

HIGH INCOME OPPORTUNITY FUND INC
Form DEF 14A
March 31, 2005

SCHEDULE 14A

(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934
(Amendment No. __)**

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

HIGH INCOME OPPORTUNITY FUND INC.

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(Name of Registrant as Specified in Its Charter)

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

HIGH INCOME OPPORTUNITY FUND INC.

125 Broad Street

New York, New York 10004

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

To be Held on April 29, 2005

To the Stockholders of High Income Opportunity Fund Inc.:

The Annual Meeting of Stockholders of **High Income Opportunity Fund Inc.** (the Fund) will be held at Citigroup Center, 153 East 53rd Street, 14th Floor Conference Center, New York, New York, on April 29, 2005 at 4:00 p.m. (New York Time) for the following purposes:

1. To elect two Class I directors, each to hold office for the term indicated and until his or her successor shall have been elected and qualified;
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 March 18, 2005 as the record date for the determination of stockholders 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

March 31, 2005

IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AT THE MEETING IN PERSON OR BY PROXY; IF YOU DO NOT EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY IN THE ACCOMPANYING ENVELOPE PROVIDED FOR YOUR CONVENIENCE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES.

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 Fund 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 a name shown in the registration.
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:

<u>Registration</u>	<u>Valid Signature</u>
<u>Corporate Accounts</u>	
(1) ABC Corp.	ABC Corp. (by John Doe, Treasurer)
(2) ABC Corp.	John Doe, Treasurer
(3) ABC Corp., c/o John Doe, Treasurer	John Doe
(4) ABC Corp. Profit Sharing Plan	John Doe, Trustee
<u>Trust Accounts</u>	
(1) ABC Trust	Jane B. Doe, Trustee
(2) Jane B. Doe, Trustee, u/t/d 12/28/78	Jane B. Doe
<u>Custodial or Estate Accounts</u>	
(1) John B. Smith, Cust., f/b/o John B. Smith, Jr. UGMA	John B. Smith
(2) John B. Smith	John B. Smith, Jr., Executor

HIGH INCOME OPPORTUNITY FUND INC.

125 Broad Street

New York, New York 10004

PROXY STATEMENT

FOR THE ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON APRIL 29, 2005

INTRODUCTION

This proxy statement is furnished in connection with the solicitation by the Board of Directors (the **Board**) of the High Income Opportunity Fund Inc. (the **Fund**) of proxies to be voted at the Annual Meeting of Stockholders (the **Meeting**) of the Fund to be held at the Citigroup Center, 153 East 53rd Street, 14th Floor Conference Center, New York, New York 10022, on April 29, 2005 at 4:00 p.m. (Eastern Time), and at any adjournments thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders (the **Notice**).

The cost of soliciting proxies will be borne by the Fund. Solicitation costs are expected to be approximately \$90,000. Proxy solicitations will be made mainly by mail. In addition, certain officers, directors and employees of the Fund; Smith Barney Fund Management LLC (**SBFM** or the **Manager**), the Fund's investment manager; Citigroup Global Markets Inc. (**CGM**), an affiliate of SBFM; and/or PFPC Inc. (**PFPC**), the Fund's transfer agent, may solicit proxies in person or by telephone, telegraph, 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 P.O. Box 8030, Boston, Massachusetts 02266. In addition, the Fund will reimburse brokerage firms or other record holders for their expenses in forwarding solicitation material to beneficial owners of shares of the Fund.

The Annual Report of the Fund, including audited financial statements for the fiscal year ended September 30, 2004, has previously been furnished to all stockholders of the Fund. This proxy statement and form of proxy are first being mailed to stockholders on or about April 1, 2005. The Fund will provide, without charge, additional copies of the Annual Report to any stockholder upon request by calling the Fund at 1-800-331-1710.

