

WESTERN ASSET HIGH INCOME FUND II INC.  
Form N-CSRS  
December 27, 2013

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

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED**  
**MANAGEMENT INVESTMENT COMPANIES**  
**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: October 31, 2013**

ITEM 1. REPORT TO STOCKHOLDERS.

The **Semi-Annual** Report to Stockholders is filed herewith.

Semi-Annual Report

October 31, 2013

WESTERN ASSET

HIGH INCOME FUND II INC.

(HIX)

INVESTMENT PRODUCTS: NOT FDIC INSURED NO BANK GUARANTEE MAY LOSE VALUE

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<b>Fund objectives</b>	

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.

## Letter from the chairman

### Dear Shareholder,

We are pleased to provide the semi-annual report of Western Asset High Income Fund II Inc. for the six-month reporting period ended October 31, 2013. Please read on for Fund performance information and a detailed look at prevailing economic and market conditions during the Fund's reporting period.

As always, we remain committed to providing you with excellent service and a full spectrum of investment choices. We also remain committed to supplementing the support you receive from your financial advisor. One way we accomplish this is through our website, [www.lmcef.com](http://www.lmcef.com). Here you can gain immediate access to market and investment information, including:

Fund prices and performance,

Market insights and commentaries from our portfolio managers, and

A host of educational resources.

We look forward to helping you meet your financial goals.

Sincerely,

Kenneth D. Fuller

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Chairman, President and Chief Executive Officer

November 29, 2013

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## Investment commentary

### Economic review

The U.S. economy continued to grow over the six months ended October 31, 2013 (the reporting period), but the pace was mixed. Looking back, U.S. gross domestic product (GDP) growth as reported by the U.S. Department of Commerce was 1.1% during the first quarter of 2013, supported by strengthening consumer spending. GDP growth in the second quarter improved to 2.5%. This was partially due to increases in exports and non-residential fixed investments, along with a smaller decline in federal government spending versus the previous quarter. The U.S. Department of Commerce's initial reading for third quarter 2013 GDP growth, released after the reporting period ended, was 2.8%. Stronger growth was driven, in part, by a deceleration in imports and increased private inventory investment and state and local government spending.

While there was some improvement in the U.S. job market, unemployment remained elevated throughout the reporting period. When the period began, unemployment, as reported by the U.S. Department of Labor, was 7.6%. Unemployment was unchanged in June, but then declined to 7.4% in July, 7.3% in August and 7.2% in September 2013, its lowest reading since November 2008. Unemployment then ticked up to 7.3% in October. Falling unemployment during the period was partially due to a decline in the workforce participation rate, which was 62.8% in October, the lowest level since 1978.

Meanwhile, the housing market continued to show signs of strength, as sales generally improved and home prices moved higher. According to the National Association of Realtors (NAR), existing-home sales dipped 3.2% on a seasonally adjusted basis in October 2013 versus the previous month, but were 6.0% higher than in October 2012. In addition, the NAR reported that the median existing-home price for all housing types was \$199,500 in October 2013, up 12.8% from October 2012. This marked the eleventh consecutive month that home prices experienced a double-digit increase compared to the same period a year earlier. The inventory of homes available for sale in October 2013 was 1.8% lower than the previous month at a 5.0 month supply at the current sales pace and was 0.9% higher than in October 2012.

The manufacturing sector expanded during the majority of the reporting period. Based on the Institute for Supply Management's Purchasing Managers' Index (PMI) after expanding the prior five months, the PMI fell to 49.0 in May 2013 (a reading below 50 indicates a contraction, whereas a reading above 50 indicates an expansion). However, this was a temporary setback, as the PMI rose over the next five months and was 56.4 in October, the best reading since April 2011.

## Investment commentary (cont'd)

### Market review

#### Q. How did the Federal Reserve Board ( Fed<sup>ii</sup> ) respond to the economic environment?

A. The Fed took a number of actions as it sought to meet its dual mandate of fostering maximum employment and price stability. As has been the case since December 2008, the Fed kept the federal funds rate<sup>iv</sup> at a historically low range between zero and 0.25%. At its meeting in December 2012, prior to the beginning of the reporting period, the Fed announced that it would continue purchasing \$40 billion per month of agency mortgage-backed securities ( MBS ), as well as initially purchasing \$45 billion per month of longer-term Treasuries. The Fed also said that it would keep the federal funds rate on hold as long as the unemployment rate remains above 6.5%, inflation between one and two years ahead is projected to be no more than a half percentage point above the Committee's 2.0% longer-run goal, and longer-term inflation expectations continue to be well anchored. At its meeting that ended on June 19, 2013, the Fed did not make any material changes to its official policy statement. However, in a press conference following the meeting, Fed Chairman Bernanke said the Committee currently anticipates that it would be appropriate to moderate the monthly pace of purchases later this year; and if the subsequent data remain broadly aligned with our current expectations for the economy, we would continue to reduce the pace of purchases in measured steps through the first half of next year, ending purchases around midyear. In a surprise to many investors, at its meeting that ended on September 18, 2013, the Fed did not taper its asset purchase program and said that it decided to await more evidence that progress will be sustained before adjusting the pace of its purchases. Fed Chairman Bernanke also brought up the potential for a partial government shutdown on October 1 and the debt ceiling debate as reasons for maintaining its current policy. At the Fed's meeting that concluded on October 30, 2013, the Fed maintained its asset purchase program and said that Asset purchases are not on a preset course, and the Committee's decisions about their pace will remain contingent on the Committee's economic outlook as well as its assessment of the likely efficacy and costs of such purchases.

#### Q. Did Treasury yields trend higher or lower during the six months ended October 31, 2013?

A. Both short- and long-term Treasury yields moved higher during the reporting period. When the period began, the yield on the two-year Treasury was 0.22%. It fell as low as 0.20% in early May 2013 and was as high as 0.52% on September 5, 2013, before ending the period at 0.31%. The yield on the ten-year Treasury began the period at 1.70%. Ten-year Treasuries reached a low of 1.66% in early May 2013 and peaked at 2.98% on September 5, 2013, before moving down to 2.57% at the end of the period. This decline toward the end of the reporting period was triggered by the Fed's decision to not begin tapering its asset purchases, as well as a flight to quality given expectations for a partial government shutdown on October 1, 2013.

#### Q. What factors impacted the spread sectors (non-Treasuries) during the reporting period?

A. Most spread sectors performed poorly during the reporting period. The spread sectors were weak during the first two months

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of the period amid sharply rising interest rates given the Fed's indications that it may begin tapering its asset purchase program sooner than previously anticipated. Most spread sectors then rallied in July 2013 amid improving investor demand. However, the spread sectors again weakened in August, before strengthening in September and October after the Fed chose not to taper its asset purchase program. All told, the majority of spread sectors generated negative absolute returns and produced mixed results versus equal-duration<sup>v</sup> Treasuries during the reporting period. The overall bond market, as measured by the Barclays U.S. Aggregate Index<sup>vi</sup>, fell 1.97% during the six months ended October 31, 2013.

**Q. How did the high-yield market perform over the six months ended October 31, 2013?**

**A.** The U.S. high-yield bond market was one of the few spread sectors to generate a positive return during the reporting period. The asset class, as measured by the Barclays U.S. Corporate High Yield 2% Issuer Cap Index<sup>xi</sup> declined in May and June. After a brief rally in July, the high yield bond market again weakened in August, before again moving higher in September and October. All told, the high-yield bond market gained 1.50% for the six months ended October 31, 2013.

**Q. How did the emerging market debt asset class perform over the reporting period?**

**A.** The asset class generated poor results during the six months ended October 31, 2013. The asset class fell during three of the first four months of the reporting period. This weakness was due to a number of factors, including concerns over moderating global growth, fears of a "hard landing" for China's economy, generally weaker commodity prices and sharply rising U.S. interest rates. However, the asset class then rallied sharply in September and October, as the Fed did not taper its asset purchase program and investor demand increased. Overall, the JPMorgan Emerging Markets Bond Index Global (EMBI Global<sup>iii</sup>) fell 5.40% during the six months ended October 31, 2013.

**Performance review**

For the six months ended October 31, 2013, Western Asset High Income Fund II Inc. returned 3.01% based on its net asset value (NAV<sup>x</sup>) and -2.68% based on its New York Stock Exchange (NYSE) market price per share. The Fund's unmanaged benchmarks, the Barclays U.S. Corporate High Yield 2% Issuer Cap Index and the EMBI Global, returned 1.50% and -5.40%, respectively for the same period. The Lipper High Yield (Leveraged) Closed-End Funds Category Average<sup>x</sup> returned 2.37% over the same time frame. Please note that Lipper performance returns are based on each fund's NAV.

## Investment commentary (cont d)

During this six-month period, the Fund made distributions to shareholders totaling \$0.45 per share. As of October 31, 2013, the Fund estimates that 97.20% of the distributions were sourced from net investment income and 2.80% constituted a return of capital.\* The performance table shows the Fund's six-month total return based on its NAV and market price as of October 31, 2013. **Past performance is no guarantee of future results.**

### Performance Snapshot as of October 31, 2013 (unaudited)

Price Per Share	6-Month Total Return**
\$9.38 (NAV)	3.01%
\$9.45 (Market Price)	-2.68%

**All figures represent past performance and are not a guarantee of future results. Performance figures for periods shorter than one year represent cumulative figures and are not annualized.**

**\*\* Total returns are based on changes in NAV or market price, respectively. Returns reflect the deduction of all Fund expenses, including management fees, operating expenses, and other Fund expenses. Returns do not reflect the deduction of brokerage commissions or taxes that investors may pay on distributions or the sale of shares.**

**Total return assumes the reinvestment of all distributions, including returns of capital, if any, at NAV.**

**Total return assumes the reinvestment of all distributions, including returns of capital, if any, in additional shares in accordance with the Fund's Dividend Reinvestment Plan.**

### Looking for additional information?

The Fund is traded under the symbol **HIX** and its closing market price is available in most newspapers under the NYSE listings. The daily NAV is available on-line under the symbol **XHGIX** on most financial websites. *Barron's* and the *Wall Street Journal's* Monday edition both carry closed-end fund tables that provide additional information. In addition, the Fund issues a quarterly press release that can be found on most major financial websites as well as [www.lmcef.com](http://www.lmcef.com).

In a continuing effort to provide information concerning the Fund, shareholders may call 1-888-777-0102 (toll free), Monday through Friday from 8:00 a.m. to 5:30 p.m. Eastern Time, for the Fund's current NAV, market price and other information.

Thank you for your investment in Western Asset High Income Fund II Inc. As always, we appreciate that you have chosen us to manage your assets and we remain focused on achieving the Fund's investment goals.

Sincerely,

Kenneth D. Fuller

Chairman, President and

Chief Executive Officer

November 29, 2013

*RISKS: The Fund's investments are subject to credit risk, inflation risk and interest rate risk.*

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\*These estimates are not for tax purposes. The Fund will issue a Form 1099 with final composition of the distributions for tax purposes after year-end. A return of capital is not taxable and results in a reduction in the tax basis of a shareholder's investment. For more information about a distribution's composition, please refer to the Fund's distribution press release or, if applicable, the section 19 notice located in the press release section of our website, [www.lmcef.com](http://www.lmcef.com).

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*As interest rates rise, bond prices fall generally, reducing the value of the Fund's holdings. The Fund may use derivatives, such as options and futures, which can be illiquid, may disproportionately increase losses, and have a potentially large impact on Fund performance. High-yield bonds involve greater credit and liquidity risks than investment grade bonds. Foreign securities are subject to certain risks not associated with domestic investing, such as currency fluctuations and changes in political and economic conditions which could result in significant fluctuations. These risks are magnified in emerging markets. Leverage may result in greater volatility of NAV and the market price of common shares and increases a shareholder's risk of loss.*

All investments are subject to risk including the possible loss of principal. Past performance is no guarantee of future results. All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

The information provided is not intended to be a forecast of future events, a guarantee of future results or investment advice. Views expressed may differ from those of the firm as a whole.

- i Gross domestic product ( GDP ) is the market value of all final goods and services produced within a country in a given period of time.
- ii The Institute for Supply Management's PMI is based on a survey of purchasing executives who buy the raw materials for manufacturing at more than 350 companies. It offers an early reading on the health of the manufacturing sector.
- iii The Federal Reserve Board ( Fed ) is responsible for the formulation of policies designed to promote economic growth, full employment, stable prices and a sustainable pattern of international trade and payments.
- iv The federal funds rate is the rate charged by one depository institution on an overnight sale of immediately available funds (balances at the Federal Reserve) to another depository institution; the rate may vary from depository institution to depository institution and from day to day.
- v Duration is the measure of the price sensitivity of a fixed-income security to an interest rate change of 100 basis points. Calculation is based on the weighted average of the present values for all cash flows.
- vi The Barclays U.S. Aggregate Index is a broad-based bond index comprised of government, corporate, mortgage- and asset-backed issues, rated investment grade or higher, and having at least one year to maturity.
- vii The Barclays U.S. Corporate High Yield 2% Issuer Cap Index is an index of the 2% Issuer Cap component of the Barclays U.S. Corporate High Yield Index, which covers the U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bond market.
- viii The JPMorgan Emerging Markets Bond Index Global ( EMBI Global ) tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds and local market instruments.
- ix Net asset value ( NAV ) is calculated by subtracting total liabilities and outstanding preferred stock (if any) from the closing value of all securities held by the Fund (plus all other assets) and dividing the result (total net assets) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the Fund has invested. However, the price at which an investor may buy or sell shares of the Fund is the Fund's market price as determined by supply of and demand for the Fund's shares.
- x Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the six-month period ended October 31, 2013, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 41 funds in the Fund's Lipper category.

