

WESTERN ASSET HIGH INCOME FUND II INC.

Form N-Q

September 28, 2018

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED**

**MANAGEMENT INVESTMENT COMPANY**

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

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

(Exact name of registrant as specified in charter)

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

(Address of principal executive offices) (Zip code)

**Robert I. Frenkel, Esq.**

**Legg Mason & Co., LLC**

**100 First Stamford Place**

**Stamford, CT 06902**

(Name and address of agent for service)

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

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

Date of reporting period: **July 31, 2018**

**ITEM 1. SCHEDULE OF INVESTMENTS.**

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

FORM N-Q

JULY 31, 2018

## WESTERN ASSET HIGH INCOME FUND II INC.

## Schedule of investments (unaudited)

July 31, 2018

| SECURITY   | RATE    | MATURITY DATE | FACE AMOUNT | VALUE                             |
|--|---------|---------------|-------------|-----------------------------------|
| <b>CORPORATE BONDS &amp; NOTES - 94.9%</b>   |         |               |             |                                   |
| <b>CONSUMER DISCRETIONARY - 18.9%</b>  |         |               |             |                                   |
| <b>Auto Components - 1.1%</b>  |         |               |             |                                   |
| Adient Global Holdings Ltd., Senior Notes  | 4.875%  | 8/15/26       | 2,083,000   | \$ 1,921,567 <sup>(a)(b)</sup>    |
| JB Poindexter & Co. Inc., Senior Notes   | 7.125%  | 4/15/26       | 2,130,000   | 2,215,200 <sup>(a)(b)</sup>       |
| ZF North America Capital Inc., Senior Notes  | 4.750%  | 4/29/25       | 2,940,000   | 3,003,902 <sup>(a)(b)</sup>       |
| <i>Total Auto Components</i>   |         |               |             | <i>7,140,669</i>                  |
| <b>Diversified Consumer Services - 2.6%</b>  |         |               |             |                                   |
| Carriage Services Inc., Senior Notes   | 6.625%  | 6/1/26        | 2,920,000   | 3,003,950 <sup>(a)(b)</sup>       |
| Prime Security Services Borrower LLC/Prime Finance Inc.                                | 9.250%  | 5/15/23       | 3,487,000   | 3,744,166 <sup>(a)(b)</sup>       |
| Service Corp. International/US, Senior Notes   | 7.500%  | 4/1/27        | 2,090,000   | 2,338,188 <sup>(b)</sup>          |
| VOC Escrow Ltd., Senior Secured Notes  | 5.000%  | 2/15/28       | 7,330,000   | 7,055,125 <sup>(a)(b)</sup>       |
| <i>Total Diversified Consumer Services</i>   |         |               |             | <i>16,141,429</i>                 |
| <b>Hotels, Restaurants &amp; Leisure - 2.1%</b>  |         |               |             |                                   |
| Bossier Casino Venture Holdco Inc., Senior Secured Bonds (14.000% PIK)                 | 14.000% | 2/9/23        | 2,741,273   | 2,741,273 <sup>(a)(c)(d)(e)</sup> |
| Brinker International Inc., Senior Notes   | 5.000%  | 10/1/24       | 1,186,000   | 1,144,490 <sup>(a)(b)</sup>       |
| Carrols Restaurant Group Inc., Secured Notes   | 8.000%  | 5/1/22        | 3,500,000   | 3,659,687 <sup>(b)</sup>          |
| Downstream Development Authority of the Quapaw Tribe of Oklahoma, Senior Secured Notes | 10.500% | 2/15/23       | 1,330,000   | 1,336,264 <sup>(a)(b)</sup>       |
| Hilton Domestic Operating Co. Inc., Senior Notes                                       | 5.125%  | 5/1/26        | 2,145,000   | 2,155,725 <sup>(a)(b)</sup>       |
| Silversea Cruise Finance Ltd., Senior Secured Notes                                    | 7.250%  | 2/1/25        | 1,933,000   | 2,102,138 <sup>(a)(b)</sup>       |
| <i>Total Hotels, Restaurants &amp; Leisure</i>   |         |               |             | <i>13,139,577</i>                 |
| <b>Household Durables - 0.9%</b>   |         |               |             |                                   |
| Lennar Corp., Senior Notes   | 4.500%  | 4/30/24       | 730,000     | 709,925                           |
| Lennar Corp., Senior Notes   | 4.750%  | 5/30/25       | 2,220,000   | 2,161,725 <sup>(b)</sup>          |
| LGI Homes Inc., Senior Notes   | 6.875%  | 7/15/26       | 760,000     | 761,900 <sup>(a)</sup>            |
| TopBuild Corp., Senior Notes   | 5.625%  | 5/1/26        | 2,210,000   | 2,171,325 <sup>(a)(b)</sup>       |
| <i>Total Household Durables</i>  |         |               |             | <i>5,804,875</i>                  |

See Notes to Schedule of Investments.

## WESTERN ASSET HIGH INCOME FUND II INC.

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

July 31, 2018

| SECURITY  | RATE   | MATURITY DATE | FACE AMOUNT | VALUE                          |
|---|--------|---------------|-------------|--------------------------------|
| <b>Media - 11.0%</b>                                      |        |               |             |                                |
| Altice France SA, Senior Secured Bonds                    | 6.250% | 5/15/24       | 4,570,000   | \$ 4,558,575 <sup>(a)(b)</sup> |
| Altice France SA, Senior Secured Notes                    | 7.375% | 5/1/26        | 12,450,000  | 12,356,625 <sup>(a)(b)</sup>   |
| Altice Luxembourg SA, Senior Secured Notes                | 7.750% | 5/15/22       | 10,920,000  | 10,906,350 <sup>(a)(b)</sup>   |
| CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes | 5.125% | 5/1/27        | 350,000     | 335,017 <sup>(a)(b)</sup>      |
| CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes | 5.875% | 5/1/27        | 1,100,000   | 1,093,125 <sup>(a)(b)</sup>    |
| CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes | 5.000% | 2/1/28        | 6,060,000   | 5,722,913 <sup>(a)(b)</sup>    |
| DISH DBS Corp., Senior Notes                              | 5.875% | 11/15/24      | 4,830,000   | 4,027,013 <sup>(b)</sup>       |
| DISH DBS Corp., Senior Notes                              | 7.750% | 7/1/26        | 14,859,000  | 13,038,772 <sup>(b)</sup>      |
| Time Warner Cable LLC, Senior Secured Notes               | 8.750% | 2/14/19       | 2,500,000   | 2,576,751 <sup>(b)</sup>       |
| Time Warner Cable LLC, Senior Secured Notes               | 8.250% | 4/1/19        | 1,336,000   | 1,380,864 <sup>(b)</sup>       |
| UPC Holding BV, Senior Secured Notes                      | 5.500% | 1/15/28       | 4,680,000   | 4,305,600 <sup>(a)(b)</sup>    |
| Virgin Media Finance PLC, Senior Notes                    | 6.375% | 4/15/23       | 5,620,000   | 5,802,650 <sup>(a)(b)</sup>    |
| Virgin Media Finance PLC, Senior Notes                    | 6.000% | 10/15/24      | 2,230,000   | 2,188,188 <sup>(a)</sup>       |
| Virgin Media Finance PLC, Senior Secured Notes            | 5.500% | 8/15/26       | 540,000     | 515,700 <sup>(a)</sup>         |
| <i>Total Media</i>  |        |               |             | 68,808,143                     |
| <b>Specialty Retail - 0.7%</b>                            |        |               |             |                                |
| Hertz Corp., Senior Notes                                 | 5.875% | 10/15/20      | 2,520,000   | 2,503,872 <sup>(b)</sup>       |
| Party City Holdings Inc., Senior Notes                    | 6.625% | 8/1/26        | 2,020,000   | 2,030,100 <sup>(a)(f)</sup>    |
| <i>Total Specialty Retail</i>                             |        |               |             | 4,533,972                      |
| <b>Textiles, Apparel &amp; Luxury Goods - 0.5%</b>        |        |               |             |                                |
| Hanesbrands Inc., Senior Notes                            | 4.625% | 5/15/24       | 3,110,000   | 3,040,025 <sup>(a)(b)</sup>    |
| <b>TOTAL CONSUMER DISCRETIONARY</b>                       |        |               |             | 118,608,690                    |
| <b>CONSUMER STAPLES - 1.0%</b>                            |        |               |             |                                |
| <b>Food Products - 0.2%</b>                               |        |               |             |                                |
| Lamb Weston Holdings Inc., Senior Notes                   | 4.875% | 11/1/26       | 1,440,000   | 1,420,200 <sup>(a)</sup>       |

See Notes to Schedule of Investments.

## WESTERN ASSET HIGH INCOME FUND II INC.

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

July 31, 2018

| SECURITY  | RATE   | MATURITY DATE | FACE AMOUNT | VALUE                       |
|---|--------|---------------|-------------|-----------------------------|
| <b>Household Products - 0.8%</b>                                |        |               |             |                             |
| Central Garden & Pet Co., Senior Notes                          | 6.125% | 11/15/23      | 1,290,000   | \$ 1,331,925 <sup>(b)</sup> |
| Spectrum Brands Inc., Senior Notes                              | 6.125% | 12/15/24      | 1,630,000   | 1,662,600 <sup>(b)</sup>    |
| Spectrum Brands, Inc., Senior Notes                             | 5.750% | 7/15/25       | 2,080,000   | 2,085,200 <sup>(b)</sup>    |
| <i>Total Household Products</i>                                 |        |               |             | 5,079,725                   |
| <b>TOTAL CONSUMER STAPLES</b>                                   |        |               |             | 6,499,925                   |
| <b>ENERGY - 19.2%</b>   |        |               |             |                             |
| <b>Energy Equipment &amp; Services - 1.1%</b>                   |        |               |             |                             |
| KCA Deutag UK Finance PLC, Senior Secured Notes                 | 9.875% | 4/1/22        | 2,990,000   | 3,094,650 <sup>(a)(b)</sup> |
| Pride International Inc., Senior Notes                          | 7.875% | 8/15/40       | 920,000     | 855,600 <sup>(b)</sup>      |
| Transocean Guardian Ltd., Senior Secured Notes                  | 5.875% | 1/15/24       | 740,000     | 748,325 <sup>(a)</sup>      |
| Transocean Inc., Senior Notes                                   | 9.000% | 7/15/23       | 1,020,000   | 1,102,875 <sup>(a)(b)</sup> |
| Transocean, Inc., Senior Notes                                  | 6.800% | 3/15/38       | 1,035,000   | 869,400 <sup>(b)</sup>      |
| <i>Total Energy Equipment &amp; Services</i>                    |        |               |             | 6,670,850                   |
| <b>Oil, Gas &amp; Consumable Fuels - 18.1%</b>                  |        |               |             |                             |
| Andeavor Logistics LP/Tesoro Logistics Finance Corp.            | 6.375% | 5/1/24        | 810,000     | 864,359 <sup>(b)</sup>      |
| Berry Petroleum Co. Escrow                                      |        |               | 1,550,000   | 0 <sup>*(c)(d)(g)</sup>     |
| Blue Racer Midstream LLC/Blue Racer Finance Corp., Senior Notes | 6.125% | 11/15/22      | 2,260,000   | 2,300,228 <sup>(a)(b)</sup> |
| Blue Racer Midstream LLC/Blue Racer Finance Corp., Senior Notes | 6.625% | 7/15/26       | 190,000     | 191,900 <sup>(a)(b)</sup>   |
| Cheniere Corpus Christi Holdings LLC, Senior Secured Notes      | 5.875% | 3/31/25       | 1,620,000   | 1,711,125 <sup>(b)</sup>    |
| Chesapeake Energy Corp., Senior Notes                           | 6.875% | 11/15/20      | 4,340,000   | 4,546,150 <sup>(b)</sup>    |
| Chesapeake Energy Corp., Senior Notes                           | 5.375% | 6/15/21       | 940,000     | 940,000 <sup>(b)</sup>      |
| Chesapeake Energy Corp., Senior Notes                           | 5.750% | 3/15/23       | 700,000     | 679,000 <sup>(b)</sup>      |
| Chesapeake Energy Corp., Senior Notes                           | 8.000% | 1/15/25       | 450,000     | 462,375 <sup>(b)</sup>      |
| Chesapeake Energy Corp., Senior Notes                           | 8.000% | 6/15/27       | 900,000     | 922,500 <sup>(b)</sup>      |
| Continental Resources Inc., Senior Notes                        | 3.800% | 6/1/24        | 4,170,000   | 4,101,563 <sup>(b)</sup>    |
| Continental Resources Inc., Senior Notes                        | 4.900% | 6/1/44        | 3,220,000   | 3,194,922 <sup>(b)</sup>    |
| Ecopetrol SA, Senior Notes                                      | 5.875% | 5/28/45       | 2,500,000   | 2,508,125 <sup>(b)</sup>    |

See Notes to Schedule of Investments.

