

SALOMON BROTHERS HIGH INCOME FUND II INC  
Form N-Q  
September 28, 2006

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

**FORM N-Q**

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY**

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  
(Address of principal executive offices)

10004  
(Zip code)

Robert I. Frenkel, Esq.  
Legg Mason & Co., LLC  
300 First Stamford Place  
Stamford, CT 06902  
(Name and address of agent for service)

Registrant's telephone number, including area code:

1-800-725-6666

Date of fiscal year end: April 30

Date of reporting period: July 31, 2006

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ITEM 1. SCHEDULE OF INVESTMENTS

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**Salomon Brothers High Income Fund II Inc.**

**FORM N-Q**

JULY 31, 2006

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## Salomon Brothers High Income Fund II Inc.

Schedule of Investments (unaudited)

July 31, 2006

| Face<br>Amount                           | Security   | Value             |
|--|--|-------------------|
| <b>CORPORATE BONDS &amp; NOTES 84.4%</b> |  |                   |
| <b>Aerospace &amp; Defense 1.5%</b>      |  |                   |
| 1,555,000                                | Alliant Techsystems Inc., Senior Subordinated Notes, 6.750% due 4/1/16                           | \$ 1,512,237      |
| 4,200,000                                | Argo-Tech Corp., Senior Notes, 9.250% due 6/1/11   | 4,357,500         |
| 945,000                                  | DRS Technologies Inc., Senior Subordinated Notes: 6.625% due 2/1/16                              | 914,288           |
| 3,100,000                                | 7.625% due 2/1/18  | 3,107,750         |
| 5,500,000                                | L-3 Communications Corp., Senior Subordinated Notes, 7.625% due 6/15/12                          | 5,596,250         |
|  | <b>Total Aerospace &amp; Defense</b>   | <b>15,488,025</b> |
| <b>Airlines 0.5%</b>                     |  |                   |
| 1,540,000                                | American Airlines Inc., Pass-Through Certificates, Series 2001-02, Class C, 7.800% due 10/1/06   | 1,542,888         |
| 493,588                                  | Continental Airlines Inc., Pass-Through Certificates: Series 1998-1, Class C, 6.541% due 9/15/08 | 470,335           |
| 1,354,279                                | Series 2000-2, Class C, 8.312% due 10/2/12   | 1,308,550         |
| 1,355,000                                | Series 2001-2, Class D, 7.568% due 12/1/06   | 1,352,986         |
|  | <b>Total Airlines</b>  | <b>4,674,759</b>  |
| <b>Auto Components 0.8%</b>              |  |                   |
| 2,700,000                                | Keystone Automotive Operations Inc., Senior Subordinated Notes, 9.750% due 11/1/13               | 2,585,250         |
| 1,439,000                                | TRW Automotive Inc., Senior Notes, 9.375% due 2/15/13  | 1,536,132         |
| 4,690,000                                | Visteon Corp., Senior Notes, 8.250% due 8/1/10   | 4,338,250         |
|  | <b>Total Auto Components</b>   | <b>8,459,632</b>  |
| <b>Automobiles 2.7%</b>                  |  |                   |
| 1,150,000                                | Ford Motor Co.: Debentures, 8.900% due 1/15/32   | 971,750           |
| 26,660,000                               | Notes, 7.450% due 7/16/31  | 19,728,400        |
| 2,375,000                                | General Motors Corp., Senior Debentures: 8.250% due 7/15/23                                      | 1,971,250         |
| 5,790,000                                | 8.375% due 7/15/33   | 4,776,750         |
|  | <b>Total Automobiles</b>   | <b>27,448,150</b> |
| <b>Biotechnology 0.0%</b>                |  |                   |
| 325,000                                  | Angiotech Pharmaceuticals Inc., Senior Subordinated Notes, 7.750% due 4/1/14 (a)                 | 316,063           |
| <b>Building Products 1.9%</b>            |  |                   |
| 8,525,000                                | Associated Materials Inc., Senior Discount Notes, step bond to yield 11.301% due 3/1/14          | 4,901,875         |
| 2,130,000                                | Jacuzzi Brands Inc., Secured Notes, 9.625% due 7/1/10  | 2,263,125         |
| 5,190,000                                | Nortek Inc., Senior Subordinated Notes, 8.500% due 9/1/14  | 4,878,600         |
| 3,380,000                                | NTK Holdings Inc., Senior Discount Notes, step bond to yield 10.923% due 3/1/14                  | 2,382,900         |
| 5,075,000                                | Ply Gem Industries Inc., Senior Subordinated Notes, 9.000% due 2/15/12                           | 4,466,000         |
|  | <b>Total Building Products</b>   | <b>18,892,500</b> |
| <b>Capital Markets 0.6%</b>              |  |                   |
| 3,104,000                                | BCP Crystal U.S. Holdings Corp., Senior Subordinated Notes, 9.625% due 6/15/14                   | 3,348,440         |

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|                  |           |  |                  |
|------------------|-----------|--|------------------|
|                  | 3,000,000 | E*TRADE Financial Corp., Senior Notes, 7.375% due 9/15/13  | 3,022,500        |
| <b>Chemicals</b> |           | <b>Total Capital Markets</b>                               | <b>6,370,940</b> |
| <b>3.4%</b>      | 2,500,000 | Airgas Inc., Senior Subordinated Notes, 9.125% due 10/1/11 | 2,618,750        |
|                  | 2,800,000 | Borden Chemicals & Plastics LP, Notes, 9.500% due 5/1/49   |                  |
|                  |           | (b)(c)(d)*   | 49,000           |
|                  | 280,000   | Chemtura Corp., 6.875% due 6/1/16                          | 271,600          |

*See Notes to Schedule of Investments.*

## Salomon Brothers High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2006

|  | Face<br>Amount | Security   | Value             |
|--|----------------|--|-------------------|
| <b>Chemicals 3.4% (continued)</b>              |                |  |                   |
|  | 3,500,000      | Equistar Chemicals LP, Senior Notes, 10.625% due 5/1/11      | \$ 3,780,000      |
|  | 3,873,000      | Huntsman International LLC, Senior Subordinated Notes:       |                   |
|  | 675,000        | 10.125% due 7/1/09   | 3,950,460         |
|  | 3,675,000      | 8.125% due 1/1/15 (a)  | 630,281           |
|  |                | Innophos Inc., Senior Subordinated Notes, 8.875% due 8/15/14 | 3,693,375         |
|  |                | Lyondell Chemical Co., Senior Secured Notes:                 |                   |
|  | 1,517,000      | 9.500% due 12/15/08  | 1,566,303         |
|  | 1,400,000      | 11.125% due 7/15/12  | 1,531,250         |
|  | 3,075,000      | Methanex Corp., Senior Notes, 8.750% due 8/15/12             | 3,305,625         |
|  | 3,550,000      | Millennium America Inc., Senior Notes, 9.250% due 6/15/08    | 3,647,625         |
|  | 4,475,000      | Montell Finance Co. BV, 8.100% due 3/15/27 (a)               | 4,117,000         |
|  |                | Rhodia SA:   |                   |
|  | 2,251,000      | Senior Notes, 10.250% due 6/1/10                             | 2,447,963         |
|  | 2,709,000      | Senior Subordinated Notes, 8.875% due 6/1/11                 | 2,769,952         |
|  |                | <b>Total Chemicals</b>                                       | <b>34,379,184</b> |
| <b>Commercial Banks 0.3%</b>                   |                |  |                   |
|  | 2,650,000      | Russian Agricultural Bank, Notes, 7.175% due 5/16/13 (a)     | 2,692,400         |
| <b>Commercial Services &amp; Supplies 2.3%</b> |                |  |                   |
|  | 2,100,000      | Allied Security Escrow Corp., Senior Subordinated Notes,     |                   |
|  |                | 11.375% due 7/15/11  | 2,068,500         |
|  |                | Allied Waste North America Inc.:                             |                   |
|  |                | Senior Notes, Series B:                                      |                   |
|  | 250,000        | 8.500% due 12/1/08   | 260,625           |
|  | 1,617,000      | 9.250% due 9/1/12  | 1,726,148         |
|  | 1,050,000      | 7.250% due 3/15/15   | 1,018,500         |
|  | 5,885,000      | Senior Secured Notes, Series B, 7.375% due 4/15/14           | 5,634,887         |
|  | 3,200,000      | Brand Services Inc., Senior Notes, 12.000% due 10/15/12      | 3,620,096         |
|  | 1,640,000      | DynCorp International LLC/DIV Capital Corporation, Senior    |                   |
|  |                | Subordinated Notes, 9.500% due 2/15/13                       | 1,705,600         |
|  |                | NationsRent Inc.:  |                   |
|  | 20,000         | Secured Notes, 9.500% due 10/15/10                           | 21,829            |
|  | 1,280,000      | Senior Subordinated Notes, 9.500% due 5/1/15                 | 1,499,302         |
|  | 5,110,000      | Windstream Corp., Senior Notes, 8.625% due 8/1/16 (a)        | 5,339,950         |
|  |                | <b>Total Commercial Services &amp; Supplies</b>              | <b>22,895,437</b> |
| <b>Communications Equipment 0.9%</b>           |                |  |                   |
|  | 10,825,000     | Lucent Technologies Inc., Debentures, 6.450% due 3/15/29     | 9,282,437         |
| <b>Computers &amp; Peripherals 0.3%</b>        |                |  |                   |
|  | 3,000,000      | Seagate Technology HDD Holdings, Senior Notes, 8.000% due    |                   |
|  |                | 5/15/09  | 3,075,000         |
| <b>Consumer Finance 3.7%</b>                   |                |  |                   |
|  |                | Ford Motor Credit Co.:                                       |                   |
|  |                | Notes:   |                   |
|  | 3,075,000      | 7.875% due 6/15/10   | 2,895,432         |
|  | 3,880,000      | 7.000% due 10/1/13   | 3,412,499         |
|  | 4,248,000      | Senior Notes, 10.486% due 6/15/11 (a)(e)                     | 4,312,102         |
|  |                | General Motors Acceptance Corp.:                             |                   |
|  | 20,270,000     | Bonds, 8.000% due 11/1/31                                    | 19,931,897        |
|  | 6,890,000      | Notes, 6.875% due 8/28/12                                    | 6,657,366         |

