

SALOMON BROTHERS HIGH INCOME FUND II INC
Form N-CSR
July 01, 2003

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 811-08709

Salomon Brothers High Income Fund II Inc
(Exact name of registrant as specified in charter)

125 Broad Street, New York, NY 10004
(Address of principal executive offices) (Zip code)

Christina T. Sydor, Esq.
300 First Stamford Place
Stamford, CT 06902
(Name and address of agent for service)

Registrant's telephone number, including area code:

(800)-725-6666

Date of fiscal year end: April 30
Date of reporting period: April 30, 2003

ITEM 1. REPORT TO STOCKHOLDERS.

The Annual Report to Stockholders is filed herewith.

[GRAPHIC]

SALOMON BROTHERS
HIGH INCOME FUND II INC

ANNUAL REPORT
April 30, 2003

[LOGO] SALOMON BROTHERS
Asset Management

PFPC Global Fund Services
P.O. Box 8030
Boston, MA 02266-8030

SALOMON BROTHERS HIGH INCOME FUND II INC

LETTER FROM THE CHAIRMAN

[PHOTO]
R. Jay Gerken
Chairman

Dear Shareholder:

The philosopher Bertrand Russell famously remarked that, "Change is one thing, progress is another." You will notice in the following pages that we have begun to implement some changes to your shareholder report and we will be reflecting other changes in future reports. Our aim is to make meaningful improvements in reporting on the management of your Fund and its performance, not just to enact change for change's sake. Please bear with us during this transition period.

We know that you have questions about Fund managers' decisions and plans, and we want to be sure that you have easy access to the information you need. Keeping investors informed is, and always will be, one of my top priorities as Chairman of your Fund. To that end, we encourage you to contact Investor Relations at 1-800-SALOMON.

As always, thank you for entrusting your assets with us. We look forward to helping you continue to meet your financial goals. Please read on to learn more about your Fund's performance and the Manager's strategy.

Sincerely,

/s/ R. Jay Gerken
R. Jay Gerken
Chairman

May 14, 2003

SALOMON BROTHERS HIGH INCOME FUND II INC

MANAGER OVERVIEW

Performance Review

During the 12 months ended April 30, 2003, the Salomon Brothers High Income Fund II Inc ("Fund") performed very well, generating a total return of 15.58% based on its net asset value ("NAV") and 15.00% based on its market price, significantly outperforming the Citigroup High-Yield Market Index, /i/ which returned 9.64% for the period. Past performance is not indicative of future results.

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During the period, the Fund made distributions to shareholders totaling \$1.38/ii/ per share. The table below shows the 12-month total returns based on the Fund's April 30, 2003 NAV per share and its New York Stock Exchange ("NYSE") closing price./iii/

| Price Per Share | Total Return for the 12-Month Period/iv/ ----- |
|-----------------|---|
| \$10.42 (NAV) | 15.58% |
| \$11.65 (NYSE) | 15.00% |

U.S. HIGH-YIELD DEBT

A Challenging Start

During the first three months of the Fund's fiscal year, a series of factors weakened investor confidence, which had already reached a fragile state. The factors included additional reports of fraudulent accounting practices, earnings restatements by corporations and a large number of credit downgrades of corporate bonds by ratings agencies. As a result of the increased market volatility and investor uncertainty, both high-yield and investment-grade bond issues dropped in price and their yields correspondingly rose to levels comparable to those on non-investment-grade ("high-yield") bonds. In June, WorldCom Inc.'s disclosure that it had improperly accounted for \$3.8 billion of expenses caused investors to avoid sectors characterized by companies with more complex financials, and this increased the risk premium for high-yield bonds. The market had declined significantly by the end of July with the arrest of senior executives at Adelphia Communications and WorldCom's Chapter 11 bankruptcy filing.

The high-yield market regained some ground for a period in August amid perceptions that the economy was improving. However, the rally proved short-lived and the market subsequently retreated due to concerns about mounting tensions in Iraq, warnings about lower corporate earnings, and new economic data and other signals that raised doubts about the strength of the economy. As a result of the strong sell-off in the market during the first half of the Fund's fiscal year, by the end of October high-yield bond yields, which move opposite to prices, increased to 13.36% (as measured by the yield of the Citigroup High-Yield Market Index).

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High Yield Market Rebound

When the economy is weak, the Federal Reserve ("Fed") may consider lowering its interest rate targets to help stimulate economic activity. The rationale is that if rates proceed to decline, consumers and corporations can borrow more cheaply and may be inclined to spend more, pumping money into the economy. Following an economic report released in October that reflected a weak labor market, the Fed reduced its target for the federal funds rate/iv/ by half a percentage point in early November to a four-decade low of 1.25%. The most significant headway in the high-yield market occurred after this time.

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The market advanced amid considerably stronger inflows of cash compared to earlier periods in the year. Perceptions that the economy was improving, coupled with favorable yields available in the market, supported interest in high-yield bonds. The declining default rate of corporate bonds (i.e., the number of companies failing to make timely interest payments to bondholders) also proved encouraging to the market. Reports of corporate accounting improprieties that made front-page headlines during the spring, which created a dimmer environment for the high-yield market at that time, became less pronounced. Furthermore, the requirement by the Securities and Exchange Commission last summer that principal executive officers and company directors certify the accuracy of their companies' financial statements appeared to have restored some investor confidence in the integrity of corporate financial reporting practices.

In 2003, the high-yield market continued to rally as investors seeking to put money on the sidelines to work bid up prices of bonds. Despite more pronounced concerns about war with Iraq throughout the first calendar quarter of this year, the trend of declining default rates continued to generate more investor confidence in the strength of high-yield bonds. Furthermore, the end of the conflict sparked additional demand for high-yield bonds as investors shifted their focus from geopolitical tensions to the fact that first quarter earnings at many companies were in line with estimates and the stock market was recovering.

Analysis of Fund's High-Yield Component

In terms of its performance, the Fund benefited from its overweighted exposure to bonds from issuers in the consumer products, technology, wireless telecommunications and tower industries and through its underweighted exposure to the wireline telecommunications, automotive and airline industries relative to the Citigroup High-Yield Market Index. However, the Fund was adversely affected by its overweighted exposure to the cable industry and through its underweighted exposure to the energy industry relative to the index.

Over the past year, the Fund's corporate high-yield position increased its exposure to the beleaguered investment-grade corporate bond sector, particularly the issues of large-cap companies. After the crisis of confidence in Corporate America sparked by reports of various financial improprieties and the fall-out at Enron Corp. and WorldCom, the issues of even solid, blue-chip companies came under heavy scrutiny and were oversold. We used this opportunity to increase holdings in corporate issues of what we considered to be solid companies that, in our view, were competitively priced. The Fund and high-yield market benefited as the crisis in confidence subsided and high-grade corporate issues rebounded.

SALOMON BROTHERS HIGH INCOME FUND II INC

As of the period's close, while the Fund was invested in a diversified array of sectors, it maintained significant exposure to the media-and-cable sector. During the past year, we increased the Fund's exposure to cable issues that we perceived were oversold following the reported problems at Adelphia Communications, which negatively impacted the sector. The Fund also maintained heavier exposure to telecommunication issues for similar reasons, as that sector likewise came under selling pressure following the WorldCom situation. The Fund also maintained heavier exposure to energy issues versus many other sectors because we believed they would fluctuate less and for diversification.

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Competitive Yields

Recent market valuations appear to have discounted much of the negative news that transpired during 2002. At the end of April, the high-yield market offered very competitive levels of income.

EMERGING MARKETS DEBT

Emerging markets debt/vi/ returned 21.27% for the period, as measured by the J.P. Morgan Emerging Markets Bond Index Plus ("EMBI+")./vii/ During the period, EMBI+ sovereign spreads tightened by 43 basis points closing at 576 basis points over U.S. Treasuries. The 12-month return volatility was approximately 10%.

The markets for emerging markets debt remained volatile during the first half of the reporting period but staged a year-end rally that continued into April of 2003. Despite the military conflict in Iraq, several high-profile elections in some emerging market countries and high volatility in global equity markets, country performance was solid as the markets of all countries reflected in the EMBI+ posted gains for the period. Developments in Latin America, namely presidential elections in Brazil and Ecuador, drove overall market performance as they welcomed ambitious political and economic reform programs that the newly elected leaders in these countries embarked on.

The market rally for emerging markets debt was also supported by high oil prices, an important driver of revenues for many emerging market economies. During the period, oil prices increased to almost \$40 per barrel. Moreover, the market enjoyed positive market technicals (i.e., increased inflows combined with the re-investment of coupon and amortization payments).

Our active asset allocation process proved to be beneficial for the Fund. At the beginning of the fiscal period, the Fund was long emerging markets debt, which accounted for approximately 32% of the Fund. It positively contributed to the performance of the Fund as emerging markets debt outperformed high yield bonds (e.g., U.S. high-yield issues). Later during the period, we decided to reduce the Fund's exposure to emerging markets due to negative developments in Argentina as well as to expected volatility surrounding elections in Brazil and Ecuador. Our emerging markets debt allocation accounted for as little as approximately 8% of the Fund last July, which positively contributed to the Fund's performance as the emerging markets debt was performing poorly during that time. With the elections and

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uncertainties surrounding them behind us, we decided to increase our allocation to emerging markets debt at the beginning of 2003. That allowed us to participate in the rally in these markets that, as of the period's close, was still in progress. As of April 30th, the emerging markets debt component constituted over 19% of total investments of the Fund.

Developments in some of the key emerging markets over the period are described below. (The performances of the following debt markets are measured by the EMBI+.)/viii/

Russia. Posting a gain of 32.49% for the period, Russia ranked as the best-performing market in the EMBI+. Despite the slowdown of industrial production, Russia's macroeconomic fundamentals remained strong, mainly due to

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a strong rebound in export-oriented and capital goods industries. High oil prices continued to spur credit quality improvements as foreign currency reserves exceeded \$50 billion. Last December, Moody's Investors Service upgraded Russia's credit rating to Ba2. While we are happy with Russia's progress, we have reduced the Fund's exposure to this market, as we are concerned that Russian bond prices may have overshot real economic improvements in the country. Within the emerging markets debt component of the Fund, we have recently been underweight Russian debt./ix/

Brazil. Due to its large weighting in the EMBI+ (approximately 22%), Brazil influences the overall return of the markets in the index. The market posted a gain of 25.25% for the period, and while these returns outpaced the market, Brazil performed poorly before the presidential elections in October. Weak performance was caused by investors' concerns about future economic policies of the Lula De Silva administration. Throughout much of 2002, investors were convinced that Lula would not be elected president. His steady progress in the polls and ultimate victory in elections, in our view, led many investors to sell Brazilian debt. Following several of our trips to Brazil, we believed that Lula would implement market-friendly policies and that the market would eventually embrace his victory. Accordingly, we took advantage of the sell-off and began adding to the Fund's exposure to Brazilian debt. As we expected, Brazilian debt rebounded after elections as markets reacted favorably to market-friendly comments from Lula and his top advisers. Within the emerging markets debt component of the Fund, we have maintained an overweight position in Brazilian debt./ix/

Ecuador. Returning 21.85%, Ecuador ended the fiscal period on a strong positive note. On March 21st, the International Monetary Fund ("IMF")/x/ approved a \$205-million agreement for Ecuador. This agreement was reached by the government after just two months in office. The previous administration negotiated with the IMF over a 14-month period and failed to reach an agreement. The market appeared to interpret this agreement as being indicative of the new government's determination to implement prudent fiscal measures. Following this approval, Fitch Ratings, a nationally recognized credit ratings service, revised its rating outlook on Ecuador's CCC+ rating from "stable" to "positive." Ecuador's economy also continued to benefit from high oil prices. Within the emerging markets debt component of the Fund, we have recently been overweighted Ecuador./ix/

Mexico. Its strong credit fundamentals combined with higher oil prices supported the performance of Mexico's debt market, which returned 18.51% for the period. Mexico's strong fiscal position has enabled the country to avoid budget cuts in the current economic slowdown. The Fund has recently had a market-weight in Mexico relative to the EMBI+./ix/

SALOMON BROTHERS HIGH INCOME FUND II INC

Turkey. Despite the significant volatility it experienced during the period, Turkey managed to post a gain of 9.40% for the period. At the beginning of the period, the country's geo-strategic importance combined with significant IMF support attracted investor interest. The domestic economy stabilized with a return of investor confidence, a decline in interest rates, and a stronger currency. In addition, the market reacted positively to the outcome of the November general elections that were won by the Justice and Development Party ("AKP"). Financial markets, however, reacted negatively to Turkey's refusal to grant the U.S. the right to use its airspace as well as to deploy troops on Turkish soil during the war with Iraq. This decision by the Turkish parliament

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caused the loss of a \$30 billion economic aid package from the U.S. On the back of expectations that the war in Iraq would end earlier than expected, Turkey recovered some of the losses in April. Investors believed that the impact of the war on the Turkish economy might be milder than initially feared. Around the time of Turkey's refusal to grant U.S. troops deployment, we decreased our allocation to Turkey from overweight to underweight within the emerging markets debt component of the Fund./ix/

Venezuela. Returning 4.57% for the period, Venezuela was the worst performer in the EMBI+. Although the two-month general strike organized by opposition parties has been generally lifted and oil production has started to recover, many market observers feel it will take a long time to overcome the devastating impact it had on the domestic economy and especially its oil sector, the largest generator of tax revenues. Despite the apparent recovery in oil output, the need for financing remains high due to additional downward pressures on the economy from high inflation and currency depreciation. Venezuelan debt also remains vulnerable due to the volatile political environment. The Fund has continued to have a very limited exposure to Venezuela./ix/

Yields Support Investor Interest

As of the period's close, higher yields available through emerging markets debt continued to support investor interest in these markets.

