SALOMON BROTHERS EMERGING MARKETS INCOME FUND II INC
Form N-CSR
August 10, 2006

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 **811-7686**

Salomon Brothers Emerging Markets 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.
Legg Mason & Co., LLC
300 First Stamford Place, 4th Fl.
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: **May 31**
Date of reporting period: **May 31, 2006**

ITEM 1. REPORT TO STOCKHOLDERS.

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

Salomon Brothers Emerging Markets Income Fund II Inc.

ANNUAL REPORT

MAY 31, 2006

Salomon Brothers Emerging Markets Income Fund II Inc.

Annual Report May 31, 2006

What's Inside

Fund Objective
The Fund's primary investment objective is to seek high current income. As a secondary objective, the Fund seeks capital appreciation.

Smith Barney, Salomon Brothers and Citi are service marks of Citigroup, licensed for use by Legg Mason as the names of funds and investment managers. Legg Mason and its affiliates, as well as the Fund's investment manager, are not affiliated with Citigroup.

Letter from the Chairman

R. JAY GERKEN, CFA
Chairman,
President and
Chief Executive
Officer

Dear Shareholder,

The U.S. economy was generally strong during the one-year reporting period. After expanding 3.3% in the second quarter of 2005, third quarter gross domestic product ("GDP")[i] advanced 4.1% . GDP growth then slipped to 1.7% in the fourth quarter. This marked the first quarter in which GDP growth did not surpass 3.0% in nearly three years. However, as expected, the economy rebounded sharply in the first quarter of 2006. During this time, GDP rose 5.6%, its best showing since the third quarter of 2003. The economic turnaround was prompted by both strong consumer and business spending. In addition, the U.S. Labor Department reported that unemployment was 4.6% in May, its lowest rate since July 2001.

The Federal Reserve Board ("Fed")[ii] continued to raise interest rates during the reporting period. Despite the "changing of the guard" from Fed Chairman Alan Greenspan to Ben Bernanke in early 2006, it was "business as usual" for the Fed, as it raised short-term interest rates eight times during the period. Since it began its tightening campaign in June 2004, the Fed has increased rates 16 consecutive times, bringing the federal funds rate[iii] from 1.00% to 5.00% . Coinciding with its latest rate hike in May 2006, the Fed said that the "extent and timing" of further increases would depend on future economic data. After the end of the Fund's reporting period, at its June meeting, the Fed once again raised the federal funds rate by 0.25% to 5.25% .

Both short- and long term yields rose over the reporting period. During the 12-months ended May 31, 2006, two-year Treasury yields increased from 3.60% to 5.04% . Over the same period, 10-year Treasury yields moved from 4.00% to 5.12% . Short-term rates rose in concert with the Fed's repeated tightening, while long-term rates rose on fears of mounting inflationary pressures. Looking at the 12-month period as a whole, the overall bond market, as measured by the Lehman Brothers U.S. Aggregate Index[iv], returned −0.48% .

The high yield market generated positive returns during the reporting period, supported by generally strong corporate profits and low default rates. In addition, there was overall solid demand and limited supply as new issuance waned. These factors tended to overshadow several company specific issues, mostly in the automobile industry. During the 12-month period ended May 31, 2006, the Citigroup High Yield Market Index[v] returned 6.35% .

Despite weakness late in the reporting period, emerging markets debt produced solid results over the 12-month period, as the JPMorgan Emerging Markets Bond Index Global ("EMBI Global")[vi] returned 6.49% . A strong global economy, solid domestic spending and high energy and commodity prices supported many emerging market countries. We believe that these positives more than offset the negatives associated with rising U.S. interest rates.

Please read on for a more detailed look at prevailing economic and market conditions during the Fund's fiscal year and to learn how those conditions have affected Fund performance.

Information About Your Fund

As you may be aware, several issues in the mutual fund industry have come under the scrutiny of federal and state regulators. The Fund's Manager 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 regulators appear to be examining, among other things, the open-end funds' response to market timing and shareholder exchange activity, including compliance with prospectus disclosure related to these subjects. The Fund has been informed that the Manager and its affiliates are responding to those information requests, but are not in a position to predict the outcome of these requests and investigations.

Important information concerning the Fund and its Manager with regard to recent regulatory developments is contained in the Notes to Financial Statements included in this report.

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

July 14, 2006

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

i Gross domestic product is a market value of goods and services produced by labor and property in a given country.

ii The Federal Reserve Board 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.

iii 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.

iv The Lehman Brothers U.S. Aggregate Index is a broad-based bond index comprised of Government, Corporate, Mortgage and Asset- backed issues, rated investment grade or higher, and having at least one year to maturity.

v The Citigroup High Yield Market Index is a broad-based unmanaged index of high yield securities.

vi JPMorgan Emerging Markets Bond Index Global (EMBI Global) tracks total returns for U.S. dollar denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds, and local market instruments. Countries covered are Algeria, Argentina, Brazil, Bulgaria, Chile, China, Colombia, Cote dIvoire, Croatia, Ecuador, Greece, Hungary, Lebanon, Malaysia, Mexico, Morocco, Nigeria, Panama, Peru, the Philippines, Poland, Russia, South Africa, South Korea, Thailand, Turkey and Venezuela.

Manager Overview

Special Shareholder Notices

The portfolio management team of S. Kenneth Leech, Stephen A. Walsh, Keith J. Gardner and Michael C. Buchanan assumed portfolio management responsibilities for the Fund on March 31, 2006. Mr. Leech, Mr. Walsh and Mr. Gardner have each been employed by Western Asset Management Company ("Western Asset") for more than five years. Prior to joining Western Asset as a portfolio manager and head of the U.S. High Yield team in 2005, Mr. Buchanan was a Managing Director and head of U.S. Credit Products at Credit Suisse Asset Management from 2003 to 2005. Mr. Buchanan served as Executive Vice President and portfolio manager for Janus Capital Management in 2003. Prior to joining Janus Capital Management, Mr. Buchanan was a Managing Director and head of High Yield Trading at Blackrock Financial Management from 1998 to 2003.

These portfolio managers are employees of the Fund's investment manager, Salomon Brothers Asset Management Inc for purposes of carrying out their duties relating to the Fund, and they also will continue to serve as employees of Western Asset. Western Asset, like the Fund's investment manager, is a subsidiary of Legg Mason, Inc. ("Legg Mason").

