

VAN KAMPEN HIGH INCOME TRUST II  
Form N-CSR  
February 28, 2006

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED  
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-5769

Van Kampen High Income Trust II

-----  
(Exact name of registrant as specified in charter)

1221 Avenue of the Americas New York, New York 10020

-----  
(Address of principal executive offices) (Zip code)

Ronald Robison  
1221 Avenue of the Americas New York, New York 10020

-----  
(Name and address of agent for service)

Registrant's telephone number, including area code: 212-762-4000

Date of fiscal year end: 12/31

Date of reporting period: 12/31/05

Item 1. Report to Shareholders.

The Trust's annual report transmitted to shareholders pursuant to Rule 30e-1 under the Investment Company Act of 1940 is as follows:

Welcome, Shareholder

In this report, you'll learn about how your investment in Van Kampen High Income Trust II performed during the annual period. The portfolio management team will provide an overview of the market conditions and discuss some of the factors that affected investment performance during the reporting period. In addition, this report includes the trust's financial statements and a list of trust investments as of December 31, 2005.

MARKET FORECASTS PROVIDED IN THIS REPORT MAY NOT NECESSARILY COME TO PASS. THERE IS NO ASSURANCE THAT THE TRUST WILL ACHIEVE ITS INVESTMENT OBJECTIVE. TRUSTS ARE SUBJECT TO MARKET RISK, WHICH IS THE POSSIBILITY THAT THE MARKET VALUES OF SECURITIES OWNED BY THE TRUST WILL DECLINE AND THAT THE VALUE OF TRUST SHARES MAY THEREFORE BE LESS THAN WHAT YOU PAID FOR THEM. ACCORDINGLY, YOU CAN LOSE MONEY INVESTING IN THIS TRUST.

-----  
NOT FDIC INSURED

OFFER NO BANK GUARANTEE

MAY LOSE VALUE

-----  
NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY

NOT A DEPOSIT

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Performance Summary as of 12/31/05

HIGH INCOME TRUST II  
SYMBOL: VLT

AVERAGE ANNUAL TOTAL RETURNS	BASED ON NAV	BASED ON MARKET PRICE
Since Inception (4/28/89)	5.43%	5.22%
10-year	4.32	3.20
5-year	5.95	4.15
1-year	-1.16	-11.46

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PERFORMANCE DATA QUOTED REPRESENTS PAST PERFORMANCE, WHICH IS NO GUARANTEE OF FUTURE RESULTS, AND CURRENT PERFORMANCE MAY BE LOWER OR HIGHER THAN THE FIGURES SHOWN. FOR THE MOST RECENT MONTH-END PERFORMANCE FIGURES, PLEASE VISIT VANKAMPEN.COM OR SPEAK WITH YOUR FINANCIAL ADVISOR. INVESTMENT RETURNS, NET ASSET VALUE (NAV) AND COMMON SHARE MARKET PRICE WILL FLUCTUATE AND TRUST SHARES, WHEN SOLD, MAY BE WORTH MORE OR LESS THAN THEIR ORIGINAL COST.

NAV per share is determined by dividing the value of the trust's portfolio securities, cash and other assets, less all liabilities and preferred shares, by the total number of common shares outstanding. The common share market price is the price the market is willing to pay for shares of the trust at a given time. Common share market price is influenced by a range of factors, including supply and demand and market conditions. Total return assumes an investment at the beginning of the period, reinvestment of all distributions for the period in accordance with the trust's dividend reinvestment plan, and sale of all shares at the end of the period.

The J.P. Morgan Global High Yield Index is generally representative of high-yield securities. The index does not include any expenses, fees or sales charges, which would lower performance. The index is unmanaged and should not be considered an investment. It is not possible to invest directly in an index.

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## Trust Report

FOR THE 12-MONTH PERIOD ENDED DECEMBER 31, 2005

Van Kampen High Income Trust II is managed by the Adviser's High Yield team.(1) Current team members include Gordon Loery, Executive Director of the Adviser; and Josh Givelber, Vice President of the Adviser.

## MARKET CONDITIONS

The fundamentals of the high yield bond market remained generally positive throughout 2005. Default rates remained low, the economy advanced at a good clip, and corporate earnings trends continued to be favorable. Given the low

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yields available in the long-term bond market, high yield bonds were also rewarded by income-oriented investors.

However, the period was also marked by notable volatility. After particularly strong performance in 2004, the fortunes of the high yield market shifted dramatically in the first portion of 2005. Heavy issuance in January resulted in a less-favorable supply-and-demand relationship and unsettled the market. In mid-March, General Motors (GM) announced poor earnings and production cuts. Apprehensions about the auto industry gave way to anxiety about the strength of other corporations and the broad economy. High yield investors also were troubled that the migration of GM and other auto-related bonds from the investment-grade universe to the high yield universe could further disrupt supply and demand trends. In the face of these uncertainties, the high yield market declined through mid-May.

On a more positive note, the high yield market recovered over the balance of the year, despite protracted high oil prices and the devastation caused by the Gulf Coast hurricanes. Investors adjusted to the inclusion of GM and Ford Motor within the high yield universe, and new issuance slowed. The fundamental strength of the high yield market and the resiliency of the U.S. economy helped to sustain investor interest in the asset class.

(1) Team members may change without notice from time to time.

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### PERFORMANCE ANALYSIS

The trust's return can be calculated based upon either the market price or the net asset value (NAV) of its shares. NAV per share is determined by dividing the value of the trust's portfolio securities, cash and other assets, less all liabilities and preferred shares, by the total number of common shares outstanding, while market price reflects the supply and demand for the shares. As a result, the two returns can differ, as they did during the reporting period. On an NAV basis and a market price basis, the trust underperformed its benchmark index, the J.P. Morgan Global High Yield Index.

TOTAL RETURNS FOR THE 12-MONTH PERIOD ENDED DECEMBER 31, 2005

BASED ON NAV	BASED ON MARKET PRICE	J.P. MORGAN GLOBAL HIGH YIELD INDEX
-1.16%	-11.46%	3.07%

Performance data quoted represents past performance, which is no guarantee of future results, and current performance may be lower or higher than the figures shown. Investment return, net asset value and common share market price will fluctuate and trust shares, when sold, may be worth more or less than their original cost. See Performance Summary for additional performance information and index definition.

As the airline and auto industries struggled throughout the period, the trust was well served by its underweighting in the transportation sector relative to the J.P. Morgan Global High Yield Index. Moreover, our investment analysis led us to steer clear of several of the most troubled names in the auto and auto-parts industry. Security selection in the cable sector and utility sectors

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also helped boost relative performance.

The trust was hindered by security selection in the forest products, housing and financials sectors. Within forest products, company-specific events slowed performance. In the housing sector, building product companies faltered as concerns grew about a slowing housing market. Because many building product companies carry high levels of debt, they would likely be particularly vulnerable to a real estate downturn. In financials, negative company-specific developments hindered the trust's return.

Throughout the period, we sought to maintain a balanced and well-diversified portfolio. Our research-intensive, risk-conscious approach led us to increase the trust's exposure to the transportation, healthcare, food and tobacco, and energy sectors. Although we increased exposure to transportation, the trust remained underweight as compared to the index at the end of the reporting period. In contrast, we decreased exposure to the housing, diversified media, and cable industries.

As the year progressed, we slightly decreased the amount of overall credit risk in the portfolio within the parameters of our income-oriented discipline. We adopted this more conservative posture because the lower-quality segment of the

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market appeared to offer less value, in our view. In terms of issuer size, we continued to focus on larger companies because of their financial flexibility, their relative ability to withstand less-favorable financial conditions, and their superior access to capital markets.

There is no guarantee that any sectors mentioned will continue to perform well or that securities in such sectors will be held by the trust in the future.

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### RATINGS ALLOCATIONS AS OF 12/31/05

A/A	1.4%
BBB/Baa	3.2
BB/Ba	45.6
B/B	46.3
CCC/Caa	3.3
CC/Ca	0.1
Non-Rated	0.1
	-----
	100.0%

### SUMMARY OF INVESTMENTS BY INDUSTRY CLASSIFICATION AS OF 12/31/05

Healthcare	8.3%
Energy	8.2
Gaming & Leisure	7.8
Chemicals	7.0
Utility	6.8
Food & Tobacco	6.3
Cable	6.2
Transportation	6.1
Forest Products	5.0

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Telecommunications	4.6
Diversified Media	4.1
Consumer Products	3.8
Metals	3.1
Services	2.9
Retail	2.6
Food & Drug	2.4
Wireless Communications	2.3
Housing	2.3
Manufacturing	1.9
Information Technology	1.0
Broadcasting	0.9
Aerospace	0.8
Apparel, Accessories & Luxury Goods	0.6
Financial	0.5
	-----
Total Long-Term Investments	95.5%
Short-Term Investments	4.5
	-----
Total Investments	100.0%

Subject to change daily. Provided for informational purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned or securities in the sectors shown above. Ratings allocation percentages are as a percentage of long-term investments. Summary of investments by industry classification percentages are as a percentage of total investments. Securities are classified by sectors that represent broad groupings of related industries. Ratings allocations based upon ratings as issued by Standard and Poor's and Moody's, respectively. Van Kampen is a wholly owned subsidiary of a global securities firm which is engaged in a wide range of financial services including, for example, securities trading and brokerage activities, investment banking, research and analysis, financing and financial advisory services.

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### FOR MORE INFORMATION ABOUT PORTFOLIO HOLDINGS

Each Van Kampen trust provides a complete schedule of portfolio holdings in its semiannual and annual reports within 60 days of the end of the trust's second and fourth fiscal quarters by filing the schedule electronically with the Securities and Exchange Commission (SEC). The semiannual reports are filed on Form N-CSRS and the annual reports are filed on Form N-CSR. Van Kampen also delivers the semiannual and annual reports to trust shareholders, and makes these reports available on its public Web site, [www.vankampen.com](http://www.vankampen.com). In addition to the semiannual and annual reports that Van Kampen delivers to shareholders and makes available through the Van Kampen public Web site, each trust files a complete schedule of portfolio holdings with the SEC for the trust's first and third fiscal quarters on Form N-Q. Van Kampen does not deliver the reports for the first and third fiscal quarters to shareholders, nor are the reports posted to the Van Kampen public Web site. You may, however, obtain the Form N-Q filings (as well as the Form N-CSR and N-CSRS filings) by accessing the SEC's Web site, <http://www.sec.gov>. You may also review and copy them at the SEC's Public Reference Room in Washington, DC. Information on the operation of the SEC's Public Reference Room may be obtained by calling the SEC at (800) SEC-0330. You can also request copies of these materials, upon payment of a duplicating fee, by electronic request at the SEC's e-mail address ([publicinfo@sec.gov](mailto:publicinfo@sec.gov)) or by writing the Public Reference section of the SEC, Washington, DC 20549-0102.

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You may obtain copies of a trust's fiscal quarter filings by contacting Van Kampen Client Relations at (800) 847-2424.

### PROXY VOTING POLICY AND PROCEDURES AND PROXY VOTING RECORD

You may obtain a copy of the trust's Proxy Voting Policy and Procedures without charge, upon request, by calling toll free (800) 847-2424 or by visiting our Web site at [www.vankampen.com](http://www.vankampen.com). It is also available on the Securities and Exchange Commission's Web site at <http://www.sec.gov>.

You may obtain information regarding how the trust voted proxies relating to portfolio securities during the most recent twelve-month period ended June 30 without charge by visiting our Web site at [www.vankampen.com](http://www.vankampen.com). This information is also available on the Securities and Exchange Commission's Web site at <http://www.sec.gov>.

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### VAN KAMPEN HIGH INCOME TRUST II

#### PORTFOLIO OF INVESTMENTS -- DECEMBER 31, 2005

PAR AMOUNT (000)	DESCRIPTION	COUPON	MATURITY	VALUE
	CORPORATE BONDS 169.4%			
	AEROSPACE 1.5%			
\$1,175	K & F Acquisition, Inc. ....	7.750%	11/15/14	\$ 1,192,625
	BROADCASTING 1.5%			
395	Lin Television Corp. ....	6.500	05/15/13	380,681
315	Lin Television Corp., Ser B.....	6.500	05/15/13	303,581
515	Salem Communications Corp. ....	7.750	12/15/10	536,244
				-----
				1,220,506
	CABLE 11.1%			
1,175	Cablevision Systems Corp. (Floating Rate).....	8.716	04/01/09	1,192,625
845	CCH I LLC., 144A--Private Placement (a).....	11.000	10/01/15	714,025
1,490	Echostar DBS Corp. ....	6.375	10/01/11	1,441,575
785	Echostar DBS Corp. ....	6.625	10/01/14	756,544
80	Intelsat Bermuda Ltd., 144A-- Private Placement (Bermuda) (a).....	8.250	01/15/13	81,200
2,195	Intelsat Bermuda Ltd., 144A--Private Placement (Floating Rate) (Bermuda) (a).....	8.695	01/15/12	2,241,644
1,700	Kabel Deutschland GmbH, 144A-- Private Placement (Germany) (a).....	10.625	07/01/14	1,797,750
693	PanAmSat Corp. ....	9.000	08/15/14	729,382
				-----
				8,954,745
	CHEMICALS 12.5%			
1,070	Equistar Chemicals LP.....	10.125	09/01/08	1,166,300
600	Equistar Chemicals LP.....	10.625	05/01/11	663,000
740	Innophos, Inc.,144A--Private Placement (a).....	8.875	08/15/14	749,250

