

MANAGED MUNICIPALS PORTFOLIO INC

Form DEF 14A

August 25, 2004

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

Preliminary proxy statement

Definitive proxy statement

Definitive additional materials

Soliciting material pursuant to Rule 14a-11(c) or Rule 14a-12

Managed Municipals Portfolio Inc.

(Name of Registrant as Specified in its Charter)

Robert M. Nelson

Name of Person Filing Proxy Statement

Payment of Filing Fee (Check appropriate box):

No longer applicable

\$500 per each party to the controversy pursuant to Exchange Act Rule 14a-6(i)(3).

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

(1) Title of each class of securities to which the transaction applies:

(2) Aggregate number of securities to which transactions applies:

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:1

(4) Proposed maximum aggregate value of transaction:

[  ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, schedule or registration statement no.:

(3) Filing party:

(4) Date filed:

1. Set forth the amount on which the filing fee is calculated and state how it was determined.

**MANAGED MUNICIPALS PORTFOLIO INC.**

**125 BROAD STREET**

**NEW YORK, NEW YORK 10004**

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**NOTICE OF ANNUAL MEETING OF SHAREHOLDERS**

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**To Be Held on September 23, 2004**

To the shareholders of Managed Municipals Portfolio Inc.:

Notice is hereby given that the Annual Meeting of Shareholders of **MANAGED MUNICIPALS PORTFOLIO INC.** (the Portfolio ) will be held at Citigroup Center, 153 East 53rd Street, 14th Floor, New York, New York, on September 23, 2004 at 4:00 P.M. (New York time) for the following purposes:

1. To elect two Class II directors of the Portfolio (**Proposal 1**);
2. To transact such other business as may properly come before the meeting or any adjournments thereof.

The Board of Directors has fixed the close of business on August 2, 2004 as the record date for the determination of shareholders entitled to notice of, and to vote at, the meeting and any adjournments thereof.

By Order of the Board of Directors,

Robert I. Frenkel

*Secretary*

New York, New York

August 23, 2004

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**Your vote is important regardless of the size of your holdings in the Portfolio. Whether or not you plan to attend the meeting, we ask that you please complete and sign the enclosed proxy card and return it promptly in the enclosed envelope which needs no postage if mailed in the continental United States. Instructions for the proper execution of proxies are set forth on the inside cover.**

**INSTRUCTIONS FOR SIGNING PROXY CARDS**

The following general rules for signing proxy cards may be of assistance to you and avoid the time and expense to the Portfolio involved in validating your vote if you fail to sign your proxy card properly.

1. *Individual Accounts:* Sign your name exactly as it appears in the registration on the proxy card.
2. *Joint Accounts:* Either party may sign, but the name of the party signing should conform exactly to the name shown in the registration on the proxy card.
3. *All Other Accounts:* The capacity of the individual signing the proxy card should be indicated unless it is reflected in the form of registration. For example:

**Registration**

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**Valid Signature**

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**Corporate Accounts**

- (1) ABC Corp.
- (2) ABC Corp.
- (3) ABC Corp.  
c/o John Doe, Treasurer
- (4) ABC Corp. Profit Sharing Plan

ABC Corp.  
John Doe, Treasurer  
  
John Doe  
John Doe, Trustee

**Trust Accounts**

- (1) ABC Trust
- (2) Jane B. Doe, Trustee  
u/t/d 12/28/78

Jane B. Doe, Trustee  
  
Jane B. Doe

**Custodian or Estate Accounts**

- (1) John B. Smith, Cust.  
f/b/o John B. Smith, Jr. UGMA
- (2) John B. Smith

John B. Smith  
John B. Smith, Executor

**MANAGED MUNICIPALS PORTFOLIO INC.**

**125 BROAD STREET**

**NEW YORK, NEW YORK 10004**

**(888) 735-6507**

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**PROXY STATEMENT**

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**FOR THE ANNUAL MEETING OF SHAREHOLDERS**

**TO BE HELD ON SEPTEMBER 23, 2004**

**INTRODUCTION**

This proxy statement is furnished in connection with the solicitation by the Board of Directors (the **Board**) of Managed Municipals Portfolio Inc. (the **Portfolio**) of proxies to be voted at the Annual Meeting of Shareholders (the **Meeting**) of the Portfolio, to be held at Citigroup Center, 153 East 53rd Street, 14th Floor, New York, New York, on September 23, 2004 at 4:00 P.M. (New York time), and at any adjournments thereof. A Notice of the Meeting and a Proxy Card (the **Proxy**) accompany this Proxy Statement.

The cost of soliciting proxies and the expenses incurred in preparing this proxy statement will be borne by the Portfolio and are expected to be approximately \$15,000. Proxy solicitations will be made mainly by mail. In addition, certain officers, Directors and employees of the Portfolio; Citigroup Global Markets Inc. ( **CGM** ); Smith Barney Fund Management LLC ( **SBFM** or the **Manager** ), the Portfolio's investment manager, which is an affiliate of CGM; and/or PFPC Inc. ( **PFPC** ), the Portfolio's transfer agent, may solicit proxies in person or by telephone or mail. CGM is located at 388 Greenwich Street, New York, NY 10013; SBFM is located at 399 Park Avenue, New York, NY 10022; PFPC is located at 101 Computer Drive, Westboro, MA 01581. In addition, the Portfolio will reimburse brokerage firms or other record holders for their expenses in forwarding solicitation materials to beneficial owners of shares of the Portfolio.

The Annual Report of the Portfolio, including audited financial statements for the fiscal year ended May 31, 2004, has previously been furnished to all shareholders of the Portfolio. This proxy statement and form of proxy are first being mailed to shareholders on or about August 23, 2004. The Portfolio will provide additional copies of the Annual Report to any shareholder upon request by calling the Portfolio at 1-888-735-6507. The Annual Report is not to be regarded as proxy soliciting material.

All properly executed proxies received prior to the Meeting will be voted at the Meeting in accordance with the instructions marked thereon or otherwise as provided therein. Unless instructions to the contrary are marked, shares represented by the proxies will be voted FOR the proposal listed in the Notice. For purposes of determining the presence of a quorum for transacting business at the Meeting, abstentions and broker non-votes (i.e. proxies from brokers or nominees indicating that such persons have not received instructions from the beneficial owner or other persons entitled to vote shares on a particular matter with respect to which the brokers or nominees do not have discretionary power) will be treated as shares that are present but which have not been voted. Because the proposal requires a proportion of the votes cast for its approval, abstentions and broker non-votes may influence whether a quorum is present but will have no impact on the requisite approval of the proposal. A quorum consists of the presence (in person or by proxy) of the holders of a majority of the outstanding shares of the Portfolio entitled to notice of, and to vote at, the Meeting. Proposal 1 requires for approval the affirmative vote of a plurality of the votes cast at the Meeting with a quorum present. Any proxy may be revoked at any time prior to the exercise by submitting another proxy bearing a later date or by giving written notice to the Secretary of the Portfolio at the Portfolio's address indicated above or by voting in person at the Meeting.