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 all the proposals. 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 requisite approval of the proposal is measured by a portion of the votes actually cast, abstentions and broker non-votes will have no impact on the approval of a proposal. Proposal 1 requires for approval the affirmative vote of a majority of the votes cast at the Meeting with a quorum present. Any proxy may be revoked at any time prior to the exercise thereof by submitting another proxy bearing a later date, by giving written notice to the Secretary of the Fund at the Fund'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 to 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 Fund has fixed the close of business on March 18, 2005 as the record date (the Record Date) for the determination of stockholders of the Fund entitled to notice of and to vote at the Meeting or any adjournment thereof. Stockholders of the Fund on that 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. At the Record Date, the Fund had outstanding 73,927,179.249 shares of Common Stock, par value \$.001 per share, the only authorized class of stock, of which 72,952,229 or 98.6% were held in accounts, but not beneficially owned, by CEDE & Co., as nominee for The Depository Trust Company, Box 20, Bowling Green Station, New York, New York 10004-9998.

At the Record Date, no single shareholder or group (as that term is used in Section 13(d) of the Securities Exchange Act of 1934) (the 1934 Act) to the knowledge of the Board or the Fund, owned beneficially more than 5% of the outstanding shares of the Fund. As of the Record Date, the officers and Board members of the Fund in the aggregate beneficially owned less than 1% of the outstanding shares of the Fund.

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 move for one or more adjournments of the Meeting to permit further solicitation of proxies with respect to

such proposal. In determining whether to adjourn the Meeting, the following factors may be considered: the nature of the proposal that is 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 stockholders with respect to the reasons for the solicitation. Any such adjournment will require the affirmative vote of a majority of the shares present 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 such proposal.

As of the Record Date to the knowledge of the Fund, no securities issued by CGM's ultimate parent corporation, Citigroup, Inc. (Citigroup) were held by directors who are not interested persons of the Fund as that term is used in the Investment Company Act of 1940, as amended (the 1940 Act).

PROPOSAL NO. 1

ELECTION OF DIRECTORS

In accordance with the Fund's Charter, the Board of Directors of the Fund is currently classified into three classes. The directors serving in Class I have terms expiring at the Meeting; the Class I directors currently serving on the board have been nominated by the Board of Directors for re-election at the Meeting to serve for a term of three years (until the 2008 Annual Meeting of Stockholders) or until their successors have been duly elected and qualified. The affirmative vote of a majority of the votes cast at the Meeting at which a quorum is present is sufficient to elect each nominee. It is the intention of the persons named in the enclosed proxy to vote in favor of the election of the persons listed below as nominees.

The Board knows of no reason why any of the Class I nominees listed below will be unable to serve, but in the event of any such unavailability, the proxies received will be voted for such substitute nominees as the Board may recommend.

Certain information concerning the nominees is set forth below. All of the nominees for Class I currently serve as Directors of the Fund. Any director affiliated with the Manager or otherwise considered an interested person of the Fund, as defined in the 1940 Act is indicated by an asterisk(*). Information as to beneficial ownership is based upon information furnished to the Fund by Directors.

Persons Nominated for Election as Directors

Name, Address and Age	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupations During Past Five Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships Held by Director
<i>CLASS I DIRECTORS</i>					
NON-INTERESTED DIRECTORS:					
Lee Abraham 13732 LeHavre Drive Frenchman s Creek Palm Beach Gardens, FL 33410 Birth Year: 1927	Director	Since 1999	Retired; Former Director of Galey & Lord (fabrics), Liz Claiborne (apparel), R.G. Barry Corp. (footwear)	27	Signet Group PLC (specialty retail jeweler)
Richard E. Hanson, Jr. 2751 Vermont Route 140 Poultney, VT 05764 Birth Year: 1941	Director	Since 1999	Retired; Former Head of the New Atlanta Jewish Community High School	27	None

The remainder of the Board currently constitutes the Class II and the Class III directors, none of whom will stand for election at the Meeting, as their terms are not due to expire until the year 2006 and 2007, respectively.

