

WESTERN ASSET HIGH INCOME FUND II INC.  
Form N-Q  
September 26, 2007

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

**FORM N-Q**

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

Investment Company Act file number 811-8709

Western Asset High Income Fund II Inc.  
(Exact name of registrant as specified in charter)

125 Broad Street, New York, NY  
(Address of principal executive offices)

10004  
(Zip code)

Robert I. Frenkel, Esq.

Legg Mason & Co., LLC

300 First Stamford Place

Stamford, CT 06902  
(Name and address of agent for service)

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

Date of fiscal year end: April 30

Date of reporting period: July 31, 2007

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

**FORM N-Q**

JULY 31, 2007

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ITEM 1. SCHEDULE OF INVESTMENTS

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## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited)

July 31, 2007

Face Amount	Security	Value
<b>CORPORATE BONDS &amp; NOTES 87.3%</b>		
<b>Aerospace &amp; Defense 1.7%</b>		
\$ 1,585,000	Alliant Techsystems Inc., Senior Subordinated Notes, 6.750% due 4/1/16	\$ 1,509,712
1,535,000	DRS Technologies Inc., Senior Subordinated Notes: 6.625% due 2/1/16	1,465,925
3,350,000	7.625% due 2/1/18	3,232,750
3,710,000	Hawker Beechcraft Acquisition Co.:	
4,350,000	Senior Notes, 8.875% due 4/1/15 (a)(b)	3,682,175
	Senior Subordinated Notes, 9.750% due 4/1/17 (a)	4,317,375
106,119	Kac Acquisition Co., Subordinated Notes, 1.000% due 4/26/26 (c)(d)	0
5,500,000	L-3 Communications Corp., Senior Subordinated Notes, 7.625% due 6/15/12	5,555,000
	<b>Total Aerospace &amp; Defense</b>	<b>19,762,937</b>
<b>Airlines 1.8%</b>		
965,000	Continental Airlines Inc.:	
	Notes, 8.750% due 12/1/11	916,750
198,893	Pass-Through Certificates:	
1,240,336	Series 1998-1, Class C, 6.541% due 9/15/08	198,402
1,365,000	Series 2000-2, Class C, 8.312% due 10/2/12	1,259,260
7,380,000	Series C, 7.339% due 4/19/14	1,357,916
	DAE Aviation Holdings Inc., 11.250% due 8/1/15 (a)	7,195,500
1,785,886	Delta Air Lines Inc., Pass-Through Certificates, Series 01-1:	
6,135,000	6.619% due 3/18/11	1,804,185
2,135,000	7.111% due 9/18/11	6,152,255
	7.711% due 9/18/11	2,103,642
	<b>Total Airlines</b>	<b>20,987,910</b>
<b>Auto Components 1.0%</b>		
3,335,000	Keystone Automotive Operations Inc., Senior Subordinated	
9,790,000	Notes, 9.750% due 11/1/13	2,517,925
	Visteon Corp., Senior Notes, 8.250% due 8/1/10 (e)	8,713,100
	<b>Total Auto Components</b>	<b>11,231,025</b>
<b>Automobiles 2.0%</b>		
1,880,000	Ford Motor Co.:	
3,425,000	Debentures:	
5,815,000	8.875% due 1/15/22	1,593,300
	8.900% due 1/15/32	2,877,000
	Notes, 7.450% due 7/16/31	4,506,625
5,320,000	General Motors Corp.:	
	Notes, 7.200% due 1/15/11	4,801,300
2,375,000	Senior Debentures:	
8,265,000	8.250% due 7/15/23	1,947,500
	8.375% due 7/15/33	6,839,287
	<b>Total Automobiles</b>	<b>22,565,012</b>
<b>Building Products 1.4%</b>		

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	Ainsworth Lumber Co., Ltd., Senior Notes:	
1,200,000	7.250% due 10/1/12	873,000
550,000	6.750% due 3/15/14	376,750
	Associated Materials Inc.:	
7,565,000	Senior Discount Notes, step bond to yield 13.847% due 3/1/14	4,690,300
2,585,000	Senior Subordinated Notes, 9.750% due 4/15/12	2,649,625
1,750,000	Nortek Inc., Senior Subordinated Notes, 8.500% due 9/1/14	1,513,750
9,655,000	NTK Holdings Inc., Senior Discount Notes, step bond to yield 11.559% due 3/1/14	5,937,825
	<b>Total Building Products</b>	<b>16,041,250</b>

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2007

Face Amount	Security	Value
<b>Capital Markets 0.3%</b>		
\$ 3,000,000	E*TRADE Financial Corp., Senior Notes, 7.375% due 9/15/13	\$ 3,030,000
<b>Chemicals 1.6%</b>		
5,260,000	Georgia Gulf Corp., Senior Subordinated Notes, 9.500% due 10/15/14	5,023,300
2,390,000	Huntsman International LLC, Senior Subordinated Notes, 7.875% due 11/15/14	2,569,250
	Lyondell Chemical Co.:	
	Senior Notes:	
1,400,000	8.000% due 9/15/14	1,505,000
1,155,000	8.250% due 9/15/16	1,270,500
100,000	Senior Secured Notes, 10.500% due 6/1/13	108,500
3,075,000	Methanex Corp., Senior Notes, 8.750% due 8/15/12	3,321,000
4,475,000	Montell Finance Co. BV, Debentures, 8.100% due 3/15/27 (a)	3,915,625
1,255,000	Westlake Chemical Corp., Senior Notes, 6.625% due 1/15/16	1,154,600
	<b>Total Chemicals</b>	<b>18,867,775</b>
<b>Commercial Banks 1.6%</b>		
5,260,000	ATF Capital BV, Senior Notes, 9.250% due 2/21/14 (a)	5,509,850
4,490,000	HSBK Europe BV, 7.250% due 5/3/17 (a)	4,282,562
	ICICI Bank Ltd., Subordinated Bonds:	
1,174,000	6.375% due 4/30/22 (a)(f)	1,116,371
1,170,000	6.375% due 4/30/22 (f)	1,105,258
	Russian Agricultural Bank, Loan Participation Notes:	
1,654,000	7.175% due 5/16/13 (a)	1,701,635
1,055,000	6.299% due 5/15/17 (a)	1,000,984
	TuranAlem Finance BV, Bonds:	
2,785,000	8.250% due 1/22/37 (a)	2,471,687
1,059,000	8.250% due 1/22/37 (a)	939,863
	<b>Total Commercial Banks</b>	<b>18,128,210</b>
<b>Commercial Services &amp; Supplies 2.7%</b>		
5,985,000	Allied Security Escrow Corp., Senior Subordinated Notes, 11.375% due 7/15/11	5,955,075
250,000	Allied Waste North America Inc., Senior Notes: 6.875% due 6/1/17	233,750
	Series B:	
5,690,000	7.375% due 4/15/14	5,391,275
1,050,000	7.250% due 3/15/15	1,018,500
675,000	Ashtead Holdings PLC, Secured Notes, 8.625% due 8/1/15 (a)	671,625
7,693,000	DynCorp International LLC/DIV Capital Corporation, Senior Subordinated Notes, Series B, 9.500% due 2/15/13	7,885,325
	Interface Inc.:	
2,875,000	Senior Notes, 10.375% due 2/1/10	3,004,375
1,500,000	Senior Subordinated Notes, 9.500% due 2/1/14	1,567,500
4,800,000	Rental Services Corp., Senior Bonds, 9.500% due 12/1/14 (a)	4,704,000
	<b>Total Commercial Services &amp; Supplies</b>	<b>30,431,425</b>
<b>Communications Equipment 0.5%</b>		

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<b>Consumer Finance</b>	3.4%	6,100,000	Lucent Technologies Inc., Debentures, 6.450% due 3/15/29	5,246,000
		3,115,000	AmeriCredit Corp., Senior Notes, 8.500% due 7/1/15 (a)	3,005,975
		3,075,000	Ford Motor Credit Co.:	
		3,320,000	Notes:	
			7.875% due 6/15/10	2,942,400
			7.000% due 10/1/13	2,991,227
			Senior Notes:	