## Fund at a glance (unaudited)

**Investment breakdown (%)** as a percent of total investments

The bar graph above represents the composition of the Fund's investments as of October 31, 2013 and April 30, 2013 and does not include derivatives, such as futures contracts, written options, swap contracts and forward foreign currency contracts. The Fund is actively managed. As a result, the composition of the Fund's investments is subject to change at any time.  
Represents less than 0.1%.

## Spread duration (unaudited)

Economic exposure October 31, 2013

### Total Spread Duration

HIX 3.47 years

Benchmark 4.63 years

Spread duration measures the sensitivity to changes in spreads. The spread over Treasuries is the annual risk-premium demanded by investors to hold non-Treasury securities. Spread duration is quantified as the % change in price resulting from a 100 basis points change in spreads. For a security with positive spread duration, an increase in spreads would result in a price decline and a decline in spreads would result in a price increase. This chart highlights the market sector exposure of the Fund's sectors relative to the selected benchmark sectors as of the end of the reporting period.

Benchmark 80% of Barclays U.S. Corporate High Yield 2% Issuer Cap Index and 20% of JPMorgan Emerging Markets Bond Index Global  
EM Emerging Markets  
HIX Western Asset High Income Fund II Inc.  
HY High Yield  
IG Credit Investment Grade Credit

## Effective duration (unaudited)

Interest rate exposure October 31, 2013

Total Effective Duration  
HIX 3.76 years  
Benchmark 4.71 years

Effective duration measures the sensitivity to changes in relevant interest rates. Effective duration is quantified as the % change in price resulting from a 100 basis points change in interest rates. For a security with positive effective duration, an increase in interest rates would result in a price decline and a decline in interest rates would result in a price increase. This chart highlights the interest rate exposure of the Fund's sectors relative to the selected benchmark sectors as of the end of the reporting period.

Benchmark 80% of Barclays U.S. Corporate High Yield 2% Issuer Cap Index and 20% of JPMorgan Emerging Markets Bond Index Global  
EM Emerging Markets  
HIX Western Asset High Income Fund II Inc.  
HY High Yield  
IG Credit Investment Grade Credit

## Schedule of investments (unaudited)

October 31, 2013

### Western Asset High Income Fund II Inc.

Security	Rate	Maturity Date	Face Amount	Value
<b>Corporate Bonds &amp; Notes 120.8%</b>				
<b>Consumer Discretionary 24.0%</b>				
<i>Auto Components 0.5%</i>				
American Axle & Manufacturing Inc., Senior Notes	6.625%	10/15/22	700,000	\$ 742,000 (a)
Europcar Groupe SA, Senior Notes	11.500%	5/15/17	380,000 EUR	603,656 (b)
Europcar Groupe SA, Senior Notes	9.375%	4/15/18	2,010,000 EUR	2,879,175 (b)
<i>Total Auto Components</i>				<i>4,224,831</i>
<i>Automobiles 0.5%</i>				
Chrysler Group LLC/CG Co.-Issuer Inc., Secured Notes	8.250%	6/15/21	2,482,000	2,820,173 (a)
Jaguar Holding Co. II/Jaguar Merger Sub Inc., Senior Notes	9.500%	12/1/19	1,020,000	1,150,050 (a)(b)
<i>Total Automobiles</i>				<i>3,970,223</i>
<i>Diversified Consumer Services 1.0%</i>				
Co-operative Group Holdings 2011 Ltd., Senior Notes, Step bond	6.875%	7/8/20	337,000 GBP	554,546 (b)
Co-operative Group Holdings 2011 Ltd., Senior Notes, Step bond	7.500%	7/8/26	500,000 GBP	821,742
Laureate Education Inc., Senior Notes	9.250%	9/1/19	1,910,000	2,110,550 (a)(b)
Service Corp. International, Senior Notes	7.500%	4/1/27	2,090,000	2,246,750 (a)
StoneMor Partners LP/Cornerstone Family Services of WV, Senior Notes	7.875%	6/1/21	1,810,000	1,886,925 (a)(b)
<i>Total Diversified Consumer Services</i>				<i>7,620,513</i>
<i>Hotels, Restaurants &amp; Leisure 6.3%</i>				
Arcos Dorados Holdings Inc., Senior Notes	6.625%	9/27/23	1,730,000	1,764,600 (b)
Bossier Casino Venture Holdco Inc., Senior Secured Bonds	14.000%	2/9/18	2,726,837	2,576,357 (b)(c)(d)(e)
Boyd Gaming Corp., Senior Notes	9.125%	12/1/18	1,470,000	1,605,975 (a)
Boyd Gaming Corp., Senior Notes	9.000%	7/1/20	2,370,000	2,565,525 (a)
Burger King Capital Holdings LLC/Burger King Capital Finance Inc., Senior Notes, Step bond	0.000%	4/15/19	840,000	749,700 (b)
Caesars Entertainment Operating Co. Inc., Senior Secured Notes	11.250%	6/1/17	2,875,000	2,875,000 (a)
Caesars Entertainment Operating Co. Inc., Senior Secured Notes	8.500%	2/15/20	4,500,000	4,170,937
Carrols Restaurant Group Inc., Senior Secured Notes	11.250%	5/15/18	2,720,000	3,134,800 (a)
CCM Merger Inc., Senior Notes	9.125%	5/1/19	3,360,000	3,578,400 (a)(b)
Downstream Development Quapaw, Senior Secured Notes	10.500%	7/1/19	2,580,000	2,573,550 (a)(b)
Fontainebleau Las Vegas Holdings LLC/Fontainebleau Las Vegas Capital Corp., Senior Secured Notes	10.250%	6/15/15	975,000	1,828 (b)(f)
Hoa Restaurant Group LLC/Hoa Finance Corp., Senior Secured Notes	11.250%	4/1/17	3,140,000	3,242,050 (a)(b)
Landry s Holdings II Inc., Senior Notes	10.250%	1/1/18	1,530,000	1,625,625 (a)(b)
Landry s Inc., Senior Notes	9.375%	5/1/20	6,978,000	7,588,575 (a)(b)

See Notes to Financial Statements.



## Western Asset High Income Fund II Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Hotels, Restaurants &amp; Leisure continued</i>				
MGM Resorts International, Senior Notes	5.875%	2/27/14	700,000	\$ 710,500 (a)
Mohegan Tribal Gaming Authority, Secured Notes	11.500%	11/1/17	1,445,000	1,625,625 (b)
Mohegan Tribal Gaming Authority, Senior Notes	9.750%	9/1/21	1,640,000	1,775,300 (b)
Paris Las Vegas Holding LLC/Harrah's Las Vegas LLC/Flamingo Las Vegas Holding LLC, Senior Secured Notes	8.000%	10/1/20	3,340,000	3,356,700 (b)
Rivers Pittsburgh Borrower LP/Rivers Pittsburgh Finance Corp., Senior Secured Notes	9.500%	6/15/19	656,000	724,880 (a)(b)
Seven Seas Cruises S de RL LLC, Senior Secured Notes	9.125%	5/15/19	3,770,000	4,161,138 (a)
<i>Total Hotels, Restaurants &amp; Leisure</i>				50,407,065
<i>Household Durables 1.4%</i>				
APX Group Inc., Senior Secured Notes	6.375%	12/1/19	1,820,000	1,822,275
Standard Pacific Corp., Senior Notes	6.250%	12/15/21	2,590,000	2,670,937
WCI Communities Inc., Senior Notes	6.875%	8/15/21	1,730,000	1,691,075 (b)
William Lyon Homes Inc., Senior Notes	8.500%	11/15/20	2,980,000	3,203,500 (a)
Woodside Homes Co. LLC/Woodside Homes Finance Inc., Senior Notes	6.750%	12/15/21	1,950,000	1,940,250 (b)
<i>Total Household Durables</i>				11,328,037
<i>Media 9.1%</i>				
Carmike Cinemas Inc., Secured Notes	7.375%	5/15/19	1,040,000	1,133,600 (a)
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	8.125%	4/30/20	5,050,000	5,555,000 (a)
Cerved Group SpA, Senior Secured Notes	6.375%	1/15/20	200,000 EUR	287,843 (b)
Cerved Group SpA, Senior Subordinated Notes	8.000%	1/15/21	300,000 EUR	433,801 (b)
Clear Channel Worldwide Holdings Inc., Senior Notes	6.500%	11/15/22	1,960,000	2,067,800
Clear Channel Worldwide Holdings Inc., Senior Notes	6.500%	11/15/22	900,000	940,500
Clear Channel Worldwide Holdings Inc., Senior Subordinated Notes	7.625%	3/15/20	260,000	276,250
CSC Holdings Inc., Senior Debentures	7.875%	2/15/18	1,500,000	1,743,750 (a)
CSC Holdings LLC, Senior Notes	6.750%	11/15/21	230,000	251,850
DISH DBS Corp., Senior Notes	7.875%	9/1/19	1,815,000	2,119,012 (a)
DISH DBS Corp., Senior Notes	6.750%	6/1/21	2,270,000	2,468,625 (a)
Gibson Brands Inc., Senior Secured Notes	8.875%	8/1/18	780,000	819,000 (b)
Good Sam Enterprises LLC, Secured Notes	11.500%	12/1/16	3,220,000	3,521,875
Gray Television Inc., Senior Notes	7.500%	10/1/20	1,830,000	1,926,075 (b)
MDC Partners Inc., Senior Notes	6.750%	4/1/20	800,000	836,000 (b)
Nara Cable Funding Ltd., Senior Secured Notes	8.875%	12/1/18	5,000,000 EUR	7,348,818 (a)(b)
New Cotai LLC/New Cotai Capital Corp., Senior Secured Notes	10.625%	5/1/19	1,680,000	1,713,600 (b)(c)
Ono Finance II PLC, Senior Bonds	10.875%	7/15/19	4,061,000	4,436,642 (a)(b)
Polish Television Holding BV, Senior Secured Bonds	11.000%	1/15/21	420,000 EUR	605,953 (b)(c)

See Notes to Financial Statements.

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

October 31, 2013

### Western Asset High Income Fund II Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Media continued</i>				
Time Warner Cable Inc., Senior Notes	8.750%	2/14/19	3,420,000	\$ 4,080,166 (a)
Time Warner Cable Inc., Senior Notes	8.250%	4/1/19	1,336,000	1,567,932 (a)
TVN Finance Corp. III AB, Senior Bonds	7.375%	12/15/20	1,258,000 EUR	1,810,532 (b)
Univision Communications Inc., Senior Notes	8.500%	5/15/21	4,450,000	4,950,625 (a)(b)
Univision Communications Inc., Senior Secured Notes	6.875%	5/15/19	1,780,000	1,926,850 (a)(b)
Univision Communications Inc., Senior Secured Notes	7.875%	11/1/20	400,000	446,000 (a)(b)
UPC Holding BV, Junior Secured Subordinated Notes	6.375%	9/15/22	5,060,000 EUR	7,011,738 (b)
UPC Holding BV, Senior Notes	9.875%	4/15/18	1,265,000	1,375,687 (a)(b)
UPCB Finance II Ltd., Senior Notes	6.375%	7/1/20	4,500,000 EUR	6,538,785 (a)(b)
Virgin Media Finance PLC, Senior Notes	6.375%	4/15/23	5,420,000	5,582,600 (a)(b)
<i>Total Media</i>				<i>73,776,909</i>
<i>Multiline Retail 1.1%</i>				
Bon-Ton Department Stores Inc., Secured Notes	8.000%	6/15/21	2,890,000	2,738,275
Neiman Marcus Group LLC, Senior Secured Notes	7.125%	6/1/28	660,000	646,800 (a)
Neiman Marcus Group Ltd. Inc., Senior Notes	8.000%	10/15/21	280,000	288,050 (b)
Neiman Marcus Group Ltd. Inc., Senior Notes	8.750%	10/15/21	4,940,000	5,100,550 (b)(c)
<i>Total Multiline Retail</i>				<i>8,773,675</i>
<i>Specialty Retail 3.3%</i>				
American Greetings Corp., Senior Notes	7.375%	12/1/21	2,480,000	2,486,200 (a)
Edcon Pty Ltd., Senior Secured Notes	9.500%	3/1/18	3,550,000 EUR	4,904,360 (b)
Edcon Pty Ltd., Senior Secured Notes	9.500%	3/1/18	1,000,000 EUR	1,381,510 (b)
Edcon Pty Ltd., Senior Secured Notes	9.500%	3/1/18	760,000	768,406 (b)
Gymboree Corp., Senior Notes	9.125%	12/1/18	4,540,000	4,415,150 (a)
Hot Topic Inc., Senior Secured Notes	9.250%	6/15/21	1,570,000	1,652,425 (b)
Michaels Stores Inc., Senior Subordinated Bonds	11.375%	11/1/16	1,303,000	1,338,845 (a)
New Academy Finance Co. LLC/New Academy Finance Corp., Senior Notes	8.000%	6/15/18	530,000	544,575 (b)(c)
Spencer Spirit Holdings Inc., Senior Notes	9.000%	5/1/18	4,165,000	4,165,000 (a)(b)(c)
Spencer Spirit Holdings Inc./Spencer Gifts LLC/Spirit Halloween Superstores, Senior Notes	11.000%	5/1/17	4,860,000	5,273,100 (a)(b)
<i>Total Specialty Retail</i>				<i>26,929,571</i>
<i>Textiles, Apparel &amp; Luxury Goods 0.8%</i>				
Boardriders SA, Senior Notes	8.875%	12/15/17	2,900,000 EUR	4,154,034 (b)
Chinos Intermediate Holdings A Inc., Senior Notes	7.750%	5/1/19	1,210,000	1,220,587 (b)(c)
Empire Today LLC/Empire Today Finance Corp., Senior Secured Notes	11.375%	2/1/17	1,300,000	1,202,500 (a)(b)
<i>Total Textiles, Apparel &amp; Luxury Goods</i>				<i>6,577,121</i>
<b>Total Consumer Discretionary</b>				<b>193,607,945</b>

See Notes to Financial Statements.

