

WESTERN ASSET HIGH INCOME FUND II INC.

Form N-Q

March 16, 2015

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, 49th 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: **January 31, 2015**

ITEM 1. SCHEDULE OF INVESTMENTS.

WESTERN ASSET HIGH INCOME FUND II INC.

FORM N-Q

JANUARY 31, 2015

WESTERN ASSET HIGH INCOME FUND II INC.**Schedule of investments (unaudited)****January 31, 2015**

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|-------------|--------------------------|--------------------------|-----------------------------------|
| CORPORATE BONDS & NOTES - 121.2% | | | | |
| CONSUMER DISCRETIONARY - 24.6% | | | | |
| Auto Components - 0.4% | | | | |
| Europcar Groupe SA, Senior Notes | 11.500% | 5/15/17 | 380,000 ^{EUR} | \$ 485,222 ^(a) |
| Europcar Groupe SA, Senior Notes | 9.375% | 4/15/18 | 2,010,000 ^{EUR} | 2,384,296 ^(a) |
| <i>Total Auto Components</i> | | | | 2,869,518 |
| Automobiles - 0.4% | | | | |
| Chrysler Group LLC/CG Co.-Issuer Inc., Secured Notes | 8.250% | 6/15/21 | 2,482,000 | 2,773,635 ^(b) |
| Diversified Consumer Services - 0.8% | | | | |
| Co-operative Group Holdings 2011 Ltd., Senior Notes | 6.875% | 7/8/20 | 337,000 ^{GBP} | 532,293 ^(c) |
| Co-operative Group Holdings 2011 Ltd., Senior Notes | 7.500% | 7/8/26 | 500,000 ^{GBP} | 811,802 |
| Service Corp. International, Senior Notes | 7.500% | 4/1/27 | 2,090,000 | 2,361,700 ^(b) |
| StoneMor Partners LP/Cornerstone Family Services of WV, Senior Bonds | 7.875% | 6/1/21 | 1,810,000 | 1,873,350 ^(b) |
| <i>Total Diversified Consumer Services</i> | | | | 5,579,145 |
| Hotels, Restaurants & Leisure - 5.8% | | | | |
| 24 Hour Holdings III LLC, Senior Notes | 8.000% | 6/1/22 | 1,940,000 | 1,590,800 ^(a) |
| Bossier Casino Venture Holdco Inc. | 11.000% | 2/9/18 | 415,960 | 405,977 ^{(a)(d)(e)} |
| Bossier Casino Venture Holdco Inc., Senior Secured Bonds | 14.000% | 2/9/18 | 3,247,150 | 2,804,239 ^{(a)(d)(e)(f)} |
| Boyd Gaming Corp., Senior Notes | 9.125% | 12/1/18 | 1,470,000 | 1,539,825 ^(b) |
| Caesars Entertainment Resort Properties LLC, Secured Notes | 11.000% | 10/1/21 | 1,430,000 | 1,287,000 ^(a) |
| Carlson Travel Holdings Inc., Senior Notes | 7.500% | 8/15/19 | 1,010,000 | 1,017,575 ^{(a)(f)} |
| Carrols Restaurant Group Inc., Senior Secured Notes | 11.250% | 5/15/18 | 2,720,000 | 2,917,200 ^(b) |
| CCM Merger Inc., Senior Notes | 9.125% | 5/1/19 | 3,360,000 | 3,645,600 ^{(a)(b)} |
| CEC Entertainment Inc., Senior Notes | 8.000% | 2/15/22 | 3,760,000 | 3,675,400 |
| Downstream Development Quapaw, Senior Secured Notes | 10.500% | 7/1/19 | 2,580,000 | 2,425,200 ^{(a)(b)} |
| Fontainebleau Las Vegas Holdings LLC/Fontainebleau Las Vegas Capital Corp., | 10.250% | 6/15/15 | 975,000 | 9,799 ^{(a)(g)} |