The Board knows of no business other than that specifically mentioned in the Notice that will be presented for consideration at the Meeting. If any other matters are properly presented, it is the intention of the persons named in the enclosed proxy to vote in accordance with their best judgment to the extent permissible under applicable law.

The Board of Directors of the Portfolio has fixed the close of business on August 2, 2004 as the record date (the Record Date) for the determination of shareholders of the Portfolio entitled to notice of and to vote at the Meeting or any adjournment thereof. The Portfolio has two classes of shares: Common Stock, par value \$.001 per share, and municipal auction rate cumulative preferred stock ( Preferred Shares ), which have a liquidation preference in the amount of \$25,000 per share (collectively with the Common Stock, the Shares ). Shareholders of the Portfolio as of the Record Date will be entitled to one vote on each matter for each Share held and a fractional vote with respect to fractional Shares, with no cumulative voting rights. As of the Record Date, the Portfolio had outstanding 41,915,510.745 shares of Common Stock, of which 41,225,144.000 shares (98.4%) were held of record but not beneficially owned by CEDE & Co., P.O. Box 20, Bowling Green Station, New York, NY 10004; and 10,000 Preferred Shares outstanding, of which 10,000 (100%) were held but not beneficially owned by CEDE & Co. As of the Record Date, no other person (including any group as that term is used in Section 13(d) of the Securities Exchange Act of 1934), to the knowledge of the Board, owned beneficially more than 5% of the outstanding Shares of either class. As of the Record Date, the officers and Board members of the Portfolio as a group beneficially owned less than 1% of the outstanding Shares of either class.

In the event that a quorum is not present, or if sufficient votes in favor of the proposal set forth in the Notice and this Proxy Statement are not received by the time scheduled for the Meeting, the persons named as proxies may propose one or more adjournments of the Meeting to permit further solicitation of proxies with respect to the proposal. In determining whether to adjourn the Meeting, the following factors may be considered: the nature of the proposals that are the subject of the Meeting, the percentage of votes actually cast, the percentage of negative votes actually cast, the nature of any further solicitation and the information to be provided to shareholders with respect to the reasons for the solicitation. Any such adjournment will require the affirmative vote of a majority of the shares represented at the Meeting. The persons named as proxies will vote in favor of such adjournment those shares which they are entitled to vote and which have voted in favor of the proposal.

### **PROPOSAL NO. 1**

#### **ELECTION OF DIRECTORS**

The Board of Directors of the Portfolio is classified into three classes. The Directors serving in Class II have terms expiring at the Meeting; the Class II Directors currently serving on the Board have been nominated by the Board of Directors for election at the Meeting to serve for a term of three years (until the year 2007 Annual Meeting of Shareholders) or until their successors have been duly elected and qualified. The Class I Directors and the Class III Directors are currently serving terms which will expire at the 2006 and 2005 Annual Meeting of Shareholders, respectively.

Under the terms of the Fund's Charter, the holders of Preferred Shares are entitled as a class, to the exclusion of the holders of Common Shares, to elect two Directors of the Fund. Paolo Cucchi and Robert Frankel had been selected by the Fund's Board for election (when so nominated) by holders of Preferred Shares. Mr. Frankel has been nominated for election at this Meeting. The Fund's Charter provides that the remaining nominees shall be elected by holders of Common and Preferred Shares voting together as a single class.

Unless authority is withheld, it is the intention of the persons named in the Proxy to vote the Proxy FOR the election of the nominees named above. Each nominee has indicated that he will serve if elected, but if any nominee should be unable to serve, the Proxy will be voted for any other person determined by the persons named in the Proxy in accordance with their judgment.



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The following table sets forth certain information regarding the nominees for election to the Board of the Portfolio:

<b>Name, Address and Age</b>	<b>Position(s) Held with Portfolio</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation(s) During Past 5 Years</b>	<b>Number of Portfolios in Fund Complex Overseen by Director (including the Fund)</b>	<b>Other Directorships Held by Director</b>
<b>Non-Interested Directors:</b>					
Robert A. Frankel  1961 Deergass Way  Carlsbad, CA 92009  Age: 77	Class II Director	Since 1994	Managing Partner, Robert A. Frankel Management Consultants	24	None
Paul Hardin  12083 Morehead  Chapel Hill, NC 27514  Age: 73	Class II Director	Since 2001	Chancellor Emeritus and Professor of Law at the University of North Carolina at Chapel Hill	34	None

The following table sets forth certain information concerning the Class I and Class III Directors of the Portfolio:

<b>Name, Address and Age</b>	<b>Position(s) Held with Portfolio</b>	<b>Term of Office and Length of Time Served</b>	<b>Principal Occupation(s) During Past 5 Years</b>	<b>Number of Portfolios in Fund Complex Overseen by Director (including the Fund)</b>	<b>Other Directorships Held by Director</b>
<b>Non-Interested Directors:</b>					
Allan J. Bloostein  27 West 67th Street  New York, NY 10023  Age: 74	Class I Director	Since 1992	President, Allan J. Bloostein Associates (Consultant)	34	Director of Taubman Centers, Inc. (retail shopping centers)
Dwight B. Crane  Harvard Business School  Morgan Hall #375  Boston, MA 02163  Age: 66	Class III Director	Since 1992	Professor, Harvard Business School	49	None
Paolo M. Cucchi	Class I Director			7	None

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Drew Univ. 108 Brothers College Madison, NJ 07904		Since 2001	Vice President and Dean of College of Liberal Arts at Drew University	
Age: 62 William R. Hutchinson 535 N. Michigan Suite 1012 Chicago, IL 60611	Class III Director	Since 1995	President, WR Hutchison & Associates, Inc. (Consultant)	42 Director, Associated Bank; Director, Associated Banc-Corp.
Age: 61 George M. Pavia 600 Madison Ave. New York, NY 10022	Class III Director	Since 2001	Senior Partner, Pavia & Harcourt (Attorneys)	7 None
Age: 76				

Name, Address and Age	Position(s) Held with Portfolio	Term of Office and Length of Time Served	Principal Occupation(s) During Past 5 Years	Number of Portfolios in Fund Complex Overseen by Director (including the Fund)	Other Directorships Held by Director
<b>Interested Director:</b>					
Jay Gerken*	Class I Director, and President	Since 2002	Managing Director, CGM; Chairman, President and Chief Executive Officer of Smith Barney Fund Management LLC ( SBFM ), Travelers Investment Adviser, Inc. ( TIA ) and Citi Fund Management Inc. ( CFM ); President and Chief Executive Officer of certain mutual funds associated with Citigroup Inc. ( Citigroup ); Formerly Portfolio Manager of Smith Barney Allocation Series Inc. (from 1996 to 2001) and Smith Barney Growth and Income Fund (from 1996 to 2000).	221	None
Citigroup Asset Management ( CAM )					
399 Park Avenue					
New York, NY 10022					
Age: 53					

\* An interested person of the Portfolio, as defined in the Investment Company Act of 1940 ( 1940 Act ), because he is a Managing Director of CGM, which is an affiliate of SBFM, the Portfolio's investment manager.  
Director, trustee and/or general partner of other investment companies registered under the 1940 Act with which CGM is affiliated.

