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VAN KAMPEN HIGH INCOME TRUST II

Form N-CSR

March 01, 2007

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: 12/31/06

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, 2006.

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.

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|                                              |                         |                |
|----------------------------------------------|-------------------------|----------------|
| NOT FDIC INSURED                             | OFFER NO BANK GUARANTEE | MAY LOSE VALUE |
| NOT INSURED BY ANY FEDERAL GOVERNMENT AGENCY |                         | NOT A DEPOSIT  |

Performance Summary as of 12/31/06

HIGH INCOME TRUST II  
SYMBOL: VLT

| AVERAGE ANNUAL<br>TOTAL RETURNS | BASED ON<br>NAV | BASED ON<br>MARKET PRICE |
|---------------------------------|-----------------|--------------------------|
| Since Inception (4/28/89)       | 5.65%           | 5.27%                    |
| 10-year                         | 3.93            | 2.02                     |
| 5-year                          | 8.03            | 2.72                     |
| 1-year                          | 9.44            | 6.02                     |

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 Lehman Brothers U.S. Corporate High Yield 2% Issuer Cap Index is an unmanaged, broad-based index that reflects the general performance of the U.S. dollar denominated, fixed-rate, non-investment grade, taxable corporate bond market. Issuers are capped at 2% of the index. It is not possible to invest directly in an index.

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Trust Report

FOR THE 12-MONTH PERIOD ENDED DECEMBER 31, 2006

MARKET CONDITIONS

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Strong market fundamentals, including moderate economic growth, low default rates, favorable earnings trends and relatively low Treasury yields created a positive environment for the high yield market in 2006. The Federal Open Market Committee (the "Fed") continued to pursue its monetary tightening policy in the first six months of the year, raising the target federal funds rate at each of its meetings to 5.25 percent as of the end of June. In response to Fed tightening, Treasury yields rose--particularly on the short end of the yield curve--causing the yield curve to flatten and at times, become inverted. In the second half of the year, however, as economic growth slowed and inflation concerns eased, the Fed took a widely anticipated respite from its record two-year run of 17 consecutive rate increases, electing to keep the target rate unchanged for the remainder of the year. The change in the Fed's stance led to falling yields and a bond market rally.

Overall, the high yield market performed well during the reporting period. Because interest rates remained at relatively low levels throughout the year, investors turned to the riskier segments of the market in an attempt to capture higher yields. The increased appetite for risk helped provide support to the high yield market, causing yield spreads to compress to near record low levels. In this environment, the lowest credit tiers of the high-yield market--namely CCC rated securities--turned in the best performance.

High demand for high-yield bonds was met by an equally high supply, which was fueled in part by an unprecedented amount of leveraged buyout and private equity activity during the year. In fact, more than \$150 billion in new high-yield issues came to market in 2006, breaking the previous issuance record set in 2004.

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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, the trust outperformed the Lehman Brothers U.S. Corporate High Yield 2% Issuer Cap Index. On a market price basis, the trust underperformed the Lehman Brothers U.S. Corporate High Yield 2% Issuer Cap Index.

TOTAL RETURNS FOR THE 12-MONTH PERIOD ENDED DECEMBER 31, 2006

| LEHMAN BROTHERS |              |                           |
|-----------------|--------------|---------------------------|
| BASED ON        | BASED ON     | U.S. CORPORATE HIGH YIELD |
| NAV             | MARKET PRICE | 2% ISSUER CAP INDEX       |
| 9.44%           | 6.02%        | 8.15%                     |

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

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original cost. See Performance Summary for additional performance information and index definition.

Throughout the year we continued to seek to maintain a balanced and well-diversified portfolio while allowing for strategic overweights in securities and sectors that we believed possessed the most attractive risk profiles. Over the course of the period, we increased the portfolio's average credit quality to be higher than that of its benchmark. The trust adopted this conservative posture because in our view, yield spreads, which were at historically tight levels, reflected the persistence of a near-perfect credit environment for an unrealistically extended period of time. This defensive positioning dampened performance as the lowest-rated segments of the market outperformed.

In terms of issuer size, we focused on larger companies because of their financial flexibility, their ability to withstand less favorable financial conditions, and their superior access to capital markets. Over the course of the year, we increased exposure to the transportation, health care, retail and energy sectors and decreased exposure to building products, manufacturing, chemicals, and metals. Strong security selection in several sectors, especially autos and retail, helped boost performance, as did a lower-than-benchmark duration (a measure of interest-rate risk), which served the portfolio well when interest rates rose.

The trust uses leverage to enhance its dividends to common shareholders. The trust borrows money at short-term rates through the issuance of preferred shares. The proceeds are reinvested in longer-term securities, taking advantage of the difference between short- and longer-term rates. The Fed's policy of raising interest rates throughout the period made the trust's borrowing activity

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more expensive. However, the Trust still benefited from its use of leverage during the year due to its ability to borrow at a fairly consistent rate and the overall strong performance of the high yield market.

At year end, the trust's major sector overweights included autos and vehicle parts, energy, food and tobacco, gaming/lodging, and healthcare. Key sector underweights included technology, utilities, housing and building products, and financials.

The Trustees have approved a procedure whereby the trust may, when appropriate, repurchase its shares in the open market or in privately negotiated transactions at a price not above market value or NAV, whichever is lower at the time of purchase. This may help support the market value of the trust's shares.

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

### CHANGES IN INVESTMENT POLICIES

The Trust approved changes in its investment policies to allow the Trust to enter into the following transactions.

### NON-DOLLAR DENOMINATED SECURITIES

The Trust is permitted to invest up to 20% of its net assets in securities of foreign issuers that are denominated in non-U.S. dollars. The same quality levels currently permitted by this Trust for all investments (between BB and C by Standard & Poor's or between Ba and C by Moody's Investor Services, Inc. or

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unrated securities of comparable quality), will apply to foreign investments.

Investments in securities of foreign issuers present certain risks not ordinarily associated with investments in securities of U.S. issuers. These risks include fluctuations in foreign currency exchange rates, political, economic or legal developments (including war or other instability, expropriation of assets, nationalization and confiscatory taxation), the imposition of foreign exchange limitations (including currency blockage), withholding taxes on income or capital transactions or other restrictions, higher transaction costs (including higher brokerage, custodial and settlement costs and currency conversion costs) and possible difficulty in enforcing contractual obligations or taking judicial action. Securities of foreign issuers may not be as liquid and may be more volatile than comparable securities of domestic issuers.

In addition, there often is less publicly available information about many foreign issuers, and issuers of foreign securities are subject to different, often less comprehensive, auditing, accounting and financial reporting disclosure requirements than domestic issuers. There is generally less government regulation of exchanges, brokers and listed companies abroad than in the United

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States and, with respect to certain foreign countries, there is a possibility of expropriation or confiscatory taxation, or diplomatic developments which could affect investment in those countries. Because there is usually less supervision and governmental regulation of foreign exchanges, brokers and dealers than there is in the United States, the Trust may experience settlement difficulties or delays not usually encountered in the United States.

Delays in making trades in securities of foreign issuers relating to volume constraints, limitations or restrictions, clearance or settlement procedures, or otherwise could impact yields and result in temporary periods when assets of the Trust are not fully invested or attractive investment opportunities are foregone.

The Trust may invest in securities of issuers determined by the investment adviser to be in developing or emerging market countries. Investments in securities of issuers in developing or emerging market countries are subject to greater risks than investments in securities of developed countries since emerging market countries tend to have economic structures that are less diverse and mature and political systems that are less stable than developed countries.

In addition to the increased risks of investing in securities of foreign issuers, there are often increased transaction costs associated with investing in securities of foreign issuers, including the costs incurred in connection with converting currencies, higher foreign brokerage or dealer costs and higher settlement costs or custodial costs.

The Trust may invest in securities of foreign issuers in the form of depositary receipts. Depositary receipts involve substantially identical risks to those associated with direct investment in securities of foreign issuers. In addition, the underlying issuers of certain depositary receipts, particularly unsponsored or unregistered depositary receipts, are under no obligation to distribute shareholder communications to the holders of such receipts, or to pass through to them any voting rights with respect to the deposited securities.

Since the Trust invests in securities denominated or quoted in currencies other than the U.S. dollar, the Trust will be affected by changes in foreign currency exchange rates (and exchange control regulations) which affect the value of

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investments in the Trust and the accrued income and appreciation or depreciation of the investments. Changes in foreign currency exchange rates relative to the U.S. dollar will affect the U.S. dollar value of the Trust's assets denominated in that currency and the Trust's return on such assets as well as any temporary uninvested reserves in bank deposits in foreign currencies. In addition, the Trust will incur costs in connection with conversions between various currencies.

The Trust may purchase and sell foreign currency on a spot (i.e., cash) basis in connection with the settlement of transactions in securities traded in such foreign currency. The Trust also may enter into contracts with banks, brokers or

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dealers to purchase or sell securities or foreign currencies at a future date ("forward contracts"). A foreign currency forward contract is a negotiated agreement between the contracting parties to exchange a specified amount of currency at a specified future time at a specified rate. The rate can be higher or lower than the spot rate between the currencies that are the subject of the contract.

The Trust may attempt to protect against adverse changes in the value of the U.S. dollar in relation to a foreign currency by entering into a forward contract for the purchase or sale of the amount of foreign currency invested or to be invested, or by buying or selling a foreign currency option or futures contract for such amount. Such strategies may be employed before the Trust purchases a foreign security traded in the currency which the Trust anticipates acquiring or between the date the foreign security is purchased or sold and the date on which payment therefor is made or received. Seeking to protect against a change in the value of a foreign currency in the foregoing manner does not eliminate fluctuations in the prices of portfolio securities or prevent losses if the prices of such securities decline. Furthermore, such transactions reduce or preclude the opportunity for gain if the value of the currency should move in the direction opposite to the position taken. Unanticipated changes in currency prices may result in poorer overall performance for the Trust than if it had not entered into such contracts. The Trust may also cross-hedge currencies by entering into a transaction to purchase or sell one or more currencies that are expected to decline in value relative to other currencies to which it has or expects to have exposure. The use of currency transactions can result in the Trust incurring losses because of the imposition of exchange controls, suspension of settlements or the inability of the Trust to deliver or receive a specified currency. In addition, amounts paid as premiums and cash or other assets held in margin accounts with respect to these transactions are not otherwise available to the Trust for investment purposes.

### CERTAIN DERIVATIVE INSTRUMENTS

A derivative financial instrument in very general terms refers to a security whose value is "derived" from the value of an underlying asset, reference rate or index.

STRUCTURED PRODUCTS. The Trust may invest in structured notes and other types of structured investments (referred to collectively as "structured products"). A structured note is a derivative security for which the amount of principal repayment and/or interest payments is based on the movement of one or more "factors." These factors include, but are not limited to, currency exchange rates, interest rates (such as the prime lending rate or LIBOR), referenced bonds and stock indices. Some of these factors may or may not correlate to the total rate of return on one or more underlying instruments referenced in such notes. In some cases, the impact of the movements of these factors may increase or decrease through the use of multipliers or deflators.

Generally, investments in structured products are interests in entities organized and operated for the purpose of restructuring the investment characteristics of underlying investment interests or securities. These investment entities may be structured as trusts or other types of pooled investment vehicles. This type of restructuring generally involves the deposit with or purchase by an entity of the underlying investments and the issuance by that entity of one or more classes of securities backed by, or representing interests in, the underlying investments or referencing an indicator related to such investments. The cash flow or rate of return on the underlying investments may be apportioned among the newly issued securities to create different investment characteristics, such as varying maturities, credit quality, payment priorities and interest rate provisions. The cash flow or rate of return on a structured product may be determined by applying a multiplier to the rate of total return on the underlying investments or referenced indicator. Application of a multiplier is comparable to the use of financial leverage, a speculative technique. Leverage magnifies the potential for gain and the risk of loss. As a result, a relatively small decline in the value of the underlying investments or referenced indicator could result in a relatively large loss in the value of a structured product. Holders of structured products bear risks of the underlying index or reference obligation and are subject to counterparty risk.