Looking for Additional Information?

The Salomon Brothers High Income Fund II Inc is traded on the New York Stock Exchange under the symbol "HIX" and its closing market price is available in most newspapers under the New York Stock Exchange listings. Daily net asset value closing prices are available online under symbol "XHIXX". Barron's and The Wall Street Journal's Monday editions carry closed-end fund tables that will provide weekly net asset value per share information. In addition, the Fund issues a quarterly allocation press release that can be found on most major financial web sites.

In a continuing effort to provide information concerning the Salomon Brothers High Income Fund II Inc, shareholders may call 1-888-777-0102 or 1-800-SALOMON (toll free), Monday through Friday from 8:00 a.m. to 6:00 p.m. Eastern Time (ET), for the Fund's current net asset value, market price and other information regarding the Fund's portfolio holdings and allocations.

SALOMON BROTHERS HIGH INCOME FUND II INC

Thank you for your investment in the Salomon Brothers High Income Fund II Inc. We look forward to continuing to help you meet your investment objectives.

Sincerely,

/s/ Peter J. Wilby
Peter J. Wilby, CFA
President

/s/ James E. Craige
James E. Craige, CFA
Executive Vice President

/s/ Beth A. Semmel
Beth A. Semmel, CFA
Executive Vice President

May 14, 2003

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The information provided in this letter by the Manager is not intended to be a forecast of future events, a guarantee of future results or investment advice. Views expressed may differ from those of the firm as a whole.

Portfolio holdings and breakdowns are as of April 30, 2003 and are subject to change. Please refer to pages 8 through 21 for a list and percentage breakdown of the Fund's holdings.

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- /i/ The Citigroup High-Yield Market Index is a broad-based unmanaged index of high-yield securities. Please note that an investor cannot invest directly in an index.
 - /ii/ Includes return of capital of \$0.22 per share.
 - /iii/ NAV is a price that reflects the market value of the Fund's underlying portfolio. However, the price at which an investor may buy or sell shares of the Fund is at the Fund's market price as determined by supply of and demand for the Fund's common shares.
 - /iv/ Total returns are based on changes in NAV or the market price, respectively. Total returns assume the reinvestment of all dividends and/or capital gains distributions in additional shares.
 - /v/ The federal funds rate is the interest rate that banks with excess reserves at a Federal Reserve district bank charge other banks that need overnight loans. The federal funds rate often points to the direction of U.S. interest rates.
 - /vi/ Foreign securities are subject to certain risks of overseas investing including currency fluctuations and changes in political and economic conditions, which could result in significant market fluctuations. These risks are magnified in emerging or developing markets.
 - /vii/ The EMBI+ is a total return index that tracks the traded market for U.S. dollar-denominated Brady and other similar sovereign restructured bonds traded in the emerging markets. Please note that an investor cannot invest directly in an index.
 - /viii/ Source: J.P. Morgan Securities Inc.
 - /ix/ As of the period's close.
 - /x/ The IMF is an international organization of various member countries, established to promote international monetary cooperation, exchange stability, and orderly exchange arrangements.

SALOMON BROTHERS HIGH INCOME FUND II INC

SCHEDULE OF INVESTMENTS
April 30, 2003

| Face Amount | Security* |
|--------------------------|---|
| ----- | |
| CORPORATE BONDS -- 76.1% | |
| Basic Industries -- 9.8% | |
| \$ 4,275,000 | aaIPharma Inc., 11.000% due 4/1/10..... |
| 3,700,000 | Abitibi-Consolidated Inc., Debentures, 8.850% due 8/1/30..... |
| 8,155,000 | Acetex Corp., Sr. Notes, 10.875% due 8/1/09..... |
| 2,500,000 | Airgas, Inc., 9.125% due 10/1/11..... |
| 5,400,000 | Applied Extrusion Technologies, Inc., Series B, 10.750% due 7/1/11 (a)..... |

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| | | |
|-----------|---|--|
| 2,750,000 | Berry Plastics Corp., 10.750% due 7/15/12..... | |
| 2,800,000 | Borden Chemicals & Plastics Limited Partnership, Notes, 9.500% due 5/1/05 (b) | |
| | Buckeye Technologies Inc., Sr. Sub. Notes: | |
| 1,000,000 | 8.500% due 12/15/05..... | |
| 1,750,000 | 9.250% due 9/15/08 (a)..... | |
| 1,000,000 | 8.000% due 10/15/10..... | |
| 8,500,000 | FMC Corp., Debentures, 7.750% due 7/1/11..... | |
| 6,950,000 | ISP Chemco Inc., Series B, 10.250% due 7/1/11..... | |
| 2,000,000 | Luscar Coal Ltd., Sr. Notes, 9.750% due 10/15/11..... | |
| | Lyondell Chemical Co.: | |
| 2,575,000 | 10.875% due 5/1/09 (a)..... | |
| 550,000 | Secured Notes, Series B, 9.875% due 5/1/07..... | |
| 2,100,000 | MDP Acquisitions PLC, Sr. Notes, 9.625% due 10/1/12 (c)..... | |
| 3,400,000 | Methanex Corp., Sr. Notes, 8.750% due 8/15/12..... | |
| 3,190,000 | Millennium America, Inc., 9.250% due 6/15/08 (a)..... | |
| 2,500,000 | Noveon Inc., Series B, 11.000% due 2/28/11..... | |
| 1,325,000 | OM Group, Inc., 9.250% due 12/15/11..... | |
| 5,750,000 | Peabody Energy Corp., Series B, 9.625% due 5/15/08 (a)..... | |
| | Plastipak Holdings Inc.: | |
| 6,150,000 | 10.750% due 9/1/11..... | |
| 875,000 | Sr. Notes, 10.750% due 9/1/11 (c)..... | |
| 2,150,000 | Radnor Holdings Corp., Sr. Notes, 11.000% due 3/15/10 (c)..... | |
| 941,176 | Republic Engineered Products LLC, Secured Notes, 10.000% due 8/16/09..... | |
| 5,000,000 | Republic Technologies International, LLC, 13.750% due 7/15/09 (b)..... | |
| 8,000,000 | Riverwood International Corp., 10.625% due 8/1/07..... | |
| 3,800,000 | Smurfit-Stone Container Corp., 8.250% due 10/1/12..... | |
| 4,950,000 | Stone Container Corp., Sr. Notes, 8.375% due 7/1/12..... | |
| 950,000 | Tekni-Plex, Inc., Series B, 12.750% due 6/15/10..... | |
| 2,625,000 | Terra Industries Inc., Sr. Notes, Series B, 10.500% due 6/15/05 (a)..... | |

See Notes to Financial Statements.

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SALOMON BROTHERS HIGH INCOME FUND II INC

SCHEDULE OF INVESTMENTS (continued)
April 30, 2003

| Face Amount | Security* | Va |
|----------------------------|--|------|
| Consumer Cyclicals -- 6.7% | | |
| \$ 1,275,000 | Ameristar Casinos, Inc., 10.750% due 2/15/09..... | \$ 1 |
| | Cole National Group, Inc., Sr. Sub. Notes: | |
| 2,850,000 | 8.625% due 8/15/07..... | 2 |
| 3,425,000 | 8.875% due 5/15/12..... | 3 |
| 3,300,000 | CSK Auto Inc., 12.000% due 6/15/06..... | 3 |
| 4,125,000 | Finlay Enterprises Inc., 9.000% due 5/1/08..... | 4 |
| 4,000,000 | Finlay Fine Jewelry Corp., Sr. Notes, 8.375% due 5/1/08..... | 4 |

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| | | |
|---------------------------------|--|-------|
| | The Gap, Inc., Notes: | |
| 1,600,000 | 9.900% due 12/15/05..... | 1 |
| 3,775,000 | 10.550% due 12/15/08 (a)..... | 4 |
| 5,000,000 | Guitar Center Management, Inc., Sr. Notes, 11.000% due 7/1/06..... | 5 |
| | HMH Properties, Inc: | |
| 500,000 | Series A, 7.875% due 8/1/05 (a)..... | |
| 3,500,000 | Sr. Notes, Series C, 8.450% due 12/1/08..... | 3 |
| | Host Marriott, L.P.: | |
| 350,000 | Series E, 8.375% due 2/15/06 (a)..... | |
| 1,625,000 | Series I, 9.500% due 1/15/07..... | 1 |
| 3,925,000 | Icon Health & Fitness Inc., 11.250% due 4/1/12..... | 4 |
| 1,625,000 | Interface, Inc., Sr. Sub. Notes, Series B, 9.500% due 11/15/05..... | 1 |
| 3,000,000 | John Q. Hammons Hotels, Inc., First Mortgage, Series B, 8.875% due 5/15/12 | 3 |
| 2,000,000 | Leslie's Poolmart, Sr. Notes, 10.375% due 7/15/04..... | 2 |
| | Levi Strauss & Co.: | |
| | Notes: | |
| 2,500,000 | 6.800% due 11/1/03 (a)..... | 2 |
| 1,750,000 | 7.000% due 11/1/06 (a)..... | 1 |
| | Sr. Notes: | |
| 4,365,000 | 11.625% due 1/15/08 (a)..... | 3 |
| 2,035,000 | 12.250% due 12/15/12 (c)..... | 1 |
| 3,500,000 | Mattress Discounters Corp., Series B, 12.625% due 7/15/07 (b)..... | |
| | Saks Inc.: | |
| 1,975,000 | 8.250% due 11/15/08 (a)..... | 2 |
| 1,720,000 | 9.875% due 10/1/11 (a)..... | 1 |
| 4,550,000 | Starwood Hotels & Resorts Worldwide, Inc., 7.875% due 5/1/12..... | 4 |
| 5,500,000 | Tommy Hilfiger U.S.A., Inc., 6.850% due 6/1/08..... | 5 |
| | | ----- |
| | | 71 |
| | | ----- |
| Consumer Non-Cyclicals -- 16.0% | | |
| 1,700,000 | Ahold Finance USA, Inc., 6.875% due 5/1/29 (a)..... | 1 |
| 8,500,000 | AKI Inc., Sr. Notes, 10.500% due 7/1/08..... | 8 |

See Notes to Financial Statements.

