

SALOMON BROTHERS HIGH INCOME FUND II INC
Form N-CSRS
January 05, 2005

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 811-8709

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)

Robert I. Frenkel, Esq.

Salomon Brothers Asset Management Inc

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: October 31

Date of reporting period: October 31, 2004

ITEM 1. REPORT TO STOCKHOLDERS.

The **Semi-Annual** Report to Stockholders is filed herewith.

Salomon Brothers

High Income Fund II Inc.

Semi-Annual Report

October 31, 2004

PFPC Inc.

P.O. Box 43027

Providence, RI 02940-3027

HIXSEMI 10/04

04-7580

SALOMON BROTHERS HIGH INCOME FUND II INC.

Letter From the Chairman

R. Jay Gerken, CFA

Chairman

Dear Shareholder,

For the six months ended October 31, 2004, the Salomon Brothers High Income Fund II returned 9.12%, based on its New York Stock Exchange (NYSE) market price and 11.23% based on its net asset value (NAV) per share. The fund outperformed its unmanaged benchmark the Citigroup High Yield Market Index,ⁱⁱ which returned 6.42% for the same time frame. The fund's Lipper high current yield leveraged closed-end funds category averageⁱⁱⁱ was 8.40%. Please note that Lipper performance returns are based on each fund's NAV.

During this six-month period, the fund distributed dividends to shareholders totaling \$0.65 per share. The performance table shows the fund's 30-day SEC as well as its six-month total return based on its NAV and market price as of October 31, 2004. **Past performance is no guarantee of future results. The fund's yields will vary.**

FUND PERFORMANCE AS OF OCTOBER 31, 2004

| Price Per Share | 30-Day SEC Yield | Six-Month Total Return |
|-----------------|---------------------|---------------------------|
| \$11.56 (NAV) | 8.53% | 11.23% |
| \$12.11 (NYSE) | 8.13% | 9.12% |

All figures represent past performance and are not a guarantee of future results. The fund's yields will vary.

Total returns are based on changes in NAV or market price, respectively. Total returns assume the reinvestment of all dividends and/or capital gains distributions, if any, in additional shares. The SEC yield is a return figure often quoted by bond and other fixed-income mutual funds. This quotation is based on the most recent 30-day (or one-month) period covered by the fund's filings with the SEC. The yield figure reflects the dividends and interest earned during the period after deduction of the fund's expenses for the period. These yields are as of October 31, 2004 and are subject to change.

The bond markets generated positive returns over the six-month period ended October 31, 2004. Although prices declined early in the period, they stabilized over recent months. The pullback in bond prices, which tend to move opposite anticipated interest rate movements, was triggered by heightened concern about resurgent inflation, rising rates, and anticipation that the Federal Reserve Board (Fed) would begin to push key short-term rates higher. Rising interest rates can act as a brake on robust economic growth, helping to maintain a balance between steady growth and the inflation that generally can accompany it.

For the first time in four years, the Fed raised short-term interest rates during the 6 months ended October 31, 2004. The Fed raised its target for the closely watched federal funds rate^v by 0.25% on three occasions, increasing it from a four-decade low of 1.00% in June to 1.75% in September, and then again to 2.00% on November 10, which is after the fund's reporting period had ended.

SALOMON BROTHERS HIGH INCOME FUND II INC.

The U.S. high-yield bond market took a more tempered tone this year versus 2003, as signs of economic recovery increased and statements by the Fed indicated that the central bank might begin raising interest rates sooner than anticipated. After declining in April and May, among significant U.S. Treasury volatility, the high-yield market benefited later in the period due to a strong rally in U.S. Treasuries as the economy showed signs of slowing. Recent improvement in the U.S. economy has proved favorable for corporate earnings and the corporate bond credit environment. While markets will fluctuate, the high-yield market has remained healthy from a fundamental perspective, as many companies generated better-than-expected earnings and default rates continued to decline.

Information About Your Fund

As you may be aware several issues in the mutual fund industry have recently come under the scrutiny of federal and state regulators. The fund's Adviser and some of its affiliates have received requests for information from various government regulators regarding market timing, late trading, fees, and other mutual fund issues in connection with various investigations. The fund has been informed that the Adviser and its affiliates are responding to those information requests, but are not in a position to predict the outcome of these requests and investigations.

In November 2003, Citigroup Asset Management (CAM) disclosed an investigation by the Securities and Exchange Commission (SEC) and the U.S. Attorney relating to Citigroup Asset Management's entry into the transfer agency business during 1997-1999. Citigroup has disclosed that the Staff of the SEC is considering recommending a civil injunctive action and/or an administrative proceeding against certain advisory and transfer agent entities affiliated with Citigroup, the former CEO of CAM, two former employees and a current employee of CAM, relating to the creation, operation and fees of its internal transfer agent unit that serves various CAM-managed funds. This internal transfer agent did not provide services to the fund. Citigroup is cooperating with the SEC and will seek to resolve this matter in discussion with the SEC Staff. Although there can be no assurance, Citigroup does not believe that this matter will have a material adverse effect on the fund.

Looking for Additional Information?

The fund is traded under the symbol HIX and its closing market price is available in most newspapers under the NYSE listings. The daily NAV is available on-line under symbol XHIXX. *Barron's* and *The Wall Street Journal's* Monday editions carry closed-end fund tables that will provide additional information. In addition, the fund issues a quarterly press release that can be found on most major financial websites as well as www.sbam.com.

In a continuing effort to provide information concerning the fund, 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, for the fund's current NAV, market price, and other information.

SALOMON BROTHERS HIGH INCOME FUND II INC.

As always, thank you for your confidence in our stewardship of your assets. We look forward to helping you continue to meet your financial goals.

Sincerely,

R. Jay Gerken, CFA

Chairman, President and Chief Executive Officer

November 17, 2004

The information provided 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.

RISKS: Like any investment where there is risk of loss, you may not be able to sell Fund shares of the fund for the same amount that you purchased them. Investing in foreign securities is subject to certain risks not associated with domestic investing, such as currency fluctuations, and changes in political and economic conditions. These risks are magnified in emerging or developing markets. High yield bonds involve greater credit and liquidity risks than investment grade bonds. The fund may use derivatives, such as options and futures, which can be illiquid, may disproportionately increase losses, and have a potentially large impact on fund performance. Leverage may magnify gains and increase losses in the fund's portfolio.

All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

- ⁱ NAV is calculated by subtracting total liabilities and outstanding preferred stock from the closing value of all securities held by the fund (plus all other assets) and dividing the result (total net assets) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the fund has invested. 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 shares.
- ⁱⁱ 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.
- ⁱⁱⁱ Lipper, Inc. is a major independent mutual-fund tracking organization. Returns are based on the 6-month period ended October 31, 2004, calculated among the 28 funds in the fund's Lipper category, including the reinvestment of dividends and capital gains, if any.
- ^{iv} Source: U.S. Federal Reserve Board. The Fed is responsible for the formulation of a policy designed to promote economic growth, full employment, stable prices, and a sustainable pattern of international trade and payments.
- ^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.

SALOMON BROTHERS HIGH INCOME FUND II INC.

Fund at a Glance (unaudited)

Page 4

SALOMON BROTHERS HIGH INCOME FUND II INC.

Schedule of Investments (unaudited)

October 31, 2004

| Face Amount | Security* | Value |
|--|---|--------------|
| Corporate Bonds & Notes 91.4% | | |
| Basic Industries 16.9% | | |
| \$ 3,850,000 | Abitibi-Consolidated Inc., Debentures, 8.850% due 8/1/30 | \$ 3,917,375 |
| 7,230,000 | Acetex Corp., Sr. Notes, 10.875% due 8/1/09 | 7,989,150 |
| 2,500,000 | Airgas, Inc., 9.125% due 10/1/11 | 2,825,000 |
| 2,575,000 | Ak Steel Corp., 7.875% due 2/15/09 (a) | 2,626,500 |
| 4,475,000 | Anchor Glass Container Corp., Secured Notes, 11.000% due 2/15/13 | 5,012,000 |
| 4,375,000 | Appleton Papers Inc., Sr. Sub. Notes, Series B, 9.750% due 6/15/14 | 4,593,750 |
| 5,400,000 | Applied Extrusion Technologies, Inc., Series B, 10.750% due 7/1/11 (a)(b) | 3,267,000 |
| 4,775,000 | BCP Caylux Holdings Luxembourg SCA, Sr. Sub. Notes, 9.625% due 6/15/14 (c) | 5,371,875 |
| 3,250,000 | Berry Plastics Corp., 10.750% due 7/15/12 | 3,753,750 |
| 2,800,000 | Borden Chemicals & Plastics L.P., Notes, 9.500% due 5/1/05 (b)(d) | 280 |
| | Buckeye Technologies Inc., Sr. Sub. Notes: | |
| 1,750,000 | 9.250% due 9/15/08 (a) | 1,763,125 |
| 1,750,000 | 8.000% due 10/15/10 (a) | 1,793,750 |
| 3,500,000 | Equistar Chemicals L.P., Sr. Notes, 10.625% due 5/1/11 | 4,060,000 |
| 8,500,000 | FMC Corp., Debentures, 7.750% due 7/1/11 | 9,052,500 |
| 4,275,000 | Huntsman International LLC, 10.125% due 7/1/09 (a) | 4,510,125 |
| 1,525,000 | IMCO Recycling Escrow Inc., Sr. Notes, 9.000% due 11/15/14 | 1,525,000 |
| 2,850,000 | IMCO Recycling Inc., Secured Notes, 10.375% due 10/15/10 (c) | 3,192,000 |
| 3,950,000 | Innophos Inc., Sr. Sub. Notes, 8.875% due 8/15/14 (c) | 4,275,875 |
| 6,950,000 | ISP Chemco Inc., Series B, 10.250% due 7/1/11 | 7,784,000 |
| 2,900,000 | Ispat Inland ULC, Secured Notes, 9.750% due 4/1/14 | 3,538,000 |
| 3,800,000 | Jefferson Smurfit Corp., 8.250% due 10/1/12 | 4,237,000 |
| 3,750,000 | JSG Funding PLC, Sr. Notes, 9.625% due 10/1/12 | 4,293,750 |
| | Lyondell Chemical Co.: | |
| 2,575,000 | 9.500% due 12/15/08 | 2,819,625 |
| | Secured Notes: | |
| 1,400,000 | 11.125% due 7/15/12 (a) | 1,657,250 |
| 464,000 | Series B, 9.875% due 5/1/07 (a) | 493,000 |
| 3,075,000 | Methanex Corp., Sr. Notes, 8.750% due 8/15/12 | 3,613,125 |
| 3,550,000 | Millennium America Inc., 9.250% due 6/15/08 (a) | 3,976,000 |
| 1,525,000 | Mueller Group Inc., Sr. Sub. Notes, 10.000% due 5/1/12 | 1,654,625 |
| 4,375,000 | Mueller Holdings Inc., (zero coupon until 4/15/09, 14.750% thereafter), due 4/15/14 | 2,821,875 |
| 1,000,000 | Nalco Co., Sr. Sub. Notes, 8.875% due 11/15/13 | 1,101,250 |
| 1,000,000 | Newark Group Inc, Sr. Sub. Notes, 9.750% due 3/15/14 (a) | 1,045,000 |
| 1,325,000 | OM Group, Inc., 9.250% due 12/15/11 | 1,392,906 |
| 7,000,000 | Plastipak Holdings Inc., 10.750% due 9/1/11 | 7,875,000 |
| 2,000,000 | Pliant Corp., Secured Notes, 11.125% due 9/1/09 | 2,160,000 |

See Notes to Financial Statements.