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335	ISP Chemco, Inc. ....	10.250	07/01/11	358,450
1,575	ISP Holdings, Inc. ....	10.625	12/15/09	1,661,625
250	Koppers, Inc. ....	9.875	10/15/13	272,500
1,350	Lyondell Chemical Co. ....	10.500	06/01/13	1,540,687
905	Millennium America, Inc. ....	9.250	06/15/08	980,794
930	Nalco Co. ....	7.750	11/15/11	960,225
860	Rhodia SA (France).....	8.875	06/01/11	885,800
762	Rockwood Specialties Group, Inc. ....	10.625	05/15/11	839,152
				-----
				10,077,783
				-----
	CONSUMER PRODUCTS 6.9%			
470	Amscan Holdings, Inc. ....	8.750	05/01/14	398,325
765	Eastman Kodak Co. ....	7.250	11/15/13	735,023
365	Oxford Industrials, Inc. ....	8.875	06/01/11	373,669
2,150	Phillips Van-Heusen Corp. ....	7.250	02/15/11	2,193,000
935	Rayovac Corp. ....	8.500	10/01/13	820,462
505	Spectrum Brands, Inc. ....	7.375	02/01/15	424,200
544	Tempur Pedic, Inc. ....	10.250	08/15/10	590,920
				-----
				5,535,599
				-----
	DIVERSIFIED MEDIA 7.3%			
740	AMC Entertainment, Inc. (Floating Rate).....	8.590	08/15/10	764,975

See Notes to Financial Statements

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VAN KAMPEN HIGH INCOME TRUST II

PORTFOLIO OF INVESTMENTS -- DECEMBER 31, 2005 continued

PAR AMOUNT (000)	DESCRIPTION	COUPON	MATURITY	VALUE
	DIVERSIFIED MEDIA (CONTINUED)			
\$1,425	CanWest Media, Inc. (Canada).....	8.000%	09/15/12	\$ 1,462,406
685	Dex Media West Finance Corp. ....	9.875	08/15/13	763,775
370	Houghton Mifflin Co. ....	8.250	02/01/11	383,875
1,075	Houghton Mifflin Co. ....	9.875	02/01/13	1,154,281
1,500	Primedia, Inc. ....	8.875	05/15/11	1,391,250
				-----
				5,920,562
				-----
	ENERGY 14.6%			
1,440	CHC Helicopter Corp. (Canada).....	7.375	05/01/14	1,463,400
1,825	Chesapeake Energy Corp. ....	6.625	01/15/16	1,856,937
330	Compagnie Generale de Geophysique, SA (France) (France).....	7.500	05/15/15	343,200
1,500	Frontier Oil Corp. ....	6.625	10/01/11	1,537,500
160	Hanover Compressor Co. ....	8.625	12/15/10	170,000
670	Hanover Compressor Co. ....	9.000	06/01/14	733,650
288	Hanover Equipment Trust.....	8.500	09/01/08	299,880
280	Hanover Equipment Trust.....	8.750	09/01/11	297,500
920	Hilcorp Energy Finance Corp., 144A--Private Placement (a).....	7.750	11/01/15	940,700
467	Hilcorp Energy Finance Corp., 144A--Private			

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	Placement (a).....	10.500	09/01/10	519,537
328	Magnum Hunter Resources, Inc. ....	9.600	03/15/12	357,520
650	Pacific Energy Partners.....	7.125	06/15/14	672,750
750	Pogo Producing Co., 144A--Private Placement (a).....	6.875	10/01/17	735,000
1,785	Vintage Petroleum, Inc. ....	7.875	05/15/11	1,874,250
				-----
				11,801,824
				-----
	FINANCIAL 0.9%			
725	Residential Capital Corp. ....	6.375	06/30/10	737,395
				-----
	FOOD & DRUG 4.2%			
1,200	Delhaize America, Inc. ....	8.125	04/15/11	1,314,080
265	Jean Coutu Group (PJC), Inc. (Canada).....	7.625	08/01/12	262,350
790	Jean Coutu Group (PJC), Inc. (Canada).....	8.500	08/01/14	726,800
2,750	Jitney-Jungle Stores America, Inc. (b) (c) (d).....	12.000	03/01/06	0
1,105	Rite Aid Corp. ....	8.125	05/01/10	1,129,862
				-----
				3,433,092
				-----
	FOOD & TOBACCO 11.2%			
1,300	Constellation Brands, Inc. ....	8.000	02/15/08	1,361,750
595	Michael Foods, Inc. ....	8.000	11/15/13	612,850
405	Pilgrim's Pride Corp. ....	9.250	11/15/13	434,362
1,635	Pilgrim's Pride Corp. ....	9.625	09/15/11	1,749,450
1,855	RJ Reynolds Tobacco Holdings, Inc., 144A-- Private Placement (a).....	6.500	07/15/10	1,855,000
685	Smithfield Foods, Inc. ....	7.000	08/01/11	702,125

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See Notes to Financial Statements

VAN KAMPEN HIGH INCOME TRUST II

PORTFOLIO OF INVESTMENTS -- DECEMBER 31, 2005 continued

PAR AMOUNT (000)	DESCRIPTION	COUPON	MATURITY	VALUE
	FOOD & TOBACCO (CONTINUED)			
\$ 380	Smithfield Foods, Inc. ....	7.625%	02/15/08	\$ 394,250
1,810	Smithfield Foods, Inc. ....	8.000	10/15/09	1,918,600
				-----
				9,028,387
				-----
	FOREST PRODUCTS 8.9%			
890	Abitibi-Consolidated, Inc. (Canada).....	6.000	06/20/13	758,725
391	Abitibi-Consolidated, Inc. (Canada).....	8.550	08/01/10	397,842
1,270	Crown Americas LLC, 144A-- Private Placement (a).....	7.625	11/15/13	1,323,975
1,000	Graphic Packaging International, Inc. ....	9.500	08/15/13	960,000
2,370	Owens-Brockway Glass Containers, Inc. ....	8.875	02/15/09	2,485,537
170	Pliant Corp. ....	11.125	09/01/09	152,150
395	Pliant Corp. (b).....	13.000	06/01/10	79,000



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1,855	Tembec Industries, Inc. (Canada).....	7.750	03/15/12	1,001,700
				-----
				7,158,929
				-----
	GAMING & LEISURE 14.0%			
750	Ceasars Entertainment.....	8.875	09/15/08	812,813
136	HMH Properties, Inc. ....	7.875	08/01/08	138,210
965	Host Marriott LP.....	6.375	03/15/15	967,413
1,135	Host Marriott LP.....	7.125	11/01/13	1,186,075
1,515	Isle of Capri Casinos, Inc. ....	7.000	03/01/14	1,484,700
740	Las Vegas Sands Corp. ....	6.375	02/15/15	715,950
265	MGM Mirage, Inc. ....	5.875	02/27/14	254,400
2,420	MGM Mirage, Inc. ....	6.000	10/01/09	2,416,975
1,510	Mohegan Tribal Gaming Authority.....	7.125	08/15/14	1,553,413
395	Starwood Hotels & Resorts Worldwide, Inc. ....	7.875	05/01/12	437,463
1,160	Station Casinos, Inc. ....	6.000	04/01/12	1,162,900
175	Station Casinos, Inc. ....	6.875	03/01/16	179,813
				-----
				11,310,125
				-----
	HEALTHCARE 14.8%			
1,875	Amerisourcebergen Corp., 144A-- Private Placement (a).....	5.625	09/15/12	1,884,375
595	Community Health Systems, Inc. ....	6.500	12/15/12	582,356
605	Davita, Inc. ....	6.625	03/15/13	618,613
1,985	Extendicare Health Services, Inc. ....	6.875	05/01/14	1,950,263
655	Fisher Scientific International, Inc., 144A-- Private Placement (a).....	6.125	07/01/15	658,275
97	Fresenius Medical Care Capital Trust II.....	7.875	02/01/08	1,003,950
415	Fresenius Medical Care Capital Trust IV.....	7.875	06/15/11	444,050
895	HCA, Inc. ....	6.375	01/15/15	909,171
882	HCA, Inc. ....	8.750	09/01/10	979,899
150	National Nephrology Associates, Inc., 144A-- Private Placement (a).....	9.000	11/01/11	166,875
525	Omnicare, Inc. ....	6.750	12/15/13	533,531

See Notes to Financial Statements

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VAN KAMPEN HIGH INCOME TRUST II

PORTFOLIO OF INVESTMENTS -- DECEMBER 31, 2005 continued

PAR AMOUNT (000)	DESCRIPTION	COUPON	MATURITY	VALUE
	HEALTHCARE (CONTINUED)			
\$ 750	Res-Care, Inc., 144A--Private Placement (a).....	7.750%	10/15/13	\$ 753,750
1,405	Ventas Realty LP.....	6.750	06/01/10	1,447,150
				-----
				11,932,258
				-----
	HOUSING 4.1%			
1,515	Associated Materials, Inc. (e).....	0/11.250	03/01/14	749,925
1,090	Interface, Inc. ....	9.500	02/01/14	1,090,000
650	Technical Olymppic USA, Inc. ....	9.000	07/01/10	660,563
505	Technical Olymppic USA, Inc. ....	9.000	07/01/10	513,206

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340	Technical Olympic USA, Inc. ....	10.375	07/01/12	336,175
				-----
				3,349,869
				-----
	INFORMATION TECHNOLOGY 1.7%			
1,340	Iron Mountain, Inc. ....	8.625	04/01/13	1,403,650
				-----
	MANUFACTURING 3.3%			
365	General Cable Corp. ....	9.500	11/15/10	388,725
925	JohnsonDiversey, Inc. ....	9.625	05/15/12	934,250
764	Manitowoc, Inc. ....	10.500	08/01/12	851,860
590	Propex Fabrics, Inc. ....	10.000	12/01/12	529,525
				-----
				2,704,360
				-----
	METALS 5.6%			
140	Doe Run Resources Corp. (Acquired 02/15/01 to 10/15/04, Cost \$122,979) (f) (g).....	11.750	11/01/08	110,012
245	Foundation, PA Coal Co. ....	7.250	08/01/14	254,494
1,310	Massey Energy Co., 144A--Private Placement (a).....	6.875	12/15/13	1,328,013
1,460	Novelis, Inc., 144A--Private Placement (Canada) (a).....	7.250	02/15/15	1,368,750
765	UCAR Finance, Inc. ....	10.250	02/15/12	811,856
585	United States Steel Corp. ....	9.750	05/15/10	639,113
				-----
				4,512,238
				-----
	RETAIL 4.7%			
830	Brown Shoe Co., Inc. ....	8.750	05/01/12	871,500
405	General Nutrition Center, Inc. ....	8.500	12/01/10	350,325
1,400	JC Penney Corp., Inc. ....	8.000	03/01/10	1,540,346
1,025	Petro Stopping Center Financial.....	9.000	02/15/12	1,035,250
				-----
				3,797,421
				-----
	SERVICES 5.2%			
45	Allied Waste North America, Inc. ....	7.875	04/15/13	46,688
950	Allied Waste North America, Inc. ....	8.500	12/01/08	1,002,250
1,140	Allied Waste North America, Inc. ....	8.875	04/01/08	1,208,400
295	Buhrmann US, Inc. ....	7.875	03/01/15	289,469
790	Buhrmann US, Inc. ....	8.250	07/01/14	796,913
700	MSW Energy Holdings II LLC.....	7.375	09/01/10	722,750
150	MSW Energy Holdings LLC.....	8.500	09/01/10	160,500
				-----
				4,226,970
				-----

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See Notes to Financial Statements

VAN KAMPEN HIGH INCOME TRUST II

PORTFOLIO OF INVESTMENTS -- DECEMBER 31, 2005 continued

PAR AMOUNT (000)	DESCRIPTION	COUPON	MATURITY	VALUE
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	TELECOMMUNICATIONS 8.2%			
\$1,325	Axtel SA (Mexico).....	11.000%	12/15/13	\$ 1,503,875
500	Exodus Communications, Inc. (b) (c) (d).....	11.250	07/01/08	0
1,000	Qwest Corp. ....	7.875	09/01/11	1,082,500
3,000	Qwest Corp., 144A--Private Placement (Floating Rate) (a).....	7.741	06/15/13	3,251,250
785	Wind Acquisition Finance SA, 144A--Private Placement (Luxembourg) (a).....	10.750	12/01/15	814,438
				-----
				6,652,063
				-----
	TRANSPORTATION 10.8%			
340	Arvin Meritor, Inc. ....	8.750	03/01/12	327,250
1,130	Ford Motor Credit Co. ....	5.625	10/01/08	992,124
1,175	General Motors Acceptance Corp. ....	4.375	12/10/07	1,044,564
1,080	General Motors Acceptance Corp. ....	6.875	09/15/11	986,024
530	General Motors Acceptance Corp. ....	6.875	08/28/12	478,322
710	General Motors Corp. ....	7.125	07/15/13	472,150
1,185	Lear Corp. ....	8.110	05/15/09	1,103,671
2,250	Sonic Automotive, Inc. ....	8.625	08/15/13	2,188,125
1,055	TRW Automotive, Inc. ....	9.375	02/15/13	1,147,313
				-----
				8,739,543
				-----
	UTILITY 12.2%			
850	AES Corp. ....	7.750	03/01/14	895,688
41	AES Corp. ....	8.875	02/15/11	44,536
127	AES Corp. ....	9.375	09/15/10	139,383
615	CMS Energy Corp. ....	6.300	02/01/12	611,156
115	CMS Energy Corp. ....	7.500	01/15/09	119,025
700	CMS Energy Corp. ....	8.500	04/15/11	765,625
600	Colorado Interstate Gas Co., 144A--Private Placement (a).....	6.800	11/15/15	616,065
1,010	Dynegy Holdings, Inc. ....	6.875	04/01/11	999,900
640	Dynegy Holdings, Inc., 144A--Private Placement (a).....	9.875	07/15/10	704,800
405	IPALCO Enterprises, Inc. ....	8.625	11/14/11	443,475
835	Monongahela Power Co. ....	5.000	10/01/06	834,726
510	Nevada Power Co. ....	8.250	06/01/11	567,375
552	Nevada Power Co. ....	9.000	08/15/13	610,654
620	PSEG Energy Holdings.....	7.750	04/16/07	644,800
1,185	PSEG Energy Holdings.....	8.625	02/15/08	1,238,325
290	Reliant Energy, Inc. ....	6.750	12/15/14	254,475
340	Southern Natural Gas Co. ....	8.875	03/15/10	365,063
				-----
				9,855,071
				-----
	WIRELESS COMMUNICATIONS 4.2%			
1,775	Nextel Communications, Inc. ....	6.875	10/31/13	1,853,249
1,000	Rural Cellular Corp. ....	8.250	03/15/12	1,060,000

See Notes to Financial Statements

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VAN KAMPEN HIGH INCOME TRUST II

PORTFOLIO OF INVESTMENTS -- DECEMBER 31, 2005 continued

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DESCRIPTION	COUPON	MATURITY	VALUE
-----			
WIRELESS COMMUNICATIONS (CONTINUED)			
\$ 435	Rural Cellular Corp. (Floating Rate).....	8.991% 03/15/10	\$ 449,138
			-----
			3,362,387
			-----
TOTAL CORPORATE BONDS.....			136,907,402
			-----
EQUITIES 1.1%			
	DecisionOne Corp. (12,056 common stock warrants) (d) (h).....		0
	DecisionOne Corp. (5,483 common shares) (d) (h).....		0
	Doe Run Resources Corp. (1 common stock warrant) (d) (h).....		0
	HCI Direct, Inc. (60,714 common shares) (d) (h).....		910,710
	Hosiery Corp. of America, Inc. (1000 common shares) (d) (h).....		0
	VS Holdings, Inc. (20,207 common shares) (d) (h).....		0
			-----
TOTAL EQUITIES.....			910,710
			-----
TOTAL LONG-TERM INVESTMENTS 170.5%			
	(Cost \$143,633,065).....		137,818,112
REPURCHASE AGREEMENT 8.0%			
	State Street Bank & Trust Co. (\$6,481,000 par collateralized by U.S. Government obligations in a pooled cash account, interest rate of 4.12%, dated 12/30/05, to be sold on 01/03/06 at \$6,483,967) (Cost \$6,481,000).....		6,481,000
			-----
TOTAL INVESTMENTS 178.5%			
	(Cost \$150,114,065).....		144,299,112
OTHER ASSETS IN EXCESS OF LIABILITIES 2.5%.....			2,021,242
PREFERRED SHARES (INCLUDING ACCRUED DISTRIBUTIONS) (81.0%).....			(65,489,561)
			-----
NET ASSETS APPLICABLE TO COMMON SHARES 100.0%.....			\$ 80,830,793
			=====

Percentages are calculated as a percentage of net assets applicable to common shares.