*See Notes to Schedule of Investments.*



## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2007

Face Amount	Security	Value
<b>Consumer Finance 3.4% (continued)</b>		
\$ 4,248,000	10.610% due 6/15/11 (f)	\$ 4,407,343
1,950,000	9.875% due 8/10/11	1,976,245
1,210,000	8.110% due 1/13/12 (f)	1,156,420
2,490,000	8.000% due 12/15/16	2,298,484
	General Motors Acceptance Corp.:	
14,270,000	Bonds, 8.000% due 11/1/31 (e)	13,435,091
6,890,000	Notes, 6.875% due 8/28/12	6,344,229
	<b>Total Consumer Finance</b>	<b>38,557,414</b>
<b>Containers &amp; Packaging 2.2%</b>		
2,500,000	Berry Plastics Corp., Senior Term Loan, 11.610% due 6/15/14	2,300,000
2,000,000	Berry Plastics Holding Corp., 8.875% due 9/15/14	1,930,000
	Graham Packaging Co. Inc.:	
1,000,000	8.500% due 10/15/12	940,000
6,630,000	Senior Subordinated Notes, 9.875% due 10/15/14	6,265,350
	Graphic Packaging International Corp., Senior Subordinated Notes,	
4,725,000	9.500% due 8/15/13	4,748,625
	Owens-Brockway Glass Container Inc., Senior Secured Notes,	
2,349,000	8.750% due 11/15/12	2,448,832
1,490,000	Plastipak Holdings Inc., Senior Notes, 8.500% due 12/15/15 (a)	1,512,350
1,975,000	Radnor Holdings Corp., Senior Notes, 11.000% due 3/15/10 (g)	12,344
3,205,000	Smurfit-Stone Container Corp., Senior Notes, 8.000% due 3/15/17	3,012,700
	Smurfit-Stone Container Enterprises Inc., Senior Notes, 8.375% due	
2,355,000	7/1/12	2,207,813
	<b>Total Containers &amp; Packaging</b>	<b>25,378,014</b>
<b>Diversified Consumer Services 0.7%</b>		
	Education Management LLC/Education Management Finance	
	Corp.:	
1,505,000	Senior Notes, 8.750% due 6/1/14	1,505,000
4,410,000	Senior Subordinated Notes, 10.250% due 6/1/16	4,410,000
	Service Corp. International:	
650,000	Debentures, 7.875% due 2/1/13	653,645
	Senior Notes:	
1,200,000	7.625% due 10/1/18	1,149,000
1,010,000	7.500% due 4/1/27 (a)	903,950
	<b>Total Diversified Consumer Services</b>	<b>8,621,595</b>
<b>Diversified Financial Services 2.1%</b>		
	Basell AF SCA, Senior Secured Subordinated Second Priority	
4,060,000	Notes, 8.375% due 8/15/15 (a)	3,633,700
2,110,000	CCM Merger Inc., Notes, 8.000% due 8/1/13 (a)	2,088,900
	El Paso Performance-Linked Trust Certificates, Notes, 7.750% due	
135,000	7/15/11 (a)	139,387
	Hexion U.S. Finance Corp./Hexion Nova Scotia Finance ULC,	
4,400,000	9.860% due 11/15/14 (f)	4,554,000
	Milacron Escrow Corp., Senior Secured Notes, 11.500% due	
2,375,000	5/15/11	2,232,500

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	Smurfit Kappa Funding PLC, Senior Subordinated Notes, 7.750% due 4/1/15	672,000
700,000		
1,360,000	TNK-BP Finance SA, 7.500% due 7/18/16 (a)	1,368,500
838,000	UCAR Finance Inc., Senior Notes, 10.250% due 2/15/12	879,900
2,180,000	Vangent Inc., Senior Subordinated Notes, 9.625% due 2/15/15 (a)	2,071,000
4,130,000	Vanguard Health Holdings Co. I LLC, Senior Discount Notes, step bond to yield 9.967% due 10/1/15	3,035,550
	Vanguard Health Holdings Co. II LLC, Senior Subordinated Notes, 9.000% due 10/1/14	3,529,625
3,775,000		
	<b>Total Diversified Financial Services</b>	<b>24,205,062</b>
<b>Diversified Telecommunication Services</b>	<b>6.5%</b>	
	Axtel SAB de CV:	

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2007

Face Amount	Security	Value
<b>Diversified Telecommunication Services 6.5% (continued)</b>		
\$ 370,000	7.625% due 2/1/17 (a)	\$ 352,425
4,740,000	Senior Notes, 7.625% due 2/1/17 (a)	4,514,850
3,970,000	Cincinnati Bell Inc., Senior Notes, 7.000% due 2/15/15	3,751,650
	Cincinnati Bell Telephone Co., Senior Debentures, 6.300% due 12/1/28	1,089,900
1,260,000	Citizens Communications Co.:	
	7.050% due 10/1/46	232,313
315,000	Senior Bonds, 7.125% due 3/15/19	349,869
385,000	Senior Notes, 7.875% due 1/15/27	3,221,400
3,640,000	Hawaiian Telcom Communications Inc., Senior Subordinated Notes, Series B, 12.500% due 5/1/15	3,772,680
3,576,000	Intelsat Bermuda Ltd.:	
	9.250% due 6/15/16	4,422,875
4,315,000	Senior Notes, 11.250% due 6/15/16	6,762,000
6,440,000	Intelsat Corp., Senior Notes, 9.000% due 8/15/14	1,370,244
1,355,000	Level 3 Financing Inc.:	
	9.250% due 11/1/14	4,334,400
4,515,000	Senior Notes, 9.150% due 2/15/15 (a)(f)	2,850,000
3,000,000	Nordic Telephone Co. Holdings, Senior Secured Bonds, 8.875% due 5/1/16 (a)	4,502,375
4,525,000	NTL Cable PLC, Senior Notes:	
	8.750% due 4/15/14	80,400
80,000	9.125% due 8/15/16	7,003,500
6,900,000	PAETEC Holding Corp., Secured, 9.500% due 7/15/15 (a)	2,227,200
2,320,000	Qwest Communications International Inc., Senior Notes, Series B, 7.500% due 2/15/14	868,500
900,000	Qwest Corp.:	
	Debentures, 6.875% due 9/15/33	3,378,707
3,878,000	Notes, 8.875% due 3/15/12	7,737,031
7,325,000	Telcordia Technologies Inc., Senior Subordinated Notes, 10.000% due 3/15/13 (a)	3,601,350
4,770,000	Univision Communications Inc., Senior Notes, 9.750% due 3/15/15 (a)(b)	1,889,475
2,065,000	Wind Acquisition Finance SA, Senior Bonds, 10.750% due 12/1/15 (a)	631,350
610,000	Windstream Corp., Senior Notes, 8.625% due 8/1/16	5,474,150
5,380,000	<b>Total Diversified Telecommunication Services</b>	<b>74,418,644</b>
<b>Electric Utilities 0.8%</b>		
202,000	Enerjis SA, Notes, 7.375% due 1/15/14	209,367
1,665,000	IPALCO Enterprises Inc., Secured Notes, 8.625% due 11/14/11	1,723,275
	Midwest Generation LLC, Pass-Through Certificates, Series B, 8.560% due 1/2/16	1,142,405
1,106,110	Orion Power Holdings Inc., Senior Notes, 12.000% due 5/1/10	2,801,300
2,570,000	VeraSun Energy Corp., Senior Notes, 9.375% due 6/1/17 (a)	3,710,325
4,055,000	<b>Total Electric Utilities</b>	<b>9,586,672</b>

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**Electronic Equipment & Instruments 0.4%**

2,795,000	NXP BV/NXP Funding LLC:	
2,420,000	Senior Notes, 9.500% due 10/15/15	2,431,650
	Senior Secured Notes, 7.875% due 10/15/14	2,247,575
	<b>Total Electronic Equipment &amp; Instruments</b>	<b>4,679,225</b>

**Energy Equipment & Services 0.8%**

3,270,000	Complete Production Services Inc., 8.000% due 12/15/16	3,155,550
1,275,000	GulfMark Offshore Inc., Senior Subordinated Notes, 7.750% due 7/15/14	1,255,875
3,175,000	Hanover Compressor Co., Senior Notes, 9.000% due 6/1/14	3,516,313
1,210,000	Pride International Inc., Senior Notes, 7.375% due 7/15/14	1,206,975

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2007

Face Amount	Security	Value
<b>Energy Equipment &amp; Services 0.8% (continued)</b>		
\$ 400,000	Southern Natural Gas Co., Senior Notes, 8.000% due 3/1/32	\$ 447,256
	<b>Total Energy Equipment &amp; Services</b>	9,581,969
<b>Food &amp; Staples Retailing 0.2%</b>		
2,591,000	Delhaize America Inc., Debentures, 9.000% due 4/15/31	2,875,038
<b>Food Products 0.4%</b>		
1,600,000	Dole Food Co. Inc.:	
	Debentures, 8.750% due 7/15/13	1,432,000
	Senior Notes:	
2,065,000	7.250% due 6/15/10	1,904,963
1,050,000	8.875% due 3/15/11	981,750
	<b>Total Food Products</b>	4,318,713
<b>Gas Utilities 0.6%</b>		
7,425,000	Suburban Propane Partners LP/Suburban Energy Finance Corp., Senior Notes, 6.875% due 12/15/13	6,868,125
<b>Health Care Equipment &amp; Supplies 0.2%</b>		
1,960,000	Advanced Medical Optics Inc., 7.500% due 5/1/17	1,793,400
<b>Health Care Providers &amp; Services 4.5%</b>		
8,020,000	Community Health Systems Inc., Senior Notes, 8.875% due 7/15/15 (a)	7,829,525
	DaVita Inc.:	
240,000	Senior Notes, 6.625% due 3/15/13	230,400
4,885,000	Senior Subordinated Notes, 7.250% due 3/15/15	4,652,963
	HCA Inc.:	
950,000	Debentures, 7.500% due 11/15/95	727,863
1,500,000	Notes, 6.375% due 1/15/15	1,166,250
6,115,000	Senior Notes, 6.500% due 2/15/16	4,739,125
	Senior Secured Notes:	
3,580,000	9.250% due 11/15/16 (a)	3,562,100
6,410,000	9.625% due 11/15/16 (a)(b)	6,377,950
	IASIS Healthcare LLC/IASIS Capital Corp., Senior Subordinated Notes, 8.750% due 6/15/14	4,632,000
4,800,000	Tenet Healthcare Corp., Senior Notes:	
2,370,000	6.375% due 12/1/11	2,026,350
6,000,000	7.375% due 2/1/13	5,040,000
3,880,000	9.875% due 7/1/14	3,472,600
1,470,000	6.875% due 11/15/31	1,073,100
	Universal Hospital Services Inc., Secured Notes:	
870,000	8.500% due 6/1/15 (a)(b)	789,525
910,000	8.759% due 6/1/15 (a)(f)	853,125
	US Oncology Holdings Inc., Senior Notes, 9.797% due 3/15/12 (a)(b)	4,296,600
4,620,000	<b>Total Health Care Providers &amp; Services</b>	51,469,476
<b>Hotels, Restaurants &amp; Leisure 5.5%</b>		
360,000	AMC Entertainment Inc., Senior Subordinated Notes, 8.000% due 3/1/14	330,300