SALOMON BROTHERS HIGH INCOME FUND II INC

SCHEDULE OF INVESTMENTS (continued)
April 30, 2003

| Face Amount | Security* | |
|---|--|----|
| ----- | | |
| Consumer Non-Cyclicals -- 16.0% (continued) | | |
| \$ 5,250,000 | American Safety Razor Co., Sr. Notes, Series B, 9.875% due 8/1/05..... | \$ |
| 2,750,000 | Applica Inc., Sr. Sub. Notes, 10.000% due 7/31/08..... | |
| 4,275,000 | Argosy Gaming Co., 10.750% due 6/1/09..... | |
| 2,925,000 | Athena Neurosciences Finance LLC, 7.250% due 2/21/08..... | |
| 1,000,000 | Aurora Foods Inc., Sr. Sub. Notes, Series D, 9.875% due 2/15/07..... | |
| 2,700,000 | Beverly Enterprises, Inc., 9.000% due 2/15/06..... | |

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| | |
|-----------|--|
| 7,125,000 | Coast Hotels and Casinos, Inc., 9.500% due 4/1/09..... |
| 4,500,000 | CONMED Corp., 9.000% due 3/15/08..... |
| 425,000 | Constellation Brands Inc., Series B, 8.125% due 1/15/12 (a)..... |
| 5,120,000 | Extendicare Health Services, Inc., 9.500% due 7/1/10 (a)..... |
| 1,625,000 | Fleming Cos., Inc., 10.125% due 4/1/08 (a) (b)..... |
| 1,875,000 | Harrah's Operating Co., Inc., 8.000% due 2/1/11..... |
| 2,375,000 | Herbst Gaming, Inc., Secured Notes, 10.750% due 9/1/08 (c)..... |
| 3,511,000 | Hines Horticulture, Inc., Sr. Sub. Notes, Series B, 12.750% due 10/15/05.. |
| 6,500,000 | Home Interiors & Gifts Inc., 10.125% due 6/1/08..... |
| 7,250,000 | Horseshoe Gaming Holding Corp., Series B, 8.625% due 5/15/09..... |
| 7,500,000 | IASIS Healthcare Corp., 13.000% due 10/15/09..... |
| 5,525,000 | InSight Health Services Corp., Series B, 9.875% due 11/1/11..... |
| 5,743,360 | Iowa Select Farms, L.P., Secured Notes, 10.750% due 12/1/06 (c) (d)..... |
| 2,400,000 | Kerzner International Ltd., 8.875% due 8/15/11..... |
| 6,875,000 | MGM MIRAGE, 9.750% due 6/1/07..... |
| 6,250,000 | North Atlantic Trading Co. Inc., Series B, 11.000% due 6/15/04..... |
| | Nutritional Sourcing Corp., Sr. Notes: |
| 1,373,000 | 9.500% due 8/1/03 (b)..... |
| 828,000 | Series C, 9.500% due 8/1/03 (b)..... |
| | Park Place Entertainment Corp., Sr. Sub. Notes: |
| 700,000 | 9.375% due 2/15/07..... |
| 4,500,000 | 8.875% due 9/15/08 (a)..... |
| 3,000,000 | 8.125% due 5/15/11 (a)..... |
| 3,250,000 | Playtex Products, Inc., 9.375% due 6/1/11..... |
| 5,025,000 | Premier International Foods PLC, Sr. Notes, 12.000% due 9/1/09..... |
| 1,775,000 | Remington Products Co., LLC, Sr. Sub. Notes, Series D, 11.000% due 5/15/06 |
| | Rite Aid Corp.: |
| | Notes: |
| 1,000,000 | 6.000% due 12/15/05 (c)..... |
| 325,000 | 7.125% due 1/15/07 (a)..... |
| 7,000,000 | Sr. Notes, 7.625% due 4/15/05..... |

See Notes to Financial Statements.

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SALOMON BROTHERS HIGH INCOME FUND II INC

SCHEDULE OF INVESTMENTS (continued)
April 30, 2003

| Face Amount | Security* |
|---|---|
| ----- | |
| Consumer Non-Cyclicals -- 16.0% (continued) | |
| | Sealy Mattress Co., Series B: |
| \$ 4,475,000 | 10.875% due 12/15/07 (a)..... |
| 500,000 | Sr. Sub. Notes, 9.875% due 12/15/07 (a)..... |
| 3,875,000 | Station Casinos, Inc., Sr. Sub. Notes, 9.875% due 7/1/10..... |
| 2,525,000 | Tenet Healthcare Corp., Sr. Notes, 6.875% due 11/15/31..... |
| 5,000,000 | Triad Hospitals, Inc., Series B, 8.750% due 5/1/09..... |
| | United Industries Corp., Sr. Sub. Notes: |
| 2,525,000 | 9.875% due 4/1/09 (c)..... |

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5,650,000 Series B, 9.875% due 4/1/09.....
 4,750,000 Vanguard Health Systems, Inc., 9.750% due 8/1/11 (a).....
 3,525,000 Venetian Casino Resort, LLC, 11.000% due 6/15/10.....
 2,500,000 Vlastic Foods International Inc., Sr. Sub. Notes, Series B, 10.250% due 7/1/09 (b)
 3,500,000 Winslow Furniture, Inc., Series B, 12.750% due 8/15/07.....

Energy -- 6.0%

3,000,000 BRL Universal Equipment Corp., Secured Notes, 8.875% due 2/15/08.....
 Dynegy Holdings Inc., Debentures:
 925,000 7.125% due 5/15/18.....
 725,000 7.625% due 10/15/26.....
 El Paso Corp., Sr. Notes:
 4,425,000 7.800% due 8/1/31.....
 5,125,000 7.750% due 1/15/32.....
 Grey Wolf Inc.:
 1,000,000 Series C, 8.875% due 7/1/07.....
 6,000,000 Sr. Notes, 8.875% due 7/1/07 (a).....
 3,416,000 Key Energy Services Inc., Series B, 14.000% due 1/15/09.....
 6,625,000 Magnum Hunter Resources, Inc., 9.600% due 3/15/12 (a).....
 1,775,000 Pioneer Natural Resources Co., 9.625% due 4/1/10.....
 Pogo Producing Co., Sr. Sub. Notes, Series B:
 1,500,000 10.375% due 2/15/09.....
 2,000,000 8.250% due 4/15/11.....
 2,000,000 Pride International Inc., Sr. Notes, 10.000% due 6/1/09 (a).....
 5,125,000 Vintage Petroleum, Inc., Sr. Sub. Notes, 9.750% due 6/30/09 (a).....
 5,025,000 Western Gas Resources, Inc., 10.000% due 6/15/09 (a).....
 4,675,000 Westport Resources Corp., 8.250% due 11/1/11.....
 The Williams Cos., Inc.:
 2,150,000 8.750% due 3/15/32 (c).....

See Notes to Financial Statements.

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SALOMON BROTHERS HIGH INCOME FUND II INC

SCHEDULE OF INVESTMENTS (continued)
 April 30, 2003

| Face Amount | Security* | Va |
|----------------------------|--|-------|
| Energy -- 6.0% (continued) | | |
| Notes: | | |
| \$ 3,700,000 | 7.625% due 7/15/19..... | \$ 3 |
| 3,650,000 | 7.875% due 9/1/21..... | 3 |
| | | ----- |
| | | 63 |
| Financial -- 0.8% | | |
| 1,975,400 | Airplanes Pass-Through Trust, Series D, 10.875% due 3/15/12..... | |

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| | | |
|-------------------------|---|------------|
| 4,350,000 | FelCor Lodging L.P., 9.500% due 9/15/08..... | 4 |
| 4,325,000 | MeriStar Hospitality Corp., 9.125% due 1/15/11..... | 4 |
| 4,595,000 | Nationwide Credit, Inc., Sr. Notes, Series A, 10.250% due 1/15/08 (b) (e) | ----- 8 |
| Housing Related -- 0.6% | | |
| | Nortek, Inc., Sr. Notes, Series B: | |
| 2,200,000 | 9.125% due 9/1/07..... | 2 |
| 4,000,000 | 8.875% due 8/1/08..... | 4 |
| ----- 6 | | |
| Manufacturing -- 4.9% | | |
| 3,325,000 | Alliant Techsystems Inc., 8.500% due 5/15/11..... | 3 |
| 3,000,000 | Anchor Glass Container Corp., Secured Notes, 11.000% due 2/15/13 (c).... | 3 |
| 8,800,000 | BREED Technologies, Inc., 9.250% due 4/15/08 (b) (e)..... | 2 |
| 2,925,000 | Case Corp., Notes, 7.250% due 1/15/16..... | 1 |
| | Fedders North America, Inc.: | |
| 1,300,000 | 9.375% due 8/15/07 (a)..... | 1 |
| 1,500,000 | Series B, 9.375% due 8/15/07..... | 1 |
| 3,825,000 | Flowserve Corp., 12.250% due 8/15/10 (a)..... | 4 |
| 4,375,000 | Ford Motor Co., Notes, 7.450% due 7/16/31..... | 3 |
| 6,350,000 | Ford Motor Credit Co., Notes, 7.250% due 10/25/11 (a)..... | 6 |
| 2,400,000 | General Motors Acceptance Corp., Notes, 6.875% due 8/28/12 (a)..... | 2 |
| | Holmes Group Corp.: | |
| 125,000 | Series B, 9.875% due 11/15/07..... | |
| 1,000,000 | Sr. Sub. Notes, Series D, 9.875% due 11/15/07..... | |
| 8,000,000 | Key Plastics Holdings, Inc., Series B, 10.250% due 3/15/07 (b) (e)..... | |
| 1,750,000 | Kinetek, Inc., Sr. Notes, Series D, 10.750% due 11/15/06..... | 1 |
| 2,300,000 | LDM Technologies, Inc., Series B, 10.750% due 1/15/07..... | 2 |
| 2,750,000 | Moll Industries, Inc., Sr. Sub. Notes, 10.500% due 7/1/08 (b)..... | |
| 1,850,000 | NMHG Holdings Co., 10.000% due 5/15/09..... | 1 |
| 450,000 | Phillips-Van Heusen Corp., Sr. Notes, 8.125% due 5/1/13 (c)..... | |
| 4,000,000 | Sequa Corp., Sr. Notes, 9.000% due 8/1/09..... | 4 |

See Notes to Financial Statements.

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SALOMON BROTHERS HIGH INCOME FUND II INC

SCHEDULE OF INVESTMENTS (continued)
April 30, 2003

| Face Amount | Security* | V |
|-----------------------------------|--|----|
| ----- | | |
| Manufacturing -- 4.9% (continued) | | |
| \$ 2,500,000 | Sybron Dental Specialties, Inc., 8.125% due 6/15/12..... | \$ |
| 1,400,000 | Tenneco Automotive Inc., Series B, 11.625% due 10/15/09..... | |
| 4,000,000 | Terex Corp., Series B, 10.375% due 4/1/11 (a)..... | |
| 2,700,000 | TRW Automotive, Sr. Notes, 9.375% due 2/15/13 (c)..... | |

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| | |
|--------------------------|---|
| Media and Cable -- 11.7% | |
| 6,425,000 | AOL Time Warner Inc., 7.625% due 4/15/31..... |
| 7,500,000 | Avalon Cable, LLC, Sr. Discount Notes, (zero coupon until 12/1/03, 11.875% thereafter), due 12/1/08..... |
| | Charter Communications Holdings, LLC: |
| | Sr. Discount Notes: |
| 5,250,000 | Zero coupon until 1/15/05, (11.750% thereafter), due 1/15/10..... |
| 800,000 | Zero coupon until 4/1/04, (9.920% thereafter), due 4/1/11 (a)..... |
| 13,775,000 | Zero coupon until 5/15/06, (11.750% thereafter), due 5/15/11 (a)..... |
| 10,000,000 | Zero coupon until 1/15/07, (12.125% thereafter), due 1/15/12..... |
| | Sr. Notes: |
| 1,350,000 | 8.625% due 4/1/09 (a)..... |
| 2,475,000 | 10.750% due 10/1/09..... |
| 1,400,000 | 10.000% due 5/15/11 (a)..... |
| | CSC Holdings, Inc., Sr. Sub. Debentures: |
| 25,000 | 9.875% due 2/15/13 (a)..... |
| 10,500,000 | 10.500% due 5/15/16..... |
| 1,500,000 | 9.875% due 4/1/23..... |
| 4,650,000 | DirectTV Holdings, LLC, Sr. Notes, 8.375% due 3/15/13 (c)..... |
| | EchoStar DBS Corp., Sr. Notes: |
| 4,375,000 | 10.375% due 10/1/07..... |
| 11,050,000 | 9.125% due 1/15/09..... |
| 5,926,361 | Hollinger Participation Trust, Sr. Notes, 12.125% due 11/15/10 (c) (d).... |
| 3,500,000 | Insight Midwest, L.P., Sr. Notes, 10.500% due 11/1/10 (a)..... |
| 5,150,000 | Mediacom LLC, Sr. Notes, 9.500% due 1/15/13 (a)..... |
| 6,275,000 | Nextmedia Operating, Inc., 10.750% due 7/1/11..... |
| 11,416,000 | NTL Inc., 19.000% due 12/31/10..... |
| 900,000 | R. H. Donnelley Finance Corp. I, Sr. Sub. Notes, 10.875% due 12/15/12 (c) |
| 3,475,000 | Radio One Inc., Series B, 8.875% due 7/1/11..... |
| | Telewest Communications PLC: |
| 500,000 | Debentures, 9.625% due 10/1/06 (b)..... |
| | Sr. Discount Notes: |
| 3,125,000 | Zero coupon until 4/15/04, (9.250% thereafter), due 4/15/09 (b)..... |
| 7,950,000 | Zero coupon until 2/1/05, (11.375% thereafter), due 2/1/10 (b)..... |

See Notes to Financial Statements.