Page 5

SALOMON BROTHERS HIGH INCOME FUND II INC.

Schedule of Investments (unaudited) (continued)

October 31, 2004

| Face Amount | Security* | Value |
|---|--|--------------|
| Basic Industries 16.9% (continued) | | |
| \$ 2,700,000 | Radnor Holdings Corp., Sr. Notes, 11.000% due 3/15/10 (a) | \$ 2,092,500 |
| 5,000,000 | Republic Technologies International, LLC, 13.750% due 7/15/09 (b)(d) | 0 |
| 5,200,000 | Resolution Performance Products Inc., Sr. Sub. Notes, 13.500% due 11/15/10 (a) Rhodia S.A.: | 5,174,000 |
| 575,000 | Sr. Notes, 10.250% due 6/1/10 (a) | 626,750 |
| 5,850,000 | Sr. Sub. Notes, 8.875% due 6/1/11 (a) | 5,499,000 |
| 1,000,000 | Smurfit Capital Funding PLC, Debentures, 7.500% due 11/20/25 | 1,010,000 |
| 4,950,000 | Stone Container Corp., Sr. Notes, 8.375% due 7/1/12 Tekni-Plex, Inc.: | 5,494,500 |
| 1,525,000 | Secured Notes, 8.750% due 11/15/13 (a) | 1,462,094 |
| 2,850,000 | Series B, 12.750% due 6/15/10 (a) | 2,151,750 |
| 4,525,000 | Tembec Industries, Inc., 8.625% due 6/30/09 (a) | 4,626,813 |
| 1,657,000 | Westlake Chemical Corp., 8.750% due 7/15/11 | 1,876,552 |
| | | 150,005,420 |
| Consumer Cyclicals 7.2% | | |
| 5,000,000 | AMF Bowling Worldwide, Inc., Sr. Sub. Notes, 10.000% due 3/1/10 (c) | 5,375,000 |
| 4,050,000 | Buffets Inc., Sr. Sub. Notes, 11.250% due 7/15/10 | 4,333,500 |
| 6,325,000 | Cinemark Inc., Sr. Discount Notes, (zero coupon until 3/15/09, 9.750% thereafter), due 3/15/14 (a) Cole National Group, Inc., Sr. Sub. Notes: | 4,506,562 |
| 2,850,000 | 8.625% due 8/15/07 | 2,905,219 |
| 3,000,000 | 8.875% due 5/15/12 | 3,521,250 |
| 1,000,000 | Eye Care Centers of America, Inc., 9.125% due 5/1/08 | 1,005,000 |
| 597,000 | Felcor Lodging L.P., 10.000% due 9/15/08 (a) Host Marriott L.P.: | 629,835 |
| 350,000 | Series E, 8.375% due 2/15/06 | 371,000 |
| 1,625,000 | Series I, 9.500% due 1/15/07 (a) | 1,811,875 |
| 2,500,000 | Sr. Notes, 7.125% due 11/1/13 (a) Interface, Inc.: | 2,712,500 |
| 2,875,000 | Sr. Notes, 10.375% due 2/1/10 | 3,320,625 |
| 1,500,000 | Sr. Sub. Notes, 9.500% due 2/1/14 | 1,631,250 |
| 3,000,000 | John Q. Hammons Hotels L.P., 1st Mortgage, Series B, 8.875% due 5/15/12 (a) | 3,465,000 |
| 2,000,000 | Leslie's Poolmart, Sr. Notes, Series B, 10.375% due 7/15/08 Levi Strauss & Co.: | 2,050,000 |
| 1,750,000 | Notes, 7.000% due 11/1/06 | 1,721,562 |
| 2,535,000 | Sr. Notes, 11.625% due 1/15/08 (a) | 2,598,375 |
| 3,525,000 | MeriStar Hospitality Corp., 9.125% due 1/15/11 (a) | 3,771,750 |
| 825,000 | MeriStar Hospitality Operating Partnership, L.P., 10.500% due 6/15/09 | 911,625 |

See Notes to Financial Statements.

SALOMON BROTHERS HIGH INCOME FUND II INC.

Schedule of Investments (unaudited) (continued)

October 31, 2004

| Face Amount | Security* | Value |
|--|--|--------------|
| Consumer Cyclicals 7.2% (continued) | | |
| Saks Inc.: | | |
| \$ 1,543,000 | 9.875% due 10/1/11 (a) | \$ 1,820,740 |
| 1,574,000 | 7.000% due 12/1/13 (a) | 1,605,480 |
| 2,825,000 | Sbarro, Inc., 11.000% due 9/15/09 (a) | 2,694,344 |
| Six Flags Inc., Sr. Notes: | | |
| 84,302 | 8.875% due 2/1/10 (a) | 81,141 |
| 1,500,000 | 9.750% due 4/15/13 (a) | 1,453,125 |
| 1,150,000 | 9.625% due 6/1/14 (a) | 1,104,000 |
| 4,300,000 | Starwood Hotels & Resorts Worldwide, Inc., 7.875% due 5/1/12 | 5,063,250 |
| 3,275,000 | Tommy Hilfiger U.S.A., Inc., 6.850% due 6/1/08 (a) | 3,324,125 |
| | | 63,788,133 |
| Consumer Non-Cyclical 19.6% | | |
| 3,975,000 | aaiPharma Inc., 12.000% due 4/1/10 (a) | 3,060,750 |
| 4,425,000 | AmeriPath, Inc., 10.500% due 4/1/13 (a) | 4,358,625 |
| 3,055,000 | Ameristar Casinos, Inc., 10.750% due 2/15/09 | 3,497,975 |
| 1,961,000 | Applica Inc., Sr. Sub. Notes, 10.000% due 7/31/08 (a) | 1,921,780 |
| 3,550,000 | Argosy Gaming Co., Sr. Sub. Notes, 7.000% due 1/15/14 | 3,798,500 |
| 4,875,000 | Athena Neurosciences Finance LLC, 7.250% due 2/21/08 | 5,100,469 |
| 1,450,000 | Brown Jordan International Inc., Series B, 12.750% due 8/15/07 | 1,203,500 |
| Caesars Entertainment Corp., Sr. Sub. Notes: | | |
| 700,000 | 9.375% due 2/15/07 | 784,000 |
| 4,500,000 | 8.875% due 9/15/08 | 5,191,875 |
| 3,000,000 | 8.125% due 5/15/11 (a) | 3,521,250 |
| 3,425,000 | Curative Health Services Inc., Sr. Notes, 10.750% due 5/1/11 (a) | 3,065,375 |
| 3,051,885 | Dade Behring Holdings Inc., 11.910% due 10/3/10 | 3,471,519 |
| 4,725,000 | Denny's Corp., Sr. Notes, 10.000% due 10/1/12 (a)(c) | 4,925,812 |
| 5,250,000 | Doane Pet Care Co., Sr. Sub. Notes, 9.750% due 5/15/07 (a) | 5,250,000 |
| 6,500,000 | Dole Food Co Inc., Debentures, 8.750% due 7/15/13 | 6,818,250 |
| 5,120,000 | Extencare Health Services, Inc., 9.500% due 7/1/10 | 5,785,600 |
| 1,475,000 | Hanger Orthopedic Group Inc., 10.375% due 2/15/09 (a) | 1,489,750 |
| 3,325,000 | Hines Nurseries, Inc., 10.250% due 10/1/11 | 3,574,375 |
| 6,500,000 | Home Interiors & Gifts, Inc., 10.125% due 6/1/08 (a) | 5,622,500 |
| 4,800,000 | IASIS Healthcare Corp., Sr. Sub. Notes, 8.750% due 6/15/14 (c) | 5,184,000 |
| 3,925,000 | Icon Health & Fitness Inc., 11.250% due 4/1/12 | 3,277,375 |
| 3,780,000 | Inn of the Mountain Gods Resort & Casino, Sr. Notes, 12.000% due 11/15/10 | 4,403,700 |
| 2,350,000 | InSight Health Services, Corp., Series B, 9.875% due 11/1/11 (a) | 2,361,750 |
| 6,032,667 | Iowa Select Farms, L.P., Secured Notes, Payment-in-Kind, 10.750% due 12/1/06 (c) | 3,997,302 |
| 4,800,000 | Isle of Capri Casinos Inc., Sr. Sub. Notes, 7.000% due 3/1/14 | 4,992,000 |

See Notes to Financial Statements.

Page 7

SALOMON BROTHERS HIGH INCOME FUND II INC.

Schedule of Investments (unaudited) (continued)