The Trust may have the right to receive payments to which it is entitled only from the structured product, and generally does not have direct rights against the issuer. While certain structured investment vehicles enable the investor to acquire interests in a pool of securities without the brokerage and other expenses associated with directly holding the same securities, investors in structured vehicles generally pay their share of the investment vehicle's administrative and other expenses. Certain structured products may be thinly traded or have a limited trading market and may have the effect of increasing the Trust's illiquidity to the extent that the Trust, at a particular point in time, may be unable to find qualified buyers for these securities.

Investments in structured notes involve risks including interest rate risk, credit risk and market risk. Where the Trust's investments in structured notes are based upon the movement of one or more factors, including currency exchange rates, interest rates, referenced bonds and stock indices, depending on the factor used and the use of multipliers or deflators, changes in interest rates and movement of the factor may cause significant price fluctuations. Additionally, changes in the reference instrument or security may cause the interest rate on the structured note to be reduced to zero and any further changes in the reference instrument may then reduce the principal amount payable on maturity. Structured notes may be less liquid than other types of securities and more volatile than the reference instrument or security underlying the note.

SWAPS. The Trust approved a change in its investment policies to allow the Trust to enter into interest rate, index, total rate of return and credit default swaps and the purchase or sale of related caps, floors and collars. The Trust

expects to enter into these transactions primarily to preserve a return or spread on a particular investment or portion of its portfolio, as a duration management technique or to protect against any increase in the price of securities the Trust anticipates purchasing at a later date. The Trust intends to use these transactions as hedges and not as speculative investments and will not sell interest rate caps or floors where it does not own securities or other instruments providing the income stream the Trust may be obligated to pay.

Interest rate swaps involve the exchange by the Trust with another party of their respective commitments to pay or receive interest, e.g., an exchange of floating rate payments for fixed rate payments with respect to a notional amount of principal. The purchase of an interest rate cap entitles the purchaser, to the extent that a specified index exceeds a predetermined interest rate, to receive payments of interest on a contractually-based principal amount from the party selling the interest rate cap. The purchase of an interest rate floor entitles the purchaser, to the extent that a specified index falls below a predetermined interest rate, to receive payments of interest on a contractually-based principal amount from the party selling the interest rate floor. An interest rate collar combines the elements of purchasing a cap and selling a floor. The collar protects against an interest rate rise above the maximum amount but foregoes the benefit of an interest rate decline below the minimum amount. An index swap is an agreement to swap cash flows on a notional amount based on changes in the values of the reference indices. For example, the Trust may agree to swap the return generated by a fixed-income index for the return generated by a second fixed-income index. The purchase of a cap entitles the purchaser to receive payments on a notional principal amount from the party selling such cap to the extent that a specified index exceeds a predetermined interest rate or amount. The purchase of a floor entitles the purchaser to receive payments on a notional principal amount from the party selling such floor to the extent that a specified index falls below a predetermined interest rate or amount. A collar is a combination of a cap and a floor that preserves a certain return within a predetermined range of interest rates or values.

A total rate of return swap is an agreement in which one party (total return payer) transfers the total economic performance of a reference obligation to the other party (total return receiver). Total economic performance includes income from interest and fees, gains or losses from market movements, and credit losses. The total return receiver assumes the entire economic exposure--that is, both market and credit exposure--to the reference asset. The total return payer--often the owner of the reference obligation--gives up economic exposure to the performance of the reference asset and in return takes on counterparty credit exposure to the total return receiver in the event of a default or fall in value of the reference asset.

The Trust may enter into credit default swap contracts or credit-linked notes for hedging purposes or to gain exposure to a credit in which the Trust may otherwise invest. A credit default swap is an agreement between two parties to

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exchange the credit risk of an issuer (reference entity). A buyer of a credit default swap is said to buy protection by paying periodic fees in return for a contingent payment from the seller if the reference entity has a credit event such as a bankruptcy, a failure to pay outstanding obligations or deteriorating credit while the swap is outstanding. A seller of a credit default swap is said to sell protection and thus collects the periodic fees and profits if the credit of the reference entity remains stable or improves while the swap is outstanding but the seller in a credit default swap contract would be required to pay an agreed upon amount to the buyer in the event of an adverse credit event of the reference entity. A credit-linked note is a synthetic security, typically issued by a special purpose vehicle, that trades like a bond issued by the reference entity but with the economics of the credit default swap. For this security, the buyer of protection sells the note. The buyer of protection (note seller) will pay periodic payments and profit if the reference entity defaults. Unlike the swap, the buyer of protection in a credit-linked note will receive money at the time of transaction from the sale of the note, and will return this money at the contract's maturity if no credit event occurs. Conversely, the seller of protection purchases the notes. As with a credit default swap, the note

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purchaser (protection seller) receives periodic payments. Unlike the swap transaction, the protection seller must pay for the note at the time of the transaction and will collect this money at the contract's maturity if no credit event occurs.

The Trust will enter into swap, cap or floor transactions only with counterparties approved by the Adviser in accordance with guidelines established by the Trust's Board of Trustees. The Adviser will monitor the creditworthiness of counterparties to the Trust's swap, cap, floor and collar transactions on an ongoing basis. If there is a default by the other party to such a transaction, the Trust will have contractual remedies pursuant to the agreements related to the transaction. The Trust may enter into swaps, caps, collars and floors on either an asset-based or liability-based basis, and will usually enter into swaps on a net basis, i.e., the two payment streams are netted out, with the Trust receiving or paying, as the case may be, only the net amount of the two payments. The net amount of the excess, if any, of the Trust's obligations over its entitlements with respect to each swap will be accrued on a daily basis and the Trust segregates an amount of cash and/or liquid securities having an aggregate net asset value at least equal to the accrued excess. If the Trust enters into a swap transaction on other than a net basis, the Trust would segregate the full amount accrued on a daily basis of the Trust's obligations with respect to the swap. To the extent the Trust sells (i.e. writes) caps, floors and collars, it will segregate cash and/or liquid securities having an aggregate net asset value at least equal to the full amount, accrued on a daily basis, of the Trust's net obligations with respect to the caps, floors or collars.

The use of swaps is a highly specialized activity which involves investment techniques and risks different from those associated with ordinary portfolio securities transactions. If the Adviser is incorrect in its forecasts of the market values, interest rates and other applicable factors, the investment performance of

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the Trust would diminish compared with what it would have been if these investment techniques were not used. The use of swaps may also have the effect of shifting the recognition of income between current and future periods.

**COLLATERALIZED MORTGAGE OBLIGATIONS AND MULTICLASS PASS-THROUGH SECURITIES.** The Trust may invest in collateralized mortgage obligations ("CMOs"). CMOs are debt obligations collateralized by mortgage loans or mortgage pass-through securities. Typically, CMOs are collateralized by GNMA, FNMA or FHLMC certificates, but also may be collateralized by whole loans or private pass-through securities (such collateral collectively hereinafter referred to as "Mortgage Assets"). Multiclass pass-through securities are equity interests in a trust composed of Mortgage Assets. Unless the context indicates otherwise, all references herein to CMOs include multiclass pass-through securities. Payments of principal of and interest on the Mortgage Assets, and any reinvestment income thereon, provide the funds to pay debt service on the CMOs or make scheduled distributions on the multiclass pass-through securities. CMOs deemed to be U.S. government securities are those issued or guaranteed as to principal and interest by a person controlled or supervised by and acting as an agency or instrumentality of the U.S. government. The issuer of a series of CMOs may elect to be treated as a Real Estate Mortgage Investment Conduit (a "REMIC").

In a CMO, a series of bonds or certificates is issued in multiple classes. Each class of CMOs, often referred to as a "tranche," is issued at a specific fixed or floating coupon rate and has a stated maturity or final distribution date. Principal prepayments on the Mortgage Assets may cause the CMOs to be retired substantially earlier than their stated maturities or final distribution dates. Interest is paid or accrues on all classes of the CMOs on a monthly, quarterly

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or semi-annual basis. The principal of and interest on the Mortgage Assets may be allocated among the several classes of a series of a CMO in innumerable ways.

The Trust may invest in, among others, parallel pay CMOs and Planned Authorization Class CMOs ("PAC Bonds"). Parallel pay CMOs are structured to provide payments of principal on each payment date to more than one class. These simultaneous payments are taken into account in calculating the stated maturity date or final distribution date of each class, which, as with other CMO structures, must be retired by its stated maturity date or final distribution date but may be retired earlier. PAC Bonds generally require payments of a specified amount of principal on each payment date. PAC Bonds are always parallel pay CMOs with the required principal payment on such securities having the highest priority after interest has been paid to all classes. Substantially all of the CMOs in which the Trust invests are PAC Bonds.

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### RATINGS ALLOCATION AS OF 12/31/06

|         |       |
|---------|-------|
| BBB/Baa | 14.8% |
| BB/Ba   | 47.0  |
| B/B     | 38.2  |

### SUMMARY OF INVESTMENTS BY INDUSTRY CLASSIFICATION AS OF 12/31/06

|                                       |        |
|---------------------------------------|--------|
| Health Care                           | 9.5%   |
| Energy                                | 9.2    |
| Transportation                        | 9.2    |
| Gaming & Leisure                      | 7.9    |
| Food & Tobacco                        | 7.8    |
| Chemicals                             | 5.7    |
| Utility                               | 5.5    |
| Cable                                 | 5.5    |
| Telecommunications                    | 4.6    |
| Diversified Media                     | 4.0    |
| Forest Products                       | 3.9    |
| Retail                                | 3.8    |
| Manufacturing                         | 3.4    |
| Services                              | 2.7    |
| Wireless Communications               | 2.0    |
| Metals                                | 1.9    |
| Financial                             | 1.8    |
| Information Technology                | 1.7    |
| Aerospace                             | 1.5    |
| Broadcasting                          | 1.2    |
| Food & Drug                           | 0.9    |
| Housing                               | 0.8    |
| Consumer Products                     | 0.8    |
| Apparel, Accessories & Luxury Goods   | 0.5    |
| Integrated Telecommunication Services | 0.0*   |
|                                       | -----  |
| Total Long-Term Investments           | 95.8   |
| Repurchase Agreements                 | 4.2    |
|                                       | -----  |
| Total Investments                     | 100.0% |

\* Amount is less than 0.1%.

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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 debt 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 fund's second and fourth fiscal quarters. The semiannual reports and the annual reports are filed electronically with the Securities and Exchange Commission (SEC) on Form N-CSRS and Form N-CSR, respectively. 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.

You may obtain copies of a trust's fiscal quarter filings by contacting Van Kampen Client Relations at (800) 341-2929.