Directors Continuing in Office

Name, Address and Age	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupations During Past Five Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships Held by Director
<i>CLASS II DIRECTORS</i>					
INTERESTED DIRECTOR:					
R. Jay Gerken, CFA*	Chairman,	Since 2002	Managing Director of CGM;	221	None
Citigroup Asset Management (CAM)	President		Chairman, President and Chief Executive Officer of Smith Barney Fund Management LLC (SBFM), Travelers Investment Advisor, Inc. (TIA)		
399 Park Avenue	and Chief Executive Officer		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 1996-2001) and Smith Barney Growth and Income Fund (from 1996-2000)		
New York, NY 10022					
Birth Year: 1951					
NON-INTERESTED DIRECTORS:					
Roderick C. Rasmussen	Director	Since 1993	Investment Counselor	27	None
9 Cadence Court					
Morristown, NJ 07960					
Birth Year: 1926					
John P. Toolan	Director	Since 1993	Retired	27	John Hancock Funds
7202 Southeast Golf Ridge Way					
Hobe Sound, FL 33455					
Birth Year: 1930					

* Designates a Director who is affiliated with the Manager and considered an interested person of the Fund as defined under the 1940 Act.

Name, Address and Age	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years	Number of Portfolios in Fund Complex Overseen by Director	Other Directorships Held by Director
<i>CLASS III DIRECTORS</i>					
NON-INTERESTED DIRECTORS:					
Jane F. Dasher	Director	Since 1999	Controller of PBK Holdings Inc., a family investment company	27	None
Korsant Partners					
283 Greenwich Avenue					
3rd Floor					
Greenwich, CT 06830					
Birth Year: 1949					
Donald R. Foley	Director	Since 1993	Retired	19	None
3668 Freshwater Drive					
Jupiter, FL 33477					
Birth Year: 1922					
Paul Hardin	Director	Since 1994	Professor of Law & Chancellor Emeritus at the University of North Carolina	34	None
12083 Morehead					
Chapel Hill, NC 27514-8426					
Birth Year: 1931					

Beneficial Ownership Report

Name of Director	Dollar Range*(1) of Equity Securities in the Fund	Aggregate Dollar Range*(1) of Equity Securities in all Funds Overseen by Director and Advised by SBFM
NON-INTERESTED DIRECTORS		
Lee Abraham	B	E
Jane F. Dasher	B	E
Donald R. Foley	E	E
Richard E. Hanson	B	C
Dr. Paul Hardin	C	E
Roderick Rasmussen	B	C
John P. Toolan	A	E
INTERESTED DIRECTOR		
R. Jay Gerken	B	E

(*) 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 1934 Act.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the 1934 Act and Section 30(h) of the 1940 Act in combination require the Fund's directors and officers and persons who own more than 10% of the Fund's common stock, as well as SBFM and certain of its affiliated persons, to file reports of ownership and changes in ownership with the Securities and Exchange Commission (SEC) and the New York Stock Exchange, Inc. (NYSE). Such persons are required by SEC regulations to furnish the Fund with copies of all such filings. Based solely upon its review of the copies of such filings received by it and certain other information received by it, the Fund believes that, for the fiscal year ended September 30, 2004, all filing requirements applicable to such persons were met.

Committees of the Board of Directors

The Fund has a separately designated standing Corporate Governance and Nominating committee (Nominating Committee). The Fund has a separately designated standing Audit Committee (Audit Committee) established in accordance with Section 3(a)(58)(A) of 1934 Act. Both committees are comprised solely of members who are independent as defined in the NYSE's listing standards and are not interested persons of the Fund as defined in the 1940 Act. The Board of Directors of the Fund has determined that all members of the Fund's Audit Committee are financially literate. The members of the Audit Committee are Ms. Dasher and Messrs. Abraham and Toolan. The members of the Nominating Committee are Messrs. Abraham, Foley and Hanson.

The principal functions of the Audit Committee are to (a) assist the Board of Directors in its 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 in the Audit Committee Charter) 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 such independent auditors; and (d) prepares the report required to be prepared by the committee pursuant to SEC rules for inclusion in the Fund's annual proxy statement. The Fund adopted an Amended and Restated Audit Committee Charter at a meeting held on March 10, 2004, a copy of which is attached hereto as Exhibit A.