October 31, 2004

| Face Amount | Security* | Value |
|---|--|--------------|
| Consumer Non-Cyclicals 19.6% (continued) | | |
| \$ 3,500,000 | Jafra Cosmetics International Inc., 10.750% due 5/15/11 | \$ 4,007,500 |
| 2,500,000 | Jean Coutu Group Inc., Sr. Sub. Notes, 8.500% due 8/1/14 (a) | 2,562,500 |
| 3,750,000 | Jean Coutu Group Inc., Sr. Sub. Notes, 8.500% due 8/1/14 (a)(c) | 4,153,125 |
| 4,225,000 | Leiner Health Products Inc., Sr. Sub. Notes, 11.000% due 6/1/12 (c) | 4,599,969 |
| 1,550,000 | Medical Device Manufacturing Inc., 10.000% due 7/15/12 (c) | 1,666,250 |
| MGM MIRAGE: | | |
| 6,375,000 | 9.750% due 6/1/07 (a) | 7,203,750 |
| 1,775,000 | Sr. Notes, 6.750% due 9/1/12 (c) | 1,890,375 |
| 1,117,365 | Nutritional Sourcing Corp., Notes, 10.125% due 8/1/09 | 765,395 |
| 4,700,000 | Pinnacle Entertainment Inc., Sr. Sub. Notes, 8.250% due 3/15/12 | 4,876,250 |
| 4,675,000 | Pinnacle Foods Holding Corp., Sr. Sub. Notes, 8.250% due 12/1/13 (c) | 4,441,250 |
| 3,400,000 | Playtex Products, Inc., 9.375% due 6/1/11 (a) | 3,595,500 |
| Rite Aid Corp.: | | |
| Notes: | | |
| 1,000,000 | 6.000% due 12/15/05 (a)(c) | 1,015,000 |
| 310,000 | 7.125% due 1/15/07 (a) | 314,650 |
| 5,265,000 | Sr. Notes, 7.625% due 4/15/05 | 5,370,300 |
| 4,425,000 | Sealy Mattress Co., Sr. Sub. Notes, 8.250% due 6/15/14 | 4,701,563 |
| 475,000 | Station Casinos Inc., Sr. Sub. Notes, 6.875% due 3/1/16 | 507,062 |
| 2,500,000 | Sybron Dental Specialties, Inc., 8.125% due 6/15/12 | 2,737,500 |
| 2,145,000 | Tempur-Pedic Inc. and Tempur Production U.S.A. Inc., Sr. Sub. Notes, 10.250% due 8/15/10 | 2,493,563 |
| Tenet Healthcare Corp.: | | |
| 6,000,000 | Notes, 7.375% due 2/1/13 (a) | 5,700,000 |
| Sr. Notes: | | |
| 1,800,000 | 6.500% due 6/1/12 | 1,642,500 |
| 150,000 | 9.875% due 7/1/14 (c) | 157,875 |
| 1,525,000 | 6.875% due 11/15/31 | 1,235,250 |
| 7,775,000 | United Industries Corp., Series D, 9.875% due 4/1/09 | 8,202,625 |
| 3,525,000 | Venetian Casino Resort, LLC, 11.000% due 6/15/10 | 4,066,969 |
| | | 174,564,753 |
| Energy 7.1% | | |
| 3,000,000 | BRL Universal Equipment 2001 A L.P., Secured Notes, 8.875% due 2/15/08 | 3,180,000 |
| Dynegy Holdings Inc.: | | |
| Debentures: | | |
| 4,550,000 | 7.125% due 5/15/18 | 4,049,500 |
| 8,350,000 | 7.625% due 10/15/26 | 7,327,125 |
| 2,000,000 | Secured Notes, 9.875% due 7/15/10 (c) | 2,282,500 |

See Notes to Financial Statements.

SALOMON BROTHERS HIGH INCOME FUND II INC.

Schedule of Investments (unaudited) (continued)

October 31, 2004

| Face Amount | Security* | Value |
|--------------------------------|---|--------------|
| Energy 7.1% (continued) | | |
| \$ 5,200,000 | EL Paso Corp.: Notes, 7.875% due 6/15/12 (a) | \$ 5,447,000 |
| | Sr. Notes: | |
| 5,425,000 | 7.800% due 8/1/31 | 5,004,563 |
| 6,325,000 | 7.750% due 1/15/32 (a) | 5,850,625 |
| 3,175,000 | Hanover Compressor Co., Sr. Notes, 9.000% due 6/1/14 | 3,556,000 |
| 5,127,000 | Magnum Hunter Resources, Inc., 9.600% due 3/15/12 (a) | 5,883,232 |
| 4,575,000 | Plains Exploration & Production Co., Sr. Notes, 7.125% due 6/15/14 | 5,101,125 |
| 2,000,000 | Pogo Producing Co., Sr., Sub. Notes, Series B, 8.250% due 4/15/11 | 2,215,000 |
| 1,000,000 | Swift Energy Co., Sr. Sub. Notes, 9.375% due 5/1/12 | 1,135,000 |
| | The Williams Cos., Inc.: | |
| | Notes: | |
| 3,700,000 | 7.625% due 7/15/19 | 4,181,000 |
| 3,650,000 | 7.875% due 9/1/21 | 4,161,000 |
| 3,225,000 | 8.750% due 3/15/32 | 3,676,500 |
| | | 63,050,170 |
| Financial 0.0% | | |
| 1,975,400 | Airplanes Pass-Through Trust, Series D, 10.875% due 3/15/19 (b)(d) | 0 |
| Housing Related 2.0% | | |
| 8,500,000 | Associated Materials Inc., Sr. Discount Notes, (zero coupon until 3/1/09, 11.250% thereafter), due 3/1/14 (c) | 6,375,000 |
| 3,275,000 | Collins & Aikman Floor Cover, Series B, 9.750% due 2/15/10 | 3,516,531 |
| 5,075,000 | Ply Gem Industries, Inc., Sr. Sub. Notes, 9.000% due 2/15/12 (c) | 5,087,688 |
| 2,550,000 | THL Buildco Inc, Sr. Sub. Notes, 8.500% due 9/1/14 (c) | 2,715,750 |
| | | 17,694,969 |
| Manufacturing 4.8% | | |
| 3,325,000 | Alliant Techsystems Inc., 8.500% due 5/15/11 | 3,682,437 |
| 4,200,000 | Argo-Tech Corp., Sr. Notes, 9.250% due 6/1/11 (c) | 4,599,000 |
| 8,800,000 | BREED Technologies, Inc., 9.250% due 4/15/08 (b)(d) | 0 |
| 450,000 | Case New Holland Inc., Sr. Notes, 9.250% due 8/1/11 (c) | 515,250 |
| 3,825,000 | Flowserve Corp., 12.250% due 8/15/10 (a) | 4,312,688 |
| 1,750,000 | General Binding Corp., 9.375% due 6/1/08 (a) | 1,793,750 |
| 2,100,000 | Invensys PLC, Sr. Notes, 9.875% due 3/15/11 (a)(c) | 2,205,000 |
| 8,000,000 | Key Plastics Holdings, Inc., Series B, 10.250% due 3/15/07 (b)(d) | 10,000 |
| 2,100,000 | Keystone Automotive Operations Inc., Sr. Sub. Notes, 9.750% due 11/1/13 | 2,283,750 |
| 1,750,000 | Kinetek, Inc., Sr. Notes, Series D, 10.750% due 11/15/06 | 1,671,250 |
| 5,500,000 | L-3 Communications Corp., 7.625% due 6/15/12 | 6,105,000 |

See Notes to Financial Statements.

Page 9

SALOMON BROTHERS HIGH INCOME FUND II INC.

Schedule of Investments (unaudited) (continued)

October 31, 2004

| Face Amount | Security* | Value |
|---------------------------------------|--|------------|
| Manufacturing 4.8% (continued) | | |
| \$ 2,750,000 | Moll Industries, Inc., Sr. Sub. Notes, 10.500% due 7/1/08 (b)(d) | \$ 0 |
| 1,850,000 | NMHG Holdings Co., 10.000% due 5/15/09 | 2,055,812 |
| 4,000,000 | Sequa Corp., Sr. Notes, 9.000% due 8/1/09 (a) | 4,490,000 |
| 1,700,000 | Tenneco Automotive Inc., Secured Notes, Series B, 10.250% due 7/15/13 (a) | 1,989,000 |
| 4,000,000 | Terex Corp., Series B, 10.375% due 4/1/11 (a) | 4,520,000 |
| 2,409,000 | TRW Automotive Inc., Sr. Notes, 9.375% due 2/15/13 | 2,782,395 |
| | | 43,015,332 |
| Media & Cable 11.1% | | |
| 4,726,575 | Avalon Cable Holding Finance, Inc., Sr. Discount Notes, 11.875% due 12/1/08 | 4,974,720 |
| | Charter Communications Holdings, LLC: | |
| | Sr. Discount Notes: | |
| 4,530,000 | Zero coupon until 1/15/05, (11.750% thereafter), due 1/15/10 (a) | 3,839,175 |
| 13,000,000 | Zero coupon until 5/15/06, (11.750% thereafter), due 5/15/11 | 8,450,000 |
| 10,000,000 | Zero coupon until 1/15/07, (12.125% thereafter), due 1/15/12 | 5,925,000 |
| | Sr. Notes: | |
| 350,000 | 8.625% due 4/1/09 (a) | 283,500 |
| 50,000 | 10.750% due 10/1/09 | 42,500 |
| 10,500,000 | CSC Holdings, Inc., Sr. Sub. Debentures, 10.500% due 5/15/16 (a) | 12,048,750 |
| | Dex Media East LLC/Dex Media East Finance Co.: | |
| 1,750,000 | 9.875% due 11/15/09 | 2,021,250 |
| 813,000 | 12.125% due 11/15/12 | 1,014,218 |
| 4,500,000 | Dex Media Inc., Discount Notes, (zero coupon until 11/15/08, 9.000% thereafter), due 11/15/13 | 3,442,500 |
| 2,344,000 | Dex Media West LLC/Dex Media West Finance Co., Sr. Sub. Notes, Series B, 9.875% due 8/15/13 | 2,783,500 |
| 4,650,000 | DirecTV Holdings LLC, Sr. Notes, 8.375% due 3/15/13 | 5,324,250 |
| 7,183,000 | EchoStar DBS Corp., Sr. Notes, 9.125% due 1/15/09 (a) | 8,044,960 |
| 5,189,779 | Hollinger Participation Trust, Sr. Notes, Payment-in-Kind, 12.125% due 11/15/10 | 6,198,870 |
| 2,500,000 | Houghton Mifflin Co., Sr. Discount Notes, (zero coupon until 10/15/08, 11.500% thereafter), due 10/15/13 (a) | 1,646,875 |
| 4,350,000 | Insight Midwest, L.P., Sr. Notes, 10.500% due 11/1/10 (a) | 4,839,375 |
| 2,100,000 | Interep National Radio Sales, Inc., Series B, 10.000% due 7/1/08 (a) | 1,632,750 |
| 4,875,000 | Mediacom LLC, Sr. Notes, 9.500% due 1/15/13 (a) | 4,801,875 |
| 6,275,000 | Nextmedia Operating, Inc., 10.750% due 7/1/11 | 7,067,219 |
| 2,200,000 | PanAmSat Corp., 9.000% due 8/15/14 (c) | 2,343,000 |
| 900,000 | R.H. Donnelley Finance Corp. I, 10.875% due 12/15/12 (c) | 1,104,750 |
| 3,475,000 | Radio One, Inc., Series B, 8.875% due 7/1/11 | 3,857,250 |

See Notes to Financial Statements.

SALOMON BROTHERS HIGH INCOME FUND II INC.