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|                                   |             |  |            |
|-----------------------------------|-------------|--|------------|
| <b>Containers &amp; Packaging</b> | <b>2.5%</b> | <b>Total Consumer Finance</b>  | 37,209,296 |
|                                   | 3,075,000   | Berry Plastics Corp., Senior Subordinated Notes, 10.750% due<br>7/15/12      | 3,374,813  |
|                                   | 4,255,000   | Graham Packaging Co. Inc., Senior Subordinated Notes, 9.875%<br>due 10/15/14 | 4,159,262  |
|                                   |             | Graphic Packaging International Corp.:                                       |            |

*See Notes to Schedule of Investments.*



## Salomon Brothers High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2006

| Face<br>Amount                                     | Security  | Value             |
|--|---|-------------------|
| <b>Containers &amp; Packaging 2.5% (continued)</b> |   |                   |
| 670,000  | Senior Notes, 8.500% due 8/15/11  | \$ 676,700        |
| 3,905,000  | Senior Subordinated Notes, 9.500% due 8/15/13   | 3,924,525         |
| 3,750,000  | JSG Funding PLC, Senior Notes, 9.625% due 10/1/12   | 3,900,000         |
| 2,195,000  | Owens-Brockway Glass Container Inc., Senior Secured Notes, 8.750% due 11/15/12                                      | 2,326,700         |
| 1,490,000  | Plastipak Holdings Inc., Senior Notes, 8.500% due 12/15/15 (a)  | 1,482,550         |
| 795,000  | Pliant Corp., Senior Secured Second Lien Notes, 11.125% due 9/1/09  | 747,300           |
| 1,975,000  | Radnor Holdings Corp., Senior Notes, 11.000% due 3/15/10  | 602,375           |
| 2,355,000  | Smurfit-Stone Container Enterprises Inc., Senior Notes, 8.375% due 7/1/12   | 2,251,969         |
| 2,150,000  | Tekni-Plex Inc., Senior Subordinated Notes, Series B, 12.750% due 6/15/10   | 1,515,750         |
|  | <b>Total Containers &amp; Packaging</b>   | <b>24,961,944</b> |
| <b>Diversified Consumer Services 1.2%</b>          |   |                   |
| 1,965,000  | Education Management LLC/Education Management Corp., Senior Notes, 8.750% due 6/1/14 (a)                            | 1,979,738         |
|  | Hertz Corp.:  |                   |
| 2,650,000  | Senior Notes, 8.875% due 1/1/14 (a)   | 2,775,875         |
| 6,675,000  | Senior Subordinated Notes, 10.500% due 1/1/16 (a)   | 7,292,437         |
|  | <b>Total Diversified Consumer Services</b>  | <b>12,048,050</b> |
| <b>Diversified Financial Services 3.8%</b>         |   |                   |
| 1,950,000  | Alamosa Delaware Inc., Senior Notes, 11.000% due 7/31/10  | 2,140,125         |
| 2,110,000  | CCM Merger Inc., Notes, 8.000% due 8/1/13 (a)   | 2,030,875         |
|  | Citisteel USA Inc., Senior Secured Notes:   |                   |
| 1,255,000  | 12.490% due 9/1/10 (e)  | 1,308,338         |
| 870,000  | 15.000% due 10/1/10 (a)(f)  | 906,975           |
| 10,580,000   | Dow Jones CDX HY, Pass-Through Trust, Series 6-T3, 8.125% due 6/29/11 (a)   | 10,408,075        |
| 3,380,000  | H&E Equipment Services LLC/H&E Finance Corp., Senior Notes, 11.125% due 6/15/12                                     | 3,710,395         |
| 2,850,000  | Hexion U.S. Finance Corp./Hexion Nova Scotia Finance ULC, Second Priority, Senior Secured Notes, 9.000% due 7/15/14 | 2,928,375         |
| 1,800,000  | Hughes Network Systems LLC/HNS Finance Corp., Senior Notes, 9.500% due 4/15/14 (a)                                  | 1,800,000         |
| 1,950,000  | Nell AF SARL, Senior Subordinated Notes, 8.375% due 8/15/15 (a)   | 1,903,688         |
| 1,360,000  | TNK-BP Finance SA, 7.500% due 7/18/16 (a)   | 1,377,602         |
| 260,000  | UCAR Finance Inc., Senior Notes, 10.250% due 2/15/12  | 273,325           |
| 2,055,000  | UGS Corp., Senior Subordinated Notes, 10.000% due 6/1/12  | 2,221,969         |
| 5,580,000  | Vanguard Health Holdings Co. I LLC, Senior Discount Notes, step bond to yield 9.815% due 10/1/15                    | 3,975,750         |
| 3,105,000  | Vanguard Health Holdings Co. II LLC, Senior Subordinated Notes, 9.000% due 10/1/14                                  | 3,019,612         |
|  | <b>Total Diversified Financial Services</b>   | <b>38,005,104</b> |
| <b>Diversified Telecommunication Services 5.5%</b> |   |                   |
|  | Cincinnati Bell Inc.:   |                   |

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|           |  |           |
|-----------|--|-----------|
| 2,590,000 | Senior Notes, 7.000% due 2/15/15   | 2,466,975 |
| 1,040,000 | Senior Subordinated Notes, 8.375% due 1/15/14  | 1,024,400 |
| 190,000   | Cincinnati Bell Telephone Co., Debentures, 6.300% due 12/1/28                                | 162,450   |
| 2,515,000 | Citizens Communications Co., Senior Notes, 9.000% due 8/15/31                                | 2,590,450 |
| 2,975,000 | Hawaiian Telcom Communications Inc., Senior Subordinated Notes, Series B, 12.500% due 5/1/15 | 3,153,500 |
| 4,350,000 | Insight Midwest LP/Insight Capital Inc., Senior Notes, 10.500% due 11/1/10                   | 4,545,750 |
|           | Intelsat Bermuda Ltd., Senior Notes:   |           |
| 3,190,000 | 9.250% due 6/15/16 (a)   | 3,277,725 |
| 6,280,000 | 11.250% due 6/15/16 (a)  | 6,374,200 |
| 670,000   | Intelsat Ltd., Notes, 7.625% due 4/15/12   | 561,963   |

*See Notes to Schedule of Investments.*

## Salomon Brothers High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2006

| Face<br>Amount   | Security   | Value             |
|--|--|-------------------|
| <b>Diversified Telecommunication Services 5.5% (continued)</b> |  |                   |
| 1,880,000  | Nordic Telephone Co. Holdings, Senior Notes, 8.875% due 5/1/16 (a)                 | \$ 1,945,800      |
| 2,440,000  | NTL Cable PLC, Senior Notes, 9.125% due 8/15/16                                    | 2,482,700         |
| 1,355,000  | PanAmSat Corp., Senior Notes, 9.000% due 8/15/14                                   | 1,383,794         |
| 365,000  | Qwest Communications International Inc., Senior Notes:<br>7.500% due 2/15/14       | 359,525           |
| 900,000  | Series B, 7.500% due 2/15/14   | 886,500           |
| 8,728,000  | Qwest Corp.:<br>Debentures, 6.875% due 9/15/33                                     | 7,789,740         |
| 7,325,000  | Notes, 8.875% due 3/15/12  | 7,929,312         |
| 3,640,000  | Southwestern Bell Telephone Co., Debentures, 7.000% due 11/15/27                   | 3,643,909         |
| 4,770,000  | Telcordia Technologies Inc., Senior Subordinated Notes,<br>10.000% due 3/15/13 (a) | 3,839,850         |
| 6,000,000  | Telefonos de Mexico SA de CV, Senior Notes, 8.750% due 1/31/16                     | 527,522           |
| 270,000  | Wind Acquisition Finance SA, 10.750% due 12/1/15 (a)                               | 292,275           |
|  | <b>Total Diversified Telecommunication Services</b>                                | <b>55,238,340</b> |
| <b>Electric Utilities 0.4%</b>                                 |  |                   |
| 851,000  | Enersis SA:<br>Bonds, 7.375% due 1/15/14   | 878,236           |
| 487,000  | Notes, 7.400% due 12/1/16  | 504,016           |
| 1,106,375  | Midwest Generation LLC, Pass-Through Certificates, Series B,<br>8.560% due 1/2/16  | 1,163,768         |
| 1,465,000  | Reliant Energy Inc., Senior Secured Notes, 9.250% due 7/15/10                      | 1,508,950         |
|  | <b>Total Electric Utilities</b>  | <b>4,054,970</b>  |
| <b>Energy Equipment &amp; Services 0.4%</b>                    |  |                   |
| 3,175,000  | Hanover Compressor Co., Senior Notes, 9.000% due 6/1/14                            | 3,397,250         |
| 515,000  | Pride International Inc., Senior Notes, 7.375% due 7/15/14                         | 522,725           |
|  | <b>Total Energy Equipment &amp; Services</b>                                       | <b>3,919,975</b>  |
| <b>Food Products 0.8%</b>                                      |  |                   |
| 1,600,000  | Dole Food Co. Inc.:<br>Debentures, 8.750% due 7/15/13                              | 1,440,000         |
| 1,975,000  | Senior Notes:<br>7.250% due 6/15/10  | 1,787,375         |
| 1,050,000  | 8.875% due 3/15/11   | 987,000           |
| 4,375,000  | Pinnacle Foods Holding Corp., Senior Subordinated Notes,<br>8.250% due 12/1/13     | 4,309,375         |
|  | <b>Total Food Products</b>   | <b>8,523,750</b>  |
| <b>Health Care Providers &amp; Services 3.8%</b>               |  |                   |
| 4,425,000  | AmeriPath Inc., Senior Subordinated Notes, 10.500% due 4/1/13                      | 4,679,437         |
| 4,885,000  | DaVita Inc., Senior Subordinated Notes, 7.250% due 3/15/15                         | 4,695,706         |
| 1,655,000  | Extendicare Health Services Inc., Senior Notes, 9.500% due 7/1/10                  | 1,735,681         |
| 2,100,000  | HCA Inc., Notes:<br>6.375% due 1/15/15   | 1,690,500         |
| 7,200,000  | 6.500% due 2/15/16   | 5,769,000         |
| 4,800,000  |  | 4,632,000         |