SALOMON BROTHERS HIGH INCOME FUND II INC

SCHEDULE OF INVESTMENTS (continued)
April 30, 2003

| | |
|--------|-----------|
| Face | |
| Amount | Security* |

Media and Cable -- 11.7% (continued)

| | | |
|--------------|--|----|
| \$ 2,750,000 | Time Warner Inc., 6.625% due 5/15/29..... | \$ |
| | United Pan-Europe Communicatons, N.V., Series B: | |

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| | | |
|------------|---|--|
| | Sr. Discount Notes: | |
| 8,250,000 | Zero coupon until 11/1/04, (13.375% thereafter), due 11/1/09 (b)..... | |
| 14,940,000 | Zero coupon until 2/1/05, (13.750% thereafter), due 2/1/10 (b)..... | |
| 700,000 | Sr. Notes, 10.875% due 8/1/09 (b)..... | |
| 2,000,000 | Vivendi Universal SA, Sr. Notes, 9.250% due 4/15/10 (c)..... | |
| | Yell Finance B.V.: | |
| 10,425,000 | Sr. Discount Notes, (zero coupon until 8/1/06, 13.500% thereafter), due 8/1/11. | |
| 650,000 | Sr. Notes, 10.750% due 8/1/11..... | |

Publishing and Printing -- 0.3%

| | | |
|-----------|---|--|
| | Dex Media East LLC: | |
| 1,750,000 | Sr. Notes, 9.875% due 11/15/09 (c)..... | |
| 1,250,000 | Sr. Sub. Notes, 12.125% due 11/15/12 (c)..... | |

Services and Other -- 3.0%

| | | |
|-----------|--|--|
| | Allied Waste North America, Inc.: | |
| 300,000 | 9.250% due 9/1/12 (c)..... | |
| | Series B: | |
| 250,000 | 8.875% due 4/1/08..... | |
| 2,850,000 | 7.875% due 1/1/09 (a)..... | |
| 6,550,000 | 10.000% due 8/1/09 (a)..... | |
| 3,200,000 | Brand Services Inc., 12.000% due 10/15/12 (c)..... | |
| 3,250,000 | COMFORCE Operating Inc., Sr. Notes, Series B, 12.000% due 12/1/07..... | |
| 4,000,000 | The Holt Group, Inc., 9.750% due 1/15/06 (b)..... | |
| | Iron Mountain Inc.: | |
| 5,050,000 | 8.125% due 5/15/08..... | |
| 1,750,000 | 8.750% due 9/30/09..... | |
| 825,000 | 8.625% due 4/1/13..... | |
| | Mail-Well I Corp.: | |
| 1,000,000 | 9.625% due 3/15/12..... | |
| 2,850,000 | Series B, 8.750% due 12/15/08 (a)..... | |
| 6,500,000 | Safety-Kleen Corp., 9.250% due 5/15/09 (b)..... | |
| 4,000,000 | Sitel Corp., 9.250% due 3/15/06..... | |

See Notes to Financial Statements.

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SALOMON BROTHERS HIGH INCOME FUND II INC

SCHEDULE OF INVESTMENTS (continued)
April 30, 2003

Face
Amount

Security*

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Technology -- 3.4%

| | | |
|----|-----------|--|
| \$ | 5,575,000 | infoUSA Inc., Sr. Sub. Notes, 9.500% due 6/15/08..... |
| | 5,500,000 | L-3 Communications Corp., 7.625% due 6/15/12..... |
| | 2,925,000 | Motorola, Inc., Sr. Notes, 8.000% due 11/1/11 (a)..... |
| | 3,000,000 | Seagate Technology HDD Holdings, 8.000% due 5/15/09..... |
| | 5,550,000 | Unisys Corp., Sr. Notes, 8.125% due 6/1/06..... |
| | 7,640,000 | Xerox Capital Europe PLC, 5.875% due 5/15/04..... |
| | 3,750,000 | Xerox Corp., Notes, 5.500% due 11/15/03 (a)..... |

Telecommunications -- 9.7%

| | | |
|--|------------|---|
| | 4,500,000 | Alamosa Holdings, Inc., (zero coupon until 2/15/05, 12.875% thereafter), due 2/15/11..... |
| | 2,700,000 | American Cellular Corp., 9.500% due 10/15/09..... |
| | 1,800,000 | American Tower Corp., Sr. Notes, 9.375% due 2/1/09 (a)..... |
| | 8,625,000 | American Tower Escrow Corp., Discount Notes, zero coupon due 8/1/08 (c)..... |
| | 6,875,000 | AT&T Corp., Sr. Notes, 8.500% due 11/15/31..... |
| | | AT&T Wireless Services Inc.: |
| | 4,625,000 | Notes, 8.125% due 5/1/12..... |
| | | Sr. Notes: |
| | 3,850,000 | 7.875% due 3/1/11..... |
| | 2,600,000 | 8.750% due 3/1/31..... |
| | | Crown Castle International Corp.: |
| | 1,500,000 | Sr. Discount Notes, 10.625% due 11/15/07..... |
| | | Sr. Notes: |
| | 2,300,000 | 9.375% due 8/1/11 (a)..... |
| | 5,140,000 | 10.750% due 8/1/11 (a)..... |
| | | Global Crossing Holdings Ltd.: |
| | 10,700,000 | 9.125% due 11/15/06 (b)..... |
| | 4,250,000 | 9.500% due 11/15/09 (a) (b)..... |
| | | Nextel Communications, Inc., Sr. Discount Notes: |
| | 5,400,000 | 10.650% due 9/15/07..... |
| | 10,000,000 | 9.750% due 10/31/07..... |
| | 6,300,000 | 9.950% due 2/15/08..... |
| | 75,000 | Sr. Notes, 9.375% due 11/15/09 (a)..... |
| | 5,750,000 | Qwest Communications International Inc., Sr. Notes, Series B, 7.500% due 11/1/08..... |
| | | Qwest Corp.: |
| | 325,000 | Debentures, 8.875% due 6/1/31..... |
| | 7,325,000 | Notes, 8.875% due 3/15/12 (c)..... |
| | | Qwest Services Corp., Notes: |
| | 325,000 | 13.500% due 12/15/10 (c)..... |
| | 2,071,000 | 14.000% due 12/15/14 (c)..... |

See Notes to Financial Statements.

SALOMON BROTHERS HIGH INCOME FUND II INC

SCHEDULE OF INVESTMENTS (continued)
April 30, 2003

Face
Amount

Security*

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Telecommunications -- 9.7% (continued)

| | | |
|--------------|---|-------|
| | SBA Communications Corp.: | |
| \$ 3,100,000 | Sr. Discount Notes, 12.000% due 3/1/08 (a) | |
| 2,275,000 | Sr. Notes, 10.250% due 2/1/09 | ..... |
| | Sprint Capital Corp.: | |
| 6,525,000 | 6.875% due 11/15/28 | ..... |
| 5,325,000 | 8.750% due 3/15/32 | ..... |
| 3,235,000 | TeleCorp PCS, Inc., 10.625% due 7/15/10 | ..... |
| 3,750,000 | UbiquiTel Operating Co., (zero coupon until 4/15/05, 14.000% thereafter), due 4/15/08 | ..... |

Transportation -- 0.2%

| | | |
|-----------|--|-------|
| 2,000,000 | General Maritime Corp., Sr. Notes, 10.000% due 3/15/13 (c) | |
|-----------|--|-------|

Utilities -- 3.0%

| | | |
|-----------|--|-------|
| | Avon Energy Partners Holdings: | |
| 5,500,000 | Notes, 6.460% due 3/4/08 (c) | ..... |
| 2,550,000 | Sr. Notes, 7.050% due 12/11/07 (c) | ..... |
| 9,475,000 | Calpine Canada Energy Finance ULC, 8.500% due 5/1/08 (a) | ..... |
| | Calpine Corp., Sr. Notes: | |
| 500,000 | 7.875% due 4/1/08 | ..... |
| 2,425,000 | 7.750% due 4/15/09 (a) | ..... |
| 1,000,000 | 8.625% due 8/15/10 (a) | ..... |
| 2,225,000 | 8.500% due 2/15/11 (a) | ..... |
| 755,000 | CMS Energy Corp., Sr. Notes, 9.875% due 10/15/07 (a) | ..... |
| | Edison Mission Energy, Sr. Notes: | |
| 4,575,000 | 7.730% due 6/15/09 | ..... |
| 6,575,000 | 9.875% due 4/15/11 | ..... |
| | Mirant Americas Generation LLC, Sr. Notes: | |
| 1,750,000 | 7.625% due 5/1/06 | ..... |
| 1,850,000 | 9.125% due 5/1/31 | ..... |

TOTAL CORPORATE BONDS (Cost -- \$798,709,110).....

CONVERTIBLE BONDS -- 1.4%

Energy -- 0.1%

| | | |
|---------|--|-------|
| 900,000 | Mirant Americas Generation LLC, Sr. Debentures, 2.500% due 6/15/21 | |
|---------|--|-------|

See Notes to Financial Statements.

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SALOMON BROTHERS HIGH INCOME FUND II INC

SCHEDULE OF INVESTMENTS (continued)

April 30, 2003

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| Face Amount | Security* |
|---|---|
| Technology -- 1.1% | |
| \$ 5,400,000 | Avaya Inc., Sr. Notes, zero coupon bond to yield 3.710% due 10/31/21..... |
| 8,000,000 | Comverse Technology Inc., Debentures, 1.500% due 12/1/05..... |
| 4,450,000 | Sanmina-SCI Corp., Sub. Debentures, zero coupon bond to yield 4.280% due 9/12/05..... |
| Telecommunications -- 0.2% | |
| 2,675,000 | American Tower Corp., Notes, 5.000% due 2/15/10..... |
| TOTAL CONVERTIBLE BONDS (Cost -- \$12,632,174)..... | |

| Face Amount+ | |
|--------------------------|------------------------------|
| SOVEREIGN BONDS -- 19.5% | |
| Argentina -- 0.1% | |
| Republic of Argentina: | |
| 4 /ARS/ | 10.000% due 9/19/08 (b)..... |
| 2,243,000 | Due 4/10/05 (b)..... |

| | |
|-----------------------------|---|
| Brazil -- 6.1% | |
| Federal Republic of Brazil: | |
| 1,205,000 | 11.250% due 7/26/07..... |
| 8,000,000 | 11.500% due 3/12/08..... |
| 9,963,000 | 14.500% due 10/15/09..... |
| 23,250,000 | 12.000% due 4/15/10..... |
| 7,127,000 | 12.750% due 1/15/20..... |
| 7,075,000 | 10.125% due 5/15/27..... |
| 375,000 | 12.250% due 3/6/30..... |
| 2,500,000 | DCB, Series L, 2.1875% due 4/15/12 (f)..... |
| 2,104,830 | MYDFA, 2.0625% due 9/15/07 (f)..... |
| 3,300,000 | NMB, Series L, 2.1875% due 4/15/09 (f)..... |

| | |
|------------------|---|
| Bulgaria -- 0.4% | |
| 4,050,000 | Republic of Bulgaria, 8.250% due 1/15/15..... |

| | |
|-----------------------|--------------------------|
| Colombia -- 1.1% | |
| Republic of Colombia: | |
| 4,425,000 | 10.000% due 1/23/12..... |
| 1,825,000 | 10.750% due 1/15/13..... |

See Notes to Financial Statements.