Schedule of Investments (unaudited) (continued)

October 31, 2004

| Face Amount | Security* | Value |
|---|--|------------------------|
| Media & Cable 11.1% (continued) | | |
| Yell Finance B.V.: | | |
| \$ 6,776,000 | Sr. Discount Notes, (zero coupon until 8/1/06, 13.500% thereafter), due 8/1/11 (a) | \$ 6,674,360 |
| 606,000 | Sr. Notes, 10.750% due 8/1/11 (a) | 709,020 |
| | | <hr/> 99,069,667 <hr/> |
| Services & Other 2.9% | | |
| 2,100,000 | Allied Security Escrow Corp., Sr. Sub. Notes, 11.375% due 7/15/11 (c) | 2,215,500 |
| Allied Waste North America, Inc., Series B: | | |
| 250,000 | 8.875% due 4/1/08 | 266,250 |
| 2,425,000 | 9.250% due 9/1/12 (a) | 2,631,125 |
| 6,000,000 | Sr. Notes, 7.375% due 4/15/14 (a) | 5,580,000 |
| 3,200,000 | Brand Services, Inc., 12.000% due 10/15/12 | 3,600,000 |
| Cenveo Corp.: | | |
| 1,000,000 | 9.625 due 3/15/12 (a) | 1,115,000 |
| 3,675,000 | Sr. Sub. Notes, 7.875% due 12/1/13 (a) | 3,564,750 |
| 4,000,000 | The Holt Group, Inc., 9.750% due 1/15/06 (b)(d) | 0 |
| 710,000 | Iron Mountain Inc., 8.625% due 4/1/13 | 772,125 |
| 2,325,000 | Muzak LLC, Sr. Notes, 10.000% due 2/15/09 | 2,092,500 |
| 6,500,000 | Safety-Kleen Corp., 9.250% due 5/15/09 (b) | 357,500 |
| 4,000,000 | Sitel Corp., 9.250% due 3/15/06 | 4,020,000 |
| | | <hr/> 26,214,750 <hr/> |
| Technology 3.2% | | |
| Amkor Technology, Inc.: | | |
| 2,575,000 | Sr. Notes, 9.250% due 2/15/08 (a) | 2,484,875 |
| 2,300,000 | Sr. Sub. Notes, 10.500% due 5/1/09 (a) | 2,047,000 |
| 12,600,000 | Lucent Technologies Inc., Debentures, 6.450% due 3/15/29 (a) | 10,883,250 |
| 3,775,000 | Nortel Networks Ltd., Notes, 6.125% due 2/15/06 (a) | 3,878,813 |
| 3,000,000 | Seagate Technology HDD Holdings, 8.000% due 5/15/09 (a) | 3,258,750 |
| 5,175,000 | Unisys Corp., Sr. Notes, 8.125% due 6/1/06 | 5,524,312 |
| | | <hr/> 28,077,000 <hr/> |
| Telecommunications 9.4% | | |
| Alamosa (Delaware) Inc.: | | |
| 1,950,000 | 11.000% due 7/31/10 | 2,291,250 |
| 4,430,000 | Zero coupon until 7/31/05, (12.000% thereafter), due 7/31/09 | 4,740,100 |
| American Tower Corp., Sr. Notes: | | |
| 7,002,000 | 9.375% due 2/1/09 (a) | 7,439,625 |
| 1,825,000 | 7.500% due 5/1/12 (a) | 1,916,250 |

*See Notes to Financial Statements.**Page 11*

SALOMON BROTHERS HIGH INCOME FUND II INC.

Schedule of Investments (unaudited) (continued)

October 31, 2004

| Face Amount | Security* | Value |
|--|---|------------------------|
| Telecommunications 9.4% (continued) | | |
| \$ 1,800,000 | American Tower Escrow Corp., Discount Notes, zero coupon due 8/1/08 | \$ 1,363,500 |
| | Crown Castle International Corp., Sr. Notes: | |
| 2,300,000 | 9.375% due 8/1/11 | 2,622,000 |
| 5,140,000 | 10.750% due 8/1/11 (a) | 5,718,250 |
| 600,000 | 7.500% due 12/1/13 (a) | 645,000 |
| 950,000 | Series B, 7.500% due 12/1/13 (a) | 1,021,250 |
| 14,050,000 | Nextel Communications, Inc., Sr. Notes, 7.375% due 8/1/15 (a) | 15,665,750 |
| 7,325,000 | Qwest Corp., Notes, 9.125% due 3/15/12 (c) | 8,295,562 |
| | Qwest Services Corp., Notes: | |
| 8,325,000 | 14.000% due 12/15/10 (c) | 9,927,562 |
| 2,071,000 | 14.500% due 12/15/14 (c) | 2,578,395 |
| 4,975,000 | SBA Communications Corp., Sr. Notes, 10.250% due 2/1/09 (a) | 5,329,469 |
| 850,000 | SpectraSite, Inc., Sr. Notes, 8.250% due 5/15/10 (a) | 924,375 |
| | UbiquiTel Operating Co., Sr. Notes: | |
| 1,575,000 | 9.875% due 3/1/11 (a) | 1,712,813 |
| 2,325,000 | 9.875% due 3/1/11 (c) | 2,528,438 |
| 3,800,000 | US Unwired Inc., Secured Notes, Series B, 10.000% due 6/15/12 | 4,132,500 |
| 4,175,000 | Western Wireless Corp., Sr. Notes, 9.250% due 7/15/13 | 4,467,250 |
| | | <hr/> 83,319,339 <hr/> |
| Transportation 0.7% | | |
| | Continental Airlines, Inc., Pass-Through Certificates: | |
| 1,764,635 | Series 00-2, 8.312% due 4/2/11 | 1,247,159 |
| 675,000 | Series 98-3, 7.250% due 11/1/05 (a) | 597,830 |
| 2,336,559 | Series 981C, 6.541% due 9/15/08 | 1,992,276 |
| 1,775,000 | General Maritime Corp., Sr. Notes, 10.000% due 3/15/13 | 2,052,344 |
| | | <hr/> 5,889,609 <hr/> |
| Utilities 6.5% | | |
| | The AES Corp., Sr. Notes: | |
| 1,325,000 | 9.500% due 6/1/09 (a) | 1,533,687 |
| 1,400,000 | 9.375% due 9/15/10 | 1,645,000 |
| 4,425,000 | 7.750% due 3/1/14 (a) | 4,834,313 |
| 3,450,000 | Allegheny Energy Supply Statutory Trust 2001, Secured Notes, 10.250% due 11/15/07 (c) | 3,984,750 |
| 2,550,000 | Calpine Canada Energy Finance ULC, 8.500% due 5/1/08 (a) | 1,581,000 |
| | Calpine Corp.: | |
| | Secured Notes: | |
| 5,705,000 | 8.500% due 7/15/10 (a)(c) | 4,221,700 |
| 1,575,000 | 8.750% due 7/15/13 (a)(c) | 1,149,750 |
| 500,000 | Sr. Notes, 7.875% due 4/1/08 (a) | 303,750 |

See Notes to Financial Statements.

SALOMON BROTHERS HIGH INCOME FUND II INC.

Schedule of Investments (unaudited) (continued)

October 31, 2004

| Face Amount | Security* | Value |
|---|--|--------------------|
| Utilities 6.5% (continued) | | |
| \$ 2,500,000 | Calpine Generating Co. LLC, Secured Notes, 11.1688% due 4/1/11 (a)(c)(e) | \$ 2,237,500 |
| | Edison Mission Energy, Sr. Notes: | |
| 4,575,000 | 7.730% due 6/15/09 | 4,895,250 |
| 5,175,000 | 9.875% due 4/15/11 (a) | 6,145,312 |
| | Mirant Americas Generation, LLC, Sr. Notes: | |
| 2,075,000 | 7.625% due 5/1/06 (b) | 2,033,500 |
| 2,925,000 | 9.125% due 5/1/31 (b) | 2,793,375 |
| 9,350,000 | NRG Energy, Inc., Secured Notes, 8.000% due 12/15/13 (c) | 10,343,438 |
| | Reliant Resources, Inc., Secured Notes: | |
| 5,325,000 | 9.250% due 7/15/10 | 5,937,375 |
| 3,975,000 | 9.500% due 7/15/13 (a) | 4,491,750 |
| | | <u>58,131,450</u> |
| Total Corporate Bonds & Notes (Cost \$781,861,076) | | 812,820,592 |
| Convertible Bonds 0.6% | | |
| Technology 0.3% | | |
| 4,450,000 | Sanmina-SCI Corp, Sub. Debentures, zero coupon due 9/12/20 | 2,347,375 |
| Telecommunications 0.3% | | |
| 2,675,000 | American Tower Corp., Notes, 5.000% due 2/15/10 | 2,671,656 |
| Total Convertible Bonds (Cost \$3,506,504) | | 5,019,031 |
| Face Amount | | |
| Sovereign Bonds 42.9% | | |
| Argentina 0.8% | | |
| | Republic of Argentina: | |
| 4 | 10.000% due 9/19/08 (b) | 0 |
| 3,825,000 | Discount Bond, Series L-GL, 2.438% due 3/31/23 (b)(e) | 2,084,625 |
| 9,075,000 | Series L-GP, 6.000% due 3/31/23 (b) | 4,991,250 |
| | | <u>7,075,875</u> |
| Brazil 11.2% | | |
| | Federative Republic of Brazil: | |
| 12,365,000 | 12.250% due 3/6/30 | 15,298,596 |
| 42,605,000 | 11.000% due 8/17/40 | 48,026,486 |
| 13,519,968 | C Bonds, 8.000% due 4/15/14 | 13,439,693 |

See Notes to Financial Statements.

SALOMON BROTHERS HIGH INCOME FUND II INC.

Schedule of Investments (unaudited) (continued)

October 31, 2004

| Face Amount | Security* | Value |
|---------------------------------|---|--------------|
| Brazil 11.2% (continued) | | |
| Collective Action Securities: | | |
| \$ 7,000,000 | 7.720% due 6/29/09 (e) | \$ 7,668,500 |
| 3,000,000 | 10.500% due 7/14/14 | 3,375,750 |
| 8,382,420 | DCB, Series L, 2.125% due 4/15/12 (e) | 7,703,968 |
| FLIRB, Series L: | | |
| 1,869,231 | 2.063% due 4/15/09 (c)(e) | 1,822,500 |
| 657,692 | Bearer, 2.063% due 4/15/09 (e) | 641,250 |
| 1,429,488 | NMB, Series L, 2.125% due 4/15/09 (e) | 1,402,685 |
| | | 99,379,428 |
| Bulgaria 0.2% | | |
| Republic of Bulgaria: | | |
| 250,250 | 2.750% due 7/28/11 | 249,624 |
| 1,350,000 | 8.250% due 1/15/15 (c) | 1,692,562 |
| | | 1,942,186 |
| Colombia 2.1% | | |
| Republic of Colombia: | | |
| 325,000 | 9.750% due 4/23/09 | 369,119 |
| 4,425,000 | 10.000% due 1/23/12 | 4,961,531 |
| 2,500,000 | 10.750% due 1/15/13 | 2,903,750 |
| 5,075,000 | 11.750% due 2/25/20 | 6,216,875 |
| 3,800,000 | 10.375% due 1/28/33 | 4,161,000 |
| | | 18,612,275 |
| Ecuador 2.3% | | |
| Republic of Ecuador: | | |
| 10,820,000 | 12.000% due 11/15/12 (c) | 10,874,100 |
| 11,765,000 | 7.000% due 8/15/30 (e)(c) | 9,988,485 |
| | | 20,862,585 |
| El Salvador 0.2% | | |
| 2,065,000 | Republic of El Salvador, Bonds, 7.750% due 1/24/23 (c) | 2,230,200 |
| Germany 0.4% | | |
| 2,975,000 | Aries Vermoogensverwaltungs GmbH, Russian Federation Credit-Link Notes, Series C, 9.600% due 10/25/14 (c) | 3,488,187 |
| Mexico 7.5% | | |
| Petroleos Mexicanos: | | |
| 3,100,000 | 6.125% due 8/15/08 | 3,293,750 |
| 250,000 | 7.375% due 12/15/14 | 277,625 |

See Notes to Financial Statements.