The Fund has an Investment Committee responsible for reviewing the investment performance of the Fund. The members of this committee are directors who are not interested persons of the Fund as defined under the 1940 Act (the independent directors). The members of the Investment Committee are Messrs. Hardin, Toolan, and Rasmussen.

The Fund also has a pricing committee composed of the Chairman of the Board and one independent trustee which is charged with determining fair value prices for securities when required. During the Fund's most recent fiscal year, the pricing committee met five times.

Eleven meetings of the Board were held between October 1, 2003 and September 30, 2004, five of which were regular meetings. Three Governance and Nominating Committee meetings were held, two Audit Committee meetings were held and two Investment Committee meetings were held during the fiscal year ended September 30, 2004. No Director attended less than 75% of the Board meetings, and the committee meetings of which he or she is a member. The fund does not have a formal policy regarding attendance by Directors at annual meetings but may consider a policy in the future. At the 2004 Annual Meeting one Board member attended.

The Nominating Committee (Committee) will accept nominees recommended by a stockholder as it deems appropriate. At the present time there are no vacancies on the Board. Stockholders who wish to recommend a nominee should send recommendations to the Fund'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 stockholders. The Fund adopted a Committee Charter (the Charter) at a meeting held on March 10, 2004, a copy of which is attached to this Proxy Statement as Exhibit B.

The Committee identifies potential nominees through its network of contacts. The Committee meets to discuss and consider such candidates qualifications and then chooses a candidate by majority vote. The 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 Fund'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 Committee Charter, in evaluating a person as a potential nominee to serve as a Director of the Fund, 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 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, 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.

COMPENSATION

Only the Independent Directors receive remuneration from the Fund for acting as a director. Aggregate fees and expenses (including reimbursement for travel and out-of-pocket expenses) of \$13,299.20 were paid to such directors by the Fund during the calendar year ended December 31, 2003. Fees for the Independent Directors, who also serve as board members of certain other funds sponsored by or affiliated with CGM, are currently set at \$60,000 per annum plus a per meeting fee of \$2,500 with respect to in-person meetings and \$100 for each telephone meeting. None of the officers of the Fund received any compensation from the Fund for such period. Officers and interested directors of the Fund are compensated by CGM.

The following table shows the compensation paid by the Fund to each person who was a Director during the Fund's fiscal year ended September 30, 2004 and calendar year ended December 31, 2004.

Compensation Table

Name of Person	Aggregate Compensation from Fund for the Fiscal Year Ended 9/30/04	Aggregate Compensation from Fund and Fund Complex Paid to Directors for the Calendar Year Ended 12/31/04	Number of Portfolios for Which Director Serves Within Fund Complex
Lee Abraham	\$ 760	\$ 87,600	27
Allan J. Bloostein**	\$ 703	\$ 133,400	None
Jane F. Dasher	\$ 1,738	\$ 85,100	27
Donald R. Foley*	\$ 521	\$ 52,550	19
R. Jay Gerken	\$ 0	\$ 0	221
Richard E. Hanson, Jr.	\$ 703	\$ 79,400	27
Paul Hardin	\$ 703	\$ 133,800	34
Roderick C. Rasmussen*	\$ 450	\$ 49,400	27
John P. Toolan*	\$ 838	\$ 82,400	27

Designates a Director who is an interested person of the Fund as defined under the 1940 Act.

* Pursuant to the Fund's deferred compensation plan, the indicated Directors have elected to defer the following amounts of their compensation from the Fund: Donald R. Foley: \$217, Roderick C. Rasmussen: \$253, and the following amounts of their total compensation from the Fund Complex: Donald R. Foley: \$13,350, Roderick C. Rasmussen: \$30,000.

Upon attainment of age 72 the Fund's current directors may elect to change to emeritus status. Any directors elected or appointed to the Board of Directors in the future will be required to change to emeritus status upon attainment of age 80, unless elected as a director prior to the adoption of the emeritus program. Directors Emeritus are entitled to serve in emeritus status for a maximum of 10 years during which time they are paid 50% of the annual retainer fee and meeting fees otherwise applicable to the Fund's directors, together with reasonable out-of-pocket expenses for each meeting attended. During the Fund's last fiscal year, total compensation paid by the Fund to Directors Emeritus totalled \$703.