- (a) 144A securities are those which are exempt from registration under Rule 144A of the Securities Act of 1933, as amended. These securities may only be resold in transactions exempt from registration which are normally those transactions with qualified institutional buyers.
- (b) Non-income producing as security is in default.
- (c) This borrower has filed for protection in federal bankruptcy court.
- (d) Market value is determined in accordance with procedures established in good faith by the Board of Trustees.
- (e) Security is a "step-up" bond where the coupon increases or steps up at a predetermined date.

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See Notes to Financial Statements

VAN KAMPEN HIGH INCOME TRUST II

PORTFOLIO OF INVESTMENTS -- DECEMBER 31, 2005 continued

(f) Payment-in-kind security.

(g) These securities are restricted and may be resold only in transactions exempt from registration which are normally those transactions with qualified institutional buyers. Restricted securities comprise 0.1% of net assets applicable to common shares.

(h) Non-income producing security.

See Notes to Financial Statements

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VAN KAMPEN HIGH INCOME TRUST II

FINANCIAL STATEMENTS

Statement of Assets and Liabilities  
December 31, 2005

ASSETS:

Total Investments (Cost \$150,114,065).....	\$144,299,112
Cash.....	402
Interest Receivable.....	2,795,212
Other.....	1,445
	-----
Total Assets.....	147,096,171
	-----

LIABILITIES:

Payables:

Investment Advisory Fee.....	86,889
Income Distributions--Common Shares.....	66,751
Other Affiliates.....	9,557
Trustees' Deferred Compensation and Retirement Plans.....	448,497
Accrued Expenses.....	164,123
	-----
Total Liabilities.....	775,817
Preferred Shares (including accrued distributions).....	65,489,561
	-----

NET ASSETS APPLICABLE TO COMMON SHARES..... \$ 80,830,793  
=====

NET ASSET VALUE PER COMMON SHARE (\$80,830,793 divided by  
18,893,621 shares outstanding)..... \$ 4.28  
=====

NET ASSETS CONSIST OF:

Common Shares (\$.01 par value with an unlimited number of shares authorized, 18,893,621 shares issued and outstanding).....	\$ 188,936
Paid in Surplus.....	147,793,704
Accumulated Undistributed Net Investment Income.....	(825,498)
Net Unrealized Depreciation.....	(5,814,953)
Accumulated Net Realized Loss.....	(60,511,396)
	-----
NET ASSETS APPLICABLE TO COMMON SHARES.....	\$ 80,830,793

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PREFERRED SHARES	=====
(\$.01 par value, authorized 100,000,000 shares, 2,616 issued with liquidation preference of \$25,000 per share).....	\$ 65,400,000
	=====
NET ASSETS INCLUDING PREFERRED SHARES.....	\$146,230,793
	=====

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See Notes to Financial Statements

VAN KAMPEN HIGH INCOME TRUST II

FINANCIAL STATEMENTS continued

Statement of Operations  
For the Year Ended December 31, 2005

INVESTMENT INCOME:	
Interest.....	\$ 7,632,275
Dividends.....	242,856
Other.....	164,190
	-----
Total Income.....	8,039,321
	-----
EXPENSES:	
Investment Advisory Fee.....	701,387
Merger Costs.....	213,360
Preferred Share Maintenance.....	113,915
Legal.....	44,632
Trustees' Fees and Related Expenses.....	40,050
Custody.....	20,594
Other.....	228,432
	-----
Total Expenses.....	1,362,370
	-----
NET INVESTMENT INCOME.....	\$ 6,676,951
	=====
REALIZED AND UNREALIZED GAIN/LOSS:	
Net Realized Loss.....	\$ (465,425)
	-----
Net Unrealized Depreciation During the Period.....	(5,972,386)
	-----
NET REALIZED AND UNREALIZED LOSS.....	\$(6,437,811)
	=====
DISTRIBUTIONS TO PREFERRED SHAREHOLDERS.....	\$(1,484,853)
	=====
NET DECREASE IN NET ASSETS APPLICABLE TO COMMON SHARES FROM OPERATIONS.....	\$(1,245,713)
	=====

See Notes to Financial Statements

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VAN KAMPEN HIGH INCOME TRUST II

FINANCIAL STATEMENTS continued

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### Statements of Changes in Net Assets

	FOR THE YEAR ENDED DECEMBER 31, 2005	FOR THE YEAR ENDED DECEMBER 31, 2004
FROM INVESTMENT ACTIVITIES:		
Operations:		
Net Investment Income.....	\$ 6,676,951	\$ 4,262,473
Net Realized Gain/Loss.....	(465,425)	755,174
Net Unrealized Appreciation/Depreciation During the Period.....	(5,972,386)	542,340
Distributions to Preferred Shareholders:		
Net Investment Income.....	(1,484,853)	(410,282)
Change in Net Assets Applicable to Common Shares from Operations.....	(1,245,713)	5,149,705
Distributions to Common Shareholders:		
Net Investment Income.....	(5,595,543)	(3,600,383)
NET CHANGE IN NET ASSETS APPLICABLE TO COMMON SHARES FROM INVESTMENT ACTIVITIES.....	(6,841,256)	1,549,322
FROM CAPITAL TRANSACTIONS:		
Proceeds from Shares Acquired Through Merger:		
Common Shares.....	49,072,045	-0-
TOTAL INCREASE IN NET ASSETS APPLICABLE TO COMMON SHARES.....	42,230,789	1,549,322
NET ASSETS APPLICABLE TO COMMON SHARES:		
Beginning of the Period.....	38,600,004	37,050,682
End of the Period (Including accumulated undistributed net investment income of (\$825,498) and (\$234,620), respectively).....	\$80,830,793 =====	\$38,600,004 =====

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See Notes to Financial Statements

### VAN KAMPEN HIGH INCOME TRUST II

#### FINANCIAL HIGHLIGHTS

THE FOLLOWING SCHEDULE PRESENTS FINANCIAL HIGHLIGHTS FOR ONE COMMON SHARE OF THE TRUST OUTSTANDING THROUGHOUT THE PERIODS INDICATED.

	YEAR ENDED DECEMBER 31,				
	2005	2004	2003	2002	2001
NET ASSET VALUE, BEGINNING OF THE PERIOD...	\$ 4.76	\$ 4.57	\$ 3.79	\$ 4.77	\$ 5.40

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Net Investment Income.....	.52	.52	.52	.60	.90
Net Realized and Unrealized Gain/Loss....	(.45)	.16	.75	(.89)	(.61)
Common Share Equivalent of Distributions Paid to Preferred Shareholders:					
Net Investment Income.....	(.11)	(.05)	(.04)	(.07)	(.18)
Return of Capital Distributions.....	-0-	-0-	-0-*	-0-*	-0-*
Total from Investment Operations.....	(.04)	.63	1.23	(.36)	.11
Distributions Paid to Common Shareholders:					
Net Investment Income.....	(.44)	(.44)	(.44)	(.58)	(.73)
Return of Capital Distributions.....	-0-	-0-	(.01)	(.04)	(.01)
NET ASSET VALUE, END OF THE PERIOD.....	\$ 4.28	\$ 4.76	\$ 4.57	\$ 3.79	\$ 4.77
Common Share Market Price at End of the Period.....	\$ 4.14	\$ 5.14	\$ 5.08	\$ 4.07	\$ 5.75
Total Return (a).....	-11.46%	10.83%	37.20%	-19.86%	13.57%
Net Assets Applicable to Common Shares at End of the Period (In millions).....	\$ 80.8	\$ 38.6	\$ 37.1	\$ 30.7	\$ 38.7
Ratio of Expenses to Average Net Assets Applicable to Common Shares (b).....	2.43%	2.12%	2.25%	2.28%	2.14%
Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares (b).....	11.89%	11.51%	12.29%	14.50%	16.83%
Portfolio Turnover.....	62%	86%	74%	81%	63%
SUPPLEMENTAL RATIOS:					
Ratio of Expenses to Average Net Assets Including Preferred Shares (b).....	1.37%	1.21%	1.24%	1.18%	1.15%
Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares (c).....	9.24%	10.40%	11.34%	12.93%	13.40%
SENIOR SECURITIES:					
Total Preferred Shares Outstanding.....	2,616	1,112	1,112	1,112	1,360
Asset Coverage Per Preferred Share (d)....	\$55,933	\$59,715	\$58,320	\$52,652	\$53,426
Involuntary Liquidating Preference Per Preferred Share.....	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Average Market Value Per Preferred Share...	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000

\* Amount is less than \$.01.

(a) Total return assumes an investment at the common share market price at the beginning of the period indicated, reinvestment of all distributions for the period in accordance with the Trust's dividend reinvestment plan, and sale of all shares at the closing common share market price at the end of the period indicated.

(b) Ratios do not reflect the effect of dividend payments to preferred shareholders.

(c) Ratios reflect the effect of dividend payments to preferred shareholders.

(d) Calculated by subtracting the Trust's total liabilities (not including the preferred shares) from the Trust's total assets and dividing this by the number of preferred shares outstanding.

See Notes to Financial Statements

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VAN KAMPEN HIGH INCOME TRUST II

NOTES TO FINANCIAL STATEMENTS -- DECEMBER 31, 2005

### 1. SIGNIFICANT ACCOUNTING POLICIES

Van Kampen High Income Trust II (the "Trust") is registered as a diversified, closed-end management investment company under the Investment Company Act of 1940, as amended. The Trust's investment objective is to provide high current income, while seeking to preserve shareholders' capital through investment in a professionally managed diversified portfolio of high yield, fixed income securities. The Trust commenced investment operations on April 28, 1989.

The following is a summary of significant accounting policies consistently followed by the Trust in the preparation of its financial statements. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

A. SECURITY VALUATION Investments are stated at value using market quotations or indications of value obtained from an independent pricing service. For those securities where quotations or prices are not available, valuations are obtained from yield data relating to instruments or securities with similar characteristics in accordance with procedures established in good faith by the Board of Trustees. Short-term securities with remaining maturities of 60 days or less are valued at amortized cost, which approximates market value.

B. SECURITY TRANSACTIONS Security transactions are recorded on a trade date basis. Realized gains and losses are determined on an identified cost basis. The Trust may purchase and sell securities on a "when-issued" or "delayed delivery" basis with settlement to occur at a later date. The value of the security so purchased is subject to market fluctuations during this period. The Trust will segregate assets with the custodian having an aggregate value at least equal to the amount of the when-issued or delayed delivery purchase commitments until after payment is made. At December 31, 2005, the Trust had no when-issued and delayed delivery purchase commitments.

The Trust may invest in repurchase agreements, which are short-term investments in which the Trust acquires ownership of a debt security and the seller agrees to repurchase the security at a future time and specified price. The Trust may invest independently in repurchase agreements, or transfer uninvested cash balances into a pooled cash account along with other investment companies advised by Van Kampen Asset Management (the "Adviser") or its affiliates, the daily aggregate of which is invested in repurchase agreements. Repurchase agreements are fully collateralized by the underlying debt security. The Trust will make payment for such securities only upon physical delivery or evidence of book entry transfer to the account of the custodian bank. The seller is required to maintain the value of the underlying security at not less than the repurchase proceeds due the Trust.

C. INVESTMENT INCOME Interest income is recorded on an accrual basis. Bond discount is accreted and premium is amortized over the expected life of each applicable security. Other income is comprised primarily of consent fees. Consent fees are earned as compensation for agreeing to changes in the terms of debt instruments.

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VAN KAMPEN HIGH INCOME TRUST II

NOTES TO FINANCIAL STATEMENTS -- DECEMBER 31, 2005 continued

D. FEDERAL INCOME TAXES It is the Trust's policy to comply with the requirements of Subchapter M of the Internal Revenue Code applicable to regulated investment companies and to distribute substantially all of its taxable income to its shareholders. Therefore, no provision for federal income taxes is required.