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600,000	Boyd Gaming Corp., Senior Subordinated Notes: 7.750% due 12/15/12	603,000
1,000,000	6.750% due 4/15/14	945,000
4,560,000	Buffets Inc., Senior Notes, 12.500% due 11/1/14	3,716,400
	Caesars Entertainment Inc., Senior Subordinated Notes:	
4,500,000	8.875% due 9/15/08	4,601,250
3,000,000	8.125% due 5/15/11	2,835,000
2,725,000	Carrols Corp., Senior Subordinated Notes, 9.000% due 1/15/13	2,588,750
1,150,000	Choctaw Resort Development Enterprise, Senior Notes, 7.250% due 11/15/19 (a)	1,115,500

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2007

Face Amount	Security	Value
<b>Hotels, Restaurants &amp; Leisure 5.5% (continued)</b>		
\$ 4,725,000	Denny's Holdings Inc., Senior Notes, 10.000% due 10/1/12	\$ 4,819,500
1,635,000	El Pollo Loco Inc., Senior Notes, 11.750% due 11/15/13	1,659,525
1,915,000	Fontainebleau Las Vegas Holdings LLC/Fontainebleau Las Vegas Capital Corp., 10.250% due 6/15/15 (a)	1,661,262
4,150,000	Herbst Gaming Inc., Senior Subordinated Notes, 7.000% due 11/15/14	3,569,000
4,070,000	Inn of the Mountain Gods Resort & Casino, Senior Notes, 12.000% due 11/15/10	4,334,550
910,000	Isle of Capri Casinos Inc., Senior Subordinated Notes, 7.000% due 3/1/14	824,687
3,850,000	Las Vegas Sands Corp., Senior Notes, 6.375% due 2/15/15	3,561,250
955,000	MGM MIRAGE Inc.: Notes, 6.750% due 9/1/12	897,700
355,000	Senior Notes: 8.500% due 9/15/10	360,325
620,000	7.500% due 6/1/16	579,700
4,470,000	7.625% due 1/15/17	4,179,450
455,000	Senior Subordinated Notes, 8.375% due 2/1/11	462,963
380,000	Mohegan Tribal Gaming Authority, Senior Subordinated Notes, 6.875% due 2/15/15	355,775
1,805,000	Outback Steakhouse Inc., Senior Notes, 10.000% due 6/15/15 (a)	1,579,375
4,700,000	Pinnacle Entertainment Inc., Senior Subordinated Notes, 8.250% due 3/15/12	4,770,500
3,930,000	Pokagon Gaming Authority, Senior Notes, 10.375% due 6/15/14 (a)	4,224,750
2,255,000	Sbarro Inc., Senior Notes, 10.375% due 2/1/15	1,984,400
885,000	Snoqualmie Entertainment Authority, Senior Secured Notes: 9.150% due 2/1/14 (a)(f)	876,150
840,000	9.125% due 2/1/15 (a)	835,800
40,000	Station Casinos Inc.: Senior Notes: 6.000% due 4/1/12	36,800
3,660,000	7.750% due 8/15/16	3,449,550
80,000	Senior Subordinated Notes: 6.875% due 3/1/16	67,800
1,635,000	6.625% due 3/15/18	1,316,175
	<b>Total Hotels, Restaurants &amp; Leisure</b>	<b>63,142,187</b>
<b>Household Durables 1.4%</b>		
310,000	American Greetings Corp., Senior Notes, 7.375% due 6/1/16	294,500
4,000,000	Holt Group Inc., Senior Notes, 9.750% due 1/15/06 (c)(d)(g)	0
3,355,000	Jarden Corp., Senior Subordinated Notes, 7.500% due 5/1/17	3,036,275
2,605,000	K Hovnanian Enterprises Inc., Senior Notes: 7.500% due 5/15/16	2,097,025
2,700,000	8.625% due 1/15/17	2,241,000
2,590,000	Norcraft Cos. LP/Norcraft Finance Corp., Senior Subordinated Notes, 9.000% due 11/1/11	2,602,950

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5,765,000	Norcraft Holdings LP/Norcraft Capital Corp., Senior Discount Notes, step bond to yield 9.952% due 9/1/12	4,986,725
510,000	Sealy Mattress Co., Senior Subordinated Notes, 8.250% due 6/15/14	504,900
	<b>Total Household Durables</b>	<b>15,763,375</b>
<b>Household Products 0.3%</b>		
70,000	American Achievement Corp., Senior Subordinated Notes, 8.250% due 4/1/12	67,550
1,890,000	Visant Holding Corp., Senior Notes, 8.750% due 12/1/13	1,880,550
1,425,000	Yankee Acquisition Corp., Series B, 9.750% due 2/15/17	1,275,375
	<b>Total Household Products</b>	<b>3,223,475</b>
<b>Independent Power Producers &amp; Energy Traders 3.7%</b>		
2,480,000	AES China Generating Co., Ltd., Class A, 8.250% due 6/26/10 AES Corp.:	2,471,866

*See Notes to Schedule of Investments.*



## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2007

Face Amount	Security	Value
<b>Independent Power Producers &amp; Energy Traders 3.7% (continued)</b>		
\$ 1,155,000	Senior Notes: 9.500% due 6/1/09	\$ 1,183,875
1,900,000	9.375% due 9/15/10	1,957,000
730,000	Senior Secured Notes, 9.000% due 5/15/15 (a)	771,975
	Dynegy Holdings Inc.:	
3,605,000	Senior Debentures, 7.625% due 10/15/26	2,974,125
3,770,000	Senior Notes, 7.750% due 6/1/19 (a)	3,279,900
	Edison Mission Energy, Senior Notes:	
445,000	7.500% due 6/15/13	431,650
2,600,000	7.750% due 6/15/16	2,502,500
2,500,000	7.200% due 5/15/19 (a)	2,243,750
2,670,000	7.625% due 5/15/27 (a)	2,342,925
	Mirant Mid Atlantic LLC:	
1,923,235	Pass-Through Certificates, Series B, 9.125% due 6/30/17	2,114,272
584,577	Series C, 10.060% due 12/30/28	701,857
4,235,000	Mirant North America LLC, Senior Notes, 7.375% due 12/31/13	4,235,000
	NRG Energy Inc., Senior Notes:	
890,000	7.250% due 2/1/14	861,075
11,570,000	7.375% due 2/1/16 (e)	11,193,975
1,800,000	7.375% due 1/15/17	1,741,500
890,000	TXU Corp., Senior Notes, Series Q, 6.500% due 11/15/24	701,319
	<b>Total Independent Power Producers &amp; Energy Traders</b>	<b>41,708,564</b>
<b>Industrial Conglomerates 0.1%</b>		
680,000	Koppers Inc., Senior Notes, 9.875% due 10/15/13	724,200
	Moll Industries Inc., Senior Subordinated Notes, 10.500% due	
2,750,000	7/1/08 (c)(d)(g)	0
940,000	Sequa Corp., Senior Notes, 9.000% due 8/1/09	982,300
	<b>Total Industrial Conglomerates</b>	<b>1,706,500</b>
<b>Internet &amp; Catalog Retail 0.2%</b>		
2,218,000	FTD Inc., Senior Subordinated Notes, 7.750% due 2/15/14	2,079,375
<b>IT Services 0.8%</b>		
	SunGard Data Systems Inc.:	
2,900,000	Senior Notes, 9.125% due 8/15/13	2,929,000
5,980,000	Senior Subordinated Notes, 10.250% due 8/15/15	6,009,900
	<b>Total IT Services</b>	<b>8,938,900</b>
<b>Leisure Equipment &amp; Products 0.2%</b>		
3,110,000	WMG Acquisition Corp., Senior Subordinated Notes, 7.375% due	
	4/15/14	2,799,000
<b>Machinery 0.1%</b>		
1,260,000	American Railcar Industries Inc., Senior Notes, 7.500% due 3/1/14	1,234,800
<b>Media 9.1%</b>		
	Affinion Group Inc.:	
4,465,000	Senior Notes, 10.125% due 10/15/13	4,509,650
4,030,000	Senior Subordinated Notes, 11.500% due 10/15/15	4,070,300
5,565,000		5,773,687