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SCHEDULE OF INVESTMENTS (continued)
 April 30, 2003

| Face Amount+ | Security* | Value |
|------------------------------|--|--------------|
| ----- | | |
| Colombia -- 1.1% (continued) | | |
| 1,875,000 | 11.750% due 2/25/20..... | \$ 2,273,438 |
| 2,000,000 | 11.850% due 3/9/28..... | 2,132,660 |
| | | ----- |
| | | 11,406,323 |
| | | ----- |
| Costa Rica -- 0.2% | | |
| 1,550,000 | Republic of Costa Rica, 6.914% due 1/31/08 (c)..... | 1,608,125 |
| | | ----- |
| Ecuador -- 2.1% | | |
| 26,995,000 | Republic of Ecuador, 12.000% due 11/15/12..... | 22,777,031 |
| | | ----- |
| Mexico -- 3.8% | | |
| 3,100,000 | PEMEX Project Funding Master Trust, 6.125% due 8/15/08 (c) | 3,286,000 |
| | United Mexican States: | |
| 4,625,000 | 6.625% due 3/3/15..... | 4,841,219 |
| 22,100,000 | 11.375% due 9/15/16..... | 31,674,825 |
| 500,000 | 8.300% due 8/15/31..... | 566,375 |
| | | ----- |
| | | 40,368,419 |
| | | ----- |
| Panama -- 0.6% | | |
| | Republic of Panama: | |
| 3,325,000 | 9.625% due 2/8/11..... | 3,807,125 |
| 1,500,000 | 8.875% due 9/30/27..... | 1,575,000 |
| 1,689,509 | PDI, 2.250% due 7/17/16 (f)..... | 1,429,747 |
| | | ----- |
| | | 6,811,872 |
| | | ----- |
| Peru -- 0.5% | | |
| | Republic of Peru: | |
| 1,725,000 | 9.125% due 1/15/08..... | 1,923,375 |
| 2,150,000 | 9.875% due 2/6/15..... | 2,418,750 |
| 1,575,000 | FLIRB, 4.500% due 3/7/17 (f)..... | 1,323,000 |
| | | ----- |
| | | 5,665,125 |
| | | ----- |
| Philippines -- 0.7% | | |
| | Republic of the Philippines: | |
| 1,900,000 | 9.375% due 1/18/17..... | 2,018,750 |
| 5,000,000 | 9.875% due 1/15/19..... | 5,218,750 |
| | | ----- |
| | | 7,237,500 |
| | | ----- |

See Notes to Financial Statements.

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SALOMON BROTHERS HIGH INCOME FUND II INC

SCHEDULE OF INVESTMENTS (continued)
April 30, 2003

| Face Amount+ | Security* | Value |
|--|---|---------------|
| ----- | | |
| Russia -- 3.2% | | |
| Russian Federation: | | |
| 10,900,000 | 10.000% due 6/26/07..... | \$ 13,066,375 |
| 3,050,000 | 8.250% due 3/31/10..... | 3,457,938 |
| 18,825,000 | 5.000% due 3/31/30 (f)..... | 17,024,859 |
| | | ----- |
| | | 33,549,172 |
| | | ----- |
| Turkey -- 0.6% | | |
| Republic of Turkey: | | |
| 5,350,000 | 11.500% due 1/23/12..... | 5,430,250 |
| 625,000 | 11.000% due 1/14/13..... | 625,000 |
| | | ----- |
| | | 6,055,250 |
| | | ----- |
| Venezuela -- 0.1% | | |
| 1,531,580 | Republic of Venezuela, NMB, 2.4375% due 12/18/05 (f)..... | 1,204,205 |
| | | ----- |
| TOTAL SOVEREIGN BONDS (Cost -- \$175,572,751)..... | | 206,226,520 |
| | | ----- |
| LOAN PARTICIPATIONS -- 0.6% | | |
| Morocco -- 0.6% | | |
| 6,375,000 | Kingdom of Morocco, Tranche A, 2.1875% due 1/2/09 (UBS AG) (f)(g) (Cost -- \$5,943,316)..... | 5,992,500 |
| | | ----- |
| Shares | | |
| ----- | | |
| COMMON STOCK (H) -- 0.7% | | |
| 142,234 | NTL Inc..... | 2,417,978 |
| 10,225 | NTL Inc., Restricted Shares (e)..... | 170,348 |
| 2,586 | Pillowtex Corp. (a)..... | 491 |
| 141,490 | SpectraSite, Inc. (a)..... | 5,022,895 |
| 28,175 | UnitedGlobalCom, Inc., Class A Shares (a)..... | 108,474 |
| | | ----- |
| TOTAL COMMON STOCK (Cost -- \$29,055,670)..... | | 7,720,186 |
| | | ----- |
| ESCROW SHARES (E) (H) -- 0.0% | | |
| 5,500,000 | Imperial Sugar Co..... | 6 |
| 27,465,000 | NTL Inc..... | 0 |
| 2,025,000 | Pillowtex Corp..... | 2 |
| | | ----- |
| TOTAL ESCROW SHARES (Cost -- \$0)..... | | 8 |
| | | ----- |

See Notes to Financial Statements.

SALOMON BROTHERS HIGH INCOME FUND II INC

SCHEDULE OF INVESTMENTS (continued)
 April 30, 2003

| Shares | Security* |
|---------------------------------|--|
| PREFERRED STOCK -- 0.9% | |
| | CSC Holdings Inc.: |
| 24,750 | Series H, 11.750% due 10/1/07..... |
| 57,667 | Series M, 11.125% due 4/1/08..... |
| | 236 NTL Europe, Inc. (h)..... |
| 50,469 | Rural Cellular Corp., 12.250% due 5/15/11 (i)..... |
| | TCR Holding Corp.: |
| 17,552 | Class B (e) (h)..... |
| 9,654 | Class C (e) (h)..... |
| 25,451 | Class D (e) (h)..... |
| 52,657 | Class E (e) (h)..... |
| | TOTAL PREFERRED STOCK (Cost -- \$12,380,660)..... |
| Warrants/Rights | |
| WARRANTS AND RIGHTS (H) -- 0.1% | |
| 1,800 | American Tower Escrow Corp. (Exercise price of \$0.01 per share expiring on 8/1/08. E warrant exercisable for 14.10 shares of common stock) (c)..... |
| 5,000 | Asia Pulp & Paper (Exercise price of \$7.8375 per share expiring on 3/15/05. Each war exercisable for 12.914 shares of common stock) (c)..... |
| 30,928,049 | ContiFinancial Corp. Liquidating Trust, Units of Interest (Represents interests in a the liquidation of ContiFinancial Corp. and its affiliates) (e)..... |
| 2,750 | Leap Wireless International Inc. (Exercise price of \$96.80 per share expiring on 4/1 Each warrant exercisable for 5.146 shares of common stock) (c) (e)..... |
| 3,500 | Mattress Discounters Corp. (Exercise price of \$0.01 per share expiring on 7/15/07. E warrant exercisable for 4.85 shares of Class A common stock and 0.539 shares of Cla common stock)..... |
| 13,614 | Pillowtex Corp. (Exercise price of \$28.99 per share expiring on 11/24/09. Each warra exercisable for 1 share of common stock)..... |
| 5,000 | Republic Technologies International Inc. (Exercise price of \$0.01 per share expiring 7/15/09. Each warrant exercisable for 1 share of Class D common stock)..... |
| 5,000 | UbiquiTel Operating Co. (Exercise price of \$22.74 per share expiring on 4/15/10. Eac warrant exercisable for 5.965 shares of common stock)..... |
| 57,120 | Venezuela Discount Rights (e)..... |
| 3,500 | Winsloew Furniture, Inc. (Exercise price of \$0.01 per share expiring on 8/15/07. Eac warrant exercisable for 0.2298 shares of common stock)..... |
| | TOTAL WARRANTS AND RIGHTS (Cost -- \$1,609,234)..... |

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See Notes to Financial Statements.

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SALOMON BROTHERS HIGH INCOME FUND II INC

SCHEDULE OF INVESTMENTS (continued)
April 30, 2003

| Face Amount | Security* |
|------------------------------|--|
| ----- | |
| REPURCHASE AGREEMENT -- 0.7% | |
| \$7,343,000 | State Street Bank and Trust Co., 1.200% due 5/1/03; Proceeds at maturity -- \$7,343,245 (Fully collateralized by U.S. Treasury Bonds, 8.000% due 11/15/21; Market value -- \$7,496,685) (Cost -- \$7,343,000)..... |
| | TOTAL INVESTMENTS -- 100% (Cost -- \$1,043,245,915**)..... |

-
- * All securities except for those that are on loan are segregated as collateral pursuant to a revolving credit facility.
 - + Face amount denominated in U.S. dollars unless otherwise indicated.
 - (a) All or a portion of this security is on loan (See Note 4).
 - (b) Security is currently in default.
 - (c) Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers.
 - (d) Payment-in-kind security for which all or part of the interest earned may be paid in additional bonds.
 - (e) Security is valued in accordance with fair valuation procedures.
 - (f) Rate shown reflects current rate on instrument with variable rate or step coupon rates.
 - (g) Participation interest was acquired through the financial institution indicated parenthetically.
 - (h) Non-income producing security.
 - (i) Payment-in-kind security for which all or part of the dividend earned is paid by the issuance of additional stock.
- ** Aggregate cost for Federal income tax purposes is \$1,044,942,499.

Abbreviations used in this schedule:

- ARS -- Argentine Peso
- DCB -- Debt Conversion Bond
- FLIRB -- Front Loaded Interest Reduction Bond
- MYDFA -- Multi Year Depository Facility Agreement
- NMB -- New Money Bond
- PDI -- Past Due Interest

LOANED SECURITIES COLLATERAL

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April 30, 2003

| Face Amount | Security |
|----------------|---|
| \$121,446,606 | State Street Navigator Securities Lending Trust Prime Portfolio (Cost -- \$121,446,606) |

See Notes to Financial Statements.

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SALOMON BROTHERS HIGH INCOME FUND II INC

STATEMENT OF ASSETS AND LIABILITIES
April 30, 2003

ASSETS:

| |
|--|
| Investments, at value (Cost -- \$1,043,245,915)..... |
| Loaned securities collateral, at value (Cost -- \$121,446,606) (Note 4)..... |
| Foreign currency, at value (Cost -- \$30,765)..... |
| Cash..... |
| Interest and dividends receivable..... |
| Receivable for securities sold..... |
| Prepaid expenses..... |
| Total Assets..... |

LIABILITIES:

| |
|--|
| Loan payable (Note 9)..... |
| Payable for securities on loan (Note 4)..... |
| Payable for securities purchased..... |
| Management fee payable..... |
| Loan interest payable (Note 9)..... |
| Administration fee payable..... |
| Accrued expenses..... |
| Total Liabilities..... |

Total Net Assets.....

NET ASSETS:

| |
|---|
| Common stock (\$0.001 par value, 100,000,000 shares authorized; 74,032,625 shares outstanding). |
| Capital paid in excess of par value..... |
| Overdistributed net investment income..... |
| Accumulated net realized loss from investment transactions..... |
| Net unrealized appreciation of investments and foreign currencies..... |

Total Net Assets.....

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Net Asset Value, per share (\$771,566,142 / 74,032,625 shares outstanding)

See Notes to Financial Statements.

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SALOMON BROTHERS HIGH INCOME FUND II INC

STATEMENT OF OPERATIONS For the Year Ended April 30, 2003

| | |
|--|---------------|
| INCOME: | |
| Interest..... | \$101,467,283 |
| Dividends..... | 1,172,621 |
| | ----- |
| Total Investment Income..... | 102,639,904 |
| | ----- |
| EXPENSES: | |
| Management fee (Note 2)..... | 9,356,988 |
| Interest (Note 9)..... | 5,826,607 |
| Administration fee (Note 2)..... | 935,699 |
| Shareholder communications..... | 195,980 |
| Audit and legal..... | 188,500 |
| Custody..... | 153,872 |
| Registration fees..... | 61,342 |
| Directors' fees..... | 58,433 |
| Other..... | 105,936 |
| | ----- |
| Total Expenses..... | 16,883,357 |
| | ----- |
| Net Investment Income..... | 85,756,547 |
| | ----- |
| REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS AND FOREIGN CURRENCIES (NOTE 3): | |
| Realized Loss From: | |
| Investment transactions (excluding short-term investments)... | (55,474,057) |
| Foreign currency transactions..... | (31,638) |
| | ----- |
| Net Realized Loss..... | (55,505,695) |
| | ----- |
| Change in Net Unrealized Appreciation From: | |
| Investments..... | 67,289,543 |
| Foreign currencies..... | (19,865) |
| | ----- |
| Increase in Net Unrealized Appreciation..... | 67,269,678 |
| | ----- |
| Net Gain on Investments and Foreign Currencies..... | 11,763,983 |
| | ----- |
| Increase in Net Assets From Operations..... | \$ 97,520,530 |
| | ===== |

See Notes to Financial Statements.