The Trust intends to utilize provisions of the federal income tax laws which allow it to carry a realized capital loss forward for eight years following the year of the loss and offset such losses against any future realized capital gains. At December 31, 2005, the Trust had an accumulated capital loss carryforward for tax purposes of \$60,509,040 which will expire according to the following table:

AMOUNT	EXPIRATION
\$ 1,986,400.....	December 31, 2006
6,008,551.....	December 31, 2007
9,851,557.....	December 31, 2008
17,412,110.....	December 31, 2009
17,027,138.....	December 31, 2010
6,782,916.....	December 31, 2011
875,105.....	December 31, 2012
565,263.....	December 31, 2013

A portion of the capital loss carryforward above was acquired due to a merger with another regulated investment company, please see Footnote 3 for details. Furthermore, the utilization of the capital loss carryforward amount above may be limited due to the merger.

At December 31, 2005, the cost and related gross unrealized appreciation and depreciation are as follows:

Cost of investments for tax purposes.....	\$150,554,350
	=====
Gross tax unrealized appreciation.....	\$ 3,490,105
Gross tax unrealized depreciation.....	(9,745,343)
	-----
Net tax unrealized depreciation on investments.....	\$ (6,255,238)
	=====

E. DISTRIBUTION OF INCOME AND GAINS The Trust declares and pays monthly dividends from net investment income to common shareholders. Net realized gains, if any, are distributed annually to common shareholders. Distributions from net realized gains for book purposes may include short-term capital gains which are included in ordinary income for tax purposes.

The tax character of distributions paid during the years ended December 31, 2005 and 2004 were as follows:

2005

2004

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Distributions paid from:		
Ordinary income.....	\$6,971,990	\$4,011,590
Long-term capital gain.....	-0-	-0-
	-----	-----
	\$6,971,990	\$4,011,590
	=====	=====

Due to inherent differences in the recognition of income, expenses and realized gains/ losses under accounting principles generally accepted in the United States of America and

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VAN KAMPEN HIGH INCOME TRUST II

NOTES TO FINANCIAL STATEMENTS -- DECEMBER 31, 2005 continued

federal income tax purposes, permanent differences between book and tax basis reporting for the 2005 fiscal year have been identified and appropriately reclassified. Permanent differences of \$152,303 relating to consent fee income received from tender offers were reclassified from accumulated undistributed net investment income to accumulated net realized loss. A permanent book and tax difference relating to excise taxes paid which are not deductible for tax purposes totaling \$10,252 was reclassified from accumulated undistributed net investment income to paid in surplus. Additionally, permanent book and tax differences of \$251,496 relating to book to tax amortization differences were reclassified from accumulated undistributed net investment income to accumulated net realized loss. A permanent book to tax difference of \$213,360 relating to merger costs which are not deductible for tax purposes was reclassified from accumulated undistributed net investment income to paid in surplus.

As of December 31, 2005, the components of distributable earnings on a tax basis were as follows:

Undistributed ordinary income.....	\$277,255
Long-term capital gain.....	-0-

Net realized gains or losses may differ for financial and tax reporting purposes primarily as a result of the deferral of losses relating to wash sale transactions.

2. INVESTMENT ADVISORY AGREEMENT AND OTHER TRANSACTIONS WITH AFFILIATES

Under the terms of the Trust's Investment Advisory Agreement, the Adviser will provide investment advice and facilities to the Trust for an annual fee payable monthly of .70% of the average daily net assets of the Trust.

For the year ended December 31, 2005, the Trust recognized expenses of approximately \$8,200 representing legal services provided by Skadden, Arps, Slate, Meagher & Flom LLP, of which a trustee of the Trust is a partner of such firm and he and his law firm provide legal services as legal counsel to the Trust.

Under separate Legal Services, Accounting Services and Chief Compliance Officer ("CCO") Employment agreements, the Adviser provides accounting and legal services and the CCO provides compliance services to the Trust. The costs of

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these services are allocated to each Trust. For the year ended December 31, 2005 the Trust recognized expenses of approximately \$53,000 representing Van Kampen Investments Inc.'s or its affiliates (collectively "Van Kampen") cost of providing accounting and legal services to the Trust, as well as, the salary, benefits and related costs of the CCO and related support staff paid by Van Kampen. Services provided pursuant to the Legal Services agreement are reported as part of "Legal" expenses on the Statement of Operations. Services provided pursuant to the Accounting Services and CCO Employment agreement are reported as part of "Other" expenses on the Statement of Operations.

Certain officers and trustees of the Trust are also officers and directors of Van Kampen. The Trust does not compensate its officers or trustees who are also officers of Van Kampen.

The Trust provides deferred compensation and retirement plans for its trustees who are not officers of Van Kampen. Under the deferred compensation plan, trustees may elect to defer all or a portion of their compensation to a later date. Benefits under the retirement plan are payable upon retirement for a ten-year period and are based upon each trustee's

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### VAN KAMPEN HIGH INCOME TRUST II

#### NOTES TO FINANCIAL STATEMENTS -- DECEMBER 31, 2005 continued

years of service to the Trust. The maximum annual benefit per trustee under the plan is \$2,500.

#### 3. CAPITAL TRANSACTIONS

At December 31, 2005 and 2004, paid in surplus related to common shares aggregated \$147,793,704 and \$64,211,619, respectively.

Transactions in common shares were as follows:

	YEAR ENDED DECEMBER 31, 2005	YEAR ENDED DECEMBER 31, 2004
Beginning Shares.....	8,109,000	8,109,000
Shares Acquired Through Merger.....	10,784,621	-0-
	-----	-----
Ending Shares.....	18,893,621	8,109,000
	=====	=====

On July 29, 2005 the Trust acquired all of the assets and liabilities of Van Kampen High Income Trust (ticker symbol VIT) through a tax free reorganization approved by VIT shareholders on July 22, 2005. The Trust issued 10,784,621 common shares with a net asset value of \$49,072,045 and 1,504 Auction Preferred Shares ("APS") with a liquidation value of \$37,600,000 in exchange for VIT's net assets. The shares of VIT were converted into Trust shares at a ratio of 0.786581 to 1 and 1 to 4, for common shares and APS, respectively. Net unrealized depreciation of VIT as of July 29, 2005 was \$1,265,478. The Trust assumed VIT book to tax accretion differences, which resulted in a \$263,880 increase to accumulated undistributed net investment income and a corresponding decrease to net unrealized appreciation. Combined net assets applicable to common shares on the day of reorganization were \$85,969,581 and combined net assets including preferred shares were \$151,369,581. Included in these net

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assets was a capital loss carryforward of \$33,329,662, of which all can be utilized by the acquiring Trust, deferred compensation and retirement plan balance of \$229,390 and non-accrual interest income of \$16,968, all carried forward from the Van Kampen High Income Trust. The Trust incurred merger expenses of \$213,360, which represent costs related to the preparation, printing, and distribution of the Proxy Statement/Prospectus, Reorganization Agreement and registration statements as well as legal, audit, and filing fees.

### 4. INVESTMENT TRANSACTIONS

During the period, the cost of purchases and proceeds from sales of investments, excluding short-term investments, were \$61,478,932 and \$63,948,928, respectively.

### 5. AUCTION PREFERRED SHARES

As of December 31, 2005, the Trust has outstanding 2,616 Auction Preferred Shares ("APS"). Series A contains 1,112 shares and Series B contains 1,504 shares. Dividends are cumulative and the dividend rates are currently reset every 28 days through an auction process. The rate in effect on December 31, 2005 was 4.286%. During the year ended December 31, 2005, the rates ranged from 2.300% to 4.301%.

The Trust pays annual fees equivalent to .25% of the preferred share liquidation value for the remarketing efforts associated with the preferred auctions. These fees are included as a component of "Preferred Share Maintenance" expense on the Statement of Operations.

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VAN KAMPEN HIGH INCOME TRUST II

NOTES TO FINANCIAL STATEMENTS -- DECEMBER 31, 2005 continued

The APS are redeemable at the option of the Trust in whole or in part at the liquidation value of \$25,000 per share plus accumulated and unpaid dividends. The Trust is subject to certain asset coverage tests and the APS are subject to mandatory redemption if the tests are not met.

### 6. INDEMNIFICATIONS

The Trust enters into contracts that contain a variety of indemnifications. The Trust's maximum exposure under these arrangements is unknown. However, the Trust has not had prior claims or losses pursuant to these contracts and expects the risk of loss to be remote.

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VAN KAMPEN HIGH INCOME TRUST II

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Trustees and Shareholders of Van Kampen High Income Trust II:

We have audited the accompanying statement of assets and liabilities of Van Kampen High Income Trust II (the "Trust"), including the portfolio of investments, as of December 31, 2005, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial

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highlights are the responsibility of the Trust's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Trust is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2005, by correspondence with the Trust's custodian. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Van Kampen High Income Trust II as of December 31, 2005, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

DELOITTE & TOUCHE LLP  
Chicago, Illinois  
February 7, 2006

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VAN KAMPEN HIGH INCOME TRUST II

BOARD OF TRUSTEES, OFFICERS, AND IMPORTANT ADDRESSES

BOARD OF TRUSTEES

DAVID C. ARCH  
JERRY D. CHOATE  
ROD DAMMEYER  
LINDA HUTTON HEAGY  
R. CRAIG KENNEDY  
HOWARD J KERR  
JACK E. NELSON  
RICHARD F. POWERS, III\*  
HUGO F. SONNENSCHNEIN  
WAYNE W. WHALEN\* - Chairman  
SUZANNE H. WOOLSEY

OFFICERS

RONALD E. ROBISON  
President and Principal Executive Officer

JOSEPH J. MCALINDEN  
Executive Vice President and

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Chief Investment Officer

AMY R. DOBERMAN  
Vice President

STEFANIE V. CHANG  
Vice President and Secretary

JOHN L. SULLIVAN  
Chief Compliance Officer

PHILLIP G. GOFF  
Chief Financial Officer and Treasurer

INVESTMENT ADVISER

VAN KAMPEN ASSET MANAGEMENT  
1221 Avenue of the Americas  
New York, New York 10020

CUSTODIAN

STATE STREET BANK  
AND TRUST COMPANY  
225 W. Franklin Street  
P.O. Box 1713  
Boston, Massachusetts 02110

TRANSFER AGENT

EQUISERVE TRUST COMPANY, N.A.  
c/o Computershare Investor Services  
P.O. Box 43010  
Providence, Rhode Island 02940-3010

LEGAL COUNSEL

SKADDEN, ARPS, SLATE,  
MEAGHER, & FLOM LLP  
333 West Wacker Drive  
Chicago, Illinois 60606

INDEPENDENT REGISTERED  
PUBLIC ACCOUNTING FIRM

DELOITTE & TOUCHE LLP  
111 South Wacker Drive  
Chicago, Illinois 60606-4301

For Federal income tax purposes, the following information is furnished with respect to the distributions paid by the Trust during its taxable year ended December 31, 2005. For corporate shareholders, 3% of the distributions qualify for the dividends received deduction. As provided by the American Jobs Creation Act of 2004, certain interest-related dividends paid by the Trust may not be subjected to U.S. withholding tax. The Trust intends to designate up to a maximum of \$6,971,990 as qualifying as interest-related dividends. In January, the Trust provides tax information to shareholders for the preceding calendar year.

\* "Interested persons" of the Trust, as defined in the Investment Company Act of 1940, as amended.

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VAN KAMPEN HIGH INCOME TRUST II

TRUSTEES AND OFFICERS

The business and affairs of the Trust are managed under the direction of the Trust's Board of Trustees and the Trust's officers appointed by the Board of Trustees. The tables below list the trustees and executive officers of the Trust and their principal occupations during the last five years, other directorships held by trustees and their affiliations, if any, with Van Kampen Investments, the Adviser, the Distributor, Van Kampen Advisors Inc., Van Kampen Exchange Corp. and Investor Services. The term "Fund Complex" includes each of the investment companies advised by the Adviser as of the date of this Annual Report. Trustees of the Funds generally serve three year terms or until their successors are duly elected and qualified. Officers are annually elected by the trustees.

INDEPENDENT TRUSTEES

NAME, AGE AND ADDRESS OF INDEPENDENT TRUSTEE	POSITION(S) HELD WITH TRUST	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF FUNDS IN FUND COMPLEX OVERSEEN BY TRUSTEE
David C. Arch (60) Blistex Inc. 1800 Swift Drive Oak Brook, IL 60523	Trustee	Trustee since 1989	Chairman and Chief Executive Officer of Blistex Inc., a consumer health care products manufacturer. Director of the Heartland Alliance, a nonprofit organization serving human needs based in Chicago. Director of St. Vincent de Paul Center, a Chicago based day care facility serving the children of low income families. Board member of the Illinois Manufacturers' Association.	66
Jerry D. Choate (67) 33971 Selva Road Suite 130 Dana Point, CA 92629	Trustee	Trustee since 2003	Prior to January 1999, Chairman and Chief Executive Officer of the Allstate Corporation ("Allstate") and Allstate Insurance Company. Prior to January 1995, President and Chief Executive Officer of Allstate. Prior to August 1994, various management positions at Allstate.	64



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VAN KAMPEN HIGH INCOME TRUST II  
TRUSTEES AND OFFICERS continued

NAME, AGE AND ADDRESS OF INDEPENDENT TRUSTEE	POSITION(S) HELD WITH TRUST	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF FUNDS IN FUND COMPLEX OVERSEEN BY TRUSTEE
Rod Dammeyer (65) CAC, L.L.C. 4350 LaJolla Village Drive Suite 980 San Diego, CA 92122-6223	Trustee	Trustee since 1989	President of CAC, L.L.C., a private company offering capital investment and management advisory services. Prior to February 2001, Vice Chairman and Director of Anixter International, Inc., a global distributor of wire, cable and communications connectivity products. Prior to July 2000, Managing Partner of Equity Group Corporate Investment (EGI), a company that makes private investments in other companies.	66

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VAN KAMPEN HIGH INCOME TRUST II  
TRUSTEES AND OFFICERS continued