## Western Asset High Income Fund II Inc.

Security	Rate	Maturity Date	Face Amount	Value
<b>Consumer Staples 3.7%</b>				
<i>Beverages 0.4%</i>				
Carolina Beverage Group LLC/Carolina Beverage Group Finance Inc., Secured Notes	10.625%	8/1/18	1,000,000	\$ 1,052,500 <sup>(b)</sup>
Crestview DS Merger Subordinated II Inc., Senior Secured Notes	10.000%	9/1/21	2,390,000	2,497,550 <sup>(b)</sup>
<i>Total Beverages</i>				<i>3,550,050</i>
<i>Food Products 2.3%</i>				
Chiquita Brands International Inc./Chiquita Brands LLC, Senior Secured Notes	7.875%	2/1/21	3,730,000	4,056,375 <sup>(a)(b)</sup>
Dole Food Co. Inc., Senior Secured Notes	7.250%	5/1/19	2,510,000	2,528,825 <sup>(b)</sup>
Post Holdings Inc., Senior Notes	7.375%	2/15/22	3,050,000	3,267,312 <sup>(a)(b)</sup>
Simmons Foods Inc., Senior Secured Notes	10.500%	11/1/17	4,640,000	4,883,600 <sup>(a)(b)</sup>
Sun Merger Sub Inc., Senior Notes	5.875%	8/1/21	2,690,000	2,817,775 <sup>(b)</sup>
Wells Enterprises Inc., Senior Secured Notes	6.750%	2/1/20	1,280,000	1,318,400 <sup>(a)(b)</sup>
<i>Total Food Products</i>				<i>18,872,287</i>
<i>Household Products 0.5%</i>				
Harbinger Group Inc., Senior Secured Notes	7.875%	7/15/19	1,690,000	1,804,075 <sup>(b)</sup>
Sun Products Corp., Senior Notes	7.750%	3/15/21	2,530,000	2,289,650 <sup>(a)(b)</sup>
<i>Total Household Products</i>				<i>4,093,725</i>
<i>Personal Products 0.2%</i>				
Hypermecas SA, Notes	6.500%	4/20/21	1,230,000	1,300,725 <sup>(b)</sup>
<i>Tobacco 0.3%</i>				
Alliance One International Inc., Secured Notes	9.875%	7/15/21	2,460,000	2,373,900 <sup>(b)</sup>
<b>Total Consumer Staples</b>				<b>30,190,687</b>
<b>Energy 15.1%</b>				
<i>Energy Equipment &amp; Services 2.5%</i>				
Atwood Oceanics Inc., Senior Notes	6.500%	2/1/20	1,470,000	1,580,250 <sup>(a)</sup>
CGG, Senior Notes	9.500%	5/15/16	723,000	763,669 <sup>(a)</sup>
CGG, Senior Notes	7.750%	5/15/17	1,120,000	1,157,800 <sup>(a)</sup>
Gulfmark Offshore Inc., Senior Notes	6.375%	3/15/22	1,600,000	1,620,000 <sup>(a)</sup>
Hercules Offshore Inc., Senior Notes	10.250%	4/1/19	1,760,000	1,997,600 <sup>(a)(b)</sup>
Hercules Offshore Inc., Senior Notes	8.750%	7/15/21	2,400,000	2,652,000 <sup>(a)(b)</sup>
Hercules Offshore Inc., Senior Notes	7.500%	10/1/21	2,140,000	2,247,000 <sup>(b)</sup>
Parker Drilling Co., Senior Notes	9.125%	4/1/18	3,240,000	3,483,000 <sup>(a)</sup>
Petroleum Geo-Services ASA, Senior Notes	7.375%	12/15/18	1,720,000	1,849,000 <sup>(a)(b)</sup>
SESI LLC, Senior Notes	7.125%	12/15/21	2,780,000	3,089,275 <sup>(a)</sup>
TMK OAO Via TMK Capital SA, Senior Notes	6.750%	4/3/20	210,000	205,800 <sup>(b)</sup>
<i>Total Energy Equipment &amp; Services</i>				<i>20,645,394</i>

See Notes to Financial Statements.

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

October 31, 2013

### Western Asset High Income Fund II Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Oil, Gas &amp; Consumable Fuels 12.6%</i>				
Alliance Oil Co., Ltd., Senior Notes	7.000%	5/4/20	2,220,000	\$ 2,306,025 (b)
Arch Coal Inc., Senior Notes	8.750%	8/1/16	2,080,000	2,090,400 (a)
Arch Coal Inc., Senior Notes	7.000%	6/15/19	1,630,000	1,279,550
Arch Coal Inc., Senior Notes	9.875%	6/15/19	1,360,000	1,162,800
Atlas Pipeline Partners LP/Atlas Pipeline Finance Corp., Senior Notes	6.625%	10/1/20	1,010,000	1,065,550
Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes	9.375%	5/1/19	2,140,000	2,380,750 (a)
Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes	9.375%	5/1/19	690,000	767,625 (a)
Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes	9.625%	8/1/20	1,570,000	1,768,212 (a)
Carrizo Oil & Gas Inc., Senior Notes	7.500%	9/15/20	1,140,000	1,248,300 (a)
Chesapeake Energy Corp., Senior Notes	6.875%	11/15/20	2,100,000	2,383,500 (a)
Comstock Resources Inc., Senior Notes	9.500%	6/15/20	2,130,000	2,374,950 (a)
CONSOL Energy Inc., Senior Notes	8.250%	4/1/20	2,870,000	3,153,412 (a)
Corral Petroleum Holdings AB, Senior Notes	15.000%	12/31/17	4,740,758	4,728,906 (b)(c)(d)
Crosstex Energy LP/Crosstex Energy Finance Corp., Senior Notes	8.875%	2/15/18	1,600,000	1,706,000 (a)
Denbury Resources Inc., Senior Subordinated Notes	8.250%	2/15/20	1,875,000	2,071,875 (a)
EDC Finance Ltd., Senior Notes	4.875%	4/17/20	1,100,000	1,094,500 (b)
Enterprise Products Operating LLC, Junior Subordinated Notes	8.375%	8/1/66	285,000	314,763 (a)(g)
EP Energy LLC/EP Energy Finance Inc., Senior Notes	9.375%	5/1/20	910,000	1,055,600 (a)
EPE Holdings LLC/EP Energy Bond Co. Inc., Senior Notes	8.875%	12/15/17	2,325,657	2,447,754 (b)(c)
Globe Luxembourg SCA, Senior Secured Notes	9.625%	5/1/18	3,530,000	3,618,250 (a)(b)
Halcon Resources Corp., Senior Notes	9.750%	7/15/20	3,920,000	4,282,600 (a)
Kodiak Oil & Gas Corp., Senior Notes	8.125%	12/1/19	2,720,000	3,032,800 (a)
LUKOIL International Finance BV, Bonds	6.356%	6/7/17	1,720,000	1,929,496 (b)
Magnum Hunter Resources Corp., Senior Notes	9.750%	5/15/20	2,330,000	2,481,450 (b)
Magnum Hunter Resources Corp., Senior Notes	9.750%	5/15/20	2,200,000	2,343,000 (b)
MEG Energy Corp., Senior Notes	7.000%	3/31/24	5,020,000	5,145,500 (b)
Milagro Oil & Gas Inc., Secured Notes	10.500%	5/15/16	3,290,000	2,483,950
Murray Energy Corp., Senior Secured Notes	8.625%	6/15/21	1,740,000	1,879,200 (a)(b)
Natural Resource Partners LP, Senior Notes	9.125%	10/1/18	2,240,000	2,318,400 (b)
Novatek Finance Ltd., Notes	6.604%	2/3/21	2,300,000	2,584,625 (b)(h)
Peabody Energy Corp., Senior Notes	7.875%	11/1/26	1,780,000	1,842,300 (a)
Petrobras International Finance Co., Senior Notes	6.875%	1/20/40	1,145,000	1,157,500 (h)
Petrobras International Finance Co., Senior Notes	6.750%	1/27/41	1,820,000	1,807,351 (a)
Plains Exploration & Production Co., Senior Notes	8.625%	10/15/19	1,140,000	1,261,836 (a)

See Notes to Financial Statements.

## Western Asset High Income Fund II Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Oil, Gas &amp; Consumable Fuels continued</i>				
PT Adaro Indonesia, Senior Notes	7.625%	10/22/19	770,000	\$ 817,163 <sup>(a)(b)</sup>
Quicksilver Resources Inc., Senior Notes	11.000%	7/1/21	3,980,000	4,039,700 <sup>(a)(b)</sup>
Range Resources Corp., Senior Subordinated Notes	8.000%	5/15/19	530,000	571,075 <sup>(a)</sup>
Rosneft Finance SA, Senior Notes	7.500%	7/18/16	270,000	303,750 <sup>(b)</sup>
Rosneft Finance SA, Senior Notes	6.625%	3/20/17	230,000	254,725 <sup>(b)</sup>
Rosneft Finance SA, Senior Notes	7.875%	3/13/18	1,390,000	1,621,088 <sup>(a)(b)</sup>
Rosneft Finance SA, Senior Notes	7.875%	3/13/18	200,000	233,250 <sup>(b)</sup>
Samson Investment Co., Senior Notes	10.250%	2/15/20	6,620,000	7,182,700 <sup>(a)(b)</sup>
Sanchez Energy Corp., Senior Notes	7.750%	6/15/21	3,960,000	4,059,000 <sup>(b)</sup>
SandRidge Energy Inc., Senior Notes	7.500%	2/15/23	920,000	959,100 <sup>(a)</sup>
Shelf Drilling Holdings Ltd., Senior Secured Notes	8.625%	11/1/18	1,810,000	1,959,325 <sup>(b)</sup>
Sidewinder Drilling Inc., Senior Notes	9.750%	11/15/19	1,100,000	1,072,500 <sup>(a)(b)</sup>
Summit Midstream Holdings LLC/Summit Mindstream Finance Corp., Senior Notes	7.500%	7/1/21	1,370,000	1,448,775 <sup>(b)</sup>
Xinergy Ltd., Senior Secured Notes	9.250%	5/15/19	4,740,000	3,483,900 <sup>(a)(b)</sup>
<i>Total Oil, Gas &amp; Consumable Fuels</i>				101,574,781
<b>Total Energy</b>				<b>122,220,175</b>
<b>Financials 10.6%</b>				
<i>Capital Markets 0.3%</i>				
Goldman Sachs Group Inc., Subordinated Notes	6.750%	10/1/37	2,320,000	2,541,994 <sup>(a)</sup>
<i>Commercial Banks 4.0%</i>				
Barclays Bank PLC, Subordinated Notes	10.179%	6/12/21	3,710,000	4,932,092 <sup>(a)(b)</sup>
Barclays Bank PLC, Subordinated Notes	7.625%	11/21/22	5,000,000	5,170,000 <sup>(a)</sup>
Credit Agricole SA, Subordinated Notes	8.375%	10/13/19	3,180,000	3,597,375 <sup>(a)(b)(g)(i)</sup>
Intesa Sanpaolo SpA, Senior Notes	3.625%	8/12/15	3,920,000	4,020,897 <sup>(b)</sup>
M&T Bank Corp., Junior Subordinated Notes	6.875%	6/15/16	4,400,000	4,485,201 <sup>(a)(b)(i)</sup>
Royal Bank of Scotland Group PLC, Junior Subordinated Bonds	7.648%	9/30/31	3,530,000	3,706,500 <sup>(a)(g)(i)</sup>
Royal Bank of Scotland Group PLC, Subordinated Notes	5.000%	10/1/14	1,660,000	1,699,075 <sup>(a)</sup>
Royal Bank of Scotland Group PLC, Subordinated Notes	6.100%	6/10/23	1,470,000	1,514,188
Royal Bank of Scotland NV, Subordinated Notes	7.750%	5/15/23	650,000	725,707 <sup>(a)</sup>
Santander Issuances SAU, Notes	5.911%	6/20/16	2,090,000	2,202,528 <sup>(b)</sup>
<i>Total Commercial Banks</i>				32,053,563
<i>Consumer Finance 1.4%</i>				
Ally Financial Inc., Senior Notes	6.750%	12/1/14	6,140,000	6,493,050 <sup>(a)</sup>
SLM Corp., Medium-Term Notes, Senior Notes	8.450%	6/15/18	2,230,000	2,611,887 <sup>(a)</sup>
Stearns Holdings Inc., Senior Secured Notes	9.375%	8/15/20	1,250,000	1,307,813 <sup>(b)</sup>

See Notes to Financial Statements.