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	AMC Entertainment Inc., Senior Subordinated Notes, 11.000% due 2/1/16	
1,185,000	CCH I Holdings LLC/CCH I Holdings Capital Corp.:	
	Senior Accreting Notes, 12.125% due 1/15/15	1,149,450
8,430,000	Senior Notes, 11.750% due 5/15/14 (e)	8,092,800
	CCH I LLC/CCH Capital Corp., Senior Secured Notes, 11.000% due 10/1/15	
6,551,000	CCH II LLC/CCH II Capital Corp., Senior Notes:	
	10.250% due 9/15/10	4,488,775
4,390,000	10.250% due 10/1/13	3,115,380
3,032,000	Charter Communications Holdings LLC, Senior Discount Notes, 12.125% due 1/15/12	
1,500,000		1,526,250

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2007

Face Amount	Security	Value
Media 9.1% (continued)		
\$ 1,325,000	Charter Communications Holdings LLC/Charter Communications Holdings Capital Corp., Senior Discount Notes, 11.750% due 5/15/11	\$ 1,338,250
1,375,000	Chukchansi Economic Development Authority, Senior Notes, 8.000% due 11/15/13 (a)	1,381,875
3,270,000	CMP Susquehanna Corp., 9.875% due 5/15/14	3,057,450
4,210,000	CSC Holdings Inc.: Senior Debentures, Series B, 8.125% due 8/15/09	4,210,000
280,000	Senior Notes, Series B: 8.125% due 7/15/09	280,000
3,400,000	7.625% due 4/1/11	3,272,500
813,000	Dex Media East LLC/Dex Media East Finance Co., Senior Notes, Series B, 12.125% due 11/15/12	868,894
3,350,000	Dex Media Inc., Discount Notes, step bond to yield 8.367% due 11/15/13	3,031,750
2,344,000	Dex Media West LLC/Dex Media Finance Co., Senior Subordinated Notes, Series B, 9.875% due 8/15/13	2,472,920
3,410,000	EchoStar DBS Corp., Senior Notes: 7.000% due 10/1/13	3,290,650
8,010,000	7.125% due 2/1/16	7,609,500
2,419,000	Globo Comunicacoes Participacoes SA, Bonds, 7.250% due 4/26/22 (a)	2,219,433
5,025,000	Idearc Inc., Senior Notes, 8.000% due 11/15/16	4,786,312
930,000	ION Media Networks Inc., Senior Secured Notes, 11.610% due 1/15/13 (a)(f)	941,625
2,365,000	Lamar Media Corp., Senior Subordinated Notes, 6.625% due 8/15/15	2,163,975
2,615,000	Primedia Inc., Senior Notes, 8.875% due 5/15/11	2,696,719
1,255,000	Quebecor Media Inc., Senior Notes, 7.750% due 3/15/16	1,185,975
1,000,000	R.H. Donnelley Corp.: Senior Discount Notes: Series A-1, 6.875% due 1/15/13	905,000
2,200,000	Series A-2, 6.875% due 1/15/13	1,991,000
5,200,000	Senior Notes, Series A-3, 8.875% due 1/15/16	5,083,000
900,000	R.H. Donnelley Finance Corp. I, Senior Subordinated Notes, 10.875% due 12/15/12 (a)	954,000
280,000	Rogers Cable Inc., Senior Secured Second Priority Notes, 6.750% due 3/15/15	287,521
506,000	Sinclair Broadcast Group Inc., Senior Subordinated Notes, 8.000% due 3/15/12	508,530
4,460,000	TL Acquisitions Inc.: Senior Notes, 10.500% due 1/15/15 (a)	4,125,500
3,380,000	Senior Subordinated Notes, step bond to yield 13.358% due 7/15/15 (a)	2,569,848
	XM Satellite Radio Inc., Senior Notes:	

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	1,740,000	9.856% due 5/1/13 (f)	1,653,000
	1,300,000	9.750% due 5/1/14	1,267,500
		<b>Total Media</b>	<b>103,462,774</b>
<b>Metals &amp; Mining</b>	<b>3.7%</b>		
	385,000	Chaparral Steel Co., Senior Notes, 10.000% due 7/15/13	426,388
	14,660,000	Freeport-McMoRan Copper & Gold Inc., Senior Notes, 8.375% due 4/1/17 (e)	15,429,650
	1,050,000	Metals USA Holdings Corp., Senior Notes:	
		11.360% due 1/15/12 (a)(b)	1,050,000
	2,800,000	11.360% due 7/1/12 (a)(b)	2,590,000
	5,685,000	Metals USA Inc., Senior Secured Notes, 11.125% due 12/1/15	6,082,950
		Noranda Aluminum Holding Corp., Senior Notes, 11.146% due 11/15/14 (a)(b)	2,712,150
	2,870,000		
	3,750,000	Novelis Inc., Senior Notes, 7.250% due 2/15/15	3,778,125
	2,930,000	Tube City IMS Corp., 9.750% due 2/1/15	2,864,075
		Vale Overseas Ltd., Notes:	
	1,284,000	8.250% due 1/17/34	1,456,082

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2007

Face Amount		Security	Value
<b>Metals &amp; Mining 3.7% (continued)</b>			
\$ 6,178,000		6.875% due 11/21/36	\$ 6,040,539
		<b>Total Metals &amp; Mining</b>	<b>42,429,959</b>
<b>Multiline Retail 1.3%</b>			
4,160,000		Dollar General Corp.:	
4,010,000		Senior Notes, 10.625% due 7/15/15 (a)	3,702,400
		Senior Subordinated Notes, 11.875% due 7/15/17 (a)(b)	3,428,550
2,680,000		Neiman Marcus Group Inc.:	
4,320,000		Senior Notes, 9.000% due 10/15/15 (b)	2,807,300
		Senior Subordinated Notes, 10.375% due 10/15/15	4,568,400
		<b>Total Multiline Retail</b>	<b>14,506,650</b>
<b>Oil, Gas &amp; Consumable Fuels 10.4%</b>			
5,145,000		Belden & Blake Corp., Secured Notes, 8.750% due 7/15/12	5,170,725
4,430,000		Chesapeake Energy Corp., Senior Notes:	
2,755,000		6.625% due 1/15/16	4,197,425
		6.500% due 8/15/17	2,555,263
1,005,000		Compagnie Generale de Geophysique SA, Senior Notes,	
2,825,588		7.500% due 5/15/15	984,900
		Corral Finans AB, 10.360% due 4/15/10 (a)(b)	2,740,820
		El Paso Corp.:	
5,025,000		Medium-Term Notes:	
7,525,000		7.800% due 8/1/31	4,878,305
5,200,000		7.750% due 1/15/32	7,263,574
		Notes, 7.875% due 6/15/12	5,408,541
740,000		Enterprise Products Operating LP:	
2,250,000		7.034% due 1/15/68 (f)	677,790
5,060,000		Junior Subordinated Notes, 8.375% due 8/1/66 (f)	2,299,178
		EXCO Resources Inc., Senior Notes, 7.250% due 1/15/11	5,047,350
		Gazprom:	
104,590,000	<i>RUB</i>	Bonds:	
34,860,000	<i>RUB</i>	Series A7, 6.790% due 10/29/09	4,132,243
		Series A8, 7.000% due 10/27/11	1,397,075
2,503,000		Loan Participation Notes:	
1,770,000		6.212% due 11/22/16 (a)	2,381,104
50,960,000	<i>RUB</i>	Senior Notes, 6.510% due 3/7/22 (a)	1,697,076
		Gazprom OAO, Series A6, 6.950% due 8/6/09	2,023,693
2,325,000		Inergy LP/Inergy Finance Corp., Senior Notes, 8.250% due 3/1/16	2,336,625
3,705,000		International Coal Group Inc., Senior Notes, 10.250% due 7/15/14	3,241,875
1,465,000		Mariner Energy Inc., Senior Notes:	
1,110,000		7.500% due 4/15/13	1,395,413
		8.000% due 5/15/17	1,048,950
995,000		Northwest Pipeline Corp., Senior Notes, 7.000% due 6/15/16	1,009,925

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190,000	OPTI Canada Inc., Senior Secured Notes:	187,150
1,955,000	7.875% due 12/15/14 (a)	1,964,775
	8.250% due 12/15/14 (a)	
1,846,000	Pemex Project Funding Master Trust:	1,861,691
250,000	6.125% due 8/15/08	266,506
1,298,000	7.375% due 12/15/14	1,299,623
	Senior Notes, 5.960% due 12/3/12 (a)(f)	
1,925,000	Petrohawk Energy Corp., Senior Notes, 9.125% due	1,992,375
	7/15/13	
1,080,000	Petroplus Finance Ltd.:	990,900
2,250,000	6.750% due 5/1/14 (a)	2,064,375
	7.000% due 5/1/17 (a)	
4,276,000	Petrozuata Finance Inc.:	4,211,860
268,000	8.220% due 4/1/17 (a)	268,000
	8.220% due 4/1/17 (a)	