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| | | | | |
|---|---------|----------|--------------------------|--------------------------------|
| Senior Secured Notes | | | | |
| Gala Electric Casinos Ltd., Secured Notes | 11.500% | 6/1/19 | 1,724,000 ^{GBP} | 2,722,734 ^(c) |
| Greektown Holdings LLC/Greektown Mothership Corp., Senior Secured Notes | 8.875% | 3/15/19 | 1,980,000 | 2,004,750 ^(a) |
| Landry's Holdings II Inc., Senior Notes | 10.250% | 1/1/18 | 1,530,000 | 1,583,550 ^{(a)(b)} |
| Landry's Inc., Senior Notes | 9.375% | 5/1/20 | 6,978,000 | 7,536,240 ^{(a)(b)} |
| MGM Resorts International, Senior Notes | 6.625% | 12/15/21 | 310,000 | 327,050 ^(b) |
| Paris Las Vegas Holding LLC/Harrah's Las Vegas LLC/Flamingo Las Vegas Holding LLC, Senior Secured Notes | 8.000% | 10/1/20 | 5,450,000 | 5,395,500 ^{(a)(b)} |
| Rivers Pittsburgh Borrower LP/Rivers Pittsburgh Finance Corp., Senior Secured Notes | 9.500% | 6/15/19 | 514,000 | 547,410 ^{(a)(b)} |
| <i>Total Hotels, Restaurants & Leisure</i> | | | | <i>41,435,849</i> |
| Household Durables - 1.9% | | | | |
| Century Intermediate Holding Co. 2, Senior Notes | 9.750% | 2/15/19 | 3,860,000 | 4,110,900 ^{(a)(b)(f)} |
| William Lyon Homes Inc., Senior Notes | 8.500% | 11/15/20 | 2,980,000 | 3,196,050 ^(b) |
| William Lyon Homes Inc., Senior Notes | 7.000% | 8/15/22 | 2,320,000 | 2,354,800 |
| Woodside Homes Co., LLC/Woodside Homes Finance Inc., Senior Notes | 6.750% | 12/15/21 | 3,940,000 | 3,846,425 ^{(a)(b)} |
| <i>Total Household Durables</i> | | | | <i>13,508,175</i> |
| Media - 11.9% | | | | |
| Altice SA, Senior Notes | 7.625% | 2/15/25 | 1,760,000 | 1,760,000 ^(a) |
| Altice SA, Senior Secured Notes | 7.750% | 5/15/22 | 1,650,000 | 1,711,875 ^(a) |
| Carmike Cinemas Inc., Secured Notes | 7.375% | 5/15/19 | 1,040,000 | 1,106,248 ^(b) |

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.

Schedule of investments (unaudited) (cont d)