Following the purchase of substantially all of Citigroup's asset management business in December 2005, Legg Mason undertook an internal reorganization to consolidate the advisory services provided to the legacy Citigroup funds through a more limited number of advisers. As part of this reorganization, at meetings held in June and July 2006, the Fund's Board approved a new management agreement with Legg Mason Partners Fund Advisor, LLC ("LMPFA"), under which LMPFA will act as the investment adviser for the Fund effective August 1, 2006.

The Fund's Board also approved a new sub-advisory agreement for the Fund between LMPFA and Western Asset. LMPFA and Western Asset are wholly-owned subsidiaries of Legg Mason.

The portfolio manager(s) who are responsible for the day-to-day management of the Fund remain the same immediately prior to and immediately after the date of these changes.

LMPFA will provide administrative and certain oversight services to the Fund. LMPFA will delegate to the sub-adviser(s), as applicable, the day-to-day portfolio management of the Fund. The management fees for the Fund will remain unchanged.

In addition to these advisory changes, it is expected that the Fund's name will change to Western Asset Emerging Markets Income Fund II Inc. in October of 2006.

Q. What were the overall market conditions during the Fund's reporting period?

A. While the overall developed bond markets in the U.S. and overseas were weak during the one-year period ended May 31, 2006—as evidenced by the -0.48% return of the Lehman Brothers U.S. Aggregate Index[i] and the 0.61% return of the JPMorgan Global Government Bond Index (Hedged)[ii]—emerging market debt generated strong results. Over the same period, the JPMorgan Emerging Markets Bond Index Global ("EMBI Global")[iii] gained 6.49% . Many emerging market countries have rich oil and commodity reserves. Given continued high prices for these items, many of these countries have strengthened their balance sheets and turned account deficits into account surpluses. While rising interest rates and the potential for slower global growth caused emerging market debt prices to fall toward the end of the period, it was not enough to hinder their solid 12-month returns.

Performance Review

For the twelve months ended May 31, 2006, the Salomon Brothers Emerging Markets Income Fund II Inc. returned 9.12%, based on its net asset value ("NAV")[iv] and 5.05% based on its New York Stock Exchange ("NYSE") market price per share. In comparison, the Fund's unmanaged benchmark, the EMBI Global index, returned 6.49% and its Lipper Emerging Markets Debt Closed-End Funds Category Average[v] increased 8.70% over the same time frame. Please note that Lipper performance returns are based on each fund's NAV.

During the twelve-month period, the Fund made distributions to shareholders totaling $1.71 per share. The performance table shows the Fund's twelve-month total return based on its NAV and market price as of May 31, 2006. **Past performance is no guarantee of future results.**

Performance Snapshot as of May 31, 2006 (unaudited)

Price Per Share	12-Month Total Return
$14.34 (NAV)	9.12%
$12.57 (Market Price)	5.05%

All figures represent past performance and are not a guarantee of future results.

Total returns are based on changes in NAV or market price, respectively. Total returns assume the reinvestment of all distributions.

Q. What were the most significant factors affecting Fund performance?

What were the leading contributors to performance?

A. During the first nine months of the reporting period, the Fund's performance was driven predominantly by positive issue selection, particularly in Colombia, Mexico, Argentina and Russia. The Fund's strategic overweight to Argentina and the use of leverage also positively contributed to overall positive performance. During the last three months of the period, the Fund's short duration aided results as yields rose.

What were the leading detractors from performance?

A. During the reporting period, the Fund's overweight to Mexico and underweight to Venezuela detracted from performance relative to its benchmark. Security selection in Brazil also detracted from portfolio performance. Late in the reporting period, the Fund's holdings in Russia and Colombia detracted from results as investor risk aversion increased and these markets declined.

Q. Were there any significant changes to the Fund during the reporting period?

A. During the reporting period, we decreased its allocations to Brazil, Mexico and Russia in favor of BB-rated corporate bonds from countries such as El Salvador, Peru and Turkey.

Looking for Additional Information?

The Fund is traded under the symbol "EDF" and its closing market price is available in most newspapers under the NYSE listings. The daily NAV is available on-line under symbol XEDFX. *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.leggma-son.com/InvestorServices.

In a continuing effort to provide information concerning the Fund, shareholders may call 1-888-777-0102 (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.

Thank you for your investment in the Salomon Brothers Emerging Markets Income Fund II Inc. As ever, we appreciate that you have chosen us to manage your assets and we remain focused on achieving the Fund's investment goals.

Sincerely,
Salomon Brothers Asset Management Inc

July 14, 2006

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: Foreign bonds are subject to certain risks of overseas investing including currency fluctuations and changes in political and economic conditions, which could result in significant market fluctuations. These risks are magnified in emerging or developing markets. High yield bonds are subject to additional risks such as the increased risk of default and greater volatility because of the lower credit quality of the issues.

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

i The Lehman Brothers U.S. Aggregate Index is a broad-based bond index comprised of Government, Corporate, Mortgage and Asset- backed issues, rated investment grade or higher, and having at least one year to maturity.

ii The JPMorgan Global Government Bond Market Index is a daily, market capitalization-weighted, international fixed-income index consisting of 13 countries.

iii JPMorgan Emerging Markets Bond Index Global (EMBI Global) tracks total returns for U.S. dollar denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds, and local market instruments. Countries covered are Algeria, Argentina, Brazil, Bulgaria, Chile, China, Colombia, Cote d'Ivoire, Croatia, Ecuador, Greece, Hungary, Lebanon, Malaysia, Mexico, Morocco, Nigeria, Panama, Peru, the Philippines, Poland, Russia, South Africa, South Korea, Thailand, Turkey and Venezuela.

iv NAV is calculated by subtracting total liabilities 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.

v Lipper, Inc. is a major independent mutual-fund tracking organization. Returns are based on the 12-month period ended May 31, 2006, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 13 funds in the Fund's Lipper category, and excluding sales charges.

Fund at a Glance (unaudited)

Investment Breakdown

As a Percent of Total Investments

Schedule of Investments (May 31, 2006)

SALOMON BROTHERS EMERGING MARKETS INCOME FUND II INC.