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2007

Face Amount	Security	Value
<b>Oil, Gas &amp; Consumable Fuels 10.4% (continued)</b>		
\$ 1,130,000	Pogo Producing Co., Senior Subordinated Notes: 7.875% due 5/1/13	\$ 1,149,775
2,000,000	Series B, 8.250% due 4/15/11	2,032,500
5,665,000	SemGroup LP, Senior Notes, 8.750% due 11/15/15 (a)	5,608,350
160,000	SESI LLC, Senior Notes, 6.875% due 6/1/14	149,600
3,000,000	Stallion Oilfield Services, 9.820% due 7/31/12	2,955,000
8,435,000	Stone Energy Corp., Senior Subordinated Notes, 8.250% due 12/15/11 (e)	8,350,650
230,000	TNK-BP Finance SA, 6.625% due 3/20/17 (a)	214,475
2,275,000	W&T Offshore Inc., Senior Notes, 8.250% due 6/15/14 (a)	2,149,875
2,550,000	Whiting Petroleum Corp., Senior Subordinated Notes: 7.250% due 5/1/12	2,422,500
1,975,000	7.000% due 2/1/14	1,856,500
90,000	Williams Cos. Inc.: Debentures, Series A, 7.500% due 1/15/31	89,100
3,650,000	Notes: 7.875% due 9/1/21	3,814,250
6,225,000	8.750% due 3/15/32	6,909,750
3,700,000	Senior Notes, 7.625% due 7/15/19	3,774,000
	<b>Total Oil, Gas &amp; Consumable Fuels</b>	<b>118,471,430</b>
<b>Paper &amp; Forest Products 2.2%</b>		
2,845,000	Abitibi-Consolidated Co. of Canada, Senior Notes: 6.000% due 6/20/13	2,261,775
2,550,000	8.375% due 4/1/15	2,091,000
1,750,000	Abitibi-Consolidated Inc.: Debentures: 7.400% due 4/1/18	1,338,750
150,000	8.850% due 8/1/30	120,000
835,000	Notes: 8.550% due 8/1/10	776,550
700,000	7.750% due 6/15/11	619,500
3,895,000	Appleton Papers Inc.: Senior Notes, 8.125% due 6/15/11	3,992,375
4,685,000	Senior Subordinated Notes, Series B, 9.750% due 6/15/14	4,825,550
960,000	NewPage Corp.: Senior Secured Notes: 10.000% due 5/1/12	984,000
4,290,000	11.606% due 5/1/12 (f)	4,611,750
1,170,000	Senior Subordinated Notes, 12.000% due 5/1/13	1,224,112
1,000,000	Smurfit Capital Funding PLC, Debentures, 7.500% due 11/20/25	947,500
370,000	Verso Paper Holdings LLC: Senior Secured Notes, 9.125% due 8/1/14 (a)	372,775
965,000	Senior Subordinated Notes, 11.375% due 8/1/16 (a)	989,125
	<b>Total Paper &amp; Forest Products</b>	<b>25,154,762</b>
<b>Pharmaceuticals 0.7%</b>		

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		Leiner Health Products Inc., Senior Subordinated Notes, 11.000% due 6/1/12 (e)	7,891,800
<b>Real Estate Investment Trusts (REITs)</b>	<b>0.8%</b>		
9,395,000			
130,000		Forest City Enterprises Inc., Senior Notes, 7.625% due 6/1/15	125,450
		Host Marriott LP, Senior Notes:	
2,500,000		7.125% due 11/1/13	2,443,750
1,860,000		Series O, 6.375% due 3/15/15	1,748,400
		Kimball Hill Inc., Senior Subordinated Notes, 10.500% due 12/15/12	749,800
920,000			
		Ventas Realty LP/Ventas Capital Corp., Senior Notes:	
1,245,000		6.500% due 6/1/16	1,156,294

*See Notes to Schedule of Investments.*



## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2007

Face Amount	Security	Value
<b>Real Estate Investment Trusts (REITs) 0.8% (continued)</b>		
\$ 3,105,000	6.750% due 4/1/17	\$ 2,918,700
	<b>Total Real Estate Investment Trusts (REITs)</b>	9,142,394
<b>Real Estate Management &amp; Development 0.8%</b>		
2,180,000	Ashton Woods USA LLC/Ashton Woods Finance Co., Senior Subordinated Notes, 9.500% due 10/1/15	1,820,300
8,945,000	Realogy Corp., Senior Subordinated Notes, 12.375% due 4/15/15 (a)	7,513,800
	<b>Total Real Estate Management &amp; Development</b>	9,334,100
<b>Road &amp; Rail 1.7%</b>		
4,850,000	Grupo Transportacion Ferroviaria Mexicana SA de CV, Senior Notes, 9.375% due 5/1/12	5,141,000
3,930,000	Hertz Corp.: Senior Notes, 8.875% due 1/1/14	3,949,650
7,760,000	Senior Subordinated Notes, 10.500% due 1/1/16 (e)	8,070,400
910,000	Kansas City Southern de Mexico, Senior Notes: 7.625% due 12/1/13 (a)	912,275
125,000	7.375% due 6/1/14 (a)	121,562
840,000	Kansas City Southern Railway, Senior Notes, 7.500% due 6/15/09	831,600
	<b>Total Road &amp; Rail</b>	19,026,487
<b>Semiconductors &amp; Semiconductor Equipment 0.3%</b>		
3,295,000	Freescale Semiconductor Inc., Senior Notes, 8.875% due 12/15/14 (a)	3,023,163
<b>Software 0.3%</b>		
3,540,000	Activant Solutions Inc., Senior Subordinated Notes, 9.500% due 5/1/16	3,194,850
<b>Specialty Retail 0.7%</b>		
745,000	AutoNation Inc., Senior Notes: 7.360% due 4/15/13 (f)	696,575
830,000	7.000% due 4/15/14	780,200
4,810,000	Blockbuster Inc., Senior Subordinated Notes, 9.000% due 9/1/12	4,028,375
1,995,000	Eye Care Centers of America, Senior Subordinated Notes, 10.750% due 2/15/15	2,194,500
	<b>Total Specialty Retail</b>	7,699,650
<b>Textiles, Apparel &amp; Luxury Goods 0.7%</b>		
5,470,000	Levi Strauss & Co., Senior Notes: 9.750% due 1/15/15	5,552,050
400,000	8.875% due 4/1/16	388,000
2,950,000	Simmons Co., Senior Discount Notes, step bond to yield 9.995% due 12/15/14	2,256,750
	<b>Total Textiles, Apparel &amp; Luxury Goods</b>	8,196,800
<b>Tobacco 0.3%</b>		
875,000	Alliance One International Inc., Senior Notes: 8.500% due 5/15/12 (a)	866,250
1,970,000	11.000% due 5/15/12	2,078,350
	<b>Total Tobacco</b>	2,944,600

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<b>Trading Companies &amp; Distributors</b>	<b>1.1%</b>		
	2,955,000	Ashtead Capital Inc., Notes, 9.000% due 8/15/16 (a)	2,984,550
	3,235,000	H&E Equipment Services Inc., Senior Notes, 8.375% due 7/15/16	3,315,875
	4,865,000	Penhall International Corp., Senior Secured Notes, 12.000% due 8/1/14 (a)	5,181,225
	655,000	TransDigm Inc., Senior Subordinated Notes, 7.750% due 7/15/14 (a)	645,175
		<b>Total Trading Companies &amp; Distributors</b>	<b>12,126,825</b>
<b>Transportation Infrastructure</b>	<b>0.5%</b>		
		Saint Acquisition Corp., Secured Notes:	

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2007

Face Amount		Security	Value
<b>Transportation Infrastructure 0.5% (continued)</b>			
\$ 600,000		13.107% due 5/15/15 (a)(f)	\$ 429,000
7,040,000		12.500% due 5/15/17 (a)	5,033,600
		<b>Total Transportation Infrastructure</b>	<b>5,462,600</b>
<b>Wireless Telecommunication Services 3.0%</b>			
1,825,000		American Tower Corp., Senior Notes, 7.500% due 5/1/12	1,815,875
3,860,000		MetroPCS Wireless Inc., Senior Notes:	
1,000,000		9.250% due 11/1/14 (a)	3,802,100
		9.250% due 11/1/14 (a)	985,000
4,180,000		Nextel Communications Inc., Senior Notes, Series D, 7.375% due 8/1/15	4,058,032
440,000		Rogers Wireless Communications Inc., Senior Secured Notes, 7.250% due 12/15/12	464,937
1,575,000		Rural Cellular Corp.:	
2,105,000		Senior Notes, 9.875% due 2/1/10	1,641,937
2,590,000		Senior Secured Notes, 8.250% due 3/15/12	2,168,150
13,410,000		Senior Subordinated Notes, 8.360% due 6/1/13 (a)(f)	2,615,900
		True Move Co., Ltd., 10.750% due 12/16/13 (a)(e)	14,214,600
2,220,000		UBS Luxembourg SA for OJSC Vimpel Communications, 8.250% due 5/23/16	2,278,763
		<b>Total Wireless Telecommunication Services</b>	<b>34,045,294</b>
		<b>TOTAL CORPORATE BONDS &amp; NOTES</b>	
		(Cost \$1,036,209,618)	995,355,205
<b>ASSET-BACKED SECURITY 0.0%</b>			
<b>Diversified Financial Services 0.0%</b>			
1,975,400		Airplanes Pass-Through Trust, Subordinated Notes, Series D, 10.875% due 3/15/19 (c)(d)(g) (Cost - \$2,052,466)	0
<b>CONVERTIBLE BOND &amp; NOTE 0.1%</b>			
<b>Automobiles 0.1%</b>			
1,110,000		Ford Motor Co., Senior Notes, 4.250% due 12/15/36 (Cost - \$1,110,000)	1,290,375
<b>SOVEREIGN BONDS 6.3%</b>			
<b>Argentina 0.6%</b>			
1,400,000	EUR	Republic of Argentina:	
300,000	EUR	9.250% due 10/21/02 (g)	647,868
250,000	EUR	9.000% due 6/20/03 (g)	138,315
275,000	EUR	10.250% due 1/26/07 (g)	124,689
5,530,930	ARS	8.000% due 2/26/08 (g)	133,387
665,000		Bonds, 2.000% due 1/3/10 (f)	3,722,145
97,000	EUR	Bonds, Series VII, 7.000% due 9/12/13	593,568
		GDP Linked Securities, 0.662% due 12/15/35 (f)	16,226
		Medium-Term Notes:	
1,175,000	EUR	7.000% due 3/18/04 (c)(g)	563,885
600,000	EUR	8.125% due 10/4/04 (g)	277,658