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

October 31, 2013

### Western Asset High Income Fund II Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Consumer Finance continued</i>				
TMX Finance LLC/TitleMax Finance Corp., Senior Secured Notes	8.500%	9/15/18	1,110,000	\$ 1,184,925 <sup>(b)</sup>
<i>Total Consumer Finance</i>				<i>11,597,675</i>
<i>Diversified Financial Services 3.0%</i>				
Bank of America Corp., Junior Subordinated Notes	5.200%	6/1/23	2,410,000	2,199,125 <sup>(a)(g)(i)</sup>
ING US Inc., Junior Subordinated Notes	5.650%	5/15/53	1,070,000	1,022,405 <sup>(g)</sup>
International Lease Finance Corp., Senior Notes	5.750%	5/15/16	800,000	857,000
International Lease Finance Corp., Senior Notes	8.750%	3/15/17	3,385,000	3,994,300 <sup>(a)</sup>
International Lease Finance Corp., Senior Notes	8.875%	9/1/17	5,180,000	6,170,675 <sup>(a)</sup>
International Lease Finance Corp., Senior Notes	8.250%	12/15/20	2,160,000	2,556,900 <sup>(a)</sup>
JPMorgan Chase & Co., Junior Subordinated Bonds	6.000%	8/1/23	1,270,000	1,235,075 <sup>(g)(i)</sup>
Nationstar Mortgage LLC/Nationstar Capital Corp., Senior Notes	7.875%	10/1/20	2,200,000	2,362,250
TransUnion Holding Co. Inc., Senior Notes	9.625%	6/15/18	2,630,000	2,860,125 <sup>(a)</sup>
ZFS Finance USA Trust II, Bonds	6.450%	12/15/65	500,000	538,750 <sup>(b)(g)</sup>
<i>Total Diversified Financial Services</i>				<i>23,796,605</i>
<i>Insurance 1.2%</i>				
American International Group Inc., Senior Notes	8.250%	8/15/18	3,180,000	4,031,137 <sup>(a)</sup>
Fidelity & Guaranty Life Holdings Inc., Senior Notes	6.375%	4/1/21	1,450,000	1,518,875 <sup>(b)</sup>
ING Capital Funding Trust III, Junior Subordinated Bonds	3.848%	12/31/13	810,000	803,925 <sup>(a)(g)(i)</sup>
Liberty Mutual Group Inc., Junior Subordinated Bonds	7.800%	3/15/37	1,750,000	1,916,250 <sup>(a)(b)</sup>
MetLife Capital Trust IV, Junior Subordinated Notes	7.875%	12/15/37	1,100,000	1,273,250 <sup>(a)(b)</sup>
<i>Total Insurance</i>				<i>9,543,437</i>
<i>Real Estate Management &amp; Development 0.7%</i>				
Howard Hughes Corp., Senior Notes	6.875%	10/1/21	4,140,000	4,305,600 <sup>(b)</sup>
Realogy Group LLC, Senior Secured Notes	7.625%	1/15/20	1,320,000	1,478,400 <sup>(b)</sup>
<i>Total Real Estate Management &amp; Development</i>				<i>5,784,000</i>
<b>Total Financials</b>				<b>85,317,274</b>
<i>Health Care 7.1%</i>				
<i>Health Care Equipment &amp; Supplies 1.1%</i>				
Alere Inc., Senior Subordinated Notes	6.500%	6/15/20	2,800,000	2,884,000
ConvaTec Finance International SA, Senior Notes	8.250%	1/15/19	1,610,000	1,664,338 <sup>(b)(c)</sup>
Lantheus Medical Imaging Inc., Senior Notes	9.750%	5/15/17	4,530,000	4,122,300 <sup>(a)</sup>
<i>Total Health Care Equipment &amp; Supplies</i>				<i>8,670,638</i>
<i>Health Care Providers &amp; Services 5.5%</i>				
Acadia Healthcare Co. Inc., Senior Notes	12.875%	11/1/18	1,248,000	1,513,200 <sup>(a)</sup>
Acadia Healthcare Co. Inc., Senior Notes	6.125%	3/15/21	1,540,000	1,578,500 <sup>(b)</sup>
CHS/Community Health Systems Inc., Senior Notes	8.000%	11/15/19	4,590,000	4,997,362 <sup>(a)</sup>

See Notes to Financial Statements.

## Western Asset High Income Fund II Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Health Care Providers &amp; Services continued</i>				
CRC Health Corp., Senior Subordinated Notes	10.750%	2/1/16	8,195,000	\$ 8,251,341 (a)
DJO Finance LLC/DJO Finance Corp., Senior Notes	9.875%	4/15/18	2,620,000	2,823,050 (a)
ExamWorks Group Inc., Senior Notes	9.000%	7/15/19	5,000,000	5,443,750 (a)
Fresenius Medical Care U.S. Finance Inc., Senior Notes	6.875%	7/15/17	105,000	119,175 (a)
Fresenius U.S. Finance II Inc., Senior Notes	9.000%	7/15/15	1,020,000	1,142,400 (a)(b)
HCA Inc., Debentures	7.500%	11/15/95	1,325,000	1,205,750 (a)
HCA Inc., Senior Secured Notes	8.500%	4/15/19	3,520,000	3,788,400 (a)
IASIS Healthcare LLC/IASIS Capital Corp., Senior Notes	8.375%	5/15/19	2,540,000	2,705,100
Labco SAS, Senior Secured Notes	8.500%	1/15/18	254,000 <sup>EUR</sup>	369,037 (b)
Physiotherapy Associates Holdings Inc., Senior Notes	11.875%	5/1/19	3,150,000	1,181,250 (a)(b)(f)
Radnet Management Inc., Senior Notes	10.375%	4/1/18	3,120,000	3,322,800 (a)
Tenet Healthcare Corp., Senior Notes	8.125%	4/1/22	2,870,000	3,149,825 (b)
Tenet Healthcare Corp., Senior Secured Notes	6.000%	10/1/20	2,580,000	2,733,187 (b)
<i>Total Health Care Providers &amp; Services</i>				<i>44,324,127</i>
<i>Pharmaceuticals 0.5%</i>				
ConvaTec Healthcare E SA, Senior Notes	10.875%	12/15/18	2,500,000 <sup>EUR</sup>	3,869,586 (a)(b)
Rottapharm Ltd., Senior Notes	6.125%	11/15/19	500,000 <sup>EUR</sup>	703,144 (b)
<i>Total Pharmaceuticals</i>				<i>4,572,730</i>
<b>Total Health Care</b>				<b>57,567,495</b>
<i>Industrials 22.7%</i>				
<i>Aerospace &amp; Defense 2.4%</i>				
Ducommun Inc., Senior Notes	9.750%	7/15/18	1,960,000	2,200,100 (a)
Erickson Air-Crane Inc., Senior Secured Notes	8.250%	5/1/20	4,854,000	5,084,565 (a)(b)
GenCorp Inc., Secured Notes	7.125%	3/15/21	1,490,000	1,601,750 (b)
Kratos Defense & Security Solutions Inc., Senior Secured Notes	10.000%	6/1/17	4,160,000	4,555,200 (a)
Triumph Group Inc., Senior Notes	8.625%	7/15/18	1,660,000	1,809,400 (a)
Wyle Services Corp., Senior Subordinated Notes	10.500%	4/1/18	4,360,000	4,436,300 (a)(b)
<i>Total Aerospace &amp; Defense</i>				<i>19,687,315</i>
<i>Airlines 3.0%</i>				
Air Canada, Pass-Through Trust, Secured Notes	6.625%	5/15/18	1,100,000	1,087,680 (b)
Air Canada, Senior Secured Notes	8.750%	4/1/20	2,790,000	2,908,575 (b)
American Airlines, Pass-Through Trust, Secured Notes	7.000%	1/31/18	1,258,048	1,311,515 (b)
American Airlines, Pass-Through Trust, Secured Notes	6.125%	7/15/18	190,000	184,300 (b)
DAE Aviation Holdings Inc., Senior Notes	11.250%	8/1/15	6,119,000	6,164,893 (a)(b)
Delta Air Lines Inc., Pass-Through Certificates	8.954%	8/10/14	5,300	5,393
Delta Air Lines Inc., Pass-Through Certificates, Secured Notes	8.021%	8/10/22	1,371,795	1,484,968 (a)

See Notes to Financial Statements.

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

October 31, 2013

### Western Asset High Income Fund II Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Airlines continued</i>				
Delta Air Lines Inc., Pass-Through Certificates, Subordinated Secured Notes	9.750%	12/17/16	568,820	\$ 635,657 <sup>(a)</sup>
Heathrow Finance PLC, Senior Secured Notes	7.125%	3/1/17	2,450,000 GBP	4,317,005 <sup>(a)(b)</sup>
United Airlines Inc., Pass-Through Certificates	5.983%	4/19/22	4,299,826	4,665,311 <sup>(a)</sup>
United Airlines Inc., Pass-Through Certificates, Senior Secured Notes	6.125%	4/29/18	1,430,000	1,469,325 <sup>(a)</sup>
<i>Total Airlines</i>				<i>24,234,622</i>
<i>Building Products 1.2%</i>				
Andrade Gutierrez International SA, Senior Notes	4.000%	4/30/18	1,230,000	1,205,400 <sup>(b)</sup>
Ashton Woods USA LLC/Ashton Woods Finance Co., Senior Notes	6.875%	2/15/21	2,010,000	1,984,875 <sup>(a)(b)</sup>
GTL Trade Finance Inc., Senior Notes	7.250%	10/20/17	2,260,000	2,548,150 <sup>(a)(b)</sup>
GTL Trade Finance Inc., Senior Notes	7.250%	10/20/17	1,424,000	1,605,560 <sup>(b)(h)</sup>
Rearden G Holdings EINS GmbH, Senior Notes	7.875%	3/30/20	800,000	854,000 <sup>(b)</sup>
Spie BondCo 3 SCA, Secured Notes	11.000%	8/15/19	1,139,000 EUR	1,762,983 <sup>(b)</sup>
<i>Total Building Products</i>				<i>9,960,968</i>
<i>Commercial Services &amp; Supplies 3.5%</i>				
ARC Document Solutions Inc., Senior Notes	10.500%	12/15/16	4,100,000	4,351,125 <sup>(a)</sup>
JM Huber Corp., Senior Notes	9.875%	11/1/19	1,490,000	1,706,050 <sup>(a)(b)</sup>
Monitronics International Inc., Senior Notes	9.125%	4/1/20	5,300,000	5,644,500 <sup>(a)</sup>
Monitronics International Inc., Senior Notes	9.125%	4/1/20	780,000	830,700 <sup>(b)</sup>
RSC Equipment Rental Inc./RSC Holdings III LLC, Senior Notes	8.250%	2/1/21	1,600,000	1,820,000 <sup>(a)</sup>
Taylor Morrison Communities Inc./Monarch Communities Inc., Senior Notes	7.750%	4/15/20	4,686,000	5,201,460 <sup>(a)(b)</sup>
Taylor Morrison Communities Inc./Monarch Communities Inc., Senior Notes	7.750%	4/15/20	1,186,000	1,316,460 <sup>(a)(b)</sup>
Taylor Morrison Communities Inc./Monarch Communities Inc., Senior Notes	5.250%	4/15/21	1,241,000	1,213,077 <sup>(b)</sup>
TMS International Corp., Senior Notes	7.625%	10/15/21	1,180,000	1,239,000 <sup>(b)</sup>
United Rentals North America Inc., Senior Notes	7.625%	4/15/22	3,018,000	3,395,250 <sup>(a)</sup>
United Rentals North America Inc., Senior Subordinated Notes	8.375%	9/15/20	1,310,000	1,470,475 <sup>(a)</sup>
<i>Total Commercial Services &amp; Supplies</i>				<i>28,188,097</i>
<i>Construction &amp; Engineering 1.3%</i>				
Abengoa Finance SAU, Senior Notes	8.875%	11/1/17	2,710,000	2,865,825 <sup>(a)(b)</sup>
Ausdrill Finance Pty Ltd., Senior Notes	6.875%	11/1/19	200,000	187,000 <sup>(b)</sup>
Michael Baker International LLC/CDL Acquisition Co. Inc., Senior Secured Notes	8.250%	10/15/18	2,780,000	2,849,500 <sup>(b)</sup>
Odebrecht Finance Ltd., Senior Notes	4.375%	4/25/25	5,170,000	4,653,000 <sup>(b)</sup>
<i>Total Construction &amp; Engineering</i>				<i>10,555,325</i>

See Notes to Financial Statements.