Face Amount		Security		Value
SOVEREIGN BONDS 81.0%				
Argentina 3.5%				
		Republic of Argentina:		
1,000,000	DEM	11.750% due 5/20/11 (a)	$	203,396
437,500		4.889% due 8/3/12 (b)		403,835
8,800,000	DEM	12.000% due 9/19/16 (a)		1,717,711
2,000,000	DEM	10.250% due 2/6/03 (a)		414,993
3,875,000	DEM	8.500% due 2/23/05 (a)		788,159
3,000,000	DEM	7.000% due 3/18/04 (a)		610,188
5,400,000	DEM	11.250% due 4/10/06 (a)		1,107,195
1,000,000	DEM	9.000% due 9/19/03 (a)		193,554
9,453,588	ARS	Discount Bonds, 5.830% due 12/31/33 (b)(c)		3,328,739
		GDP Linked Securities:		
57,059,503	ARS	0.000% due 12/15/35 (a)(b)		1,470,177
3,200,000	EUR	0.000% due 12/15/35 (a)(b)		379,842
2,705,000		0.000% due 12/15/35 (a)(b)		247,507
		Medium-Term Notes:		
6,000,000,000	ITL	7.000% due 3/18/04 (a)		1,197,889
1,000,000,000	ITL	7.625% due 8/11/07 (a)		196,337
625,000	DEM	8.000% due 10/30/09 (a)		119,434
3,000,000,000	ITL	0.000% due 7/13/05 (a)		581,544
640,000		Par Bonds, 1.330% due 12/31/38 (b)		223,200
		Total Argentina		13,183,700
Brazil 14.7%				
		Federative Republic of Brazil:		
13,168,000		11.000% due 8/17/40		16,048,500
		Collective Action Securities:		
33,162,000		8.000% due 1/15/18		34,587,966
3,980,000		8.750% due 2/4/25		4,263,575
		Total Brazil		54,900,041
Chile 1.5%				
		Republic of Chile:		
1,325,000		5.500% due 1/15/13		1,301,733
4,325,000		Collective Action Securities, 5.526% due 1/28/08 (b)		4,346,625
		Total Chile		5,648,358

Colombia 4.8%		
	Republic of Colombia:	
875,000	11.750% due 2/25/20	1,190,000
550,000	8.125% due 5/21/24	578,875
12,425,000	10.375% due 1/28/33	16,276,750
	Total Colombia	18,045,625

See Notes to Financial Statements.

Schedule of Investments (May 31, 2006) (continued)

Face Amount	Security	Value
Ecuador 1.9%		
	Republic of Ecuador:	
510,000	12.000% due 11/15/12 (d)	$ 525,810
6,785,000	9.000% due 8/15/30 (b)	6,674,744
	Total Ecuador	7,200,554
El Salvador 1.9%		
	Republic of El Salvador:	
2,630,000	7.750% due 1/24/23 (d)	2,800,950
3,975,000	8.250% due 4/10/32 (d)	4,223,437
	Total El Salvador	7,024,387
Indonesia 0.5%		
1,600,000	Republic of Indonesia, 8.500% due 10/12/35 (d)	1,736,960
Malaysia 2.9%		
7,025,000	Federation of Malaysia, 8.750% due 6/1/09	7,603,777
3,361,000	Penerbangan Malaysia Berhad, 5.625% due 3/15/16 (d)	3,262,623
	Total Malaysia	10,866,400
Mexico 13.3%		
	United Mexican States:	
1,185,000	11.375% due 9/15/16	1,614,563
	Medium-Term Notes:	
19,450,000	5.625% due 1/15/17	18,112,812
4,935,000	8.300% due 8/15/31	5,630,835
	Series A:	
431,000	6.375% due 1/16/13	432,724
8,473,000	6.625% due 3/3/15	8,583,149
13,840,000	8.000% due 9/24/22	15,431,600
	Total Mexico	49,805,683
Panama 3.2%		
	Republic of Panama:	
5,195,000	8.875% due 9/30/27	6,091,137
1,364,000	9.375% due 4/1/29	1,665,785
4,383,000	6.700% due 1/26/36	4,169,329
	Total Panama	11,926,251

Peru 4.4%		
	Republic of Peru:	
7,346,780	FLIRB, 5.000% due 3/7/17 (b)	7,052,909
9,594,550	PDI, 5.000% due 3/7/17 (b)	9,258,741
	Total Peru	16,311,650
Philippines 4.1%		
	Republic of the Philippines:	
14,400,000	8.250% due 1/15/14	15,246,000
130,000	8.000% due 1/15/16	136,500
	Total Philippines	15,382,500

See Notes to Financial Statements.

Schedule of Investments (May 31, 2006) (continued)

Face Amount	Security	Value
Russia 9.2%		
	Russian Federation:	
2,666,667	8.250% due 3/31/10 (d)	$ 2,789,333
4,175,000	11.000% due 7/24/18 (d)	5,818,906
1,950,000	12.750% due 6/24/28 (d)	3,327,188
21,095,000	5.000% due 3/31/30 (b)(d)	22,518,913
	Total Russia	34,454,340
South Africa 1.6%		
5,975,000	Republic of South Africa, 6.500% due 6/2/14	6,124,375
Turkey 7.0%		
	Republic of Turkey:	
2,500,000	7.250% due 3/15/15	2,484,375
1,299,000	7.000% due 6/5/20	1,250,287
3,200,000	11.875% due 1/15/30	4,560,000
782,000	8.000% due 2/14/34	779,068
	Collective Action Securities, Notes:	
13,300,000	9.500% due 1/15/14	15,095,500
1,944,000	7.375% due 2/5/25	1,875,960
	Total Turkey	26,045,190
Ukraine 1.1%		
3,700,000	Republic of Ukraine, 8.235% due 8/5/09 (b)(d)	3,931,250
Uruguay 1.1%		
4,214,135	Republic of Uruguay, Benchmark Bonds, 7.875% due 1/15/33 (c)	4,066,640
Venezuela 4.3%		
	Bolivarian Republic of Venezuela:	
800,000	5.375% due 8/7/10 (d)	770,000
7,751,000	8.500% due 10/8/14	8,380,769
2,225,000	7.650% due 4/21/25	2,255,594
	Collective Action Securities:	
350,000	6.090% due 4/20/11 (b)(d)	348,687
3,500,000	Notes, 10.750% due 9/19/13	4,226,250
	Total Venezuela	15,981,300
	TOTAL SOVEREIGN BONDS (Cost $296,544,425)	**302,635,204**

CORPORATE BONDS & NOTES 12.6%

Cayman Islands 0.4%		
1,450,000	Vale Overseas Ltd., Notes, 6.250% due 1/11/16	1,399,250
Chile 0.5%		
1,900,000	Corporacion Nacional del Cobre-Codelco, Notes, 5.500% due 10/15/13 (d)	1,838,222
Luxembourg 1.4%		
5,270,000	Russian Agricultural Bank, Notes, 7.175% due 5/16/13 (d)	5,283,175
Mexico 5.2%		
	Grupo Transportacion Ferroviaria Mexicana SA de CV, Senior Notes:	
237,000	10.250% due 6/15/07	246,480
220,000	9.375% due 5/1/12	235,400

See Notes to Financial Statements.