## WESTERN ASSET HIGH INCOME FUND II INC.

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

July 31, 2018

| SECURITY   | RATE   | MATURITY DATE | FACE AMOUNT | VALUE                       |
|--|--------|---------------|-------------|-----------------------------|
| <b>Oil, Gas &amp; Consumable Fuels - (continued)</b>         |        |               |             |                             |
| Gazprom OAO Via Gaz Capital SA, Senior Notes                 | 6.510% | 3/7/22        | 2,550,000   | \$ 2,714,271 <sup>(a)</sup> |
| Genesis Energy LP/Genesis Energy Finance Corp., Senior Notes | 5.625% | 6/15/24       | 2,320,000   | 2,175,000 <sup>(b)</sup>    |
| Genesis Energy LP/Genesis Energy Finance Corp., Senior Notes | 6.500% | 10/1/25       | 840,000     | 816,900 <sup>(b)</sup>      |
| Genesis Energy LP/Genesis Energy Finance Corp., Senior Notes | 6.250% | 5/15/26       | 1,170,000   | 1,102,725 <sup>(b)</sup>    |
| KazMunayGas National Co. JSC, Senior Notes                   | 4.750% | 4/19/27       | 3,000,000   | 3,015,795 <sup>(a)(b)</sup> |
| Kinder Morgan Inc., Senior Notes                             | 7.750% | 1/15/32       | 1,950,000   | 2,425,686 <sup>(b)</sup>    |
| Lukoil International Finance BV, Senior Notes                | 4.563% | 4/24/23       | 2,040,000   | 2,052,409 <sup>(a)(b)</sup> |
| Magnum Hunter Resources Corp.<br>Escrow                      |        |               | 8,070,000   | 0 <sup>*(c)(d)(g)</sup>     |
| MEG Energy Corp., Senior Notes                               | 6.375% | 1/30/23       | 3,920,000   | 3,557,400 <sup>(a)(b)</sup> |
| MEG Energy Corp., Senior Notes                               | 7.000% | 3/31/24       | 4,860,000   | 4,416,525 <sup>(a)(b)</sup> |
| NGPL PipeCo LLC, Senior Notes                                | 7.768% | 12/15/37      | 1,900,000   | 2,346,500 <sup>(a)(b)</sup> |
| Oasis Petroleum Inc., Senior Notes                           | 6.500% | 11/1/21       | 3,238,000   | 3,302,760 <sup>(b)</sup>    |
| Oasis Petroleum Inc., Senior Notes                           | 6.875% | 1/15/23       | 1,540,000   | 1,576,575 <sup>(b)</sup>    |
| Oasis Petroleum Inc., Senior Notes                           | 6.250% | 5/1/26        | 1,070,000   | 1,076,688 <sup>(a)(b)</sup> |
| Petrobras Global Finance BV, Senior Notes                    | 4.375% | 5/20/23       | 800,000     | 772,800                     |
| Petrobras Global Finance BV, Senior Notes                    | 7.375% | 1/17/27       | 1,810,000   | 1,886,020                   |
| Petrobras Global Finance BV, Senior Notes                    | 5.999% | 1/27/28       | 710,000     | 673,045 <sup>(a)</sup>      |
| Petrobras Global Finance BV, Senior Notes                    | 5.750% | 2/1/29        | 7,110,000   | 6,534,090                   |
| Petrobras Global Finance BV, Senior Notes                    | 6.750% | 1/27/41       | 6,980,000   | 6,657,175                   |
| Petroleos de Venezuela SA                                    | 6.000% | 5/16/24       | 1,120,000   | 249,200 <sup>*(h)(i)</sup>  |
| Petroleos Mexicanos, Senior Notes                            | 4.875% | 1/24/22       | 2,540,000   | 2,564,409 <sup>(b)</sup>    |
| Petroleos Mexicanos, Senior Notes                            | 6.500% | 3/13/27       | 1,370,000   | 1,392,263 <sup>(b)</sup>    |
| Rockies Express Pipeline LLC, Senior Notes                   | 7.500% | 7/15/38       | 1,330,000   | 1,602,650 <sup>(a)(b)</sup> |
| Rockies Express Pipeline LLC, Senior Notes                   | 6.875% | 4/15/40       | 1,430,000   | 1,665,950 <sup>(a)(b)</sup> |
| Shelf Drilling Holdings Ltd., Senior Notes                   | 8.250% | 2/15/25       | 2,790,000   | 2,856,263 <sup>(a)(b)</sup> |

See Notes to Schedule of Investments.

## WESTERN ASSET HIGH INCOME FUND II INC.

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

July 31, 2018

| SECURITY  | RATE    | MATURITY DATE | FACE AMOUNT              | VALUE                             |
|---|---------|---------------|--------------------------|-----------------------------------|
| <b>Oil, Gas &amp; Consumable Fuels - (continued)</b>  |         |               |                          |                                   |
| Targa Resources Partners LP/Targa Resources Partners Finance Corp., Senior Notes                    | 5.125%  | 2/1/25        | 1,810,000                | \$ 1,805,475 <sup>(b)</sup>       |
| Targa Resources Partners LP/Targa Resources Partners Finance Corp., Senior Notes                    | 5.875%  | 4/15/26       | 2,380,000                | 2,430,575 <sup>(a)(b)</sup>       |
| Targa Resources Partners LP/Targa Resources Partners Finance Corp., Senior Notes                    | 5.000%  | 1/15/28       | 7,910,000                | 7,484,837 <sup>(a)(b)</sup>       |
| Transportadora de Gas del Peru SA, Senior Notes   | 4.250%  | 4/30/28       | 1,500,000                | 1,490,625 <sup>(a)</sup>          |
| Transportadora de Gas del Sur SA, Senior Notes  | 6.750%  | 5/2/25        | 7,030,000                | 6,641,241 <sup>(a)</sup>          |
| Vesta Energy Corp.  | 8.125%  | 7/24/23       | 1,900,000 <sup>CAD</sup> | 1,467,886                         |
| Whiting Petroleum Corp., Senior Notes   | 6.250%  | 4/1/23        | 340,000                  | 353,175 <sup>(b)</sup>            |
| Williams Cos. Inc., Senior Notes  | 3.700%  | 1/15/23       | 2,830,000                | 2,773,400 <sup>(b)</sup>          |
| Williams Cos. Inc., Senior Notes  | 4.550%  | 6/24/24       | 1,320,000                | 1,333,200 <sup>(b)</sup>          |
| Williams Cos. Inc., Senior Notes  | 7.500%  | 1/15/31       | 780,000                  | 943,800 <sup>(b)</sup>            |
| Williams Cos. Inc., Senior Notes  | 5.750%  | 6/24/44       | 3,900,000                | 4,173,000 <sup>(b)</sup>          |
| WPX Energy Inc., Senior Notes   | 8.250%  | 8/1/23        | 1,070,000                | 1,215,841 <sup>(b)</sup>          |
| YPF SA, Senior Notes  | 8.500%  | 3/23/21       | 540,000                  | 561,465 <sup>(a)(b)</sup>         |
| YPF SA, Senior Notes  | 8.500%  | 7/28/25       | 1,550,000                | 1,555,813 <sup>(a)(b)</sup>       |
| <i>Total Oil, Gas &amp; Consumable Fuels</i>  |         |               |                          | <i>114,085,679</i>                |
| <b>TOTAL ENERGY</b>   |         |               |                          | <b>120,756,529</b>                |
| <b>FINANCIALS - 14.3%</b>   |         |               |                          |                                   |
| <b>Banks - 9.1%</b>   |         |               |                          |                                   |
| Bank of America Corp., Junior Subordinated Notes (6.500% to 10/23/24 then 3 mo. USD LIBOR + 4.174%) | 6.500%  | 10/23/24      | 2,550,000                | 2,738,062 <sup>(b)(j)(k)</sup>    |
| Barclays Bank PLC, Subordinated Notes   | 10.179% | 6/12/21       | 3,710,000                | 4,273,505 <sup>(a)(b)</sup>       |
| Barclays Bank PLC, Subordinated Notes   | 7.625%  | 11/21/22      | 2,950,000                | 3,198,906 <sup>(b)</sup>          |
| Barclays PLC, Junior Subordinated Notes (8.250% to 12/15/18 then USD 5 year Swap Rate + 6.705%)     | 8.250%  | 12/15/18      | 800,000                  | 816,129 <sup>(b)(j)(k)</sup>      |
| BNP Paribas SA, Junior Subordinated Notes (7.375% to 8/19/25 then USD 5 year Swap Rate + 5.150%)    | 7.375%  | 8/19/25       | 1,820,000                | 1,936,025 <sup>(a)(b)(j)(k)</sup> |

See Notes to Schedule of Investments.

## WESTERN ASSET HIGH INCOME FUND II INC.

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

July 31, 2018

| SECURITY   | RATE   | MATURITY DATE | FACE AMOUNT              | VALUE                             |
|--|--------|---------------|--------------------------|-----------------------------------|
| <b>Banks - (continued)</b>   |        |               |                          |                                   |
| CIT Group Inc., Senior Notes   | 5.375% | 5/15/20       | 340,000                  | \$ 351,050 <sup>(b)</sup>         |
| CIT Group Inc., Senior Notes   | 5.000% | 8/15/22       | 1,060,000                | 1,082,525 <sup>(b)</sup>          |
| CIT Group Inc., Senior Notes   | 5.000% | 8/1/23        | 3,901,000                | 3,974,144 <sup>(b)</sup>          |
| Citigroup Inc., Junior Subordinated Notes (6.300% to 5/15/24 then 3 mo. USD LIBOR + 3.423%)                        | 6.300% | 5/15/24       | 2,530,000                | 2,574,275 <sup>(b)(j)(k)</sup>    |
| Credit Agricole SA, Junior Subordinated Notes (8.375% to 10/13/19 then 3 mo. USD LIBOR + 6.982%)                   | 8.375% | 10/13/19      | 3,180,000                | 3,354,900 <sup>(a)(b)(j)(k)</sup> |
| Credit Agricole SA, Junior Subordinated Notes (8.125% to 12/23/25 then USD 5 year Swap Rate + 6.185%)              | 8.125% | 12/23/25      | 2,510,000                | 2,762,062 <sup>(a)(b)(j)(k)</sup> |
| Intesa Sanpaolo SpA, Junior Subordinated Notes (7.000% to 1/19/21 then EUR 5 year Swap Rate + 6.884%)              | 7.000% | 1/19/21       | 1,000,000 <sup>EUR</sup> | 1,225,656 <sup>(i)(j)(k)</sup>    |
| Intesa Sanpaolo SpA, Subordinated Notes  | 5.017% | 6/26/24       | 6,440,000                | 5,952,314 <sup>(a)(b)</sup>       |
| Intesa Sanpaolo SpA, Subordinated Notes  | 5.710% | 1/15/26       | 880,000                  | 818,307 <sup>(a)(b)</sup>         |
| JPMorgan Chase & Co., Junior Subordinated Notes (6.000% to 8/1/23 then 3 mo. USD LIBOR + 3.300%)                   | 6.000% | 8/1/23        | 2,390,000                | 2,475,634 <sup>(b)(j)(k)</sup>    |
| JPMorgan Chase & Co., Junior Subordinated Notes (6.100% to 10/1/24 then 3 mo. USD LIBOR + 3.330%)                  | 6.100% | 10/1/24       | 2,410,000                | 2,484,903 <sup>(b)(j)(k)</sup>    |
| Lloyds Banking Group PLC, Subordinated Notes   | 4.650% | 3/24/26       | 1,560,000                | 1,548,985 <sup>(b)</sup>          |
| NatWest Markets NV, Subordinated Notes   | 7.750% | 5/15/23       | 650,000                  | 715,919 <sup>(b)</sup>            |
| Royal Bank of Scotland Group PLC, Junior Subordinated Notes (8.625% to 8/15/21 then USD 5 year Swap Rate + 7.598%) | 8.625% | 8/15/21       | 1,370,000                | 1,481,792 <sup>(b)(j)(k)</sup>    |
| Royal Bank of Scotland Group PLC, Junior Subordinated Notes (7.648% to 9/30/31 then 3 mo. USD LIBOR + 2.500%)      | 7.648% | 9/30/31       | 3,530,000                | 4,412,500 <sup>(b)(j)(k)</sup>    |

See Notes to Schedule of Investments.

