diversified Consumer Services 0.5% | | |
| 1,090,000 | Service Corp. International, Senior Notes, 7.500% due 4/1/27 | 1,013,700 |
| 3,286,000 | Stonemor Operating LLC/Cornerstone Family Services/Osiris Holdings, Senior Notes, 10.250% due 12/1/17 (a) | 3,466,730 |
| | Total Diversified Consumer Services | 4,480,430 |
| Hotels, Restaurants & Leisure 5.8% | | |
| 2,515,000 | Ameristar Casinos Inc., Senior Notes, 9.250% due 6/1/14 (a) | 2,609,312 |
| 1,000,000 | Boyd Gaming Corp., Senior Subordinated Notes, 6.750% due 4/15/14 | 930,000 |
| 468,000 | Choctaw Resort Development Enterprise, Senior Notes, 7.250% due 11/15/19 (a) | 329,940 |
| 2,985,000 | Downstream Development Quapaw, Senior Notes, 12.000% due 10/15/15 (a) | 2,582,025 |
| 4,490,000 | El Pollo Loco Inc.: Senior Notes, 11.750% due 11/15/13 | 4,198,150 |
| 2,530,000 | Senior Secured Notes, 11.750% due 12/1/12 | 2,650,175 |
| 975,000 | Fontainebleau Las Vegas Holdings LLC/Fontainebleau Las Vegas Capital Corp., 10.250% due 6/15/15 (a)(c) | 14,625 |
| 1,100,000 | Harrah's Operating Co. Inc.: Senior Bonds, 5.625% due 6/1/15 | 679,250 |
| 5,096,000 | Senior Notes, 10.750% due 2/1/16 | 4,242,420 |
| 1,154,000 | Senior Secured Notes: 10.000% due 12/15/15 | 963,590 |
| 7,365,000 | 11.250% due 6/1/17 | 7,862,137 |
| 2,995,000 | Indianapolis Downs LLC & Capital Corp., Senior Secured Notes, 11.000% due 11/1/12 (a) | 2,036,600 |
| 6,400,000 | Inn of the Mountain Gods Resort & Casino, Senior Notes, 12.000% due 11/15/10 (c)(d) | 3,184,000 |
| 1,750,000 | Landry's Restaurants Inc., Senior Secured Notes, 11.625% due 12/1/15 (a) | 1,881,250 |

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|-----------|--|-----------|
| 160,000 | MGM MIRAGE Inc.: Senior Notes, 8.500% due 9/15/10 | 161,600 |
| 890,000 | Senior Secured Notes: 10.375% due 5/15/14 (a) | 981,225 |
| 2,135,000 | 11.125% due 11/15/17 (a) | 2,412,550 |
| 2,500,000 | Senior Subordinated Notes, 8.375% due 2/1/11 | 2,415,625 |
| 2,360,000 | Mohegan Tribal Gaming Authority: Senior Secured Notes, 11.500% due 11/1/17 (a) | 2,489,800 |
| 580,000 | Senior Subordinated Notes: 8.000% due 4/1/12 | 537,225 |
| 420,000 | 6.875% due 2/15/15 | 309,750 |
| 3,480,000 | NCL Corp. Ltd., Senior Secured Notes, 11.750% due 11/15/16 (a) | 3,706,200 |
| 850,000 | Penn National Gaming Inc., Senior Subordinated Notes, 8.750% due 8/15/19 (a) | 871,250 |
| 2,355,000 | Pinnacle Entertainment Inc., Senior Notes, 8.625% due 8/1/17 (a) | 2,372,663 |
| 1,800,000 | Snoqualmie Entertainment Authority, Senior Secured Notes, 4.680% due 2/1/14 (a)(e) | 1,206,000 |