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|           |   |                   |
|-----------|---|-------------------|
|           | IASIS Healthcare LLC/IASIS Capital Corp., Senior Subordinated Notes, 8.750% due 6/15/14 |                   |
|           | Tenet Healthcare Corp., Senior Notes:   |                   |
| 6,000,000 | 7.375% due 2/1/13   | 5,235,000         |
| 4,560,000 | 9.875% due 7/1/14   | 4,377,600         |
| 1,935,000 | 6.875% due 11/15/31   | 1,465,763         |
| 4,550,000 | Triad Hospitals Inc., Senior Subordinated Notes, 7.000% due 11/15/13                    | 4,368,000         |
|           | <b>Total Health Care Providers &amp; Services</b>                                       | <b>38,648,687</b> |

*See Notes to Schedule of Investments.*

## Salomon Brothers High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2006

| Face<br>Amount                                | Security  | Value             |
|---|---|-------------------|
| <b>Hotels, Restaurants &amp; Leisure 6.0%</b> |   |                   |
| 700,000                                       | Caesars Entertainment Inc., Senior Subordinated Notes:<br>9.375% due 2/15/07      | \$ 711,375        |
| 4,500,000                                     | 8.875% due 9/15/08  | 4,719,375         |
| 3,000,000                                     | 8.125% due 5/15/11  | 3,165,000         |
| 2,725,000                                     | Carrols Corp., Senior Subordinated Notes, 9.000% due 1/15/13                      | 2,711,375         |
| 4,725,000                                     | Denny's Holdings Inc., Senior Notes, 10.000% due 10/1/12                          | 4,772,250         |
| 4,150,000                                     | Herbst Gaming Inc., Senior Subordinated Notes, 7.000% due<br>11/15/14             | 3,994,375         |
| 2,980,000                                     | Inn of the Mountain Gods Resort & Casino, Senior Notes,<br>12.000% due 11/15/10   | 3,132,725         |
| 4,800,000                                     | Isle of Capri Casinos Inc., Senior Subordinated Notes, 7.000%<br>due 3/1/14       | 4,608,000         |
| 1,835,000                                     | Kerzner International Ltd., Senior Subordinated Notes, 6.750%<br>due 10/1/15      | 1,940,512         |
| 3,850,000                                     | Las Vegas Sands Corp., Senior Notes, 6.375% due 2/15/15                           | 3,580,500         |
| 1,775,000                                     | MGM MIRAGE Inc.:<br>Senior Notes, 6.750% due 9/1/12                               | 1,726,188         |
| 485,000                                       | Senior Subordinated Notes, 9.750% due 6/1/07                                      | 500,156           |
| 1,050,000                                     | Mohegan Tribal Gaming Authority, Senior Subordinated Notes:<br>7.125% due 8/15/14 | 1,023,750         |
| 2,475,000                                     | 6.875% due 2/15/15  | 2,363,625         |
| 620,000                                       | Penn National Gaming Inc., Senior Subordinated Notes, 6.750%<br>due 3/1/15        | 585,900           |
| 4,700,000                                     | Pinnacle Entertainment Inc., Senior Subordinated Notes, 8.250%<br>due 3/15/12     | 4,711,750         |
| 3,930,000                                     | Pokagon Gaming Authority, Senior Notes, 10.375% due 6/15/14<br>(a)                | 4,126,500         |
| 315,000                                       | River Rock Entertainment Authority, Senior Notes, 9.750% due<br>11/1/11           | 332,325           |
| 2,825,000                                     | Sbarro Inc., Senior Notes, 11.000% due 9/15/09                                    | 2,867,375         |
| 4,300,000                                     | Starwood Hotels & Resorts Worldwide Inc., Senior Notes,<br>7.875% due 5/1/12      | 4,558,000         |
| 475,000                                       | Station Casinos Inc., Senior Subordinated Notes:<br>6.875% due 3/1/16             | 439,375           |
| 4,175,000                                     | 6.625% due 3/15/18  | 3,720,969         |
|   | <b>Total Hotels, Restaurants &amp; Leisure</b>                                    | <b>60,291,400</b> |
| <b>Household Durables 2.2%</b>                |   |                   |
| 310,000                                       | American Greetings Corp., Senior Notes, 7.375% due 6/1/16                         | 311,550           |
| 295,000                                       | Beazer Homes USA Inc., Senior Notes:<br>6.875% due 7/15/15                        | 264,025           |
| 1,920,000                                     | 8.125% due 6/15/16 (a)  | 1,833,600         |
| 4,000,000                                     | Holt Group Inc., Senior Notes, 9.750% due 1/15/49 (b)(c)(d)*<br>Interface Inc.:   | 0                 |
| 2,875,000                                     | Senior Notes, 10.375% due 2/1/10  | 3,155,312         |
| 1,500,000                                     | Senior Subordinated Notes, 9.500% due 2/1/14                                      | 1,545,000         |
| 2,605,000                                     | K Hovnanian Enterprises Inc., Senior Notes:<br>7.500% due 5/15/16                 | 2,396,600         |
| 3,535,000                                     | 8.625% due 1/15/17  | 3,464,300         |

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|                                |  |                   |
|--------------------------------|--|-------------------|
| 1,230,000                      | Norcraft Cos. LP/Norcraft Finance Corp., Senior Subordinated Notes, 9.000% due 11/1/11                   | 1,260,750         |
| 1,660,000                      | Norcraft Holdings LP/Norcraft Capital Corp., Senior Discount Notes, step bond to yield 9.536% due 9/1/12 | 1,344,600         |
| 4,150,000                      | Sealy Mattress Co., Senior Subordinated Notes, 8.250% due 6/15/14  | 4,170,750         |
| 2,145,000                      | Tempur-Pedic Inc./Tempur Production USA Inc., Senior Subordinated Notes, 10.250% due 8/15/10             | 2,257,613         |
|                                | <b>Total Household Durables</b>  | <b>22,004,100</b> |
| <b>Household Products 0.6%</b> |  |                   |
|                                | Nutro Products Inc.:   |                   |
| 435,000                        | Senior Notes, 9.230% due 10/15/13 (a)(e)   | 448,050           |
| 1,370,000                      | Senior Subordinated Notes, 10.750% due 4/15/14 (a)   | 1,435,075         |
|                                | Spectrum Brands Inc., Senior Subordinated Notes:   |                   |