** Mr. Bloostein became a Director Emeritus as of December 31, 2004.

Current Officers

The following is a list of the current executive officers of the Fund, all of whom have been elected by the directors to serve until their respective successors are elected:

Name, Address and Age	Position(s) Held with Fund	Term of Office and Length of Time Served	Principal Occupation(s) During Past Five Years
R. Jay Gerken CAM 399 Park Avenue New York, NY 10022 Birth Year: 1951	Chief Executive Officer, Chairman of the Board and President	2002 to date	(see table of directors above)
Andrew B. Shoup CAM 125 Broad Street 10th Floor New York, NY 10004 Birth Year: 1956	Senior Vice President and Chief Administrative Officer	2003 to date	Director of CAM; Chief Administrative Officer of 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).
Robert J. Brault CAM 125 Broad Street 11th Floor New York, NY 10004 Birth Year: 1965	Chief Financial Officer and Treasurer	2002 to date	Director of CGM; Chief Financial Officer and Treasurer of certain mutual funds affiliated with Citigroup; Director of Internal Control for CAM U.S. Mutual Fund Administration from 2002- 2004; Director of Project Management & Information Systems for CAM U.S. Mutual Fund Administration (from 2000 to 2002); Vice President of Mutual Fund Administration at Investors Capital Services (from 1999 to 2000)
Beth A. Semmel CAM	Vice President and Investment Officer	2002 to date	Managing Director of CGM

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399 Park Avenue

4th Floor

New York, NY 10022

Birth Year: 1960

Name, Address and Age	Position(s) Held with Fund	Term of Office* and Length of Time Served	Principal Occupation(s) During Past Five Years
<p>Peter J. Wilby, CFA</p> <p>CAM</p> <p>399 Park Avenue</p> <p>4th Floor</p> <p>New York, NY 10022</p> <p>Birth Year: 1958</p>	<p>Vice President and Investment Officer</p>	<p>2002 to date</p>	<p>Managing Director and Chief Investment Officer of CGM</p>
<p>Kaprel Ozsoiak</p> <p>CAM</p> <p>125 Broad Street</p> <p>11th Floor</p> <p>New York, NY 10004</p> <p>Birth Year: 1965</p>	<p>Assistant Treasurer</p>	<p>2002 to date</p>	<p>Vice President of CGM; Controller of certain funds associated with Citigroup.</p>
<p>Robert I. Frenkel</p> <p>CAM</p> <p>4th Floor</p> <p>300 First Stamford Place</p> <p>Stamford, CT 06902</p> <p>Birth Year: 1954</p>	<p>Secretary and Chief Legal Officer</p>	<p>2003 to date</p>	<p>Managing Director and General Counsel, Global Mutual Funds for CAM and Vice President and Division Counsel of its predecessor (since 1994); Secretary of CFM; Secretary and Chief Legal Officer of mutual funds associated with Citigroup.</p>

THE BOARD OF DIRECTORS, INCLUDING ALL OF THE INDEPENDENT DIRECTORS, RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF NOMINEES TO THE BOARD.

Audit Committee Report

The purposes of the Fund's Audit Committee include assisting the Board of Directors in its oversight of the Fund's financial reporting process and internal controls, the Fund's financial statements and the selection of the Fund's independent auditors. Management, however, is responsible for the preparation, presentation and integrity of the Fund's financial statements, and the independent auditors are responsible for planning and carrying out proper audits and reviews.

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In connection with the audited financial statements as of and for the year ended September 30, 2004 included in the Fund's Annual Report for the year ended September 30, 2004 (the Annual Report), at a meeting held on November 22, 2004, the Audit Committee considered and discussed the audited financial statements with management and the independent auditors, and discussed the audit of such financial statements with the independent auditors.