## WESTERN ASSET HIGH INCOME FUND II INC.

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

July 31, 2018

| SECURITY   | RATE   | MATURITY DATE | FACE AMOUNT              | VALUE                             |
|--|--------|---------------|--------------------------|-----------------------------------|
| <b>Banks - (continued)</b>   |        |               |                          |                                   |
| Royal Bank of Scotland Group PLC, Subordinated Notes   | 5.125% | 5/28/24       | 2,830,000                | \$ 2,884,420 <sup>(b)</sup>       |
| Santander UK Group Holdings PLC, Junior Subordinated Bonds<br>(7.375% to 6/24/22 then GBP 5 year Swap Rate + 5.543%)                 | 7.375% | 6/24/22       | 1,640,000 <sup>GBP</sup> | 2,263,978 <sup>(b)(i)(j)(k)</sup> |
| Sberbank of Russia Via SB Capital SA, Subordinated Notes (5.500%<br>to 2/26/19 then 5 year Treasury Constant Maturity Rate + 4.023%) | 5.500% | 2/26/24       | 3,820,000                | 3,839,100 <sup>(i)(k)</sup>       |
| <i>Total Banks</i>   |        |               |                          | <i>57,165,091</i>                 |
| <b>Capital Markets - 0.8%</b>  |        |               |                          |                                   |
| Donnelley Financial Solutions Inc., Senior Notes   | 8.250% | 10/15/24      | 2,080,000                | 2,173,600 <sup>(b)</sup>          |
| Goldman Sachs Group Inc., Subordinated Notes   | 6.750% | 10/1/37       | 2,320,000                | 2,841,872 <sup>(b)</sup>          |
| <i>Total Capital Markets</i>   |        |               |                          | <i>5,015,472</i>                  |
| <b>Consumer Finance - 0.6%</b>   |        |               |                          |                                   |
| FirstCash Inc., Senior Notes   | 5.375% | 6/1/24        | 1,490,000                | 1,490,000 <sup>(a)(b)</sup>       |
| Navient Corp., Senior Notes  | 6.750% | 6/15/26       | 2,160,000                | 2,133,000                         |
| <i>Total Consumer Finance</i>  |        |               |                          | <i>3,623,000</i>                  |
| <b>Diversified Financial Services - 3.6%</b>   |        |               |                          |                                   |
| AerCap Ireland Capital DAC / AerCap Global Aviation Trust, Senior<br>Notes   | 4.625% | 10/30/20      | 890,000                  | 907,233                           |
| AerCap Ireland Capital DAC/AerCap Global Aviation Trust, Senior<br>Notes   | 4.625% | 7/1/22        | 1,390,000                | 1,414,950                         |
| ASP AMC Merger Sub Inc., Senior Notes  | 8.000% | 5/15/25       | 3,910,000                | 3,225,750 <sup>(a)(b)</sup>       |
| DAE Funding LLC, Senior Notes  | 5.000% | 8/1/24        | 9,663,000                | 9,518,055 <sup>(a)(b)</sup>       |
| Garfunkelux Holdco 3 SA, Senior Secured Notes  | 7.500% | 8/1/22        | 1,000,000 <sup>EUR</sup> | 1,155,172 <sup>(i)</sup>          |
| International Lease Finance Corp., Senior Notes  | 6.250% | 5/15/19       | 310,000                  | 317,900 <sup>(b)</sup>            |
| International Lease Finance Corp., Senior Notes  | 8.250% | 12/15/20      | 2,160,000                | 2,379,083 <sup>(b)</sup>          |
| International Lease Finance Corp., Senior Notes  | 5.875% | 8/15/22       | 760,000                  | 810,577 <sup>(b)</sup>            |

See Notes to Schedule of Investments.

## WESTERN ASSET HIGH INCOME FUND II INC.

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

July 31, 2018

| SECURITY  | RATE   | MATURITY DATE | FACE AMOUNT              | VALUE                                |
|---|--------|---------------|--------------------------|--------------------------------------|
| <b>Diversified Financial Services - (continued)</b>   |        |               |                          |                                      |
| Nationwide Building Society, Junior Subordinated Notes (6.875% to 6/20/19 then GBP 5 year Swap Rate + 4.880%) | 6.875% | 6/20/19       | 1,140,000 <sup>GBP</sup> | \$ 1,544,733 <sup>(b)(i)(j)(k)</sup> |
| Travelport Corporate Finance PLC, Senior Secured Notes  | 6.000% | 3/15/26       | 1,700,000                | 1,734,000 <sup>(a)(b)</sup>          |
| <i>Total Diversified Financial Services</i>   |        |               |                          | 23,007,453                           |
| <b>Insurance - 0.2%</b>   |        |               |                          |                                      |
| MetLife Capital Trust IV, Junior Subordinated Notes   | 7.875% | 12/15/37      | 1,100,000                | 1,370,963 <sup>(a)(b)</sup>          |
| <b>TOTAL FINANCIALS</b>   |        |               |                          | 90,181,979                           |
| <b>HEALTH CARE - 8.2%</b>   |        |               |                          |                                      |
| <b>Health Care Providers &amp; Services - 3.4%</b>  |        |               |                          |                                      |
| Air Medical Group Holdings Inc., Senior Notes   | 6.375% | 5/15/23       | 1,460,000                | 1,342,666 <sup>(a)(b)</sup>          |
| BioScrip Inc., First Lien Notes (1 mo. USD LIBOR + 7.000%)  | 8.224% | 6/30/22       | 4,552,000                | 4,756,840 <sup>(d)(k)(l)</sup>       |
| Centene Corp., Senior Notes   | 5.625% | 2/15/21       | 1,020,000                | 1,044,863 <sup>(b)</sup>             |
| Centene Corp., Senior Notes   | 4.750% | 5/15/22       | 1,290,000                | 1,310,962 <sup>(b)</sup>             |
| Centene Corp., Senior Notes   | 6.125% | 2/15/24       | 810,000                  | 854,550 <sup>(b)</sup>               |
| Centene Corp., Senior Notes   | 4.750% | 1/15/25       | 4,780,000                | 4,785,975 <sup>(b)</sup>             |
| DaVita Inc., Senior Notes   | 5.750% | 8/15/22       | 2,218,000                | 2,258,201 <sup>(b)</sup>             |
| DaVita Inc., Senior Notes   | 5.000% | 5/1/25        | 20,000                   | 18,900 <sup>(b)</sup>                |
| HCA Inc., Debentures  | 7.500% | 11/15/95      | 2,205,000                | 2,177,437 <sup>(b)</sup>             |
| HCA Inc., Senior Secured Notes  | 5.250% | 6/15/26       | 1,090,000                | 1,109,075 <sup>(b)</sup>             |
| RegionalCare Hospital Partners Holdings, Inc., Senior Secured Notes   | 8.250% | 5/1/23        | 1,480,000                | 1,576,200 <sup>(a)</sup>             |
| <i>Total Health Care Providers &amp; Services</i>   |        |               |                          | 21,235,669                           |
| <b>Pharmaceuticals - 4.8%</b>   |        |               |                          |                                      |
| Bausch Health Cos. Inc., Senior Notes   | 7.500% | 7/15/21       | 3,010,000                | 3,075,844 <sup>(a)(b)</sup>          |
| Bausch Health Cos. Inc., Senior Notes   | 5.875% | 5/15/23       | 840,000                  | 809,970 <sup>(a)(b)</sup>            |
| Bausch Health Cos. Inc., Senior Notes   | 6.125% | 4/15/25       | 5,510,000                | 5,186,288 <sup>(a)(b)</sup>          |
| Bausch Health Cos. Inc., Senior Notes   | 9.000% | 12/15/25      | 500,000                  | 531,475 <sup>(a)(b)</sup>            |
| Bausch Health Cos. Inc., Senior Secured Notes   | 7.000% | 3/15/24       | 740,000                  | 787,360 <sup>(a)(b)</sup>            |
| Endo Finance LLC/Endo Finco Inc., Senior Notes  | 7.250% | 1/15/22       | 540,000                  | 513,000 <sup>(a)(b)</sup>            |
| Endo Finance LLC/Endo Finco Inc., Senior Notes  | 5.375% | 1/15/23       | 1,280,000                | 1,086,400 <sup>(a)(b)</sup>          |

See Notes to Schedule of Investments.

## WESTERN ASSET HIGH INCOME FUND II INC.

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

July 31, 2018

| SECURITY   | RATE    | MATURITY DATE | FACE AMOUNT | VALUE                       |
|--|---------|---------------|-------------|-----------------------------|
| <b>Pharmaceuticals - (continued)</b>                         |         |               |             |                             |
| Teva Pharmaceutical Finance Co. BV, Senior Notes             | 3.650%  | 11/10/21      | 350,000     | \$ 336,278                  |
| Teva Pharmaceutical Finance Netherlands III BV, Senior Notes | 1.700%  | 7/19/19       | 500,000     | 490,599                     |
| Teva Pharmaceutical Finance Netherlands III BV, Senior Notes | 2.200%  | 7/21/21       | 18,429,000  | 17,195,822                  |
| <i>Total Pharmaceuticals</i>                                 |         |               |             | 30,013,036                  |
| <b>TOTAL HEALTH CARE</b>                                     |         |               |             | 51,248,705                  |
| <b>INDUSTRIALS - 7.7%</b>                                    |         |               |             |                             |
| <b>Aerospace &amp; Defense - 0.6%</b>                        |         |               |             |                             |
| BBA US Holdings Inc., Senior Notes                           | 5.375%  | 5/1/26        | 2,380,000   | 2,403,776 <sup>(a)(b)</sup> |
| BWX Technologies Inc., Senior Notes                          | 5.375%  | 7/15/26       | 1,590,000   | 1,617,825 <sup>(a)(b)</sup> |
| <i>Total Aerospace &amp; Defense</i>                         |         |               |             | 4,021,601                   |
| <b>Air Freight &amp; Logistics - 0.4%</b>                    |         |               |             |                             |
| XPO Logistics Inc., Senior Notes                             | 6.500%  | 6/15/22       | 1,030,000   | 1,062,188 <sup>(a)(b)</sup> |
| XPO Logistics Inc., Senior Notes                             | 6.125%  | 9/1/23        | 1,290,000   | 1,330,312 <sup>(a)(b)</sup> |
| <i>Total Air Freight &amp; Logistics</i>                     |         |               |             | 2,392,500                   |
| <b>Airlines - 0.7%</b>                                       |         |               |             |                             |
| Continental Airlines 2007-1 Class A Pass Through Trust       | 5.983%  | 4/19/22       | 3,506,774   | 3,701,399 <sup>(b)(d)</sup> |
| Delta Air Lines 2007-1 Class B Pass Through Trust            | 8.021%  | 8/10/22       | 764,266     | 841,717 <sup>(b)</sup>      |
| <i>Total Airlines</i>  |         |               |             | 4,543,116                   |
| <b>Building Products - 0.9%</b>                              |         |               |             |                             |
| Standard Industries Inc., Senior Notes                       | 5.000%  | 2/15/27       | 2,700,000   | 2,538,000 <sup>(a)(b)</sup> |
| Standard Industries Inc., Senior Notes                       | 4.750%  | 1/15/28       | 3,310,000   | 3,045,200 <sup>(a)(b)</sup> |
| <i>Total Building Products</i>                               |         |               |             | 5,583,200                   |
| <b>Commercial Services &amp; Supplies - 0.5%</b>             |         |               |             |                             |
| Brink's Co., Senior Notes                                    | 4.625%  | 10/15/27      | 840,000     | 795,900 <sup>(a)(b)</sup>   |
| United Rentals North America Inc., Senior Notes              | 4.625%  | 10/15/25      | 1,000,000   | 967,500 <sup>(b)</sup>      |
| United Rentals North America Inc., Senior Notes              | 4.875%  | 1/15/28       | 1,900,000   | 1,779,502 <sup>(b)</sup>    |
| <i>Total Commercial Services &amp; Supplies</i>              |         |               |             | 3,542,902                   |
| <b>Construction &amp; Engineering - 0.4%</b>                 |         |               |             |                             |
| Brundage-Bone Concrete Pumping Inc., Senior Secured Notes    | 10.375% | 9/1/23        | 2,380,000   | 2,540,650 <sup>(a)(b)</sup> |

See Notes to Schedule of Investments.