The following table sets forth certain information concerning the executive officers of the Portfolio:

Name, Address and Age	Position(s) Held with Portfolio	Term of Office and Length of Time Served**	Principal Occupation(s) During Past 5 Years
Andrew B. Shoup	Senior Vice President and Chief Administrative Officer	Since 2003	Director of CAM; Senior Vice President and Chief Administrative Officer of mutual funds associated with Citigroup; Treasurer of certain mutual funds associated with Citigroup; Head of International Funds Administration of CAM (from 2001 to 2003); Director of Global Funds Administration of CAM (from 2000 to 2001); Head of U.S. Citibank Funds Administration of CAM (from 1998 to 2000).
CAM			
125 Broad Street			
New York, NY 10004			
Age: 47			

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<b>Name, Address and Age</b>	<b>Position(s) Held with Portfolio</b>	<b>Term of Office and Length of Time Served**</b>	<b>Principal Occupation(s) During Past 5 Years</b>
Joseph P. Deane  CAM  399 Park Avenue  New York, NY 10022  Age: 48	Vice President and Investment Officer	Since 1993	Managing Director, CGM; investment officer of certain other investment companies associated with Citigroup
David T. Fare  CAM  399 Park Avenue  4th Floor  New York, NY 10022  Age 41	Vice President and Investment Officer	Since 2004	Director of CGM; Investment Officer of certain other investment companies associated with Citigroup
James Giallanza  CAM  125 Broad Street  11th Floor  New York, NY 10004  Age: 38	Chief Financial Officer and Treasurer	Since 2004	Director of CGM; Chief Financial Officer and Treasurer of certain mutual funds associated with Citigroup; Director and Controller of the U.S. wholesale business at UBS Global Asset Management (from 2001-2004); Director of Global Funds Administration at CAM (from 2000-2001); Treasurer of the Lazard Funds (from 1998-2000).
Kaprel Oszolak  CAM  125 Broad Street  9th Floor  New York, NY 10004  Age: 38	Controller	Since 2002	Vice President of CGM; Controller of certain mutual funds associated with Citigroup
Robert I. Frenkel  CAM  300 First Stamford Place  Stamford, CT 06902  Age: 48	Secretary	Since 2003	Managing Director and General Counsel of Global Mutual Funds for CAM and its predecessor (since 1994); Secretary of CFM; Secretary and Chief Legal Officer of mutual funds associated with Citigroup.

\*\* The Portfolio's executive officers are chosen each year at a meeting of the Board of the Portfolio, to hold office for one year and until their respective successors are duly elected and qualified.



The following table provides information concerning the dollar range of equity securities in the Portfolio and the aggregate dollar range of equity securities in the SBFM Family of Investment Companies (as defined below) beneficially owned by each Director as of December 31, 2003.

Name of Nominee	Dollar Range of Equity Securities in the Portfolio*(1)(2)	Aggregate Dollar Range of Equity Securities in All Funds Overseen by Director in SBFM Family of Investment Companies*(1)(3)
Allan J. Bloostein	B	E
Dwight B. Crane	C	E
Paolo M. Cucchi	A	B
Robert A. Frankel	B	C
Jay Gerken	B	E
Paul Hardin	C	E
William R. Hutchinson	B	E
George M. Pavia	A	A

\* The dollar ranges are as follows: A = none; B = \$1 \$10,000; C = \$10,001 \$50,000; D = \$50,001 \$100,000; E = over \$100,000.

- (1) This information has been furnished by each Director as of December 31, 2003. Beneficial Ownership is determined in accordance with Rule 16a-1(a)(2) promulgated under the Securities Exchange Act of 1934.
- (2) The Portfolio's Directors and officers, in the aggregate, own less than 1% of the Portfolio's outstanding equity securities as of the Record Date.
- (3) Family of Investment Companies means those registered investment companies that share an investment adviser and that hold themselves out to investors as related companies for purposes of investment and investor services.

Under the federal securities laws, the Portfolio is required to provide to shareholders, for each nominee for election as Director of the Fund who is not an interested person as defined in the 1940 Act, each non-interested Director and his or her immediate family members, information as to each class of securities owned beneficially or of record in SBFM or person or entity (other than a fund) directly or indirectly controlling, controlled by or under common control with SBFM. SBFM is an indirect wholly-owned subsidiary of Citigroup. As of December 31, 2003, as reported to the Portfolio, none of the nominees for election as Director who are not interested persons of the Portfolio, none of the non-interested Directors and none of their immediate family members owned beneficially or of record securities issued by Citigroup.

During the fiscal year ended May 31, 2004, each Director who was not a director, officer, partner, co-partner or employee of CGM, or any affiliate thereof, received \$5,000 per annum plus \$500 per in-person Board meeting and \$100 per telephonic Board meeting attended. Officers of the Portfolio are compensated by CGM. Aggregate fees and expenses (including reimbursement for travel and out-

of-pocket expenses) of \$9,402 were paid to such Directors by the Portfolio during the year ended December 31, 2003.

Under the federal securities laws, the Portfolio is required to provide to shareholders in connection with the Meeting information regarding compensation paid to the Directors by the Portfolio, as well as by the various other investment companies advised by SBFM. The following table provides information concerning the compensation paid to each Director during the fiscal year ended May 31, 2004. All officers of the Portfolio are employees of and are compensated by CGM. None of the Portfolio's executive officers or Directors who are also officers or directors of CGM received any compensation from the Portfolio for such period. The Portfolio does not provide any pension or retirement benefits to Directors, although it does offer Directors who have served the Portfolio for at least 10 years and have reached at least the age of 70, but not more than 80, to be emeritus directors for a period of up to 10 years at fees of one-half the fees paid to a Director. During the Portfolio's last fiscal year, compensation paid by the Portfolio to Directors Emeriti totaled \$40,571.