NAME, AGE AND ADDRESS OF INDEPENDENT TRUSTEE	POSITION(S) HELD WITH TRUST	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF FUNDS IN FUND COMPLEX OVERSEEN BY TRUSTEE
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<p>Linda Hutton Heagy (57)                  Heidrick &amp; Struggles                  233 South Wacker Drive                  Suite 7000                  Chicago, IL 60606</p>	<p>Trustee</p>	<p>Trustee                  since 2003</p>	<p>Managing Partner of                  Heidrick &amp; Struggles, an                  executive search firm.                  Trustee on the University                  of Chicago Hospitals                  Board, Vice Chair of the                  Board of the YMCA of                  Metropolitan Chicago and                  a member of the Women's                  Board of the University                  of Chicago. Prior to                  1997, Partner of Ray &amp;                  Berndtson, Inc., an                  executive recruiting                  firm. Prior to 1996,                  Trustee of The                  International House                  Board, a fellowship and                  housing organization for                  international graduate                  students. Prior to 1995,                  Executive Vice President                  of ABN AMRO, N.A., a bank                  holding company. Prior to                  1990, Executive Vice                  President of The Exchange                  National Bank.</p>	<p>64</p>
<p>R. Craig Kennedy (54)                  1744 R Street, NW                  Washington, DC 20009</p>	<p>Trustee</p>	<p>Trustee                  since 2003</p>	<p>Director and President of                  the German Marshall Fund                  of the United States, an                  independent U.S.                  foundation created to                  deepen understanding,                  promote collaboration and                  stimulate exchanges of                  practical experience                  between Americans and                  Europeans. Formerly,                  advisor to the Dennis                  Trading Group Inc., a                  managed futures and                  option company that                  invests money for                  individuals and                  institutions. Prior to                  1992, President and Chief                  Executive Officer,                  Director and member of                  the Investment Committee                  of the Joyce Foundation,                  a private foundation.</p>	<p>64</p>
<p>Howard J Kerr (70)                  14 Huron Trace                  Galena, IL 61036</p>	<p>Trustee</p>	<p>Trustee                  since 1992</p>	<p>Prior to 1998, President                  and Chief Executive                  Officer of Pocklington                  Corporation, Inc., an                  investment holding                  company. Director of the                  Marrow Foundation.</p>	<p>66</p>

VAN KAMPEN HIGH INCOME TRUST II  
TRUSTEES AND OFFICERS continued

NAME, AGE AND ADDRESS OF INDEPENDENT TRUSTEE	POSITION(S) HELD WITH TRUST	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF FUNDS IN FUND COMPLEX OVERSEEN BY TRUSTEE
Jack E. Nelson (70) 423 Country Club Drive Winter Park, FL 32789	Trustee	Trustee since 2003	President of Nelson Investment Planning Services, Inc., a financial planning company and registered investment adviser in the State of Florida. President of Nelson Invest Brokerage Services Inc., a member of the NASD, Securities Investors Protection Corp. and the Municipal Securities Rulemaking Board. President of Nelson Sales and Services Corporation, a marketing and services company to support affiliated companies.	64
Hugo F. Sonnenschein (65) 1126 E. 59th Street Chicago, IL 60637	Trustee	Trustee since 1994	President Emeritus and Honorary Trustee of the University of Chicago and the Adam Smith Distinguished Service Professor in the Department of Economics at the University of Chicago. Prior to July 2000, President of the University of Chicago. Trustee of the University of Rochester and a member of its investment committee. Member of the National Academy of Sciences, the American Philosophical Society and a fellow of the American Academy of Arts and Sciences.	66
Suzanne H. Woolsey, Ph.D. (64) 815 Cumberstone Road Harwood, MD 20776	Trustee	Trustee since 2003	Chief Communications Officer of the National Academy of	64

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Sciences/National Research Council, an independent, federally chartered policy institution, from 2001 to November 2003 and Chief Operating Officer from 1993 to 2001. Director of the Institute for Defense Analyses, a federally funded research and development center, Director of the German Marshall Fund of the United States, Director of the Rocky Mountain Institute and Trustee of Colorado College. Prior to 1993, Executive Director of the Commission on Behavioral and Social Sciences and Education at the National Academy of Sciences/National Research Council. From 1980 through 1989, Partner of Coopers & Lybrand.

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VAN KAMPEN HIGH INCOME TRUST II

TRUSTEES AND OFFICERS continued

INTERESTED TRUSTEE\*

NAME, AGE AND ADDRESS OF INTERESTED TRUSTEE	POSITION(S) HELD WITH TRUST	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS	NUMBER OF FUNDS IN FUND COMPLEX OVERSEEN BY TRUSTEE
Wayne W. Whalen* (66) 333 West Wacker Drive Chicago, IL 60606	Trustee	Trustee since 1989	Partner in the law firm of Skadden, Arps, Slate, Meagher & Flom LLP, legal counsel to funds in the Fund Complex.	66

\* Mr. Whalen is an "interested person" (within the meaning of Section 2(a)(19) of the 1940 Act) of certain funds in the Fund Complex by reason of he and his firm currently providing legal services as legal counsel to such funds in the Fund Complex.

VAN KAMPEN HIGH INCOME TRUST II

TRUSTEES AND OFFICERS continued

## OFFICERS

NAME, AGE AND ADDRESS OF OFFICER	POSITION(S) HELD WITH TRUST	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS
Ronald E. Robison (67) 1221 Avenue of the Americas New York, NY 10020	President and Principal Executive Officer	Officer since 2003	President of funds in the Fund Complex and Principal Executive Officer of fund since May 2003. Managing Director of V Inc. since June 2003. Director of Investment since September 2002. Director of the Advisory Investments and Van Kampen Exchange Company since 2005. Managing Director of Morgan Stanley & Co. Incorporated. Managing Director of Morgan Stanley Investment Management Inc. Administrative Officer, Managing Director of Morgan Stanley Investment Advisors Inc. Services Company Inc. Managing Director of Morgan Stanley Distributors Inc. and Morgan Stanley Distribution Inc. Chief Executive Officer of Morgan Stanley Trust. Executive Vice President and Executive Officer of the Institutional Investment Funds. Director of Morgan Stanley Global Operations Officer of Morgan Stanley Management Inc. and Executive Vice President of Fund Complex from May 2003 to September 2002.
Joseph J. McAlinden (63) 1221 Avenue of the Americas New York, NY 10020	Executive Vice President and Chief Investment Officer	Officer since 2002	Managing Director and Chief Investment Officer of Morgan Stanley Investment Advisors Inc., and Chief Investment Officer of Morgan Stanley Investment Management Inc. and Director of Morgan Stanley Trust for over 5 years. Executive Vice President and Chief Investment Officer of Morgan Stanley Investments, the Adviser and Van Kampen Fund Complex since December 2002.
Amy R. Doberman (43) 1221 Avenue of the Americas New York, NY 10020	Vice President	Officer since 2004	Managing Director and General Counsel, Investment Management; Managing Director of Morgan Stanley Investment Management Inc., Morgan Stanley Investment Adviser. Vice President of the Morgan Stanley Institutional and Retail Funds since July 2004. President of funds in the Fund Complex since July 2004. Previously, Managing Director and General Counsel of UBS Global Asset Management Inc. from January 1997 to July 2000.
Stefanie V. Chang (39) 1221 Avenue of the Americas New York, NY 10020	Vice President and Secretary	Officer since 2003	Executive Director of Morgan Stanley Investment Management Inc. Vice President and Secretary of Morgan Stanley Fund Complex.

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VAN KAMPEN HIGH INCOME TRUST II  
TRUSTEES AND OFFICERS continued

NAME, AGE AND ADDRESS OF OFFICER	POSITION(S) HELD WITH TRUST	TERM OF OFFICE AND LENGTH OF TIME SERVED	PRINCIPAL OCCUPATION(S) DURING PAST 5 YEARS
John L. Sullivan (50) 1 Parkview Plaza Oakbrook Terrace, IL 60181	Chief Compliance Officer	Officer since 1998	Chief Compliance Officer of funds in t August 2004. Prior to August 2004, Dir Director of Van Kampen Investments, th Advisors Inc. and certain other subsid Investments, Vice President, Chief Fin Treasurer of funds in the Fund Complex Accounting for Morgan Stanley Investme Prior to December 2002, Executive Dire Investments, the Adviser and Van Kampe
Phillip G. Goff (42) 1 Parkview Plaza Oakbrook Terrace, IL 60181	Chief Financial Officer and Treasurer	Officer since 2005	Executive Director of Morgan Stanley I Inc. since June 2005. Chief Financial of funds in the Fund Complex since Aug June 2005, Vice President and Chief Fi Enterprise Capital Management, Inc., a company.

In accordance with Section 303A.12(a) of the New York Stock Exchange Listed Company Manual, the Trust's Chief Executive Officer has certified to the New York Stock Exchange that, as of July 18, 2005, he was not aware of any violation by the Trust of NYSE corporate governance listing standards.

The certifications by the Trust's principal executive officer and principal financial officer required by Rule 30a-2 under the 1940 Act were filed with the Trust's report to the SEC on Form N-CSR and are available on the Securities and Exchange Commission's web site at <http://www.sec.gov>.

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Van Kampen High Income Trust II

An Important Notice Concerning Our U.S. Privacy Policy

We are required by federal law to provide you with a copy of our Privacy Policy annually.

The following Policy applies to current and former individual clients of Van Kampen Investments Inc., Van Kampen Asset Management, Van Kampen Advisors Inc., Van Kampen Funds Inc., Van Kampen Investor Services Inc. and Van Kampen Exchange Corp., as well as current and former individual investors in Van Kampen mutual funds, unit investment trusts, and related companies.

This Policy is not applicable to partnerships, corporations, trusts or other

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non-individual clients or account holders, nor is this Policy applicable to individuals who are either beneficiaries of a trust for which we serve as trustee or participants in an employee benefit plan administered or advised by us. This Policy is, however, applicable to individuals who select us to be a custodian of securities or assets in individual retirement accounts, 401(k) accounts, 529 Educational Savings Accounts, accounts subject to the Uniform Gifts to Minors Act, or similar accounts.

Please note that we may amend this Policy at any time, and will inform you of any changes to this Policy as required by law.

### WE RESPECT YOUR PRIVACY

We appreciate that you have provided us with your personal financial information. We strive to maintain the privacy of such information while we help you achieve your financial objectives. This Policy describes what non-public personal information we collect about you, why we collect it, and when we may share it with others.

We hope this Policy will help you understand how we collect and share non-public personal information that we gather about you. Throughout this Policy, we refer to the non-public information that personally identifies you or your accounts as "personal information."

#### 1. WHAT PERSONAL INFORMATION DO WE COLLECT ABOUT YOU?

To serve you better and manage our business, it is important that we collect and maintain accurate information about you. We may obtain this information from applications and other forms you submit to us, from your dealings with us, from consumer reporting agencies, from our Web sites and from third parties and other sources.

(continued on next page)

Van Kampen High Income Trust II

An Important Notice Concerning Our U.S. Privacy Policy continued

For example:

- We may collect information such as your name, address, e-mail address, telephone/fax numbers, assets, income and investment objectives through applications and other forms you submit to us.
- We may obtain information about account balances, your use of account(s) and the types of products and services you prefer to receive from us through your dealings and transactions with us and other sources.
- We may obtain information about your creditworthiness and credit history from consumer reporting agencies.
- We may collect background information from and through third-party vendors to verify representations you have made and to comply with various regulatory requirements.
- If you interact with us through our public and private Web sites, we may collect information that you provide directly through online communications (such as an e-mail address). We may also collect information about your Internet service provider, your domain name, your computer's operating system and Web browser, your use of our Web sites and your product and service preferences, through the use of

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"cookies." "Cookies" recognize your computer each time you return to one of our sites, and help to improve our sites' content and personalize your experience on our sites by, for example, suggesting offerings that may interest you. Please consult the Terms of Use of these sites for more details on our use of cookies.

### 2. WHEN DO WE DISCLOSE PERSONAL INFORMATION WE COLLECT ABOUT YOU?

To provide you with the products and services you request, to serve you better and to manage our business, we may disclose personal information we collect about you to our affiliated companies and to non-affiliated third parties as required or permitted by law.

A. INFORMATION WE DISCLOSE TO OUR AFFILIATED COMPANIES. We do not disclose personal information that we collect about you to our affiliated companies except to enable them to provide services on our behalf or as otherwise required or permitted by law.

B. INFORMATION WE DISCLOSE TO THIRD PARTIES. We do not disclose personal information that we collect about you to non-affiliated third parties except to enable them to provide services on our behalf, to perform joint marketing agreements with

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Van Kampen High Income Trust II

An Important Notice Concerning Our U.S. Privacy Policy continued

other financial institutions, or as otherwise required or permitted by law. For example, some instances where we may disclose information about you to non-affiliated third parties include: for servicing and processing transactions, to offer our own products and services, to protect against fraud, for institutional risk control, to respond to judicial process or to perform services on our behalf. When we share personal information with these companies, they are required to limit their use of personal information to the particular purpose for which it was shared and they are not allowed to share personal information with others except to fulfill that limited purpose.

### 3. HOW DO WE PROTECT THE SECURITY AND CONFIDENTIALITY OF PERSONAL INFORMATION WE COLLECT ABOUT YOU?

We maintain physical, electronic and procedural security measures to help safeguard the personal information we collect about you. We have internal policies governing the proper handling of client information. Third parties that provide support or marketing services on our behalf may also receive personal information, and we require them to adhere to confidentiality standards with respect to such information.

Van Kampen Funds Inc.  
1 Parkview Plaza  
P.O. Box 5555  
Oakbrook Terrace, IL 60181-5555

[www.vankampen.com](http://www.vankampen.com)

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(VAN KAMPEN INVESTMENTS SHINE LOGO)

RN06-00266P-Y12/05

### Item 2. Code of Ethics.

(a) The Trust has adopted a code of ethics (the "Code of Ethics") that applies to its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the Trust or a third party.

(b) No information need be disclosed pursuant to this paragraph.

(c) The Trust has amended its Code of Ethics during the period covered by the shareholder report presented in Item 1 hereto to delete from the end of the following paragraph on page 2 of the Code the phrase "to the detriment of the Fund.":

"Each Covered Officer must not use his personal influence or personal relationship improperly to influence investment decisions or financial reporting by the Fund whereby the Covered Officer would benefit personally (directly or indirectly)."