January 31, 2015

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|---------|---------------|--------------------------|--------------------------------|
| Media - (continued) | | | | |
| CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes | 8.125% | 4/30/20 | 5,050,000 | \$ 5,327,750 ^(b) |
| Cerved Group SpA, Senior Secured Notes | 6.375% | 1/15/20 | 200,000 ^{EUR} | 242,385 ^(a) |
| Cerved Group SpA, Senior Subordinated Notes | 8.000% | 1/15/21 | 300,000 ^{EUR} | 369,510 ^(a) |
| Clear Channel Worldwide Holdings Inc., Senior Notes | 6.500% | 11/15/22 | 900,000 | 922,500 ^(b) |
| Clear Channel Worldwide Holdings Inc., Senior Subordinated Notes | 7.625% | 3/15/20 | 260,000 | 271,700 ^(b) |
| CSC Holdings Inc., Senior Debentures | 7.875% | 2/15/18 | 1,500,000 | 1,683,750 ^(b) |
| CSC Holdings LLC, Senior Notes | 6.750% | 11/15/21 | 230,000 | 258,463 ^(b) |
| CSC Holdings LLC, Senior Notes | 5.250% | 6/1/24 | 3,150,000 | 3,169,687 ^(a) |
| DISH DBS Corp., Senior Notes | 7.875% | 9/1/19 | 1,815,000 | 2,064,563 ^(b) |
| DISH DBS Corp., Senior Notes | 6.750% | 6/1/21 | 2,270,000 | 2,471,463 ^(b) |
| DISH DBS Corp., Senior Notes | 5.875% | 11/15/24 | 6,090,000 | 6,135,675 ^(a) |
| Gibson Brands Inc., Senior Secured Notes | 8.875% | 8/1/18 | 2,710,000 | 2,581,275 ^{(a)(b)} |
| iHeartCommunications Inc., Senior Notes | 10.000% | 1/15/18 | 2,170,000 | 1,896,038 |
| MDC Partners Inc., Senior Notes | 6.750% | 4/1/20 | 800,000 | 838,000 ^(a) |
| New Cotai LLC/New Cotai Capital Corp., Senior Secured Notes | 10.625% | 5/1/19 | 2,737,605 | 2,710,229 ^{(a)(b)(f)} |
| Nexstar Broadcasting Inc., Senior Notes | 6.125% | 2/15/22 | 2,420,000 | 2,432,100 ^(a) |
| Numericable-SFR, Senior Secured Bonds | 6.000% | 5/15/22 | 4,980,000 | 5,100,267 ^{(a)(b)} |
| Numericable-SFR, Senior Secured Bonds | 6.250% | 5/15/24 | 4,590,000 | 4,756,387 ^(a) |
| Polish Television Holding BV, Senior Secured Bonds | 11.000% | 1/15/21 | 420,000 ^{EUR} | 567,147 ^{(a)(f)} |
| Time Warner Cable Inc., Senior Notes | 8.750% | 2/14/19 | 2,500,000 | 3,135,937 ^(b) |
| Time Warner Cable Inc., Senior Notes | 8.250% | 4/1/19 | 1,336,000 | 1,655,371 ^(b) |
| TVN Finance Corp. III AB, Senior Bonds | 7.375% | 12/15/20 | 1,258,000 ^{EUR} | 1,578,975 ^(a) |
| Univision Communications Inc., Senior Notes | 8.500% | 5/15/21 | 4,450,000 | 4,794,875 ^{(a)(b)} |
| Univision Communications Inc., Senior Secured Notes | 6.875% | 5/15/19 | 1,780,000 | 1,860,100 ^{(a)(b)} |
| Univision Communications Inc., Senior Secured Notes | 7.875% | 11/1/20 | 400,000 | 430,000 ^{(a)(b)} |
| UPC Holding BV, Junior Secured Subordinated Notes | 6.375% | 9/15/22 | 5,060,000 ^{EUR} | 6,175,565 ^(a) |
| UPCB Finance II Ltd., Senior Notes | 6.375% | 7/1/20 | 3,500,000 ^{EUR} | 4,157,693 ^{(b)(c)} |
| Virgin Media Finance PLC, Senior Notes | 6.375% | 4/15/23 | 5,420,000 | 5,799,400 ^{(a)(b)} |
| Virgin Media Finance PLC, Senior Notes | 6.000% | 10/15/24 | 3,990,000 | 4,214,437 ^{(a)(b)} |
| Virgin Media Finance PLC, Senior Notes | 5.750% | 1/15/25 | 200,000 | 207,500 ^(a) |
| WMG Acquisition Corp., Senior Notes | 6.750% | 4/15/22 | 3,150,000 | 2,854,687 ^(a) |