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SALOMON BROTHERS HIGH INCOME FUND II INC

STATEMENTS OF CHANGES IN NET ASSETS
For the Years Ended April 30,

| | 2003 | 2002 |
|--|----------------|----------------|
| ----- | | |
| OPERATIONS: | | |
| Net investment income..... | \$ 85,756,547 | \$ 89,420,565 |
| Net realized loss..... | (55,505,695) | (89,262,793) |
| Increase in net unrealized appreciation..... | 67,269,678 | 55,193,968 |
| | ----- | ----- |
| Increase in Net Assets From Operations..... | 97,520,530 | 55,351,740 |
| | ----- | ----- |
| DISTRIBUTIONS TO SHAREHOLDERS FROM: | | |
| Net investment income..... | (84,516,112) | (82,747,083) |
| Capital..... | (15,830,265) | (14,307,626) |
| | ----- | ----- |
| Decrease in Net Assets From Distributions to Shareholders.. | (100,346,377) | (97,054,709) |
| | ----- | ----- |
| CAPITAL SHARE TRANSACTIONS: | | |
| Proceeds from shares issued on reinvestment of dividends (2,448,921 and 2,580,503 shares issued, respectively)..... | 24,058,046 | 27,692,639 |
| | ----- | ----- |
| Increase in Net Assets From Capital Share Transactions..... | 24,058,046 | 27,692,639 |
| | ----- | ----- |
| Increase (Decrease) in Net Assets..... | 21,232,199 | (14,010,330) |
| NET ASSETS: | | |
| Beginning of year..... | 750,333,943 | 764,344,273 |
| | ----- | ----- |
| End of year*..... | \$ 771,566,142 | \$750,333,943 |
| | ===== | ===== |
| * Includes overdistributed net investment income of:..... | \$ (32,943) | \$ (1,241,740) |
| | ===== | ===== |

See Notes to Financial Statements.

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SALOMON BROTHERS HIGH INCOME FUND II INC

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STATEMENT OF CASH FLOWS

For the Year Ended April 30, 2003

CASH FLOWS PROVIDED (USED) BY OPERATING AND INVESTING ACTIVITIES:

| | |
|--|---------------|
| Interest and dividends received..... | \$ 81,058,011 |
| Operating expenses paid..... | (10,972,837) |
| Net sales of short-term investments..... | 15,160,000 |
| Realized loss on foreign currency transactions..... | (31,650) |
| Net change in unrealized depreciation on foreign currencies..... | (19,865) |
| Purchases of long-term investments..... | (828,689,961) |
| Proceeds from disposition of long-term investments..... | 785,272,482 |
| Interest paid on bank loans..... | (5,897,244) |
| | ----- |
| Net Cash Provided By Operating and Investing Activities..... | 35,878,936 |
| | ----- |

CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES:

| | |
|--|---------------|
| Cash distributions paid on Common Stock..... | (100,346,377) |
| Increase in loan..... | 40,000,000 |
| Proceeds from reinvestment of dividends..... | 24,058,046 |
| | ----- |
| Net Cash Used By Financing Activities..... | (36,288,331) |
| | ----- |

| | |
|------------------------------|-----------|
| Net Decrease in Cash..... | (409,395) |
| Cash, Beginning of year..... | 420,636 |
| | ----- |
| Cash, End of year..... | \$ 11,241 |
| | ===== |

RECONCILIATION OF INCREASE IN NET ASSETS FROM OPERATIONS TO NET CASH FLOWS PROVIDED (USED) BY OPERATING AND INVESTING ACTIVITIES:

| | |
|---|---------------|
| Increase in Net Assets From Operations..... | \$ 97,520,530 |
| | ----- |
| Accretion of discount on investments..... | (15,789,907) |
| Amortization of premium on investments..... | 859,277 |
| Capitalized income on payment-in-kind securities..... | (1,282,857) |
| Increase in investments, at value..... | (51,796,404) |
| Increase in interest and dividends receivable..... | (5,368,406) |
| Increase in receivable for investments sold..... | (545,007) |
| Increase in prepaid expenses..... | (3,983) |
| Increase in payable of investments purchased..... | 12,268,434 |
| Decrease in interest payable on loan..... | (70,637) |
| Increase in accrued expenses..... | 87,896 |
| | ----- |
| Total Adjustments..... | (61,641,594) |
| | ----- |

| | |
|--|---------------|
| Net Cash Flows Provided By Operating and Investing Activities..... | \$ 35,878,936 |
| | ===== |

See Notes to Financial Statements.

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NOTES TO FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

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

The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual amounts could differ from those estimates.

(a) SECURITIES VALUATION. In valuing the Fund's assets, all securities for which market quotations are readily available are valued (i) at the last sale price prior to the time of determination if there were a sale on the date of determination, (ii) at the mean between the last current bid and asked prices if there were no sales on such date and bid and asked quotations are available, and (iii) at the bid price if there were no sales price on such date and only bid quotations are available. Publicly traded foreign government debt securities are typically traded internationally in the over-the-counter market, and are valued at the mean between the last current bid and asked price as of the close of business of that market. However, when the spread between bid and asked price exceeds five percent of the par value of the security, the security is valued at the bid price. Securities may also be valued by independent pricing services which use prices provided by market-makers or estimates of market values obtained from yield data relating to instruments or securities with similar characteristics. Short-term investments having a maturity of 60 days or less are valued at amortized cost which approximates market value. Securities for which reliable quotations are not readily available and all other securities and assets are valued at fair value as determined in good faith by, or under procedures established by, the Board of Directors.

(b) INVESTMENT TRANSACTIONS. Investment transactions are recorded on the trade date. Interest income is accrued on a daily basis. Market discount or premium on securities purchased is accreted or amortized, respectively, on an effective yield basis over the life of the security. The Fund uses the specific identification method for determining realized gain or loss on investments. Dividend income is recorded on ex-dividend date.

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SALOMON BROTHERS HIGH INCOME FUND II INC

NOTES TO FINANCIAL STATEMENTS (continued)

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(c) FEDERAL INCOME TAXES. The Fund has complied and intends to continue to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies, and to distribute all of its income to its shareholders. Therefore, no federal income tax or excise tax provision is required.

(d) DIVIDENDS AND DISTRIBUTIONS. The Fund declares and pays dividends to shareholders monthly from net investment income. Net realized gains, if any, in excess of loss carryovers are expected to be distributed annually. Dividends and distributions to shareholders are recorded on the ex-dividend date. The amount of dividends and distributions from net investment income and net realized gains are determined in accordance with federal income tax regulations, which may differ from GAAP. To the extent these differences are permanent in nature, such amounts are reclassified within the components of net assets.

(e) REPURCHASE AGREEMENTS. When entering into repurchase agreements, it is the Fund's policy to take possession, through its custodian, of the underlying collateral and to monitor its value at the time the arrangement is entered into and during the term of the repurchase agreement to ensure that it equals or exceeds the repurchase price. In the event of default of the obligation to repurchase, the Fund has the right to liquidate the collateral and apply the proceeds in satisfaction of the obligation. Under certain circumstances, in the event of default or bankruptcy by the other party to the agreement, realization and/or retention of the collateral may be subject to legal proceedings.

(f) YEAR END TAX RECLASSIFICATIONS. The character of income and gains to be distributed are determined in accordance with income tax regulations which may differ from GAAP. At April 30, 2003, reclassifications were made to the capital accounts of the Fund to reflect permanent book/tax differences and income and gains available for distributions under income tax regulations. Net investment income, net realized loss and net assets were not affected by this change.

NOTE 2. MANAGEMENT FEE AND OTHER TRANSACTIONS

Salomon Brothers Asset Management Inc ("Investment Manager"), an indirect wholly-owned subsidiary of Citigroup Inc. ("Citigroup"), acts as investment manager to the Fund. The Investment Manager is responsible on a day-to-day basis for the management of the Fund's portfolio in accordance with the Fund's investment objectives and policies and for making decisions to buy, sell or hold particular securities of the Fund. The management fee for these services is payable monthly at an annual rate of 1.00% of the Fund's average weekly net assets plus the proceeds of any outstanding borrowings used for leverage.

Smith Barney Fund Management LLC ("Administrator"), another indirect wholly-owned subsidiary of Citigroup, acts as the Fund's administrator for which the Fund pays a monthly fee at an annual rate of 0.10% of the value of the Fund's average weekly net assets plus the

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SALOMON BROTHERS HIGH INCOME FUND II INC

NOTES TO FINANCIAL STATEMENTS (continued)

proceeds of any outstanding borrowings used for leverage. The administrator

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performs certain administrative services necessary for the operation of the Fund.

During periods in which the Fund is utilizing financial leverage, the fees which are payable to the Investment Manager and Administrator as a percentage of the Fund's assets will be higher than if the Fund did not utilize leverage because the fees are calculated as a percentage of the Fund's assets, including those investments purchased with leverage.

At April 30, 2003, Citigroup Global Markets Inc. ("CGM"), formerly known as Salomon Smith Barney Inc., another indirect wholly-owned subsidiary of Citigroup, held 10.963 shares of the Fund.

Certain officers and/or directors of the Fund are also officers and/or directors of the Investment Manager.

NOTE 3. PORTFOLIO ACTIVITY

During the year ended April 30, 2003, the aggregate cost of purchases and proceeds from sales of investments (including maturities of long-term securities, but excluding short-term securities) were as follows:

| | |
|----------------|---------------|
| Purchases..... | \$840,958,395 |
| | ===== |
| Sales..... | \$785,817,487 |
| | ===== |

At April 30, 2003, the aggregate gross unrealized appreciation and depreciation of investments for Federal income tax purposes were as follows:

| | |
|------------------------------------|---------------|
| Gross unrealized appreciation..... | \$105,049,077 |
| Gross unrealized depreciation..... | (90,698,154) |
| | ----- |
| Net unrealized appreciation..... | \$ 14,350,923 |
| | ===== |

NOTE 4. LENDING OF PORTFOLIO SECURITIES

The Fund has an agreement with its custodian whereby the custodian may lend securities owned by the Fund to brokers, dealers and other financial organizations, and receives a lenders fee. Fees earned by the Fund on securities lending are recorded in interest income. Loans of securities by the Fund are collateralized by cash, U.S. government securities or high quality money market instruments that are maintained at all times in an amount at least equal to the current market value of the securities loaned, plus a margin which may vary depending on the type of securities loaned. The custodian establishes and maintains the collateral in a segregated account. The Fund maintains exposure for the risk of any losses in the investment of amounts received as collateral.

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SALOMON BROTHERS HIGH INCOME FUND II INC

NOTES TO FINANCIAL STATEMENTS (continued)

At April 30, 2003, the Fund loaned securities having a market value of \$118,986,361. The Fund received cash collateral amounting to \$121,446,606 which was invested into the State Street Navigator Securities Lending Trust Prime Portfolio.

Income earned by the Fund from securities lending for the year ended April 30, 2003 was \$180,963.

NOTE 5. LOAN PARTICIPATIONS

The Fund invests in fixed and floating rate loans arranged through private negotiations between a foreign sovereign entity and one or more financial institutions. The Fund's investment in any such loan may be in the form of a participation in or an assignment of the loan.

In connection with purchasing participations, the Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement relating to the loan, nor any rights of set-off against the borrower, and the Fund may not benefit directly from any collateral supporting the loan in which it has purchased the participation. As a result, the Fund will assume the credit risk of both the borrower and the lender that is selling the participation. In the event of the insolvency of the lender selling the participation, the Fund may be treated as a general creditor of the lender and may not benefit from any set-off between the lender and the borrower.

At April 30, 2003, the Fund held loan participations with a total cost of \$5,943,316.

NOTE 6. CREDIT RISK

The yields of emerging markets debt obligations and high-yield corporate debt obligations reflect, among other things, perceived credit risk. The Fund's investment in securities rated below investment grade typically involves risks not associated with higher rated securities including, among others, overall greater risk of timely and ultimate payment of interest and principal, greater market price volatility and less liquid secondary market trading. The consequences of political, social, economic or diplomatic changes may have disruptive effects on the market prices of investments held by the Fund.

NOTE 7. CAPITAL LOSS CARRYFORWARD

At April 30, 2003, the Fund had, for Federal income tax purposes, approximately \$253,973,000 of unused capital loss carryforwards available to offset future capital gains. To the extent that these carryforward losses are used to offset capital gains, it is probable that any gains so offset will not be distributed.

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SALOMON BROTHERS HIGH INCOME FUND II INC

NOTES TO FINANCIAL STATEMENTS (continued)

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The amount and year of expiration for each carryforward loss is indicated below. Expiration occurs on April 30 of the year indicated:

| | 2007 | 2008 | 2009 | 2010 | 2011 |
|--------------|--------------|--------------|--------------|--------------|--------------|
| | ----- | ----- | ----- | ----- | ----- |
| Carryforward | | | | | |
| Amounts... | \$32,298,000 | \$40,142,000 | \$10,636,000 | \$93,766,000 | \$77,131,000 |

In addition, the Fund had \$23,779,692 of capital losses realized after October 31, 2002, which were deferred for tax purposes to the first day of the following fiscal year.