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2010

| Face Amount | Security | Value |
|---|--|-------------------|
| Hotels, Restaurants & Leisure 5.8% (continued) | | |
| 7,305,000 | Station Casinos Inc.: | |
| 1,450,000 | Senior Notes, 6.000% due 4/1/12 (c)(d) | \$ 1,278,375 |
| 750,000 | Senior Subordinated Notes, 6.625% due 3/15/18 (c)(d) | 14,500 |
| | Wynn Las Vegas LLC/Wynn Las Vegas Capital Corp., Secured Notes, 7.875% due 11/1/17 (a) | 761,250 |
| | Total Hotels, Restaurants & Leisure | 53,681,487 |
| Household Durables 0.6% | | |
| 640,000 | American Greetings Corp., Senior Notes: 7.375% due 6/1/16 | 633,600 |
| 497,000 | 7.375% due 6/1/16 | 457,240 |
| 1,520,000 | Jarden Corp., Senior Subordinated Notes, 7.500% due 1/15/20 | 1,535,200 |
| 2,190,000 | Libbey Glass Inc., Senior Secured Notes, 10.000% due 2/15/15 (a) | 2,228,325 |
| 1,021,000 | Norcraft Holdings LP/Norcraft Capital Corp., Senior Discount Notes, 9.750% due 9/1/12 (d) | 995,475 |
| | Total Household Durables | 5,849,840 |
| Internet & Catalog Retail 0.1% | | |
| 520,000 | Netflix Inc., Senior Notes, 8.500% due 11/15/17 | 551,200 |
| Media 5.6% | | |
| 3,270,000 | Affinion Group Inc., Senior Subordinated Notes: 10.125% due 10/15/13 | 3,339,487 |
| 6,740,000 | 11.500% due 10/15/15 | 7,009,600 |
| 785,000 | Cengage Learning Acquisitions Inc.: | |
| 2,550,000 | Senior Notes, 10.500% due 1/15/15 (a) | 763,413 |
| 8,660,000 | Senior Subordinated Notes, 13.250% due 7/15/15 (a) | 2,537,250 |
| | Charter Communications Inc., Senior Secured Notes, 10.875% due 9/15/14 (a) | 9,742,500 |
| 254,000 | CMP Susquehanna Corp., 4.774% due 5/15/14 (a)(d)(e)(f) | 88,900 |
| | CSC Holdings Inc.: | |
| 1,500,000 | Senior Debentures, 7.875% due 2/15/18 | 1,571,250 |
| 2,835,000 | Senior Notes, 8.500% due 6/15/15 (a) | 3,012,187 |
| | DISH DBS Corp., Senior Notes: | |
| 980,000 | 6.625% due 10/1/14 | 975,100 |
| 5,065,000 | 7.875% due 9/1/19 | 5,254,937 |
| 2,039,000 | Globo Comunicacoes e Participacoes SA, Bonds, 7.250% due 4/26/22 (a) (g) | 2,135,853 |
| | NET Servicos de Comunicacao SA, Bonds: | |
| 690,000 | 7.500% due 1/27/20 (a) | 703,800 |
| 400,000 | 7.500% due 1/27/20 (a) | 408,000 |
| 1,695,000 | R.H. Donnelley Corp., Senior Notes, 8.875% due 1/15/16 (c) | 177,975 |
| 3,000,000 | Sinclair Broadcast Group Inc., Senior Subordinated Notes, 8.000% due 3/15/12 | 2,940,000 |
| 2,525,000 | Sun Media Corp., Senior Notes, 7.625% due 2/15/13 | 2,446,094 |
| 3,795,000 | Univision Communications Inc., Senior Secured Notes, 12.000% due 7/1/14 (a) | 4,117,575 |
| 1,265,000 | UPC Holding BV, Senior Notes, 9.875% due 4/15/18 (a) | 1,344,063 |

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|------------------------------|---|------------|
| 1,370,000 | Virgin Media Finance PLC: | |
| 1,830,000 | Senior Bonds, 9.500% due 8/15/16 | 1,459,050 |
| | Senior Notes, 9.125% due 8/15/16 | 1,912,350 |
| | Total Media | 51,939,384 |
| Multiline Retail 0.6% | | |
| 5,080,978 | Neiman Marcus Group Inc.: | |
| 1,070,000 | Senior Notes, 9.000% due 10/15/15 (b) | 4,966,656 |
| | Senior Secured Notes, 7.125% due 6/1/28 | 925,550 |
| | Total Multiline Retail | 5,892,206 |
| Specialty Retail 1.5% | | |
| 2,876,000 | Blockbuster Inc., Senior Secured Notes, 11.750% due 10/1/14 (a) | 2,113,860 |