Schedule of Investments (May 31, 2006) (continued)

Face Amount		Security	Value
Mexico 5.2% (continued)			
100,000		12.500% due 6/15/12	$ 111,000
		Pemex Project Funding Master Trust:	
15,125,000		7.375% due 12/15/14	15,661,937
1,025,000		Guaranteed Bonds, 9.500% due 9/15/27	1,240,250
24,000,000	MXN	Telefonos de Mexico SA de CV, Senior Notes, 8.750% due 1/31/16 (b)	1,962,323
		Total Mexico	19,457,390
Russia 4.6%			
14,650,000		Gaz Capital SA, Notes, 8.625% due 4/28/34 (d)	17,253,305
Venezuela 0.5%			
1,830,000		Petrozuata Finance Inc., 8.220% due 4/1/17 (d)	1,729,350
		TOTAL CORPORATE BONDS & NOTES (Cost $49,145,567)	**46,960,692**
Warrants			
WARRANTS 0.3%			
10,000		Bolivarian Republic of Venezuela, Oil-linked payment obligations, Expires 4/15/20	350,000
81,000		United Mexican States, Series XW05, Expires 11/9/06*	162,000
64,750		United Mexican States, Series XW10, Expires 10/10/06*	233,100
60,000		United Mexican States, Series XW20, Expires 9/1/06*	405,000
		TOTAL WARRANTS (Cost $913,625)	**1,150,100**
Contracts			
PURCHASED OPTIONS 0.0%			
10,500,000	EUR	Argentina, Call @ 30 Euro, expires 8/18/06*	74,107
10,000,000	EUR	Argentina, Call @ 30 Euro, expires 9/27/06*	70,579
		TOTAL PURCHASED OPTIONS (Cost $875,472)	**144,686**
		TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENT (Cost $347,479,089)	**350,890,682**

Face Amount		
SHORT-TERM INVESTMENT 6.1%		
Repurchase Agreement 6.1%		
$ 22,944,000	Merrill Lynch, Pierce, Fenner & Smith, Inc. repurchase agreement dated 5/31/06, 5.020% due 6/1/06; Proceeds at maturity $22,947,199; (Fully collateralized by U.S. Treasury obligation 4.125% due 8/15/08; Market value $23,407,216) (Cost $22,944,000)	**22,944,000**
	TOTAL INVESTMENTS 100.0% (Cost $370,423,089#)	**$ 373,834,682**

See Notes to Financial Statements.

Schedule of Investments (May 31, 2006) (continued)

* Non-income producing security.

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

 All securities are segregated as collateral pursuant to a revolving credit facility and future contracts.

(a) Security is currently in default.

(b) Variable rate security. Interest rate disclosed is that which is in effect at May 31, 2006.

(c) Payment-in-kind security for which part of the income earned may be paid as additional principal.

(d) 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.

Aggregate cost for federal income tax purposes is $372,059,023.

Abbreviations used in this schedule:

ARS Argentine Peso
DEM German Mark
EUR Euro
FLIRB Front-Loaded Interest Reduction Bonds
GDP Gross Domestic Product
ITL Italian Lira
MXN Mexican Peso
PDI Past Due Interest

See Notes to Financial Statements.

Statement of Assets and Liabilities (May 31, 2006)

ASSETS:		
Investments, at value (Cost $370,423,089)	$	373,834,682
Cash		983
Interest receivable		7,135,742
Receivable for securities sold		1,643,836
Deposits with brokers for open futures contracts		300,000
Receivable from broker variation margin on open futures contracts		154,965
Prepaid expenses		15,617
Total Assets		**383,085,825**
LIABILITIES:		
Loan payable (Note 4)		30,000,000
Payable for securities purchased		1,943,333
Investment management fee payable		317,946
Interest payable		294,200
Accrued expenses		158,462
Total Liabilities		**32,713,941**
Total Net Assets	**$**	**350,371,884**
NET ASSETS:		
Par value ($0.001 par value, 100,000,000 shares authorized; 24,432,561 shares outstanding)	$	24,433
Paid-in capital in excess of par value		330,296,901
Undistributed net investment income		6,017,593
Accumulated net realized gain on investments, futures contracts, swap contracts and foreign currency transactions		9,869,561
Net unrealized appreciation on investments, futures contracts and foreign currencies		4,163,396
Total Net Assets	**$**	**350,371,884**
Shares Outstanding		**24,432,561**
Net Asset Value	**$**	**14.34**

See Notes to Financial Statements.

Statement of Operations (For the year ended May 31, 2006)

INVESTMENT INCOME:	
Interest	**$ 28,843,262**
EXPENSES:	
Investment management fee (Note 2)	3,843,772
Interest expense (Notes 3 and 4)	2,408,465
Custody fees	98,698
Shareholder reports	95,661
Directors fees	68,450
Audit and tax	55,574
Legal fees	36,757
Transfer agent fees	26,683
Stock exchange listing fees	21,493
Loan fees	14,791
Insurance	8,314
Miscellaneous expenses	6,457
Total Expenses	**6,685,115**
Less: Fee waivers and/or expense reimbursements (Note 2)	(7,989)
Net Expenses	**6,677,126**
Net Investment Income	**22,166,136**
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, FUTURES CONTRACTS, SWAP CONTRACTS AND FOREIGN CURRENCY TRANSACTIONS (NOTES 1 AND 3):	
Net Realized Gain (Loss) From:	
Investment transactions	24,875,424
Futures contracts	1,123,258
Swap contracts	304,973
Foreign currency transactions	(31,785)
Net Realized Gain	**26,271,870**
Change in Net Unrealized Appreciation/Depreciation From:	
Investments	(19,354,798)
Futures contracts	3,665,600
Swap contracts	(274,560)
Foreign currencies	(3,330)
Change in Net Unrealized Appreciation/Depreciation	**(15,967,088)**
Net Gain on Investments, Futures Contracts, Swap Contracts	

and Foreign Currency Transactions	**10,304,782**
Increase in Net Assets From Operations	**$ 32,470,918**

See Notes to Financial Statements.