## WESTERN ASSET HIGH INCOME FUND II INC.

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

July 31, 2018

| SECURITY  | RATE    | MATURITY DATE | FACE AMOUNT | VALUE                          |
|---|---------|---------------|-------------|--------------------------------|
| <b>Machinery - 2.3%</b>   |         |               |             |                                |
| Allison Transmission Inc., Senior Notes   | 4.750%  | 10/1/27       | 9,000,000   | \$ 8,392,500 <sup>(a)(b)</sup> |
| BlueLine Rental Finance Corp./BlueLine Rental LLC, Senior Secured Notes   | 9.250%  | 3/15/24       | 2,930,000   | 3,102,138 <sup>(a)(b)</sup>    |
| Cleaver-Brooks Inc., Senior Secured Notes   | 7.875%  | 3/1/23        | 1,760,000   | 1,823,800 <sup>(a)(b)</sup>    |
| Park-Ohio Industries Inc., Senior Notes   | 6.625%  | 4/15/27       | 926,000     | 939,890 <sup>(b)</sup>         |
| <i>Total Machinery</i>  |         |               |             | <i>14,258,328</i>              |
| <b>Marine - 0.5%</b>  |         |               |             |                                |
| Navios Maritime Acquisition Corp./Navios Acquisition Finance US Inc., Senior Secured Notes                            | 8.125%  | 11/15/21      | 3,610,000   | 2,978,250 <sup>(a)(b)</sup>    |
| <b>Trading Companies &amp; Distributors - 1.2%</b>  |         |               |             |                                |
| Ashtead Capital Inc., Secured Notes   | 4.125%  | 8/15/25       | 6,545,000   | 6,258,656 <sup>(a)(b)</sup>    |
| Ashtead Capital Inc., Secured Notes   | 4.375%  | 8/15/27       | 1,205,000   | 1,150,414 <sup>(a)(b)</sup>    |
| <i>Total Trading Companies &amp; Distributors</i>   |         |               |             | <i>7,409,070</i>               |
| <b>Transportation Infrastructure - 0.2%</b>   |         |               |             |                                |
| Neovia Logistics Services LLC/Neovia Logistics Intermediate Finance Corp., Senior Notes (10.000% Cash or 10.750% PIK) | 10.000% | 4/1/20        | 689,885     | 410,482 <sup>(a)(e)</sup>      |
| Neovia Logistics Services LLC/SPL Logistics Finance Corp., Senior Secured Notes                                       | 8.875%  | 8/1/20        | 1,005,000   | 886,912 <sup>(a)(b)</sup>      |
| <i>Total Transportation Infrastructure</i>  |         |               |             | <i>1,297,394</i>               |
| <b>TOTAL INDUSTRIALS</b>  |         |               |             | <b>48,567,011</b>              |
| <b>INFORMATION TECHNOLOGY - 2.7%</b>  |         |               |             |                                |
| <b>Internet Software &amp; Services - 1.1%</b>  |         |               |             |                                |
| Match Group Inc., Senior Notes  | 6.375%  | 6/1/24        | 1,170,000   | 1,241,663                      |
| Match Group Inc., Senior Notes  | 5.000%  | 12/15/27      | 6,060,000   | 5,715,337 <sup>(a)(b)</sup>    |
| <i>Total Internet Software &amp; Services</i>   |         |               |             | <i>6,957,000</i>               |
| <b>Software - 0.7%</b>  |         |               |             |                                |
| CDK Global Inc., Senior Notes   | 5.875%  | 6/15/26       | 2,490,000   | 2,558,475                      |
| j2 Cloud Services LLC/j2 Global Co-Obligor Inc., Senior Notes   | 6.000%  | 7/15/25       | 2,020,000   | 2,055,350 <sup>(a)(b)</sup>    |
| <i>Total Software</i>   |         |               |             | <i>4,613,825</i>               |
| <b>Technology Hardware, Storage &amp; Peripherals - 0.9%</b>  |         |               |             |                                |
| Dell International LLC/EMC Corp., Senior Notes  | 5.875%  | 6/15/21       | 1,790,000   | 1,837,502 <sup>(a)(b)</sup>    |
| Dell International LLC/EMC Corp., Senior Notes  | 7.125%  | 6/15/24       | 740,000     | 795,667 <sup>(a)(b)</sup>      |

See Notes to Schedule of Investments.



## WESTERN ASSET HIGH INCOME FUND II INC.

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

July 31, 2018

| SECURITY  | RATE   | MATURITY DATE | FACE AMOUNT | VALUE                       |
|---|--------|---------------|-------------|-----------------------------|
| <b>Technology Hardware, Storage &amp; Peripherals - (continued)</b> |        |               |             |                             |
| Seagate HDD Cayman, Senior Notes                                    | 4.750% | 6/1/23        | 1,700,000   | \$ 1,704,203 <sup>(b)</sup> |
| Seagate HDD Cayman, Senior Notes                                    | 4.750% | 1/1/25        | 850,000     | 825,707 <sup>(b)</sup>      |
| Seagate HDD Cayman, Senior Notes                                    | 4.875% | 6/1/27        | 495,000     | 466,318 <sup>(b)</sup>      |
| <i>Total Technology Hardware, Storage &amp; Peripherals</i>         |        |               |             | 5,629,397                   |
| <b>TOTAL INFORMATION TECHNOLOGY</b>                                 |        |               |             | 17,200,222                  |
| <b>MATERIALS - 9.0%</b>   |        |               |             |                             |
| <b>Chemicals - 0.7%</b>   |        |               |             |                             |
| Braskem America Finance Co., Senior Notes                           | 7.125% | 7/22/41       | 700,000     | 813,750 <sup>(b)(i)</sup>   |
| Braskem Netherlands Finance BV, Senior Notes                        | 3.500% | 1/10/23       | 1,290,000   | 1,240,025 <sup>(i)</sup>    |
| Valvoline Inc., Senior Notes  | 5.500% | 7/15/24       | 1,200,000   | 1,215,000 <sup>(b)</sup>    |
| Valvoline Inc., Senior Notes  | 4.375% | 8/15/25       | 1,160,000   | 1,094,750 <sup>(b)</sup>    |
| <i>Total Chemicals</i>  |        |               |             | 4,363,525                   |
| <b>Construction Materials - 0.2%</b>                                |        |               |             |                             |
| Cemex SAB de CV, Senior Secured Notes                               | 6.125% | 5/5/25        | 1,530,000   | 1,585,845 <sup>(a)(b)</sup> |
| <b>Containers &amp; Packaging - 2.3%</b>                            |        |               |             |                             |
| ARD Securities Finance SARL, Senior Secured Notes, (8.750% PIK)     | 8.750% | 1/31/23       | 1,430,000   | 1,437,150 <sup>(a)(e)</sup> |
| Ardagh Packaging Finance PLC/Ardagh Holdings USA Inc., Senior Notes | 7.250% | 5/15/24       | 580,000     | 606,825 <sup>(a)(b)</sup>   |
| Ardagh Packaging Finance PLC/Ardagh Holdings USA Inc., Senior Notes | 6.000% | 2/15/25       | 2,430,000   | 2,378,362 <sup>(a)(b)</sup> |
| Berry Global Inc.   | 4.500% | 2/15/26       | 3,350,000   | 3,157,375 <sup>(a)(b)</sup> |
| Pactiv LLC, Senior Notes  | 7.950% | 12/15/25      | 920,000     | 1,005,680 <sup>(b)</sup>    |
| Pactiv LLC, Senior Notes  | 8.375% | 4/15/27       | 5,220,000   | 5,768,100 <sup>(b)</sup>    |
| <i>Total Containers &amp; Packaging</i>                             |        |               |             | 14,353,492                  |
| <b>Metals &amp; Mining - 5.4%</b>                                   |        |               |             |                             |
| Alcoa Nederland Holding BV, Senior Notes                            | 6.750% | 9/30/24       | 1,020,000   | 1,090,125 <sup>(a)(b)</sup> |
| Alcoa Nederland Holding BV, Senior Notes                            | 7.000% | 9/30/26       | 2,450,000   | 2,658,250 <sup>(a)(b)</sup> |
| Alcoa Nederland Holding BV, Senior Notes                            | 6.125% | 5/15/28       | 900,000     | 929,250 <sup>(a)(b)</sup>   |
| Anglo American Capital PLC, Senior Notes                            | 4.125% | 4/15/21       | 590,000     | 593,679 <sup>(a)(b)</sup>   |

See Notes to Schedule of Investments.

## WESTERN ASSET HIGH INCOME FUND II INC.

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

July 31, 2018

| SECURITY  | RATE    | MATURITY DATE | FACE AMOUNT | VALUE                          |
|---|---------|---------------|-------------|--------------------------------|
| <b>Metals &amp; Mining - (continued)</b>  |         |               |             |                                |
| Anglo American Capital PLC, Senior Notes  | 4.875%  | 5/14/25       | 2,040,000   | \$ 2,052,406 <sup>(a)(b)</sup> |
| ArcelorMittal SA, Senior Notes  | 7.000%  | 10/15/39      | 3,200,000   | 3,624,000                      |
| Freeport-McMoRan Inc., Senior Notes   | 3.100%  | 3/15/20       | 30,000      | 29,737 <sup>(b)</sup>          |
| Freeport-McMoRan Inc., Senior Notes   | 4.000%  | 11/14/21      | 1,060,000   | 1,056,025 <sup>(b)</sup>       |
| Freeport-McMoRan Inc., Senior Notes   | 3.550%  | 3/1/22        | 760,000     | 738,150 <sup>(b)</sup>         |
| Freeport-McMoRan Inc., Senior Notes   | 6.875%  | 2/15/23       | 1,870,000   | 2,010,250 <sup>(b)</sup>       |
| Freeport-McMoRan Inc., Senior Notes   | 3.875%  | 3/15/23       | 910,000     | 878,150 <sup>(b)</sup>         |
| Freeport-McMoRan Inc., Senior Notes   | 5.450%  | 3/15/43       | 5,100,000   | 4,554,300 <sup>(b)</sup>       |
| Hudbay Minerals Inc., Senior Notes  | 7.250%  | 1/15/23       | 1,180,000   | 1,219,825 <sup>(a)(b)</sup>    |
| Hudbay Minerals Inc., Senior Notes  | 7.625%  | 1/15/25       | 1,690,000   | 1,753,375 <sup>(a)(b)</sup>    |
| Midwest Vanadium Pty Ltd., Senior Secured Notes   | 11.500% | 2/15/18       | 2,862,131   | 32,199 <sup>*(a)(m)</sup>      |
| Northwest Acquisitions ULC/Dominion Finco Inc.  | 7.125%  | 11/1/22       | 1,340,000   | 1,340,000 <sup>(a)</sup>       |
| Teck Resources Ltd., Senior Notes   | 8.500%  | 6/1/24        | 2,780,000   | 3,068,425 <sup>(a)(b)</sup>    |
| Vale Overseas Ltd., Senior Notes  | 4.375%  | 1/11/22       | 1,784,000   | 1,820,572                      |
| Vale Overseas Ltd., Senior Notes  | 6.875%  | 11/21/36      | 2,960,000   | 3,454,912 <sup>(b)</sup>       |
| Vale SA   | 5.625%  | 9/11/42       | 830,000     | 856,975                        |
| <i>Total Metals &amp; Mining</i>  |         |               |             | 33,760,605                     |
| <b>Paper &amp; Forest Products - 0.4%</b>   |         |               |             |                                |
| Mercer International Inc., Senior Notes   | 6.500%  | 2/1/24        | 2,540,000   | 2,603,500 <sup>(b)</sup>       |
| <b>TOTAL MATERIALS</b>  |         |               |             | 56,666,967                     |
| <b>REAL ESTATE - 1.7%</b>   |         |               |             |                                |
| <b>Equity Real Estate Investment Trusts (REITs) - 1.3%</b>                              |         |               |             |                                |
| CoreCivic Inc., Senior Notes  | 4.125%  | 4/1/20        | 290,000     | 292,900 <sup>(b)</sup>         |
| CoreCivic Inc., Senior Notes  | 5.000%  | 10/15/22      | 1,440,000   | 1,443,600 <sup>(b)</sup>       |
| CoreCivic Inc., Senior Notes  | 4.625%  | 5/1/23        | 470,000     | 458,250 <sup>(b)</sup>         |
| MGM Growth Properties Operating Partnership LP/MGP Finance Co-Issuer Inc., Senior Notes | 4.500%  | 1/15/28       | 3,230,000   | 2,963,525 <sup>(b)</sup>       |
| MPT Operating Partnership LP/MPT Finance Corp., Senior Notes                            | 6.375%  | 3/1/24        | 1,020,000   | 1,076,100 <sup>(b)</sup>       |
| MPT Operating Partnership LP/MPT Finance Corp., Senior Notes                            | 5.250%  | 8/1/26        | 1,940,000   | 1,925,450 <sup>(b)</sup>       |
| <i>Total Equity Real Estate Investment Trusts (REITs)</i>                               |         |               |             | 8,159,825                      |
| <b>Real Estate Management &amp; Development - 0.4%</b>                                  |         |               |             |                                |
| WeWork Cos. Inc., Senior Notes  | 7.875%  | 5/1/25        | 2,290,000   | 2,238,475 <sup>(a)(b)</sup>    |
| <b>TOTAL REAL ESTATE</b>  |         |               |             | 10,398,300                     |

See Notes to Schedule of Investments.