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2010

| Face Amount | Security | Value |
|--|--|--------------------|
| Specialty Retail 1.5% (continued) | | |
| 2,350,000 | Eye Care Centers of America, Senior Subordinated Notes, 10.750% due 2/15/15 | \$ 2,479,250 |
| 300,000 | Limited Brands Inc., Senior Notes, 8.500% due 6/15/19 (a) Michaels Stores Inc.: | 328,500 |
| 5,965,000 | Senior Notes, 10.000% due 11/1/14 | 6,054,475 |
| 3,000,000 | Senior Subordinated Notes, step bond to yield, 12.498% due 11/1/16 | 2,497,500 |
| | Total Specialty Retail | 13,473,585 |
| Textiles, Apparel & Luxury Goods 0.5% | | |
| 4,455,000 | Oxford Industries Inc., Senior Secured Notes, 11.375% due 7/15/15 | 5,011,875 |
| | TOTAL CONSUMER DISCRETIONARY | 153,553,317 |
| CONSUMER STAPLES 1.3% | | |
| Food Products 0.6% | | |
| 1,030,000 | Bumble Bee Foods LLC, Senior Secured Notes, 7.750% due 12/15/15 (a) | 1,037,725 |
| 1,285,000 | Del Monte Corp., Senior Subordinated Notes, 7.500% due 10/15/19 (a) | 1,326,762 |
| 84,000 | Dole Food Co. Inc.: | |
| 1,400,000 | Senior Notes, 13.875% due 3/15/14 (a) | 100,800 |
| 1,130,000 | Senior Secured Notes, 8.000% due 10/1/16 (a) | 1,456,000 |
| | Smithfield Foods Inc., Senior Secured Notes, 10.000% due 7/15/14 (a) | 1,235,938 |
| | Total Food Products | 5,157,225 |
| Household Products 0.3% | | |
| 1,065,000 | American Achievement Corp., Senior Subordinated Notes, 8.250% due 4/1/12 (a) | 1,067,663 |
| 1,745,000 | Reynolds Group DL Escrow Inc./Reynolds Group Escrow LLC, Senior Secured Notes, 7.750% due 10/15/16 (a) | 1,766,812 |
| | Total Household Products | 2,834,475 |
| Personal Products 0.1% | | |
| 1,390,000 | Revlon Consumer Products Corp., Senior Secured Notes, 9.750% due 11/15/15 (a) | 1,440,388 |
| Tobacco 0.3% | | |
| 1,860,000 | Alliance One International Inc., Senior Notes: 10.000% due 7/15/16 (a) | 1,980,900 |
| 700,000 | 10.000% due 7/15/16 (a) | 745,500 |
| | Total Tobacco | 2,726,400 |
| | TOTAL CONSUMER STAPLES | 12,158,488 |
| ENERGY 12.8% | | |
| Energy Equipment & Services 1.2% | | |
| 2,750,000 | Basic Energy Services Inc., Senior Secured Notes, 11.625% due 8/1/14 | 2,997,500 |
| 2,225,000 | Complete Production Services Inc., Senior Notes, 8.000% due 12/15/16 | 2,213,875 |
| 1,145,000 | GulfMark Offshore Inc., Senior Subordinated Notes, 7.750% due 7/15/14 | 1,142,137 |