## Western Asset High Income Fund II Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Electrical Equipment 0.5%</i>				
International Wire Group Holdings Inc., Senior Secured Notes	8.500%	10/15/17	1,970,000	\$ 2,102,975 (a)(b)
NES Rentals Holdings Inc., Senior Secured Notes	7.875%	5/1/18	1,800,000	1,908,000 (a)(b)
Trionista Holdco GmbH, Senior Secured Notes	5.000%	4/30/20	100,000 EUR	137,981 (b)
Trionista TopCo GmbH, Senior Subordinated Notes	6.875%	4/30/21	150,000 EUR	214,487 (b)
<i>Total Electrical Equipment</i>				
<i>Industrial Conglomerates 0.4%</i>				
Leucadia National Corp., Senior Notes	8.125%	9/15/15	2,490,000	2,782,575 (a)
<i>Machinery 2.6%</i>				
Dematic SA/DH Services Luxembourg Sarl, Senior Notes	7.750%	12/15/20	5,370,000	5,705,625 (a)(b)
Frigoglass Finance BV, Senior Notes	8.250%	5/15/18	800,000 EUR	1,174,996 (b)
Gardner Denver Inc., Senior Notes	6.875%	8/15/21	2,950,000	3,016,375 (b)
Global Brass and Copper Inc., Senior Secured Notes	9.500%	6/1/19	2,390,000	2,688,750 (a)
KION Finance SA, Senior Secured Notes	6.750%	2/15/20	3,027,000 EUR	4,526,857 (b)
KraussMaffei Group GmbH, Senior Secured Notes	8.750%	12/15/20	700,000 EUR	1,059,724 (b)
KraussMaffei Group GmbH, Senior Secured Notes	8.750%	12/15/20	458,000 EUR	693,362 (b)
SPL Logistics Escrow LLC/SPL Logistics Finance Corp., Senior Secured Notes	8.875%	8/1/20	1,760,000	1,896,400 (a)(b)
<i>Total Machinery</i>				
<i>Marine 2.0%</i>				
Horizon Lines LLC, Secured Notes	13.000%	10/15/16	3,378,425	3,074,367 (c)
Horizon Lines LLC, Senior Secured Notes	11.000%	10/15/16	1,870,000	1,884,025
Navios Maritime Acquisition Corp./Navios Acquisition Finance U.S. Inc., Senior Secured Notes	8.625%	11/1/17	5,470,000	5,762,645
Navios Maritime Acquisition Corp./Navios Acquisition Finance U.S. Inc., Senior Secured Notes	8.125%	11/15/21	2,790,000	2,831,850 (b)
Ultrapetrol Bahamas Ltd., Senior Secured Mortgage Notes	8.875%	6/15/21	1,890,000	2,031,750 (b)
Ultrapetrol Bahamas Ltd., Senior Secured Mortgage Notes	8.875%	6/15/21	260,000	277,875 (b)
<i>Total Marine</i>				
<i>Road &amp; Rail 2.3%</i>				
Flexi-Van Leasing Inc., Senior Notes	7.875%	8/15/18	2,500,000	2,662,500 (b)
Florida East Coast Holdings Corp., Senior Notes	10.500%	8/1/17	5,995,996	6,265,816 (c)
Jack Cooper Finance Co., Senior Secured Notes	9.250%	6/1/20	2,000,000	2,147,500 (b)
Jack Cooper Holdings Corp., Senior Secured Notes	9.250%	6/1/20	2,970,000	3,189,037 (b)
Quality Distribution LLC/QD Capital Corp., Secured Notes	9.875%	11/1/18	3,600,000	3,987,000 (a)
<i>Total Road &amp; Rail</i>				
<i>Trading Companies &amp; Distributors 0.4%</i>				
H&E Equipment Services Inc., Senior Notes	7.000%	9/1/22	3,150,000	3,449,250 (a)

See Notes to Financial Statements.

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

October 31, 2013

### Western Asset High Income Fund II Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Security 2.7%</i>				
<i>Transportation 2.7%</i>				
CMA CGM, Senior Notes	8.500%	4/15/17	5,990,000	\$ 5,840,250 (a)(b)
Hapag-Lloyd AG, Senior Notes	9.750%	10/15/17	3,490,000	3,690,675 (a)(b)
Neovia Logistics Intermediate Holdings LLC/Logistics Intermediate Finance Corp., Senior Notes	10.000%	2/15/18	3,890,000	3,851,100 (a)(b)(c)
Syncreon Global Ireland Ltd./Syncreon Global Finance US Inc., Senior Notes	9.500%	5/1/18	2,120,000	2,326,700 (a)(b)
Syncreon Global Ireland Ltd./Syncreon Global Finance US Inc., Senior Notes	9.500%	5/1/18	380,000	417,050 (b)
Syncreon Group BV/Syncreon Global Finance US Inc., Senior Notes	8.625%	11/1/21	3,400,000	3,459,500 (b)
Watco Cos., LLC/Watco Finance Corp., Senior Notes	6.375%	4/1/23	2,580,000	2,567,100 (a)(b)
<i>Total Transportation</i>				<i>22,152,375</i>
<i>Transportation Infrastructure 0.4%</i>				
Aguila 3 SA, Senior Secured Notes	7.875%	1/31/18	1,540,000	1,649,725 (a)(b)
Aguila 3 SA, Senior Secured Notes	7.875%	1/31/18	1,510,000	1,617,588 (b)
<i>Total Transportation Infrastructure</i>				<i>3,267,313</i>
<b>Total Industrials</b>				<b>183,517,737</b>
<i>Information Technology 2.7%</i>				
<i>Communications Equipment 0.3%</i>				
CyrusOne LP/CyrusOne Finance Corp., Senior Notes	6.375%	11/15/22	2,190,000	2,217,375
<i>Electronic Equipment, Instruments &amp; Components 0.1%</i>				
Techem GmbH, Senior Secured Notes	6.125%	10/1/19	650,000 EUR	957,553 (b)
<i>Internet Software &amp; Services 0.6%</i>				
Ancestry.com Inc., Senior Notes	11.000%	12/15/20	2,100,000	2,446,500 (a)
Zayo Group LLC/Zayo Capital Inc., Senior Secured Notes	8.125%	1/1/20	1,920,000	2,112,000 (a)
<i>Total Internet Software &amp; Services</i>				<i>4,558,500</i>
<i>IT Services 0.7%</i>				
Compiler Finance Subordinated Inc., Senior Notes	7.000%	5/1/21	600,000	594,000 (b)
First Data Corp., Senior Notes	12.625%	1/15/21	4,360,000	5,052,150 (a)
<i>Total IT Services</i>				<i>5,646,150</i>
<i>Semiconductors &amp; Semiconductor Equipment 0.1%</i>				
Freescale Semiconductor Inc., Senior Subordinated Notes	10.125%	12/15/16	1,186,000	1,218,615 (a)
<i>Software 0.9%</i>				
Audatex North America Inc., Senior Notes	6.000%	6/15/21	1,390,000	1,442,125 (b)
Healthcare Technology Intermediate Inc., Senior Notes	7.375%	9/1/18	3,300,000	3,427,875 (a)(b)(c)
Interface Security Systems Holdings Inc./Interface Security Systems LLC, Senior Secured Notes	9.250%	1/15/18	2,430,000	2,563,650 (a)(b)
<i>Total Software</i>				<i>7,433,650</i>
<b>Total Information Technology</b>				<b>22,031,843</b>

See Notes to Financial Statements.

## Western Asset High Income Fund II Inc.

	Rate	Maturity Date	Face Amount	Value
Security				
<b>Materials 15.3%</b>				
<i>Chemicals 0.2%</i>				
KP Germany Erste GmbH, Senior Secured Notes	11.625%	7/15/17	680,000 <sup>EUR</sup>	\$ 1,078,148 <sup>(b)</sup>
KP Germany Erste GmbH, Senior Secured Notes	11.625%	7/15/17	530,000 <sup>EUR</sup>	840,321 <sup>(b)</sup>
<i>Total Chemicals</i>				<i>1,918,469</i>
<i>Construction Materials 0.1%</i>				
Cemex SAB de CV, Senior Secured Notes	9.000%	1/11/18	780,000	852,150 <sup>(b)</sup>
<i>Containers &amp; Packaging 3.1%</i>				
Ardagh Packaging Finance PLC, Senior Notes	9.125%	10/15/20	3,170,000	3,431,525 <sup>(a)(b)</sup>
Ardagh Packaging Finance PLC, Senior Secured Notes	7.375%	10/15/17	1,160,000 <sup>EUR</sup>	1,697,051 <sup>(a)(b)</sup>
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	9.125%	10/15/20	1,220,000	1,314,550 <sup>(b)</sup>
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	7.000%	11/15/20	4,940,000	4,940,000 <sup>(b)</sup>
BOE Intermediate Holding Corp., Senior Notes	9.000%	11/1/17	950,000	973,750 <sup>(b)(c)</sup>
Exopack Holdings SA, Senior Notes	7.875%	11/1/19	3,490,000	3,498,725 <sup>(b)</sup>
Pactiv LLC, Senior Bonds	8.375%	4/15/27	2,400,000	2,244,000 <sup>(a)</sup>
Pactiv LLC, Senior Notes	7.950%	12/15/25	920,000	860,200
Reynolds Group Issuer Inc./Reynolds Group Issuer LLC/Reynolds Group Issuer (Luxembourg) SA, Senior Notes	8.500%	5/15/18	1,340,000	1,427,100 <sup>(a)</sup>
Viskase Cos. Inc., Senior Secured Notes	9.875%	1/15/18	4,650,000	4,946,437 <sup>(a)(b)</sup>
<i>Total Containers &amp; Packaging</i>				<i>25,333,338</i>
<i>Metals &amp; Mining 10.4%</i>				
AngloGold Ashanti Holdings PLC, Senior Notes	8.500%	7/30/20	900,000	967,500
ArcelorMittal, Senior Notes	5.000%	2/25/17	1,760,000	1,867,800 <sup>(a)</sup>
ArcelorMittal, Senior Notes	6.000%	3/1/21	3,870,000	4,078,012 <sup>(a)</sup>
ArcelorMittal, Senior Notes	6.750%	2/25/22	480,000	524,400 <sup>(a)</sup>
Barmingo Finance Pty Ltd., Senior Notes	9.000%	6/1/18	2,310,000	2,194,500 <sup>(a)(b)</sup>
Cliffs Natural Resources Inc., Senior Notes	3.950%	1/15/18	230,000	233,135
Cliffs Natural Resources Inc., Senior Notes	5.900%	3/15/20	3,420,000	3,578,449 <sup>(a)</sup>
Coeur Mining Inc., Senior Notes	7.875%	2/1/21	2,780,000	2,856,450
CSN Resources SA, Senior Bonds	6.500%	7/21/20	990,000	1,017,225 <sup>(b)</sup>
Evraz Group SA, Notes	8.250%	11/10/15	170,000	183,396 <sup>(b)</sup>
Evraz Group SA, Notes	9.500%	4/24/18	680,000	749,700 <sup>(a)(b)</sup>
Evraz Group SA, Notes	6.750%	4/27/18	4,550,000	4,572,750 <sup>(b)(h)</sup>
Evraz Group SA, Senior Notes	9.500%	4/24/18	330,000	363,825 <sup>(b)</sup>
FMG Resources (August 2006) Pty Ltd., Senior Notes	7.000%	11/1/15	1,130,000	1,174,494 <sup>(a)(b)</sup>
FMG Resources (August 2006) Pty Ltd., Senior Notes	6.375%	2/1/16	1,560,000	1,630,200 <sup>(b)</sup>
FMG Resources (August 2006) Pty Ltd., Senior Notes	8.250%	11/1/19	3,790,000	4,225,850 <sup>(a)(b)</sup>
FMG Resources (August 2006) Pty Ltd., Senior Notes	6.875%	4/1/22	2,000,000	2,135,000 <sup>(b)</sup>

See Notes to Financial Statements.