| | | | | |
|--|--------|----------|--------------------------|--------------------------------|
| <i>Total Media</i> | | | | 85,241,552 |
| Multiline Retail - 0.5% | | | | |
| Neiman Marcus Group LLC, Senior Secured Notes | 7.125% | 6/1/28 | 660,000 | 666,600 ^(b) |
| Neiman Marcus Group Ltd. LLC, Senior Notes | 8.750% | 10/15/21 | 2,940,000 | 3,087,000 ^{(a)(b)(f)} |
| <i>Total Multiline Retail</i> | | | | 3,753,600 |
| Specialty Retail - 2.5% | | | | |
| American Greetings Corp., Senior Notes | 7.375% | 12/1/21 | 2,480,000 | 2,641,200 ^(b) |
| Edcon Pty Ltd., Senior Secured Notes | 9.500% | 3/1/18 | 3,550,000 ^{EUR} | 3,255,331 ^(a) |
| Edcon Pty Ltd., Senior Secured Notes | 9.500% | 3/1/18 | 1,220,000 ^{EUR} | 1,118,734 ^(c) |
| Edcon Pty Ltd., Senior Secured Notes | 9.500% | 3/1/18 | 760,000 | 604,276 ^(a) |
| Guitar Center Inc., Senior Secured Bonds | 6.500% | 4/15/19 | 6,850,000 | 5,668,375 ^(a) |
| Hot Topic Inc., Senior Secured Notes | 9.250% | 6/15/21 | 1,570,000 | 1,707,375 ^{(a)(b)} |
| Spencer Spirit Holdings Inc., Senior Notes | 9.000% | 5/1/18 | 3,408,000 | 3,467,640 ^{(a)(b)(f)} |
| <i>Total Specialty Retail</i> | | | | 18,462,931 |
| Textiles, Apparel & Luxury Goods - 0.4% | | | | |
| Chinos Intermediate Holdings A Inc., Senior Notes | 7.750% | 5/1/19 | 2,130,000 | 1,805,175 ^{(a)(b)(f)} |

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME FUND II INC.**Schedule of investments (unaudited) (cont d)****January 31, 2015**

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|-------------|----------------------|--------------------|--------------------------------|
| Textiles, Apparel & Luxury Goods - (continued) | | | | |
| Empire Today LLC/Empire Today Finance Corp., Senior Secured Notes | 11.375% | 2/1/17 | 1,300,000 | \$ 1,040,000 ^{(a)(b)} |
| <i>Total Textiles, Apparel & Luxury Goods</i> | | | | <i>2,845,175</i> |
| TOTAL CONSUMER DISCRETIONARY | | | | 176,469,580 |
| CONSUMER STAPLES - 3.7% | | | | |
| Beverages - 1.0% | | | | |
| Carolina Beverage Group LLC/Carolina Beverage Group Finance Inc., Secured Notes | 10.625% | 8/1/18 | 2,200,000 | 2,123,000 ^{(a)(b)} |
| Cott Beverages Inc., Senior Notes | 6.750% | 1/1/20 | 2,140,000 | 2,118,600 ^(a) |
| DS Services of America Inc., Secured Notes | 10.000% | 9/1/21 | 2,390,000 | 2,757,463 ^(a) |
| <i>Total Beverages</i> | | | | <i>6,999,063</i> |
| Food & Staples Retailing - 0.4% | | | | |
| Beverages & More Inc., Senior Secured Notes | 10.000% | 11/15/18 | 3,220,000 | 3,014,725 ^{(a)(b)} |
| Food Products - 1.7% | | | | |
| Dole Food Co. Inc., Senior Secured Notes | 7.250% | 5/1/19 | 3,070,000 | 3,089,187 ^{(a)(b)} |
| Hearthside Group Holdings LLC/Hearthside Finance Co., Senior Notes | 6.500% | 5/1/22 | 2,970,000 | 2,925,450 ^(a) |
| Simmons Foods Inc., Secured Notes | 7.875% | 10/1/21 | 3,700,000 | 3,598,250 ^(a) |
| Virgolino de Oliveira Finance SA, Senior Secured Notes | 10.875% | 1/13/20 | 2,700,000 | 621,000 ^(a) |
| Wells Enterprises Inc., Senior Secured Notes | 6.750% | 2/1/20 | 1,593,000 | 1,628,843 ^{(a)(b)} |
| <i>Total Food Products</i> | | | | <i>11,862,730</i> |
| Household Products - 0.3% | | | | |