<b>Name of Director</b>	<b>Aggregate Compensation From Fund for the fiscal year ended 5/31/04</b>	<b>Total Compensation From Fund and Fund Complex Paid to Directors  for the year ended 12/31/03</b>
Allan J. Bloostein	\$ 8,100	\$ 126,600
Dwight B. Crane	7,100	168,875
Paolo M. Cucchi	7,600	50,400
Robert A. Frankel	8,200	83,900
R. Jay Gerken	0	0
Paul Hardin	8,200	128,775
William R. Hutchison	7,600	114,600
George M. Pavia	8,200	51,625

During the fiscal year ended May 31, 2004, the Board convened five times. Each Director attended at least seventy-five percent of the aggregate number of meetings of the Board and any committees on which he served during the period for which he was a Director. The Portfolio does not have a policy with regard to Board attendance at annual meetings of shareholders. One Board member attended the 2003 Annual Meeting.

The Portfolio has a separately designated standing Audit Committee. The Portfolio's Audit Committee is composed of all Directors who are not interested persons of the Portfolio, SBFM or their affiliates within the meaning of the 1940 Act, and who are independent as defined in the New York Stock Exchange ( NYSE ) listing standards, namely Messrs. Bloostein, Crane, Frankel, Hardin, Hutchinson and Pavia. The principal functions of the Audit Committee are to (a) assist Board oversight of (i) the integrity of the Portfolio's financial statements, (ii)

the Portfolio's compliance with legal and regulatory requirements, (iii) the qualifications and independence of the Portfolio's independent auditors, and (iv) the performance of the Portfolio's internal audit functions and independent auditors; (b) approve, and recommend to the Independent Board Members (as such term is defined in the Audit Committee Charter) for their ratification, the selection, appointment, retention or termination of the Portfolio's independent auditors, as well as approving the compensation thereof; (c) approve all audit and permissible non-audit services provided to the Portfolio and certain other persons by such independent auditors; and (d) prepare the report required to be prepared by the Audit Committee pursuant to Securities and Exchange Commission (SEC) rules for inclusion in the Annual Proxy Statement. This Committee met four times during the fiscal year ended May 31, 2004. The Portfolio adopted an Amended and Restated Audit Committee Charter at a meeting held on February 11, 2004, a copy of which is attached to this Proxy Statement as Annex A.

The Portfolio has a separately designated standing Nominating Committee. The Nominating Committee, the principal function of which is to select and nominate candidates for election or appointment by the Board as Directors of the Portfolio, is currently composed of Messrs. Bloostein, Crane, Cucchi, Frankel, Hardin, Hutchinson and Pavia. Only Directors who are not interested persons of the Portfolio as defined in the 1940 Act and who are independent as defined in the NYSE listing standards are members of the Nominating Committee. The Nominating Committee may consider nominees recommended by a shareholder as it deems appropriate. Shareholders who wish to recommend a nominee should send recommendations to the Portfolio's Secretary that include all information relating to such person that is required to be disclosed in solicitations of proxies for the election of Directors. A recommendation must be accompanied by a written consent of the individual to stand for election if nominated by the Board of Directors and to serve if elected by the shareholders. The Nominating Committee met once during the Portfolio's fiscal year ended May 31, 2004. The Portfolio adopted a Nominating Committee Charter at a meeting held on February 11, 2004, a copy of which is attached to this Proxy Statement as Annex B.

The Nominating Committee identifies potential nominees through its network of contacts, and may also engage, if it deems appropriate, a professional search firm. The Committee meets to discuss and consider such candidates' qualifications and then chooses a candidate by majority vote. The Nominating Committee does not have specific, minimum qualifications for nominees and has not established specific qualities or skills that it regards as necessary for one or more of the Portfolio's Directors to possess (other than any qualities or skills that may be required by applicable law, regulation or listing standard). However, as set forth in the Nominating Committee Charter, in evaluating a person as a potential nominee to serve as a Director of the Portfolio, the Committee may consider the following factors, among any others it may deem relevant:



whether or not the person is an interested person as defined in the 1940 Act and whether the person is otherwise qualified under applicable laws and regulations to serve as a Director of the Portfolio;

whether or not the person has any relationships that might impair his or her independence, such as any business, financial or family relationships with Fund management, the investment manager of the Portfolio, Portfolio service providers or their affiliates;

whether or not the person serves on boards of, or is otherwise affiliated with, competing financial service organizations or their related mutual fund complexes;

whether or not the person is willing to serve, and willing and able to commit the time necessary for the performance of the duties of a Director of the Portfolio;

the contribution which the person can make to the Board and the Portfolio (or, if the person has previously served as a Director of the Portfolio, the contribution which the person made to the Board during his or her previous term of service), with consideration being given to the person's business and professional experience, education and such other factors as the Committee may consider relevant;

the character and integrity of the person; and

whether or not the selection and nomination of the person would be consistent with the requirements of the Portfolio's retirement policies.

#### **Report of the Audit Committee**

At meetings of the Audit Committee held on May 27, 2004 and on July 21, 2004, the Audit Committee reported that it had (i) reviewed and discussed the Portfolio's audited financial statements with management; (ii) discussed with KPMG LLP (KPMG), the independent auditors to the Portfolio, the matters (such as the quality of the Portfolio's accounting principles and internal controls) required to be discussed by Statement on Auditing Standards No. 61, *Communications with Audit Committees*, as currently modified or supplemented, including, but not limited to, the scope of the Portfolio's audit, the Portfolio's financial statements and the Portfolio's accounting controls, and (iii) received written confirmation from KPMG that it is independent and written disclosures regarding such independence as required by Independence Standards Board Standard No. 1, and discussed with KPMG the auditor's independence.

Based on review and discussions referred to in items (i) through (iii) above, the Audit Committee recommended to the Board (and the Board has approved) that

the audited financial statements be included in the Portfolio's annual report for the Portfolio's fiscal year ended May 31, 2004.

**Submitted by the Audit Committee of the Portfolio's Board of Directors**

Allan J. Bloostein

Dwight B. Crane

Paolo M. Cucchi

Robert A. Frankel

Paul Hardin

William R. Hutchison

George M. Pavia

**Independent Auditors**

At a meeting held on February 11, 2004, the Audit Committee approved the selection of KPMG for the fiscal year ending May 31, 2005. KPMG has informed the Portfolio that it has no material direct or indirect financial interest in the Portfolio.

No representative of KPMG will be available at the Meeting to answer questions, although KPMG has been given an opportunity to make a statement.