NOTE 8. INCOME TAX INFORMATION AND DISTRIBUTIONS TO SHAREHOLDERS

At April 30, 2003, the tax basis components of distributable earnings were:

| | |
|----------------------------------|------------------|
| Accumulated capital losses | \$ (253,972,714) |
| | ===== |
| Unrealized appreciation | \$ 14,331,058 |
| | ===== |

The difference between book basis and tax basis unrealized appreciation and depreciation is attributable primarily to wash sale loss deferrals.

The tax character of distributions paid during the year ended April 30, 2003 was:

| | |
|-----------------------|---------------|
| Ordinary income | \$ 84,516,112 |
| Capital..... | 15,830,265 |
| | ----- |
| Total..... | \$100,346,377 |
| | ===== |

NOTE 9. LOAN

At April 30, 2003, the Fund had outstanding a \$300,000,000 loan pursuant to a revolving credit and security agreement with CXC Inc., an affiliate of Citigroup, a commercial paper conduit issuer for which Citicorp North America Inc., an affiliate of the Investment Manager, acts as administrative agent. The loans generally bear interest at a variable rate based on the weighted average interest rates of the underlying commercial paper or LIBOR, plus any applicable margin. Securities held by the Fund are subject to a lien, granted to the lenders, to the extent of the borrowing outstanding and any additional expenses. For the year ended April 30, 2003, the Fund paid interest expense of \$5,897,244.

NOTE 10. DIVIDENDS SUBSEQUENT TO APRIL 30, 2003

On January 23, 2003, the Board of Directors of the Fund declared dividends in the amount of \$0.115 per share, payable on May 30, 2003 to shareholders of

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record on May 13, 2003.

On May 2, 2003, the Board of Directors of the Fund declared three dividends, each in the amount of \$0.115 per share, payable on June 27, 2003, July 25, 2003 and August 29, 2003 to shareholders of record on June 17, 2003, July 15, 2003 and August 12, 2003, respectively.

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SALOMON BROTHERS HIGH INCOME FUND II INC

FINANCIAL HIGHLIGHTS

Data for a share of capital stock outstanding throughout each year ended April 30, unless otherwise noted:

| | 2003 | 2002 | 2001 | 2000 | 1999/(1) |
|---|-----------|-----------|-----------|-----------|-----------|
| Net Asset Value, Beginning of Year..... | \$10.48 | \$11.08 | \$11.85 | \$ 13.54 | \$ 15.00 |
| Income (Loss) From Operations: | | | | | |
| Net investment income..... | 1.18 | 1.27 | 1.37 | 1.45 | 1.23 |
| Net realized and unrealized gain (loss)..... | 0.12 | (0.50) | (0.58) | (1.70) | (1.45) |
| Total Income (Loss) From Operations..... | 1.30 | 0.77 | 0.79 | (0.25) | (0.22) |
| Offering Costs on Issuance of Common Stock..... | -- | -- | -- | -- | (0.02) |
| Less Distributions From: | | | | | |
| Net investment income..... | (1.16) | (1.18) | (1.40) | (1.44) | (1.22) |
| Capital..... | (0.22) | (0.20) | (0.16) | -- | -- |
| Total Distributions..... | (1.38) | (1.38) | (1.56) | (1.44) | (1.22) |
| Increase in Net Asset Value Due to Shares Issued on Reinvestment of Dividends..... | 0.02 | 0.01 | -- | -- | -- |
| Net Asset Value, End of Year..... | \$10.42 | \$10.48 | \$11.08 | \$ 11.85 | \$ 13.54 |
| Market Price, End of Year..... | \$11.65 | \$11.65 | \$10.96 | \$11.750 | \$12.625 |
| Total Return, Based on Market Price/(2)/..... | 15.00% | 20.83% | 6.85% | 5.45% | (7.57) |
| Ratios to Average Net Assets: | | | | | |
| Total expenses, including interest expense.. | 2.49% | 2.80% | 3.09% | 2.09% | 1.54% |
| Total expenses, excluding interest expense (operating expenses)..... | 1.63% | 1.57% | 1.43% | 1.29% | 1.24% |
| Net investment income..... | 12.64% | 12.08% | 11.87% | 11.48% | 9.84% |
| Net Assets, End of Year (000s)..... | \$771,566 | \$750,334 | \$764,344 | \$790,743 | \$903,792 |
| Portfolio Turnover Rate..... | 87% | 118% | 118% | 68% | 66% |
| Loans Outstanding, End of Year (000s)..... | \$300,000 | \$260,000 | \$260,000 | \$105,000 | \$105,000 |
| Weighted Average Interest Rate on Loans..... | 2.15% | 3.44% | 6.69% | 6.18% | 5.72% |

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- (1) For the period from May 28, 1998 (commencement of operations) through April 30, 1999.
 - (2) For purposes of this calculation, dividends are assumed to be reinvested at prices obtained under the Fund's dividend reinvestment plan and the broker commission paid to purchase or sell a share is excluded.
- ++ Total return is not annualized, as it may not be representative of the total return for the year.
- + Annualized.

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SALOMON BROTHERS HIGH INCOME FUND II INC

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholders of
Salomon Brothers High Income Fund II Inc

In our opinion, the accompanying statement of assets and liabilities, including the schedule of investments, and the related statements of operations, of changes in net assets and of cash flows and the financial highlights present fairly, in all material respects, the financial position of Salomon Brothers High Income Fund II Inc ("Fund") at April 30, 2003, the results of its operations and its cash flows 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 four years in the period then ended and for the period May 28, 1998 (commencement of operations) through April 30, 1999, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as "financial statements") are the responsibility of the Fund's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at April 30, 2003 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
New York, NY
June 19, 2003

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SALOMON BROTHERS HIGH INCOME FUND II INC

ADDITIONAL INFORMATION (unaudited)

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Information about Directors and Officers

The business and affairs of Salomon Brothers High Income Fund II Inc ("Fund") are managed under the direction of the Board of Directors. Information pertaining to the Directors and Officers of the Fund is set forth below. The Statement of Additional Information includes additional information about Fund Directors and is available by contacting the transfer agent at 1-800-446-1013.

| Name, Address and Age | Position(s) Held with Fund/(1)/ | Term of Office/(1)/ and Length of Time Served | Principal Occupation(s) During Past 5 Years | Number of Portfolios Fund Complete Overseen by Director (including the Fund) |
|---|--|---|--|--|
| Non-Interested Directors: | | | | |
| Carol L. Colman Colman Consulting Co., Inc. 278 Hawley Road North Salem, NY 10560 Age 57 | Director and Member of Audit Committee, Class III | Since 2002 | President, Colman Consulting Co., Inc. | 31 |
| Daniel P. Cronin Pfizer Inc. 235 East 42nd Street New York, NY 10017 Age 57 | Director and Member of the Audit Committee, Class I | Since 1998 | Associate General Counsel, Pfizer Inc. | 28 |
| Leslie H. Gelb The Council on Foreign Relations 58 East 68th Street New York, NY 10021 Age 65 | Director and Member of the Audit Committee, Class II | Since 2001 | President, the Council on Foreign Relations; formerly, Columnist, Deputy Editorial Page Editor and Editor, Op-Ed Page, The New York Times | 30 |
| Riordan Roett The Johns Hopkins University 1740 Massachusetts Ave, NW Washington, DC 20036 Age 64 | Director and Member of the Audit Committee, Class II | Since 1998 | Professor and Director, Latin American Studies Program, Paul H. Nitze School of Advanced International Studies, The Johns Hopkins University | 30 |

SALOMON BROTHERS HIGH INCOME FUND II INC

ADDITIONAL INFORMATION (unaudited) (continued)

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| Name, Address and Age | Position(s) Held with Fund/(1)/ | Term of Office/(1)/ and Length of Time Served | Principal Occupation(s) During Past 5 Years | Number of Portfolios in Fund Complex Overseen by Director (including the Fund) |
|---|---|--|---|--|
| Jeswald W. Salacuse Tufts University-- The Fletcher School of Law & Diplomacy 160 Packard Avenue Medford, MA 02155 Age 65 | Director and Member of the Audit Committee, Class I | Since 1998 | Henry J. Braker Professor of Commercial Law and formerly Dean, The Flecher School of Law & Diplomacy, Tufts University; formerly, Fulbright Distinguished Chair in Comparative Law, University of Trento, Italy | 30 |
| Interested Director: | | | | |
| R. Jay Gerken/(2)/ CGM 399 Park Avenue 4th Floor New York, NY 10022 Age 52 | Director and Chairman, Class III | Since 2002 | Managing Director of Citigroup Global Markets Inc. ("CGM"); Chairman, President, Chief Executive Officer and Director of Smith Barney Fund Management LLC ("SBFM"), Travelers Investment Adviser, Inc. ("TIA"), and Citi Fund Management Inc. | 225 |
| Officers: | | | | |
| Peter J. Wilby, CFA SBAM 399 Park Avenue 4th Floor New York, NY 10022 Age 44 | President | Since 2002 | Managing Director of CGM and Salomon Brothers Asset Management Inc ("SBAM") since January 1996 | N/A |
| | Executive Vice President | 1998- 2002 | | |

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SALOMON BROTHERS HIGH INCOME FUND II INC

ADDITIONAL INFORMATION (unaudited) (continued)

Number of
Portfolios in
Fund Complex

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| Name, Address and Age | Position(s) Held with Fund/(1)/ | Term of Office/(1)/ and Length of Time Served | Principal Occupation(s) During Past 5 Years | Overseen by Director (including the Fund) |
|---|---|--|--|--|
| Lewis E. Daidone CGM 125 Broad Street 11th Floor New York, NY 10004 Age 45 | Executive Vice President and Chief Administrative Officer | Since 1998 | Managing Director of CGM; Director and Senior Vice President of SBFM and TIA; Former Chief Financial Officer and Treasurer of mutual funds affiliated with Citigroup Inc. | N/A |
| Maureen O'Callaghan SBAM 399 Park Avenue 4th Floor New York, NY 10022 Age 39 | Executive Vice President | Since 1998 | Managing Director of CGM and SBAM since December 1998; Director of CGM and SBAM from January 1996 to December 1998 | N/A |
| James E. Craige, CFA SBAM 399 Park Avenue 4th Floor New York, NY 10022 Age 36 | Executive Vice President | Since 1998 | Managing Director of CGM and SBAM since December 1998; Director of CGM and SBAM since January 1998 | N/A |
| Thomas K. Flanagan, CFA SBAM 399 Park Avenue 4th Floor New York, NY 10022 Age 50 | Executive Vice President | Since 1998 | Managing Director of CGM and SBAM since December 1998; Prior to December 1998, Director of CGM and SBAM | N/A |
| Beth A. Semmel, CFA SBAM 399 Park Avenue 4th Floor New York, NY 10022 Age 42 | Executive Vice President | Since 1998 | Managing Director of CGM and SBAM since December 1998; Director of CGM and SBAM from January 1996 to December 1998 | N/A |

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SALOMON BROTHERS HIGH INCOME FUND II INC

ADDITIONAL INFORMATION (unaudited) (continued)

| | | |
|---------|-----------|---|
| Term of | Principal | Number of Portfolios in Fund Complex Overseen by |
|---------|-----------|---|

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| Name, Address and Age | Position(s) Held with Fund/(1)/ | Office/(1)/ and Length of Time Served | Occupation(s) During Past 5 Years | Director (including the Fund) | Dir Held |
|--|---------------------------------|---------------------------------------|--|-------------------------------|----------|
| Frances M. Guggino CGM 125 Broad Street 10th Floor New York, NY 10004 Age 45 | Controller | Since 2002 | Vice President, Citigroup Asset Management | N/A | |
| Christina T. Sydor CGM 300 First Stamford Place 4th Floor Stamford, CT 06902 Age 52 | Secretary | Since 1998 | Managing Director of CGM; General Counsel and Secretary of SBFM and TIA | N/A | |

/(1)/The Fund's Board of Directors is divided into three classes: Class I, Class II and Class III. The terms of office of the Class I, II and III Directors expire at the Annual Meetings of Stockholders in the year 2005, year 2003, and year 2004, respectively, or thereafter in each case when their respective successors are duly elected and qualified. The Fund's executive officers are chosen each year at the first meeting of the Fund's Board of Directors following the Annual Meeting of Stockholders, to hold office until the meeting of the Board following the next Annual Meeting of Stockholders and until their successors are duly elected and qualified.

/(2)/Mr. Gerken is a Director who is an "interested person" of the Fund as defined in the Investment Company Act of 1940, as amended, because Mr. Gerken is an officer of SBFM and certain of its affiliates.