*See Notes to Schedule of Investments.*

## Salomon Brothers High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2006

| Face<br>Amount   | Security  | Value             |
|--|---|-------------------|
| <b>Household Products 0.6% (continued)</b>                   |   |                   |
| 2,175,000  | 8.500% due 10/1/13  | \$ 1,745,438      |
| 570,000  | 7.375% due 2/1/15   | 431,775           |
| 1,890,000  | Visant Holding Corp., Senior Notes, 8.750% due 12/1/13 (a)                        | 1,819,125         |
|  | <b>Total Household Products</b>   | <b>5,879,463</b>  |
| <b>Independent Power Producers &amp; Energy Traders 4.6%</b> |   |                   |
| 2,710,000  | AES China Generating Co., Ltd., Class A, 8.250% due 6/26/10<br>AES Corp.:         | 2,671,380         |
|  | Senior Notes:   |                   |
| 1,325,000  | 9.500% due 6/1/09   | 1,404,500         |
| 1,900,000  | 9.375% due 9/15/10  | 2,035,375         |
| 40,000   | 8.875% due 2/15/11  | 42,400            |
| 4,175,000  | 7.750% due 3/1/14   | 4,237,625         |
| 730,000  | Senior Secured Notes, 9.000% due 5/15/15 (a)                                      | 788,400           |
| 2,500,000  | Calpine Generating Co. LLC, Senior Secured Notes, 14.120%<br>due 4/1/11 (b)       | 2,637,500         |
|  | Dynegy Holdings Inc., Senior Debentures:  |                   |
| 4,550,000  | 7.125% due 5/15/18  | 4,004,000         |
| 8,350,000  | 7.625% due 10/15/26   | 7,348,000         |
|  | Edison Mission Energy, Senior Notes:  |                   |
| 4,575,000  | 7.730% due 6/15/09  | 4,666,500         |
| 445,000  | 7.500% due 6/15/13 (a)  | 441,662           |
| 2,600,000  | 7.750% due 6/15/16 (a)  | 2,580,500         |
| 950,000  | Mirant Americas Generation LLC, Senior Notes, 9.125% due<br>5/1/31                | 916,750           |
| 2,585,000  | Mirant North America LLC, Senior Notes, 7.375% due 12/31/13                       | 2,497,756         |
|  | NRG Energy Inc., Senior Notes:  |                   |
| 1,675,000  | 7.250% due 2/1/14   | 1,643,594         |
| 8,770,000  | 7.375% due 2/1/16   | 8,594,600         |
|  | <b>Total Independent Power Producers &amp; Energy Traders</b>                     | <b>46,510,542</b> |
| <b>Industrial Conglomerates 0.4%</b>                         |   |                   |
| 2,750,000  | Moll Industries Inc., Senior Subordinated Notes, 10.500% due<br>7/1/08 (b)(c)(d)* | 0                 |
| 4,000,000  | Sequa Corp., Senior Notes, 9.000% due 8/1/09                                      | 4,230,000         |
|  | <b>Total Industrial Conglomerates</b>   | <b>4,230,000</b>  |
| <b>Insurance 0.5%</b>  |   |                   |
| 4,820,000  | Crum & Forster Holdings Corp., Senior Notes, 10.375% due<br>6/15/13               | 4,940,500         |
| <b>Internet &amp; Catalog Retail 0.2%</b>                    |   |                   |
| 660,000  | Brookstone Co. Inc., Secured Notes, 12.000% due 10/15/12                          | 600,600           |
| 1,433,000  | FTD Inc., Senior Subordinated Notes, 7.750% due 2/15/14                           | 1,386,428         |
|  | <b>Total Internet &amp; Catalog Retail</b>  | <b>1,987,028</b>  |
| <b>IT Services 0.6%</b>                                      |   |                   |
|  | Sungard Data Systems Inc.:  |                   |
| 2,900,000  | Senior Notes, 9.125% due 8/15/13  | 2,976,125         |
| 3,230,000  | Senior Subordinated Notes, 10.250% due 8/15/15                                    | 3,290,562         |
|  | <b>Total IT Services</b>  | <b>6,266,687</b>  |
| <b>Leisure Equipment &amp; Products 0.2%</b>                 |   |                   |
| 1,965,000  |   | 1,906,050         |

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|                  |             |  |           |
|------------------|-------------|--|-----------|
|                  |             | Warner Music Group, Senior Subordinated Notes, 7.375% due<br>4/15/14 |           |
| <b>Machinery</b> | <b>1.1%</b> |  |           |
|                  | 450,000     | Case New Holland Inc., Senior Notes:<br>9.250% due 8/1/11            | 476,438   |
|                  | 1,850,000   | 7.125% due 3/1/14  | 1,808,375 |
|                  | 635,000     | Commercial Vehicle Group Inc., Senior Notes, 8.000% due<br>7/1/13    | 605,631   |
|                  | 1,365,000   | Invensys PLC, Senior Notes, 9.875% due 3/15/11 (a)                   | 1,474,200 |
|                  | 991,000     | Mueller Group Inc., Senior Subordinated Notes, 10.000% due<br>5/1/12 | 1,075,235 |

*See Notes to Schedule of Investments.*



## Salomon Brothers High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2006

|                  | Face<br>Amount          | Security  | Value             |
|------------------|-------------------------|---|-------------------|
| <b>Machinery</b> | <b>1.1% (continued)</b> |   |                   |
|                  | 2,844,000               | Mueller Holdings Inc., Discount Notes, step bond to yield 14.731% due 4/15/14   | \$ 2,431,620      |
|                  | 2,667,000               | Terex Corp., Senior Subordinated Notes, Series B, 10.375% due 4/1/11  | 2,805,364         |
|                  |                         | <b>Total Machinery</b>  | <b>10,676,863</b> |
| <b>Media</b>     | <b>10.2%</b>            |   |                   |
|                  | 2,910,000               | Affinion Group Inc., Senior Notes, 10.125% due 10/15/13 (a)   | 2,997,300         |
|                  | 20,000                  | AMC Entertainment Inc.:   |                   |
|                  | 5,655,000               | Senior Note, Series B, 8.625% due 8/15/12   | 20,525            |
|                  | 6,435,325               | Senior Subordinated Notes, 11.000% due 2/1/16   | 6,135,675         |
|                  |                         | CanWest Media Inc., Senior Subordinated Notes, 8.000% due 9/15/12   | 6,306,618         |
|                  | 3,000,000               | CCH I Holdings LLC/CCH I Holdings Capital Corp., Senior Accreting Notes, step bond to yield 17.441% due 1/15/15         | 1,830,000         |
|                  | 5,040,000               | CCH I LLC/CCH Capital Corp., Senior Secured Notes, 11.000% due 10/1/15  | 4,548,600         |
|                  | 4,390,000               | CCH II LLC/CCH II Capital Corp., Senior Notes, 10.250% due 9/15/10  | 4,455,850         |
|                  |                         | Charter Communications Holdings LLC/Charter Communications Holdings Capital Corp., Senior Notes:                        |                   |
|                  | 1,310,000               | 8.625% due 4/1/09   | 1,100,400         |
|                  | 800,000                 | 10.750% due 10/1/09   | 692,000           |
|                  | 1,320,000               | Charter Communications Holdings LLC/Charter Communications Holdings II Capital Corp., Senior Notes, 9.625% due 11/15/09 | 1,115,400         |
|                  | 925,000                 | Charter Communications Operating LLC, Second Lien Senior Notes, 8.375% due 4/30/14 (a)                                  | 936,563           |
|                  | 1,375,000               | Chukchansi Economic Development Authority, Senior Notes, 8.000% due 11/15/13 (a)  | 1,383,594         |
|                  | 640,000                 | CMP Susquehanna Corp., Senior Subordinated Notes, 9.875% due 5/15/14 (a)  | 598,400           |
|                  |                         | CSC Holdings Inc.:  |                   |
|                  | 3,850,000               | Debentures, Series B, 8.125% due 8/15/09  | 3,960,687         |
|                  | 345,000                 | Senior Debentures, 7.875% due 2/15/18   | 347,588           |
|                  | 3,400,000               | Senior Notes, Series B, 7.625% due 4/1/11   | 3,438,250         |
|                  | 813,000                 | Dex Media East LLC/Dex Media East Finance Co., Senior Notes, Series B, 12.125% due 11/15/12                             | 912,593           |
|                  | 3,350,000               | Dex Media Inc., Discount Notes, step bond to yield 8.367% due 11/15/13  | 2,780,500         |
|                  | 2,344,000               | Dex Media West LLC/Dex Media Finance Co., Senior Subordinated Notes, Series B, 9.875% due 8/15/13                       | 2,537,380         |
|                  | 3,022,000               | DIRECTV Holdings LLC/DIRECTV Financing Co. Inc., Senior Notes, 8.375% due 3/15/13                                       | 3,180,655         |
|                  | 9,325,000               | EchoStar DBS Corp., Senior Notes, 7.125% due 2/1/16 (a)   | 9,208,437         |
|                  | 2,500,000               | Houghton Mifflin Co., Senior Discount Notes, step bond to yield 11.492% due 10/15/13                                    | 2,081,250         |
|                  | 1,950,000               | Interp National Radio Sales Inc., Senior Subordinated Notes, Series B, 10.000% due 7/1/08                               | 1,677,000         |

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|           |  |           |
|-----------|--|-----------|
| 1,505,000 | Kabel Deutschland GMBH, Senior Notes, 10.625% due 7/1/14<br>(a)                        | 1,602,825 |
| 1,730,000 | Lamar Media Corp., Senior Subordinated Notes, 6.625% due<br>8/15/15                    | 1,615,388 |
| 3,295,000 | LodgeNet Entertainment Corp., Senior Subordinated Notes,<br>9.500% due 6/15/13         | 3,525,650 |
| 2,401,000 | Nexstar Finance Inc., Senior Subordinated Notes, 7.000% due<br>1/15/14                 | 2,178,907 |
| 2,565,000 | Primedia Inc., Senior Notes, 8.875% due 5/15/11  | 2,455,987 |
|           | R.H. Donnelley Corp.:  |           |
|           | Senior Discount Notes:   |           |
| 1,000,000 | Series A-1, 6.875% due 1/15/13   | 912,500   |
| 2,200,000 | Series A-2, 6.875% due 1/15/13   | 2,007,500 |
| 5,200,000 | Senior Notes, Series A-3, 8.875% due 1/15/16   | 5,206,500 |
| 900,000   | R.H. Donnelley Finance Corp. I, Senior Subordinated Notes,<br>10.875% due 12/15/12 (a) | 993,375   |
|           | Radio One Inc., Senior Subordinated Notes:   |           |
| 100,000   | 6.375% due 2/15/13   | 91,750    |