SALOMON BROTHERS HIGH INCOME FUND II INC.

Schedule of Investments (unaudited) (continued)

October 31, 2004

| Face Amount | Security* | Value |
|--------------------------------|------------------------------|-------------------|
| Mexico 7.5% (continued) | | |
| | United Mexican States: | |
| \$ 950,000 | 11.375% due 9/15/16 | \$ 1,416,688 |
| 17,000,000 | 8.125% due 12/30/19 | 19,941,000 |
| 500,000 | 8.300% due 8/15/31 | 578,750 |
| | Medium Term Notes: | |
| 25,145,000 | 6.625% due 3/3/15 | 27,012,016 |
| | Series A: | |
| 1,075,000 | 6.375% due 1/16/13 | 1,145,413 |
| 12,819,000 | 5.875% due 1/15/14 | 13,136,270 |
| | | <u>66,801,512</u> |
| Panama 0.7% | | |
| | Republic of Panama: | |
| 2,685,000 | 9.625% due 2/8/11 | 3,067,613 |
| 1,045,000 | 9.375% due 1/16/23 | 1,136,438 |
| 1,689,509 | PDI, 2.750% due 7/17/16 (e) | 1,554,349 |
| | | <u>5,758,400</u> |
| Peru 1.8% | | |
| | Republic of Peru: | |
| 2,150,000 | 9.875% due 2/6/15 | 2,494,000 |
| 4,025,000 | 8.750% due 11/21/33 | 4,045,125 |
| | FLIRB: | |
| 10,565,000 | 4.500% due 3/7/17 (e) | 9,495,294 |
| 175,000 | 4.500% due 3/7/17 (c)(e) | 157,281 |
| | | <u>16,191,700</u> |
| The Philippines 1.9% | | |
| | Republic of the Philippines: | |
| 1,900,000 | 9.375% due 1/18/17 | 1,967,640 |
| 7,300,000 | 9.875% due 1/15/19 | 7,363,510 |
| 6,975,000 | 10.625% due 3/16/25 | 7,312,590 |
| | | <u>16,643,740</u> |
| Russia 9.0% | | |
| | Russian Federation: | |
| 5,445,000 | 11.000% due 7/24/18 (c) | 7,425,619 |
| 1,325,000 | 12.750% due 6/24/28 (c) | 2,110,063 |
| 70,255,000 | 5.000% due 3/31/30 (c)(e) | 70,364,773 |
| | | <u>79,900,455</u> |

See Notes to Financial Statements.

SALOMON BROTHERS HIGH INCOME FUND II INC.

Schedule of Investments (unaudited) (continued)

October 31, 2004

| Face Amount | Security* | Value |
|---|--|--------------------|
| South Africa 0.6% | | |
| \$ 575,000 | Republic of South Africa: 9.125% due 5/19/09 | \$ 687,125 |
| 4,650,000 | 6.500% due 6/2/14 | 5,068,500 |
| | | <u>5,755,625</u> |
| Turkey 2.1% | | |
| 500,000 | Republic of Turkey: 11.750% due 6/15/10 | 622,500 |
| 11,175,000 | 11.500% due 1/23/12 | 14,052,562 |
| 625,000 | 11.000% due 1/14/13 | 773,438 |
| 2,350,000 | 11.875% due 1/15/30 | 3,234,188 |
| | | <u>18,682,688</u> |
| Venezuela 2.1% | | |
| 7,875,000 | Republic of Venezuela: 5.375% due 8/7/10 | 7,235,156 |
| 3,075,000 | 9.250% due 9/15/27 | 3,150,338 |
| | Collective Action Securities: | |
| 500,000 | 10.750% due 9/19/13 | 513,750 |
| 6,400,000 | 9.375% due 1/13/34 | 7,427,200 |
| 425,000 | Series A, 6.750% due 3/31/20 | 419,953 |
| | | <u>18,746,397</u> |
| Total Sovereign Bonds (Cost \$359,191,302) | | 382,071,253 |
| Loan Participation (e)(f) 0.8% | | |
| Morocco 0.8% | | |
| 7,382,250 | Kingdom of Morocco, Tranche A, 2.781% due 1/2/09 (UBS Financial Services Inc. and JPMorgan Chase & Co.) (Cost \$7,107,818) | 7,271,516 |
| Shares | | |
| Common Stock (g) 4.4% | | |
| 52,472 | Mattress Discounters Corp. (d) | 0 |
| 229,356 | NTL Inc. | 15,254,467 |
| 283,656 | SpectraSite, Inc. (a) | 14,551,553 |
| 375,814 | Telewest Global Inc. (a) | 4,622,512 |
| 658,202 | UnitedGlobalCom Inc., Class A Shares (a) | 4,923,351 |
| Total Common Stock (Cost \$45,524,670) | | 39,351,883 |

See Notes to Financial Statements.

SALOMON BROTHERS HIGH INCOME FUND II INC.

Schedule of Investments (unaudited) (continued)

October 31, 2004

| Shares | Security* | Value |
|---|--|------------------|
| Escrow Shares (d)(g) 0.0% | | |
| 5,500,000 | Imperial Holly Co. | \$ 0 |
| 2,025,000 | Pillowtex Corp. | 0 |
| 2,648,056 | Vlasic Foods International Inc. | 238,325 |
| Total Escrow Shares (Cost \$0) | | 238,325 |
| Preferred Stock 0.6% | | |
| 6,845 | Alamosa Holdings, Inc., Series B, 7.500% due 7/31/13 | 5,169,686 |
| | TCR Holding Corp. (d)(g) | |
| 17,552 | Class B | 17 |
| 52,657 | Class C | 53 |
| 25,451 | Class D | 25 |
| 9,654 | Class E | 10 |
| Total Preferred Stock (Cost \$2,110,899) | | 5,169,791 |
| Warrants/Rights | | |
| Warrants & Rights (g) 0.1% | | |
| 1,800 | American Tower Escrow Corp. (Exercise price of \$0.01 per share expiring 8/1/08. Each warrant exercisable for 14.10 shares of common stock.) (c) | 378,900 |
| 5,000 | Asia Pulp & Paper (Exercise price of \$7.8375 per share expiring on 3/15/05. Each warrant exercisable for 12.914 shares of common stock.) (c)(d) | 0 |
| 3,500 | Brown Jordan International Inc., (Exercise price of \$0.01 per share expiring 8/15/07. Each warrant exercisable for 0.2298 shares of common stock.) (c) | 31 |
| 30,928,049 | ContiFinancial Corp. Liquidating Trust, Units of Interest. (Represents interests in a trust in the liquidation of ContiFinancial Corp. and its affiliates.) | 463,921 |
| 2,750 | Leap Wireless International Inc. (Exercise price of \$96.80 per share expiring 4/15/10. Each warrant exercisable for 5.146 shares of common stock.) (c)(d) | 0 |
| 3,500 | Mattress Discounters Corp. (Exercise price of \$0.01 per share expiring on 7/15/07. Each warrant exercisable for 4.85 shares of Class A common stock and 0.539 shares of Class L common stock.) (c)(d) | 0 |
| 2,000 | Mueller Holdings, Inc., (Exercise price of \$0.01 per share expiring on 4/15/14. Each warrant exercisable for 109.820 shares of common stock.) (c) | 121,000 |
| 13,614 | Pillowtex Corp. (Exercise price of \$28.99 per share expiring on 11/24/09. Each warrant exercisable for 1 share of common stock) (d) | 14 |
| 5,000 | Ubiquitel Operating Co. (Exercise price of \$22.74 per share expiring on 4/15/10. Each warrant exercisable for 5.965 shares of common stock.) (c) | 50 |
| 57,120 | Venezuela Discount Right (d) | 0 |
| Total Warrants & Rights (Cost \$1,141,384) | | 963,916 |

See Notes to Financial Statements.

SALOMON BROTHERS HIGH INCOME FUND II INC.

Schedule of Investments (unaudited) (continued)

October 31, 2004

| Face Amount | Security* | Value |
|--|--|-----------------------|
| Repurchase Agreements 2.9% | | |
| \$ 5,415,000 | Deutsche Bank Securities Inc. dated 10/29/04, 1.840% due 11/1/04; Proceeds at maturity \$5,415,830; (Fully collateralized by various U.S. Government agency obligations, 0.000% to 7.100% due 2/3/05 to 6/1/17; Market value \$5,523,300) | \$ 5,415,000 |
| 10,000,000 | Merrill Lynch Government Securities Inc. dated 10/29/04, 1.820% due 11/1/04; Proceeds at maturity \$10,001,517; (Fully collateralized by various U.S. Government agency obligations, 0.000% due 11/2/04 to 4/29/05; Market value \$10,200,037) | 10,000,000 |
| 10,000,000 | UBS Securities LLC dated 10/29/04, 1.840% due 11/1/04; Proceeds at maturity \$10,001,533; (Fully collateralized by various U.S. Government agency obligations, 0.000% to 8.875% due 12/7/04 to 8/6/38; Market value \$10,200,021) | 10,000,000 |
| Total Repurchase Agreements (Cost \$25,415,000) | | 25,415,000 |
| Total Investments 143.7% (Cost \$1,225,858,653**) | | 1,278,321,307 |
| Liabilities in Excess of Other Assets (43.7%) | | (388,733,170) |
| Total Net Assets 100.0% | | \$ 889,588,137 |
| Loaned Securities Collateral | | |
| 222,545,826 | State Street Navigator Securities Lending Trust Prime Portfolio (Cost \$222,545,826) | \$ 222,545,826 |

- * All securities except for those that are on loan are segregated as collateral pursuant to a loan agreement.
 Face amount denominated in U.S. dollars unless otherwise indicated.
 This security has been deemed illiquid.
- (a) All or portion of this security is on loan (See Notes 1 and 3).
 (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. This security has been deemed liquid pursuant to the guidelines approved by the Board of Directors.
 (d) Security is valued in accordance with fair valuation procedures.
 (e) Rate shown reflects current rate on instrument with variable rates or step coupon rates.
 (f) Participation interest was acquired through the financial institution indicated parenthetically.
 (g) Non-income producing security.
 ** Aggregate cost for Federal income tax purposes is substantially the same.

Abbreviations used in this schedule:

| | |
|-------|--------------------------------------|
| ARS | Argentina Peso |
| DCB | Debt Conversion Bond |
| FLIRB | Front-Loaded Interest Reduction Bond |
| NMB | New Money Bond |
| PDI | Past Due Interest |

See Notes to Financial Statements.

