

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

Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

HIXANN 4/03  
03-4951

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.

## Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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).

### SALOMON BROTHERS HIGH INCOME FUND II INC

#### 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.

## Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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.

## Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

### 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

### SALOMON BROTHERS HIGH INCOME FUND II INC

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

## Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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

## Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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

Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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.

- 
- /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).....

Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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.

Page 8

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

Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

	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.....	

Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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.

Page 10

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).....

Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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.

Page 11

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.....	

Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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.

Page 12

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).....	

Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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:	

Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

	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.

Page 14

SALOMON BROTHERS HIGH INCOME FUND II INC

SCHEDULE OF INVESTMENTS (continued)  
April 30, 2003

Face  
Amount

Security\*

Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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\*

Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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.

Page 16

SALOMON BROTHERS HIGH INCOME FUND II INC

SCHEDULE OF INVESTMENTS (continued)

April 30, 2003

Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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.

Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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.

Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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).....	

Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

See Notes to Financial Statements.

Page 20

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

Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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.

Page 21

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.....

# Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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

See Notes to Financial Statements.

Page 22

## 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.

Page 23

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.

Page 24

SALOMON BROTHERS HIGH INCOME FUND II INC

# Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

## 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.

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.

Page 26

SALOMON BROTHERS HIGH INCOME FUND II INC

NOTES TO FINANCIAL STATEMENTS (continued)

## Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

(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

Page 27

SALOMON BROTHERS HIGH INCOME FUND II INC

NOTES TO FINANCIAL STATEMENTS (continued)

proceeds of any outstanding borrowings used for leverage. The administrator

## Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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.

## Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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.

Page 29

SALOMON BROTHERS HIGH INCOME FUND II INC

NOTES TO FINANCIAL STATEMENTS (continued)

Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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

## Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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.

Page 30

### 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%

## Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

- (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.

Page 31

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

Page 32

SALOMON BROTHERS HIGH INCOME FUND II INC

ADDITIONAL INFORMATION (unaudited)

Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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)

Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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		

Page 34

SALOMON BROTHERS HIGH INCOME FUND II INC

ADDITIONAL INFORMATION (unaudited) (continued)

Number of  
Portfolios in  
Fund Complex

Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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

Page 35

SALOMON BROTHERS HIGH INCOME FUND II INC

ADDITIONAL INFORMATION (unaudited) (continued)

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

Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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.

Page 36

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

## Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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

Page 37

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

## Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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.

Page 38

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

## Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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

Page 39

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

Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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.

Page 40

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%.

Page 41

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

Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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

HIX

Page 42

ITEM 2. CODE OF ETHICS.

Not applicable.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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

Edgar Filing: SALOMON BROTHERS HIGH INCOME FUND II INC - Form N-CSR

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