Further, due to personnel changes at the Adviser, the list of Covered Officers set forth in Exhibit B and the General Counsel designee to whom questions about the application of the Code should be referred in Exhibit C were amended during the period. Exhibit B was then amended again in March 2005 and a third time in August 2005 and a fourth time in September 2005. All four editions of Exhibit B are attached. Additionally, Exhibit B was amended to remove Mitchell M. Merin as a covered officer.

(d) Not applicable.

(e) Not applicable.

(f)

(1) The Trust's Code of Ethics is attached hereto as Exhibit 12A.

(2) Not applicable.

(3) Not applicable.

### Item 3. Audit Committee Financial Expert.

The Trust's Board of Trustees has determined that it has two "audit committee financial experts" serving on its audit committee, each of whom are "independent" Trustees : Jerry Choate and R. Craig Kennedy. Under applicable securities laws, a person who is determined to be an audit committee financial expert will not be deemed an "expert" for any purpose, including without limitation for the purposes of Section 11 of the Securities Act of 1933, as a result of being designated or identified as an audit committee financial expert. The designation or identification of a person as an audit committee financial expert does not impose on such person any duties, obligations, or liabilities that are greater than the duties, obligations, and liabilities imposed on such person as a member of the audit committee and Board of Trustees in the absence of such designation or identification.

### Item 4. Principal Accountant Fees and Services.

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(a) (b) (c) (d) and (g). Based on fees billed for the periods shown:

	REGISTRANT	COVERED ENTITIES (1)
2004		
AUDIT FEES.....	\$44,200	N/A
NON-AUDIT FEES		
AUDIT-RELATED FEES.....	\$ 800 (2)	\$ 321,000 (3)
TAX FEES.....	\$ 1,600 (4)	\$ 0
ALL OTHER FEES.....	\$ 0	\$ 0
TOTAL NON-AUDIT FEES.....	\$ 2,400	\$ 321,000
TOTAL.....	\$46,600	\$ 321,000

	REGISTRANT	COVERED ENTITIES (1)
2003		
AUDIT FEES.....	\$42,130	N/A
NON-AUDIT FEES		
AUDIT-RELATED FEES.....	\$ 750 (2)	\$ 198,000 (3)
TAX FEES.....	\$ 1,550 (4)	\$ 0
ALL OTHER FEES.....	\$ 0	\$ 0
TOTAL NON-AUDIT FEES.....	\$ 2,300	\$ 198,000
TOTAL.....	\$44,430	\$ 198,000

N/A- Not applicable, as not required by Item 4.

- (1) Covered Entities include the Adviser (excluding sub-advisors) and any entity controlling, controlled by or under common control with the Adviser that provides ongoing services to the Registrant.
- (2) Audit-Related Fees represent agreed upon procedures provided that are reasonably related to the performance of the audit of the financial statements of the Registrant.
- (3) Audit-Related Fees represent assurance and related services provided that are reasonably related to the performance of the audit of the financial statements of the Covered Entities' and funds advised by the Adviser or its affiliates, specifically attestation services provided in connection with a SAS 70 Report.
- (4) Tax Fees represent tax advice and compliance services provided in connection with the review of the Registrant's tax.

(e) (1) The audit committee's pre-approval policies and procedures are as follows:

JOINT AUDIT COMMITTEE

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## AUDIT AND NON-AUDIT SERVICES PRE-APPROVAL POLICY AND PROCEDURES OF THE VAN KAMPEN FUNDS

AS ADOPTED JULY 23, 2003 AND AMENDED MAY 26, 2004(1)

### 1. STATEMENT OF PRINCIPLES

The Audit Committee of the Board is required to review and, in its sole discretion, pre-approve all Covered Services to be provided by the Independent Auditors to the Fund and Covered Entities in order to assure that services performed by the Independent Auditors do not impair the auditor's independence from the Fund.(2)

The SEC has issued rules specifying the types of services that an independent auditor may not provide to its audit client, as well as the audit committee's administration of the engagement of the independent auditor. The SEC's rules establish two different approaches to pre-approving services, which the SEC considers to be equally valid. Proposed services either: may be pre-approved without consideration of specific case-by-case services by the Audit Committee ("general pre-approval"); or require the specific pre-approval of the Audit Committee ("specific pre-approval"). The Audit Committee believes that the combination of these two approaches in this Policy will result in an effective and efficient procedure to pre-approve services performed by the Independent Auditors. As set forth in this Policy, unless a type of service has received general pre-approval, it will require specific pre-approval by the Audit Committee (or by any member of the Audit Committee to which pre-approval authority has been delegated) if it is to be provided by the Independent Auditors. Any proposed services exceeding pre-approved cost levels or budgeted amounts will also require specific pre-approval by the Audit Committee.

For both types of pre-approval, the Audit Committee will consider whether such services are consistent with the SEC's rules on auditor independence. The Audit Committee will also consider whether the Independent Auditors are best positioned to provide the most effective and efficient services, for reasons such as its familiarity with the Fund's business, people, culture, accounting systems, risk profile and other factors, and whether the service might enhance the Fund's ability to manage or control risk or improve audit quality. All such factors will be considered as a whole, and no one factor should necessarily be determinative.

The Audit Committee is also mindful of the relationship between fees for audit and non-audit services in deciding whether to pre-approve any such services and may determine for each fiscal year, the appropriate ratio between the total amount of fees for Audit, Audit-related and Tax services for the Fund (including any Audit-related or Tax service fees for Covered Entities that were subject to pre-approval), and the total amount of fees for certain permissible non-audit services classified as All Other services for the Fund (including any such services for Covered Entities subject to pre-approval).

The appendices to this Policy describe the Audit, Audit-related, Tax and All Other services that have the general pre-approval of the Audit Committee. The term of any general pre-approval is 12 months from the date of pre-approval, unless the Audit Committee considers and provides a different period and states otherwise. The Audit Committee will annually review and pre-approve the services that may be provided by the Independent Auditors without obtaining specific pre-approval

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(1) This Joint Audit Committee Audit and Non-Audit Services Pre-Approval Policy and Procedures (the "Policy"), amended as of the date above,

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supercedes and replaces all prior versions that may have been amended from time to time.

- (2) Terms used in this Policy and not otherwise defined herein shall have the meanings as defined in the Joint Audit Committee Charter.

from the Audit Committee. The Audit Committee will add to or subtract from the list of general pre-approved services from time to time, based on subsequent determinations.

The purpose of this Policy is to set forth the policy and procedures by which the Audit Committee intends to fulfill its responsibilities. It does not delegate the Audit Committee's responsibilities to pre-approve services performed by the Independent Auditors to management.

The Fund's Independent Auditors have reviewed this Policy and believes that implementation of the Policy will not adversely affect the Independent Auditors' independence.

### 2. DELEGATION

As provided in the Act and the SEC's rules, the Audit Committee may delegate either type of pre-approval authority to one or more of its members. The member to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next scheduled meeting.

### 3. AUDIT SERVICES

The annual Audit services engagement terms and fees are subject to the specific pre-approval of the Audit Committee. Audit services include the annual financial statement audit and other procedures required to be performed by the Independent Auditors to be able to form an opinion on the Fund's financial statements. These other procedures include information systems and procedural reviews and testing performed in order to understand and place reliance on the systems of internal control, and consultations relating to the audit. The Audit Committee will monitor the Audit services engagement as necessary, but no less than on a quarterly basis, and will also approve, if necessary, any changes in terms, conditions and fees resulting from changes in audit scope, Fund structure or other items.

In addition to the annual Audit services engagement approved by the Audit Committee, the Audit Committee may grant general pre-approval to other Audit services, which are those services that only the Independent Auditors reasonably can provide. Other Audit services may include statutory audits and services associated with SEC registration statements (on Forms N-1A, N-2, N-3, N-4, etc.), periodic reports and other documents filed with the SEC or other documents issued in connection with securities offerings.

The Audit Committee has pre-approved the Audit services in Appendix B.1. All other Audit services not listed in Appendix B.1 must be specifically pre-approved by the Audit Committee (or by any member of the Audit Committee to which pre-approval has been delegated).

### 4. AUDIT-RELATED SERVICES

Audit-related services are assurance and related services that are reasonably related to the performance of the audit or review of the Fund's financial statements or, to the extent they are Covered Services, the Covered Entities' financial statements, or that are traditionally performed by the

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Independent Auditors. Because the Audit Committee believes that the provision of Audit-related services does not impair the independence of the auditor and is consistent with the SEC's rules on auditor independence, the Audit Committee may grant general pre-approval to Audit-related services. Audit-related services include, among others, accounting consultations related to accounting, financial reporting or disclosure matters not classified as "Audit services"; assistance with understanding and implementing new accounting and financial reporting guidance from rulemaking authorities; agreed-upon or expanded audit procedures related to accounting and/or billing records required to respond to or comply with financial, accounting or regulatory reporting matters; and assistance with internal control reporting requirements under Forms N-SAR and/or N-CSR.

The Audit Committee has pre-approved the Audit-related services in Appendix B.2. All other Audit-related services not listed in Appendix B.2 must be specifically pre-approved by the Audit Committee (or by any member of the Audit Committee to which pre-approval has been delegated).

### 5. TAX SERVICES

The Audit Committee believes that the Independent Auditors can provide Tax services to the Fund and, to the extent they are Covered Services, the Covered Entities, such as tax compliance, tax planning and tax advice without impairing the auditor's independence, and the SEC has stated that the Independent Auditors may provide such services. Hence, the Audit Committee believes it may grant general pre-approval to those Tax services that have historically been provided by the Independent Auditors, that the Audit Committee has reviewed and believes would not impair the independence of the Independent Auditors, and that are consistent with the SEC's rules on auditor independence. The Audit Committee will not permit the retention of the Independent Auditors in connection with a transaction initially recommended by the Independent Auditors, the sole business purpose of which may be tax avoidance and the tax treatment of which may not be supported in the Internal Revenue Code and related regulations. The Audit Committee will consult with Director of Tax or outside counsel to determine that the tax planning and reporting positions are consistent with this policy.

Pursuant to the preceding paragraph, the Audit Committee has pre-approved the Tax Services in Appendix B.3. All Tax services involving large and complex transactions not listed in Appendix B.3 must be specifically pre-approved by the Audit Committee (or by any member of the Audit Committee to which pre-approval has been delegated), including tax services proposed to be provided by the Independent Auditors to any executive officer or trustee/director/managing general partner of the Fund, in his or her individual capacity, where such services are paid for by the Fund (generally applicable only to internally managed investment companies).

### 6. ALL OTHER SERVICES

The Audit Committee believes, based on the SEC's rules prohibiting the Independent Auditors from providing specific non-audit services, that other types of non-audit services are permitted. Accordingly, the Audit Committee believes it may grant general pre-approval to those permissible non-audit services classified as All Other services that it believes are routine and recurring services, would not impair the independence of the auditor and are consistent with the SEC's rules on auditor independence.

The Audit Committee has pre-approved the All Other services in Appendix B.4. Permissible All Other services not listed in Appendix B.4 must be specifically pre-approved by the Audit Committee (or by any member of the Audit Committee to which pre-approval has been delegated).

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A list of the SEC's prohibited non-audit services is attached to this policy as Appendix B.5. The SEC's rules and relevant guidance should be consulted to determine the precise definitions of these services and the applicability of exceptions to certain of the prohibitions.

### 7. PRE-APPROVAL FEE LEVELS OR BUDGETED AMOUNTS

Pre-approval fee levels or budgeted amounts for all services to be provided by the Independent Auditors will be established annually by the Audit Committee. Any proposed services exceeding these levels or amounts will require specific pre-approval by the Audit Committee. The Audit Committee is mindful of the overall relationship of fees for audit and non-audit services in determining whether to pre-approve any such services. For each fiscal year, the Audit Committee may determine the appropriate ratio between the total amount of fees for Audit, Audit-related, and Tax services for the Fund (including any Audit-related or Tax services fees for Covered Entities subject to pre-approval), and the total amount of fees for certain permissible non-audit services classified as All Other services for the Fund (including any such services for Covered Entities subject to pre-approval).

### 8. PROCEDURES

All requests or applications for services to be provided by the Independent Auditors that do not require specific approval by the Audit Committee will be submitted to the Fund's Chief Financial Officer and must include a detailed description of the services to be rendered. The Fund's Chief Financial Officer will determine whether such services are included within the list of services that have received the general pre-approval of the Audit Committee. The Audit Committee will be informed on a timely basis of any such services rendered by the Independent Auditors. Requests or applications to provide services that require specific approval by the Audit Committee will be submitted to the Audit Committee by both the Independent Auditors and the Fund's Chief Financial Officer, and must include a joint statement as to whether, in their view, the request or application is consistent with the SEC's rules on auditor independence.

The Audit Committee has designated the Fund's Chief Financial Officer to monitor the performance of all services provided by the Independent Auditors and to determine whether such services are in compliance with this Policy. The Fund's Chief Financial Officer will report to the Audit Committee on a periodic basis on the results of its monitoring. A sample report is included as Appendix B.7. Both the Fund's Chief Financial Officer and management will immediately report to the chairman of the Audit Committee any breach of this Policy that comes to the attention of the Fund's Chief Financial Officer or any member of management.

### 9. ADDITIONAL REQUIREMENTS

The Audit Committee has determined to take additional measures on an annual basis to meet its responsibility to oversee the work of the Independent Auditors and to assure the auditor's independence from the Fund, such as reviewing a formal written statement from the Independent Auditors delineating all relationships between the Independent Auditors and the Fund, consistent with Independence Standards Board No. 1, and discussing with the Independent Auditors its methods and procedures for ensuring independence.

### 10. COVERED ENTITIES

Covered Entities include the Fund's investment adviser(s) and any entity controlling, controlled by or under common control with the Fund's investment

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adviser(s) that provides ongoing services to the Fund(s). Beginning with non-audit service contracts entered into on or after May 6, 2003, the Fund's audit committee must pre-approve non-audit services provided not only to the Fund but also to the Covered Entities if the engagements relate directly to the operations and financial reporting of the Fund. This list of Covered Entities would include:

- Van Kampen Investments Inc.
- Van Kampen Asset Management
- Van Kampen Advisors Inc.
- Van Kampen Funds Inc.
- Van Kampen Investor Services Inc.
- Morgan Stanley Investment Management Inc.
- Morgan Stanley Trust Company
- Morgan Stanley Investment Management Ltd.
- Morgan Stanley Investment Management Company
- Morgan Stanley Asset & Investment Trust Management Company Ltd.