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

October 31, 2013

## Western Asset High Income Fund II Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Metals &amp; Mining continued</i>				
JW Aluminum Co., Senior Secured Notes	11.500%	11/15/17	1,120,000	\$ 1,108,800 <sup>(b)</sup>
Midwest Vanadium Pty Ltd., Senior Secured Notes	11.500%	2/15/18	3,760,000	3,196,000 <sup>(b)(e)</sup>
Mirabela Nickel Ltd., Senior Notes	8.750%	4/15/18	2,570,000	912,350 <sup>(a)(b)(f)</sup>
Molycorp Inc., Senior Secured Notes	10.000%	6/1/20	2,920,000	2,905,400 <sup>(a)</sup>
New World Resources NV, Senior Notes	7.875%	1/15/21	1,450,000 <sup>EUR</sup>	784,553 <sup>(b)</sup>
Noranda Aluminum Acquisition Corp., Senior Notes	11.000%	6/1/19	2,230,000	1,895,500 <sup>(a)(b)</sup>
Optima Specialty Steel Inc., Senior Secured Notes	12.500%	12/15/16	2,190,000	2,419,950 <sup>(b)</sup>
Prince Mineral Holding Corp., Senior Secured Notes	11.500%	12/15/19	1,570,000	1,750,550 <sup>(a)(b)</sup>
Rain CII Carbon LLC/CII Carbon Corp., Senior Secured Notes	8.250%	1/15/21	4,490,000	4,658,375 <sup>(a)(b)</sup>
Rio Tinto Finance USA Ltd., Senior Notes	9.000%	5/1/19	1,820,000	2,386,524 <sup>(a)</sup>
Ryerson Inc./Joseph T. Ryerson & Son Inc., Senior Secured Notes	9.000%	10/15/17	3,960,000	4,158,000
Schaeffler Holding Finance BV, Senior Secured Bonds	6.875%	8/15/18	1,730,000	1,851,100 <sup>(b)(c)</sup>
Schaeffler Holding Finance BV, Senior Secured Notes	6.875%	8/15/18	2,040,000 <sup>EUR</sup>	2,946,384 <sup>(b)(c)</sup>
St. Barbara Ltd., Senior Secured Notes	8.875%	4/15/18	3,850,000	3,272,500 <sup>(a)(b)</sup>
Steel Dynamics Inc., Senior Notes	6.125%	8/15/19	1,300,000	1,417,000
SunCoke Energy Partners LP/SunCoke Energy Partners Finance Corp., Senior Notes	7.375%	2/1/20	1,200,000	1,254,000 <sup>(a)(b)</sup>
Tempel Steel Co., Senior Secured Notes	12.000%	8/15/16	1,280,000	1,235,200 <sup>(a)(b)</sup>
Thompson Creek Metals Co. Inc., Senior Secured Notes	9.750%	12/1/17	2,630,000	2,929,162 <sup>(a)</sup>
Vale Overseas Ltd., Notes	8.250%	1/17/34	1,784,000	2,101,677 <sup>(h)</sup>
Vale Overseas Ltd., Notes	6.875%	11/21/36	1,396,000	1,458,834
Vedanta Resources PLC, Senior Notes	8.750%	1/15/14	2,070,000	2,098,566 <sup>(b)(h)</sup>
Vedanta Resources PLC, Senior Notes	6.750%	6/7/16	3,630,000	3,802,425 <sup>(b)</sup>
Vedanta Resources PLC, Senior Notes	6.000%	1/31/19	760,000	737,200 <sup>(b)</sup>
<i>Total Metals &amp; Mining</i>				83,632,736
<i>Paper &amp; Forest Products 1.5%</i>				
Appvion Inc., Senior Secured Notes	11.250%	12/15/15	3,615,000	4,121,100
Fibria Overseas Finance Ltd., Senior Notes	6.750%	3/3/21	710,000	784,550 <sup>(b)</sup>
Portucel SA, Senior Notes	5.375%	5/15/20	1,900,000 <sup>EUR</sup>	2,728,058 <sup>(b)</sup>
Resolute Forest Products Inc., Senior Notes	5.875%	5/15/23	3,440,000	3,147,600 <sup>(a)(b)</sup>
Verso Paper Holdings LLC/Verso Paper Inc., Senior Secured Notes	11.750%	1/15/19	1,768,000	1,166,880 <sup>(a)</sup>
Verso Paper Holdings LLC/Verso Paper Inc., Senior Secured Notes	11.750%	1/15/19	260,000	270,400
<i>Total Paper &amp; Forest Products</i>				12,218,588
<b>Total Materials</b>				<b>123,955,281</b>

See Notes to Financial Statements.

## Western Asset High Income Fund II Inc.

Security	Rate	Maturity Date	Face Amount	Value
<b>Telecommunication Services 12.7%</b>				
<i>Diversified Telecommunication Services 7.7%</i>				
Axtel SAB de CV, Senior Secured Notes, Step bond	7.000%	1/31/20	2,544,000	\$ 2,416,800 <sup>(b)</sup>
CenturyLink Inc., Senior Notes	5.800%	3/15/22	6,600,000	6,567,000 <sup>(a)</sup>
Cogent Communications Group Inc., Senior Secured Notes	8.375%	2/15/18	3,340,000	3,674,000 <sup>(a)(b)</sup>
Inmarsat Finance PLC, Senior Notes	7.375%	12/1/17	810,000	846,450 <sup>(a)(b)</sup>
Intelsat Jackson Holdings SA, Senior Notes	7.250%	10/15/20	6,670,000	7,270,300 <sup>(a)</sup>
Intelsat Jackson Holdings SA, Senior Notes	5.500%	8/1/23	1,250,000	1,210,937 <sup>(a)(b)</sup>
Intelsat Luxembourg SA, Senior Notes	8.125%	6/1/23	2,070,000	2,196,787 <sup>(a)(b)</sup>
Level 3 Financing Inc., Senior Notes	7.000%	6/1/20	750,000	802,500
Level 3 Financing Inc., Senior Notes	8.625%	7/15/20	4,090,000	4,652,375 <sup>(a)</sup>
Level 3 Financing Inc., Senior Notes	6.125%	1/15/21	1,260,000	1,285,200 <sup>(b)</sup>
TW Telecom Holdings Inc., Senior Notes	5.375%	10/1/22	940,000	940,000
TW Telecom Holdings Inc., Senior Notes	6.375%	9/1/23	3,640,000	3,794,700 <sup>(b)</sup>
UBS Luxembourg SA for OJSC Vimpel Communications, Loan Participation Notes	8.250%	5/23/16	2,220,000	2,472,525 <sup>(b)</sup>
Unitymedia Hessen GmbH & Co. KG/Unitymedia NRW GmbH, Senior Secured Notes	7.500%	3/15/19	260,000	283,400 <sup>(b)</sup>
Verizon Communications Inc., Senior Notes	5.150%	9/15/23	3,550,000	3,859,216 <sup>(a)</sup>
Vimpel Communications, Notes	6.493%	2/2/16	375,000	402,188 <sup>(b)</sup>
Wind Acquisition Finance SA, Senior Notes	11.750%	7/15/17	1,620,000	1,723,275 <sup>(a)(b)</sup>
Wind Acquisition Holdings Finance SpA, Senior Notes	12.250%	7/15/17	10,278,883	10,510,158 <sup>(a)(b)(c)</sup>
Windstream Corp., Senior Notes	7.500%	4/1/23	5,780,000	6,054,550 <sup>(a)</sup>
Windstream Corp., Senior Notes	6.375%	8/1/23	1,430,000	1,394,250
<i>Total Diversified Telecommunication Services</i>				<i>62,356,611</i>
<i>Wireless Telecommunication Services 5.0%</i>				
Matterhorn Midco & Cy SCA, Senior Notes	7.750%	2/15/20	1,400,000 <sup>EUR</sup>	1,967,379 <sup>(b)</sup>
Phones4u Finance PLC, Senior Secured Notes	9.500%	4/1/18	1,300,000 <sup>GBP</sup>	2,214,799 <sup>(b)</sup>
Sprint Capital Corp., Senior Notes	6.875%	11/15/28	3,530,000	3,371,150 <sup>(a)</sup>
Sprint Capital Corp., Senior Notes	8.750%	3/15/32	8,465,000	9,205,687 <sup>(a)</sup>
Sprint Communications Inc., Senior Notes	9.000%	11/15/18	7,200,000	8,748,000 <sup>(a)(b)</sup>
Sprint Communications Inc., Senior Notes	6.000%	11/15/22	1,460,000	1,445,400 <sup>(a)</sup>
Sprint Corp., Senior Notes	7.875%	9/15/23	5,470,000	5,948,625 <sup>(b)</sup>
Syniverse Holdings Inc., Senior Notes	9.125%	1/15/19	2,831,000	3,078,713 <sup>(a)</sup>
T-Mobile USA Inc., Senior Notes	6.542%	4/28/20	1,090,000	1,159,488
T-Mobile USA Inc., Senior Notes	6.731%	4/28/22	770,000	816,200
VimpelCom Holdings BV, Senior Notes	7.504%	3/1/22	2,230,000	2,397,250 <sup>(b)</sup>
<i>Total Wireless Telecommunication Services</i>				<i>40,352,691</i>
<b>Total Telecommunication Services</b>				<b>102,709,302</b>

See Notes to Financial Statements.

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

October 31, 2013

### Western Asset High Income Fund II Inc.

Security	Rate	Maturity Date	Face Amount	Value
<b>Utilities 6.9%</b>				
<i>Electric Utilities 2.5%</i>				
AES Red Oak LLC, Secured Notes	9.200%	11/30/29	4,270,000	\$ 4,718,350 <sup>(a)</sup>
DPL Inc., Senior Notes	7.250%	10/15/21	331,000	345,895 <sup>(a)</sup>
FirstEnergy Corp., Notes	7.375%	11/15/31	3,000,000	3,170,766
GenOn REMA LLC, Pass-Through Certificates	9.237%	7/2/17	2,823,282	2,907,980
GenOn REMA LLC, Pass-Through Certificates	9.681%	7/2/26	5,610,000	5,834,400 <sup>(a)</sup>
Midwest Generation LLC, Pass-Through Certificates	8.560%	1/2/16	3,101,650	3,566,897 <sup>(e)(f)</sup>
<i>Total Electric Utilities</i>				<i>20,544,288</i>
<i>Gas Utilities 0.3%</i>				
Suburban Propane Partners LP/Suburban Energy Finance Corp., Senior Notes	7.375%	3/15/20	2,230,000	2,402,825 <sup>(a)</sup>
<i>Independent Power Producers &amp; Energy Traders 4.0%</i>				
Atlantic Power Corp., Senior Notes	9.000%	11/15/18	2,290,000	2,335,800 <sup>(a)</sup>
Calpine Corp., Senior Secured Notes	7.875%	7/31/20	306,000	335,835 <sup>(a)(b)</sup>
Calpine Corp., Senior Secured Notes	7.875%	1/15/23	3,771,000	4,119,817 <sup>(a)(b)</sup>
Colbun SA, Senior Notes	6.000%	1/21/20	600,000	647,107 <sup>(b)</sup>
Dynegy Inc., Bonds	7.670%	11/8/16	3,100,000	54,250 <sup>(d)(e)(f)</sup>
Energy Future Intermediate Holding Co. LLC/EFIH Finance Inc., Secured Notes	12.250%	3/1/22	2,040,000	2,356,200 <sup>(a)(b)</sup>
Energy Future Intermediate Holding Co. LLC/EFIH Finance Inc., Senior Secured Notes	6.875%	8/15/17	860,000	883,650 <sup>(b)</sup>
Energy Future Intermediate Holding Co. LLC/EFIH Finance Inc., Senior Secured Notes	10.000%	12/1/20	5,733,000	6,048,315 <sup>(a)</sup>
First Wind Holdings Inc., Senior Secured Notes	10.250%	6/1/18	3,350,000	3,685,000 <sup>(a)(b)</sup>
Foresight Energy LLC/Foresight Energy Corp., Senior Notes	7.875%	8/15/21	3,350,000	3,425,375 <sup>(b)</sup>
Mirant Americas Generation LLC, Senior Notes	9.125%	5/1/31	5,595,000	6,014,625 <sup>(a)</sup>
Mirant Mid Atlantic LLC, Pass-Through Certificates	9.125%	6/30/17	374,227	402,996 <sup>(a)</sup>
Mirant Mid Atlantic LLC, Pass-Through Certificates	10.060%	12/30/28	1,705,015	1,893,633
<i>Total Independent Power Producers &amp; Energy Traders</i>				<i>32,202,603</i>
<i>Multi-Utilities 0.1%</i>				
Empresas Publicas de Medellin ESP, Senior Notes	7.625%	7/29/19	740,000	884,300 <sup>(b)</sup>
<b>Total Utilities</b>				<b>56,034,016</b>
<b>Total Corporate Bonds &amp; Notes (Cost \$928,072,676)</b>				<b>977,151,755</b>
<i>Collateralized Mortgage Obligations 0.1%</i>				
Countrywide Home Loan Mortgage Pass-Through Trust, 2004-HYB5 7A1 (Cost \$847,047)	2.347%	4/20/35	1,319,321	1,119,944 <sup>(g)</sup>

See Notes to Financial Statements.