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	525,000	EUR	9.000% due 5/24/05 (g)	251,229
			<b>Total Argentina</b>	6,468,970
<b>Brazil</b>	<b>1.5%</b>		Brazil Nota do Tesouro Nacional:	
	1,000	BRL	10.000% due 1/1/10 (f)	527
	18,729,000	BRL	9.762% due 7/1/10 (e)(f)	9,772,117
	2,175,000	BRL	Series B, 6.000% due 5/15/45 (f)	1,882,949
	2,430,000		Federative Republic of Brazil:	
			11.000% due 8/17/40	3,141,990
			Collective Action Securities:	

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2007

Face Amount		Security	Value
<b>Brazil 1.5% (continued)</b>			
\$ 1,203,000		8.750% due 2/4/25	\$ 1,457,735
197,000		Notes, 8.000% due 1/15/15	213,647
		<b>Total Brazil</b>	<b>16,468,965</b>
<b>Colombia 0.4%</b>			
100,000		Republic of Colombia:	
4,615,000		7.375% due 1/27/17	106,450
		7.375% due 9/18/37	4,921,897
		<b>Total Colombia</b>	<b>5,028,347</b>
<b>Ecuador 0.2%</b>			
2,100,000		Republic of Ecuador, 10.000% due 8/15/30 (a)	1,777,125
<b>Indonesia 0.3%</b>			
8,077,000,000	<i>IDR</i>	Republic of Indonesia:	
6,948,000,000	<i>IDR</i>	Series FR40, 11.000% due 9/15/25	955,233
11,011,000,000	<i>IDR</i>	Series FR42, 10.250% due 7/15/27	774,321
8,327,000,000	<i>IDR</i>	Series FR43, 10.250% due 7/15/22	1,228,749
		Series FR45, 9.750% due 5/15/37	885,778
		<b>Total Indonesia</b>	<b>3,844,081</b>
<b>Mexico 1.1%</b>			
50,000		United Mexican States:	
		11.375% due 9/15/16	69,187
11,592,000		Medium-Term Notes, Series A, 6.750% due 9/27/34 (e)	12,215,070
		<b>Total Mexico</b>	<b>12,284,257</b>
<b>Panama 0.3%</b>			
1,285,000		Republic of Panama:	
350,000		9.625% due 2/8/11	1,435,987
1,320,000		7.250% due 3/15/15	368,375
		6.700% due 1/26/36	1,316,700
		<b>Total Panama</b>	<b>3,121,062</b>
<b>Peru 0.0%</b>			
259,000		Republic of Peru:	
198,000		Bonds, 6.550% due 3/14/37	256,734
		Global Bonds, 7.350% due 7/21/25	217,305
		<b>Total Peru</b>	<b>474,039</b>
<b>Russia 0.0%</b>			
244,000		Russian Federation, 12.750% due 6/24/28 (a)	425,780
<b>Turkey 1.0%</b>			
2,023,000	<i>TRY</i>	Republic of Turkey:	
490,000		14.000% due 1/19/11	1,479,252
1,175,000		7.000% due 6/5/20	485,100
594,000		11.875% due 1/15/30	1,786,734
7,954,000		Bonds, 7.000% due 9/26/16	598,455
		Notes, 6.875% due 3/17/36	7,427,048
		<b>Total Turkey</b>	<b>11,776,589</b>
<b>Uruguay 0.1%</b>			

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	1,026,307	Oriental Republic of Uruguay, Bonds, 7.625% due 3/21/36	1,098,148
<b>Venezuela</b>	<b>0.8%</b>		
	273,000	Bolivarian Republic of Venezuela: 8.500% due 10/8/14	277,778

*See Notes to Schedule of Investments.*

## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2007

Face Amount	Security	Value
<b>Venezuela 0.8% (continued)</b>		
\$ 8,258,000	5.750% due 2/26/16	\$ 7,019,300
241,000	7.650% due 4/21/25	220,515
	Collective Action Securities:	
1,164,000	9.375% due 1/13/34	1,244,025
183,000	Notes, 10.750% due 9/19/13	205,646
	<b>Total Venezuela</b>	<b>8,967,264</b>
	<b>TOTAL SOVEREIGN BONDS</b>	
	(Cost \$71,318,470)	71,734,627
<b>LOAN PARTICIPATIONS 1.7%</b>		
<b>Diversified Telecommunication Services 0.4%</b>		
5,000,000	Univision Communications Inc., Term Loan B, 7.605% due 9/15/14 (f)(h)	4,632,188
<b>Oil, Gas &amp; Consumable Fuels 0.9%</b>		
279,613	Ashmore Energy International, Synthetic Revolving Department, 8.260% due 3/30/14 (Credit Suisse) (f)(h)	274,021
	Ashmore Energy Term Loan, 8.360% due 3/30/14 (Credit Suisse) (f)(h)	2,087,779
2,130,387	SandRidge Energy, Term Loan, 8.625% due 4/1/15 (Banc of America Securities) (f)(h)	7,350,000
7,500,000	<b>Total Oil, Gas &amp; Consumable Fuels</b>	<b>9,711,800</b>
<b>Paper &amp; Forest Products 0.2%</b>		
2,500,000	Verso Paper Holdings Term Loan, 11.605% due 2/1/12 (Credit Suisse) (f)(h)	2,493,750
<b>Trading Companies &amp; Distributors 0.2%</b>		
2,000,000	Penhall International Corp., Term Loan, 12.824% due 4/1/12 (Deutsche Bank Securities) (f)(h)	2,045,000
	<b>TOTAL LOAN PARTICIPATIONS</b>	
	(Cost \$19,007,519)	18,882,738
<b>Shares</b>		
<b>COMMON STOCKS 0.0%</b>		
<b>CONSUMER DISCRETIONARY 0.0%</b>		
<b>Household Durables 0.0%</b>		
10,685,938	Home Interiors & Gifts Inc. (c)(d)*	106,859
52,472	Mattress Discounters Corp. (c)(d)*	0
	<b>TOTAL CONSUMER DISCRETIONARY</b>	<b>106,859</b>
<b>CONSUMER STAPLES 0.0%</b>		
<b>Food Products 0.0%</b>		
3,784	Imperial Sugar Co.	101,828
	<b>TOTAL COMMON STOCKS</b>	
	(Cost \$7,846,354)	208,687
<b>CONVERTIBLE PREFERRED STOCKS 0.1%</b>		
<b>ENERGY 0.1%</b>		

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<b>Oil, Gas &amp; Consumable Fuels</b>	<b>0.1%</b>		
		Chesapeake Energy Corp. Convertible, 6.250%	
	5,355	(Cost - \$1,345,637)	1,494,045
<b>ESCROWED SHARES</b>	<b>0.0%</b>		
	2,025,000	Pillowtex Corp. (c)(d)*	
<b>PREFERRED STOCKS</b>	<b>0.3%</b>	(Cost - \$0)	0
<b>CONSUMER DISCRETIONARY</b>	<b>0.2%</b>		
<b>Automobiles</b>	<b>0.1%</b>		
	65,000	Ford Motor Co., 7.400%	1,140,100
	1,800	Ford Motor Co., 8.000%	32,616
	1,800	Ford Motor Co., Series F, 7.550%	31,050
		<b>Total Automobiles</b>	<b>1,203,766</b>