**Audit Fees.** Fees for the annual audit of the Portfolio's financial statements by KPMG for the fiscal years ended May 31, 2003 and 2004 were \$36,000 and \$34,250, respectively.

**Audit-Related Fees.** Fees for services related to the audit of the Portfolio's financial statements rendered by KPMG for the fiscal years ended May 31, 2003 and 2004 were \$7,500 and \$0, respectively. These amounts represent procedures performed and prepared for in an agreed upon procedures letter in accordance with the terms of the Articles Supplementary.

**Tax Fees.** Fees for services rendered by KPMG for tax compliance for the fiscal years ended May 31, 2003 and 2004 were \$2,100 and \$2,100, respectively. These amounts represent aggregate fees paid for tax compliance, tax advice and tax planning services, which include the filing and amendment of federal, state and local income tax returns, timely tax qualification review and tax distribution and analysis planning rendered by KPMG to the Portfolio.

**All Other Fees.** There were no other fees billed to KPMG for services rendered to the Portfolio for the last two fiscal years.

**Pre-Approval Policies and Procedures.** The Audit Committee Charter requires that the Audit Committee shall approve (a) all audit and permissible non-audit services to be provided to the Portfolio and (b) all permissible non-audit services to be provided by the Portfolio's independent auditors to the Manager and any service providers controlling, controlled by or under common control with the Manager that provide ongoing services to the Portfolio ( Covered Service Providers ) if the engagement relates directly to the operations and financial reporting of the Portfolio. The Audit Committee may implement policies and procedures by which such services are approved other than by the full Committee.

The Audit Committee may not approve non-audit services that the Committee believes may impair the independence of the auditors. As of the date of the approval of the Audit Committee Charter, permissible non-audit services include any professional services (including tax services) that are not prohibited services as described below, provided to the Portfolio by the independent auditors, other than those provided to the Portfolio in connection with an audit or a review of the financial statements of the Portfolio. Permissible non-audit services may not include: (i) bookkeeping or other services related to the accounting records or financial statements of the Portfolio; (ii) financial information systems design and implementation; (iii) appraisal or valuation services, fairness opinions or contribution-in-kind reports; (iv) actuarial services; (v) internal audit outsourcing services; (vi) management functions or human resources; (vii) broker or dealer, investment adviser or investment banking services; (viii) legal services and expert services unrelated to the audit; and (ix) any other service the Public Company Accounting Oversight Board determines, by regulation, is impermissible.

Pre-approval by the Audit Committee of any permissible non-audit services is not required so long as: (i) the aggregate amount of all such permissible non-audit services provided to the Portfolio, the Manager and any Covered Service Provider constitutes not more than 5% of the total amount of revenues paid to the independent auditors during the fiscal year in which the permissible non-audit services are provided to (a) the Portfolio, (b) the Manager and (c) any Covered Service Provider during the fiscal year in which the services are provided that would not have to be approved by the Committee; (ii) the permissible non-audit services were not recognized by the Portfolio at the time of the engagement to be non-audit services; and (iii) such services are promptly brought to the attention of the Audit Committee and approved by the Committee (or its delegate(s)) prior to the completion of the audit.

There were no services rendered by KPMG to the Portfolio for which the pre-approval requirement was waived.

**Aggregate Non-Audit Fees.** The aggregate non-audit fees billed by KPMG for non-audit services rendered to the Portfolio, the Manager and Covered Service

Providers for the years ended December 31, 2003 and December 31, 2004 were \$100,000 and \$1.2 million, respectively.

The Portfolio's Audit Committee has considered whether the provision of non-audit services that were rendered by KPMG to the Manager and Covered Service Providers that were not pre-approved (not requiring pre-approval) is compatible with maintaining KPMG's independence. All services provided by KPMG to the Portfolio, the Manager or Covered Service Providers that were required to be pre-approved were pre-approved as required.

#### **Required Vote**

Proposal 1 requires for approval the affirmative vote of a majority of votes cast at the Meeting with a quorum present, in person or by proxy, by the shareholders of the Portfolio voting on the matter. Because abstentions and broker non-votes are not treated as shares voted, abstentions and broker non-votes would have no impact on Proposal 1.

**The Board of Directors, including the non-interested Directors, recommends that the shareholders vote FOR the Portfolio's nominees for Director.**

**ADDITIONAL INFORMATION**

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 and Section 30(h) of the 1940 Act require the Portfolio's officers and directors, the Manager, affiliates of the Manager, and persons who beneficially own more than ten percent of a registered class of the Portfolio's outstanding securities to file reports of ownership of the Portfolio's securities and changes in such ownership with the SEC and NYSE. Such persons are required by SEC regulations to furnish the Portfolio with copies of all such filings. Based solely upon its review of the copies of such filings received by it and written representations by such persons, the Portfolio believes that, for the fiscal year 2004, all filing requirements applicable to such persons were met.

**OTHER MATTERS**

The Portfolio knows of no other matters which are to be brought before the Meeting. However, if any other matters not now known or determined properly come before the Meeting, it is the intention of the persons named in the enclosed form of Proxy to vote such Proxy in accordance with their judgment on such matters.

**SHAREHOLDER PROPOSALS AND OTHER SHAREHOLDER COMMUNICATIONS**

Shareholder proposals intended to be presented at the 2005 Annual Meeting of the shareholders of the Portfolio must be received by April 17, 2005 to be included in the proxy statement and the form of proxy relating to that meeting, as the Portfolio expects that the 2005 Annual Meeting will be held in September 2005. The submission by a shareholder of a proposal for inclusion in the proxy statement does not guarantee that it will be included. Shareholder proposals are subject to certain regulations under the federal securities laws.

The persons named as proxies for the Annual Meeting of Shareholders for 2005 will have discretionary authority to vote on any matter presented by a shareholder for action at that meeting unless the Portfolio receives notice of the matter by June 27, 2005, in which case these persons will not have discretionary voting authority except as provided in the Securities and Exchange Commission's rules governing shareholder proposals.

The Portfolio's Audit Committee has established guidelines and procedures regarding the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters (collectively, "Accounting Matters"). Persons with complaints or concerns regarding Accounting Matters may submit their complaints to the Citigroup Chief Compliance Officer ("CCO"). Persons who are uncomfortable submitting complaints to the CCO, including complaints involving the CCO, may submit complaints directly to the Portfolio's Audit Committee Chair (together with the CCO, "Complaint Officers"). Complaints may be submitted on an anonymous basis.

The CCO may be contacted at:

Citigroup Asset Management

Compliance Department

399 Park Avenue, 4th Floor

New York, NY 10022

Complaints may also be submitted by telephone at 800-742-5274. Complaints submitted through this number will be received by the CCO.