In addition, the Audit Committee discussed with the independent auditors the quality, and not just the acceptability under generally accepted accounting principles, of the accounting principles applied by the Fund, and such other matters brought to the attention of the Audit Committee by the independent auditors required by Statement of Auditing Standards No. 61, as currently in effect. The Audit Committee also received from the independent auditors the written statement required by Independence Standards Board Statement No. 1, as currently in effect, delineating relationships between the independent auditors and the Fund and discussed the impact that any such relationships may have on the objectivity and independence of the independent auditors.

The members of the Audit Committee are not professionally engaged in the practice of auditing or accounting and are not experts in the fields of accounting or auditing including auditor independence. Moreover, the Audit Committee relies on and makes no independent verification of the facts presented to it or representations made by management or the independent auditors. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or appropriate internal controls and procedures, designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee's considerations and discussions referred to above do not provide any assurance that the audit of the Fund's financial statements has been carried out in accordance with generally accepted accounting standards, that the financial statements are presented in accordance with generally accepted accounting principles or that the Fund's auditors are in fact independent.

Based on its consideration of the audited financial statements and the discussions referred to above with management and the independent auditors and subject to the limitations on the responsibilities and role of the Audit Committee set forth in the Charter and those discussed above, the Committee recommended to the Board of Directors that the audited financial statements be included in the Fund's Annual Report.

Respectfully submitted,

Jane F. Dasher
Lee Abraham
John P. Toolan
November 22, 2004

Disclosure of Independent Registered Public Accounting Firm Fees

Audit Fees. Audit fees paid by Fund to KPMG LLP (KPMG) in connection with KPMG 's audit of the Fund 's annual financial statements for the year ended September 30, 2004 totaled \$29,500.

Financial Information Systems Design and Implementation Fees. Neither the Fund nor its investment adviser, SBFM, nor other entities under common control engaged KPMG to provide advice to the Fund regarding financial information systems design or implementation during the year ended September 30, 2004.

All other Fees. Fees billed to the Fund by KPMG during the year ended September 30, 2004 for all other non-audit services rendered to the Fund totaled approximately \$2,800 (such fees related to tax services provided to the Fund). There were no other non-audit fees billed to SBFM or any entity controlling, controlled by, or under common control with SBFM that provides services to the Fund during the year ended September 30, 2004. The Fund 's Audit Committee, has selected KPMG as independent auditors for the fiscal year ending September 30, 2004 and the Fund 's Board of Directors have ratified that selection.

**SUBMISSION OF STOCKHOLDER PROPOSALS
AND OTHER STOCKHOLDER COMMUNICATIONS**

Stockholder proposals intended to be presented at the 2006 Annual Meeting of the stockholders of the Fund must be received by September 22, 2005 to be included in the proxy statement and the form of proxy relating to that meeting, as the Fund expects that the 2006 Annual Meeting will be held in February 2006. The shareholder proposal must be delivered by written notice to the Secretary of the Fund (addressed to High Income Opportunity Fund Inc., 300 First Stamford Place, 4th Floor, Stamford, CT 06902). The submission by a stockholder of a proposal for inclusion in the proxy statement does not guarantee that it will be included. Stockholder proposals are subject to certain regulations under the federal securities laws.

The persons named as proxies for the 2006 Annual Meeting of stockholders will have discretionary authority to vote on any matter presented by a stockholder for action at that meeting unless the Fund receives notice of the matter by December 24, 2005, in which case these persons will not have discretionary voting authority except as provided in the SEC 's rules governing stockholder proposals.

The Fund '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 Fund 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, New York 10022

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

The Fund s Audit Committee Chair may be contacted at:

High Income Opportunity Fund Inc.

Audit Committee Chair

c/o Jane Dasher

P.O. Box 7441

Greenwich, CT 06836-7441

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

OTHER MATTERS

The Manager 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.

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By Order of the Board of Directors,

Robert I. Frenkel

Secretary

March 31, 2005

IT IS IMPORTANT THAT PROXIES BE RETURNED PROMPTLY. STOCKHOLDERS 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.