*See Notes to Schedule of Investments.*



## Western Asset High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2007

Shares		Security	Value
<b>Media</b> 0.1%			
	150	ION Media Networks Inc., 13.250% (b)	\$ 1,072,500
		<b>TOTAL CONSUMER DISCRETIONARY</b>	2,276,266
<b>FINANCIALS</b> 0.1%			
<b>Diversified Financial Services</b> 0.1%			
	12,100	Preferred Plus, Series FRD-1, 7.400%	211,871
	8,200	Preferred Plus, Series FMC1 Trust, Senior Debentures, Series LMG-3, 8.250%	161,130
	44,100	Saturns, Series F 2003-5, 8.125%	800,415
	17,552	TCR Holdings Corp., Class B Shares, (c)(d)*	17
	9,654	TCR Holdings Corp., Class C Shares, (c)(d)*	10
	25,451	TCR Holdings Corp., Class D Shares, (c)(d)*	25
	52,657	TCR Holdings Corp., Class E Shares, (c)(d)*	53
		<b>TOTAL FINANCIALS</b>	1,173,521
		<b>TOTAL PREFERRED STOCKS</b>	
		(Cost \$3,400,005)	3,449,787
<b>Warrants</b>			
<b>WARRANTS</b> 0.1%			
	18,500	Bolivarian Republic of Venezuela, Oil-linked payment obligations, Expires 4/15/20*	693,750
	3,500	Brown Jordan International Inc., Expires 8/15/07(a)(c)*	31
	13,517,970	ContiFinancial Corp., Liquidating Trust, Units of Interest (Represents interest in a trust in the liquidation of ContiFinancial Corp. and its affiliates)(c)(d)*	32
	2,750	Leap Wireless International Inc., Expires 4/15/10(c)(d)*	0
	3,500	Mattress Discounters Co., Expires 7/15/07(c)(d)*	0
	13,614	Pillowtex Corp., Expires 11/24/09(c)(d)*	0
	5,000	UbiquiTel Inc., Expires 4/15/10(a)(c)(d)*	50
		<b>TOTAL WARRANTS</b>	
		(Cost \$538,361)	693,863
		<b>TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENTS</b>	
		(Cost \$1,142,828,430)	1,093,109,327
<b>Face Amount</b>			
<b>SHORT-TERM INVESTMENTS</b> 4.1%			
<b>Sovereign Bonds</b> 1.6%			
\$	5,005,000	MYR Bank Negara Malaysia Monetary Notes:	
	2,955,000	Zero coupon bond to yield 3.184% due 8/9/07	1,447,825
		Zero coupon bond to yield 3.324% due 8/9/07	854,784
	6,600,000	MYR Series 2307, Zero coupon bond to yield 3.487% due 1/17/08	1,874,633

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		Egypt Treasury Bills:	
47,100,000	EGP	Zero coupon bond to yield 9.643% due 10/30/07	8,144,509
33,275,000	EGP	Zero coupon bond to yield 9.307% due 11/6/07	5,774,922
		<b>Total Sovereign Bonds</b>	
		(Cost \$17,936,185)	18,096,673
<b>Repurchase Agreement 2.5%</b>			
28,913,000		Nomura Securities International Inc. repurchase agreement dated 7/31/07, 5.250% due 8/1/07; Proceeds at maturity - \$28,917,216; (Fully collateralized by U.S. government agency obligation, 6.000% due 5/23/17; Market value - \$29,491,385) (Cost - \$28,913,000)	28,913,000
		<b>TOTAL SHORT-TERM INVESTMENTS</b>	
		(Cost \$46,849,185)	\$ 47,009,673
		<b>TOTAL INVESTMENTS 100.0%</b> (Cost	
		\$1,189,677,615#)	\$ 1,140,119,000

*See Notes to Schedule of Investments.*

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

Schedule of Investments (unaudited) (continued)

- 
- \* Non-income producing security.  
Face amount denominated in U.S. dollars, unless otherwise noted.
- (a) Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. This security has been deemed liquid pursuant to guidelines approved by the Board of Directors, unless otherwise noted.
  - (b) Payment-in-kind security for which part of the income earned may be paid as additional principal.
  - (c) Illiquid security.
  - (d) Security is valued in good faith at fair value by or under the direction of the Board of Directors (See Note 1).
  - (e) All or a portion of this security is segregated for extended settlements and reverse repurchase agreements.
  - (f) Variable rate security. Interest rate disclosed is that which is in effect at July 31, 2007.
  - (g) Security is currently in default.
  - (h) Participation interest was acquired through the financial institution indicated parenthetically.
- # Aggregate cost for federal income tax purposes is substantially the same.

Abbreviations used in this schedule:

ARS - Argentine Peso  
BRL - Brazilian Real  
EGP - Egyptian Pound  
EUR - Euro  
GDP - Gross Domestic Product  
IDR - Indonesian Rupiah  
MYR - Malaysian Ringgit  
OJSC - Open Joint Stock Company  
RUB - Russian Ruble  
TRY - Turkish Lira

*See Notes to Schedule of Investments.*

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

**1. Organization and Significant Accounting Policies**

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

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

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

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

**(c) Reverse Repurchase Agreements.** The Fund may enter into a reverse repurchase agreement in which the Fund sells a portfolio security at a specified price with an agreement to purchase the same or substantially the same security from the same counterparty at a fixed or determinable price at a future date. When entering into reverse repurchase agreements, the Fund's custodian delivers to the counterparty liquid assets, the market value of which, at the inception of the transaction, at least equals the repurchase price (including accrued interest). The Fund pays interest on amounts obtained pursuant to reverse repurchase agreements. Reverse repurchase agreements are considered to be borrowings, which may create leverage risk to the Fund.

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

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

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

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

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

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

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

**2. Investments**

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

Gross unrealized appreciation	\$	16,731,246
Gross unrealized depreciation		(66,289,861)
Net unrealized depreciation	\$	(49,558,615)

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

Average Daily Balance *	Weighted Average Interest Rate *	Maximum Amount Outstanding
\$ 81,006,888	5.259%	\$ 104,901,159

Interest rates on reverse repurchase agreements ranged from 3.250% to 5.400% during the period ended July 31, 2007. Interest expense incurred on reverse repurchase agreements totaled \$1,088,702.

At July 31, 2007, the Fund had the following open reverse repurchase agreements:

Face Amount	Security	Value
\$ 1,699,243		\$ 1,699,243

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	Reverse Repurchase Agreement with Credit Suisse, dated 11/9/06 bearing 5.250% to be repurchased at \$1,765,159 on 8/2/07, collateralized by: \$1,846,000 Pemex Proj FDG Master TR, 6.125% due 8/15/08; Market value (including accrued interest) - \$1,913,852	
1,323,416	Reverse Repurchase Agreement with Credit Suisse, dated 11/30/06 bearing 5.350% to be repurchased at \$1,371,601 on 8/2/07, collateralized by: \$1,360,000 TNK-BP Finance SA, 7.500% due 7/18/16; Market value (including accrued interest) - \$1,372,380	1,323,416
615,300	Reverse Repurchase Agreement with Credit Suisse, dated 12/14/06 bearing 5.250% to be repurchased at an amount and date to be determined, collateralized by: \$500,000 Federative Republic of Brazil, 11.000% due 8/17/40; Market value (including accrued interest) - \$671,569	615,300
1,362,375	Reverse Repurchase Agreement with Credit Suisse, dated 1/31/07 bearing 5.250% to be repurchased at \$1,398,733 on 8/2/07, collateralized by: \$2,100,000 Republic of Ecuador, 10.000% due 8/15/30; Market value (including accrued interest) - \$1,874,003	1,362,375

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

Face Amount	Security	Value
\$ 1,136,636	Reverse Repurchase Agreement with JPMorgan Chase & Co., dated 3/23/07 bearing 5.100% to be repurchased at an amount and date to be determined, collateralized by: \$1,026,308 Republico Oriental Del Uruguay, 7.625% due 3/21/36; Market value (including accrued interest) - \$1,126,432	\$ 1,136,636
2,847,663	Reverse Repurchase Agreement with JPMorgan Chase & Co., dated 3/23/07 bearing 5.000% to be repurchased at an amount and date to be determined, collateralized by: \$2,785,000 Turanalem Finance BV Global, 8.250% due 1/22/37; Market value (including accrued interest) - \$2,477,931	2,847,663
633,204	Reverse Repurchase Agreement with JPMorgan Chase & Co., dated 3/23/07 bearing 5.100% to be repurchased at an amount and date to be determined, collateralized by: \$594,000 Republic of Turkey, 7.000% due 9/26/16; Market value (including accrued interest) - \$612,918	633,204
1,811,595	Reverse Repurchase Agreement with JPMorgan Chase & Co., dated 3/23/07 bearing 5.150% to be repurchased at an amount and date to be determined, collateralized by: \$1,770,000 Gaz Cap SA Luxembourg, 6.510% due 3/7/22; Market value (including accrued interest) - \$1,743,104	1,811,595
2,214,672	Reverse Repurchase Agreement with Credit Suisse, dated 4/30/07 bearing 5.350% to be repurchased at an amount and date to be determined, collateralized by: \$2,220,000 UBS Luxembourg SA, 8.250% due 5/23/16; Market value (including accrued interest) - \$2,313,602	2,214,672
1,054,487	Reverse Repurchase Agreement with Credit Suisse, dated 5/09/07 bearing 5.300% to be repurchased at \$1,067,683 on 8/2/07, collateralized by: \$1,174,000 ICICI Bank Ltd., 6.375% due 4/30/22; Market value (including accrued interest) - \$1,135,388	1,054,487
5,494,713	Reverse Repurchase Agreement with Credit Suisse, dated 6/18/07 bearing 5.350% to be repurchased at \$5,531,459 on 8/2/07, collateralized by: \$6,178,000 Vale Overseas Ltd, 6.875% due 11/21/36; Market value (including accrued interest) - \$6,123,640	5,494,713
2,205,393	Reverse Repurchase Agreement with Credit Suisse, dated 6/18/07 bearing 5.300% to be repurchased at an amount and date to be determined, collateralized by: \$2,503,000 Gaz Cap SA Luxembourg, 6.212% due 11/22/16; Market value (including accrued interest) - \$2,411,103	2,205,393