The Portfolio's Audit Committee Chair may be contacted at:

Managed Municipals Portfolio Inc.

Audit Committee Chair

Robert A. Frankel

1961 Deergrass Way

Carlsbad, CA 92009





A shareholder who wishes to send any other communications to the Board should also deliver such communications to the Secretary of the Portfolio, Robert I. Frenkel, 300 First Stamford Place, 4th Floor, Stamford, CT 06902. The Secretary is responsible for determining, in consultation with other officers of the Portfolio, counsel, and other advisers as appropriate, which shareholder communications will be relayed to the Board.

**It is important that proxies be returned promptly. Shareholders who do not expect to attend the Meeting are therefore urged to complete and sign, date and return the proxy card as soon as possible in the enclosed postage-paid envelope.**

By Order of the Board of Directors,

Robert I. Frenkel

*Secretary*

August 23, 2004

**AUDIT COMMITTEE CHARTER**

**AMENDED AND RESTATED AS OF FEBRUARY 11, 2004**

**Establishment and Purpose**

This document serves as the Charter for the Audit Committee (the "Committee") of the Board of each registered investment company (the "Fund") advised by Smith Barney Fund Management or Salomon Brothers Asset Management or one of their affiliates (each, an "Adviser") listed on Appendix A hereto (each such Charter being a separate Charter). The primary purposes of the Committee are to (a) assist Board oversight of (i) the integrity of the Fund's financial statements, (ii) the Fund's compliance with legal and regulatory requirements (iii) the qualifications and independence of the Fund's independent auditors and (iv) the performance of the Fund's internal audit function and independent auditors; (b) approve, and recommend to the Independent Board Members (as such term is defined below) for their ratification, the selection, appointment, retention or termination of the Fund's independent auditors, as well as approving the compensation thereof; (c) approve all audit and permissible non-audit services provided to the Fund and certain other persons by the Fund's independent auditors; and (d) for each closed-end Fund, prepare the report required to be prepared by the Committee pursuant to the rules of the Securities and Exchange Commission for inclusion in the Fund's annual Proxy Statement.

**Duties and Responsibilities**

The Fund's independent auditors are accountable to the Committee.

The Committee shall:

1. Bear direct responsibility for the appointment, compensation, retention and oversight of the Fund's independent auditors, or of any other public accounting firm engaged for the purpose of performing other audit, review or attest services for the Fund.
2. Confirm with any independent auditor retained to provide audit services that the independent auditor has ensured the appropriate rotation of the lead audit partner pursuant to applicable regulations.

3. Approve (a) all audit and permissible non-audit services<sup>1</sup> to be provided to the Fund and (b) all permissible non-audit services to be provided by the Fund's independent auditors to the Adviser and any Covered Service Providers if the engagement relates directly to the operations and financial reporting of the Fund. The Committee may implement policies and procedures by which such services are approved other than by the full Committee.
4. Discuss with the independent auditors any disclosed relationships or services that may diminish the objectivity and independence of the independent auditors and, if so determined by the Committee, recommend that the Board take appropriate action to ensure the independence of the independent auditors.
5. Review, in consultation with the independent auditors, the proposed scope of the Fund's audit each year, including the audit procedures to be utilized in the review of the Fund's financial statements.
6. Inquire of the Adviser and the independent auditors as to significant tax and accounting policies elected by the Fund (including matters affecting qualification under Subchapter M of the Internal Revenue Code).
7. Review with the independent auditors any problems or difficulties the auditors may have encountered during the conduct of the audit and management's response, including a discussion with the independent

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<sup>1</sup> The Committee shall not approve non-audit services that the Committee believes may impair the independence of the auditors. As of the date of the approval of this Audit Committee Charter, permissible non-audit services include any professional services (including tax services), that are not prohibited services as described below, provided to the Fund by the independent auditors, other than those provided to the Fund in connection with an audit or a review of the financial statements of the Fund. Permissible non-audit services may not include: (i) bookkeeping or other services related to the accounting records or financial statements of the Fund; (ii) financial information systems design and implementation; (iii) appraisal or valuation services, fairness opinions or contribution-in-kind reports; (iv) actuarial services; (v) internal audit outsourcing services; (vi) management functions or human resources; (vii) broker or dealer, investment adviser or investment banking services; (viii) legal services and expert services unrelated to the audit; and (ix) any other service the Public Company Accounting Oversight Board determines, by regulation, is impermissible.

Pre-approval by the Committee of any permissible non-audit services is not required so long as: (i) the aggregate amount of all such permissible non-audit services provided to the Fund, the Adviser and any service providers controlling, controlled by or under common control with the Adviser that provide ongoing services to the Fund ( Covered Service Providers ) constitutes not more than 5% of the total amount of revenues paid to the independent auditors during the fiscal year in which the permissible non-audit services are provided to (a) the Fund, (b) the Adviser and (c) any entity controlling, controlled by or under common control with the Adviser that provides ongoing services to the Fund during the fiscal year in which the services are provided that would have to be approved by the Committee; (ii) the permissible non-audit services were not recognized by the Fund at the time of the engagement to be non-audit services; and (iii) such services are promptly brought to the attention of the Committee and approved by the Committee (or its delegate(s)) prior to the completion of the audit.

auditors of the matters required to be discussed by Statement on Auditing Standards No. 61, 89, 90 or any subsequent Statement, relating to the conduct of the audit.

8. Review, in consultation, as appropriate, with the independent auditors and significant Fund service providers, matters relating to internal controls over financial reporting and disclosure controls and procedures of the Fund and of the Fund's significant service providers.
9. Request, receive and/or review from the independent auditors such other materials as deemed necessary or advisable by the Committee in the exercise of its duties under this Charter; such materials may include, without limitation, any other material written communications bearing on the Fund's financial statements, or internal or disclosure controls, between the independent auditors and the Fund, the Adviser or other Fund service providers, such as any management letter or schedule of unadjusted differences, and any comment or deficiency letter (to the extent such letters relate to financial reporting) received from a regulatory or self-regulatory organization addressed to the Fund or the Adviser that relates to services rendered to the Fund.
10. For each closed-end Fund, establish procedures regarding the receipt, retention and treatment of complaints that the Fund may receive regarding Fund accounting, internal accounting controls or auditing matters, including procedures for the confidential or anonymous submission by Fund officers, employees, stockholders or service providers of concerns regarding questionable accounting or auditing matters related to the Fund.
11. For each closed-end Fund, obtain and review a report by the Fund's independent auditors describing (i) the auditing firm's internal quality-control procedures; (ii) any material issues raised by the most recent internal quality-control review, or peer review, of the auditing firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditing firm, and any steps taken to deal with any such issues; and (iii) (to assess the auditor's independence) all relationships between the independent auditor and the Fund.
12. For each closed-end Fund, discuss policies with respect to risk assessment and risk management.
13. For each closed-end Fund, review hiring policies for employees or former employees of the Fund's independent auditors.
14. For each closed-end Fund, discuss with management and the Fund's independent auditors the Fund's audited and discuss with management

the Fund's unaudited financial statements, including any narrative discussion by management concerning the Fund's financial condition and investment performance and, if appropriate, recommend the publication of the Fund's annual audited financial statements in the Fund's annual report in advance of the printing and publication of the annual report.