Statements of Changes in Net Assets (For the years ended May 31,)

	2006	2005
OPERATIONS:		
Net investment income	$ 22,166,136	$ 28,127,085
Net realized gain	26,271,870	22,454,490
Change in net unrealized appreciation/depreciation	(15,967,088)	35,086,388
Increase in Net Assets From Operations	**32,470,918**	**85,667,963**
DISTRIBUTIONS TO SHAREHOLDERS FROM (NOTE 1):		
Net investment income	(19,057,398)	(34,339,836)
Net realized gains	(22,651,427)	(5,810,997)
Decrease in Net Assets From Distributions to Shareholders	**(41,708,825)**	**(40,150,833)**
FUND SHARE TRANSACTIONS:		
Reinvestment of distributions (161,947 shares issued)	—	2,378,527
Increase in Net Assets From Fund Share Transactions	—	**2,378,527**
Increase (Decrease) in Net Assets	**(9,237,907)**	**47,895,657**
NET ASSETS:		
Beginning of year	359,609,791	311,714,134
End of year*	**$ 350,371,884**	**$ 359,609,791**
* Includes undistributed net investment income of:	$ 6,017,593	$ 1,052,359

See Notes to Financial Statements.

Statement of Cash Flows (For the year ended May 31, 2006)

CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:		
Interest received	$	29,011,558
Operating expenses paid		(4,314,667)
Net purchases of short-term investments		(22,671,471)
Realized loss on foreign currency transactions		(31,785)
Realized gain on options		65,223
Realized gain on futures contracts		1,123,258
Realized gain on swap contracts		304,973
Net change in unrealized appreciation on futures contracts		3,665,600
Purchases of long-term investments		(392,645,427)
Proceeds from disposition of long-term investments		494,248,658
Change in receivable from broker variation margin		(154,965)
Interest paid		(2,608,426)
Net Cash Flows Provided By Operating Activities		**105,992,529**
CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES:		
Cash distributions paid on Common Stock		(41,708,825)
Cash paid on loan		(25,000,000)
Repayment of reverse repurchase agreements		(39,514,167)
Deposits with brokers for open futures contracts		231,250
Net Cash Flows Used By Financing Activities		**(105,991,742)**
Net Increase in Cash		**787**
Cash, Beginning of year		196
Cash, End of year	**$**	**983**
RECONCILIATION OF INCREASE IN NET ASSETS FROM OPERATIONS TO NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:		
Increase in Net Assets From Operations	**$**	**32,470,918**
Accretion of discount on investments		(1,535,609)
Amortization of premium on investments		1,424,329
Decrease in investments, at value		60,994,698
Increase in payable for securities purchased		1,943,333
Decrease in interest receivable		279,576
Decrease in receivable for securities sold		10,816,215
Increase in receivable from broker variation margin		(154,965)
Decrease in prepaid expenses		111
Decrease in interest payable		(199,961)
Decrease in accrued expenses		(46,116)

Total Adjustments		**73,521,611**
Net Cash Flows Provided By Operating Activities	**$**	**105,992,529**

See Notes to Financial Statements.

Financial Highlights

For a share of capital stock outstanding throughout each year ended May 31:

	2006	2005[1]	2004[1]	2003[1]	2002
Net Asset Value, Beginning of Year	$ 14.72	$ 12.84	$ 13.88	$ 11.63	$ 11.53
Income (Loss) From Operations:					
Net investment income	0.98	1.15	1.26	1.49	1.37[2]
Net realized and unrealized gain (loss)	0.35	2.37	(0.65)	2.40	0.37[2]
Total Income From Operations	1.33	3.52	0.61	3.89	1.74
Less Distributions From:					
Net investment income	(0.78)	(1.41)	(1.06)	(1.65)	(1.65)
Net realized gains	(0.93)	(0.24)	(0.59)	—	—
Total Distributions	(1.71)	(1.65)	(1.65)	(1.65)	(1.65)
Increase in Net Asset Value Due to Shares Issued on Reinvestment of Distributions	—	0.01	—	0.01	0.01
Net Asset Value, End of Year	$ 14.34	$ 14.72	$ 12.84	$ 13.88	$ 11.63
Market Price, End of Year	$ 12.57	$ 13.57	$ 14.40	$ 15.53	$ 13.88
Total Return, Based on Net Asset Value[3]	9.12%	29.20%	4.11%	39.24%	16.69%
Total Return, Based on Market Price Per Share[4]	5.05%	5.27%	3.38%	28.76%	26.23%
Net Assets, End of Year (000s)	$ 350,372	$ 359,610	$ 311,714	$ 334,576	$ 277,219
Ratios to Average Net Assets:					
Gross expenses	1.83%	2.22%	1.98%	2.37%	3.06%
Gross expenses, excluding interest expense	1.17	1.19	1.21	1.37	1.40
Net expenses	1.82[5]	2.22	1.98	2.37	3.06
Net expenses, excluding interest expense	1.17[5]	1.19	1.21	1.37	1.40
Net investment income	6.06	8.29	9.19	13.59	13.60[2]
Portfolio Turnover Rate	98%	75%	169%	237%	233%

Supplemental Data:					
Loans Outstanding, End of Year (000s)	$ 30,000	$ 55,000	$ 100,000	$ 100,000	$ 100,000
Asset Coverage (000s)	$ 380,372	$ 414,610	$ 411,714	$ 434,576	$ 377,219
Asset Coverage for Loan Outstanding	1,268%	754%	412%	435%	377%
Weighted Average Loan (000s)	$ 38,767	$ 74,192	$ 100,000	$ 100,000	$ 100,000
Weighted Average Interest Rate on Loans	5.16%	3.34%	2.19%	2.60%	4.40%

(1) Per share amounts have been calculated using the average shares method.

(2) Effective June 1, 2001, the Fund adopted a change in the accounting method that requires the Fund to amortize premiums and accrete all discounts. Without the adoption of this change for the year ended May 31, 2002, the ratio of net investment income to average net assets would have been 13.65%. In addition, the impact of this change to net investment income and net realized and unrealized gain per share was less than $0.01.