SALOMON BROTHERS HIGH INCOME FUND II INC.

Statement of Assets and Liabilities (unaudited)

October 31, 2004

ASSETS:

| | |
|--|----------------------|
| Investments, at value (Cost \$1,225,858,653) | \$ 1,278,321,307 |
| Loaned securities collateral, at value (Cost \$222,545,826) (Note 3) | 222,545,826 |
| Cash | 807 |
| Interest and dividend receivable | 25,144,240 |
| Receivable for securities sold | 7,305,863 |
| Prepaid expenses | 10,591 |
| Total Assets | 1,533,328,634 |

LIABILITIES:

| | |
|--|--------------------|
| Loan payable (Note 4) | 300,000,000 |
| Payable for loaned securities collateral (Note 3) | 222,545,826 |
| Payable for open reverse repurchase agreements (Notes 1 and 3) | 116,925,892 |
| Payable for securities purchased | 2,298,836 |
| Management fee payable | 1,096,848 |
| Interest payable (Notes 3 and 4) | 690,138 |
| Administration fee payable | 109,680 |
| Accrued expenses | 73,277 |
| Total Liabilities | 643,740,497 |

| | |
|-------------------------|-----------------------|
| Total Net Assets | \$ 889,588,137 |
|-------------------------|-----------------------|

NET ASSETS:

| | |
|--|---------------|
| Common stock (\$0.001 par value, 100,000,000 shares authorized; 76,978,864 shares outstanding) | \$ 76,979 |
| Capital paid in excess of par value | 1,049,163,961 |
| Overdistributed net investment income | (9,482,889) |
| Accumulated net realized loss from investment transactions | (202,632,568) |
| Net unrealized appreciation of investments | 52,462,654 |

| | |
|-------------------------|-----------------------|
| Total Net Assets | \$ 889,588,137 |
|-------------------------|-----------------------|

| | |
|---|----------------|
| Net Asset Value, per share (\$889,588,137 ÷ 76,978,864 shares outstanding) | \$11.56 |
|---|----------------|

See Notes to Financial Statements.

Page 19

SALOMON BROTHERS HIGH INCOME FUND II INC.

Statement of Operations (unaudited)

For the Six Months Ended October 31, 2004

INVESTMENT INCOME:

| | |
|-------------------|---------------|
| Interest (Note 3) | \$ 50,357,514 |
| Dividends | 72,995 |

| | |
|--------------------------------|-------------------|
| Total Investment Income | 50,430,509 |
|--------------------------------|-------------------|

EXPENSES:

| | |
|----------------------------------|-----------|
| Management fee (Note 2) | 5,965,850 |
| Interest expense (Notes 3 and 4) | 3,235,641 |
| Administration fee (Note 2) | 596,585 |
| Shareholder communications | 91,837 |
| Legal | 71,563 |
| Custody | 71,044 |
| Loan fees | 62,014 |
| Registration fees | 32,536 |
| Directors' fees | 31,620 |
| Shareholder servicing fees | 27,032 |
| Audit | 23,773 |
| Insurance | 5,152 |
| Other | 6,808 |

| | |
|-----------------------|-------------------|
| Total Expenses | 10,221,455 |
|-----------------------|-------------------|

| | |
|------------------------------|-------------------|
| Net Investment Income | 40,209,054 |
|------------------------------|-------------------|

REALIZED AND UNREALIZED GAIN ON INVESTMENTS (NOTES 1 AND 3):

| | |
|--|------------|
| Net Realized Gain from Investment Transactions | 22,503,012 |
| Net Increase in Unrealized Appreciation on Investments | 27,190,782 |

| | |
|--------------------------------|-------------------|
| Net Gain on Investments | 49,693,794 |
|--------------------------------|-------------------|

| | |
|---|----------------------|
| Increase in Net Assets From Operations | \$ 89,902,848 |
|---|----------------------|

See Notes to Financial Statements.

SALOMON BROTHERS HIGH INCOME FUND II INC.

Statements of Changes in Net Assets

For the Six Months Ended October 31, 2004 (unaudited) and the Year Ended April 30, 2004

| | October 31 | April 30 |
|--|-----------------------------|-----------------------------|
| OPERATIONS: | | |
| Net investment income | \$ 40,209,054 | \$ 83,808,800 |
| Net realized gain | 22,503,012 | 54,293,792 |
| Net increase in unrealized appreciation | 27,190,782 | 9,244,230 |
| | <u> </u> | <u> </u> |
| Increase in Net Assets From Operations | 89,902,848 | 147,346,822 |
| | <u> </u> | <u> </u> |
| DIVIDENDS TO SHAREHOLDERS FROM: | | |
| Net investment income | (49,691,943) | (103,492,241) |
| | <u> </u> | <u> </u> |
| Decrease in Net Assets From Dividends to Shareholders | (49,691,943) | (103,492,241) |
| | <u> </u> | <u> </u> |
| FUND SHARE TRANSACTIONS: | | |
| Proceeds from shares issued on reinvestment of dividends (913,931 and 2,032,308 shares issued, respectively) | 10,355,620 | 23,600,889 |
| | <u> </u> | <u> </u> |
| Increase in Net Assets From Fund Share Transactions | 10,355,620 | 23,600,889 |
| | <u> </u> | <u> </u> |
| Increase in Net Assets | 50,566,525 | 67,455,470 |
| NET ASSETS: | | |
| Beginning of period | 839,021,612 | 771,566,142 |
| | <u> </u> | <u> </u> |
| End of period* | \$ 889,588,137 | \$ 839,021,612 |
| | <u> </u> | <u> </u> |
| * Included overdistributed net investment income of: | \$(9,482,889) | |
| | <u> </u> | <u> </u> |

See Notes to Financial Statements.

Page 21

SALOMON BROTHERS HIGH INCOME FUND II INC.

Statement of Cash Flows (unaudited)

For the Six Months Ended October 31, 2004

CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:

| | |
|---|---------------|
| Interest and dividend received | \$ 43,166,549 |
| Operating expenses paid | (6,997,871) |
| Net purchases of short-term investments | (1,217,000) |
| Net purchases of long-term investments | (427,763,490) |
| Proceeds from disposition of long-term investments | 314,990,456 |
| Increase in securities purchased with loaned securities collateral | (16,861,411) |
| Decrease in payable from securities purchased with loaned securities collateral | 16,861,411 |
| Interest paid | (2,936,146) |

| | |
|--|---------------------|
| Net Cash Used By Operating Activities | (80,757,502) |
|--|---------------------|

CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES:

| | |
|--|--------------|
| Cash distributions paid on Common Stock | (49,691,943) |
| Proceeds from reverse repurchase agreements | 116,925,892 |
| Proceeds from shares issued on reinvestment of dividends | 10,355,620 |

| | |
|--|-------------------|
| Net Cash Provided By Financing Activities | 77,589,569 |
|--|-------------------|

| | |
|-----------------------------|--------------------|
| Net Decrease in Cash | (3,167,933) |
| Cash, Beginning of period | 3,168,740 |

| | |
|----------------------------|---------------|
| Cash, End of period | \$ 807 |
|----------------------------|---------------|

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

| | |
|---|----------------------|
| Increase in Net Assets From Operations | \$ 89,902,848 |
|---|----------------------|

| | |
|--|---------------|
| Accretion of discount on investments | (6,227,194) |
| Amortization of premium on investments | 971,011 |
| Capitalized income on payment-in-kind securities | (296,178) |
| Increase in investments, at value | (159,025,358) |
| Increase in interest and dividend receivable | (1,711,599) |
| Increase in receivable for securities sold | (6,499,874) |
| Decrease in prepaid expenses | 32,536 |
| Increase in payable for securities purchased | 1,841,404 |
| Increase in interest payable | 299,495 |
| Decrease in accrued expenses | (44,593) |

| | |
|--------------------------|----------------------|
| Total Adjustments | (170,660,350) |
|--------------------------|----------------------|

| | |
|--|------------------------|
| Net Cash Flows Used By Operating Activities | \$ (80,757,502) |
|--|------------------------|

See Notes to Financial Statements.

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:

| | 2004 ⁽¹⁾⁽²⁾ | 2004 | 2003 | 2002 | 2001 | 2000 |
|--|------------------------|-----------|-----------|-----------|-----------|-----------|
| Net Asset Value, Beginning of Period | \$11.03 | \$10.42 | \$10.48 | \$11.08 | \$11.85 | \$ 13.54 |
| Income (Loss) From Operations: | | | | | | |
| Net investment income | 0.53 | 1.12 | 1.18 | 1.27 | 1.37 | 1.45 |
| Net realized and unrealized gain (loss) | 0.63 | 0.85 | 0.12 | (0.50) | (0.58) | (1.70) |
| Total Income (Loss) From Operations | 1.16 | 1.97 | 1.30 | 0.77 | 0.79 | (0.25) |
| Less Dividends From: | | | | | | |
| Net investment income | (0.65) | (1.38) | (1.16) | (1.18) | (1.40) | (1.44) |
| Return of capital | | | (0.22) | (0.20) | (0.16) | |
| Total Dividends | (0.65) | (1.38) | (1.38) | (1.38) | (1.56) | (1.44) |
| Increase in Net Asset Value Due to Shares Issued on Reinvestment of Dividends | 0.02 | 0.02 | 0.02 | 0.01 | | |
| Net Asset Value, End of Period | \$11.56 | \$11.03 | \$10.42 | \$10.48 | \$11.08 | \$ 11.85 |
| Market Price, End of Period | \$12.11 | \$11.75 | \$11.65 | \$11.65 | \$10.96 | \$11.750 |
| Total Return, Based on Market Price, Per Share⁽³⁾ | 9.12% | 13.51% | 15.00% | 20.83% | 6.85% | 5.45% |
| Ratios to Average Net Assets: | | | | | | |
| Total expenses, including interest expense | 2.41% | 2.17% | 2.49% | 2.80% | 3.09% | 2.09% |
| Total expenses, excluding interest expense (operating expenses) | 2.34% | 1.57% | 1.63% | 1.57% | 1.43% | 1.29% |
| Net investment income | 9.49% | 10.18% | 12.64% | 12.08% | 11.87% | 11.48% |
| Net Assets, End of Period (000s) | \$889,588 | \$839,022 | \$771,566 | \$750,334 | \$764,344 | \$790,743 |
| Portfolio Turnover Rate | 29% | 50% | 87% | 118% | 118% | 68% |
| Loans Outstanding, End of Period (000s) | \$300,000 | \$300,000 | \$300,000 | \$260,000 | \$260,000 | \$105,000 |
| Weighted Average Interest Rate on Loans | 1.91% | 1.64% | 2.15% | 3.44% | 6.69% | 6.18% |

⁽¹⁾ For the six months ended October 31, 2004 (unaudited).⁽²⁾ Per share amounts have been calculated using the average shares method.⁽³⁾ 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.