## Western Asset High Income Fund II Inc.

	Rate	Maturity Date	Face Amount	Value
Security				
<b>Convertible Bonds &amp; Notes 0.0%</b>				
<b>Telecommunication Services 0.0%</b>				
<i>Diversified Telecommunication Services 0.0%</i>				
Axtel SAB de CV, Senior Secured Notes, Step bond (Cost \$443,611)	7.000%	1/31/20	2,900,100 MXN	\$ 333,415 (b)
<b>Senior Loans 2.6%</b>				
<b>Consumer Discretionary 1.1%</b>				
<i>Hotels, Restaurants &amp; Leisure 0.9%</i>				
Equinox Holdings Inc., Second Lien Term Loan	9.750%	7/31/20	2,510,000	2,553,925 (i)
Stockbridge SBE Holdings LLC, Term Loan B	13.000%	5/2/17	4,308,333	4,717,625 (i)
<i>Total Hotels, Restaurants &amp; Leisure</i>				7,271,550
<i>Specialty Retail 0.2%</i>				
Gymboree Corp., Initial Term Loan	5.000%	2/23/18	1,220,000	1,187,555 (j)
<b>Total Consumer Discretionary</b>				<b>8,459,105</b>
<b>Consumer Staples 0.2%</b>				
<i>Food Products 0.2%</i>				
AdvancePierre Foods Inc., Second Lien Term Loan	9.500%	10/10/17	1,080,000	1,097,550 (i)
<b>Energy 0.1%</b>				
<i>Energy Equipment &amp; Services 0.0%</i>				
Frac Tech International LLC, Term Loan B	8.500%	5/6/16	240,000	238,425 (j)
<i>Oil, Gas &amp; Consumable Fuels 0.1%</i>				
Rice Energy LLC, Second Lien Term Loan	8.500%	10/25/18	686,550	697,707 (j)
<b>Total Energy</b>				<b>936,132</b>
<b>Health Care 0.3%</b>				
<i>Health Care Providers &amp; Services 0.3%</i>				
Physiotherapy Associates Holdings Inc., Exit Term Loan		10/10/16	2,280,000	2,245,800 (d)(k)
<b>Industrials 0.5%</b>				
<i>Machinery 0.5%</i>				
Intelligrated Inc., Second Lien Term Loan	10.500%	1/30/20	4,200,000	4,305,000 (j)
<b>Materials 0.4%</b>				
<i>Chemicals 0.4%</i>				
Kerling PLC, Term Loan	10.000%	6/30/16	1,200,000 EUR	1,709,407 (i)
Kronos Inc., Second Lien Term Loan	9.750%	4/30/20	1,920,000	1,985,600 (i)
<b>Total Materials</b>				<b>3,695,007</b>
<b>Total Senior Loans (Cost \$19,730,313)</b>				<b>20,738,594</b>
<b>Sovereign Bonds 2.7%</b>				
<i>Argentina 0.1%</i>				
Republic of Argentina, Senior Bonds	7.000%	10/3/15	936,000	885,384

See Notes to Financial Statements.

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

October 31, 2013

### Western Asset High Income Fund II Inc.

Security	Rate	Maturity Date	Face Amount	Value
<b>Brazil 0.9%</b>				
Brazil Nota do Tesouro Nacional, Notes	10.000%	1/1/14	1,541,000 BRL	\$ 689,085
Brazil Nota do Tesouro Nacional, Notes	10.000%	1/1/17	14,552,000 BRL	6,276,035
Brazil Nota do Tesouro Nacional, Notes	10.000%	1/1/21	1,309,000 BRL	543,920
<b>Total Brazil</b>				<b>7,509,040</b>
<b>Russia 0.4%</b>				
RSHB Capital, Loan Participation Notes, Senior Notes	6.299%	5/15/17	1,055,000	1,139,400 (a)(b)
Russian Federal Bond, Bonds	7.400%	6/14/17	47,588,000 RUB	1,528,360
<b>Total Russia</b>				<b>2,667,760</b>
<b>Turkey 0.5%</b>				
Republic of Turkey, Senior Bonds	11.875%	1/15/30	1,175,000	1,932,875
Republic of Turkey, Senior Notes	6.875%	3/17/36	2,064,000	2,288,460
<b>Total Turkey</b>				<b>4,221,335</b>
<b>Venezuela 0.8%</b>				
Bolivarian Republic of Venezuela, Senior Bonds	5.750%	2/26/16	3,370,000	3,007,725 (b)
Bolivarian Republic of Venezuela, Senior Bonds	9.250%	9/15/27	3,050,000	2,531,500
Bolivarian Republic of Venezuela, Senior Bonds	9.375%	1/13/34	1,164,000	931,200
<b>Total Venezuela</b>				<b>6,470,425</b>
<b>Total Sovereign Bonds (Cost \$23,871,544)</b>				<b>21,753,944</b>
<b>Shares</b>				
<b>Common Stocks 2.7%</b>				
<b>Consumer Discretionary 0.1%</b>				
<i>Hotels, Restaurants &amp; Leisure 0.1%</i>				
Bossier Casino Venture Holdco Inc.			166,350	332,700 *(d)(e)
<i>Household Durables 0.0%</i>				
William Lyon Homes, Class A Shares			6,570	152,227 *
<b>Total Consumer Discretionary</b>				<b>484,927</b>
<b>Energy 0.6%</b>				
<i>Energy Equipment &amp; Services 0.6%</i>				
KCAD Holdings I Ltd.			533,873,172	5,073,397 *(d)(e)
<b>Financials 1.1%</b>				
<i>Diversified Financial Services 0.9%</i>				
Citigroup Inc.			143,529	7,001,344
PB Investors II LLC			60,468	0 *(d)(e)(l)
<b>Total Diversified Financial Services</b>				<b>7,001,344</b>
<i>Real Estate Management &amp; Development 0.2%</i>				
Realogy Holdings Corp.			34,269	1,409,827 *(e)

See Notes to Financial Statements.



Western Asset High Income Fund II Inc.

	Shares	Value
Security		
<i>Real Estate Management &amp; Development continued</i>		
Realty Holdings Corp.	5,964	\$ 245,359 *
<i>Total Real Estate Management &amp; Development</i>		<i>1,655,186</i>
<b>Total Financials</b>		<b>8,656,530</b>
<b>Industrials 0.9%</b>		
<i>Building Products 0.0%</i>		
Nortek Inc.	1,600	112,272 *
<i>Marine 0.9%</i>		
DeepOcean Group Holding AS	198,468	5,810,667 *(d)(e)
Horizon Lines Inc., Class A Shares	1,490,060	1,892,376 *
<i>Total Marine</i>		<i>7,703,043</i>
<b>Total Industrials</b>		<b>7,815,315</b>
<b>Materials 0.0%</b>		
<i>Chemicals 0.0%</i>		
LyondellBasell Industries NV, Class A Shares	19	1,417
<b>Total Common Stocks (Cost \$28,910,508)</b>		<b>22,031,586</b>
	Rate	
<b>Convertible Preferred Stocks 0.1%</b>		
<b>Materials 0.1%</b>		
<i>Metals &amp; Mining 0.1%</i>		
ArcelorMittal (Cost \$517,500)	6.000%	20,700 493,281
<b>Preferred Stocks 2.2%</b>		
<b>Financials 2.2%</b>		
<i>Consumer Finance 1.6%</i>		
GMAC Capital Trust I	8.125%	489,100 13,137,226 (g)
<i>Diversified Financial Services 0.6%</i>		
Citigroup Capital XIII	7.875%	168,125 4,623,438 (g)
<b>Total Preferred Stocks (Cost \$16,143,736)</b>		<b>17,760,664</b>
	Expiration Date	Warrants
<b>Warrants 0.1%</b>		
Bolivarian Republic of Venezuela, Oil-linked payment obligations (Cost \$0)	4/15/20	18,500 467,125
<b>Total Investments 131.3% (Cost \$1,018,536,935#)</b>		<b>1,061,850,308</b>
Liabilities in Excess of Other Assets (31.3%)		(253,196,379)
<b>Total Net Assets 100.0%</b>		<b>\$ 808,653,929</b>

See Notes to Financial Statements.

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

October 31, 2013

### Western Asset High Income Fund II Inc.

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

\* Non-income producing security.

(a) All or a portion of this security is pledged as collateral pursuant to the loan agreement (See Note 5).

(b) 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.

(c) 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.

(d) Security is valued in good faith in accordance with procedures approved by the Board of Directors (See Note 1).

(e) Illiquid security.

(f) The coupon payment on these securities is currently in default as of October 31, 2013.

(g) Variable rate security. Interest rate disclosed is as of the most recent information available.

(h) All or a portion of this security is held by the counterparty as collateral for open reverse repurchase agreements.

(i) Security has no maturity date. The date shown represents the next call date.

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

(k) All or a portion of this loan is unfunded as of October 31, 2013. The interest rate for fully unfunded term loans is to be determined.

(l) Value is less than \$1.

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

**Abbreviations used in this schedule:**

BRL	Brazilian Real
EUR	Euro
GBP	British Pound
MXN	Mexican Peso
OJSC	Open Joint Stock Company
RUB	Russian Ruble

[See Notes to Financial Statements.](#)

## Statement of assets and liabilities (unaudited)

October 31, 2013

<b>Assets:</b>	
Investments, at value (Cost \$1,018,536,935)	\$ 1,061,850,308
Foreign currency, at value (Cost \$744,479)	731,717
Cash	2,076,739
Interest and dividends receivable	22,832,476
Receivable for securities sold	3,028,476
Deposits with brokers for swap contracts	470,000
Unrealized appreciation on forward foreign currency contracts	91,927
Prepaid expenses	48,719
<b>Total Assets</b>	<b>1,091,130,362</b>
<b>Liabilities:</b>	
Loan payable (Note 5)	255,000,000
Payable for securities purchased	15,695,480
Payable for open reverse repurchase agreements (Note 3)	8,689,120
Unrealized depreciation on forward foreign currency contracts	2,146,864
Investment management fee payable	721,074
Interest payable (Notes 3 and 5)	147,320
Payable to broker - variation margin on centrally cleared swap contracts	10,944
Accrued expenses	65,631
<b>Total Liabilities</b>	<b>282,476,433</b>
<b>Total Net Assets</b>	<b>\$ 808,653,929</b>
<b>Net Assets:</b>	
Par value (\$0.001 par value; 86,167,180 shares issued and outstanding; 100,000,000 shares authorized)	\$ 86,167
Paid-in capital in excess of par value	1,023,661,760
Overdistributed net investment income	(3,991,598)
Accumulated net realized loss on investments, futures contracts, written options, swap contracts and foreign currency transactions	(252,356,902)
Net unrealized appreciation on investments, swap contracts and foreign currencies	41,254,502
<b>Total Net Assets</b>	<b>\$ 808,653,929</b>
<b>Shares Outstanding</b>	<b>86,167,180</b>
<b>Net Asset Value</b>	<b>\$9.38</b>

See Notes to Financial Statements.

## Statement of operations (unaudited)

For the Six Months Ended October 31, 2013

<b>Investment Income:</b>	
Interest	\$ 41,954,066
Dividends	783,944
<i>Total Investment Income</i>	<i>42,738,010</i>
<b>Expenses:</b>	
Investment management fee (Note 2)	4,231,629
Interest expense (Notes 3 and 5)	1,194,674
Transfer agent fees	93,889
Directors' fees	59,094
Stock exchange listing fees	41,504
Audit and tax	40,808
Shareholder reports	32,290
Legal fees	29,254
Custody fees	14,043
Insurance	8,589
Miscellaneous expenses	7,203
<i>Total Expenses</i>	<i>5,752,977</i>
<b>Net Investment Income</b>	<b>36,985,033</b>
<b>Realized and Unrealized Gain (Loss) on Investments, Futures Contracts, Written Options, Swap Contracts and Foreign Currency Transactions (Notes 1, 3 and 4):</b>	
Net Realized Gain (Loss) From:	
Investment transactions	11,305,275
Futures contracts	47,238
Written options	128,480
Swap contracts	(2,087,538)
Foreign currency transactions	1,945,818
<i>Net Realized Gain</i>	<i>11,339,273</i>
Change in Net Unrealized Appreciation (Depreciation) From:	
Investments	(23,064,737)
Written options	603,650
Swap contracts	2,124,462
Foreign currencies	(4,217,900)
<i>Change in Net Unrealized Appreciation (Depreciation)</i>	<i>(24,554,525)</i>
<b>Net Loss on Investments, Futures Contracts, Written Options, Swap Contracts and Foreign Currency Transactions</b>	<b>(13,215,252)</b>
<b>Increase in Net Assets from Operations</b>	<b>\$ 23,769,781</b>

See Notes to Financial Statements.