*See Notes to Schedule of Investments.*

## Salomon Brothers High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2006

|  | Face<br>Amount           | Security  | Value              |
|--|--------------------------|---|--------------------|
| <b>Media</b>                           | <b>10.2% (continued)</b> |   |                    |
|  | 3,475,000                | Series B, 8.875% due 7/1/11   | \$ 3,579,250       |
|  | 4,885,000                | Rainbow National Services LLC, Senior Notes, 8.750% due 9/1/12 (a)  | 5,190,312          |
|  | 905,000                  | Rogers Cable Inc.:<br>Secured Notes, 5.500% due 3/15/14   | 817,894            |
|  | 1,340,000                | Senior Secured Notes, 6.250% due 6/15/13  | 1,279,700          |
|  | 760,000                  | Senior Secured Second Priority Notes, 6.750% due 3/15/15  | 736,250            |
|  | 4,650,000                | Sinclair Broadcast Group Inc., Senior Subordinated Notes, 8.000% due 3/15/12                                    | 4,719,750          |
|  | 750,000                  | Videotron Ltd., Senior Notes, 6.375% due 12/15/15   | 686,250            |
|  | 860,000                  | XM Satellite Radio Inc., Senior Notes:<br>9.649% due 5/1/13 (a)(e)  | 797,650            |
|  | 2,510,000                | 9.750% due 5/1/14 (a)   | 2,328,025          |
|  |                          | <b>Total Media</b>  | <b>102,970,728</b> |
| <b>Metals &amp; Mining</b>             | <b>1.2%</b>              |   |                    |
|  | 2,225,000                | Aleris International Inc., Senior Secured Notes, 10.375% due 10/15/10   | 2,441,937          |
|  | 275,000                  | Chaparral Steel Co., Senior Notes, 10.000% due 7/15/13  | 304,563            |
|  | 2,030,000                | International Steel Group Inc., Senior Notes, 6.500% due 4/15/14  | 1,928,500          |
|  | 4,025,000                | Metals USA Inc., Senior Secured Notes, 11.125% due 12/1/15 (a)  | 4,447,625          |
|  | 2,255,000                | RathGibson Inc., Senior Notes, 11.250% due 2/15/14 (a)  | 2,345,200          |
|  | 5,000,000                | Republic Technologies International LLC/RTI Capital Corp., Senior Secured Notes, 13.750% due 7/15/09 (b)(c)(d)* | 0                  |
|  | 375,000                  | Vale Overseas Ltd., Notes, 6.250% due 1/11/16   | 371,625            |
|  |                          | <b>Total Metals &amp; Mining</b>  | <b>11,839,450</b>  |
| <b>Multiline Retail</b>                | <b>0.9%</b>              |   |                    |
|  | 2,500,000                | Harry & David Operations, Senior Notes, 9.000% due 3/1/13   | 2,268,750          |
|  | 4,525,000                | Neiman Marcus Group Inc., Senior Subordinated Notes, 10.375% due 10/15/15                                       | 4,824,781          |
|  | 1,543,000                | Saks Inc., Notes, 9.875% due 10/1/11  | 1,662,583          |
|  |                          | <b>Total Multiline Retail</b>   | <b>8,756,114</b>   |
| <b>Office Electronics</b>              | <b>0.4%</b>              |   |                    |
|  | 4,375,000                | Xerox Capital Trust I Exchange Capital Securities, 8.000% due 2/1/27  | 4,440,625          |
| <b>Oil, Gas &amp; Consumable Fuels</b> | <b>8.1%</b>              |   |                    |
|  | 4,080,000                | Belden & Blake Corp., Secured Notes, 8.750% due 7/15/12   | 4,171,800          |
|  | 6,290,000                | Chesapeake Energy Corp., Senior Notes:<br>6.625% due 1/15/16  | 6,022,675          |
|  | 3,725,000                | 6.500% due 8/15/17  | 3,482,875          |
|  | 5,127,000                | Cimarex Energy Co., Senior Notes, 9.600% due 3/15/12  | 5,441,029          |
|  | 835,000                  | Compagnie Generale de Geophysique SA, 7.500% due 5/15/15  | 820,387            |
|  | 5,425,000                | El Paso Corp.:<br>Medium-Term Notes:<br>7.800% due 8/1/31   | 5,397,875          |
|  | 7,525,000                | 7.750% due 1/15/32  | 7,525,000          |
|  | 5,200,000                | Notes, 7.875% due 6/15/12   | 5,343,000          |

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|           |  |           |
|-----------|--|-----------|
| 2,510,000 | EXCO Resources Inc., Senior Notes, 7.250% due 1/15/11                | 2,459,800 |
| 2,325,000 | Inergy LP/Inergy Finance Corp., Senior Notes, 8.250% due 3/1/16      | 2,383,125 |
| 5,200,000 | International Coal Group Inc., Senior Notes, 10.250% due 7/15/14 (a) | 5,265,000 |
| 1,465,000 | Mariner Energy Inc., Senior Notes, 7.500% due 4/15/13 (a)            | 1,421,050 |
| 995,000   | Northwest Pipelines Corp., Senior Notes, 7.000% due 6/15/16 (a)      | 999,975   |
| 490,000   | OMI Corp., Senior Notes, 7.625% due 12/1/13                          | 494,900   |
|           | Pemex Project Funding Master Trust:                                  |           |
| 3,100,000 | 6.125% due 8/15/08   | 3,113,950 |
| 250,000   | 7.375% due 12/15/14  | 267,507   |
| 2,160,000 | Petrohawk Energy Corp., Senior Notes, 9.125% due 7/15/13 (a)         | 2,219,400 |

*See Notes to Schedule of Investments.*

## Salomon Brothers High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2006

| Face<br>Amount  | Security   | Value             |
|---|--|-------------------|
| <b>Oil, Gas &amp; Consumable Fuels 8.1% (continued)</b> |  |                   |
| 4,575,000   | Plains Exploration & Production Co., Senior Notes, 7.125% due 6/15/14            | \$ 4,552,125      |
| 1,130,000   | Pogo Producing Co., Senior Subordinated Notes:<br>7.875% due 5/1/13 (a)          | 1,155,425         |
| 2,000,000   | Series B, 8.250% due 4/15/11   | 2,062,500         |
| 500,000   | SemGroup LP, Senior Notes, 8.750% due 11/15/15 (a)                               | 505,000           |
| 160,000   | SESI LLC, Senior Notes, 6.875% due 6/1/14 (a)                                    | 156,000           |
| 1,000,000   | Swift Energy Co., Senior Subordinated Notes, 9.375% due 5/1/12                   | 1,060,000         |
| 2,550,000   | Whiting Petroleum Corp., Senior Subordinated Notes:<br>7.250% due 5/1/12         | 2,543,625         |
| 1,975,000   | 7.000% due 2/1/14  | 1,945,375         |
|   | Williams Cos. Inc.:<br>Notes:<br>7.875% due 9/1/21                               | 3,723,000         |
| 3,650,000   | 8.750% due 3/15/32   | 3,499,125         |
| 3,225,000   | Senior Notes, 7.625% due 7/15/19   | 3,755,500         |
| 3,700,000   | <b>Total Oil, Gas &amp; Consumable Fuels</b>                                     | <b>81,787,023</b> |
| <b>Paper &amp; Forest Products 1.0%</b>                 |  |                   |
| 4,425,000   | Appleton Papers Inc., Senior Subordinated Notes, Series B,<br>9.750% due 6/15/14 | 4,425,000         |
| 650,000   | Domtar Inc., Notes, 5.375% due 12/1/13   | 537,875           |
|   | NewPage Corp.:<br>Senior Secured Notes, 11.399% due 5/1/12 (e)                   | 851,725           |
| 785,000   | Senior Subordinated Notes, 12.000% due 5/1/13                                    | 1,089,400         |
| 1,040,000   | P.H. Glatfelter, Senior Notes, 7.125% due 5/1/16 (a)                             | 784,000           |
| 800,000   | Smurfit Capital Funding PLC, Debentures, 7.500% due 11/20/25                     | 920,000           |
| 1,000,000   | Verso Paper Holdings LLC:<br>Senior Secured Notes, 9.125% due 8/1/14 (a)         | 1,105,500         |
| 1,100,000   | Senior Subordinated Notes, 11.375% due 8/1/16 (a)                                | 870,000           |
| 870,000   | <b>Total Paper &amp; Forest Products</b>   | <b>10,583,500</b> |
| <b>Personal Products 0.2%</b>                           |  |                   |
| 2,150,000   | Playtex Products Inc., Senior Secured Notes, 8.000% due 3/1/11                   | 2,238,688         |
| <b>Pharmaceuticals 0.5%</b>                             |  |                   |
| 3,930,000   | Leiner Health Products Inc., Senior Subordinated Notes,<br>11.000% due 6/1/12    | 3,723,675         |
| 1,915,000   | Valeant Pharmaceuticals International, Senior Notes, 7.000% due 12/15/11         | 1,828,825         |
|   | <b>Total Pharmaceuticals</b>   | <b>5,552,500</b>  |
| <b>Real Estate Investment Trusts (REITs) 0.9%</b>       |  |                   |
| 130,000   | Forest City Enterprises Inc., Senior Notes, 7.625% due 6/1/15                    | 131,300           |
|   | Host Marriott LP, Senior Notes:<br>7.125% due 11/1/13                            | 2,515,625         |
| 2,500,000   | Series I, 9.500% due 1/15/07   | 1,655,469         |
| 1,625,000   | Series O, 6.375% due 3/15/15   | 3,234,250         |
| 3,400,000   | Kimball Hill Inc., Senior Subordinated Notes, 10.500% due 12/15/12               | 1,428,062         |
| 1,565,000   | Ventas Realty LP/Ventas Capital Corp., Senior Notes, 6.500% due 6/1/16           | 640,063           |

|                        |           |  |           |
|------------------------|-----------|--|-----------|
| <b>Road &amp; Rail</b> |           | <b>Total Real Estate Investment Trusts (REITs)</b>   | 9,604,769 |
|                        | 1,910,000 | Avis Budget Car Rental LLC/Avis Budget Finance Inc., Senior Notes, 7.576% due 5/15/14 (a)(e) | 1,933,875 |
|                        | 550,000   | Grupo Transportacion Ferroviaria Mexicana SA de CV, Senior Notes:                            |           |
|                        | 3,360,000 | 10.250% due 6/15/07  | 565,812   |
|                        |           | 9.375% due 5/1/12  | 3,586,800 |