See Notes to Financial Statements.

SALOMON BROTHERS HIGH INCOME FUND II INC.

Notes to Financial Statements (unaudited)

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 are significant accounting policies consistently followed by the Fund and are in conformity with U.S. generally accepted accounting principles (GAAP). Estimates and assumptions are required to be made regarding assets, liabilities and changes in net assets resulting from operations when financial statements are prepared. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ.

(a) INVESTMENTS 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. When market quotations are not readily available, or are determined not to reflect accurately fair value, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded (for example, a foreign exchange or market), but before the Fund calculates its net asset value, the Fund may value these investments at fair value as determined in accordance with the procedures approved by the Fund's Board of Directors. Short-term investments having a maturity of 60 days or less are valued at amortized cost, which approximates market value.

(b) REPURCHASE AGREEMENTS. When entering into repurchase agreements, it is the Fund's policy that a custodian take possession of the underlying collateral securities, the value of which at least equals the principal amount of the repurchase transaction, including accrued interest. To the

SALOMON BROTHERS HIGH INCOME FUND II INC.

Notes to Financial Statements (unaudited) (continued)

extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market to ensure the adequacy of the collateral. If the seller defaults and the value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited.

(c) **REVERSE REPURCHASE AGREEMENTS.** The Fund may enter into reverse repurchase agreements in which the Fund sells portfolio securities and agrees to repurchase them from the buyer at a specified date and price. Whenever the Fund enters into a reverse repurchase agreement, the Fund's custodian delivers liquid assets to the counterparty in an amount at least equal to the repurchase price marked-to-market daily (including accrued interest), and subsequently monitors the account to ensure that such equivalent value is maintained. The Fund pays interest on amounts obtained pursuant to reverse repurchase agreements. Reverse repurchase agreements are considered to be borrowings by the Fund. Reverse repurchase agreements involve leverage risk and the risk that the market value of securities purchased with the proceeds from the reverse repurchase agreement may decline below the repurchase price of the securities sold by the Fund which it is obligated to repurchase.

(d) **LENDING OF PORTFOLIO SECURITIES.** The Fund has an agreement with their custodian whereby the custodian may lend securities owned by the Fund to brokers, dealers and other financial organizations, and receives a lender's fee. Fees earned by the Fund on securities lending are recorded as 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 loaned securities, 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. The Fund has the right under the lending agreement to recover the securities from the borrower on demand.

(e) **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. When the Fund purchases assignments from lenders, the Fund will acquire direct rights against the borrower on the loan, except that under certain circumstances such rights may be more limited than those held by the assigning

SALOMON BROTHERS HIGH INCOME FUND II INC.

Notes to Financial Statements (unaudited) (continued)

lender. The Fund may have difficulty disposing of Participation/assignment because the market for certain instruments may not be highly liquid.

(f) **CREDIT AND MARKET 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.

(g) **CASH FLOW INFORMATION.** The Fund invests in securities and distributes dividends from net investment income and net realized gains which are paid in cash and may be reinvested at the discretion of shareholders. These activities are reported in the Statement of Changes in Net Assets and additional information on cash receipts and cash payments is presented in the Statement of Cash Flows.

(h) **INVESTMENT TRANSACTIONS.** Investment transactions are recorded on 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.

(i) **DIVIDENDS AND DISTRIBUTIONS TO SHAREHOLDERS.** 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 at least 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.

(j) **FEDERAL AND OTHER TAXES.** It is the Fund's policy to comply with the federal income and excise tax requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies. Accordingly, the Fund intends to distribute substantially all of its taxable income and net realized gains on investments, if any, to shareholders each year. Therefore, no federal income tax provision is required. Under the applicable foreign tax law, a withholding tax may be imposed on interest, dividend and capital gains.

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

SALOMON BROTHERS HIGH INCOME FUND II INC.

Notes to Financial Statements (unaudited) (continued)

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 proceeds of any outstanding borrowings used for leverage. The administrator 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.

Certain officers and/or Directors of the Fund are also officers and/or Directors of the Investment Manager and do not receive compensation from the Company.

Note 3. Portfolio Activity

During the six months ended October 31, 2004, the aggregate cost of purchases and proceeds from sales of investments (excluding short-term investments) were as follows:

| | |
|-----------|----------------|
| Purchases | \$ 427,763,490 |
| Sales | \$ 314,990,456 |

At October 31, 2004, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were as follows:

| | |
|-------------------------------|----------------|
| Gross unrealized appreciation | \$ 109,371,106 |
| Gross unrealized depreciation | (56,908,452) |
| Net unrealized appreciation | \$ 52,462,654 |

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

Transactions in reverse repurchase agreements for the Fund during the period ended October 31, 2004 were as follow:

| Average Daily Balance | Weighted Average Interest Rate | Maximum Amount Outstanding |
|--------------------------------------|---|---|
| \$43,080,542 | 1.578% | 117,524,392 |

Interest rates on reverse repurchase agreements ranged from 1.000% to 1.900% during the six months ended October 31, 2004. Interest paid on reverse repurchase agreements totaled \$152,447.

Page 27

SALOMON BROTHERS HIGH INCOME FUND II INC.

Notes to Financial Statements (unaudited) (continued)

In addition, at October 31, 2004, the Fund had the following open reverse repurchase agreements outstanding:

| Face Amount | Security | Value |
|--|---|-----------------------|
| \$13,883,642 | Reverse Repurchase Agreement with JPMorgan Chase & Co., dated 8/20/04 bearing 1.000% to be repurchased at \$14,024,407 on 8/20/05, collateralized by: \$12,000,000 Federative Republic of Brazil, C Bond, 8.000% due 4/15/14; Market value \$11,928,750 | \$ 13,883,642 |
| 10,739,750 | Reverse Repurchase Agreement with UBS Financial Services Inc., dated 8/20/04 bearing 1.550% to be repurchased at \$10,908,528 on 8/20/05, collateralized by: \$10,000,000 Federative Republic of Brazil, 12.500% due 3/6/30; Market value \$12,372,500 | 10,739,750 |
| 17,272,500 | Reverse Repurchase Agreement with JPMorgan Chase & Co., dated 9/24/04 bearing 1.550% to be repurchased at \$17,543,942 on 9/24/05, collateralized by: \$15,000,000 Federative Republic of Brazil, 11.000% due 8/17/40; Market value \$16,908,750 | 17,272,500 |
| 7,213,500 | Reverse Repurchase Agreement with JPMorgan Chase & Co., dated 9/24/04 bearing 1.450% to be repurchased at \$7,319,548 on 9/24/05, collateralized by: \$7,000,000 Republic of Ecuador, 12.000% due 11/15/12; Market value \$7,035,000 | 7,213,500 |
| 3,091,500 | Reverse Repurchase Agreement with JPMorgan Chase & Co., dated 9/24/04 bearing 1.450% to be repurchased at \$3,316,949 on 9/24/05, collateralized by: \$3,000,000 Republic of Ecuador, 12.000% due 11/15/12; Market value \$3,015,000 | 3,091,500 |
| 12,456,000 | Reverse Repurchase Agreement with JPMorgan Chase & Co., dated 9/24/04 bearing 1.400% to be repurchased at \$12,632,806 on 9/24/05, collateralized by: \$12,000,000 United Mexican States, 5.875% due 1/15/14; Market value \$12,297,000 | 12,456,000 |
| 15,064,000 | Reverse Repurchase Agreement with JPMorgan Chase & Co., dated 9/24/04 bearing 1.650% to be repurchased at \$15,316,008 on 9/24/05, collateralized by: \$14,000,000 United Mexican States, 6.625% due 3/3/15; Market value \$15,039,500 | 15,064,000 |
| 6,440,000 | Reverse Repurchase Agreement with JPMorgan Chase & Co., dated 9/24/04 bearing 1.750% to be repurchased at \$6,554,265 on 9/24/05, collateralized by: \$7,000,000 Republic of Venezuela, 5.375% due 8/7/10; Market value \$6,431,250 | 6,440,000 |
| 30,765,000 | Reverse Repurchase Agreement with CS First Boston Corp., dated 10/12/04 bearing 1.900% to be repurchased at \$31,357,654 on 10/12/05, collateralized by: \$35,000,000 Russian Federation, 5.000% due 3/31/30; Market value \$35,054,688 | 30,765,000 |
| Total Reverse Repurchase Agreements (Cost \$116,925,892) | | \$ 116,925,892 |

SALOMON BROTHERS HIGH INCOME FUND II INC.

Notes to Financial Statements (unaudited) (continued)

At October 31, 2004, the Fund loaned securities having a market value of \$218,620,691. The Fund received cash collateral amounting to \$222,545,826 which was invested into the State Street Navigator Securities Lending Trust Prime Portfolio, a Rule 2a-7 money market fund.

Income earned by the Fund from securities lending for the six months ended October 31, 2004 was \$244,483.

At October 31, 2004, the Fund held loan participations with a total cost of \$7,107,818 and with a total market value of \$7,271,516.

Note 4. Loan

At October 31, 2004, the Fund had outstanding a \$300,000,000 loan pursuant to a revolving credit and security agreement with Crown Capital Company LLC, and Citicorp North America Inc. (CNA), an affiliate of SBAM. In addition, CNA 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 six months ended October 31, 2004, the Fund paid interest expense on this loan of \$2,783,699.

Note 5. Dividends Subsequent to October 31, 2004

On July 29, 2004, the Board of Directors of the Fund declared dividends in the amount of \$0.095 per share, payable on November 26, 2004 to shareholders of record on November 16, 2004.

In addition, on October 22, 2004, the Fund's Board declared three dividends, each in the amount of \$0.095 per share, payable on December 17, 2004, January 28, 2005 and February 25, 2005 to shareholders of record on December 7, 2004, January 19, 2005 and February 15, 2005, respectively.

Note 6. Capital Loss Carryforward

On April 30, 2004, the Fund had a net capital loss carryforward of \$223,976,000, of which \$2,302,000 expires in 2007, \$40,142,000 expires in 2008, \$10,635,000 expires in 2009, \$93,766,000 expires in 2010 and \$77,131,000 expires in 2011. This amount will be available to offset like amounts of any future taxable gains.

Note 7. Additional Information

In connection with an investigation previously disclosed by Citigroup, the Staff of the Securities and Exchange Commission (SEC) has notified Citigroup Asset Management (CAM), the Citigroup business unit that includes the Funds investment manager and other investment advisory companies; Citicorp Trust Bank (CTB), an affiliate of CAM; Thomas

Page 29

SALOMON BROTHERS HIGH INCOME FUND II INC.

Notes to Financial Statements (unaudited) (continued)

W. Jones, the former CEO of CAM; and three other individuals, one of whom is an employee and the other two of whom were former employees of CAM, that the SEC Staff is considering recommending a civil injunctive action and/or an administrative proceeding against each of them relating to the creation and operation of an internal transfer agent unit to serve various CAM-managed funds.