### 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) 341-2929 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

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PORTFOLIO OF INVESTMENTS -- DECEMBER 31, 2006

| PAR<br>AMOUNT<br>(000) | DESCRIPTION                                                 | COUPON | MATURITY | VALUE      |
|------------------------|-------------------------------------------------------------|--------|----------|------------|
|                        | CORPORATE BONDS 169.9%                                      |        |          |            |
|                        | AEROSPACE 2.7%                                              |        |          |            |
| \$1,005                | Hexcel Corp. ....                                           | 6.750% | 02/01/15 | \$ 994,950 |
| 1,175                  | K & F Acquisition, Inc. ....                                | 7.750  | 11/15/14 | 1,216,125  |
|                        |                                                             |        |          | -----      |
|                        |                                                             |        |          | 2,211,075  |
|                        |                                                             |        |          | -----      |
|                        | BROADCASTING 2.0%                                           |        |          |            |
| 835                    | LIN Television Corp. ....                                   | 6.500  | 05/15/13 | 799,512    |
| 335                    | LIN Television Corp., Ser B.....                            | 6.500  | 05/15/13 | 320,763    |
| 515                    | Salem Communications Corp. ....                             | 7.750  | 12/15/10 | 525,300    |
|                        |                                                             |        |          | -----      |
|                        |                                                             |        |          | 1,645,575  |
|                        |                                                             |        |          | -----      |
|                        | CABLE 9.8%                                                  |        |          |            |
| 1,175                  | Cablevision Systems Corp. (a).....                          | 9.870  | 04/01/09 | 1,245,500  |
| 410                    | CCH I LLC.....                                              | 11.000 | 10/01/15 | 422,813    |
| 495                    | Echostar DBS Corp. ....                                     | 5.750  | 10/01/08 | 494,381    |
| 1,740                  | Echostar DBS Corp. ....                                     | 6.375  | 10/01/11 | 1,733,475  |
| 785                    | Echostar DBS Corp. ....                                     | 6.625  | 10/01/14 | 767,338    |
| 80                     | Intelsat Subsidiary Holding Co., Ltd.<br>(Bermuda).....     | 8.250  | 01/15/13 | 81,600     |
| 2,195                  | Intelsat Subsidiary Holding Co., Ltd. (Bermuda)<br>(a)..... | 10.484 | 01/15/12 | 2,225,181  |
| 145                    | NTL Cable PLC (United Kingdom).....                         | 8.750  | 04/15/14 | 152,431    |
| 100                    | NTL Cable PLC (United Kingdom).....                         | 9.125  | 08/15/16 | 106,125    |
| 693                    | PanAmSat Corp. ....                                         | 9.000  | 08/15/14 | 735,446    |
|                        |                                                             |        |          | -----      |
|                        |                                                             |        |          | 7,964,290  |
|                        |                                                             |        |          | -----      |
|                        | CHEMICALS 10.2%                                             |        |          |            |
| 1,070                  | Equistar Chemicals LP.....                                  | 10.125 | 09/01/08 | 1,142,225  |
| 600                    | Equistar Chemicals LP.....                                  | 10.625 | 05/01/11 | 642,000    |
| 740                    | Innophos, Inc. ....                                         | 8.875  | 08/15/14 | 754,800    |
| 380                    | Koppers, Inc. ....                                          | 9.875  | 10/15/13 | 415,150    |
| 1,350                  | Lyondell Chemical Co.....                                   | 10.500 | 06/01/13 | 1,491,750  |
| 905                    | Millennium America, Inc. ....                               | 9.250  | 06/15/08 | 938,937    |
| 1,450                  | Nalco Co. ....                                              | 7.750  | 11/15/11 | 1,489,875  |
| 762                    | Rockwood Specialties Group, Inc. ....                       | 10.625 | 05/15/11 | 815,340    |
| 610                    | Westlake Chemical Corp. ....                                | 6.625  | 01/15/16 | 593,225    |
|                        |                                                             |        |          | -----      |
|                        |                                                             |        |          | 8,283,302  |
|                        |                                                             |        |          | -----      |
|                        | CONSUMER PRODUCTS 1.4%                                      |        |          |            |
| 365                    | Oxford Industrials, Inc. ....                               | 8.875  | 06/01/11 | 378,688    |
| 740                    | Steinway Musical Instruments, Inc. (b).....                 | 7.000  | 03/01/14 | 727,050    |
|                        |                                                             |        |          | -----      |
|                        |                                                             |        |          | 1,105,738  |
|                        |                                                             |        |          | -----      |
|                        | DIVERSIFIED MEDIA 7.1%                                      |        |          |            |
| 740                    | AMC Entertainment, Inc. (a).....                            | 9.624  | 08/15/10 | 768,675    |
| 1,425                  | CanWest Media, Inc. (Canada).....                           | 8.000  | 09/15/12 | 1,494,469  |
| 685                    | Dex Media West LLC, Ser B.....                              | 9.875  | 08/15/13 | 750,075    |

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|       |                                                |       |          |           |
|-------|------------------------------------------------|-------|----------|-----------|
| 1,095 | Idearc, Inc. (b).....                          | 8.000 | 11/15/16 | 1,116,900 |
| 205   | Interpublic Group of Cos., Inc. ....           | 5.400 | 11/15/09 | 201,925   |
| 515   | Interpublic Group of Cos., Inc. ....           | 6.250 | 11/15/14 | 481,525   |
| 940   | Quebecor World Capital Corp. (Canada) (b)..... | 8.750 | 03/15/16 | 904,750   |
|       |                                                |       |          | -----     |
|       |                                                |       |          | 5,718,319 |
|       |                                                |       |          | -----     |

See Notes to Financial Statements

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## VAN KAMPEN HIGH INCOME TRUST II

PORTFOLIO OF INVESTMENTS -- DECEMBER 31, 2006 continued

| PAR<br>AMOUNT<br>(000) | DESCRIPTION                                            | COUPON | MATURITY | VALUE        |
|------------------------|--------------------------------------------------------|--------|----------|--------------|
| -----                  |                                                        |        |          |              |
|                        | ENERGY 16.5%                                           |        |          |              |
| \$1,440                | CHC Helicopter Corp. (Canada).....                     | 7.375% | 05/01/14 | \$ 1,395,000 |
| 1,825                  | Chesapeake Energy Corp. ....                           | 6.625  | 01/15/16 | 1,822,719    |
| 350                    | Chesapeake Energy Corp. ....                           | 7.500  | 09/15/13 | 366,187      |
| 330                    | Compagnie Generale de Geophysique, SA<br>(France)..... | 7.500  | 05/15/15 | 333,300      |
| 1,500                  | Frontier Oil Corp. ....                                | 6.625  | 10/01/11 | 1,503,750    |
| 160                    | Hanover Compressor Co. ....                            | 8.625  | 12/15/10 | 168,000      |
| 670                    | Hanover Compressor Co. ....                            | 9.000  | 06/01/14 | 726,950      |
| 288                    | Hanover Equipment Trust, Ser A.....                    | 8.500  | 09/01/08 | 293,040      |
| 280                    | Hanover Equipment Trust, Ser B.....                    | 8.750  | 09/01/11 | 293,300      |
| 1,250                  | Hilcorp Energy Finance Corp. (b).....                  | 7.750  | 11/01/15 | 1,234,375    |
| 467                    | Hilcorp Energy Finance Corp. (b).....                  | 10.500 | 09/01/10 | 502,025      |
| 1,100                  | Kinder Morgan, Inc. ....                               | 6.500  | 09/01/12 | 1,106,507    |
| 328                    | Magnum Hunter Resources, Inc. ....                     | 9.600  | 03/15/12 | 345,630      |
| 1,310                  | Massey Energy Co. ....                                 | 6.875  | 12/15/13 | 1,237,950    |
| 620                    | OPTI Canada, Inc. (Canada) (b).....                    | 8.250  | 12/15/14 | 640,150      |
| 650                    | Pacific Energy Partners.....                           | 7.125  | 06/15/14 | 667,784      |
| 750                    | Pogo Producing Co. ....                                | 6.875  | 10/01/17 | 720,000      |
|                        |                                                        |        |          | -----        |
|                        |                                                        |        |          | 13,356,667   |
|                        |                                                        |        |          | -----        |
|                        | FINANCIAL 3.2%                                         |        |          |              |
| 1,455                  | Residential Capital Corp. ....                         | 6.375  | 06/30/10 | 1,473,073    |
| 1,035                  | UCAR Finance, Inc. ....                                | 10.250 | 02/15/12 | 1,095,806    |
|                        |                                                        |        |          | -----        |
|                        |                                                        |        |          | 2,568,879    |
|                        |                                                        |        |          | -----        |
|                        | FOOD & DRUG 1.6%                                       |        |          |              |
| 1,200                  | Delhaize America, Inc. ....                            | 8.125  | 04/15/11 | 1,300,507    |
|                        |                                                        |        |          | -----        |
|                        | FOOD & TOBACCO 13.9%                                   |        |          |              |
| 1,300                  | Constellation Brands, Inc. ....                        | 8.000  | 02/15/08 | 1,335,750    |
| 595                    | Michael Foods, Inc. ....                               | 8.000  | 11/15/13 | 620,287      |
| 930                    | Pilgrim's Pride Corp. ....                             | 9.250  | 11/15/13 | 974,175      |
| 2,205                  | Pilgrim's Pride Corp. ....                             | 9.625  | 09/15/11 | 2,315,250    |
| 1,445                  | Reynolds American, Inc. ....                           | 6.500  | 07/15/10 | 1,472,981    |
| 685                    | Smithfield Foods, Inc. ....                            | 7.000  | 08/01/11 | 695,275      |

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|                      |                                            |       |          |            |
|----------------------|--------------------------------------------|-------|----------|------------|
| 380                  | Smithfield Foods, Inc. ....                | 7.625 | 02/15/08 | 387,600    |
| 1,810                | Smithfield Foods, Inc., Ser B.....         | 8.000 | 10/15/09 | 1,900,500  |
| 1,500                | Tyson Foods, Inc. ....                     | 6.850 | 04/01/16 | 1,547,735  |
|                      |                                            |       |          | -----      |
|                      |                                            |       |          | 11,249,553 |
|                      |                                            |       |          | -----      |
| FOREST PRODUCTS 7.0% |                                            |       |          |            |
| 1,270                | Crown Americas LLC.....                    | 7.625 | 11/15/13 | 1,314,450  |
| 850                  | Georgia-Pacific Corp. (b).....             | 7.125 | 01/15/17 | 852,125    |
| 1,000                | Graphic Packaging International, Inc. .... | 9.500 | 08/15/13 | 1,060,000  |
| 2,083                | Owens-Brockway Glass Containers, Inc. .... | 8.875 | 02/15/09 | 2,140,282  |
| 320                  | P.H. Glatfelter Co. ....                   | 7.125 | 05/01/16 | 323,200    |
|                      |                                            |       |          | -----      |
|                      |                                            |       |          | 5,690,057  |
|                      |                                            |       |          | -----      |

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See Notes to Financial Statements