AUDIT COMMITTEE CHARTER

AMENDED AND RESTATED AS OF MARCH 10, 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 services¹ 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).

¹ 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 by (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.

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 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 the New York Stock Exchange's Listed Company Manual or as set forth in the American Stock Exchange's listing standards, as applicable, and the independence requirements

applicable to investment companies set forth in the Securities Exchange Act of 1934. 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.

Smith Barney Equity Funds

Smith Barney Social Awareness Fund

Smith Barney Muni Funds

California Money Market Portfolio

Florida Portfolio

Georgia Portfolio

Limited Term Portfolio

National Portfolio

Massachusetts Money Market Portfolio

New York Money Market Portfolio

New York Portfolio

Pennsylvania Portfolio

Smith Barney Municipal Money Market Fund, Inc.

High Income Opportunity Fund Inc.*

Smith Barney Funds, Inc.

Large Cap Value Fund

U.S. Government Securities Fund

Short-Term Investment Grade Bond Fund

Smith Barney Income Funds

Smith Barney Dividend and Income Fund

SB Convertible Fund

Smith Barney Diversified Strategic Income Fund

Smith Barney Exchange Reserve Fund

Smith Barney High Income Fund

Smith Barney Municipal High Income Fund

SB Capital and Income Fund

Smith Barney Total Return Bond Fund

Smith Barney Small Cap Core Fund, Inc.

Intermediate Muni Fund, Inc.*

Smith Barney Money Funds, Inc.

Cash Portfolio

Government Portfolio

* Closed-end Funds. 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.

**CORPORATE GOVERNANCE AND
NOMINATING COMMITTEE CHARTER**

Purpose of Committee

The purpose of the Corporate Governance and Nominating Committees (the Committees) of the Boards of Directors (the Boards) of the Smith Barney Investment Companies listed on Appendix A of Exhibit A (the Funds) is to oversee the board governance practices of the Funds, to identify and recommend individuals to the Boards for nomination as members of the Boards and their committees (including these Committees) and to establish the agenda for meetings of the Independent Directors. Each Board of each Fund shall establish a Committee. The Committees shall report to the Boards on their activities when appropriate.

Committee Membership

The Committees shall consist solely of two or more members of each Board, (a) none of whom is an interested person of the Funds or their investment adviser as defined in the Investment Company Act of 1940 (the Act) or has a direct or indirect financial interest in the operation of any Fund's plan under Rule 12b-1 under the Act or in any agreements related to a plan (any such person, an Independent Director), and (b) each of whom the Boards have determined has no material relationship with the Funds and is otherwise independent under the rules of the New York Stock Exchange, Inc.

The initial members of the Committees shall be appointed by the Boards, including a majority of the Independent Directors. Candidates to fill subsequent vacancies in the Committees shall be nominated by the Committees as set forth below and appointed by the Boards. Members shall serve at the pleasure of the Boards and for such term or terms as the Boards may determine.

Committee Structure and Operations

Each Committee shall designate one member as its chairperson. In the event of a tie vote on any issue, the chairperson's vote shall decide the issue. Each Committee shall meet in person or telephonically as appropriate for the conduct of its business at times and places determined by the Committee chairperson. In addition, actions may be taken by unanimous written consent when deemed necessary or desirable by the Committee.

Committee Duties and Responsibilities

The following are the duties and responsibilities of the Committees:

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1. To monitor developments in corporate governance of registered investment companies with a view to advising the Boards on their

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policies, programs and procedures designed to assure compliance with legislative, regulatory and self-regulatory requirements applicable to investment company board governance.

2. To make recommendations to the Boards from time to time as to changes that the Committees believe to be desirable to the size of the Boards or any committee thereof.
3. To identify individuals believed to be qualified to become Independent Directors of the Funds, and to recommend to the Boards the nominees to stand for election as directors at meetings of stockholders. In the case of a vacancy to be filled in the office of a director (including a vacancy created by an increase in the size of a Board), each Committee shall recommend to the Board an individual to fill such vacancy either through appointment by the Board or through election by stockholders. In nominating candidates, each Committee shall take into consideration such factors as it deems appropriate. The Committees may consider candidates proposed by management but is not required to do so.