(e) (2) Beginning with non-audit service contracts entered into on or after May 6, 2003, the audit committee also is required to pre-approve services to Covered Entities to the extent that the services

are determined to have a direct impact on the operations or financial reporting of the Registrant. 100% of such services were pre-approved by the audit committee pursuant to the Audit Committee's pre-approval policies and procedures (included herein).

(f) Not applicable.

(g) See table above.

(h) The audit committee of the Board of Trustees has considered whether the provision of services other than audit services performed by the auditors to the Registrant and Covered Entities is compatible with maintaining the auditors' independence in performing audit services.

### Item 5. Audit Committee of Listed Registrants.

(a) The Trust has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Exchange Act whose members are: Craig Kennedy, Jerry Choate and Rod Dammeyer.

(b) Not applicable.

### Item 6. Schedule of Investments.

Please refer to Item #1.

### Item 7. Disclosure of Proxy Voting Policies and Procedures for Closed-End Management Investment Companies.

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The Trust's and its investment advisor's Proxy Voting Policies and Procedures are as follows:

### MORGAN STANLEY INVESTMENT MANAGEMENT PROXY VOTING POLICY AND PROCEDURES

#### I. POLICY STATEMENT

Introduction - Morgan Stanley Investment Management's ("MSIM") policy and procedures for voting proxies ("Policy") with respect to securities held in the accounts of clients applies to those MSIM entities that provide discretionary investment management services and for which a MSIM entity has authority to vote proxies. The Policy will be reviewed and, updated, as necessary, to address new or revised proxy voting issues. The MSIM entities covered by the Policy currently include the following: Morgan Stanley Investment Advisors Inc., Morgan Stanley AIP GP LP, Morgan Stanley Investment Management Inc., Morgan Stanley Investment Management Limited, Morgan Stanley Investment Management Company, Morgan Stanley Asset & Investment Trust Management Co., Limited, Morgan Stanley Investment Management Private Limited, Morgan Stanley Hedge Fund Partners GP LP, Morgan Stanley Hedge Fund Partners LP, Van Kampen Asset Management, and Van Kampen Advisors Inc. (each an "MSIM Affiliate" and collectively referred to as the "MSIM Affiliates").

Each MSIM Affiliate will use its best efforts to vote proxies as part of its authority to manage, acquire and dispose of account assets. With respect to the MSIM registered management investment companies (Van Kampen, Institutional and Advisor Funds) (collectively referred to herein as the "MSIM Funds"), each MSIM Affiliate will vote proxies pursuant to authority granted under its applicable investment advisory agreement or, in the absence of such authority, as authorized by the Board of Directors or Trustees of the

MSIM Funds. A MSIM Affiliate will not vote proxies if the "named fiduciary" for an ERISA account has reserved the authority for itself, or in the case of an account not governed by ERISA, the investment management or investment advisory agreement does not authorize the MSIM Affiliate to vote proxies. MSIM Affiliates will, in a prudent and diligent manner, vote proxies in the best interests of clients, including beneficiaries of and participants in a client's benefit plan(s) for which the MSIM Affiliates manage assets, consistent with the objective of maximizing long-term investment returns ("Client Proxy Standard"). In certain situations, a client or its fiduciary may provide a MSIM Affiliate with a proxy voting policy. In these situations, the MSIM Affiliate will comply with the client's policy unless to do so would be inconsistent with applicable laws or regulations or the MSIM Affiliate's fiduciary responsibility.

Proxy Research Services - Institutional Shareholder Services ("ISS") and Glass Lewis (together with other proxy research providers as MSIM Affiliates may retain from time to time, the "Research Providers") are independent advisers that specialize in providing a variety of fiduciary-level proxy-related services to institutional investment managers, plan sponsors, custodians, consultants, and other institutional investors. The services provided include in-depth research, global issuer analysis, and voting recommendations. While the MSIM Affiliates may review and utilize the recommendations of the Research Providers in making proxy voting decisions, they are in no way obligated to follow such recommendations. In addition to research, ISS provides vote execution, reporting, and recordkeeping. MSIM's Proxy Review Committee (see Section IV.A. below) will carefully monitor and supervise the services provided by the Research Providers.

Voting Proxies for Certain Non-U.S. Companies - While the proxy voting process is well established in the United States and other developed markets with a



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number of tools and services available to assist an investment manager, voting proxies of non-U.S. companies located in certain jurisdictions, particularly emerging markets, may involve a number of problems that may restrict or prevent a MSIM Affiliate's ability to vote such proxies. These problems include, but are not limited to: (i) proxy statements and ballots being written in a language other than English; (ii) untimely and/or inadequate notice of shareholder meetings; (iii) restrictions on the ability of holders outside the issuer's jurisdiction of organization to exercise votes; (iv) requirements to vote proxies in person, (v) the imposition of restrictions on the sale of the securities for a period of time in proximity to the shareholder meeting; and (vi) requirements to provide local agents with power of attorney to facilitate the MSIM Affiliate's voting instructions. As a result, clients' non-U.S. proxies will be voted on a best efforts basis only, after weighing the costs and benefits to MSIM's clients of voting such proxies, consistent with the Client Proxy Standard. ISS has been retained to provide assistance to the MSIM Affiliates in connection with voting their clients' non-U.S. proxies.

### II. GENERAL PROXY VOTING GUIDELINES

To ensure consistency in voting proxies on behalf of its clients, MSIM Affiliates will follow (subject to any exception set forth herein) this Policy, including the guidelines set forth below. These guidelines address a broad range of issues, including board size and composition, executive compensation, anti-takeover proposals, capital structure proposals and social responsibility issues and are meant to be general voting parameters on issues that arise most frequently. The MSIM Affiliates, however, may, pursuant to the procedures set forth in Section IV. below, vote in a manner that is not in accordance with the following general guidelines, provided the vote is approved by the Proxy Review Committee and is consistent with the Client Proxy Standard. A MSIM Affiliate will not generally vote a proxy if it has sold the affected security between the record date and the meeting date.

### III. GUIDELINES

A. CORPORATE GOVERNANCE MATTERS. The following proposals will generally be voted as indicated below, unless otherwise determined by the Proxy Review Committee.

#### i. General.

1. Generally, routine management proposals will be supported. The following are examples of routine management proposals:
  - Approval of financial statements, director and auditor reports.
  - General updating/corrective amendments to the charter.
  - Proposals related to the conduct of the annual meeting, except those proposals that relate to the "transaction of such other business which may come before the meeting."
2. Proposals to eliminate cumulative voting generally will be supported; proposals to establish cumulative voting in the election of directors will not be supported.
3. Proposals requiring confidential voting and independent tabulation of voting results will be supported.
4. Proposals requiring a U.S. company to have a separate Chairman and CEO will not be supported. Proposals requiring non-U.S. companies to

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have a separate Chairman and CEO will be supported.

5. Proposals by management of non-U.S. companies regarding items that are clearly related to the regular course of business will be supported.
  6. Proposals to require the company to expense stock options will be supported.
  7. Open-ended requests for adjournment generally will not be supported. However, where management specifically states the reason for requesting an adjournment and the requested adjournment is necessary to permit a proposal that would otherwise be supported under this Policy to be carried out (i.e. an uncontested corporate transaction), the adjournment request will be supported.
  8. Proposals to declassify the Board of Directors (if management supports a classified board) generally will not be supported.
  9. Proposal requiring that the company prepare reports that are costly to provide or that would require duplicative efforts or expenditures that are of a non-business nature or would provide no pertinent information from the perspective of institutional shareholders generally will not be supported.
- ii. Election of Directors. In situations where no conflict exists and where no specific governance deficiency has been noted, unless otherwise determined by the

Proxy Review Committee, proxies will be voted in support of nominees of management.

1. The following proposals generally will be supported:
  - Proposals requiring that a certain percentage (up to 66 2/3%) of the company's board members be independent directors.
  - Proposals requiring that members of the company's compensation, nominating and audit committees be comprised of independent or unaffiliated directors.
2. Unless otherwise determined by the Proxy Review Committee, a withhold vote will be made in the following circumstances:
  - (a) If a company's board is not comprised of a majority of disinterested directors, a withhold vote will be made for interested directors. A director nominee may be deemed to be interested if the nominee has, or any time during the previous five years had, a relationship with the issuer (e.g., investment banker, counsel or other professional service provider, or familial relationship with a senior officer of the issuer) that may impair his or her independence;
  - (b) If a nominee who is interested is standing for election as a member of the company's compensation, nominating or audit committees;
  - (c) A direct conflict exists between the interests of the nominee and the public shareholders;

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- (d) Where the nominees standing for election have not taken action to implement generally accepted governance practices for which there is a "bright line" test. These would include elimination of dead hand or slow hand poison pills, requiring audit, compensation or nominating committees to be composed of independent directors and requiring a majority independent board;
- (e) A nominee has failed to attend at least 75% of board meetings within a given year without a reasonable excuse; or
- (f) A nominee serves on the board of directors for more than six companies (excluding investment companies).

### iii. Auditors

1. Generally, management proposals for selection or ratification of auditors will be supported. However, such proposals may not be supported if the audit fees are excessive. Generally, to determine if audit fees are excessive, a 50% test will be applied for audit fees in excess of \$1 million: if audit fees are \$1 million or more, non-audit fees should be less than 50% of the total fees paid to the auditor. If audit fees are less than \$1 million, the fees will be reviewed case by case by the Proxy Review Committee.
2. Proposals requiring auditors to attend the annual meeting of shareholders will be supported.
3. Proposals to indemnify auditors will not be supported.

### iv. Anti-Takeover Matters

1. Proposals to modify or rescind existing supermajority vote requirements to amend the charter or bylaws will be supported; proposals to amend by-laws to require a supermajority shareholder vote to pass or repeal certain provisions will not be supported.
2. Proposals relating to the adoption of anti-greenmail provisions will be supported, provided that the proposal: (i) defines greenmail; (ii) prohibits buyback offers to large block holders (holders of at least 1% of the outstanding shares and in certain cases, a greater amount, as determined by the Proxy Review Committee) not made to all shareholders or not approved by disinterested shareholders; and (iii) contains no anti-takeover measures or other provisions restricting the rights of shareholders.
3. Proposals requiring shareholder approval or ratification of a shareholder rights plan or poison pill will be supported.

B. CAPITALIZATION CHANGES. The following proposals generally will be voted as indicated below, unless otherwise determined by the Proxy Review Committee.

1. The following proposals generally will be supported:
  - Proposals relating to capitalization changes that eliminate other classes of stock and/or eliminate unequal voting rights.
  - Proposals to increase the authorization of existing classes of common stock (or securities convertible into common stock) if:
    - (i) a clear and legitimate business purpose is stated; (ii)

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the number of shares requested is reasonable in relation to the purpose for which authorization is requested; and (iii) the authorization does not exceed 100% of shares currently authorized and at least 30% of the new authorization will be outstanding.

- Proposals to create a new class of preferred stock or for issuances of preferred stock up to 50% of issued capital.
- Proposals for share repurchase plans.
- Proposals to reduce the number of authorized shares of common or preferred stock, or to eliminate classes of preferred stock.
- Proposals to effect stock splits.
- Proposals to effect reverse stock splits if management proportionately reduces the authorized share amount set forth in the corporate charter. Reverse stock splits that do not adjust proportionately to the authorized share amount generally will be approved if the resulting increase in

authorized shares coincides with the proxy guidelines set forth above for common stock increases.

2. The following proposals generally will not be supported (notwithstanding management support).

- Proposals relating to capitalization changes that add classes of stock which substantially dilute the voting interests of existing shareholders.
- Proposals to increase the authorized number of shares of existing classes of stock that carry preemptive rights or supervoting rights.
- Proposals to create "blank check" preferred stock.
- Proposals relating to changes in capitalization by 100% or more.

C. COMPENSATION. The following proposals generally will be voted as indicated below, unless otherwise determined by the Proxy Review Committee.

1. The following proposals generally will be supported:

- Proposals relating to director fees, provided the amounts are not excessive relative to other companies in the country or industry.
- Proposals for employee stock purchase plans that permit discounts up to 15%, but only for grants that are part of a broad-based employee plan, including all non-executive employees.
- Proposals for the establishment of employee stock option plans and other employee ownership plans, provided that our research does not indicate that approval of the plan would be against shareholder interest.

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- Proposals for the establishment of employee retirement and severance plans, provided that our research does not indicate that approval of the plan would be against shareholder interest.
- 2. Blanket proposals requiring shareholder approval of all severance agreements will not be supported, however, proposals that require shareholder approval for agreements in excess of three times the annual compensation (salary and bonus) generally will be supported.
- 3. Blanket proposals requiring shareholder approval of executive compensation generally will not be supported.
- 4. Proposals that request or require disclosure of executive compensation in addition to the disclosure required by the Securities and Exchange Commission ("SEC") regulations generally will not be supported.

D. OTHER RECURRING ITEMS. The following proposals generally will be voted as indicated below, unless otherwise determined by the Proxy Review Committee.

1. Proposals to add restrictions related to social, political, environmental or special interest issues that do not relate directly to the business of the company and which do not appear to be directed specifically to the business or financial interest of the company generally will not be supported.
2. Proposals requiring adherence to workplace standards that are not required or customary in market(s) to which the proposals relate will not be supported.

### E. ITEMS TO BE REVIEWED BY THE PROXY REVIEW COMMITTEE

The following types of non-routine proposals, which potentially may have a substantive financial or best interest impact on an issuer, will be voted as determined by the Proxy Review Committee.

#### i. Corporate Transactions

- Proposals relating to mergers, acquisitions and other special corporate transactions (i.e., takeovers, spin-offs, sales of assets, reorganizations, restructurings and recapitalizations) will be examined on a case-by-case basis. In all cases, Research Providers' research and analysis will be used along with MSIM Affiliates' research and analysis, including, among other things, MSIM internal company-specific knowledge. Proposals for mergers or other significant transactions that are friendly, approved by the Research Providers, and where there is no portfolio manager objection, generally will be supported.