*See Notes to Schedule of Investments.*

## Salomon Brothers High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2006

|  | Face<br>Amount | Security   | Value      |
|--|----------------|--|------------|
| <b>Road &amp; Rail 0.6% (continued)</b>                  |                |  |            |
|  | 160,000        | 12.500% due 6/15/12  | \$ 176,800 |
|  |                | <b>Total Road &amp; Rail</b>   | 6,263,287  |
| <b>Semiconductors &amp; Semiconductor Equipment 0.3%</b> | 4,000,000      | MagnaChip Semiconductor, Senior Subordinated Notes, 8.000% due 12/15/14                          | 2,670,000  |
| <b>Software 0.4%</b>                                     | 1,890,000      | Activant Solutions Inc., Senior Subordinated Notes, 9.500% due 5/1/16 (a)                        | 1,795,500  |
|  | 2,810,000      | UGS Capital Corp. II, Senior Notes, 10.380% due 6/1/11 (a)(e)(f)                                 | 2,795,950  |
|  |                | <b>Total Software</b>  | 4,591,450  |
| <b>Specialty Retail 1.7%</b>                             |                |  |            |
|  | 700,000        | AutoNation Inc., Senior Notes:<br>7.507% due 4/15/13 (a)(e)                                      | 710,500    |
|  | 875,000        | 7.000% due 4/15/14 (a)   | 870,625    |
|  | 2,105,000      | Blockbuster Inc., Senior Subordinated Notes, 9.000% due 9/1/12                                   | 1,989,225  |
|  | 4,050,000      | Buffets Inc., Senior Subordinated Notes, 11.250% due 7/15/10                                     | 4,293,000  |
|  | 615,000        | EPL Finance Corp., Senior Notes, 11.750% due 11/15/13 (a)  | 704,175    |
|  | 1,300,000      | Eye Care Centers of America, Senior Subordinated Notes,<br>10.750% due 2/15/15                   | 1,400,750  |
|  | 3,325,000      | Hines Nurseries Inc., Senior Notes, 10.250% due 10/1/11  | 3,009,125  |
|  | 2,281,000      | Jafra Cosmetics International Inc., Senior Subordinated Notes,<br>10.750% due 5/15/11            | 2,474,885  |
|  | 2,180,000      | Suburban Propane Partners LP/Suburban Energy Finance Corp.,<br>Senior Notes, 6.875% due 12/15/13 | 2,076,450  |
|  |                | <b>Total Specialty Retail</b>  | 17,528,735 |
| <b>Textiles, Apparel &amp; Luxury Goods 1.0%</b>         |                |  |            |
|  | 6,785,000      | Levi Strauss & Co., Senior Notes, 9.750% due 1/15/15   | 6,988,550  |
|  | 665,000        | Russell Corp., Senior Notes, 9.250% due 5/1/10   | 698,250    |
|  | 2,950,000      | Simmons Co., Senior Discount Notes, step bond to yield 9.995% due 12/15/14                       | 2,006,000  |
|  |                | <b>Total Textiles, Apparel &amp; Luxury Goods</b>  | 9,692,800  |
| <b>Trading Companies &amp; Distributors 1.1%</b>         |                |  |            |
|  | 4,380,000      | H&E Equipment Services Inc., Senior Notes, 5.375% due 7/15/16 (a)                                | 4,445,700  |
|  | 3,790,000      | Penhall International Corp., Senior Secured Notes, 12.000% due 8/1/14 (a)                        | 3,932,125  |
|  | 2,550,000      | Transdigm Inc., Senior Subordinated Notes, 7.750% due 7/15/14 (a)                                | 2,556,375  |
|  |                | <b>Total Trading Companies &amp; Distributors</b>  | 10,934,200 |
| <b>Wireless Telecommunication Services 2.2%</b>          |                |  |            |
|  | 1,825,000      | American Tower Corp., Senior Notes, 7.500% due 5/1/12  | 1,870,625  |
|  | 2,125,000      | Centennial Communications Corp., Senior Notes, 11.258% due 1/1/13 (e)                            | 2,199,375  |
|  | 325,000        | Dobson Cellular Systems Inc., First Priority Senior Secured Notes,<br>8.375% due 11/1/11         | 338,000    |
|  | 8,150,000      | Nextel Communications Inc., Senior Notes, Series D, 7.375% due 8/1/15                            | 8,358,053  |
|  | 440,000        |  | 447,700    |

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|  |  |                   |
|--|--|-------------------|
|  | Rogers Wireless Communications Inc., Secured Notes, 7.250% due 12/15/12                    |                   |
| 1,040,000                                  | Rogers Wireless Inc., Senior Subordinated Notes, 8.000% due 12/15/12                       | 1,076,400         |
| 3,380,000                                  | Rural Cellular Corp., Senior Notes, 9.875% due 2/1/10                                      | 3,515,200         |
| 3,900,000                                  | UbiquiTel Operating Co., Senior Notes, 9.875% due 3/1/11                                   | 4,260,750         |
|  | <b>Total Wireless Telecommunication Services</b>   | <b>22,066,103</b> |
|  | <b>TOTAL CORPORATE BONDS &amp; NOTES</b>   |                   |
|  | (Cost \$866,325,262)   | 852,797,248       |
| <b>ASSET-BACKED SECURITY 0.0%</b>          |  |                   |
| <b>Diversified Financial Services 0.0%</b> |  |                   |
| 1,975,400                                  | Airplanes Pass-Through Trust, Subordinated Notes, Series D, 10.875% due 3/15/19 (b)(c)(d)* |                   |
|  | (Cost \$2,026,308)   | 0                 |

*See Notes to Schedule of Investments.*



**Salomon Brothers High Income Fund II Inc.**

Schedule of Investments (unaudited) (continued)

July 31, 2006

| Face<br>Amount   | Security  | Value      |
|--|---|------------|
| <b>CONVERTIBLE BONDS &amp; NOTES 0.4%</b>                |   |            |
| <b>Semiconductors &amp; Semiconductor Equipment 0.1%</b> |   |            |
| 1,120,000  | Amkor Technology Inc., Senior Subordinated Bond, 2.500% due 5/15/11 | \$ 901,600 |
| <b>Wireless Telecommunication Services 0.3%</b>          |   |            |
| 2,675,000  | American Tower Corp., Notes, 5.000% due 2/15/10                     | 2,675,000  |
|  | <b>TOTAL CONVERTIBLE BONDS &amp; NOTES</b>                          |            |
|  | (Cost \$2,542,145)  | 3,576,600  |
| <b>Shares</b>  |   |            |
| <b>ESCROWED SHARES(b)(d) 0.0%</b>                        |   |            |
| 8,800,000  | Breed Technologies Inc. (c)*  | 0          |
| 2,025,000  | Pillowtex Corp.   | 0          |
| 2,648,056  | Vlasic Foods International Inc. (c)*                                | 52,961     |
|  | <b>TOTAL ESCROWED SHARES</b>  |            |
|  | (Cost \$0)  | 52,961     |
| Face<br>Amount   |   |            |
| <b>SOVEREIGN BONDS 8.2%</b>                              |   |            |
| <b>Argentina 0.3%</b>                                    |   |            |
| 1,400,000 EUR  | Republic of Argentina:<br>9.250% due 10/21/02 (b)                   | 518,198    |
| 300,000 EUR  | 9.000% due 6/20/03 (b)  | 112,000    |
| 250,000 EUR  | 10.250% due 1/26/07 (b)   | 99,715     |
| 275,000 EUR  | 8.000% due 2/26/08 (b)  | 104,860    |
| 775,250  | 4.889% due 8/3/12 (e)   | 719,845    |
| 1,656,754 ARS  | Bonds, 2.000% due 1/3/10 (e)  | 1,046,710  |
| 97,000 EUR   | GDP Linked Securities, 0.000% due 12/15/35 (e)                      | 11,452     |
| 600,000 EUR  | Medium-Term Notes:<br>8.125% due 10/4/03 (b)                        | 224,957    |
| 1,175,000 EUR  | 7.000% due 3/18/04 (b)  | 455,537    |
| 525,000 EUR  | 9.000% due 5/24/05 (a)(b)   | 203,538    |
|  | <b>Total Argentina</b>  | 3,496,812  |
| <b>Brazil 1.8%</b>                                       |   |            |
| 9,413,000  | Federative Republic of Brazil:<br>11.000% due 8/17/40               | 12,081,586 |
| 2,005,000  | Collective Action Securities:<br>8.750% due 2/4/25                  | 2,318,281  |
| 3,449,000  | Notes, 8.000% due 1/15/15   | 3,739,578  |
|  | <b>Total Brazil</b>   | 18,139,445 |
| <b>Chile 0.0%</b>  |   |            |
| 432,000  | Republic of Chile, 5.500% due 1/15/13                               | 427,090    |