15. For each closed-end Fund, discuss the Fund's earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies;
16. For each closed-end Fund, review and evaluate annually the performance of the Committee and the adequacy of this Charter and recommend any proposed changes to the Charter to the Board for approval.

The Committee shall have the resources and authority appropriate to discharge its responsibilities, including the authority to retain, as it deems necessary to carry out its duties, special counsel and other experts or consultants at the expense of the Fund. The Fund shall provide appropriate funding, as determined by the Committee, for the Committee to carry out its duties and its responsibilities, including (a) for compensation to be paid to, or services to be provided by, the Fund's independent auditors or other public accounting firm providing audit, review or attest services for the Fund, (b) for payment of compensation to any outside legal, accounting or other advisors, counsel or consultants employed by the Committee and (c) for the ordinary administrative expenses of the Committee. In performing its duties, the Committee shall consult as it deems appropriate with the members of the Board, officers and employees of the Fund, the Adviser, the Fund's sub-adviser(s), if any, the Fund's counsel, counsel to the Independent Board Members and the Fund's other service providers.

#### **Composition**

The Committee shall be composed of each Board member who has been determined not to be an interested person, as that term is defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended (1940 Act), of the Fund (the Independent Board Members), or such lesser number as the Board of the Fund may specifically determine and reflect in the Board's minutes, each of whom shall be financially literate and at least one of whom shall have accounting or related financial management expertise as determined by the Fund's Board in its business judgment. Each member of the Committee must also meet the independence and experience requirements as set forth in Section 303.01(B) of the New York Stock Exchange's Listed Company Manual or as set forth in Section 121(a) of the American Stock Exchange's listing standards, as applicable, and the independence requirements applicable to investment companies set forth in Rule 10A-3 under of the Securities Exchange Act of 1934. For those Funds listed on the New York Stock Exchange, no member of the Committee may serve on the audit

committees of more than three public companies, including the Funds, unless the Board determines that such simultaneous service would not impair the ability of such member to serve on the Committee effectively. The Committee shall elect a Chairperson, who shall preside over Committee meetings. The Chairperson shall serve for a term of three years, which term may be renewed from time to time.

### **Meetings**

The Committee shall meet on a regular basis, but not less frequently than twice a year. Special meetings may also be held upon reasonable notice to the members of the Committee. An agenda shall be established for each meeting. The Committee may request any officer or employee of the Fund, the Fund's counsel, counsel to the Independent Board Members, the Adviser, the Fund's independent auditors or other interested persons to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. The Committee will meet periodically with the Fund's independent auditors outside the presence of the Fund and the Adviser's officers and employees. The Committee will also meet periodically with the Fund's management outside the presence of the Fund's independent auditors. Meetings of the Committee may be held in person, by telephone or by other appropriate means.

One-third of the Committee's members, but not fewer than two members, shall constitute a quorum. At any meeting of the Committee, the decision of a majority of the members present and voting shall be determinative as to any matter submitted to a vote.

### **Reporting**

The Chairperson shall report regularly to the Board on the result of the Committee's deliberations and make such recommendations as deemed appropriate.

### **Limits on Role of Committee**

The function of the Committee is oversight. The Fund's management is responsible for (i) the preparation, presentation and integrity of the Fund's financial statements, (ii) the maintenance of appropriate accounting and financial reporting principles and policies and (iii) the maintenance of internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. The independent auditors are responsible for planning and carrying out proper audits and reviews. In fulfilling their responsibilities hereunder, it is recognized that members of the Committee are not employees of the Fund. As such, it is not the duty or responsibility of the Committee or its members to conduct field work or other types of auditing or accounting reviews or procedures or to

set auditor independence standards. Each member of the Committee shall be entitled to rely on (i) the integrity of those persons and organizations within and outside the Fund from which it receives information and (ii) the accuracy of the financial and other information provided to the Committee by such persons and organizations absent actual knowledge to the contrary (which shall be promptly reported to the Fund's Board) and (iii) statements made by the officers and employees of the Fund, the Adviser or other third parties as to any information technology, internal audit and other non-audit services provided by the independent auditors to the Fund. The designation of a person as an audit committee financial expert, within the meaning of the rules adopted and implemented under Section 407 of the Sarbanes-Oxley Act of 2002, shall not impose any greater responsibility or liability on that person than the responsibility and liability imposed on such person as a member of the Committee, nor does it decrease the duties and obligations of other Committee members or the Board.

In carrying out its responsibilities, the Committee's policies and procedures shall be adapted, as appropriate, in order to best react to a changing environment.

#### **Amendments**

This Charter may be amended by a vote of a majority of the Board members.

Citigroup Investments Corporate Loan Fund Inc.\*

Managed High Income Portfolio Inc.\*

Managed Municipals Portfolio Inc.\*

Municipal High Income Fund Inc.\*

Real Estate Income Fund Inc.\*

SB Adjustable Rate Income Fund

Zenix Income Fund Inc.\*

\*Closed-end Fund. The duties and responsibilities of paragraphs 10, 11, 12 and 13 and any other provision applicable exclusively to closed-end funds apply to these funds only.



## NOMINATING COMMITTEE CHARTER

### Organization

The Nominating Committee of each registered investment company listed on Appendix A hereto (each, a Fund and together, the Funds) shall be composed solely of Directors who are not interested persons of the Fund as defined in Section 2(a)(19) of the Investment Company Act of 1940, as amended (the 1940 Act) and, with respect to those Funds listed on the New York Stock Exchange, who are independent as defined in the New York Stock Exchange listing standards (Independent Directors). The Board of Directors of the Fund (the Board) shall nominate the members of the Committee and shall designate the Chairperson of the Committee. The Chairperson shall preside at each meeting of the Committee.

### Responsibilities

The Committee shall select and nominate persons for election or appointment by the Board as Directors of the Fund.