#### ii. Compensation

- Proposals relating to change-in-control provisions in non-salary compensation plans, employment contracts, and severance agreements that benefit management and would be costly to shareholders if triggered. With respect to proposals related to severance and change of control situations, MSIM Affiliates will support a maximum of three times salary and

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bonus.

- Proposals relating to Executive/Director stock option plans. Generally, stock option plans should be incentive based. The Proxy Review Committee will evaluate the the quantitative criteria used by a Research Provider when considering such Research Provider's recommendation. If the Proxy Review Committee determines that the criteria used by the Research Provider is reasonable, the proposal will be supported if it falls within a 5% band above the Research Provider's threshold.
- Compensation proposals that allow for discounted stock options that have not been offered to employees in general.

### iii. Other

- Proposals for higher dividend payouts.
- Proposals recommending set retirement ages or requiring specific levels of stock ownership by directors.
- Proposals for election of directors, where a director nominee is related to MSIM (i.e. on an MSIM Fund's Board of Directors/Trustees or part of MSIM senior management) must be considered by the Proxy Review Committee. If the proposal relates to a director nominee who is on a Van Kampen Fund's Board of Directors/Trustees, to the extent that the shares of the relevant company are held by a Van Kampen Fund, the Van Kampen Board shall vote the proxies with respect to those shares, to the extent practicable. In the event that the Committee cannot contact the Van Kampen Board in advance of the shareholder meeting, the Committee will vote such shares pursuant to the Proxy Voting Policy.
- Proposals requiring diversity of board membership relating to broad based social, religious or ethnic groups.
- Proposals to limit directors' liability and/or broaden indemnification of directors. Generally, the Proxy Review Committee will support such proposals provided that the officers and directors are eligible for indemnification and liability protection if they have acted in good faith on company business and were found innocent of any civil or criminal charges for duties performed on behalf of the company.

F. FUND OF FUNDS. Certain Funds advised by an MSIM Affiliate invest only in other MSIM funds. If an underlying fund has a shareholder meeting, in order to avoid any potential conflict of interest, such proposals will be voted in the same proportion as the votes of the other shareholders of the underlying fund, unless otherwise determined by the Proxy Review Committee.

## IV. ADMINISTRATION OF POLICY

### A. PROXY REVIEW COMMITTEE

1. The MSIM Proxy Review Committee ("Committee") is responsible for creating and implementing the Policy and, in this regard, has expressly adopted it.

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- (a) The Committee, which is appointed by MSIM's Chief Investment Officer ("CIO"), consists of senior investment professionals who represent the different investment disciplines and geographic locations of the firm. The Committee is responsible for establishing MSIM's Policy and determining how MSIM will vote proxies on an ongoing basis.
- (b) The Committee will periodically review and have the authority to amend, as necessary, the Policy and establish and direct voting positions consistent with the Client Proxy Standard.
- (c) The Committee will meet at least monthly to (among other matters): (1) address any outstanding issues relating to the Policy and (2) review proposals at upcoming shareholder meetings of MSIM portfolio companies in accordance with this Policy including, as appropriate, the voting results of prior shareholder meetings of the same issuer where a similar proposal was presented to shareholders. The Committee, or its

designee, will timely communicate to ISS MSIM's Policy (and any amendments to them and/or any additional guidelines or procedures it may adopt).

- (d) The Committee will meet on an ad hoc basis to (among other matters): (1) authorize "split voting" (i.e., allowing certain shares of the same issuer that are the subject of the same proxy solicitation and held by one or more MSIM portfolios to be voted differently than other shares) and/or "override voting" (i.e., voting all MSIM portfolio shares in a manner contrary to the Policy); (2) review and approve upcoming votes, as appropriate, for matters for which specific direction has been provided in this Policy; and (3) determine how to vote matters for which specific direction has not been provided in this Policy. Split votes generally will not be approved within a single Global Investor Group investment team. The Committee may take into account Research Providers' recommendations and research as well as any other relevant information they may request or receive, including portfolio manager and/or analyst research, as applicable. Generally, proxies related to securities held in accounts that are managed pursuant to quantitative, index or index-like strategies ("Index Strategies") will be voted in the same manner as those held in actively managed accounts. Because accounts managed using Index Strategies are passively managed accounts, research from portfolio managers and/or analysts related to securities held in these accounts may not be available. If the affected securities are held only in accounts that are managed pursuant to Index Strategies, and the proxy relates to a matter that is not described in this Policy, the Committee will consider all available information from the Research Providers, and to the extent that the holdings are significant, from the portfolio managers and/or analysts.
- (e) In addition to the procedures discussed above, if the Committee determines that an issue raises a potential material conflict of interest, or gives rise to the appearance of a potential material conflict of interest, the Committee will request a special committee to review, and recommend a course

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of action with respect to, the conflict(s) in question ("Special Committee"). The Special Committee shall be comprised of the Chairperson of the Proxy Review Committee, the Compliance Director for the area of the firm involved or his/her designee, a senior portfolio manager (if practicable, one who is a member of the Proxy Review Committee) designated by the Proxy Review Committee, and MSIM's Chief Investment Officer or his/her designee. The Special Committee may request the assistance of MSIM's General Counsel or his/her designee and will have sole discretion to cast a vote. In addition to the research provided by Research Providers, the Special Committee may request analysis from MSIM Affiliate investment professionals and outside sources to the extent it deems appropriate.

- (f) The Committee and the Special Committee, or their designee(s), will document in writing all of their decisions and actions, which documentation will be maintained by the Committee and the Special Committee, or their designee(s), for a period of at least 6 years. To the

extent these decisions relate to a security held by a MSIM U.S. registered investment company, the Committee and Special Committee, or their designee(s), will report their decisions to each applicable Board of Trustees/Directors of those investment companies at each Board's next regularly scheduled Board meeting. The report will contain information concerning decisions made by the Committee and Special Committee during the most recently ended calendar quarter immediately preceding the Board meeting.

- (g) The Committee and Special Committee, or their designee(s), will timely communicate to applicable portfolio managers, the Compliance Departments and, as necessary, to ISS, decisions of the Committee and Special Committee so that, among other things, ISS will vote proxies consistent with their decisions.

### B. IDENTIFICATION OF MATERIAL CONFLICTS OF INTEREST

1. If there is a possibility that a vote may involve a material conflict of interest, the vote must be decided by the Special Committee in consultation with MSIM's General Counsel or his/her designee.
2. A material conflict of interest could exist in the following situations, among others:
  - (a) The issuer soliciting the vote is a client of MSIM or an affiliate of MSIM and the vote is on a material matter affecting the issuer;
  - (b) The proxy relates to Morgan Stanley common stock or any other security issued by Morgan Stanley or its affiliates; or
  - (c) Morgan Stanley has a material pecuniary interest in the matter submitted for a vote (e.g., acting as a financial advisor to a party to a merger or acquisition for which Morgan Stanley will be paid a success fee if completed).

### C. PROXY VOTING REPORTS



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- (a) MSIM will promptly provide a copy of this Policy to any client requesting them. MSIM will also, upon client request, promptly provide a report indicating how each proxy was voted with respect to securities held in that client's account.
- (b) MSIM's legal department is responsible for filing an annual Form N-PX on behalf of each registered management investment company for which such filing is required, indicating how all proxies were voted with respect to such investment company's holdings.

Item 8. Portfolio Managers of Closed-End Management Investment Companies.

### TRUST MANAGEMENT

PORTFOLIO MANAGEMENT. As of the date of this report, the Trust is managed by members of the Adviser's Taxable Fixed Income team. The team consists of portfolio managers and analysts. Current members of the team jointly and primarily responsible for the day-to-day management of the Trust's portfolio are Gordon W. Loery, an Executive Director of the Adviser and Joshua Givelber, a Vice President of the Adviser.

Mr. Loery has been associated with the Adviser in an investment management capacity since June 1990 and joined the team managing the Trust in July 2001. Mr. Givelber has been associated with the Adviser in an investment management capacity since June 1999 and joined the team managing the Trust in April 2003.

The composition of the team may change without notice from time to time.

### OTHER ACCOUNTS MANAGED BY THE PORTFOLIO MANAGERS

The following information is dated as of December 31, 2005

As of December 31, 2005, Mr. Loery managed eleven mutual funds with a total of approximately \$2.1 billion in assets; five pooled investment vehicles other than mutual funds with a total of approximately \$934 million; and one other account with a total of approximately \$1 thousand.

As of December 31, 2005, Mr. Givelber managed seven mutual funds with a total of approximately \$1.6 billion in assets; no pooled investment vehicles other than mutual funds; and no other accounts.

Because the portfolio managers manage assets for other investment companies, pooled investment vehicles, and/or other accounts (including institutional clients, pension plans and certain high net worth individuals), there may be an incentive to favor one client over another resulting in conflicts of interest. For instance, the Adviser may receive fees from certain accounts that are higher than the fee it receives from the Trust, or it may receive a performance-based fee on certain accounts. In those instances, the portfolio managers may have an incentive to favor the higher and/or performance-based fee accounts over the Trust. The portfolio managers of the Trust do not currently manage assets for other investment companies, pooled investment vehicles or other accounts that charge a performance fee. The Adviser has adopted trade allocation and other policies and procedures that it believes are reasonably designed to address these and other conflicts of interest.

### PORTFOLIO MANAGER COMPENSATION STRUCTURE

Portfolio managers receive a combination of base compensation and discretionary

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compensation, comprised of a cash bonus and several deferred compensation programs described below. The methodology used to determine portfolio manager compensation is applied across all accounts managed by the portfolio manager.

**BASE SALARY COMPENSATION.** Generally, portfolio managers receive base salary compensation based on the level of their position with the Adviser.

**DISCRETIONARY COMPENSATION.** In addition to base compensation, portfolio managers may receive discretionary compensation.

Discretionary compensation can include:

- Cash Bonus;
- Morgan Stanley's Equity Incentive Compensation Program (EICP) awards -- a mandatory program that defers a portion of discretionary year-end compensation into restricted stock

units or other awards based on Morgan Stanley common stock that are subject to vesting and other conditions;

- Investment Management Deferred Compensation Plan (IMDCP) awards -- a mandatory program that defers a portion of discretionary year-end compensation and notionally invests it in designated Trusts advised by the Adviser or its affiliates. The award is subject to vesting and other conditions. Portfolio managers must notionally invest a minimum of 25% to a maximum of 75% of the IMDCP deferral into a combination of the designated open-end funds they manage that are included in the IMDCP Fund menu;

- Voluntary Deferred Compensation Plans -- voluntary programs that permit certain employees to elect to defer a portion of their discretionary year-end compensation and directly or notionally invest the deferred amount: (1) across a range of designated investment Trusts, including Trusts advised by the Adviser or its affiliates; and/or (2) in Morgan Stanley stock units.

Several factors determine discretionary compensation, which can vary by portfolio management team and circumstances. In order of relative importance, these factors include:

- Investment performance. A portfolio manager's compensation is linked to the pre-tax investment performance of the Trusts/accounts managed by the portfolio manager. Investment performance is calculated for one-, three- and five-year periods measured against an appropriate securities market index (or indices) for the Trusts/accounts managed by the portfolio manager. In the case of the Trust, the Trust's investment performance is measured against the Lehman Brothers Municipal Bond Index and against appropriate rankings or rating prepared by Lipper Inc., Morningstar Inc. or similar independent services which monitor Trust performance. Other Trusts/accounts managed by the same portfolio manager may be measured against this same index and same rankings or ratings, if appropriate, or against other indices and other rankings or ratings that are deemed more appropriate given the size and/or style of such Trusts/accounts as set forth in such Trusts'/accounts' disclosure materials and guidelines. The assets managed by the portfolio managers in Trusts, pooled investment vehicles and other accounts are described in "Other Accounts Managed by the Portfolio Managers" above. Generally, the greatest weight is placed on the three- and five-year periods.

- Revenues generated by the investment companies, pooled investment vehicles and other accounts managed by the portfolio manager.

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- Contribution to the business objectives of the Adviser.
- The dollar amount of assets managed by the portfolio manager.
- Market compensation survey research by independent third parties.
- Other qualitative factors, such as contributions to client objectives.
- Performance of Morgan Stanley and Morgan Stanley Investment Management, and the overall performance of the Global Investor Group, a department within Morgan Stanley Investment Management that includes all investment professionals.

### SECURITIES OWNERSHIP OF PORTFOLIO MANAGERS

As of December 31, 2005, the dollar range of securities beneficially owned by each portfolio manager in the Trust is shown below:

Gordon W. Loery: None (1)

Joshua Givelber: None

(1) Not included in the table above the portfolio manager has made investments in more or more mutual funds managed by the same portfolio management team pursuant to a similar strategy.

Item 9. Purchase of Equity Securities by Closed-End Management Investment Company and Affiliated Purchasers.

Not Applicable.

Item 10. Submission of Matters to a Vote of Security Holders.

Not Applicable.

Item 11. Controls and Procedures

(a) The Trust's principal executive officer and principal financial officer have concluded that the Trust's disclosure controls and procedures are sufficient to ensure that information required to be disclosed by the Trust in this Form N-CSR was recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, based upon such officers' evaluation of these controls and procedures as of a date within 90 days of the filing date of the report.

(b) There were no changes in the registrant's internal control over financial reporting that occurred during the registrant's second fiscal quarter of the period covered by this report that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

Item 12. Exhibits.

(1) The Code of Ethics for Principal Executive and Senior Financial Officers is attached hereto.

(2) (a) A certification for the Principal Executive Officer of the registrant is attached hereto as part of EX-99.CERT.

(2) (b) A certification for the Principal Financial Officer of the registrant is attached hereto as part of EX-99.CERT.

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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.

(Registrant) Van Kampen High Income Trust II

By: /s/ Ronald E. Robison  
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Name: Ronald E. Robison  
Title: Principal Executive Officer  
Date: February 9, 2006

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

By: /s/ Ronald E. Robison  
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Name: Ronald E. Robison  
Title: Principal Executive Officer  
Date: February 9, 2006

By: /s/ Phillip G. Goff  
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Name: Phillip G. Goff  
Title: Principal Financial Officer  
Date: February 9, 2006