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|                    |             |   |                  |
|--------------------|-------------|---|------------------|
| <b>Colombia</b>    | <b>0.5%</b> |   |                  |
|                    |             | Republic of Colombia:                       |                  |
|                    | 3,325,000   | 11.750% due 2/25/20                         | 4,588,500        |
|                    | 105,000     | 10.375% due 1/28/33                         | 138,600          |
|                    |             | <b>Total Colombia</b>                       | <b>4,727,100</b> |
| <b>Ecuador</b>     | <b>0.2%</b> |   |                  |
|                    | 2,100,000   | Republic of Ecuador, 9.000% due 8/15/30 (a) | 2,131,500        |
| <b>El Salvador</b> | <b>0.2%</b> |   |                  |
|                    | 1,300,000   | Republic of El Salvador:                    |                  |
|                    |             | 7.750% due 1/24/23 (a)                      | 1,404,000        |

*See Notes to Schedule of Investments.*

## Salomon Brothers High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2006

|                                     | Face<br>Amount | Security                                       | Value      |
|-------------------------------------|----------------|--|------------|
| <b>El Salvador 0.2% (continued)</b> |                |  |            |
|                                     | 270,000        | 8.250% due 4/10/32 (a)                         | \$ 290,925 |
|                                     |                | <b>Total El Salvador</b>                       | 1,694,925  |
| <b>Indonesia 0.0%</b>               | 400,000        | Republic of Indonesia, 8.500% due 10/12/35 (a) | 452,860    |
| <b>Mexico 1.7%</b>                  |                | United Mexican States:                         |            |
|                                     | 1,020,000      | 11.375% due 9/15/16                            | 1,430,550  |
|                                     | 1,410,000      | 8.125% due 12/30/19                            | 1,646,880  |
|                                     |                | Medium-Term Notes:                             |            |
|                                     | 870,000        | 5.625% due 1/15/17                             | 835,853    |
|                                     |                | Series A:                                      |            |
|                                     | 516,000        | 6.375% due 1/16/13                             | 531,222    |
|                                     | 2,894,000      | 5.875% due 1/15/14                             | 2,893,276  |
|                                     | 8,795,000      | 8.000% due 9/24/22                             | 10,189,007 |
|                                     |                | <b>Total Mexico</b>                            | 17,526,788 |
| <b>Panama 0.2%</b>                  |                | Republic of Panama:                            |            |
|                                     | 1,285,000      | 9.625% due 2/8/11                              | 1,452,050  |
|                                     | 550,000        | 7.250% due 3/15/15                             | 569,112    |
|                                     |                | <b>Total Panama</b>                            | 2,021,162  |
| <b>Peru 0.6%</b>                    |                | Republic of Peru:                              |            |
|                                     | 40,000         | 9.875% due 2/6/15                              | 48,100     |
|                                     | 1,168,000      | 8.750% due 11/21/33                            | 1,354,880  |
|                                     | 169,750        | FLIRB, 5.000% due 3/7/17 (a)(e)                | 165,931    |
|                                     |                | Global Bonds:                                  |            |
|                                     | 220,000        | 8.375% due 5/3/16                              | 245,025    |
|                                     | 198,000        | 7.350% due 7/21/25                             | 202,455    |
|                                     |                | PDI:   |            |
|                                     | 3,207,400      | 5.000% due 3/7/17 (e)                          | 3,151,270  |
|                                     | 550,630        | 5.000% due 3/7/17 (a)(e)                       | 542,371    |
|                                     |                | <b>Total Peru</b>                              | 5,710,032  |
| <b>Philippines 0.3%</b>             |                | Republic of the Philippines:                   |            |
|                                     | 350,000        | 9.375% due 1/18/17                             | 402,920    |
|                                     | 1,975,000      | 9.500% due 2/2/30                              | 2,340,375  |
|                                     |                | <b>Total Philippines</b>                       | 2,743,295  |
| <b>Russia 1.1%</b>                  |                | Russian Federation:                            |            |
|                                     | 377,780        | 8.250% due 3/31/10 (a)                         | 394,072    |
|                                     | 1,225,000      | 11.000% due 7/24/18 (a)                        | 1,724,188  |
|                                     | 275,000        | 12.750% due 6/24/28 (a)                        | 478,500    |
|                                     | 8,025,000      | 5.000% due 3/31/30 (a)                         | 8,739,626  |
|                                     |                | <b>Total Russia</b>                            | 11,336,386 |
| <b>South Africa 0.1%</b>            |                | Republic of South Africa:                      |            |
|                                     | 575,000        | 9.125% due 5/19/09                             | 623,875    |
|                                     | 725,000        | 6.500% due 6/2/14                              | 746,750    |

**Total South Africa**

1,370,625

*See Notes to Schedule of Investments.*

**Salomon Brothers High Income Fund II Inc.**

Schedule of Investments (unaudited) (continued)

July 31, 2006

| Face<br>Amount                                       | Security   | Value             |
|--|--|-------------------|
| <b>Turkey 0.7%</b>                                   |  |                   |
| 500,000  | Republic of Turkey:                                      |                   |
|  | 11.750% due 6/15/10                                      | \$ 580,000        |
| 2,106,000  | 11.500% due 1/23/12                                      | 2,516,670         |
| 315,000  | 11.000% due 1/14/13                                      | 374,063           |
| 490,000  | 7.000% due 6/5/20  | 471,012           |
| 335,000  | 11.875% due 1/15/30                                      | 487,634           |
| 512,000  | 8.000% due 2/14/34                                       | 520,960           |
| 1,464,000  | Collective Action Securities, Notes, 9.500% due 1/15/14  | 1,645,170         |
|  | <b>Total Turkey</b>                                      | <b>6,595,509</b>  |
| <b>Uruguay 0.1%</b>                                  |  |                   |
| 955,000  | Republic of Uruguay, Benchmark Bonds, 7.500% due 3/15/15 | 975,533           |
| <b>Venezuela 0.4%</b>                                |  |                   |
| 965,000  | Bolivarian Republic of Venezuela:                        |                   |
|  | 5.375% due 8/7/10 (a)                                    | 932,431           |
| 569,000  | 5.750% due 2/26/16                                       | 521,489           |
| 241,000  | 7.650% due 4/21/25                                       | 253,894           |
| 1,550,000  | Collective Action Securities, Notes, 10.750% due 9/19/13 | 1,884,412         |
|  | <b>Total Venezuela</b>                                   | <b>3,592,226</b>  |
|  | <b>TOTAL SOVEREIGN BONDS</b>                             |                   |
|  | (Cost \$79,875,222)                                      | 82,941,288        |
| <b>U.S. GOVERNMENT &amp; AGENCY OBLIGATIONS 3.0%</b> |  |                   |
| <b>U.S. Government Obligations 3.0%</b>              |  |                   |
| 14,000,000   | U.S. Treasury Bonds, 4.500% due 2/15/36                  | 12,782,658        |
|  | U.S. Treasury Notes:                                     |                   |
| 8,670,000  | 4.875% due 5/31/11                                       | 8,655,781         |
| 9,570,000  | 4.500% due 2/15/16                                       | 9,220,848         |
|  | <b>TOTAL U.S. GOVERNMENT &amp; AGENCY OBLIGATIONS</b>    |                   |
|  | (Cost \$30,886,356)                                      | 30,659,287        |
| <b>Shares</b>  |  |                   |
| <b>COMMON STOCKS 1.2%</b>                            |  |                   |
| <b>CONSUMER DISCRETIONARY 0.0%</b>                   |  |                   |
| <b>Household Durables 0.0%</b>                       |  |                   |
| 10,685,938   | Home Interiors of Gifts Inc. (b)(c)(d)(g)*               | 106,859           |
| 52,472   | Mattress Discounters Corp. (c)(d)*                       | 0                 |
|  | <b>TOTAL CONSUMER DISCRETIONARY</b>                      | <b>106,859</b>    |
| <b>CONSUMER STAPLES 0.0%</b>                         |  |                   |
| <b>Food Products 0.0%</b>                            |  |                   |
| 3,784  | Imperial Sugar Co.                                       | 90,589            |
| <b>MATERIALS 0.1%</b>                                |  |                   |
| <b>Chemicals 0.1%</b>                                |  |                   |
| 93,506   | Applied Extrusion Technologies Inc., Class A Shares (g)* | 607,789           |
| <b>TELECOMMUNICATION SERVICES 1.1%</b>               |  |                   |
| <b>Wireless Telecommunication Services 1.1%</b>      |  |                   |
| 334,706  | American Tower Corp., Class A Shares *                   | 11,313,063        |
|  | <b>TOTAL COMMON STOCKS</b>                               | <b>12,118,300</b> |

(Cost \$13,300,599)