## VAN KAMPEN HIGH INCOME TRUST II

PORTFOLIO OF INVESTMENTS -- DECEMBER 31, 2006 continued

| PAR<br>AMOUNT<br>(000) | DESCRIPTION                                  | COUPON | MATURITY | VALUE      |
|------------------------|----------------------------------------------|--------|----------|------------|
| -----                  |                                              |        |          |            |
| GAMING & LEISURE 14.1% |                                              |        |          |            |
| \$ 750                 | Caesars Entertainment, Inc. ....             | 8.875% | 09/15/08 | \$ 783,750 |
| 965                    | Host Marriott LP.....                        | 6.375  | 03/15/15 | 956,556    |
| 1,135                  | Host Marriott LP.....                        | 7.125  | 11/01/13 | 1,166,212  |
| 1,475                  | Isle of Capri Casinos, Inc. ....             | 7.000  | 03/01/14 | 1,475,000  |
| 1,370                  | Las Vegas Sands Corp. ....                   | 6.375  | 02/15/15 | 1,334,037  |
| 2,420                  | MGM Mirage, Inc. ....                        | 6.000  | 10/01/09 | 2,426,050  |
| 1,510                  | Mohegan Tribal Gaming Authority.....         | 7.125  | 08/15/14 | 1,538,313  |
| 1,160                  | Station Casinos, Inc. ....                   | 6.000  | 04/01/12 | 1,106,350  |
| 175                    | Station Casinos, Inc. ....                   | 6.875  | 03/01/16 | 157,938    |
| 490                    | Station Casinos, Inc. ....                   | 7.750  | 08/15/16 | 496,125    |
|                        |                                              |        |          | -----      |
|                        |                                              |        |          | 11,440,331 |
|                        |                                              |        |          | -----      |
| HEALTH CARE 16.9%      |                                              |        |          |            |
| 1,115                  | AmerisourceBergen Corp. ....                 | 5.625  | 09/15/12 | 1,101,703  |
| 1,510                  | Community Health Systems, Inc. ....          | 6.500  | 12/15/12 | 1,494,900  |
| 1,525                  | DaVita, Inc. ....                            | 6.625  | 03/15/13 | 1,536,437  |
| 1,485                  | Fisher Scientific International, Inc. ....   | 6.125  | 07/01/15 | 1,470,481  |
| 97                     | Fresenius Medical Care Capital Trust II..... | 7.875  | 02/01/08 | 989,400    |
| 965                    | Fresenius Medical Care Capital Trust IV..... | 7.875  | 06/15/11 | 1,015,662  |
| 595                    | HCA, Inc. ....                               | 5.750  | 03/15/14 | 495,337    |
| 105                    | HCA, Inc. ....                               | 6.300  | 10/01/12 | 96,337     |
| 895                    | HCA, Inc. ....                               | 6.375  | 01/15/15 | 760,750    |
| 882                    | HCA, Inc. ....                               | 8.750  | 09/01/10 | 921,690    |
| 275                    | HCA, Inc. (b).....                           | 9.125  | 11/15/14 | 294,594    |
| 735                    | Omnicare, Inc. ....                          | 6.750  | 12/15/13 | 729,488    |
| 750                    | Res-Care, Inc. ....                          | 7.750  | 10/15/13 | 772,500    |
| 575                    | Tenet Healthcare Corp. ....                  | 9.875  | 07/01/14 | 587,938    |
| 1,405                  | Ventas Realty LP (REIT).....                 | 6.750  | 06/01/10 | 1,454,175  |
|                        |                                              |        |          | -----      |

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|       |                                        |        |          |            |
|-------|----------------------------------------|--------|----------|------------|
|       |                                        |        |          | 13,721,392 |
|       |                                        |        |          | -----      |
|       | HOUSING 1.4%                           |        |          |            |
| 1,090 | Interface, Inc. ....                   | 9.500  | 02/01/14 | 1,149,950  |
|       |                                        |        |          | -----      |
|       | INFORMATION TECHNOLOGY 3.1%            |        |          |            |
| 1,095 | Freescall Semiconductor, Inc. (b)..... | 8.875  | 12/15/14 | 1,096,369  |
| 1,340 | Iron Mountain, Inc. ....               | 8.625  | 04/01/13 | 1,390,250  |
|       |                                        |        |          | -----      |
|       |                                        |        |          | 2,486,619  |
|       |                                        |        |          | -----      |
|       | MANUFACTURING 6.1%                     |        |          |            |
| 1,200 | Case New Holland, Inc. ....            | 7.125  | 03/01/14 | 1,224,000  |
| 365   | General Cable Corp. ....               | 9.500  | 11/15/10 | 388,725    |
| 925   | JohnsonDiversey, Inc., Ser B.....      | 9.625  | 05/15/12 | 973,562    |
| 764   | Manitowoc Co., Inc. ....               | 10.500 | 08/01/12 | 824,165    |
| 540   | Propex Fabrics, Inc. ....              | 10.000 | 12/01/12 | 480,600    |
| 1,005 | RBS Global & Rexnord Corp. (b).....    | 9.500  | 08/01/14 | 1,050,225  |
|       |                                        |        |          | -----      |
|       |                                        |        |          | 4,941,277  |
|       |                                        |        |          | -----      |

See Notes to Financial Statements

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## VAN KAMPEN HIGH INCOME TRUST II

PORTFOLIO OF INVESTMENTS -- DECEMBER 31, 2006 continued

| PAR<br>AMOUNT<br>(000) | DESCRIPTION                            | COUPON | MATURITY | VALUE      |
|------------------------|----------------------------------------|--------|----------|------------|
| -----                  |                                        |        |          |            |
|                        | METALS 3.4%                            |        |          |            |
| \$ 245                 | Foundation, PA Coal Co. ....           | 7.250% | 08/01/14 | \$ 250,513 |
| 1,950                  | Novelis, Inc. (Canada) (b) (c).....    | 8.250  | 02/15/15 | 1,896,375  |
| 585                    | United States Steel Corp. ....         | 9.750  | 05/15/10 | 625,219    |
|                        |                                        |        |          | -----      |
|                        |                                        |        |          | 2,772,107  |
|                        |                                        |        |          | -----      |
|                        | RETAIL 6.8%                            |        |          |            |
| 830                    | Brown Shoe Co., Inc. ....              | 8.750  | 05/01/12 | 879,800    |
| 1,400                  | JC Penney Corp., Inc. ....             | 8.000  | 03/01/10 | 1,491,652  |
| 935                    | Linens 'n Things, Inc. (a).....        | 10.999 | 01/15/14 | 911,625    |
| 2,150                  | Phillips-Van Heusen Corp. ....         | 7.250  | 02/15/11 | 2,203,750  |
|                        |                                        |        |          | -----      |
|                        |                                        |        |          | 5,486,827  |
|                        |                                        |        |          | -----      |
|                        | SERVICES 4.7%                          |        |          |            |
| 1,530                  | Allied Waste North America, Inc. ....  | 6.375  | 04/15/11 | 1,518,525  |
| 45                     | Allied Waste North America, Inc. ....  | 7.875  | 04/15/13 | 46,631     |
| 950                    | Allied Waste North America, Inc. ....  | 8.500  | 12/01/08 | 1,003,438  |
| 165                    | Buhrmann US, Inc. ....                 | 7.875  | 03/01/15 | 161,700    |
| 240                    | Buhrmann US, Inc. ....                 | 8.250  | 07/01/14 | 239,400    |
| 700                    | MSW Energy Holdings II LLC, Ser B..... | 7.375  | 09/01/10 | 717,500    |
| 150                    | MSW Energy Holdings LLC.....           | 8.500  | 09/01/10 | 156,750    |
|                        |                                        |        |          | -----      |

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|                         |                                                  |        |          |            |
|-------------------------|--------------------------------------------------|--------|----------|------------|
|                         |                                                  |        |          | 3,843,944  |
|                         |                                                  |        |          | -----      |
| TELECOMMUNICATIONS 8.2% |                                                  |        |          |            |
| 861                     | Axtel, SA (Mexico).....                          | 11.000 | 12/15/13 | 962,598    |
| 500                     | Exodus Communications, Inc. (d) (e) (g).....     | 11.250 | 07/01/08 | 0          |
| 290                     | Nordic Tel Co. Holdings (Denmark) (b).....       | 8.875  | 05/01/16 | 311,750    |
| 1,000                   | Qwest Corp. ....                                 | 7.875  | 09/01/11 | 1,070,000  |
| 3,000                   | Qwest Corp. (a).....                             | 8.610  | 06/15/13 | 3,262,500  |
| 940                     | Wind Acquisition Finance, SA (Luxembourg) (b)... | 10.750 | 12/01/15 | 1,073,950  |
|                         |                                                  |        |          | -----      |
|                         |                                                  |        |          | 6,680,798  |
|                         |                                                  |        |          | -----      |
| TRANSPORTATION 16.4%    |                                                  |        |          |            |
| 1,335                   | Arvin Meritor, Inc. ....                         | 8.750  | 03/01/12 | 1,378,387  |
| 1,720                   | Ford Motor Credit Co. ....                       | 5.800  | 01/12/09 | 1,689,561  |
| 990                     | Ford Motor Credit Co. ....                       | 7.250  | 10/25/11 | 970,446    |
| 1,175                   | General Motors Acceptance Corp. ....             | 4.375  | 12/10/07 | 1,158,907  |
| 2,140                   | General Motors Acceptance Corp. ....             | 6.875  | 09/15/11 | 2,197,179  |
| 710                     | General Motors Corp. ....                        | 7.125  | 07/15/13 | 670,950    |
| 1,025                   | Petro Stopping Centers LP.....                   | 9.000  | 02/15/12 | 1,066,000  |
| 2,250                   | Sonic Automotive, Inc., Ser B.....               | 8.625  | 08/15/13 | 2,328,750  |
| 1,055                   | TRW Automotive, Inc. ....                        | 9.375  | 02/15/13 | 1,136,763  |
| 690                     | United Auto Group, Inc. (b).....                 | 7.750  | 12/15/16 | 696,900    |
|                         |                                                  |        |          | -----      |
|                         |                                                  |        |          | 13,293,843 |
|                         |                                                  |        |          | -----      |
| UTILITY 9.9%            |                                                  |        |          |            |
| 850                     | AES Corp. ....                                   | 7.750  | 03/01/14 | 901,000    |
| 41                      | AES Corp. ....                                   | 8.875  | 02/15/11 | 44,177     |
| 127                     | AES Corp. ....                                   | 9.375  | 09/15/10 | 138,589    |
| 615                     | CMS Energy Corp. ....                            | 6.300  | 02/01/12 | 621,150    |
| 465                     | CMS Energy Corp. ....                            | 7.500  | 01/15/09 | 481,856    |

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See Notes to Financial Statements

## VAN KAMPEN HIGH INCOME TRUST II

### PORTFOLIO OF INVESTMENTS -- DECEMBER 31, 2006 continued

| PAR<br>AMOUNT<br>(000) | DESCRIPTION                      | COUPON | MATURITY | VALUE      |
|------------------------|----------------------------------|--------|----------|------------|
| -----                  |                                  |        |          |            |
| UTILITY (CONTINUED)    |                                  |        |          |            |
| \$ 700                 | CMS Energy Corp. ....            | 8.500% | 04/15/11 | \$ 764,750 |
| 1,100                  | Colorado Interstate Gas Co. .... | 6.800  | 11/15/15 | 1,149,260  |
| 465                    | IPALCO Enterprises, Inc. ....    | 8.375  | 11/14/08 | 484,763    |
| 405                    | IPALCO Enterprises, Inc. ....    | 8.625  | 11/14/11 | 442,463    |
| 552                    | Nevada Power Co. ....            | 9.000  | 08/15/13 | 598,885    |
| 510                    | Nevada Power Co., Ser A.....     | 8.250  | 06/01/11 | 559,667    |
| 765                    | NRG Energy, Inc. ....            | 7.375  | 01/15/17 | 768,825    |
| 484                    | PSEG Energy Holdings.....        | 8.625  | 02/15/08 | 498,520    |
| 340                    | Southern Natural Gas Co. ....    | 8.875  | 03/15/10 | 358,391    |
| 175                    | TXU Energy Co. ....              | 7.000  | 03/15/13 | 183,342    |
|                        |                                  |        |          | -----      |
|                        |                                  |        |          | 7,995,638  |
|                        |                                  |        |          | -----      |

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|                              |                                         |       |          |           |
|------------------------------|-----------------------------------------|-------|----------|-----------|
| WIRELESS COMMUNICATIONS 3.5% |                                         |       |          |           |
| 1,775                        | Nextel Communications, Inc., Ser E..... | 6.875 | 10/31/13 | 1,795,155 |
| 1,000                        | Rural Cellular Corp. ....               | 8.250 | 03/15/12 | 1,046,250 |
|                              |                                         |       |          | -----     |
|                              |                                         |       |          | 2,841,405 |
|                              |                                         |       |          | -----     |

|                       |             |             |
|-----------------------|-------------|-------------|
| TOTAL CORPORATE BONDS | 169.9%..... | 137,748,093 |
|                       |             | -----       |