(3) Performance figures may reflect voluntary fee waivers and/or expense reimbursements. Past performance is no guarantee of future results. In the absence of voluntary fee waivers and/or expense reimbursements, the total return would have been lower. Total returns for periods of less than one year are not annualized.

(4) The total return calculation assumes that dividends are reinvested in accordance with the Fund□s dividend reinvestment plan. Past performance is no guarantee of future results. Total returns for periods of less than one year are not annualized.

(5) The investment manager voluntarily waived a portion of its fees and/or reimbursed expenses.

See Notes to Financial Statements.

Notes to Financial Statements

1. Organization and Significant Accounting Policies

The Salomon Brothers Emerging Markets Income Fund II Inc. (the Fund) was incorporated in Maryland and is registered as a non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the 1940 Act). The Funds primary investment objective is to seek high current income. As a secondary objective, the Fund seeks capital appreciation. In pursuit of these objectives, the Fund under normal conditions invests at least 80% of its net assets plus any borrowings for investment purposes in debt securities of government and government related issuers located in emerging market countries (including participations in loans between governments and financial institutions), and of entities organized to restructure the outstanding debt of such issuers, and in debt securities of corporate issuers located in emerging market countries.

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) 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 of business of that 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 Funds 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 Funds 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) 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

Notes to Financial Statements (continued)

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 (including accrued interest). The Fund pays interest on amounts obtained pursuant to reverse repurchase agreements. Reverse repurchase agreements are considered to be borrowings, which may create leverage risk to the Fund.

(d) Financial Futures Contracts. The Fund may enter into financial futures contracts typically to hedge a portion of the portfolio. Upon entering into a financial futures contract, the Fund is required to deposit cash or securities as initial margin. Additional securities are also segregated up to the current market value of the financial futures contracts. Subsequent payments, known as variation margin, are made or received by the Fund each day, depending on the daily fluctuation in the value of the underlying financial instruments. The Fund recognizes an unrealized gain or loss equal to the daily variation margin. When the financial futures contracts are closed, a realized gain or loss is recognized equal to the difference between the proceeds from (or cost of) the closing transactions and the Fund's basis in the contracts.

The risks associated with entering into financial futures contracts include the possibility that a change in the value of the contract may not correlate with the changes in the value of the underlying instruments. In addition, investing in financial futures contracts involves the risk that the Fund could lose more than the original margin deposit and subsequent payments required for a futures transaction. Risks may also arise upon entering into these contracts from the potential inability of the counterparties to meet the terms of their contracts.

(e) Credit Default Swaps. The Fund may enter into credit default swap contracts for investment purposes, to manage its credit risk or to add leverage. As a seller in a credit default swap contract, the Fund is required to pay the notional or other agreed-upon value to the counterparty in the event of a default by a third party, such as a U.S. or foreign corporate issuer, on the referenced debt obligation. In return, the Fund receives from the coun-terparty a periodic stream of payments over the term of the contract provided that no event of default has occurred. If no default occurs, the Fund keeps the stream of payments and has no payment obligations. Such periodic payments are accrued daily and accounted for as realized gain.

The Fund may also purchase credit default swap contracts in order to hedge against the risk of default of debt securities held, in which case the Fund functions as the counterparty referenced in the preceding paragraph. As a purchaser of a credit default swap contract, the Fund receives the notional or other agreed upon value from the counterparty in the event of a default by a third party, such as a U.S. or foreign corporate issuer, on the referenced debt obligation. In return, the Fund makes periodic payments to the counterparty over the term of the contract provided no event of default has occurred. Such periodic payments are accrued daily and accounted for as realized loss.

Swaps are marked-to-market daily based upon quotations from market makers and the change in value, if any, is recorded as unrealized appreciation or depreciation in the Fund's Statement of Operations. For a credit default swap sold by the Fund, payment of the agreed upon amount made by the Fund in the event of default of the referenced debt obligation is recorded as the cost of the referenced debt obligation purchased/received. For a credit

Notes to Financial Statements (continued)

default swap purchased by the Fund, the agreed upon amount received by the Fund in the event of default of the referenced debt obligation is recorded as proceeds from sale/delivery of the referenced debt obligation and the resulting gain or loss realized on the referenced debt obligation is recorded as such by the Fund.

Entering into credit default swaps involves, to varying degrees, elements of credit, market and documentation risk in excess of the related amounts recognized on the Statement of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreements may default on its obligation to perform or disagree as to the meaning of the contractual terms in the agreements, and that there will be unfavorable changes in net interest rates.

(f) 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 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.

(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 are presented in the Statement of Cash Flows.

(h) Security Transactions and Investment Income. Security transactions are accounted for on a trade date basis. Interest income, adjusted for amortization of premium and accretion of discount, is recorded on the accrual basis. The cost of investments sold is determined by use of the specific identification method. To the extent any issuer defaults on an expected interest payment, the Fund's policy is to generally halt any additional interest income accruals and consider the realizability of interest accrued up to the date of default.

(i) 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.

The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss on investments.

Net realized foreign exchange gains or losses arise from sales of foreign currencies, including gains and losses on forward foreign currency contracts, currency gains or losses realized between the trade and settlement dates on securities transactions and the difference

Notes to Financial Statements (continued)

between the amounts of dividends, interest and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized foreign exchange gains and losses arise from changes in the fair values of assets and liabilities, other than investments in securities, at the date of valuation, resulting from changes in exchange rates.

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.

(j) Distributions to Shareholders. Distributions from net investment income for the Fund, if any, are declared and paid on a quarterly basis. Distributions of net realized gains, if any, are declared at least annually. Distributions are recorded on the ex-dividend date and are determined in accordance with income tax regulations, which may differ from GAAP.

(k) 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 income and net realized gains on investments, if any, to shareholders each year. Therefore, no federal income tax provision is required in the Fund's financial statements.

(l) Reclassification. GAAP requires that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset values per share. During the current year, the following reclassifications have been made:

	Undistributed Net Investment Income	Accumulated Net Realized Gain
(a)	$1,856,496	$(1,856,496)

(a) Reclassifications are primarily due to foreign currency transactions treated as ordinary income for tax purposes, differences between book and tax amortization of premium on fixed income securities, book/tax differences in the treatment of passive for- eign investment companies and book/tax differences in the treatment of credit default swaps.