**PREFERRED STOCKS 0.2%**

**CONSUMER DISCRETIONARY 0.0%**

**Automobiles 0.0%**

1,800

Ford Motor Co., 8.000%

31,986

*See Notes to Schedule of Investments.*

## Salomon Brothers High Income Fund II Inc.

Schedule of Investments (unaudited) (continued)

July 31, 2006

| Shares                                      | Security   | Value       |
|---|--|-------------|
| <b>Automobiles 0.0% (continued)</b>         |  |             |
| 800   | Ford Motor Co., Series F, 7.550%   | \$ 12,336   |
|   | <b>TOTAL CONSUMER DISCRETIONARY</b>  | 44,322      |
| <b>ENERGY 0.2%</b>                          |  |             |
| <b>Oil, Gas &amp; Consumable Fuels 0.2%</b> |  |             |
| 5,355                                       | Chesapeake Energy Corp., 6.250%  | 1,499,507   |
| <b>FINANCIALS 0.0%</b>                      |  |             |
| <b>Diversified Financial Services 0.0%</b>  |  |             |
| 9,400                                       | Preferred Plus, Series FRD-1, 7.400% *   | 151,810     |
| 7,000                                       | Preferred Plus Series FMC1 Trust, Senior Debentures, Series LMG-3, 8.250%  | 128,380     |
| 9,100                                       | Saturns, Series F 2003-5, 8.125%   | 157,430     |
| 17,552                                      | TCR Holdings Corp., Class B Shares, (c)(d)*  | 18          |
| 9,654                                       | TCR Holdings Corp., Class C Shares, (c)(d)*  | 10          |
| 25,451                                      | TCR Holdings Corp., Class D Shares, (c)(d)*  | 25          |
| 52,657                                      | TCR Holdings Corp., Class E Shares, (c)(d)*  | 53          |
|   | <b>TOTAL FINANCIALS</b>  | 437,726     |
|   | <b>TOTAL PREFERRED STOCKS</b>  |             |
|   | (Cost \$1,813,419)   | 1,981,555   |
| <b>Warrants</b>                             |  |             |
| <b>WARRANTS 0.1%</b>                        |  |             |
| 18,500                                      | Bolivarian Republic of Venezuela, Oil-linked payment obligations, Expires 4/15/20*   | 656,750     |
| 3,500                                       | Brown Jordan International Inc., Expires 8/15/07(a)(c)*  | 32          |
| 30,928,049                                  | ContiFinancial Corp., Liquidating Trust, Units of Interest (Represents interest in a trust in the liquidation of ContiFinancial Corp. and its affiliates)(b)(c)* | 93          |
| 2,750                                       | Leap Wireless International Inc., Expires 4/15/10(a)(c)(d)*  | 0           |
| 3,500                                       | Mattress Discounters Co., Expires 7/15/07(a)(c)(d)*  | 0           |
| 13,614                                      | Pillowtex Corp., Expires 11/24/09(c)(d)*   | 0           |
| 5,000                                       | UbiquiTel Inc., Expires 4/15/10(a)(c)(d)*  | 50          |
| 20,000                                      | United Mexican States, Series XW05, Expires 11/9/06*   | 70,000      |
| 16,250                                      | United Mexican States, Series XW10, Expires 10/10/06*  | 60,937      |
| 15,000                                      | United Mexican States, Series XW20, Expires 9/1/06*  | 105,000     |
|   | <b>TOTAL WARRANTS</b>  |             |
|   | (Cost \$689,986)   | 892,862     |
|   | <b>TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENTS</b>   |             |
|   | (Cost \$997,459,297)   | 985,020,101 |
| <b>Face Amount</b>                          |  |             |
| <b>SHORT-TERM INVESTMENTS 2.5%</b>          |  |             |
| <b>Repurchase Agreement 2.2%</b>            |  |             |
| \$ 22,292,000                               | Merrill Lynch, Pierce, Fenner & Smith Inc. repurchase agreement dated 7/31/06, 5.250% due 8/1/06; Proceeds at maturity -   | 22,292,000  |

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\$22,295,251; (Fully collateralized by U.S. Treasury Note, 4.500%  
 due 11/15/15; Market value - \$22,738,131)  
 (Cost \$22,292,000)

Shares

**Securities Purchased from Securities Lending Collateral 0.3%**

2,960,331

State Street Navigator Securities Lending Trust Prime Portfolio

(Cost \$2,960,331)

2,960,331

**TOTAL SHORT-TERM INVESTMENTS**

(Cost \$25,252,331)

25,252,331

**TOTAL INVESTMENTS 100.0%** (Cost \$1,022,711,628#)

\$ 1,010,272,432

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\* Non-income producing security.

Face amount denominated in U.S. dollars, unless otherwise noted.

*See Notes to Schedule of Investments.*



**Salomon Brothers High Income Fund II Inc.**

Schedule of Investments (unaudited) (continued)

July 31, 2006

- (a) 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 guidelines approved by the Board of Directors, unless otherwise noted.
- (b) Security is currently in default.
- (c) Illiquid security.
- (d) Security is valued in good faith at fair value by or under the direction of the Board of Directors (See Note 1).
- (e) Variable rate security. Interest rate disclosed is that which is in effect at July 31, 2006.
- (f) Payment-in-kind security for which part of the income earned may be paid as additional principal.
- (g) All or a portion of this security is on loan (See Notes 1 and 2).
- # Aggregate cost for federal income tax purposes is substantially the same.

Abbreviations used in this schedule:

ARS - Argentine Peso

EUR - Euro

FLIRB - Front-Loaded Interest Reduction Bonds

GDP - Gross Domestic Product

MXN - Mexican Peso

PDI - Past Due Interest

*See Notes to Schedule of Investments.*

**Notes to Schedule of Investments (unaudited)**

**1. Organization and Significant Accounting Policies**

The Salomon Brothers High Income Fund II Inc. (the 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 1940 Act). 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).

**(a) Investment Valuation.** Debt securities are valued at the mean between the bid and asked prices provided by an independent pricing service that are based on transactions in debt obligations, quotations from bond dealers, market transactions in comparable securities and various other relationships between securities. Equity securities for which market quotations are available are valued at the last sale price or official closing price on the primary market or exchange on which they trade. Publicly traded foreign government debt securities are typically traded internationally in the over-the-counter market, and are valued at the mean between the bid and asked prices as of the close business of the market. When prices are not readily available, or are determined not to reflect 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, 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 obligations with maturities 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 its custodian or a third party custodian take possession of the underlying collateral securities, the market value of which at least equals the principal amount of the repurchase transaction, including accrued interest. To the 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 market 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) Lending of Portfolio Securities.** The Fund has an agreement with its custodian whereby the custodian may lend securities owned by the Fund to brokers, dealers and other financial organizations. In exchange for lending securities under the terms of the agreement with its custodian, the Fund receives a lender's fee. Fees earned by the Fund on securities lending are recorded as securities lending 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 varies depending on the type of

securities loaned. The custodian establishes and maintains the collateral in a segregated account. The Fund has the right under the lending agreement to recover the securities from the borrower on demand.

The Fund maintains the risk of any loss on the securities on loan as well as the potential loss on investments purchased with cash collateral received from securities lending.

**(d) Foreign Currency Translation.** Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts based upon prevailing exchange rates on the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts based upon prevailing exchange rates on the respective dates of such transactions.

Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of U.S. dollar denominated transactions as a result of, among other factors, the possibility of lower levels of governmental supervision and regulation of foreign securities markets and the possibility of political or economic instability.

**(e) Credit and Market Risk.** The Fund invests in high yield and emerging market instruments that are subject to certain credit and market risks. The yields of high yield and emerging market debt obligations reflect, among other things, perceived credit and market risks. The Fund's investment in securities rated below investment grade typically involve risks not associated with higher rated securities including, among others, greater risk related to timely and

**Notes to Schedule of Investments (continued)**

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. The Fund's investment in non-dollar denominated securities may also result in foreign currency losses caused by devaluations and exchange rate fluctuations.

**(f) Security Transactions.** Security transactions are accounted for on a trade date basis.

**2. Investments**

At July 31, 2006, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows:

|                               |    |              |
|-------------------------------|----|--------------|
| Gross unrealized appreciation | \$ | 35,063,862   |
| Gross unrealized depreciation |    | (47,503,058) |
| Net unrealized depreciation   | \$ | (12,439,196) |

At July 31, 2006, the Fund loaned securities having a market value of \$2,877,955. The Fund received cash collateral amounting to \$2,960,331 which was invested into the State Street Navigator Securities Lending Trust Prime Portfolio, a Rule 2a-7 money market fund, registered under the 1940 Act.

**3. Loan**

At July 31, 2006, the Fund had a \$125,000,000 loan pursuant to a revolving credit and security agreement with Crown Point Capital Company LLC and Citicorp North America, Inc. ( "CNA" ). In addition, CNA acts as administrative agent of the credit facility. The loan 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 borrowings outstanding and any additional expenses.

ITEM 2. 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 quarter that have materially affected, or are likely to materially affect the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940, as amended, are attached hereto.

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**SIGNATURES**



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Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**Salomon Brothers High Income Fund II Inc.**

By /s/ R. Jay Gerken  
R. Jay Gerken  
Chief Executive Officer

Date: September 28, 2006

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

Date: September 28, 2006

By /s/ Frances M. Guggino  
Frances M. Guggino  
Chief Financial Officer

Date: September 28, 2006

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