In 1999, CTB entered the transfer agent business. CTB hired an unaffiliated subcontractor to perform some of the transfer agent services. The subcontractor, in exchange, had signed a separate agreement with CAM in 1998 that guaranteed investment management revenue to CAM and investment banking revenue to a CAM affiliate. The sub-contractor's business was later taken over by PFPC Inc., and at that time the revenue guarantee was eliminated and a one-time payment was made by the subcontractor to a CAM affiliate.

CAM did not disclose the revenue guarantee when the boards of various CAM-managed funds hired CTB as transfer agent. Nor did CAM disclose to the boards of the various CAM-managed funds the one-time payment received by the CAM affiliate when it was made.

In addition, the SEC Staff has indicated that it is considering recommending action based on the adequacy of the disclosures made to the fund boards that approved the transfer agency arrangement, CAM's initiation and operation of, and compensation for, the transfer agent business and CAM's retention of, and agreements with, the subcontractor.

Citigroup is cooperating fully in the investigation and will seek to resolve the matter in discussions with the SEC Staff. Although there can be no assurance, Citigroup does not believe that this matter will have a material adverse effect on the Fund. As previously disclosed, CAM has already agreed to pay the applicable funds, primarily through fee waivers, a total of approximately \$17 million (plus interest) that is the amount of the revenue received by Citigroup relating to the revenue guarantee.

The Fund did not implement the contractual arrangement described above and therefore will not receive any portion of such payment.

SALOMON BROTHERS HIGH INCOME FUND II INC.

Additional Information (unaudited)**Results of Annual Meeting of Stockholders**

The Fund held its Annual Meeting of Stockholders on August 6, 2004, for the purpose of voting upon the election of Carol L. Colman, William P. Hutchinson and R. Jay Gerken as Class III Directors of the Fund, to serve until the 2007 Annual Meeting of Stockholders. The following table provides information concerning the matter voted upon at the Meeting.

1. Election of Directors

| <u>Nominees</u> | <u>Votes For</u> | <u>Votes Withheld</u> |
|---|------------------|-----------------------|
| Class III to serve until the year 2007 | | |
| Carol L. Colman | 71,904,006 | 814,363 |
| William R. Hutchinson | 71,903,037 | 815,332 |
| R. Jay Gerken | 71,953,040 | 765,329 |

At October 31, 2004, in addition to Carol L. Colman, William P. Hutchinson, and R. Jay Gerken, the other Directors of the Fund were as follows:

Daniel P. Cronin

Leslie H. Gelb

Riordan Roett

Jeswald W. Salacuse

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 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 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 or (ii) a market discount shifts to a market premium during the purchase period, then the

SALOMON BROTHERS HIGH INCOME FUND II INC.

Dividend Reinvestment Plan (unaudited) (continued)

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 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.

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 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

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 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 43027, Providence, RI 02940-3027.

SALOMON BROTHERS HIGH INCOME FUND II INC.

Additional Shareholder Information (unaudited)

The report is transmitted to the shareholders of the Fund 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 that the Fund may purchase at market prices from time to time shares of its common stock in the open market.

The Fund files its complete schedule of portfolio holdings with the Securities and Exchange Commission for the first and third quarters of each fiscal year on Form N-Q. The Fund's Forms N-Q are available on the Commission's website at www.sec.gov. The Fund's Forms N-Q may be reviewed and copied at the Commission's Public Reference Room in Washington D.C., and information on the operation of the Public Reference Room may be obtained by calling 1-800-SEC-0330. To obtain information on Form N-Q from the Fund, shareholders can call 1-800-446-1013.

Information on how the Fund voted proxies relating to portfolio securities during the 12 month period ended June 30, 2004 and a description of the policies and procedures that the Fund uses to determine how to vote proxies relating to portfolio securities is available (1) without charge, upon request, by calling 1-800-446-1013, (2) on the Fund's website at www.citigroupAM.com and (3) on the SEC's website at www.sec.gov.

SALOMON BROTHERS HIGH INCOME FUND II INC.

Directors

CAROL L. COLMAN

DANIEL P. CRONIN

LESLIE H. GELB

R. JAY GERKEN, CFA

WILLIAM R. HUTCHINSON

RIORDAN ROETT

JESWALD W. SALACUSE

Officers

R. JAY GERKEN, CFA

Chairman

PETER J. WILBY, CFA

President

ANDREW B. SHOUP

Senior Vice President and

Chief Administrative Officer

FRANCES M. GUGGINO

Chief Financial Officer and Treasurer

JAMES E. CRAIGE, CFA

Executive Vice President

THOMAS K. FLANAGAN, CFA

Executive Vice President

MAUREEN O. CALLAGHAN

Executive Vice President

BETH A. SEMMEL, CFA

Executive Vice President

ANDREW BEAGLEY

Chief Compliance Officer

WENDY S. SETNICKA

Controller

ROBERT I. FRENKEL

Secretary and Chief Legal Officer

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

TRANSFER AGENT

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

PFPC Inc.

P.O. Box 43027

Providence, RI 02940-3027

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

PricewaterhouseCoopers LLP

300 Madison Avenue

New York, New York 10017

LEGAL COUNSEL

Simpson Thacher & Bartlett LLP

425 Lexington Avenue

New York, New York 10017-3909

NEW YORK STOCK EXCHANGE SYMBOL

HIX

ITEM 2. CODE OF ETHICS.

Not Applicable.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

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.

The Board of Directors of the Fund has delegated the authority to develop policies and procedures relating to proxy voting to the Manager. The Manager is part of Citigroup Asset Management (CAM), a group of investment adviser affiliates of Citigroup, Inc. (Citigroup). Along with the other investment advisers that comprise CAM, the Manager has adopted a set of proxy voting policies and procedures (the Policies) to ensure that the Manager votes proxies relating to equity securities in the best interest of clients.

In voting proxies, the Manager is guided by general fiduciary principles and seeks to act prudently and solely in the best interest of clients. The Manager attempts to consider all factors that could affect the value of the investment and will vote proxies in the manner that it believes will be consistent with efforts to maximize shareholder values. The Manager may utilize an external service provider to provide it with information and/or a recommendation with regard to proxy votes. However, such recommendations do not relieve the Manager of its responsibility for the proxy vote.

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

In the case of a proxy issue for which there is a stated position in the Policies, CAM generally votes in accordance with such stated position. In the case of a proxy issue for which there is a list of factors set forth in the Policies that CAM considers in voting on such issue, CAM votes on a case-by-case basis in accordance with the general principles set forth above and considering such enumerated factors. In the case of a proxy issue for which there is no stated position or list of factors that CAM considers in voting on such issue, CAM votes on a case-by-case basis in accordance with the general principles set forth above. Issues for which there is a stated position set forth in the Policies or for which there is a list of factors set forth in the Policies that CAM considers in voting on such issues fall into a variety of categories, including election of directors, ratification of auditors, proxy and tender offer defenses, capital structure issues, executive and director

compensation, mergers and corporate restructurings, and social and environmental issues. The stated position on an issue set forth in the Policies can always be superseded, subject to the duty to act solely in the best interest of the beneficial owners of accounts, by the investment management professionals responsible for the account whose shares are being voted. Issues applicable to a particular industry may cause CAM to abandon a policy that would have otherwise applied to issuers generally. As a result of the independent investment advisory services provided by distinct CAM business units, there may be occasions when different business units or different portfolio managers within the same business unit vote differently on the same issue.

In furtherance of the Manager's goal to vote proxies in the best interest of clients, the Manager follows procedures designed to identify and address material conflicts that may arise between the Manager's interests and those of its clients before voting proxies on behalf of such clients. To seek to identify conflicts of interest, CAM periodically notifies CAM employees (including employees of the Manager) in writing that they are under an obligation (i) to be aware of the potential for conflicts of interest with respect to voting proxies on behalf of client accounts both as a result of their personal relationships and due to special circumstances that may arise during the conduct of CAM's and the Manager's business, and (ii) to bring conflicts of interest of which they become aware to the attention of compliance personnel. The Manager also maintains and considers a list of significant relationships that could present a conflict of interest for the Manager in voting proxies. The Manager is also sensitive to the fact that a significant, publicized relationship between an issuer and a non-CAM affiliate might appear to the public to influence the manner in which the Manager decides to vote a proxy with respect to such issuer. Absent special circumstances or a significant, publicized non-CAM affiliate relationship that CAM or the Manager for prudential reasons treats as a potential conflict of interest because such relationship might appear to the public to influence the manner in which the Manager decides to vote a proxy, the Manager generally takes the position that non-CAM relationships between Citigroup and an issuer (e.g. investment banking or banking) do not present a conflict of interest for the Manager in voting proxies with respect to such issuer. Such position is based on the fact that the Manager is operated as an independent business unit from other Citigroup business units as well as on the existence of information barriers between the Manager and certain other Citigroup business units.

CAM maintains a Proxy Voting Committee, of which the Manager personnel are members, to review and address conflicts of interest brought to its attention by compliance personnel. A proxy issue that will be voted in accordance with a stated position on an issue or in accordance with the recommendation of an independent third party is not brought to the attention of the Proxy Voting Committee for a conflict of interest review because the Manager's position is that to the extent a conflict of interest issue exists, it is resolved by voting in accordance with a pre-determined policy or in accordance with the recommendation of an independent third party. With respect to a conflict of interest brought to its attention, the

Proxy Voting Committee first determines whether such conflict of interest is material. A conflict of interest is considered material to the extent that it is determined that such conflict is likely to influence, or appear to influence, the Manager's decision-making in voting proxies. If it is determined by the Proxy Voting Committee that a conflict of interest is not material, the Manager may vote proxies notwithstanding the existence of the conflict.

If it is determined by the Proxy Voting Committee that a conflict of interest is material, the Proxy Voting Committee is responsible for determining an appropriate method to resolve such conflict of interest before the proxy affected by the conflict of interest is voted. Such determination is based on the particular facts and circumstances, including the importance of the proxy issue and the nature of the conflict of interest. Methods of resolving a material conflict of interest may include, but are not limited to, disclosing the conflict to clients and obtaining their consent before voting, or suggesting to clients that they engage another party to vote the proxy on their behalf.

ITEM 8. [RESERVED]

ITEM 9. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

Not applicable.

ITEM 10. 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-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the disclosure controls and procedures required by Rule 30a-3(b) under the 1940 Act and 15d-15(b) under the Securities Exchange Act of 1934.
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's last fiscal half-year (the registrant's second fiscal half-year in the case of an annual report) that have materially affected, or are likely to materially affect the registrant's internal control over financial reporting.

ITEM 11. EXHIBITS.

(a) 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: **January 5, 2005**

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: **January 5, 2005**

By: /s/ **Frances M. Guggino**

(Frances M. Guggino)
Chief Financial Officer of
Salomon Brothers High Income Fund II Inc.

Date: **January 5, 2005**