## Statements of changes in net assets

For the Six Months Ended October 31, 2013 (unaudited)  
and the Year Ended April 30, 2013

	October 31	April 30
<b>Operations:</b>		
Net investment income	\$ 36,985,033	\$ 76,790,176
Net realized gain	11,339,273	21,570,003
Change in net unrealized appreciation (depreciation)	(24,554,525)	44,596,492
<i>Increase in Net Assets From Operations</i>	<i>23,769,781</i>	<i>142,956,671</i>
<b>Distributions to Shareholders From (Note 1):</b>		
Net investment income	(38,948,868)	(83,317,971)
<i>Decrease in Net Assets From Distributions to Shareholders</i>	<i>(38,948,868)</i>	<i>(83,317,971)</i>
<b>Fund Share Transactions:</b>		
Reinvestment of distributions (153,861 and 655,589 shares issued, respectively)	1,430,378	6,315,655
<i>Increase in Net Assets From Fund Share Transactions</i>	<i>1,430,378</i>	<i>6,315,655</i>
<i>Increase (Decrease) in Net Assets</i>	<i>(13,748,709)</i>	<i>65,954,355</i>
<b>Net Assets:</b>		
Beginning of period	822,402,638	756,448,283
<b>End of period*</b>	<b>\$ 808,653,929</b>	<b>\$ 822,402,638</b>
* Includes overdistributed net investment income of:	\$(3,991,598)	\$(2,027,763)

See Notes to Financial Statements.

## Statement of cash flows (unaudited)

For the Six Months Ended October 31, 2013

### Increase (Decrease) in Cash:

#### Cash Provided (Used) by Operating Activities:

Net increase in net assets resulting from operations	\$ 23,769,781
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided (used) by operating activities:	
Purchases of portfolio securities	(300,803,248)
Proceeds from sales of portfolio securities	245,726,257
Net purchases, sales and maturities of short-term investments	17,000,000
Net amortization of premium (accretion of discount)	(26,866)
Payment-in-kind	(1,381,905)
Increase in receivable for securities sold	(346)
Increase in interest and dividends receivable	(1,734,358)
Decrease in prepaid expenses	33,525
Decrease in deposits with brokers for swap contracts	2,330,000
Decrease in net premiums received for OTC swap contracts	(178,630)
Decrease in payable for open OTC swap contracts	(180,626)
Decrease in payable for securities purchased	(5,350,652)
Increase in investment management fee payable	36,131
Increase in interest payable	13,925
Decrease in accrued expenses	(120,534)
Decrease in premiums received from written options	(371,860)
Increase in payable to broker - variation margin on open centrally cleared swap contracts	10,944
Net realized gain on investments	(11,305,275)
Decrease in net unrealized appreciation of investments, written options, OTC swap contracts and forward foreign currency transactions	24,548,482
<b>Net Cash Used in Operating Activities*</b>	<b>(7,985,255)</b>

#### Cash Flows from Financing Activities:

Distributions paid on common stock	(37,518,490)
Increase in loan payable	40,000,000
Decrease in payable for reverse repurchase agreements	(511,151)
<b>Net Cash Provided by Financing Activities</b>	<b>1,970,359</b>
<b>Net Decrease in Cash</b>	<b>(6,014,896)</b>
Cash at beginning of period	8,823,352
Cash at end of period	\$ 2,808,456

#### Non-Cash Financing Activities:

Proceeds from reinvestment of distributions	\$ 1,430,378
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\* Included in operating expenses is cash of \$1,180,749 paid for interest on borrowings.

See Notes to Financial Statements.

## Financial highlights

For a share of capital stock outstanding throughout each year ended April 30, unless otherwise noted:

	2013 <sup>1,2</sup>	2013 <sup>2</sup>	2012 <sup>2</sup>	2011 <sup>2</sup>	2010 <sup>2</sup>	2009 <sup>2</sup>
Net asset value, beginning of period	\$9.56	\$8.86	\$9.57	\$9.00	\$6.13	\$10.76
<b>Income (loss) from operations:</b>						
Net investment income	0.43	0.90	0.96	1.00	1.07	1.14
Net realized and unrealized gain (loss)	(0.16)	0.77	(0.67)	0.62	2.94	(4.64)
<b>Total income (loss) from operations</b>	<b>0.27</b>	<b>1.67</b>	<b>0.29</b>	<b>1.62</b>	<b>4.01</b>	<b>(3.50)</b>
<b>Less distributions from:</b>						
Net investment income	(0.45)	(0.97)	(1.00)	(1.05)	(1.14)	(1.13)
<b>Total distributions</b>	<b>(0.45)</b>	<b>(0.97)</b>	<b>(1.00)</b>	<b>(1.05)</b>	<b>(1.14)</b>	<b>(1.13)</b>
Net asset value, end of period	\$9.38	\$9.56	\$8.86	\$9.57	\$9.00	\$6.13
Market price, end of period	\$9.45	\$10.20	\$10.10	\$10.04	\$9.82	\$6.22
<b>Total return based on NAV<sup>3,4</sup></b>	<b>3.01%</b>	<b>20.03%</b>	<b>3.80%</b>	<b>19.40%</b>	<b>69.38%</b>	<b>(32.74)%</b>
<b>Total return, based on market price<sup>5</sup></b>	<b>(2.68)%</b>	<b>11.68%</b>	<b>11.89%</b>	<b>14.54%</b>	<b>81.29%</b>	<b>(25.21)%</b>
Net assets, end of period (000s)	\$808,654	\$822,403	\$756,448	\$807,319	\$751,122	\$504,958
<b>Ratios to average net assets:</b>						
Gross expenses	1.43% <sup>6</sup>	1.41%	1.51%	1.61%	2.12%	3.03%
Net expenses <sup>7</sup>	1.43% <sup>6</sup>	1.41%	1.51%	1.61%	2.12%	3.03%
Net investment income	9.18% <sup>6</sup>	9.84%	10.93%	11.03%	13.44%	15.02%
<b>Portfolio turnover rate</b>	<b>24%</b>	<b>52%</b>	<b>45%</b>	<b>84%</b>	<b>81%</b>	<b>53%</b>
<b>Supplemental data:</b>						
Loans Outstanding, End of Period (000s)	\$255,000	\$215,000	\$215,000	\$190,000	\$196,500	\$161,500
Asset Coverage for Loan Outstanding	417%	483%	452%	525%	482%	413%
Weighted Average Loan (000s)	\$242,092	\$215,000	\$211,038	\$197,170	\$169,363	\$219,563
Weighted Average Interest Rate on Loans	0.94%	0.97%	1.09%	1.49%	1.80%	3.00%

<sup>1</sup> For the six months ended October 31, 2013 (unaudited).

<sup>2</sup> Per share amounts have been calculated using the average shares method.

<sup>3</sup> Performance figures may reflect compensating balance arrangements, fee waivers and/or expense reimbursements. In the absence of compensating balance arrangements, fee waivers and/or expense reimbursements, the total return would have been lower. Past performance is no guarantee of future results. Total returns for periods of less than one year are not annualized.

<sup>4</sup> The total return calculation assumes that distributions are reinvested at NAV. Past performance is no guarantee of future results. Total returns for periods of less than one year are not annualized.

<sup>5</sup> The total return calculation assumes that distributions are reinvested in accordance with the Fund's dividend reinvestment plan. Past performance is no guarantee of future results. Total returns for periods of less than one year are not annualized.

<sup>6</sup> Annualized.

<sup>7</sup> The impact of compensating balance arrangements, if any, was less than 0.01%.



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The actual source of the Fund's current fiscal year distributions may be from net investment income, return of capital or a combination of both. Shareholders will be informed of the tax characteristics of the distributions after the close of the fiscal year.

[See Notes to Financial Statements.](#)

## Notes to financial statements (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). Estimates and assumptions are required to be made regarding assets, liabilities and changes in net assets resulting from operations when financial statements are prepared. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ. Subsequent events have been evaluated through the date the financial statements were issued.

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

The Board of Directors is responsible for the valuation process and has delegated the supervision of the daily valuation process to the Legg Mason North American Fund Valuation

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

The Valuation Committee will consider pricing methodologies it deems relevant and appropriate when making fair value determinations. Examples of possible methodologies include, but are not limited to, multiple of earnings; discount from market of a similar freely traded security; discounted cash-flow analysis; book value or a multiple thereof; risk premium/yield analysis; yield to maturity; and/or fundamental investment analysis. The Valuation Committee will also consider factors it deems relevant and appropriate in light of the facts and circumstances. Examples of possible factors include, but are not limited to, the type of security; the issuer's financial statements; the purchase price of the security; the discount from market value of unrestricted securities of the same class at the time of purchase; analysts' research and observations from financial institutions; information regarding any transactions or offers with respect to the security; the existence of merger proposals or tender offers affecting the security; the price and extent of public trading in similar securities of the issuer or comparable companies; and the existence of a shelf registration for restricted securities.

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

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

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

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)

## Notes to financial statements (unaudited) (cont d)

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:

<b>ASSETS</b>				
Description	Quoted Prices (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Long-term investments :				
Corporate bonds & notes		\$ 969,792,242	\$ 7,359,513	\$ 977,151,755
Collateralized mortgage obligations		1,119,944		1,119,944
Convertible bonds & notes		333,415		333,415
Senior loans		18,492,794	2,245,800	20,738,594
Sovereign bonds		21,753,944		21,753,944
Common stocks:				
Consumer discretionary	\$ 152,227		332,700	484,927
Energy			5,073,397	5,073,397
Financials	8,656,530		0*	8,656,530
Industrials	2,004,648		5,810,667	7,815,315
Materials	1,417			1,417
Convertible preferred stocks	493,281			493,281
Preferred stocks	17,760,664			17,760,664
Warrants		467,125		467,125
<b>Total investments</b>	<b>\$ 29,068,767</b>	<b>\$ 1,011,959,464</b>	<b>\$ 20,822,077</b>	<b>\$ 1,061,850,308</b>
Other financial instruments:				
Forward foreign currency contracts		\$ 91,927		\$ 91,927
<b>Total</b>	<b>\$ 29,068,767</b>	<b>\$ 1,012,051,391</b>	<b>\$ 20,822,077</b>	<b>\$ 1,061,942,235</b>

<b>LIABILITIES</b>				
Description	Quoted Prices (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Other financial instruments:				
Forward foreign currency contracts		\$ 2,146,864		\$ 2,146,864
Centrally cleared credit default swaps on credit indices buy protection		8,522		8,522
<b>Total</b>		<b>\$ 2,155,386</b>		<b>\$ 2,155,386</b>

See Schedule of Investments for additional detailed categorizations.

\* Amount represents less than \$1.

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

Investments in Securities	Common Stocks						Total
	Corporate Bonds & Notes	Senior Loans	Consumer Discretionary	Energy	Financials	Industrials	
Balance as of April 30, 2013	\$ 8,784,248		\$ 332,700	\$ 5,624,354	\$ 0*	\$ 4,376,517	\$ 19,117,819
Accrued premiums/discounts	164,291						164,291
Realized gain (loss) <sup>1</sup>	146,033						146,033
Change in unrealized appreciation (depreciation) <sup>2</sup>	(86,756)			(550,957)		1,434,150	796,437
Purchases	413,822	\$ 2,245,800					2,659,622
Sales	(2,062,125)						(2,062,125)
Transfers into Level 3							
Transfers out of Level 3							
<b>Balance as of October 31, 2013</b>	<b>\$ 7,359,513</b>	<b>\$ 2,245,800</b>	<b>\$ 332,700</b>	<b>\$ 5,073,397</b>	<b>\$ 0*</b>	<b>\$ 5,810,667</b>	<b>\$ 20,822,077</b>
Net change in unrealized appreciation (depreciation) for investments in securities still held at October 31, 2013 <sup>2</sup>	\$ 40,691			\$ (550,957)		\$ 1,434,149	\$ 923,883

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

\* Value is less than \$1.

<sup>1</sup> This amount is included in net realized gain (loss) from investment transactions in the accompanying Statement of Operations.

<sup>2</sup> This amount is included in the change in net unrealized appreciation (depreciation) in the accompanying Statement of Operations. 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.

**(b) Repurchase agreements.** The Fund may enter into repurchase agreements with institutions that its investment adviser has determined are creditworthy. Each repurchase agreement is recorded at cost. Under the terms of a typical repurchase agreement, the Fund acquires a debt security subject to an obligation of the seller to repurchase, and of the Fund to resell, the security at an agreed-upon price and time, thereby determining the yield during the Fund's holding period. When entering into repurchase agreements, it is the Fund's policy that its custodian or a third party custodian, acting on the Fund's behalf, take possession of the underlying collateral securities, the market value of which, at all ti