## EQUITIES 0.9%

|                                                                                    |         |
|------------------------------------------------------------------------------------|---------|
| DecisionOne Corp. (5,483 Common Shares) (f) (g).....                               | 0       |
| Doe Run Resources Corp. (1 Common Stock Warrant, expiring 10/29/12) (f) (g).....   | 5,465   |
| HCI Direct, Inc. (60,714 Common Shares) (f) (g).....                               | 728,568 |
| Hosiery Corp. of America, Inc., Class A (1,000 Common Shares) (f) (g).....         | 0       |
| VS Holdings, Inc. (20,207 Common Shares) (f) (g).....                              | 0       |
| XO Holdings, Inc. (681 Common Shares) (f).....                                     | 2,928   |
| XO Holdings, Inc., Ser A (1,364 Common Stock Warrants, expiring 01/16/10) (f)..... | 982     |
| XO Holdings, Inc., Ser B (1,022 Common Stock Warrants, expiring 01/16/10) (f)..... | 460     |
| XO Holdings, Inc., Ser C (1,022 Common Stock Warrants, expiring 01/16/10) (f)..... | 230     |
|                                                                                    | -----   |

|                     |         |
|---------------------|---------|
| TOTAL EQUITIES..... | 738,633 |
|                     | -----   |

## TOTAL LONG-TERM INVESTMENTS 170.8%

|                           |             |
|---------------------------|-------------|
| (Cost \$139,047,075)..... | 138,486,726 |
|                           | -----       |

See Notes to Financial Statements

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## VAN KAMPEN HIGH INCOME TRUST II

PORTFOLIO OF INVESTMENTS -- DECEMBER 31, 2006 continued

| DESCRIPTION                                                                                                                                                                                                 | VALUE     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| -----                                                                                                                                                                                                       |           |
| REPURCHASE AGREEMENTS 7.6%                                                                                                                                                                                  |           |
| Citigroup Global Markets, Inc. (\$1,252,255 par collateralized by U.S. Government obligations in a pooled cash account, interest rate of 5.23%, dated 12/29/06, to be sold on 01/02/07 at \$1,252,982)..... | 1,252,255 |
| State Street Bank & Trust Co. (\$4,876,745 par collateralized by U.S. Government obligations in a pooled cash account, interest rate of 5.08%, dated 12/29/06, to be sold on 01/02/07 at \$4,879,498).....  | 4,876,745 |
|                                                                                                                                                                                                             | -----     |
| TOTAL REPURCHASE AGREEMENTS                                                                                                                                                                                 |           |
| (Cost \$6,129,000).....                                                                                                                                                                                     | 6,129,000 |

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|                                                    |         |               |
|----------------------------------------------------|---------|---------------|
| TOTAL INVESTMENTS                                  | 178.4%  |               |
| (Cost \$145,176,075)                               |         | 144,615,726   |
| OTHER ASSETS IN EXCESS OF LIABILITIES              | 2.4%    | 1,984,877     |
| PREFERRED SHARES (INCLUDING ACCRUED DISTRIBUTIONS) | (80.8%) | (65,519,634)  |
| NET ASSETS APPLICABLE TO COMMON SHARES             | 100.0%  | \$ 81,080,969 |

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

(a) Floating Rate Coupon

(b) 144A-Private Placement security which is exempt from registration under Rule 144A of the Securities Act of 1933, as amended. This security may only be resold in transactions exempt from registration which are normally those transactions with qualified institutional buyers.

(c) Variable Rate Coupon

(d) Non-income producing as security is in default.

(e) This borrower has filed for protection in federal bankruptcy court.

(f) Non-income producing security.

(g) Market value is determined in accordance with procedures established in good faith by the Board of Trustees.

REIT--Real Estate Investment Trust

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See Notes to Financial Statements

VAN KAMPEN HIGH INCOME TRUST II

## FINANCIAL STATEMENTS

Statement of Assets and Liabilities  
December 31, 2006

### ASSETS:

|                                        |               |
|----------------------------------------|---------------|
| Total Investments (Cost \$145,176,075) | \$144,615,726 |
| Cash                                   | 962           |
| Receivables:                           |               |
| Interest                               | 2,761,112     |
| Investments Sold                       | 42,514        |
| Other                                  | 3,827         |
| Total Assets                           | 147,424,141   |

### LIABILITIES:

#### Payables:

|                                     |        |
|-------------------------------------|--------|
| Investment Advisory Fee             | 80,863 |
| Income Distributions--Common Shares | 45,164 |
| Other Affiliates                    | 9,211  |

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|                                                                                                                                               |               |
|-----------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| Trustees' Deferred Compensation and Retirement Plans.....                                                                                     | 577,780       |
| Accrued Expenses.....                                                                                                                         | 110,520       |
|                                                                                                                                               | -----         |
| Total Liabilities.....                                                                                                                        | 823,538       |
| Preferred Shares (including accrued distributions).....                                                                                       | 65,519,634    |
|                                                                                                                                               | -----         |
| NET ASSETS APPLICABLE TO COMMON SHARES.....                                                                                                   | \$ 81,080,969 |
|                                                                                                                                               | =====         |
| NET ASSET VALUE PER COMMON SHARE (\$81,080,969 divided by<br>18,893,621 shares outstanding).....                                              | \$ 4.29       |
|                                                                                                                                               | =====         |
| NET ASSETS CONSIST OF:                                                                                                                        |               |
| Common Shares (\$0.01 par value with an unlimited number of<br>shares authorized, 18,893,621 shares issued and<br>outstanding).....           | \$ 188,936    |
| Paid in Surplus.....                                                                                                                          | 145,759,977   |
| Net Unrealized Depreciation.....                                                                                                              | (560,349)     |
| Accumulated Undistributed Net Investment Income.....                                                                                          | (1,381,772)   |
| Accumulated Net Realized Loss.....                                                                                                            | (62,925,823)  |
|                                                                                                                                               | -----         |
| NET ASSETS APPLICABLE TO COMMON SHARES.....                                                                                                   | \$ 81,080,969 |
|                                                                                                                                               | =====         |
| PREFERRED SHARES (\$0.01 par value, authorized 100,000,000<br>shares, 2,616 issued with liquidation preference of<br>\$25,000 per share)..... | \$ 65,400,000 |
|                                                                                                                                               | =====         |
| NET ASSETS INCLUDING PREFERRED SHARES.....                                                                                                    | \$146,480,969 |
|                                                                                                                                               | =====         |

See Notes to Financial Statements

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### VAN KAMPEN HIGH INCOME TRUST II

#### FINANCIAL STATEMENTS continued

Statement of Operations  
For the Year Ended December 31, 2006

|                                             |              |
|---------------------------------------------|--------------|
| INVESTMENT INCOME:                          |              |
| Interest.....                               | \$10,767,315 |
| Other.....                                  | 131,564      |
|                                             | -----        |
| Total Income.....                           | 10,898,879   |
|                                             | -----        |
| EXPENSES:                                   |              |
| Investment Advisory Fee.....                | 1,014,770    |
| Preferred Share Maintenance.....            | 179,825      |
| Trustees' Fees and Related Expenses.....    | 101,760      |
| Professional Fees.....                      | 92,403       |
| Reports to Shareholders.....                | 51,817       |
| Accounting and Administrative Expenses..... | 51,002       |
| Transfer Agent Fees.....                    | 44,914       |
| Registration Fees.....                      | 20,928       |
| Custody.....                                | 18,451       |
| Other.....                                  | 55,839       |
|                                             | -----        |
| Total Expenses.....                         | 1,631,709    |
| Investment Advisory Fee Reduction.....      | 36,442       |

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|                                                                             |                |
|-----------------------------------------------------------------------------|----------------|
| Net Expenses.....                                                           | 1,595,267      |
| NET INVESTMENT INCOME.....                                                  | \$ 9,303,612   |
| REALIZED AND UNREALIZED GAIN/LOSS:                                          |                |
| Net Realized Loss.....                                                      | \$ (4,351,903) |
| Unrealized Appreciation/Depreciation:                                       |                |
| Beginning of the Period.....                                                | (5,814,953)    |
| End of the Period.....                                                      | (560,349)      |
| Net Unrealized Appreciation During the Period.....                          | 5,254,604      |
| NET REALIZED AND UNREALIZED GAIN.....                                       | \$ 902,701     |
| DISTRIBUTIONS TO PREFERRED SHAREHOLDERS.....                                | \$ (3,173,370) |
| NET INCREASE IN NET ASSETS APPLICABLE TO COMMON SHARES FROM OPERATIONS..... | \$ 7,032,943   |

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See Notes to Financial Statements

VAN KAMPEN HIGH INCOME TRUST II

FINANCIAL STATEMENTS continued

Statements of Changes in Net Assets

|                                                                                      | FOR THE<br>YEAR ENDED<br>DECEMBER 31, 2006 | FOR THE<br>YEAR ENDED<br>DECEMBER 31, 2005 |
|--------------------------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|
| FROM INVESTMENT ACTIVITIES:                                                          |                                            |                                            |
| Operations:                                                                          |                                            |                                            |
| Net Investment Income.....                                                           | \$ 9,303,612                               | \$ 6,676,951                               |
| Net Realized Loss.....                                                               | (4,351,903)                                | (465,425)                                  |
| Net Unrealized Appreciation/Depreciation During the Period.....                      | 5,254,604                                  | (5,972,386)                                |
| Distributions to Preferred Shareholders:                                             |                                            |                                            |
| Net Investment Income.....                                                           | (3,173,370)                                | (1,484,853)                                |
| Change in Net Assets Applicable to Common Shares from Operations.....                | 7,032,943                                  | (1,245,713)                                |
| Distributions to Common Shareholders:                                                |                                            |                                            |
| Net Investment Income.....                                                           | (6,782,767)                                | (5,595,543)                                |
| NET CHANGE IN NET ASSETS APPLICABLE TO COMMON SHARES FROM INVESTMENT ACTIVITIES..... | 250,176                                    | (6,841,256)                                |
| FROM CAPITAL TRANSACTIONS:                                                           |                                            |                                            |
| Proceeds from Common Shares Acquired Through Merger.....                             | -0-                                        | 49,072,045                                 |

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|                                                                                                                                   |              |              |
|-----------------------------------------------------------------------------------------------------------------------------------|--------------|--------------|
| TOTAL INCREASE IN NET ASSETS APPLICABLE TO COMMON SHARES.....                                                                     | 250,176      | 42,230,789   |
| NET ASSETS APPLICABLE TO COMMON SHARES:                                                                                           |              |              |
| Beginning of the Period.....                                                                                                      | 80,830,793   | 38,600,004   |
|                                                                                                                                   | -----        | -----        |
| End of the Period (Including accumulated undistributed net investment income of \$(1,381,772) and \$(825,498), respectively)..... | \$81,080,969 | \$80,830,793 |
|                                                                                                                                   | =====        | =====        |