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

Face Amount	Security	Value
\$ 6,698,063	Reverse Repurchase Agreement with Credit Suisse, dated 6/18/07 bearing 5.250% to be repurchased at an amount and date to be determined, collateralized by: \$7,954,000 Republic of Turkey, 6.750% due 3/17/36; Market value (including accrued interest) - \$7,630,546	\$ 6,698,063
4,724,837	Reverse Repurchase Agreement with Credit Suisse, dated 6/26/07 bearing 5.300% to be repurchased at \$4,750,574 on 8/2/07, collateralized by: \$4,615,000 Republic of Colombia, 7.375% due 9/18/37; Market value (including accrued interest) - \$5,047,681	4,724,837
1,279,476	Reverse Repurchase Agreement with Credit Suisse, dated 6/26/07 bearing 5.400% to be repurchased at \$1,286,577 on 8/2/07, collateralized by: \$1,320,000 Republic of Panama, 6.700% due 1/26/36; Market value (including accrued interest) - \$1,318,142	1,279,476
1,120,466	Reverse Repurchase Agreement with Credit Suisse, dated 6/26/07 bearing 5.400% to be repurchased at \$1,126,685 on 8/2/07, collateralized by: \$1,164,000 Bolivarian Republic of Venezuela, 9.375% due 1/13/34; Market value (including accrued interest) - \$1,249,659	1,120,466
2,113,208	Reverse Repurchase Agreement with Credit Suisse, dated 6/26/07 bearing 5.400% to be repurchased at an amount and date to be determined, collateralized by: \$2,480,000 AES China Generating Co., 8.250% due 6/26/10; Market value (including accrued interest) - \$2,491,990	2,113,208
1,371,609	Reverse Repurchase Agreement with Credit Suisse, dated 6/26/07 bearing 5.400% to be repurchased at an amount and date to be determined, collateralized by: \$1,285,000 Republic of Panama, 9.625% due 2/8/11; Market value (including accrued interest) - \$1,495,437	1,371,609
10,003,565	Reverse Repurchase Agreement with Credit Suisse, dated 7/3/07 bearing 5.350% to be repurchased at \$10,048,164 on 8/2/07, collateralized by: \$11,050,000 True Move Co., Ltd., 10.750% due 12/16/13; Market value (including accrued interest) - \$11,862,447	10,003,565
11,325,384	Reverse Repurchase Agreement with Credit Suisse, dated 7/3/07 bearing 5.300% to be repurchased at \$11,375,404 on 8/2/07, collateralized by: \$11,592,000 United Mexican States, 6.750% due 9/27/34; Market value (including accrued interest) - \$12,485,104	11,325,384

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

Face Amount	Security	Value
\$ 3,825,646	Reverse Repurchase Agreement with Credit Suisse, dated 7/3/07 bearing 5.350% to be repurchased at an amount and date to be determined, collateralized by: \$4,246,000 Petrozuata Finance Inc., 8.220% due 4/1/17; Market value (including accrued interest) - \$4,298,650	\$ 3,825,646
4,338,522	Reverse Repurchase Agreement with Credit Suisse, dated 7/3/07 bearing 5.250% to be repurchased at an amount and date to be determined, collateralized by: \$4,740,000 Axtel Sab de CV, 7.625% due 2/1/17; Market value (including accrued interest) - \$4,694,559	4,338,522
6,394,169	Reverse Repurchase Agreement with Credit Suisse, dated 7/3/07 bearing 5.350% to be repurchased at an amount and date to be determined, collateralized by: \$8,258,000 Bolivarian Republic of Venezuela, 5.750% due 2/26/16; Market value (including accrued interest) - \$7,223,925	6,394,169
4,740,875	Reverse Repurchase Agreement with Credit Suisse, dated 7/3/07 bearing 5.400% to be repurchased at an amount and date to be determined, collateralized by: \$4,850,000 Kansas City Southern de Mexico, 9.375% due 5/1/12; Market value (including accrued interest) - \$5,254,672	4,740,875
961,740	Reverse Repurchase Agreement with Credit Suisse, dated 7/13/07 bearing 5.250% to be repurchased at \$964,545 on 8/2/07, collateralized by: \$1,170,000 ICICI Bank Ltd., 6.375% due 4/30/22; Market value (including accrued interest) - \$1,124,211	961,740
1,447,197	Reverse Repurchase Agreement with Credit Suisse, dated 7/13/07 bearing 5.350% to be repurchased at \$1,451,498 on 8/2/07, collateralized by: \$1,284,000 Vale Overseas Ltd., 8.250% due 1/17/34; Market value (including accrued interest) - \$1,460,399	1,447,197
2,142,644	Reverse Repurchase Agreement with Credit Suisse, dated 7/13/07 bearing 5.350% to be repurchased at \$2,149,012 on 8/2/07, collateralized by: \$2,360,000 True Move Co. Ltd., 10.750% due 12/16/13; Market value (including accrued interest) - \$2,533,518	2,142,644
4,061,205	Reverse Repurchase Agreement with Credit Suisse, dated 7/13/07 bearing 5.350% to be repurchased at an amount and date to be determined, collateralized by: \$4,490,000 HSBK Europe BV, 7.250% due 5/3/17; Market value (including accrued interest) - \$4,362,174	4,061,205

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

Face Amount	Security	Value
\$ 4,924,938	Reverse Repurchase Agreement with Credit Suisse, dated 7/13/07 bearing 5.350% to be repurchased at an amount and date to be determined, collateralized by: \$5,260,000 ATF Capital BV, 9.250% due 2/21/14; Market value (including accrued interest) - \$5,726,287	\$ 4,924,938
1,292,289	Reverse Repurchase Agreement with Credit Suisse, dated 7/13/07 bearing 5.350% to be repurchased at an amount and date to be determined, collateralized by: \$1,298,000 Pemex Proj FDG Master TR, 6.180% due 12/3/12; Market value (including accrued interest) - \$1,312,301	1,292,289
1,565,015	Reverse Repurchase Agreement with Credit Suisse, dated 7/13/07 bearing 5.350% to be repurchased at an amount and date to be determined, collateralized by: \$1,654,000 RSHB Cap SA, 7.175% due 5/16/13; Market value (including accrued interest) - \$1,726,467	1,565,015
1,792,479	Reverse Repurchase Agreement with Credit Suisse, dated 7/13/07 bearing 5.350% to be repurchased at an amount and date to be determined, collateralized by: \$2,419,000 Globo Comunicacoes Part, 7.250% due 4/26/22; Market value (including accrued interest) - \$2,265,913	1,792,479
2,445,000	Reverse Repurchase Agreement with Credit Suisse, dated 7/17/07 bearing 5.150% to be repurchased at an amount and date to be determined, collateralized by: \$2,000,000 Federative Republic of Brazil, 11.000% due 8/17/40; Market value (including accrued interest) - \$2,686,276	2,445,000
1,163,800	Reverse Repurchase Agreement with Credit Suisse, dated 7/17/07 bearing 5.350% to be repurchased at an amount and date to be determined, collateralized by: \$1,000,000 Federative Republic of Brazil, 8.750% due 2/4/25; Market value (including accrued interest) - \$1,254,775	1,163,800
1,624,673	Reverse Repurchase Agreement with Credit Suisse, dated 7/19/07 bearing 3.900% to be repurchased at an amount and date to be determined, collateralized by: \$1,175,000 Republic of Turkey, 11.875% due 1/15/30; Market value (including accrued interest) - \$1,793,180	1,624,673
	<b>Total Reverse Repurchase Agreements</b> (Proceeds - \$103,755,497)	<b>103,755,497</b>

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\* Average based on the number of days that the Fund had reverse repurchase agreements outstanding.

**3. Loan**

At July 31, 2007, the Fund had a \$225,000,000 loan outstanding pursuant to a revolving credit and security agreement among the Fund, CIESCO, LLC and Citibank, N.A.. The loan generally bears interest at a variable rate based on the weighted average interest rates of the underlying commercial paper or LIBOR plus any applicable margin. Securities held by the Fund are subject to a lien, granted to the lender, to the extent of the borrowings outstanding and any additional expenses.



ITEM 2. CONTROLS AND PROCEDURES.

(a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the disclosure controls and procedures required by Rule 30a-3(b) under the 1940 Act and 15d-15(b) under the Securities Exchange Act of 1934.

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are likely to materially affect the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

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

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**SIGNATURES**





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

Western Asset High Income Fund II Inc.

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

Date: September 26, 2007

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

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

Date: September 26, 2007

By /s/ Kaprel Ozsolak  
Kaprel Ozsolak  
Chief Financial Officer

Date: September 26, 2007

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