## WESTERN ASSET HIGH INCOME FUND II INC.

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

July 31, 2018

| SECURITY  | RATE    | MATURITY DATE | FACE AMOUNT | VALUE                          |
|---|---------|---------------|-------------|--------------------------------|
| <b>TELECOMMUNICATION SERVICES - 10.4%</b>                             |         |               |             |                                |
| <b>Diversified Telecommunication Services - 3.3%</b>                  |         |               |             |                                |
| Cogent Communications Group Inc., Senior Secured Notes                | 5.375%  | 3/1/22        | 2,250,000   | \$ 2,300,625 <sup>(a)(b)</sup> |
| Intelsat Jackson Holdings SA, Senior Secured Notes                    | 8.000%  | 2/15/24       | 2,660,000   | 2,812,950 <sup>(a)(b)</sup>    |
| Telecom Italia SpA, Senior Notes                                      | 5.303%  | 5/30/24       | 2,660,000   | 2,676,625 <sup>(a)</sup>       |
| UPCB Finance IV Ltd., Senior Secured Notes                            | 5.375%  | 1/15/25       | 700,000     | 679,000 <sup>(a)</sup>         |
| Windstream Services LLC/Windstream Finance Corp., Senior Notes        | 7.750%  | 10/15/20      | 13,439,000  | 12,162,295 <sup>(b)</sup>      |
| <i>Total Diversified Telecommunication Services</i>                   |         |               |             | 20,631,495                     |
| <b>Wireless Telecommunication Services - 7.1%</b>                     |         |               |             |                                |
| Altice France SA, Senior Secured Notes                                | 6.000%  | 5/15/22       | 320,000     | 330,224 <sup>(a)</sup>         |
| Altice France SA, Senior Secured Notes                                | 8.125%  | 2/1/27        | 320,000     | 327,632 <sup>(a)(b)</sup>      |
| CSC Holdings LLC, Senior Notes  | 10.125% | 1/15/23       | 400,000     | 441,000 <sup>(a)(b)</sup>      |
| CSC Holdings LLC, Senior Notes  | 6.625%  | 10/15/25      | 2,510,000   | 2,597,850 <sup>(a)(b)</sup>    |
| CSC Holdings LLC, Senior Notes  | 10.875% | 10/15/25      | 5,649,000   | 6,566,962 <sup>(a)(b)</sup>    |
| Sprint Capital Corp., Senior Notes                                    | 6.875%  | 11/15/28      | 2,200,000   | 2,123,000 <sup>(b)</sup>       |
| Sprint Capital Corp., Senior Notes                                    | 8.750%  | 3/15/32       | 5,170,000   | 5,577,138 <sup>(b)</sup>       |
| Sprint Communications Inc., Senior Notes                              | 9.000%  | 11/15/18      | 7,200,000   | 7,331,400 <sup>(a)(b)</sup>    |
| Sprint Communications Inc., Senior Notes                              | 7.000%  | 8/15/20       | 2,300,000   | 2,409,250 <sup>(b)</sup>       |
| Sprint Communications Inc., Senior Notes                              | 11.500% | 11/15/21      | 4,285,000   | 5,034,875 <sup>(b)</sup>       |
| Sprint Corp., Senior Notes  | 7.250%  | 9/15/21       | 4,400,000   | 4,636,500 <sup>(b)</sup>       |
| Sprint Corp., Senior Notes  | 7.875%  | 9/15/23       | 110,000     | 117,700 <sup>(b)</sup>         |
| T-Mobile USA Inc., Senior Notes                                       | 6.000%  | 3/1/23        | 1,900,000   | 1,961,750 <sup>(b)</sup>       |
| T-Mobile USA Inc., Senior Notes                                       | 6.500%  | 1/15/26       | 310,000     | 325,888 <sup>(b)</sup>         |
| VEON Holdings BV, Senior Notes  | 7.504%  | 3/1/22        | 1,620,000   | 1,744,740 <sup>(i)</sup>       |
| VEON Holdings BV, Senior Notes  | 7.504%  | 3/1/22        | 700,000     | 753,900 <sup>(a)</sup>         |
| Vimpel Communications Via VIP Finance Ireland Ltd. OJSC, Senior Notes | 7.748%  | 2/2/21        | 2,300,000   | 2,475,170 <sup>(a)</sup>       |
| <i>Total Wireless Telecommunication Services</i>                      |         |               |             | 44,754,979                     |
| <b>TOTAL TELECOMMUNICATION SERVICES</b>                               |         |               |             | 65,386,474                     |

See Notes to Schedule of Investments.

## WESTERN ASSET HIGH INCOME FUND II INC.

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

July 31, 2018

| SECURITY   | RATE         | MATURITY DATE | FACE AMOUNT | VALUE                             |
|--|--------------|---------------|-------------|-----------------------------------|
| <b>UTILITIES - 1.8%</b>  |              |               |             |                                   |
| <b>Electric Utilities - 1.1%</b>   |              |               |             |                                   |
| NRG REMA LLC, Pass-Through Certificates, Senior Secured Bonds            | 9.681%       | 7/2/26        | 4,120,000   | \$ 2,925,200 <sup>(b)</sup>       |
| Pampa Energia SA, Senior Notes   | 7.500%       | 1/24/27       | 2,680,000   | 2,525,900 <sup>(a)</sup>          |
| Red Oak Power LLC, Senior Secured Notes                                  | 9.200%       | 11/30/29      | 1,170,000   | 1,338,187 <sup>(b)</sup>          |
| <i>Total Electric Utilities</i>  |              |               |             | 6,789,287                         |
| <b>Gas Utilities - 0.7%</b>  |              |               |             |                                   |
| Suburban Propane Partners LP/Suburban Energy Finance Corp., Senior Notes | 5.750%       | 3/1/25        | 3,080,000   | 2,956,800 <sup>(b)</sup>          |
| Suburban Propane Partners LP/Suburban Energy Finance Corp., Senior Notes | 5.875%       | 3/1/27        | 1,770,000   | 1,659,375 <sup>(b)</sup>          |
| <i>Total Gas Utilities</i>   |              |               |             | 4,616,175                         |
| <b>TOTAL UTILITIES</b>   |              |               |             | 11,405,462                        |
| <b>TOTAL CORPORATE BONDS &amp; NOTES</b>                                 |              |               |             |                                   |
| (Cost - \$564,799,483)   |              |               |             | 596,920,264                       |
| <b>SENIOR LOANS - 20.4%</b>  |              |               |             |                                   |
| <b>CONSUMER DISCRETIONARY - 11.4%</b>                                    |              |               |             |                                   |
| <b>Auto Components - 0.9%</b>  |              |               |             |                                   |
| American Axle & Manufacturing Inc., Term Loan B (1 mo. LIBOR + 2.250%)   | 4.320%       | 4/6/24        | 5,574,601   | 5,565,309 <sup>(k)(n)(o)</sup>    |
| <b>Diversified Consumer Services - 0.3%</b>                              |              |               |             |                                   |
| Weight Watchers International Inc., Term Loan B (1 mo. LIBOR + 4.750%)   | 6.850-7.090% | 11/29/24      | 2,135,250   | 2,155,268 <sup>(k)(n)(o)</sup>    |
| <b>Hotels, Restaurants &amp; Leisure - 5.7%</b>                          |              |               |             |                                   |
| Aramark Services Inc., Term Loan B3 (3 mo. LIBOR + 1.750%)               | 4.084%       | 3/11/25       | 12,027,453  | 12,068,803 <sup>(k)(n)(o)</sup>   |
| Hilton Worldwide Finance LLC, Term Loan B2 (1 mo. LIBOR + 1.750%)        | 3.814%       | 10/25/23      | 11,203,504  | 11,250,424 <sup>(k)(n)(o)</sup>   |
| Las Vegas Sands LLC, Term Loan B (1 mo. LIBOR + 1.750%)                  | 3.827%       | 3/27/25       | 7,738,125   | 7,737,050 <sup>(k)(n)(o)(p)</sup> |
| Wyndham Hotels & Resorts Inc., Term Loan B (1 mo. LIBOR + 1.750%)        | 3.827%       | 5/30/25       | 4,640,000   | 4,656,157 <sup>(k)(n)(o)</sup>    |
| <i>Total Hotels, Restaurants &amp; Leisure</i>                           |              |               |             | 35,712,434                        |

See Notes to Schedule of Investments.



## WESTERN ASSET HIGH INCOME FUND II INC.

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

July 31, 2018

| SECURITY  | RATE    | MATURITY DATE | FACE AMOUNT | VALUE                                |
|---|---------|---------------|-------------|--------------------------------------|
| <b>Media - 2.0%</b>   |         |               |             |                                      |
| American Media Inc., Term Loan (3 mo. LIBOR + 8.000%)                     | 10.334% | 9/30/18       | 1,530,000   | \$ 1,514,700 <sup>(d)(k)(n)(o)</sup> |
| Charter Communications Operating, LLC, Term Loan B (1 mo. LIBOR + 2.000%) | 4.080%  | 4/30/25       | 7,879,181   | 7,893,056 <sup>(k)(n)(o)</sup>       |
| Lamar Media Corp., Term Loan B (1 mo. LIBOR + 1.750%)                     | 3.875%  | 3/16/25       | 3,393,750   | 3,397,992 <sup>(k)(n)(o)</sup>       |
| <i>Total Media</i>  |         |               |             | 12,805,748                           |
| <b>Specialty Retail - 2.3%</b>  |         |               |             |                                      |
| PetSmart Inc., Term Loan B2 (1 mo. LIBOR + 3.000%)                        | 5.100%  | 3/11/22       | 13,706,417  | 11,424,874 <sup>(k)(n)(o)</sup>      |
| Sally Holdings LLC, Term Loan B1 (1 mo. LIBOR + 2.250%)                   | 4.330%  | 7/5/24        | 1,409,350   | 1,365,308 <sup>(d)(k)(n)(o)</sup>    |
| Spencer Gifts LLC, Second Lien Term Loan (1 mo. LIBOR + 8.250%)           | 10.330% | 6/29/22       | 2,070,000   | 1,547,325 <sup>(k)(n)(o)</sup>       |
| <i>Total Specialty Retail</i>   |         |               |             | 14,337,507                           |
| <b>Textiles, Apparel &amp; Luxury Goods - 0.2%</b>                        |         |               |             |                                      |
| TOMS Shoes LLC, Initial Term Loan (1 mo. LIBOR + 5.500%)                  | 7.810%  | 10/31/20      | 1,408,660   | 1,084,668 <sup>(k)(n)(o)</sup>       |
| <b>TOTAL CONSUMER DISCRETIONARY</b>                                       |         |               |             | 71,660,934                           |
| <b>ENERGY - 0.3%</b>  |         |               |             |                                      |
| <b>Energy Equipment &amp; Services - 0.0%</b>                             |         |               |             |                                      |
| Hercules Offshore Inc. (wind-down lender claim)                           |         |               | 141,412     | 120,201 <sup>*(d)</sup>              |
| <b>Oil, Gas &amp; Consumable Fuels - 0.3%</b>                             |         |               |             |                                      |
| Chesapeake Energy Corp., Class A Loan (1 mo. LIBOR + 7.500%)              | 9.577%  | 8/23/21       | 1,350,000   | 1,415,391 <sup>(k)(n)(o)</sup>       |
| <b>TOTAL ENERGY</b>   |         |               |             | 1,535,592                            |
| <b>FINANCIALS - 0.4%</b>  |         |               |             |                                      |
| <b>Diversified Financial Services - 0.4%</b>                              |         |               |             |                                      |
| Travelpoort Finance (Luxembourg) SARL, Term Loan (3 mo. LIBOR + 2.500%)   | 4.830%  | 3/17/25       | 2,780,000   | 2,780,348 <sup>(k)(n)(o)</sup>       |
| <b>INDUSTRIALS - 4.5%</b>   |         |               |             |                                      |
| <b>Air Freight &amp; Logistics - 2.9%</b>                                 |         |               |             |                                      |
| Avolon TLB Borrower 1 (US) LLC, Term Loan B3                              | 4.086%  | 1/15/25       | 16,528,671  | 16,435,781 <sup>(k)(n)(o)(p)</sup>   |
| Delos Finance SARL, Term Loan B (1 mo. LIBOR + 1.750%)                    | 4.084%  | 10/6/23       | 2,000,000   | 2,006,666 <sup>(k)(n)(o)</sup>       |
| <i>Total Air Freight &amp; Logistics</i>                                  |         |               |             | 18,442,447                           |

See Notes to Schedule of Investments.