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|--|---|-------------------|
| 1,695,000 | Hercules Offshore LLC, Senior Secured Notes, 10.500% due 10/15/17 (a) | 1,754,325 |
| 3,015,000 | Key Energy Services Inc., Senior Notes, 8.375% due 12/1/14 | 3,030,075 |
| 310,000 | Parker Drilling Co., Senior Notes, 9.625% due 10/1/13 | 320,075 |
| | Total Energy Equipment & Services | 11,457,987 |
| Oil, Gas & Consumable Fuels 11.6% | | |
| 770,000 | Adaro Indonesia PT, Notes, 7.625% due 10/22/19 (a) | 771,925 |
| 2,375,000 | Arch Coal Inc., Senior Notes, 8.750% due 8/1/16 (a) | 2,541,250 |
| 2,440,000 | Atlas Pipeline Partners LP, Senior Notes, 8.750% due 6/15/18 | 2,269,200 |
| 7,595,000 | Belden & Blake Corp., Secured Notes, 8.750% due 7/15/12 | 7,329,175 |
| 2,280,000 | Berry Petroleum Co., Senior Notes, 10.250% due 6/1/14 | 2,508,000 |
| 2,000,000 | Chesapeake Energy Corp., Senior Notes: 6.625% due 1/15/16 | 1,955,000 |
| 1,420,000 | 6.500% due 8/15/17 | 1,366,750 |
| 2,500,000 | 6.250% due 1/15/18 | 2,381,250 |
| 2,870,000 | 7.250% due 12/15/18 | 2,870,000 |

See Notes to Schedule of Investments.

Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

January 31, 2010

| Face Amount | Security | Value |
|--|--|--------------|
| Oil, Gas & Consumable Fuels 11.6% (continued) | | |
| 1,365,000 | Compagnie Generale de Geophysique-Veritas, Senior Notes, 9.500% due 5/15/16 | \$ 1,467,375 |
| 6,986,805 | Corral Petroleum Holdings AB, Senior Secured Subordinated Bonds, 5.251% due 4/15/10 (a)(b)(e)(f) El Paso Corp.: Medium-Term Notes, 7.800% due 8/1/31 | 5,694,246 |
| 493,000 | Notes, 7.875% due 6/15/12 | 492,516 |
| 5,200,000 | Encore Acquisition Co., Senior Subordinated Notes, 9.500% due 5/1/16 | 5,526,773 |
| 620,000 | Enterprise Products Operating LLP, Junior Subordinated Notes, 8.375% due 8/1/66 (e) | 654,100 |
| 285,000 | Forest Oil Corp., Senior Subordinated Notes, 8.500% due 2/15/14 | 283,568 |
| 2,565,000 | Griffin Coal Mining Co. Pty Ltd., Senior Notes, 9.500% due 12/1/16 (a)(c) | 2,706,075 |
| 130,000 | International Coal Group Inc., Senior Notes, 10.250% due 7/15/14 | 68,250 |
| 5,460,000 | KazMunaiGaz Finance Sub B.V., Senior Notes, 8.375% due 7/2/13 (a)(g) | 5,500,950 |
| 2,070,000 | LUKOIL International Finance BV, Notes, 6.356% due 6/7/17 (a)(g) | 2,261,475 |
| 1,720,000 | Mariner Energy Inc., Senior Notes, 8.000% due 5/15/17 | 1,720,000 |
| 1,215,000 | MarkWest Energy Partners LP/MarkWest Energy Finance Corp., Senior Notes, 8.750% due 4/15/18 | 1,193,738 |
| 2,440,000 | Murray Energy Corp., Senior Secured Notes, 10.250% due 10/15/15 (a) | 2,549,800 |
| 3,140,000 | OPTI Canada Inc., Senior Secured Notes: 9.000% due 12/15/12 (a) | 3,210,650 |
| 1,820,000 | 7.875% due 12/15/14 | 1,874,600 |
| 1,480,000 | 8.250% due 12/15/14 | 1,291,300 |
| 1,495,000 | Pemex Project Funding Master Trust, Senior Bonds, 6.625% due 6/15/35 (g) | 1,323,075 |
| 6,067,000 | Petrobras International Finance Co., Senior Notes, 6.875% due 1/20/40 | 5,651,313 |
| 1,145,000 | Petrohawk Energy Corp., Senior Notes, 9.125% due 7/15/13 | 1,157,363 |
| 3,435,000 | Petroplus Finance Ltd., Senior Notes: 6.750% due 5/1/14 (a) | 3,598,163 |
| 1,610,000 | | 1,497,300 |