See Notes to Financial Statements

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### 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, |         |         |         |         |
|--------------------------------------------------------------------------------------------|-------------------------|---------|---------|---------|---------|
|                                                                                            | 2006                    | 2005    | 2004    | 2003    | 2002    |
| NET ASSET VALUE, BEGINNING OF THE PERIOD.....                                              | \$ 4.28                 | \$ 4.76 | \$ 4.57 | \$ 3.79 | \$ 4.77 |
|                                                                                            | -----                   | -----   | -----   | -----   | -----   |
| Net Investment Income.....                                                                 | 0.49 (a)                | 0.52    | 0.52    | 0.52    | 0.60    |
| Net Realized and Unrealized Gain/Loss...                                                   | 0.05                    | (0.45)  | 0.16    | 0.75    | (0.89)  |
| Common Share Equivalent of Distributions Paid to Preferred Shareholders:                   |                         |         |         |         |         |
| Net Investment Income.....                                                                 | (0.17)                  | (0.11)  | (0.05)  | (0.04)  | (0.07)  |
| Return of Capital Distributions.....                                                       | -0-                     | -0-     | -0-     | -0- (f) | -0- (f) |
|                                                                                            | -----                   | -----   | -----   | -----   | -----   |
| Total from Investment Operations.....                                                      | 0.37                    | (0.04)  | 0.63    | 1.23    | (0.36)  |
| Distributions Paid to Common Shareholders:                                                 |                         |         |         |         |         |
| Net Investment Income.....                                                                 | (0.36)                  | (0.44)  | (0.44)  | (0.44)  | (0.58)  |
| Return of Capital Distributions.....                                                       | -0-                     | -0-     | -0-     | (0.01)  | (0.04)  |
|                                                                                            | -----                   | -----   | -----   | -----   | -----   |
| NET ASSET VALUE, END OF THE PERIOD.....                                                    | \$ 4.29                 | \$ 4.28 | \$ 4.76 | \$ 4.57 | \$ 3.79 |
|                                                                                            | =====                   | =====   | =====   | =====   | =====   |
| Common Share Market Price at End of the Period.....                                        | \$ 4.02                 | \$ 4.14 | \$ 5.14 | \$ 5.08 | \$ 4.07 |
| Total Return* (b).....                                                                     | 6.02%                   | -11.46% | 10.83%  | 37.20%  | -19.86% |
| Net Assets Applicable to Common Shares at End of the Period (In millions).....             | \$ 81.1                 | \$ 80.8 | \$ 38.6 | \$ 37.1 | \$ 30.7 |
| Ratio of Expenses to Average Net Assets Applicable to Common Shares* (c).....              | 2.00%                   | 2.43%   | 2.12%   | 2.25%   | 2.28%   |
| Ratio of Net Investment Income to Average Net Assets Applicable to Common Shares* (c)..... | 11.69%                  | 11.89%  | 11.51%  | 12.29%  | 14.50%  |
| Portfolio Turnover.....                                                                    | 48%                     | 62%     | 86%     | 74%     | 81%     |

\* If certain expenses had not been voluntarily assumed by Van Kampen, total return would have been lower and the ratios would have been as follows:

|                                                                              |       |     |     |     |     |
|------------------------------------------------------------------------------|-------|-----|-----|-----|-----|
| Ratio of Expenses to Average Net Assets Applicable to Common Shares (c)..... | 2.05% | N/A | N/A | N/A | N/A |
| Ratio of Net Investment Income to                                            |       |     |     |     |     |

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|                                                                                                  |          |          |          |          |          |
|--------------------------------------------------------------------------------------------------|----------|----------|----------|----------|----------|
| Average Net Assets Applicable to<br>Common Shares (c).....                                       | 11.64%   | N/A      | N/A      | N/A      | N/A      |
| SUPPLEMENTAL RATIOS:                                                                             |          |          |          |          |          |
| Ratio of Expenses to Average Net Assets<br>Including Preferred Shares (c).....                   | 1.10%    | 1.37%    | 1.21%    | 1.24%    | 1.18%    |
| Ratio of Net Investment Income to Average<br>Net Assets Applicable to Common Shares<br>(d) ..... | 7.70%    | 9.24%    | 10.40%   | 11.34%   | 12.93%   |
| SENIOR SECURITIES:                                                                               |          |          |          |          |          |
| Total Preferred Shares Outstanding.....                                                          | 2,616    | 2,616    | 1,112    | 1,112    | 1,112    |
| Asset Coverage Per Preferred Share (e)....                                                       | \$56,040 | \$55,933 | \$59,715 | \$58,320 | \$52,652 |
| Involuntary Liquidating Preference Per<br>Preferred Share.....                                   | \$25,000 | \$25,000 | \$25,000 | \$25,000 | \$25,000 |
| Average Market Value Per Preferred<br>Share.....                                                 | \$25,000 | \$25,000 | \$25,000 | \$25,000 | \$25,000 |

(a)Based on average shares outstanding.

(b)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.

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

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

(e)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.

(f)Amount is less than \$0.01 per share.

N/A = Not Applicable

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See Notes to Financial Statements

VAN KAMPEN HIGH INCOME TRUST II

NOTES TO FINANCIAL STATEMENTS -- DECEMBER 31, 2006

### 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 (the "1940 Act"), 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

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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, 2006, the Trust had no when-issued or 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, 2006 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 these losses against any future realized capital gains. At December 31, 2006, the Trust had an accumulated capital loss carryforward for tax purposes of \$62,923,467 which will expire according to the following schedule.

AMOUNT

EXPIRATION

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|                   |                   |
|-------------------|-------------------|
| \$ 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 |
| 4,400,827.....    | December 31, 2014 |

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, 2006, the cost and related gross unrealized appreciation and depreciation are as follows:

|                                                     |                |
|-----------------------------------------------------|----------------|
| Cost of investments for tax purposes.....           | \$145,789,504  |
|                                                     | =====          |
| Gross tax unrealized appreciation.....              | 3,323,537      |
| Gross tax unrealized depreciation.....              | (4,497,315)    |
|                                                     | -----          |
| Net tax unrealized depreciation on investments..... | \$ (1,173,778) |
|                                                     | =====          |

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 on a pro rata basis to common and preferred 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, 2006 and 2005 was as follows:

|                             | 2006        | 2005        |
|-----------------------------|-------------|-------------|
| Distributions paid from:    |             |             |
| Ordinary income.....        | \$9,909,458 | \$6,971,990 |
| Long-term capital gain..... | -0-         | -0-         |
|                             | -----       | -----       |
|                             | \$9,909,458 | \$6,971,990 |
|                             | =====       | =====       |

Permanent differences, primarily due to a portion of capital loss carryforward expiring in the current year and consent fee income received from tender offers, resulted in the following reclassifications among the Trust's components of net assets at December 31, 2006:

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| ACCUMULATED UNDISTRIBUTED<br>NET INVESTMENT INCOME | ACCUMULATED NET<br>REALIZED LOSS | PAID IN SURPLUS |
|----------------------------------------------------|----------------------------------|-----------------|
| \$96,251                                           | \$1,937,476                      | \$(2,033,727)   |

As of December 31, 2006, there were no components of distributable earnings on a tax basis.

Net realized gains or losses may differ for financial reporting and tax 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 including preferred shares of the Trust. Effective July 1, 2006, the Adviser has agreed to waive investment advisory fees equal to .05% of the average daily net assets including preferred shares of the Trust. For the period July 1, 2006 through December 31, 2006, the Adviser voluntarily waived \$36,442 of its investment advisory fees. This waiver is voluntary and can be discontinued at any time.

For the year ended December 31, 2006, the Trust recognized expenses of approximately \$17,800 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 these services are allocated to each trust. For the year ended December 31, 2006, the Trust recognized expenses of approximately \$46,600 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 "Professional Fees" on the Statement of Operations. Services provided pursuant to the Accounting Services and CCO Employment agreement are reported as part of "Accounting and Administrative 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 years of service to the Trust. The maximum annual benefit per trustee under the plan is \$2,500.

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NOTES TO FINANCIAL STATEMENTS -- DECEMBER 31, 2006 continued

### 3. CAPITAL TRANSACTIONS

For the years ended December 31, 2006 and 2005, transactions in common shares were as follows:

|                                     | YEAR ENDED<br>DECEMBER 31, 2006 | YEAR ENDED<br>DECEMBER 31, 2005 |
|-------------------------------------|---------------------------------|---------------------------------|
| Beginning Shares.....               | 18,893,621                      | 8,109,000                       |
| Shares Acquired Through Merger..... | -0-                             | 10,784,621                      |
|                                     | -----                           | -----                           |
| Ending Shares.....                  | 18,893,621                      | 18,893,621                      |
|                                     | =====                           | =====                           |

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 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 VIT. 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 \$65,439,151 and \$65,520,013, respectively.

### 5. PREFERRED SHARES

The Trust has outstanding 2,616 APS. Series A contains 1,112 shares and Series B contains 1,504 shares. Dividends are cumulative and the dividend rate on each series is currently reset every 28 days through an auction process. The average rate in effect on December 31, 2006 was 5.266%. During the year ended December 31, 2006, the rates ranged from 2.750% to 5.360%.

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.

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

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mandatory redemption if the tests are not met.

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VAN KAMPEN HIGH INCOME TRUST II

NOTES TO FINANCIAL STATEMENTS -- DECEMBER 31, 2006 continued

### 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.

### 7. ACCOUNTING PRONOUNCEMENTS

In July 2006, the Financial Accounting Standards Board (FASB) issued Interpretation 48, Accounting for Uncertainty in Income Taxes--an interpretation of FASB Statement 109 (FIN 48). FIN 48 clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position must meet before being recognized in the financial statements. FIN 48 is effective for the fiscal years beginning after December 15, 2006 and is to be applied to all open tax years as of the effective date. Recent SEC guidance allows implementing FIN 48 in the fund NAV calculations as late as the fund's last NAV calculation in the first required financial statement period. As a result, the Trust will incorporate FIN 48 in its semi annual report on June 30, 2007. The impact to the Trust's financial statements, if any, is currently being assessed.

In addition, in September 2006, Statement of Financial Accounting Standards No. 157, Fair Value Measurements (SFAS 157), was issued and is effective for fiscal years beginning after November 15, 2007. SFAS 157 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Management is currently evaluating the impact the adoption of SFAS 157 will have on the Trust's financial statement disclosures.

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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, 2006, 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 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

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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, 2006, 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, 2006, 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 8, 2007

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### VAN KAMPEN HIGH INCOME TRUST II

#### DIVIDEND REINVESTMENT PLAN

The dividend reinvestment plan offers you a prompt and simple way to reinvest your dividends and capital gains distributions into additional shares of your trust. Under the plan, the money you earn from dividends and capital gains distributions will be reinvested automatically in more shares of your trust, allowing you to potentially increase your investment over time. All shareholders in the Van Kampen High Income Trust II are automatically enrolled in the plan when shares are purchased, unless otherwise instructed.

#### PLAN BENEFITS

##### - ADD TO YOUR ACCOUNT

You may increase your shares in your trust easily and automatically with the dividend reinvestment plan.

##### - LOW TRANSACTION COSTS

Costs are low because the new shares are bought in blocks and the brokerage commission is shared among all participants.

##### - CONVENIENCE

You will receive a detailed account statement from Computershare Trust Company, N.A., which administers the plan, whenever shares are reinvested for you. The statement shows your total distributions, date of investment, shares acquired, and price per share, as well as the total number of shares in your reinvestment account.

##### - SAFEKEEPING

Computershare Trust Company, N.A. will hold the shares it has acquired for

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you in safekeeping, which provides added protection against loss, theft, or inadvertent destruction of certificates. However, you may request that a certificate representing your reinvested shares be issued to you.

### HOW TO PARTICIPATE IN THE PLAN

If you own shares in your own name, you can participate directly in the plan. If your shares are held in "street name"--in the name of your brokerage firm, bank, or other financial institution--you must instruct that entity to participate on your behalf. If they are unable to participate on your behalf, you may request that they reregister your shares in your own name so that you may enroll in the plan.

If you choose to participate in the plan, whenever your trust declares a dividend or capital gains distribution, it will be invested in additional shares of your trust that are purchased on the open market.