## WESTERN ASSET HIGH INCOME FUND II INC.

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

July 31, 2018

| SECURITY   | RATE         | MATURITY DATE | FACE AMOUNT | VALUE                                |
|--|--------------|---------------|-------------|--------------------------------------|
| <b>Airlines - 0.3%</b>   |              |               |             |                                      |
| United Airlines Inc., Term Loan B (1 mo. LIBOR + 1.750%)                     | 3.827%       | 4/1/24        | 1,984,925   | \$ 1,986,165 <sup>(k)(n)(o)</sup>    |
| <b>Building Products - 0.2%</b>  |              |               |             |                                      |
| Pisces Midco Inc., Initial Term Loan (3 mo. LIBOR + 3.750%)                  | 6.087%       | 4/12/25       | 890,000     | 892,642 <sup>(k)(n)(o)</sup>         |
| <b>Professional Services - 0.6%</b>  |              |               |             |                                      |
| Trans Union LLC, Term Loan B3 (1 mo. LIBOR + 2.000%)                         | 4.076%       | 4/9/23        | 3,473,750   | 3,485,908 <sup>(k)(n)(o)</sup>       |
| <b>Trading Companies &amp; Distributors - 0.5%</b>                           |              |               |             |                                      |
| Beacon Roofing Supply Inc., Term Loan B (1 mo. LIBOR + 2.250%)               | 4.347%       | 1/2/25        | 3,311,700   | 3,314,952 <sup>(k)(n)(o)</sup>       |
| <b>TOTAL INDUSTRIALS</b>   |              |               |             | 28,122,114                           |
| <b>INFORMATION TECHNOLOGY - 1.7%</b>   |              |               |             |                                      |
| <b>IT Services - 0.9%</b>  |              |               |             |                                      |
| First Data Corp., 2024 USD Term Loan (1 mo. LIBOR + 2.000%)                  | 4.069%       | 4/26/24       | 5,620,650   | 5,626,720 <sup>(d)(k)(n)(o)</sup>    |
| <b>Technology Hardware, Storage &amp; Peripherals - 0.8%</b>                 |              |               |             |                                      |
| Western Digital Corp., New Term Loan B4 (3 mo. LIBOR + 1.750%)               | 3.827%       | 4/29/23       | 4,987,500   | 4,994,253 <sup>(k)(n)(o)</sup>       |
| <b>TOTAL INFORMATION TECHNOLOGY</b>  |              |               |             | 10,620,973                           |
| <b>MATERIALS - 1.1%</b>  |              |               |             |                                      |
| <b>Containers &amp; Packaging - 1.1%</b>                                     |              |               |             |                                      |
| Berry Global Inc., Term Loan Q (1 mo. LIBOR + 2.000%)                        | 4.077-4.086% | 1/19/24       | 7,044,004   | 7,066,502 <sup>(k)(n)(o)</sup>       |
| <b>REAL ESTATE - 0.6%</b>  |              |               |             |                                      |
| <b>Equity Real Estate Investment Trusts (REITs) - 0.6%</b>                   |              |               |             |                                      |
| Iron Mountain Information Management LLC, Term Loan B (1 mo. LIBOR + 1.750%) | 3.827%       | 1/2/26        | 3,998,750   | 3,958,762 <sup>(d)(k)(n)(o)(p)</sup> |
| <b>TELECOMMUNICATION SERVICES - 0.3%</b>                                     |              |               |             |                                      |
| <b>Diversified Telecommunication Services - 0.3%</b>                         |              |               |             |                                      |
| UnityMedia Hessen GmbH & Co. KG, Senior Facility B (1 mo. LIBOR + 2.250%)    | 4.322%       | 9/30/25       | 1,720,000   | 1,717,850 <sup>(k)(n)(o)</sup>       |
| <b>UTILITIES - 0.1%</b>  |              |               |             |                                      |
| <b>Electric Utilities - 0.1%</b>   |              |               |             |                                      |
| Panda Temple Power LLC, Second Lien Term Loan (1 mo. LIBOR + 8.000%)         | 10.078%      | 2/7/23        | 821,730     | 828,920 <sup>(k)(n)(o)</sup>         |
| <b>TOTAL SENIOR LOANS</b>  |              |               |             | 128,291,995                          |
| (Cost - \$130,266,311)   |              |               |             |                                      |

**See Notes to Schedule of Investments.**

## WESTERN ASSET HIGH INCOME FUND II INC.

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

July 31, 2018

| SECURITY   | RATE    | MATURITY DATE | FACE AMOUNT               | VALUE                       |
|--|---------|---------------|---------------------------|-----------------------------|
| <b>SOVEREIGN BONDS - 15.5%</b>   |         |               |                           |                             |
| <b>Argentina - 3.5%</b>  |         |               |                           |                             |
| Argentina POM Politica Monetaria, (Argentina Central Bank 7 Day Repo Reference Rate) | 41.961% | 6/21/20       | 70,470,000 <sup>ARS</sup> | \$ 2,581,705 <sup>(k)</sup> |
| Argentine Bonar Bonds, (Argentina BADLAR Private Deposit Rate + 2.500%)              | 35.737% | 3/11/19       | 9,360,000 <sup>ARS</sup>  | 329,794 <sup>(k)</sup>      |
| Argentine Republic Government International Bond, Senior Notes                       | 6.875%  | 4/22/21       | 1,860,000                 | 1,870,695                   |
| Argentine Republic Government International Bond, Senior Notes                       | 6.875%  | 1/26/27       | 5,440,000                 | 4,964,000                   |
| Argentine Republic Government International Bond, Senior Notes                       | 5.875%  | 1/11/28       | 6,110,000                 | 5,166,769                   |
| Provincia de Buenos Aires  | 9.125%  | 3/16/24       | 2,980,000                 | 2,920,430 <sup>(a)</sup>    |
| Provincia de Buenos Aires  | 7.875%  | 6/15/27       | 5,000,000                 | 4,450,050 <sup>(a)</sup>    |
| <i>Total Argentina</i>   |         |               |                           | 22,283,443                  |
| <b>Brazil - 1.3%</b>   |         |               |                           |                             |
| Brazil Notas do Tesouro Nacional Serie F   | 10.000% | 1/1/21        | 302,000 <sup>BRL</sup>    | 82,318                      |
| Brazil Notas do Tesouro Nacional Serie F, Notes                                      | 10.000% | 1/1/23        | 15,359,000 <sup>BRL</sup> | 4,067,437                   |
| Brazil Notas do Tesouro Nacional Serie F, Notes                                      | 10.000% | 1/1/27        | 9,770,000 <sup>BRL</sup>  | 2,469,156                   |
| Brazilian Government International Bond, Senior Notes                                | 4.250%  | 1/7/25        | 1,500,000                 | 1,457,625                   |
| <i>Total Brazil</i>  |         |               |                           | 8,076,536                   |
| <b>Colombia - 1.6%</b>   |         |               |                           |                             |
| Colombia Government International Bond, Senior Notes                                 | 4.000%  | 2/26/24       | 1,500,000                 | 1,506,375 <sup>(b)</sup>    |
| Colombia Government International Bond, Senior Notes                                 | 3.875%  | 4/25/27       | 8,500,000                 | 8,298,125 <sup>(b)</sup>    |
| <i>Total Colombia</i>  |         |               |                           | 9,804,500                   |
| <b>Ecuador - 1.3%</b>  |         |               |                           |                             |
| Ecuador Government International Bond  | 10.750% | 3/28/22       | 4,770,000                 | 5,176,642 <sup>(a)</sup>    |
| Ecuador Government International Bond  | 9.650%  | 12/13/26      | 3,310,000                 | 3,347,238 <sup>(a)</sup>    |
| <i>Total Ecuador</i>   |         |               |                           | 8,523,880                   |
| <b>Guatemala - 0.4%</b>  |         |               |                           |                             |
| Guatemala Government Bond, Senior Notes  | 4.500%  | 5/3/26        | 2,370,000                 | 2,326,937 <sup>(a)</sup>    |

See Notes to Schedule of Investments.

## WESTERN ASSET HIGH INCOME FUND II INC.

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

July 31, 2018

| SECURITY  | RATE    | MATURITY DATE | FACE AMOUNT                | VALUE                       |
|---|---------|---------------|----------------------------|-----------------------------|
| <b>Honduras - 0.4%</b>                                  |         |               |                            |                             |
| Honduras Government International Bond, Senior Notes    | 6.250%  | 1/19/27       | 2,450,000                  | \$ 2,529,037 <sup>(a)</sup> |
| <b>Hungary - 0.3%</b>                                   |         |               |                            |                             |
| Hungary Government International Bond, Senior Notes     | 5.750%  | 11/22/23      | 1,658,000                  | 1,808,525                   |
| <b>Indonesia - 2.5%</b>                                 |         |               |                            |                             |
| Indonesia Government International Bond, Senior Notes   | 3.750%  | 4/25/22       | 6,860,000                  | 6,853,023 <sup>(a)</sup>    |
| Indonesia Government International Bond, Senior Notes   | 4.125%  | 1/15/25       | 4,750,000                  | 4,723,599 <sup>(a)</sup>    |
| Indonesia Government International Bond, Senior Notes   | 3.850%  | 7/18/27       | 4,200,000                  | 4,061,875 <sup>(a)</sup>    |
| <i>Total Indonesia</i>                                  |         |               |                            | 15,638,497                  |
| <b>Ivory Coast - 0.1%</b>                               |         |               |                            |                             |
| Ivory Coast Government International Bond, Senior Notes | 6.375%  | 3/3/28        | 480,000                    | 468,133 <sup>(a)</sup>      |
| <b>Mexico - 0.7%</b>                                    |         |               |                            |                             |
| Mexico Government International Bond, Senior Notes      | 4.000%  | 10/2/23       | 4,500,000                  | 4,525,313 <sup>(b)</sup>    |
| <b>Nigeria - 0.2%</b>                                   |         |               |                            |                             |
| Nigeria Government International Bond                   | 6.500%  | 11/28/27      | 1,130,000                  | 1,107,131 <sup>(i)</sup>    |
| <b>Peru - 0.2%</b>                                      |         |               |                            |                             |
| Peruvian Government International Bond, Senior Notes    | 7.350%  | 7/21/25       | 1,000,000                  | 1,228,500                   |
| <b>Russia - 1.5%</b>                                    |         |               |                            |                             |
| Russian Federal Bond - OFZ                              | 7.050%  | 1/19/28       | 612,945,000 <sup>RUB</sup> | 9,485,115                   |
| <b>Turkey - 0.9%</b>                                    |         |               |                            |                             |
| Turkey Government International Bond, Senior Notes      | 4.250%  | 4/14/26       | 2,700,000                  | 2,260,656                   |
| Turkey Government International Bond, Senior Notes      | 4.875%  | 10/9/26       | 2,000,000                  | 1,722,414                   |
| Turkey Government International Bond, Senior Notes      | 11.875% | 1/15/30       | 1,175,000                  | 1,580,629 <sup>(b)</sup>    |
| <i>Total Turkey</i>                                     |         |               |                            | 5,563,699                   |

See Notes to Schedule of Investments.