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. It may consider nominees recommended by Fund stockholders but is not required to do so. 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.

4. To develop and recommend to the Boards standards to be applied in making determinations as to the absence of material relationships between the Company and a director.
5. To identify Board members qualified to fill vacancies on any committee of a Board (including the Committee) and to recommend that the Boards appoint the identified member or members to the respective committee. In nominating a candidate for committee membership, the Committee shall take into consideration the factors set forth in the charter of that committee, if any, as well as any other factors it deems appropriate, including without limitation the consistency of the candidate's experience with the goals of the committee and the interplay of the candidate's experience with the experience of other committee members.
6. Establish agendas for the executive sessions of the Independent Directors and coordinate with management on agendas for regular meetings of the Board.
7. Prepare and issue the evaluation required under Performance Evaluation below.
8. Review on a periodic basis director fees and compensation.
9. Any other duties or responsibilities expressly delegated to the Committees by the Boards from time to time relating to the nomination of Board and committee members and to corporate governance matters.

Delegation to Subcommittee

A Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee or a committee of the Board.

Performance Evaluation

The Committees shall produce and provide to the Boards an annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of this charter. The

performance evaluation shall also recommend to the Boards any improvements to the Committee charter or to Board governance practices deemed necessary or desirable by the Committees. The performance evaluation by the Committees shall be conducted in such manner as the Committees deem appropriate. The report to the Boards may take the form of an oral report by the chairperson of the Committees or any other member designated by the Committees to make this report.

Resources and Authority of the Committees

The Committees shall have the resources and authority appropriate to discharge the duties and responsibilities specified in this Charter, including the authority to select, retain, terminate, and approve the fees and other retention terms of special counsel or other experts or consultants, such as search firms used to identify director candidates, as it deems appropriate, without seeking approval of the Boards or management. While it is expected that, in the normal course of business the Committees would consult with the other Independent Directors in connection with any such retention, the Committees are not required to do so.

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PROXY

HIGH INCOME OPPORTUNITY FUND INC.

125 Broad Street

New York, New York 10004

This Proxy is Solicited on Behalf of the Board of Directors of the Fund

The undersigned hereby appoints R. JAY GERKEN, ROBERT I. FRENKEL, and TODD LEBO, and each of them acting in the absence of the other, as Proxies, each with the power to appoint a substitute, and hereby authorizes them to represent and to vote, as designated herein, all the shares of common stock of High Income Opportunity Fund Inc. held of record by the undersigned on March 18, 2005 at a Meeting of Stockholders to be held on April 29, 2005 or any adjournment thereof.

**SEE REVERSE
SIDE**

CONTINUED AND TO BE SIGNED ON REVERSE SIDE

**SEE REVERSE
SIDE**

Please mark

X votes as in

this example.

The Board of Directors recommends a vote **FOR** the following proposal. This proxy, when properly executed, will be voted in the manner directed herein by the undersigned stockholder. If no direction is made, this proxy will be voted **FOR** each nominee for director.

1. ELECTION OF DIRECTORS

Class I Nominees: (01) Lee Abraham, (02) Richard E. Hanson, Jr.

FOR WITHHOLD
.. ..

..

For all nominees except as noted above

2. In their discretion, the Proxies are authorized to vote upon such other business as may properly come before the meeting.

MARK HERE FOR ADDRESS CHANGE AND NOTE AT LEFT ..

PLEASE MARK, SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.

Please sign exactly as your name appears to the left. When shares are held by joint tenants, both should sign, or if one signs, that stockholder's vote binds both stockholders. When signing as attorney, executor, administrator, agent, trustee or guardian, please give full title as such. If a corporation, please sign in full corporate name by President or other authorized officer. If a partnership, please sign in partnership name by authorized person.

Signature: _____ Date: _____ Signature: _____ Date: _____