2. Investment Management Agreement and Other Transactions with Affiliates

On December 1, 2005, Citigroup Inc. ("Citigroup") completed the sale of substantially all of its asset management business, Citigroup Asset Management ("CAM"), to Legg Mason, Inc. ("Legg Mason"). As a result, the Fund's investment adviser (manager), Salomon Brothers Asset Management Inc. (the "Manager" or "SBAM"), previously an indirect wholly-owned subsidiary of Citigroup, has become a wholly-owned subsidiary of Legg Mason. Completion of the sale caused the Fund's existing investment management contract to terminate. The Fund's shareholders approved a new investment management contract between the Fund and the Manager, which became effective on December 1, 2005.

Legg Mason, whose principal executive offices are in Baltimore, Maryland, is a financial services holding company.

Notes to Financial Statements (continued)

Prior to the Legg Mason transaction, and continuing under the new investment management agreement, the Fund paid the Manager a fee calculated at an annual rate of 1.05% of the Fund's average weekly net assets. This fee is calculated daily and paid monthly.

During the year ended May 31, 2006, the manager reimbursed expenses amounting to $7,989.

Certain officers and one Director of the Fund are employees of Legg Mason or its affiliates and do not receive compensation from the Fund.

3. Investments

During the year ended May 31, 2006, the aggregate cost of purchases and proceeds from sales of investments (excluding short-term investments) were as follows:

Purchases	$ 394,588,760
Sales	483,640,072

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

Gross unrealized appreciation	$ 12,313,829
Gross unrealized depreciation	(10,538,170)
Net unrealized appreciation	$ 1,775,659

Transactions in reverse repurchase agreements for the Fund during the year ended May 31, 2006 were as follows:

Average Daily Balance	Weighted Average Interest Rate	Maximum Amount Outstanding
$42,202,736	2.76%	$73,748,456

Interest rates on reverse repurchase agreements ranged from 0.150% to 3.850% during the year ended May 31, 2006. Interest expense incurred on reverse repurchase agreements totaled $407,916. At May 31, 2006, the Fund had no open reverse repurchase agreements.

At May 31, 2006, the Fund had the following open futures contracts:

Contracts to Sell:	Number of Contracts	Expiration Date	Basis Value	Market Value	Unrealized Gain
U.S. Treasury 10 Year Notes	304	6/06	$ 32,638,480	$ 31,943,750	$ 694,730
U.S. Treasury 10 Year Notes	196	9/06	20,625,091	20,564,688	60,403
Net Unrealized Gain on Open Futures Contracts					$ 755,133

Notes to Financial Statements (continued)

4. Loan

Effective October 7, 2005, the Fund had a $30,000,000 loan available pursuant to a revolving credit and security agreement, of which the Fund had $30,000,000 outstanding with CHARTA, LLC (as successor by assignment to CXC, LLC) (the “Lender”). Prior to October 7, 2005 the Fund had a $55,000,000 loan available pursuant to a revolving credit and security agreement, of which the Fund had $55,000,000 outstanding. The loan generally bears interest at a variable rate based on the weighted average interest rates of the underlying commercial paper or LIBOR, plus any applicable margin. Securities held by the Fund are subject to a lien, granted to the lenders, to the extent of the borrowing outstanding and any additional expenses. For the year ended May 31, 2006, the Fund incurred interest expense on this loan in the amount of $2,000,549.

5. Dividends Subsequent to May 31, 2006

On May 8, 2006, the Board of Directors (“Board”) of the Fund declared a dividend distribution in the amount of $0.260 per share payable on June 30, 2006 to shareholders of record on June 27, 2006.

6. Income Tax Information and Distributions to Shareholders

The tax character of distributions paid during the fiscal years ended May 31, were as follows:

	2006	**2005**
Distributions paid from:		
Ordinary Income	$27,706,524	$40,150,833
Net Long-term Capital Gains	14,002,301	—
Total Distributions Paid	$41,708,825	$40,150,833

As of May 31, 2006, the components of accumulated earnings on a tax basis were as follows:

Undistributed ordinary income — net	$11,569,560
Undistributed long-term capital gains — net	6,708,660
Total undistributed earnings	$18,278,220
Other book/tax temporary differences (a)	(755,132)
Unrealized appreciation/(depreciation) (b)	2,527,462
Total accumulated earnings/(losses) — net	$20,050,550

(a) Other book/tax temporary differences are attributable primarily to the realization for tax purposes of unrealized gains on certain futures contracts.

(b) The difference between book-basis and tax-basis unrealized appreciation/(depreciation) is attributable to the tax deferral of losses on wash sales and the difference between book & tax amortization methods for premiums on fixed income securities.

Notes to Financial Statements (continued)

7. Regulatory Matters

On May 31, 2005, the U.S. Securities and Exchange Commission ("SEC") issued an order in connection with the settlement of an administrative proceeding against Smith Barney Fund Management LLC ("SBFM") and Citigroup Global Markets Inc. ("CGM") relating to the appointment of an affiliated transfer agent for the Smith Barney family of mutual funds (the "Affected Funds").

The SEC order finds that SBFM and CGM willfully violated Section 206(1) of the Investment Advisers Act of 1940 ("Advisers Act"). Specifically, the order finds that SBFM and CGM knowingly or recklessly failed to disclose to the boards of the Affected Funds in 1999 when proposing a new transfer agent arrangement with an affiliated transfer agent that: First Data Investors Services Group ("First Data"), the Affected Funds' then existing transfer agent, had offered to continue as transfer agent and do the same work for substantially less money than before; and that Citigroup Asset Management ("CAM"), the Citigroup business unit that, at the time, included the Affected Funds' investment manager and other investment advisory companies, had entered into a side letter with First Data under which CAM agreed to recommend the appointment of First Data as sub-transfer agent to the affiliated transfer agent in exchange for, among other things, a guarantee by First Data of specified amounts of asset management and investment banking fees to CAM and CGM. The order also finds that SBFM and CGM willfully violated Section 206(2) of the Advisers Act by virtue of the omissions discussed above and other misrepresentations and omissions in the materials provided to the Affected Funds' boards, including the failure to make clear that the affiliated transfer agent would earn a high profit for performing limited functions while First Data continued to perform almost all of the transfer agent functions, and the suggestion that the proposed arrangement was in the Affected Funds' best interests and that no viable alternatives existed. SBFM and CGM do not admit or deny any wrongdoing or liability. The settlement does not establish wrongdoing or liability for purposes of any other proceeding.