## WESTERN ASSET HIGH INCOME FUND II INC.

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

July 31, 2018

| SECURITY  | RATE   | MATURITY DATE | FACE AMOUNT               | VALUE                         |
|---|--------|---------------|---------------------------|-------------------------------|
| <b>Uruguay - 0.4%</b>                                 |        |               |                           |                               |
| Uruguay Government International Bond                 | 9.875% | 6/20/22       | 20,190,000 <sup>UYU</sup> | \$ 657,870 <sup>(i)</sup>     |
| Uruguay Government International Bond                 | 8.500% | 3/15/28       | 72,770,000 <sup>UYU</sup> | 2,088,934 <sup>(i)</sup>      |
| <i>Total Uruguay</i>                                  |        |               |                           | <i>2,746,804</i>              |
| <b>Venezuela - 0.2%</b>                               |        |               |                           |                               |
| Venezuela Government International Bond               | 7.750% | 10/13/19      | 996,000                   | 269,617 <sup>*(b)(h)(i)</sup> |
| Venezuela Government International Bond               | 8.250% | 10/13/24      | 2,000,000                 | 555,000 <sup>*(h)(i)</sup>    |
| Venezuela Government International Bond, Senior Notes | 9.375% | 1/13/34       | 1,164,000                 | 338,375 <sup>*(h)</sup>       |
| <i>Total Venezuela</i>                                |        |               |                           | <i>1,162,992</i>              |
| <b>TOTAL SOVEREIGN BONDS</b>                          |        |               |                           |                               |
| (Cost - \$102,401,368)                                |        |               |                           | 97,279,042                    |
|   |        |               | <b>SHARES</b>             |                               |
| <b>COMMON STOCKS - 2.4%</b>                           |        |               |                           |                               |
| <b>CONSUMER DISCRETIONARY - 0.6%</b>                  |        |               |                           |                               |
| <b>Hotels, Restaurants &amp; Leisure - 0.6%</b>       |        |               |                           |                               |
| Bossier Casino Venture Holdco Inc.                    |        |               | 166,350                   | 3,860,983 <sup>*(c)(d)</sup>  |
| <b>ENERGY - 1.5%</b>                                  |        |               |                           |                               |
| <b>Energy Equipment &amp; Services - 0.4%</b>         |        |               |                           |                               |
| Hercules Offshore Inc. (Escrow)                       |        |               | 96,800                    | 27,298 <sup>*(c)(d)</sup>     |
| KCAD Holdings I Ltd.                                  |        |               | 533,873,172               | 2,474,502 <sup>*(c)(d)</sup>  |
| <i>Total Energy Equipment &amp; Services</i>          |        |               |                           | <i>2,501,800</i>              |
| <b>Oil, Gas &amp; Consumable Fuels - 1.1%</b>         |        |               |                           |                               |
| Berry Petroleum Corp.                                 |        |               | 391,672                   | 4,859,169 <sup>*</sup>        |
| Blue Ridge Mountain Resources Inc.                    |        |               | 416,831                   | 2,334,254 <sup>*(c)(d)</sup>  |
| MWO Holdings LLC                                      |        |               | 1,069                     | 0 <sup>*(c)(d)</sup>          |
| <i>Total Oil, Gas &amp; Consumable Fuels</i>          |        |               |                           | <i>7,193,423</i>              |
| <b>TOTAL ENERGY</b>                                   |        |               |                           | 9,695,223                     |
| <b>INDUSTRIALS - 0.1%</b>                             |        |               |                           |                               |
| <b>Marine - 0.1%</b>                                  |        |               |                           |                               |
| Tricer HoldCo, S.C.A.                                 |        |               | 104,256                   | 421,194 <sup>*(c)(d)</sup>    |
| <b>UTILITIES - 0.2%</b>                               |        |               |                           |                               |
| <b>Electric Utilities - 0.2%</b>                      |        |               |                           |                               |
| Panda Temple Power LLC                                |        |               | 56,930                    | 1,309,390 <sup>*(c)(d)</sup>  |
|   |        |               |                           | 15,286,790                    |

**TOTAL COMMON STOCKS**  
(Cost - \$25,559,877)

**See Notes to Schedule of Investments.**

## WESTERN ASSET HIGH INCOME FUND II INC.

Schedule of investments (unaudited) (cont d)

July 31, 2018

| SECURITY   | RATE   | MATURITY DATE | FACE AMOUNT        | VALUE                        |
|--|--------|---------------|--------------------|------------------------------|
| <b>CONVERTIBLE BONDS &amp; NOTES - 1.7%</b>                |        |               |                    |                              |
| <b>CONSUMER DISCRETIONARY - 1.5%</b>                       |        |               |                    |                              |
| <b>Media - 1.5%</b>  |        |               |                    |                              |
| DISH Network Corp., Senior Notes                           | 2.375% | 3/15/24       | 5,940,000          | \$ 5,189,475 <sup>(b)</sup>  |
| DISH Network Corp., Senior Notes                           | 3.375% | 8/15/26       | 740,000            | 674,107 <sup>(b)</sup>       |
| Liberty Media Corp., Senior Notes                          | 2.125% | 3/31/48       | 2,130,000          | 2,150,689 <sup>(b)</sup>     |
| Live Nation Entertainment Inc., Senior Notes               | 2.500% | 3/15/23       | 1,360,000          | 1,432,050 <sup>(b)</sup>     |
| <i>Total Media</i>   |        |               |                    | 9,446,321                    |
| <b>Specialty Retail - 0.0%</b>                             |        |               |                    |                              |
| RH, Senior Notes   | 0.000% | 6/15/23       | 150,000            | 138,312 <sup>(a)</sup>       |
| <b>TOTAL CONSUMER DISCRETIONARY</b>                        |        |               |                    | 9,584,633                    |
| <b>INFORMATION TECHNOLOGY - 0.2%</b>                       |        |               |                    |                              |
| <b>Internet Software &amp; Services - 0.2%</b>             |        |               |                    |                              |
| Twitter Inc., Senior Notes                                 | 1.000% | 9/15/21       | 1,150,000          | 1,069,032 <sup>(b)</sup>     |
| Twitter Inc., Senior Notes                                 | 0.250% | 6/15/24       | 320,000            | 291,866 <sup>(a)(b)</sup>    |
| <b>TOTAL INFORMATION TECHNOLOGY</b>                        |        |               |                    | 1,360,898                    |
| <b>TOTAL CONVERTIBLE BONDS &amp; NOTES</b>                 |        |               |                    |                              |
| (Cost - \$10,826,485)                                      |        |               |                    | 10,945,531                   |
|  |        |               | <b>SHARES</b>      |                              |
| <b>PREFERRED STOCKS - 1.6%</b>                             |        |               |                    |                              |
| <b>FINANCIALS - 1.5%</b>                                   |        |               |                    |                              |
| <b>Banks - 0.8%</b>  |        |               |                    |                              |
| GMAC Capital Trust I (3 mo. USD LIBOR + 5.785%)            | 8.128% |               | 181,300            | 4,817,141 <sup>(k)</sup>     |
| <b>Diversified Financial Services - 0.7%</b>               |        |               |                    |                              |
| Citigroup Capital XIII (3 mo. USD LIBOR + 6.370%)          | 8.709% |               | 168,125            | 4,525,925 <sup>(b)(k)</sup>  |
| <b>TOTAL FINANCIALS</b>                                    |        |               |                    | 9,343,066                    |
| <b>INDUSTRIALS - 0.1%</b>                                  |        |               |                    |                              |
| <b>Marine - 0.1%</b>                                       |        |               |                    |                              |
| Tricer Tracking Preferred Equity Certificates (8.000% PIK) | 8.000% |               | 50,039,916         | 500,399 <sup>(c)(d)(e)</sup> |
| <b>TOTAL PREFERRED STOCKS</b>                              |        |               |                    |                              |
| (Cost - \$12,270,563)                                      |        |               |                    | 9,843,465                    |
|  |        |               | <b>FACE AMOUNT</b> |                              |
| <b>U.S. GOVERNMENT &amp; AGENCY OBLIGATIONS - 1.3%</b>     |        |               |                    |                              |

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**U.S. Government Obligations - 1.3%**

|                     |        |         |           |           |
|---------------------|--------|---------|-----------|-----------|
| U.S. Treasury Notes | 2.750% | 2/15/19 | 3,000,000 | 3,008,027 |
| U.S. Treasury Notes | 2.500% | 5/31/20 | 100,000   | 99,725    |

**See Notes to Schedule of Investments.**

**WESTERN ASSET HIGH INCOME FUND II INC.****Schedule of investments (unaudited) (cont d)****July 31, 2018**

| SECURITY  | RATE   | MATURITY<br>DATE | FACE<br>AMOUNT | VALUE                    |
|---|--------|------------------|----------------|--------------------------|
| <b>U.S. Government Obligations - (continued)</b>      |        |                  |                |                          |
| U.S. Treasury Notes                                   | 1.875% | 12/15/20         | 750,000        | \$ 735,527               |
| U.S. Treasury Notes                                   | 1.375% | 5/31/21          | 1,250,000      | 1,203,052                |
| U.S. Treasury Notes                                   | 2.125% | 8/15/21          | 2,500,000      | 2,452,930                |
| U.S. Treasury Notes                                   | 2.125% | 3/31/24          | 1,000,000      | 960,488                  |
| <b>TOTAL U.S. GOVERNMENT &amp; AGENCY OBLIGATIONS</b> |        |                  |                |                          |
| (Cost - \$8,480,070)                                  |        |                  |                | 8,459,749                |
|   |        |                  |                | <b>SHARES</b>            |
| <b>CONVERTIBLE PREFERRED STOCKS - 0.0%</b>            |        |                  |                |                          |
| <b>ENERGY - 0.0%</b>                                  |        |                  |                |                          |
| <b>Oil, Gas &amp; Consumable Fuels - 0.0%</b>         |        |                  |                |                          |
| Berry Petroleum Co., (6.000% Cash or 6.000% PIK)      |        |                  |                |                          |
| (Cost - \$10,692)                                     | 6.000% |                  | 1,061          | 14,633 <sup>(e)(1)</sup> |
| <b>TOTAL INVESTMENTS - 137.8%</b>                     |        |                  |                |                          |
| (Cost - \$854,614,849)                                |        |                  |                | 867,041,469              |
| Liabilities in Excess of Other Assets - (37.8)%       |        |                  |                | (238,042,136)            |
| <b>TOTAL NET ASSETS - 100.0%</b>                      |        |                  |                | <b>\$ 628,999,333</b>    |

See Notes to Schedule of Investments.

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

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

**July 31, 2018**

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

- \* Non-income producing security.
  
- (a) Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. This security has been deemed liquid pursuant to guidelines approved by the Board of Directors.
  
- (b) All or a portion of this security is pledged as collateral pursuant to the loan agreement.
  
- (c) Security is valued in good faith in accordance with procedures approved by the Board of Directors (Note 1).
  
- (d) Security is valued using significant unobservable inputs (Note 1).
  
- (e) Payment-in-kind security for which the issuer has the option at each interest payment date of making interest payments in cash or additional securities.
  
- (f) Securities traded on a when-issued or delayed delivery basis.
  
- (g) Value is less than \$1.
  
- (h) The coupon payment on these securities is currently in default as of July 31, 2018.
  
- (i) Security is exempt from registration under Regulation S of the Securities Act of 1933. Regulation S applies to securities offerings that are made outside of the United States and do not involve direct selling efforts in the United States. This security has been deemed liquid pursuant to guidelines approved by the Board of Directors.
  
- (j) Security has no maturity date. The date shown represents the next call date.
  
- (k) Variable rate security. Interest rate disclosed is as of the most recent information available. Certain variable rate securities are not based on a published reference rate and spread but are determined by the issuer or agent and are based on current market conditions. These securities do not indicate a reference rate and spread in their description above.
  
- (l) Restricted security (Note 2).

- (m) The maturity principal is currently in default as of July 31, 2018.
- (n) Interest rates disclosed represent the effective rates on senior loans. Ranges in interest rates are attributable to multiple contracts under the same loan.
- (o) Senior loans may be considered restricted in that the Fund ordinarily is contractually obligated to receive approval from the agent bank and/or borrower prior to the disposition of a senior loan.
- (p) All or a portion of this loan is unfunded as of July 31, 2018. The interest rate for fully unfunded term loans is to be determined.

Abbreviations used in this schedule:

|       |                               |
|-------|-------------------------------|
| ARS   | Argentine Peso                |
| BRL   | Brazilian Real                |
| CAD   | Canadian Dollar               |
| EUR   | Euro                          |
| GBP   | British Pound                 |
| JSC   | Joint Stock Company           |
| LIBOR | London Interbank Offered Rate |
| OJSC  | Open Joint Stock Company      |
| PIK   | Payment-In-Kind               |
| RUB   | Russian Ruble                 |
| UYU   | Uruguayan Peso                |

**See Notes to Schedule of Investments.**

**WESTERN ASSET HIGH INCOME FUND II INC.****Schedule of investments (unaudited) (cont d)****July 31, 2018**

At July 31, 2018, the Fund had the following open forward foreign currency contracts:

| Currency  |           | Currency |           | Counterparty      | Settlement Date | Unrealized Appreciation (Depreciation) |
|-----------|-----------|----------|-----------|-------------------|-----------------|--|
| Purchased |           | Sold     |           |                   |                 |  |
| USD       | 244,943   | CAD      | 322,000   | Barclays Bank PLC | 10/18/18        | \$ (2,925)                             |
| USD       | 1,202,923 | CAD      | 1,580,000 | Barclays Bank PLC | 10/18/18        | (13,325)                               |
| GBP       | 180,000   | USD      | 239,184   | Citibank N.A.     | 10/18/18        | (2,125)                                |
| USD       | 765,079   | EUR      | 649,000   | Citibank N.A.     | 10/18/18        | 1,660                                  |
| USD       | 986,300   | EUR      | 836,658   | Citibank N.A.     | 10/18/18        | 2,141                                  |
| USD       | 2,636,552 | GBP      | 1,987,151 | Citibank N.A.     | 10/18/18        | 19,484                                 |
| Total     |           |          |           |                   |                 | \$ 4,910                               |

Abbreviations used in this table:

|     |                      |
|-----|----------------------|
| CAD | Canadian Dollar      |
| EUR | Euro                 |
| GBP | British Pound        |
| USD | United States Dollar |

This Schedule of Investments is unaudited and is intended to provide information about the Fund's investments as of the date of the schedule. Other information regarding the Fund is available in the Fund's most recent annual or semi-annual shareholder report.