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### VAN KAMPEN HIGH INCOME TRUST II

#### DIVIDEND REINVESTMENT PLAN continued

#### HOW TO ENROLL

To enroll in the Dividend Reinvestment Plan please visit [vankampen.com](http://vankampen.com) or call (800) 341-2929 or notify us in writing at the address below.

Van Kampen Closed-End Funds  
Computershare Trust Company, N.A.  
P.O. Box 43011  
Providence, RI 02940-3011

Please include your Fund name and account number and ensure that all shareholders listed on the account sign these written instructions. Your participation in the plan will begin with the next dividend or capital gains distribution payable after Computershare Trust Company, N.A. receives your authorization, as long as they receive it before the "record date," which is generally ten business days before the dividend is paid. If your authorization arrives after such record date, your participation in the plan will begin with the following dividend or distribution.

#### COSTS OF THE PLAN

There is no direct charge to you for reinvesting dividends and capital gains distributions because the plan's fees are paid by your trust. However, you will pay your portion of any brokerage commissions incurred when the new shares are purchased on the open market. These brokerage commissions are typically less than the standard brokerage charges for individual transactions, because shares are purchased for all participants in blocks, resulting in lower commissions for each individual participant. Any brokerage commissions or service fees are averaged into the purchase price.

#### TAX IMPLICATIONS

The automatic reinvestment of dividends and capital gains distributions does not relieve you of any income tax that may be due on dividends or distributions. You will receive tax information annually to help you prepare your federal and state income tax returns.

#### HOW TO WITHDRAW FROM THE PLAN

To withdraw from the Dividend Reinvestment Plan please visit [vankampen.com](http://vankampen.com)

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or call (800) 341-2929 or notify us in writing at the address below.

Van Kampen Closed-End Funds  
Computershare Trust Company, N.A.  
P.O. Box 43011  
Providence, RI 02940-3011

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VAN KAMPEN HIGH INCOME TRUST II

DIVIDEND REINVESTMENT PLAN continued

All shareholders listed on the account must sign any written withdrawal instructions. If you withdraw, you have two choices for receiving your shares:

- CERTIFICATE

We will issue a certificate for the full shares and send you a check for any fractional shares without a charge.

- CHECK

We will sell all full and fractional shares and send the proceeds to your address of record after deducting brokerage commissions and a \$2.50 service fee.

The Trust and Computershare Trust Company, N.A. may amend or terminate the plan. Participants will receive written notice at least 30 days before the effective date of any amendment. In the case of termination, participants will receive written notice at least 30 days before the record date for the payment of any dividend or capital gains distribution by your trust.

TO OBTAIN A COMPLETE COPY OF THE DIVIDEND REINVESTMENT PLAN, PLEASE CALL OUR CLIENT RELATIONS DEPARTMENT AT 800-341-2929 OR VISIT VANKAMPEN.COM.

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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  
HUGO F. SONNENSCHNEIN  
WAYNE W. WHALEN\* - Chairman  
SUZANNE H. WOOLSEY

OFFICERS

RONALD E. ROBISON  
President and Principal Executive Officer

DENNIS SHEA  
Vice President

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J. DAVID GERMANY  
Vice President

AMY R. DOBERMAN  
Vice President

STEFANIE V. CHANG  
Vice President and Secretary

JOHN L. SULLIVAN  
Chief Compliance Officer

JAMES W. GARRETT  
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  
One Lincoln Street  
Boston, Massachusetts 02111

TRANSFER AGENT

COMPUTERSHARE TRUST COMPANY, N.A.  
c/o Computershare Investor Services  
P.O. Box 43011  
Providence, Rhode Island 02940-3011

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, 2006. 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 \$9,909,458 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 Trust 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<br>OF INDEPENDENT TRUSTEE                               | POSITION(S)<br>HELD WITH<br>TRUST | TERM OF<br>OFFICE AND<br>LENGTH OF<br>TIME<br>SERVED | PRINCIPAL OCCUPATION(S)<br>DURING PAST 5 YEARS                                                                                                                                                                                                                                                                                                                                                                                         | NUMBER OF<br>FUNDS IN<br>FUND<br>COMPLEX<br>OVERSEEN<br>BY TRUST |
|-------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| David C. Arch (61)<br>Blistex Inc.<br>1800 Swift Drive<br>Oak Brook, IL 60523 | Trustee                           | Trustee<br>since 1989                                | Chairman and Chief<br>Executive Officer of<br>Blistex Inc., a consumer<br>health care products<br>manufacturer. Director of<br>the Heartland Alliance, a<br>nonprofit organization<br>serving human needs based<br>in Chicago. Director of<br>St. Vincent de Paul<br>Center, a Chicago based<br>day care facility serving<br>the children of low<br>income families. Board<br>member of the Illinois<br>Manufacturers'<br>Association. | 72                                                               |
| Jerry D. Choate (68)<br>33971 Selva Road<br>Suite 130<br>Dana Point, CA 92629 | Trustee                           | Trustee<br>since 2003                                | Prior to January 1999,<br>Chairman and Chief<br>Executive Officer of the<br>Allstate Corporation<br>("Allstate") and Allstate<br>Insurance Company. Prior<br>to January 1995,<br>President and Chief<br>Executive Officer of<br>Allstate. Prior to August<br>1994, various management<br>positions at Allstate.                                                                                                                        | 72                                                               |

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VAN KAMPEN HIGH INCOME TRUST II  
TRUSTEES AND OFFICERS continued

| NAME, AGE AND ADDRESS<br>OF INDEPENDENT TRUSTEE                                                         | POSITION(S)<br>HELD WITH<br>TRUST | TERM OF<br>OFFICE AND<br>LENGTH OF<br>TIME<br>SERVED | PRINCIPAL OCCUPATION(S)<br>DURING PAST 5 YEARS                                                                                                                                                                                                                                                                                                                                                                                                                                 | NUMBER OF<br>FUNDS IN<br>FUND<br>COMPLEX<br>OVERSEEN<br>BY TRUST |
|---------------------------------------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| Rod Dammeyer (66)<br>CAC, L.L.C.<br>4350 LaJolla Village Drive<br>Suite 980<br>San Diego, CA 92122-6223 | Trustee                           | Trustee<br>since 1989                                | President of CAC, L.L.C.,<br>a private company<br>offering capital<br>investment and management<br>advisory services. Prior<br>to February 2001, Vice<br>Chairman and Director of<br>Anixter International,<br>Inc., a global<br>distributor of wire,<br>cable and communications<br>connectivity products.<br>Prior to July 2000,<br>Managing Partner of<br>Equity Group Corporate<br>Investment (EGI), a<br>company that makes<br>private investments in<br>other companies. | 72                                                               |

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VAN KAMPEN HIGH INCOME TRUST II  
TRUSTEES AND OFFICERS continued

| NAME, AGE AND ADDRESS<br>OF INDEPENDENT TRUSTEE | POSITION(S)<br>HELD WITH<br>TRUST | TERM OF<br>OFFICE AND<br>LENGTH OF<br>TIME<br>SERVED | PRINCIPAL OCCUPATION(S)<br>DURING PAST 5 YEARS | NUMBER OF<br>FUNDS IN<br>FUND<br>COMPLEX<br>OVERSEEN<br>BY TRUST |
|-------------------------------------------------|-----------------------------------|------------------------------------------------------|------------------------------------------------|------------------------------------------------------------------|
|-------------------------------------------------|-----------------------------------|------------------------------------------------------|------------------------------------------------|------------------------------------------------------------------|

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|                                                                                                              |         |                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |    |
|--------------------------------------------------------------------------------------------------------------|---------|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|
| Linda Hutton Heagy (58)<br>Heidrick & Struggles<br>233 South Wacker Drive<br>Suite 7000<br>Chicago, IL 60606 | Trustee | Trustee<br>since 2003 | Managing Partner of<br>Heidrick & Struggles, an<br>executive search firm.<br>Trustee on the University<br>of Chicago Hospitals<br>Board, Vice Chair of the<br>Board of the YMCA of<br>Metropolitan Chicago and<br>a member of the Women's<br>Board of the University<br>of Chicago. Prior to<br>1997, Partner of Ray &<br>Berndtson, Inc., an<br>executive recruiting<br>firm. Prior to 1996,<br>Trustee of The<br>International House<br>Board, a fellowship and<br>housing organization for<br>international graduate<br>students. Prior to 1995,<br>Executive Vice President<br>of ABN AMRO, N.A., a bank<br>holding company. Prior to<br>1990, Executive Vice<br>President of The Exchange<br>National Bank. | 72 |
| R. Craig Kennedy (54)<br>1744 R Street, NW<br>Washington, DC 20009                                           | Trustee | Trustee<br>since 2003 | Director and President of<br>the German Marshall Fund<br>of the United States, an<br>independent U.S.<br>foundation created to<br>deepen understanding,<br>promote collaboration and<br>stimulate exchanges of<br>practical experience<br>between Americans and<br>Europeans. Formerly,<br>advisor to the Dennis<br>Trading Group Inc., a<br>managed futures and<br>option company that<br>invests money for<br>individuals and<br>institutions. Prior to<br>1992, President and Chief<br>Executive Officer,<br>Director and member of<br>the Investment Committee<br>of the Joyce Foundation,<br>a private foundation.                                                                                          | 72 |
| Howard J Kerr (71)<br>14 Huron Trace<br>Galena, IL 61036                                                     | Trustee | Trustee<br>since 1992 | Prior to 1998, President<br>and Chief Executive<br>Officer of Pocklington<br>Corporation, Inc., an<br>investment holding<br>company. Director of the<br>Marrow Foundation.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 72 |

VAN KAMPEN HIGH INCOME TRUST II  
TRUSTEES AND OFFICERS continued

| NAME, AGE AND ADDRESS<br>OF INDEPENDENT TRUSTEE                        | POSITION(S)<br>HELD WITH<br>TRUST | TERM OF<br>OFFICE AND<br>LENGTH OF<br>TIME<br>SERVED | PRINCIPAL OCCUPATION(S)<br>DURING PAST 5 YEARS                                                                                                                                                                                                                                                                                                                                                                                                                              | NUMBER OF<br>FUNDS IN<br>FUND<br>COMPLEX<br>OVERSEEN<br>BY TRUST |
|------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| Jack E. Nelson (70)<br>423 Country Club Drive<br>Winter Park, FL 32789 | Trustee                           | Trustee<br>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 Ivest 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.                                         | 72                                                               |
| Hugo F. Sonnenschein (66)<br>1126 E. 59th Street<br>Chicago, IL 60637  | Trustee                           | Trustee<br>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. | 72                                                               |

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VAN KAMPEN HIGH INCOME TRUST II  
TRUSTEES AND OFFICERS continued

| NAME, AGE AND ADDRESS<br>OF INDEPENDENT TRUSTEE                             | POSITION(S)<br>HELD WITH<br>TRUST | TERM OF<br>OFFICE AND<br>LENGTH OF<br>TIME<br>SERVED | PRINCIPAL OCCUPATION(S)<br>DURING PAST 5 YEARS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | NUMBER OF<br>FUNDS IN<br>FUND<br>COMPLEX<br>OVERSEEN<br>BY TRUST |
|-----------------------------------------------------------------------------|-----------------------------------|------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| Suzanne H. Woolsey, Ph.D. (65)<br>815 Cumberstone Road<br>Harwood, MD 20776 | Trustee                           | Trustee<br>since 2003                                | Chief Communications<br>Officer of the National<br>Academy of<br>Sciences/National<br>Research Council, an<br>independent, federally<br>chartered policy<br>institution, from 2001 to<br>November 2003 and Chief<br>Operating Officer from<br>1993 to 2001. Director of<br>the Institute for Defense<br>Analyses, a federally<br>funded research and<br>development center,<br>Director of the German<br>Marshall Fund of the<br>United States, Director<br>of the Rocky Mountain<br>Institute and Trustee of<br>Colorado College. Prior<br>to 1993, Executive<br>Director of the<br>Commission on Behavioral<br>and Social Sciences and<br>Education at the National<br>Academy of Sciences/<br>National Research<br>Council. From 1980<br>through 1989, Partner of<br>Coopers & Lybrand. | 72                                                               |

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VAN KAMPEN HIGH INCOME TRUST II

TRUSTEES AND OFFICERS continued

INTERESTED TRUSTEE\*:

| NAME, AGE AND ADDRESS | POSITION(S)<br>HELD WITH | TERM OF<br>OFFICE AND<br>LENGTH OF<br>TIME | PRINCIPAL OCCUPATION(S) | NUMBER OF<br>FUNDS IN<br>FUND<br>COMPLEX<br>OVERSEEN |
|-----------------------|--------------------------|--------------------------------------------|-------------------------|------------------------------------------------------|
|-----------------------|--------------------------|--------------------------------------------|-------------------------|------------------------------------------------------|

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| OF INTERESTED TRUSTEE                                               | TRUST   | SERVED                | DURING PAST 5 YEARS                                                                                                          | BY TRUST |
|---------------------------------------------------------------------|---------|-----------------------|------------------------------------------------------------------------------------------------------------------------------|----------|
| Wayne W. Whalen* (67)<br>333 West Wacker Drive<br>Chicago, IL 60606 | Trustee | Trustee<br>since 1989 | Partner in the law firm<br>of Skadden, Arps, Slate,<br>Meagher & Flom LLP, legal<br>counsel to funds in the<br>Fund Complex. | 72       |

\* 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.