The SEC censured SBFM and CGM and ordered them to cease and desist from violations of Sections 206(1) and 206(2) of the Advisers Act. The order requires Citigroup to pay $208.1 million, including $109 million in disgorgement of profits, $19.1 million in interest, and a civil money penalty of $80 million. Approximately $24.4 million has already been paid to the Affected Funds, primarily through fee waivers. The remaining $183.7 million, including the penalty, has been paid to the U.S. Treasury and will be distributed pursuant to a plan submitted for the approval of the SEC. At this time, there is no certainty as to how the above-described proceeds of the settlement will be distributed, to whom such distributions will be made, the methodology by which such distributions will be allocated, and when such distributions will be made.

The order also required that transfer agency fees received from the Affected Funds since December 1, 2004 less certain expenses be placed in escrow and provided that a portion of such fees might be subsequently distributed in accordance with the terms of the order.

On April 3, 2006, an aggregate amount of approximately $9 million was distributed to the Affected Funds. The order required SBFM to recommend a new transfer agent contract to the Affected Funds boards within 180 days of the entry of the order; if a Citigroup affiliate submitted a proposal to serve as transfer agent or sub-transfer agent, SBFM and CGM

Notes to Financial Statements (continued)

would have been required, at their expense, to engage an independent monitor to oversee a competitive bidding process. On November 21, 2005, and within the specified timeframe, the Fund's Board selected a new transfer agent for the Fund. No Citigroup affiliate submitted a proposal to serve as transfer agent. Under the order, SBFM also must comply with an amended version of a vendor policy that Citigroup instituted in August 2004.

Although there can be no assurance, SBFM does not believe that this matter will have a material adverse effect on the Affected Funds.

This Fund is not one of the Affected Funds and therefore did not implement the transfer agent arrangement described above and therefore has not received and will not receive any portion of the distributions.

On December 1, 2005, Citigroup completed the sale of substantially all of its global asset management business, including SBFM, to Legg Mason.

8. Other Matters

On September 16, 2005, the staff of the SEC informed SBFM and SBAM that the staff is considering recommending that the Commission institute administrative proceedings against SBFM and SBAM for alleged violations of Section 19(a) and 34(b) of the 1940 Act (and related Rule 19a-1). The notification is a result of an industry wide inspection by the SEC and is based upon alleged deficiencies in disclosures regarding dividends and distributions paid to shareholders of certain funds. Section 19(a) and related Rule 19a-1 of the 1940 Act generally require funds that are making dividend and distribution payments to provide shareholders with a written statement disclosing the source of the dividends and distributions, and, in particular, the portion of the payments made from each of net investment income, undistributed net profits and/or paid-in capital. In connection with the contemplated proceedings, the staff may seek a cease and desist order and/or monetary damages from SBFM or SBAM.

Although there can be no assurance, SBAM believes that this matter is not likely to have a material adverse effect on the Fund or SBAM's ability to perform investment management services relating to the Fund.

9. Subsequent Events

The Fund's Board approved a new management agreement with Legg Mason Partners Fund Advisor, LLC ("LMPFA"), under which LMPFA will act as the investment adviser for the Fund effective August 1, 2006.

The Fund's Board also approved a new sub-advisory agreement for the Fund between LMPFA and Western Asset Management Company ("Western Asset"). LMPFA and Western Asset are wholly-owned subsidiaries of Legg Mason.

The portfolio manager(s) who are responsible for the day-to-day management of the Fund remain the same immediately prior to and immediately after the date of these changes.

LMPFA will provide administrative and certain oversight services to the Fund. LMPFA will delegate to the sub-adviser(s), as applicable, the day-to-day portfolio management of the Fund. The management fees for the Fund will remain unchanged.

In addition to these advisory changes, it is expected that the Fund's name will change to Western Asset Emerging Markets Income Fund II Inc. in October of 2006.

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Salomon Brothers Emerging Markets Income Fund II Inc.:

We have audited the accompanying statement of assets and liabilities, including the schedule of investments, of Salomon Brothers Emerging Markets Income Fund II Inc., as of May 31, 2006, and the related statement of operations, statement of changes in net assets, statement of cash flows, and the financial highlights for the year then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audit. The statement of changes in net assets for the year ended May 31, 2005 and the financial highlights for each of the years in the four-year period then ended were audited by other independent registered public accountants whose report thereon, dated July 21, 2005, expressed an unqualified opinion on that financial statement and those financial highlights.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of securities owned as of May 31, 2006, by correspondence with the custodian and brokers or by other appropriate auditing procedures. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Salomon Brothers Emerging Markets Income Fund II Inc., as of May 31, 2006, and the results of its operations, the changes in its net assets, statement of cash flows and the financial highlights for the year then ended, in conformity with U.S. generally accepted accounting principles.

New York, New York
July 24, 2006

Additional Information (unaudited)

Information about Directors and Officers

The business and affairs of Salomon Brothers Emerging Markets Income Fund II Inc. (Fund) are managed under the direction of the Board of Directors. Information pertaining to the Directors and Officers of the Fund is set forth below.

Name, Address and Birth Year	Position(s) Held with Fund(1)	Term of Office(1) and Length of Time Served	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex Overseen by Director (including the Fund)	Other Board Memberships Held by Director
Non-Interested Directors:					
Carol L. Colman Colman Consulting Co. 278 Hawley Road North Salem, NY 10560 Birth Year: 1946	Director and Member of the Nominating and Audit Committees, Class III	Since 2003	President, Colman Consulting Co.	37	None
Daniel P. Cronin c/o Chairman of the Fund 399 Park Avenue, 4th Floor New York, NY 10022 Birth Year: 1946	Director and Member of the Nominating and Audit Committees, Class III	Since 2003	Formerly Associate General Counsel, Pfizer Inc.	34	None
Leslie H. Gelb c/o Chairman of the Fund 399 Park Avenue, 4th Floor New York, NY 10022 Birth Year: 1937	Director and Member of the Nominating and Audit Committees, Class I	Since 1994	President, Emeritus and Senior Board Fellow, The Council on Foreign Relations; Formerly, Columnist, Deputy Editorial Page Editor and Editor, Op-Ed Page, The New York Times	34	Director of two registered investment companies advised by Blackstone Asia Advisors L.L.C. (Blackstone Advisors)
William R. Hutchinson 535 N. Michigan Avenue	Director and	Since	President, W.R.	44	Director,