**See Notes to Schedule of Investments.**

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

**1. Organization and significant accounting policies**

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

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

**(a) Investment valuation.** The valuations for fixed income securities (which may include, but are not limited to, corporate, government, municipal, mortgage-backed, collateralized mortgage obligations and asset-backed securities) and certain derivative instruments are typically the prices supplied by independent third party pricing services, which may use market prices or broker/dealer quotations or a variety of valuation techniques and methodologies. The independent third party pricing services use inputs that are observable such as issuer details, interest rates, yield curves, prepayment speeds, credit risks/spreads, default rates and quoted prices for similar securities. Investments in open-end funds are valued at the closing net asset value per share of each fund on the day of valuation. 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 Atlantic Fund Valuation Committee (the Valuation Committee ). The Valuation Committee, pursuant to the policies adopted by the Board of Directors, is responsible for making fair value determinations, evaluating the effectiveness of the Fund s pricing policies, and reporting to the Board of Directors. When determining the reliability of third party pricing information for investments

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

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)

The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

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

The following is a summary of the inputs used in valuing the Fund's assets and liabilities carried at fair value:

| DESCRIPTION                          | ASSETS                     |   |  | TOTAL                 |
|--------------------------------------|----------------------------|---|--|-----------------------|
|                                      | QUOTED PRICES<br>(LEVEL 1) | OTHER SIGNIFICANT<br>OBSERVABLE INPUTS<br>(LEVEL 2) | SIGNIFICANT<br>UNOBSERVABLE<br>INPUTS<br>(LEVEL 3) |                       |
| Long-Term Investments :              |                            |   |  |                       |
| Corporate Bonds & Notes:             |                            |   |  |                       |
| Consumer Discretionary               |                            | \$ 115,867,417                                      | \$ 2,741,273                                       | \$ 118,608,690        |
| Energy                               |                            | 120,756,529   | 0*   | 120,756,529           |
| Health Care                          |                            | 46,491,865  | 4,756,840  | 51,248,705            |
| Industrials                          |                            | 44,865,612  | 3,701,399  | 48,567,011            |
| Other Corporate Bonds & Notes        |                            | 257,739,329   |  | 257,739,329           |
| Senior Loans:                        |                            |   |  |                       |
| Consumer Discretionary               |                            | 68,780,926  | 2,880,008  | 71,660,934            |
| Energy                               |                            | 1,415,391   | 120,201  | 1,535,592             |
| Information Technology               |                            | 4,994,253   | 5,626,720  | 10,620,973            |
| Real Estate                          |                            |   | 3,958,762  | 3,958,762             |
| Other Senior Loans                   |                            | 40,515,734  |  | 40,515,734            |
| Sovereign Bonds                      |                            | 97,279,042  |  | 97,279,042            |
| Common Stocks:                       |                            |   |  |                       |
| Consumer Discretionary               |                            |   | 3,860,983  | 3,860,983             |
| Energy                               |                            | 4,859,169   | 4,836,054  | 9,695,223             |
| Industrials                          |                            |   | 421,194  | 421,194               |
| Utilities                            |                            |   | 1,309,390  | 1,309,390             |
| Convertible Bonds & Notes            |                            | 10,945,531  |  | 10,945,531            |
| Preferred Stocks:                    |                            |   |  |                       |
| Financials                           | \$ 9,343,066               |   |  | 9,343,066             |
| Industrials                          |                            |   | 500,399  | 500,399               |
| U.S. Government & Agency Obligations |                            | 8,459,749   |  | 8,459,749             |
| Convertible Preferred Stocks         |                            | 14,633  |  | 14,633                |
| <b>Total Investments</b>             | <b>\$ 9,343,066</b>        | <b>\$ 822,985,180</b>                               | <b>\$ 34,713,223</b>                               | <b>\$ 867,041,469</b> |
| Other Financial Instruments:         |                            |   |  |                       |
| Forward Foreign Currency Contracts   |                            | 23,285  |  | 23,285                |
| <b>Total</b>                         | <b>\$ 9,343,066</b>        | <b>\$ 823,008,465</b>                               | <b>\$ 34,713,223</b>                               | <b>\$ 867,064,754</b> |

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

| DESCRIPTION                        | LIABILITIES                |   |  | TOTAL     |
|------------------------------------|----------------------------|---|--|-----------|
|                                    | QUOTED PRICES<br>(LEVEL 1) | OTHER SIGNIFICANT<br>OBSERVABLE INPUTS<br>(LEVEL 2) | SIGNIFICANT<br>UNOBSERVABLE<br>INPUTS<br>(LEVEL 3) |           |
| Other Financial Instruments:       |                            |   |  |           |
| Forward Foreign Currency Contracts |                            | \$ 18,375   |  | \$ 18,375 |

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 | BALANCE<br>AS OF<br>APRIL<br>30, 2018 | ACCRUED<br>PREMIUMS/<br>DISCOUNTS | REALIZED<br>GAIN<br>(LOSS) | CHANGE IN<br>UNREALIZED<br>APPRECIATION<br>(DEPRECIATION) <sup>1</sup> | PURCHASES |
|---------------------------|---------------------------------------|-----------------------------------|----------------------------|--|-----------|
| Corporate Bonds & Notes:  |                                       |                                   |                            |  |           |
| Consumer Discretionary    | \$ 2,647,579                          |                                   |                            |  | \$ 93,694 |
| Energy                    | 0*                                    |                                   |                            |  |           |
| Health Care               | 4,756,840                             | \$ 1,990                          |                            | \$ (1,990)   |           |
| Industrials               |                                       |                                   |                            |  |           |
| Senior Loans:             |                                       |                                   |                            |  |           |
| Consumer Discretionary    | 2,786,165                             | (3,210)                           | \$ (18)                    | 133,246  |           |
| Energy                    | 129,100                               | 10                                | 7                          | 1,554  |           |
| Information Technology    |                                       |                                   |                            |  |           |
| Real Estate               |                                       |                                   |                            |  |           |
| Common Stocks:            |                                       |                                   |                            |  |           |
| Consumer Discretionary    | 2,871,201                             |                                   |                            | 989,782  |           |
| Energy                    | 6,308,022                             |                                   |                            | (1,471,968)  |           |
| Industrials               | 426,407                               |                                   |                            | (5,213)  |           |
| Utilities                 | 1,081,670                             |                                   |                            | 227,720  |           |
| Preferred Stocks:         |                                       |                                   |                            |  |           |
| Industrials               | 500,399                               |                                   |                            |  |           |
| Total                     | \$ 21,507,383                         | \$ (1,210)                        | \$ (11)                    | \$ (126,869)   | \$ 93,694 |

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

| INVESTMENTS IN SECURITIES (CONT'D) | SALES       | TRANSFERS<br>INTO<br>LEVEL 3 <sup>2</sup> | TRANSFERS<br>OUT OF<br>LEVEL 3 <sup>3</sup> | BALANCE<br>AS OF<br>JULY 31, 2018 | NET CHANGE<br>IN<br>UNREALIZED<br>APPRECIATION<br>(DEPRECIATION)<br>FOR<br>INVESTMENTS<br>IN<br>SECURITIES<br>STILL HELD<br>AT<br>JULY 31, 2018 <sup>1</sup> |
|------------------------------------|-------------|---|---|-----------------------------------|--|
| Corporate Bonds & Notes:           |             |   |   |                                   |  |
| Consumer Discretionary             |             |   |   | \$ 2,741,273                      |  |
| Energy                             |             |   |   | 0*                                |  |
| Health Care                        |             |   |   | 4,756,840                         | \$ (1,990)   |
| Industrials                        |             | \$ 3,701,399                              |   | 3,701,399                         |  |
| Senior Loans:                      |             |   |   |                                   |  |
| Consumer Discretionary             | \$ (3,550)  | 1,514,700                                 | \$ (1,547,325)                              | 2,880,008                         | (47,530)   |
| Energy                             | (10,470)    |   |   | 120,201                           | 1,554  |
| Information Technology             |             | 5,626,720                                 |   | 5,626,720                         |  |
| Real Estate                        |             | 3,958,762                                 |   | 3,958,762                         |  |
| Common Stocks:                     |             |   |   |                                   |  |
| Consumer Discretionary             |             |   |   | 3,860,983                         | 989,782  |
| Energy                             |             |   |   | 4,836,054                         | (1,471,968)  |
| Industrials                        |             |   |   | 421,194                           | (5,213)  |
| Utilities                          |             |   |   | 1,309,390                         | 227,720  |
| Preferred Stocks:                  |             |   |   |                                   |  |
| Industrials                        |             |   |   | 500,399                           |  |
| Total                              | \$ (14,020) | \$ 14,801,581                             | \$ (1,547,325)                              | \$ 34,713,223                     | \$ (307,645)   |

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

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

\* Amount represents less than \$1.

<sup>1</sup> Change in unrealized appreciation (depreciation) includes net unrealized appreciation (depreciation) resulting from changes in investment values during the reporting period and the reversal of previously recorded unrealized appreciation (depreciation) when gains or losses are realized.

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

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

The following table summarizes the valuation techniques used and unobservable inputs approved by the Valuation Committee to determine the fair value of certain, material Level 3 investments. The table does not include Level 3 investments with values derived utilizing prices from prior transactions or third party pricing information without adjustment (e.g., broker quotes, pricing services, net asset values).

|                         | <b>Fair Value<br/>at 7/31/18<br/>(000 s)</b> | <b>Valuation<br/>Technique(s)</b> | <b>Unobservable<br/>Input(s)</b>                         | <b>Range/Weighted<br/>Average</b> | <b>Impact to Valuation<br/>from an Increase in<br/>Input*</b> |
|-------------------------|--|-----------------------------------|--|-----------------------------------|---|
| Corporate Bonds & Notes | \$ 2,741                                     | Market Approach                   | Average EV/EBITDA Multiple                               | 9.78x                             | Increase  |
|                         |  |                                   | EV/Revenue vs EBITDA Margin<br>Multiple                  | 2.22x                             | Increase  |
|                         |  |                                   | EV/Tangible Assets vs<br>EBITDA/Tangible Assets Multiple | 2.21x                             | Increase  |
|                         |  |                                   | Liquidity Discount                                       | 4.03%                             | Decrease  |
| Common Stock            | 3,861  | Market Approach                   | EV/EBITDA Multiple                                       | 9.24x                             | Increase  |

\* This column represents the directional change in the fair value of the Level 3 investments that would result in an increase from the corresponding unobservable input. A decrease to the unobservable input would have the opposite effect. Significant increases and decreases in these unobservable inputs in isolation could result in significantly higher or lower fair value measurements.

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

**2. Restricted securities**

The following Fund investments are restricted as to resale.

| SECURITY   | NUMBER OF<br>SHARES/<br>FACE AMOUNT | ACQUISITION<br>DATE | COST         | VALUE<br>AT 7/31/2018 | VALUE PER<br>SHARE/UNIT | PERCENT OF<br>NET ASSETS |
|--|-------------------------------------|---------------------|--------------|-----------------------|-------------------------|--------------------------|
| Berry Petroleum Co., Convertible Preferred Stock     | 1,061                               | 2/17                | \$ 10,692    | \$ 14,633             | \$ 13.79                | 0.00%                    |
| BioScrip Inc., First Lien Notes, 8.224%, due 6/30/22 | \$ 4,552,000                        | 6/17                | 4,514,762    | 4,756,840             | 104.50                  | 0.76                     |
|  |                                     |                     | \$ 4,525,454 | \$ 4,771,473          |                         | 0.76%                    |

**ITEM 2. CONTROLS AND PROCEDURES.**

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

**ITEM 3. EXHIBITS.**

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

**SIGNATURES**

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

Western Asset High Income Fund II Inc.

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

Date: September 24, 2018

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

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

Date: September 24, 2018

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

Date: September 24, 2018