### Evaluation of Potential Nominees

In evaluating a person as a potential nominee to serve as a Director of the Fund, the Committee should consider among other factors it may deem relevant:

whether or not the person is an interested person as defined in the 1940 Act and whether the person is otherwise qualified under applicable laws and regulations to serve as a Director of the Fund;

whether or not the person has any relationships that might impair his or her independence, such as any business, financial or family relationships with Fund management, the investment manager of the Fund, other Fund service providers or their affiliates;

whether or not the person serves on boards of, or is otherwise affiliated with, competing financial service organizations or their related mutual fund complexes;

whether or not the person is willing to serve, and willing and able to commit the time necessary for the performance of the duties of a Director of the Fund;

the contribution which the person can make to the Board and the Fund (or, if the person has previously served as a Director of the Fund, the

contribution which the person made to the Board during his or her previous term of service), with consideration being given to the person's business and professional experience, education and such other factors as the Committee may consider relevant;

the character and integrity of the person; and

whether or not the selection and nomination of the person would be consistent with the requirements of the Fund's retirement policies.

While the Committee is solely responsible for the selection and nomination of Directors, the Committee may consider nominees recommended by Fund stockholders as it deems appropriate. Stockholders who wish to recommend a nominee should send nominations to the Secretary of the Fund that include all information relating to such person that is required to be disclosed in solicitations of proxies for the election of Directors. The recommendation must be accompanied by a written consent of the individual to stand for election if nominated by the Board of Directors and to serve if elected by the stockholders.

### **Quorum**

A majority of the members of the Committee shall constitute a quorum for the transaction of business, and the act of a majority of the members of the Committee present at any meeting at which there is a quorum shall be the act of the Committee.

### **Nomination of Directors**

After a determination by the Committee that a person should be selected and nominated as a Director of the Fund, the Committee shall present its recommendation to the Board for its consideration.

### **Meetings**

The Committee may meet either on its own or in conjunction with meetings of the Board. Meetings of the Committee may be held in person, video conference or by conference telephone. The Committee may take action by unanimous written consent in lieu of a meeting.

Adopted: February 11, 2004

Citigroup Investments Corporate Loan Fund Inc.

Managed High Income Portfolio Inc.

Managed Municipals Portfolio Inc.

Municipal High Income Fund Inc.

Real Estate Income Fund Inc.

SB Adjustable Rate Income Fund

Zenix Income Fund Inc.

**PROXY**

**MANAGED MUNICIPALS PORTFOLIO INC.**

**PROXY SOLICITED BY THE BOARD OF DIRECTORS**

The undersigned holder of common stock of Managed Municipals Portfolio Inc. (the Fund ) a Maryland corporation, hereby appoints R. Jay Gerken and Robert M. Nelson attorneys and proxies for the undersigned with full power of substitution and revocation to represent the undersigned and to vote on behalf of the undersigned all shares of Common Stock of the Fund. The undersigned is entitled to vote at the Annual Meeting of Shareholders of the Fund to be held at Citigroup Center, 153 East 53rd Street, 14th Floor, New York, New York on September 23, 2004 at 4:00 p.m., and any adjournment thereof. The undersigned hereby acknowledges receipt of the Notice of Annual Meeting and Proxy Statement dated August 23, 2004 and hereby instructs said attorneys and proxies to vote said shares as indicated hereon. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting. A majority of the proxies present and acting at the Meeting in person or by substitute (or, if only one shall be so present, then that one) shall have and may exercise all of the power and authority of said proxies hereunder. The undersigned hereby revokes any proxies previously given.

**SEE REVERSE  
SIDE**

**CONTINUED AND TO BE SIGNED ON REVERSE SIDE**

**SEE REVERSE  
SIDE**

**X** Please mark  
votes as in  
this example.

3197

The Board of Directors recommends a vote **FOR** the following proposal. This proxy, if properly executed, will be voted in the manner directed by the undersigned shareholder. If no direction is made, this proxy will be voted FOR election of each nominee as director. Please refer to the Proxy Statement for a discussion of the proposal.

1. ELECTION OF DIRECTOR

**Nominee:** (01) Paul Hardin

**FOR**      **WITHHOLD**

..      ..

MARK HERE FOR ADDRESS CHANGE AND NOTE AT LEFT      ..

**PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.**

NOTE: Please sign exactly as your name appears on this Proxy. If joint owners, EITHER may sign this Proxy. When signing as attorney, executor, administrator, trustee, guardian or corporate officer, please give your full title.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**PROXY**

**MANAGED MUNICIPALS PORTFOLIO INC.**

**PROXY SOLICITED BY THE BOARD OF DIRECTORS**

The undersigned holder of shares of municipal auction rate cumulative preferred stock ( Preferred Shares ) of Managed Municipals Portfolio Inc. (the Fund ) a Maryland corporation, hereby appoints R. Jay Gerken and Robert M. Nelson attorneys and proxies for the undersigned with full power of substitution and revocation to represent the undersigned and to vote on behalf of the undersigned all shares of Preferred Shares of the Fund. The undersigned is entitled to vote at the Annual Meeting of Shareholders of the Fund to be held at Citigroup Center, 153 East 53rd Street, 14th Floor, New York, New York on September 23, 2004 at 4:00 p.m., and any adjournment thereof. The undersigned hereby acknowledges receipt of the Notice of Meeting and Proxy Statement dated August 23, 2004 and hereby instructs said attorneys and proxies to vote said shares as indicated hereon. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting. A majority of the proxies present and acting at the Meeting in person or by substitute (or, if only one shall be so present, then that one) shall have and may exercise all of the power and authority of said proxies hereunder. The undersigned hereby revokes any proxies previously given.

**SEE REVERSE  
SIDE**

**CONTINUED AND TO BE SIGNED ON REVERSE SIDE**

**SEE REVERSE  
SIDE**

**X** Please mark  
votes as in  
this example.

3197

**This proxy, if properly executed will be voted in the manner directed by the undersigned shareholder. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR ELECTION OF NOMINEES AS DIRECTORS. Please refer to the Proxy Statement for a discussion of the Proposal.**

1. ELECTION OF DIRECTORS.

**Nominees:** (01) Robert A. Frankel and (02) Paul Hardin

**FOR WITHHOLD**

.. ..

.. \_\_\_\_\_

**For all nominees except as noted above**

MARK HERE FOR ADDRESS CHANGE AND NOTE AT LEFT ..

**PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.**

NOTE: Please sign exactly as your name appears on this Proxy. If joint owners, EITHER may sign this Proxy. When signing as attorney, executor, administrator, trustee, guardian or corporate officer, please give your full title.

Signature: \_\_\_\_\_ Date: \_\_\_\_\_ Signature: \_\_\_\_\_ Date: \_\_\_\_\_