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VAN KAMPEN HIGH INCOME TRUST II

TRUSTEES AND OFFICERS continued

OFFICERS:

| NAME, AGE AND<br>ADDRESS OF OFFICER                                         | POSITION(S)<br>HELD WITH<br>TRUST                  | TERM OF<br>OFFICE AND<br>LENGTH OF<br>TIME<br>SERVED | PRINCIPAL OCCUPATION(S)<br>DURING PAST 5 YEARS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------------------------------------------------------------|----------------------------------------------------|------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Ronald E. Robison (68)<br>1221 Avenue of the Americas<br>New York, NY 10020 | President and<br>Principal<br>Executive<br>Officer | Officer<br>since 2003                                | President of funds in the Fund Complex s<br>and Principal Executive Officer of funds<br>since May 2003. Managing Director of Van<br>Inc. since June 2003. Director of Invest<br>September 2002. Director of the Adviser,<br>Investments and Van Kampen Exchange Corp<br>2005. Managing Director of Morgan Stanle<br>& Co. Incorporated. Managing Director an<br>Stanley Investment Management Inc. Chief<br>Officer, Managing Director and Director<br>Investment Advisors Inc. and Morgan Stan<br>Inc. Managing Director and Director of M<br>Distributors Inc. and Morgan Stanley Dis<br>Executive Officer and Director of Morgan<br>Executive Vice President and Principal E<br>the Institutional and Retail Morgan Stan<br>of Morgan Stanley SICAV. Previously, Chi<br>Officer of Morgan Stanley Investment Man<br>Executive Vice President of funds in the<br>May 2003 to September 2005. |
| Dennis Shea (53)<br>1221 Avenue of the Americas<br>New York, NY 10020       | Vice President                                     | Officer<br>since 2006                                | Managing Director of Morgan Stanley Inve<br>Inc., Morgan Stanley Investment Manageme<br>and Van Kampen Advisors Inc. Chief Inves<br>Equity of the same entities since Februa<br>President of Morgan Stanley Institutiona<br>since February 2006. Vice President of f<br>Complex since March 2006. Previously, Ma<br>Director of Global Equity Research at Mo<br>April 2000 to February 2006.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

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|                                                                                  |                |                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----------------------------------------------------------------------------------|----------------|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| J. David Germany (52)<br>25 Cabot Square,<br>Canary Wharf<br>London, GBR E14 4QA | Vice President | Officer<br>since 2006 | Managing Director of Morgan Stanley Investment Management Inc., Morgan Stanley Investment Management and Van Kampen Advisors Inc. Chief Investment Officer of the same entities since 2005. Managing Director and Director of Morgan Stanley Investment Management Ltd. Director of Morgan Stanley Investment Management (ACD) Limited since 2005. Vice President of Morgan Stanley Institutional Funds since February 2006. Vice President of Morgan Stanley Fund Complex since March 2006. |
|----------------------------------------------------------------------------------|----------------|-----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

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## VAN KAMPEN HIGH INCOME TRUST II TRUSTEES AND OFFICERS continued

| NAME, AGE AND<br>ADDRESS OF OFFICER                                         | POSITION(S)<br>HELD WITH<br>TRUST              | TERM OF<br>OFFICE AND<br>LENGTH OF<br>TIME<br>SERVED | PRINCIPAL OCCUPATION(S)<br>DURING PAST 5 YEARS                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------------------------------------------------------|------------------------------------------------|------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Amy R. Doberman (44)<br>1221 Avenue of the Americas<br>New York, NY 10020   | Vice President                                 | Officer<br>since 2004                                | Managing Director and General Counsel - Morgan Stanley Investment Management; Managing Director of Morgan Stanley Investment Management Inc., Morgan Stanley Investment Management the Adviser. Vice President of the Morgan Stanley Institutional and Retail Funds since July 2004. Vice President of funds in the Fund Complex since 2004. Previously, Managing Director and General Counsel of UBS Global Asset Management from 2004 and General Counsel of Aeltus Investments Inc. from January 1997 to July 2000. |
| Stefanie V. Chang (40)<br>1221 Avenue of the Americas<br>New York, NY 10020 | Vice President<br>and Secretary                | Officer<br>since 2003                                | Executive Director of Morgan Stanley Institutional Funds Inc. Vice President and Secretary of funds in the Fund Complex.                                                                                                                                                                                                                                                                                                                                                                                               |
| John L. Sullivan (51)<br>1 Parkview Plaza<br>Oakbrook Terrace, IL 60181     | Chief<br>Compliance<br>Officer                 | Officer<br>since 1998                                | Chief Compliance Officer of funds in the Fund Complex since August 2004. Prior to August 2004, Director of Van Kampen Investments, the Adviser and certain other subsidiaries of Morgan Stanley Investment Management, Vice President, Chief Financial Officer of funds in the Fund Complex and Treasurer of Morgan Stanley Investment Management. Prior to December 2002, Executive Director of Morgan Stanley Investments, the Adviser and Van Kampen Advisors Inc.                                                  |
| James W. Garrett (38)<br>1221 Avenue of the Americas<br>New York, NY 10020  | Chief<br>Financial<br>Officer and<br>Treasurer | Officer<br>since 2006                                | Managing Director of Morgan Stanley Investment Management Inc. since December 2006; Chief Financial Officer of Morgan Stanley Institutional Funds and of funds in the Fund Complex from January 2005 and since September 2006. Previously, Managing Director of Morgan Stanley Investment Management from 2002 to December 2006.                                                                                                                                                                                       |

In accordance with Section 303A.12(a) of the New York Stock Exchange Listed

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Company Manual, the Trust's Chief Executive Officer has certified to the New York Stock Exchange that, as of June 29, 2006, 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 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)

## Edgar Filing: VAN KAMPEN HIGH INCOME TRUST II - Form N-CSR

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 "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

(continued on back)

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

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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

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RN07-00480P-Y12/06

(VAN KAMPEN INVESTMENTS LOGO)

#### 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) Due to personnel changes at the Adviser, the list of covered officers set forth in Exhibit B was amended in November 2006. Both editions of Exhibit B are attached.

(d) Not applicable.

(e) Not applicable.

(f)

- (1) The Trust's Code of Ethics is attached hereto as Exhibit 12(1).
- (2) Not applicable.
- (3) Not applicable.

#### Item 3. Audit Committee Financial Expert.

The Trust's Board of Trustees has determined that it has three "audit committee financial experts" serving on its audit committee, each of whom are "independent" Trustees : Rod Dammeyer, 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

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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.

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

2006

|                           | REGISTRANT  | COVERED ENTITIES (1) |
|---------------------------|-------------|----------------------|
| AUDIT FEES.....           | \$45,500    | N/A                  |
| NON-AUDIT FEES            |             |                      |
| AUDIT-RELATED FEES.....   | \$800 (2)   | \$244,200 (3)        |
| TAX FEES.....             | \$1,600 (4) | \$0                  |
| ALL OTHER FEES.....       | \$0         | \$0                  |
| TOTAL NON-AUDIT FEES..... | \$2,400     | \$244,200            |
| TOTAL.....                | \$47,900    | \$244,200            |

2005

|                           | REGISTRANT  | COVERED ENTITIES (1) |
|---------------------------|-------------|----------------------|
| 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            |

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.

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- (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  
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

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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

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

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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 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

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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).

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.

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### 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 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 Dammeier.

(b) Not applicable.

#### Item 6. Schedule of Investments.

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Please refer to Item #1.

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

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 under this Policy (except for the Morgan Stanley KLD Social Index Fund, which votes proxies pursuant to the Institutional Shareholder Services' Social Investment Research Proxy Voting Guidelines) 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.

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

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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 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. Morgan Stanley AIP GP LP will follow the procedures as described in Appendix A. 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

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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 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:

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- (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;
- (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 fees paid to auditors are excessive. Generally, to determine if such fees are excessive, a 50% test will be applied: i.e., non-audit fees should be less than 50% of the total fees paid to the auditor.
- 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.

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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) 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

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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.
  - 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 and approved by the Research Providers generally will be supported where there is no portfolio manager objection and where there is no material

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conflict of interest and in those instances will not need to be reviewed by the Proxy Review Committee.

### 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 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

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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.
  - (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

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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 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

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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

- (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 and Joshua Givelber, Executive Directors 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 as of December 31, 2006

Mr. Loery managed eight mutual funds with a total of approximately \$1.4 billion in assets; three pooled investment vehicles other than mutual funds with a total of approximately \$418.6 million; and one other account with a total of approximately \$1 thousand.

Mr. Givelber managed seven mutual funds with a total of approximately \$1.5 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 Fund, or it may receive a performance-based fee on certain accounts. In those instances, the portfolio manager may have an incentive to favor the higher and/or performance-based fee accounts over the Fund. The portfolio managers of the Fund do not currently manage assets of other investment companies, pooled investment vehicles or other accounts that charge a

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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 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 Alignment Plan (IMAP) awards -- a mandatory program that defers a portion of discretionary year-end compensation and notionally invests it in designated Funds 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 100% of the IMAP deferral into a combination of the designated open-end mutual funds they manage that are included in the IMAP Fund menu, which may or may not include the Fund.
  
  - 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 Funds, including Funds 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 funds/accounts managed by the portfolio manager. Investment performance is calculated for one-, three- and five-year periods measured against a fund's/account's primary benchmark, indices and/or peer groups where applicable. 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.
  
  - 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.

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- Other qualitative factors, such as contributions to client objectives.
- Performance of Morgan Stanley and Morgan Stanley Investment Management, and the overall performance of the investment team(s) of which the portfolio manager is a member.

### SECURITIES OWNERSHIP OF PORTFOLIO MANAGERS

As of December 31, 2006, the portfolio managers did not own any shares of the Fund.

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 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.

### 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

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Title: Principal Executive Officer

Date: February 8, 2007

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 8, 2007

By: /s/ James W. Garrett

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Name: James W. Garrett

Title: Principal Financial Officer

Date: February 8, 2007