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SALOMON BROTHERS HIGH INCOME FUND II INC

DIVIDEND REINVESTMENT PLAN (unaudited)

Pursuant to certain rules of the Securities and Exchange Commission the following additional disclosure is provided.

Each shareholder purchasing shares of common stock ("Shares") of Salomon Brothers High Income Fund II Inc ("Fund") will be deemed to have elected to be a participant in the Dividend Reinvestment Plan ("Plan"), unless the shareholder specifically elects in writing (addressed to the Agent at the address below or to any nominee who holds Shares for the shareholder in its name) to receive all income dividends and distributions of capital gains in cash, paid by check, mailed directly to the record holder by or under the direction of PFPC Global Fund Services, formerly known as First Data Investor Services Group, Inc. as the Fund's dividend-paying agent ("Agent"). A shareholder whose Shares are held in the name of a broker or nominee who does not provide an automatic reinvestment service may be required to take such

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Shares out of "street name" and register such Shares in the shareholder's name in order to participate, otherwise dividends and distributions will be paid in cash to such shareholder by the broker or nominee. Each participant in the Plan is referred to herein as a "Participant." The Agent will act as Agent for each Participant, and will open accounts for each Participant under the Plan in the same name as their Shares are registered.

Unless the Fund declares a dividend or distribution payable only in the form of cash, the Agent will apply all dividends and distributions in the manner set forth below.

If, on the determination date (as defined below), the market price per Share equals or exceeds the net asset value per Share on that date (such condition, a "market premium"), the Agent will receive the dividend or distribution in newly issued Shares of the Fund on behalf of Participants. If, on the determination date, the net asset value per Share exceeds the market price per Share (such condition, a "market discount"), the Agent will purchase Shares in the open market. The determination date will be the fourth New York Stock Exchange trading day (a New York Stock Exchange trading day being referred to herein as a "Trading Day") preceding the payment date for the dividend or distribution. For purposes herein, "market price" will mean the average of the highest and lowest prices at which the Shares sell on the New York Stock Exchange on the particular date, or if there is no sale on that date, the average of the closing bid and asked quotations.

Purchases made by the Agent will be made as soon as practicable commencing on the Trading Day following the determination date and terminating no later than 30 days after the dividend or distribution payment date except where temporary curtailment or suspension of purchase is necessary to comply with applicable provisions of federal securities law; provided, however, that such purchases will, in any event, terminate on the Trading Day prior to the "ex-dividend" date next succeeding the dividend or distribution payment date.

If (i) the Agent has not invested the full dividend amount in open market purchases by the date specified at the bottom of the prior page as the date on which such purchases must terminate

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SALOMON BROTHERS HIGH INCOME FUND II INC

DIVIDEND REINVESTMENT PLAN (unaudited) (continued)

or (ii) a market discount shifts to a market premium during the purchase period, then the Agent will cease making open market purchases and will receive the uninvested portion of the dividend amount in newly issued Shares (x) in the case of (i) above, at the close of business on the date the Agent is required to terminate making open market purchases as specified at the bottom of the prior page or (y) in the case of (ii) above, at the close of business on the date such shift occurs; but in no event prior to the payment date for the dividend or distribution.

In the event that all or part of a dividend or distribution amount is to be paid in newly issued Shares, such Shares will be issued to Participants in accordance with the following formula: (i) if, on the valuation date, the net asset value per share is less than or equal to the market price per Share, then the newly issued Shares will be valued at net asset value per Share on the

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valuation date provided, however, that if the net asset value is less than 95% of the market price on the valuation date, then such Shares will be issued at 95% of the market price and (ii) if, on the valuation date, the net asset value per share is greater than the market price per Share, then the newly issued Shares will be issued at the market price on the valuation date. The valuation date will be the dividend or distribution payment date, except that with respect to Shares issued pursuant to the paragraph above, the valuation date will be the date such Shares are issued. If a date that would otherwise be a valuation date is not a Trading Day, the valuation date will be the next preceding Trading Day.

The open market purchases provided for above may be made on any securities exchange on which the Shares of the Fund are traded, in the over-the-counter market or in negotiated transactions, and may be on such terms as to price, delivery and otherwise as the Agent shall determine. Funds held by the Agent uninvested will not bear interest, and it is understood that, in any event, the Agent shall have no liability in connection with any inability to purchase Shares within the time periods herein provided, or with the timing of any purchases effected. The Agent shall have no responsibility as to the value of the Shares acquired for the Participant's account. The Agent may commingle amounts of all Participants to be used for open market purchases of Shares and the price per Share allocable to each Participant in connection with such purchases shall be the average price (including brokerage commissions) of all Shares purchased by the Agent.

The Agent will maintain all Participant accounts in the Plan and will furnish written confirmations of all transactions in each account, including information needed by Participants for personal and tax records. The Agent will hold Shares acquired pursuant to the Plan in noncertificated form in the Participant's name or that of its nominee, and each Participant's proxy will include those Shares purchased pursuant to the Plan. The Agent will forward to Participants any proxy solicitation material and will vote any Shares so held for Participants only in accordance with the proxy returned by Participants to the Fund. Upon written request, the Agent will deliver to Participants, without charge, a certificate or certificates for the full Shares.

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SALOMON BROTHERS HIGH INCOME FUND II INC

DIVIDEND REINVESTMENT PLAN (unaudited) (continued)

The Agent will confirm to Participants each acquisition made for their respective accounts as soon as practicable but not later than 60 days after the date thereof. Although Participants may from time to time have an undivided fractional interest (computed to three decimal places) in a Share of the Fund, no certificates for fractional shares will be issued. Dividends and distributions on fractional shares will be credited to each Participant's account. In the event of termination of a Participant's account under the Plan, the Agent will adjust for any such undivided fractional interest in cash at the market value of the Fund's Shares at the time of termination less the pro rata expense of any sale required to make such an adjustment.

Any share dividends or split shares distributed by the Fund on Shares held by the Agent for Participants will be credited to their respective accounts. In the event that the Fund makes available to Participants rights to purchase

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additional Shares or other securities, the Shares held for Participants under the Plan will be added to other Shares held by the Participants in calculating the number of rights to be issued to Participants.

The Agent's service fee for handling capital gains distributions or income dividends will be paid by the Fund. Participants will be charged a pro rata share of brokerage commissions on all open market purchases.

Participants may terminate their accounts under the Plan by notifying the Agent in writing or by calling 1-800-331-1710. Such termination will be effective immediately if notice is received by the Agent not less than ten days prior to any dividend or distribution record date; otherwise such termination will be effective on the first Trading Day after the payment due for such dividend or distribution with respect to any subsequent dividend or distribution. The Plan may be amended or terminated by the Fund as applied to any dividend or capital gains distribution paid subsequent to written notice of the change or termination sent to Participants at least 30 days prior to the record date for the dividend or capital gains distribution. The Plan may be amended or terminated by the Agent, with the Fund's prior written consent, on at least 30 days' written notice to Plan Participants. Notwithstanding the preceding two sentences, the Agent or the Fund may amend or supplement the Plan at any time or times when necessary or appropriate to comply with applicable law or rules or policies of the Securities and Exchange Commission or any other regulatory authority. Upon any termination, the Agent will cause a certificate or certificates for the full Shares held by each Participant under the Plan and cash adjustment for any fraction to be delivered to each Participant without charge. If the Participant elects by notice to the Agent in writing in advance of such termination to have the Agent sell part or all of a Participant's Shares and remit the proceeds to Participant, the Agent is authorized to deduct a \$2.50 fee plus brokerage commission for this transaction from the proceeds.

Any amendment or supplement shall be deemed to be accepted by each Participant unless, prior to the effective date thereof, the Agent receives written notice of the termination of the Participant's account under the Plan. Any such amendment may include an appointment by the

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SALOMON BROTHERS HIGH INCOME FUND II INC

DIVIDEND REINVESTMENT PLAN (unaudited) (continued)

Agent in its place and stead of a successor Agent under these terms and conditions, with full power and authority to perform all or any of the acts to be performed by the Agent under these terms and conditions. Upon any such appointment of an Agent for the purpose of receiving dividends and distributions, the Fund will be authorized to pay to such successor Agent, for each Participant's account, all dividends and distributions payable on Shares of the Fund held in each Participant's name or under the Plan for retention or application by such successor Agent as provided in these terms and conditions.

In the case of Participants, such as banks, broker-dealers or other nominees, which hold Shares for others who are beneficial owners ("Nominee Holders"), the Agent will administer the Plan on the basis of the number of Shares certified from time to time by each Nominee Holder as representing the total amount registered in the Nominee Holder's name and held for the account of beneficial

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owners who are to participate in the Plan.

The Agent shall at all times act in good faith and use its best efforts within reasonable limits to insure the accuracy of all services performed under this Agreement and to comply with applicable law, but assumes no responsibility and shall not be liable for loss or damage due to errors unless such error is caused by its negligence, bad faith, or willful misconduct or that of its employees.

All correspondence concerning the Plan should be directed to the Agent at P.O. Box 8030, Boston, Massachusetts 02266-8030.

ADDITIONAL SHAREHOLDER INFORMATION (unaudited)

This report is transmitted to the shareholders of Salomon Brothers High Income Fund II Inc for their information. This is not a prospectus, circular or representation intended for use in the purchase of shares of the Fund or any securities mentioned in this report.

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that from time to time the Fund may purchase, at market prices, shares of its common stock in the open market.

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SALOMON BROTHERS HIGH INCOME FUND II INC

TAX INFORMATION (unaudited)

For Federal tax purposes, the Fund hereby designates for the fiscal year ended April 30, 2003:

- . For corporate shareholders, the percentage of ordinary dividends that qualify for the dividends received deduction is 1.39%.

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SALOMON BROTHERS HIGH INCOME FUND II INC

DIRECTORS

CAROL L. COLMAN
DANIEL P. CRONIN
LESLIE H. GELB
R. JAY GERKEN
RIORDAN ROETT
JESWALD W. SALACUSE

OFFICERS

R. JAY GERKEN

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Chairman
PETER J. WILBY, CFA
President
LEWIS E. DAIDONE
Executive Vice President and Chief Administrative Officer
MAUREEN O'CALLAGHAN
Executive Vice President
JAMES E. CRAIGE, CFA
Executive Vice President
THOMAS K. FLANAGAN, CFA
Executive Vice President
BETH A. SEMMEL, CFA
Executive Vice President
FRANCES M. GUGGINO
Controller
CHRISTINA T. SYDOR
Secretary

SALOMON BROTHERS HIGH INCOME FUND II INC

125 Broad Street
10th Floor, MF-2
New York, New York 10004
Telephone 1-888-777-0102

INVESTMENT MANAGER

Salomon Brothers Asset Management Inc
399 Park Avenue
New York, New York 10022

CUSTODIAN

State Street Bank and Trust Company
225 Franklin Street
Boston, Massachusetts 02110

DIVIDEND DISBURSING AND TRANSFER AGENT

PFPC Global Fund Services
P.O. Box 8030
Boston, Massachusetts 02266-8030

INDEPENDENT ACCOUNTANTS

PricewaterhouseCoopers LLP
1177 Avenue of the Americas
New York, New York 10036

LEGAL COUNSEL

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017

NEW YORK STOCK EXCHANGE SYMBOL

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ITEM 2. CODE OF ETHICS.

Not applicable.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

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Not applicable.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable.

ITEM 6. [RESERVED]

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable.

ITEM 8. [RESERVED]

ITEM 9. CONTROLS AND PROCEDURES.

(a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-2(c) under the Investment Company Act of 1940, as amended) are effective based on their evaluation of the disclosure controls and procedures as of a date within 90 days of the filing date of this document.

(b) In the last 90 days, there have been no significant changes in the Registrant's internal controls or in other factors that could significantly affect these controls.

ITEM 10. EXHIBITS.

(a) Not applicable.

(b) Attached hereto.

Exhibit 99.CERT Certifications pursuant to section 302 of the Sarbanes-Oxley Act of 2002

Exhibit 99.906CERT Certifications pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

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, there unto duly authorized.

Salomon Brothers High Income Fund II Inc

By: /s/ R. Jay Gerken

R. Jay Gerken
Chief Executive Officer of
Salomon Brothers High Income Fund II Inc

Date: 6/30/03

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

By: /s/ R. Jay Gerken

(R. Jay Gerken)
Chief Executive Officer of
Salomon Brothers High Income Fund II Inc

Date: 6/30/03

By: /s/ Lewis Daidone

Chief Administrative Officer of
Salomon Brothers High Income Fund II Inc

Date: 6/30/03