

MANAGED MUNICIPALS PORTFOLIO INC  
Form DEF 14A  
August 19, 2003

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

Filed by the Registrant [X]  
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 No longer applicable  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:
- (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 18, 2003

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 18, 2003 at 4:00 P.M. (New York time) for the following purposes:

- 1.To elect three Class I 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 1, 2003 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

Christina T. Sydor  
Secretary

New York, New York  
August 18, 2003

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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..... ABC Corp.
- (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

Trust Accounts

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

Custodian or Estate Accounts

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

MANAGED MUNICIPALS PORTFOLIO INC.  
125 BROAD STREET  
NEW YORK, NEW YORK 10004  
(800) 451-2010

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PROXY STATEMENT  
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FOR THE ANNUAL MEETING OF SHAREHOLDERS  
TO BE HELD ON SEPTEMBER 18, 2003

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 18, 2003 at 4:00 P.M. (New York time), and at any adjournments thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders (the "Notice").

The cost of soliciting proxies and the expenses incurred in preparing this proxy statement will be borne by the Portfolio. Proxy solicitations will be made mainly by mail. In addition, certain officers, Directors and employees of the Portfolio; Citigroup Global Markets Inc. ("CGM", formerly known as Salomon Smith Barney, Inc.); Smith Barney Fund Management LLC ("SBFM" or the "Manager"), the Portfolio's investment manager, which is an affiliate of CGM; and/or PFPC Global Fund Services ("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 300 First Stamford Place, Stamford, Connecticut 06902; PFPC is located at 101 Federal Street, Boston, Massachusetts 02110. 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, 2003, 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 18, 2003. The Portfolio will provide additional copies of the Annual Report to any shareholder upon request by calling the Portfolio at 1-800-451-2010.

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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 1, 2003 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 41,855,575.546 shares of Common Stock, of which 41,081,802.884 shares (98.1%) 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.

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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

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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 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 election at the Meeting to serve for a term of three years (until the year 2006 Annual Meeting of Shareholders) or until their successors have been duly elected and qualified. The Class II Directors and the Class III Directors are currently serving terms which will expire at the 2004 and 2005 Annual Meeting of Shareholders, respectively.

The Board of Directors of the Portfolio knows of no reason why any of the Class I nominees listed below will be unable to serve, and each nominee has consented to serve if elected, but in the event of any such unavailability, the proxies received will be voted for such substitute nominees as the Board of Directors may recommend.

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. Cucchi 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:

| Name, Address and Age                            | Position(s)<br>Held with<br>Portfolio | Term of<br>Office<br>and<br>Length<br>of Time<br>Served | Principal<br>Occupation(s)<br>During<br>Past 5 Years | Number of<br>Portfolios<br>in Fund<br>Complex<br>Overseen<br>by Director<br>(including<br>the Fund) |
|--|---------------------------------------|---|--|---|
| Non-Interested Directors:<br>Allan J. Bloostein+ | Class I Director                      | Since   | President, Allan J.                                  | 35  |

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27 West 67th Street  
 New York, NY 10023  
 Age: 73

1992 Bloostein Associates  
 (Consultant); Vice  
 Chairman and Director  
 of May Department  
 Stores Company

Paolo M. Cucchi+ Class I Director Since 1992 Vice President and 7  
 Drew Univ. 2001 Dean of College of  
 108 Brothers College Liberal Arts at Drew  
 Madison, NJ 07904 University  
 Age: 61

Interested Director:  
 Jay Gerken\*\* Class I Director, Since 2002 Managing Director, 219  
 399 Park Avenue and President CGM  
 New York, NY 10022  
 Age: 52

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

| Name, Address and Age  | Position(s)<br>Held with<br>Portfolio | Term of<br>Office<br>and<br>Length<br>of Time<br>Served | Principal<br>Occupation(s)<br>During<br>Past 5 Years  | Number of<br>Portfolios<br>in Fund<br>Complex<br>Overseen<br>by Director<br>(including<br>the Fund) |
|--|---------------------------------------|---|---|---|
| Non-Interested Directors:  |                                       |   |   |   |
| Dwight B. Crane+<br>Harvard Business School<br>Morgan Hall #375<br>Boston, MA 02163<br>Age: 65 | Class III Director                    | Since<br>1992   | Professor, Harvard<br>Business School   | 49  |
| Robert A. Frankel+<br>9 John Walsh Blvd.<br>Peekskill, NY 10566<br>Age: 76                     | Class II Director                     | Since<br>1994   | Managing Partner,<br>Robert A. Frankel<br>Management<br>Consultants;<br>Corporate Vice<br>President, The<br>Readers Digest<br>Assoc. Inc. | 23  |
| Paul Hardin+<br>12083 Morehead<br>Chapel Hill, NC 27514<br>Age: 72                             | Class II Director                     | Since<br>2001   | Chancellor Emeritus<br>and Professor of Law<br>at the University of<br>North Carolina at<br>Chapel Hill                                   | 35  |

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| Name, Address and Age   | Position(s)<br>Held with<br>Portfolio | Office<br>and<br>Length<br>of Time<br>Served | Principal<br>Occupation(s)<br>During<br>Past 5 Years  | Complex<br>Overseen<br>by Director<br>(including<br>the Fund) | Other<br>Directorship<br>Held by Direc                            |
|---|---------------------------------------|--|---|---|---|
| Non-Interested Directors:   |                                       |  |   |   |   |
| William R. Hutchinson+<br>535 N. Michigan<br>Suite 1012<br>Chicago, IL 60611<br>Age: 60 | Class III Director                    | Since<br>1995                                | President, WR<br>Hutchison &<br>Associates, Inc.<br>(Consultant);<br>Group Vice<br>President, Mergers<br>& Acquisitions, BP<br>Amoco p.l.c. | 40  | Director,<br>Associated Ba<br>Director,<br>Associated Ba<br>Corp. |
| George M. Pavia+<br>600 Madison Ave.<br>New York, NY 10022<br>Age: 75                   | Class III Director                    | Since<br>2001                                | Senior Partner,<br>Pavia & Harcourt<br>(Attorneys)  | 7   |   |

\* 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)<br>Held with Portfolio                              | Term of Office and Length<br>of Time Served** | Principal Occupation(s)<br>During Past 5 Years  |
|---|---|---|---|
| Lewis E. Daidone<br>125 Broad Street<br>New York, NY 10004<br>Age: 45                       | Senior Vice President<br>and Chief<br>Administrative<br>Officer | Since 1994                                    | Managing Director,<br>CGM; Chief<br>Administrative Officer of<br>the Smith Barney Mutual<br>Funds; Director and<br>Senior Vice President of<br>SBFM and Travelers<br>Investment Advisor, Inc.<br>("TIA")                      |
| Joseph P. Deane<br>333 West 34th Street<br>New York, NY 10001<br>Age: 47                    | Vice President and<br>Investment Officer                        | Since 1993                                    | Managing Director, CGM  |
| Richard L. Peteka<br>CGM<br>125 Broad Street<br>11th Floor<br>New York, NY 10004<br>Age: 41 | Chief Financial<br>Officer and Treasurer                        | Since 2002                                    | Chief Financial Officer<br>and Treasurer of certain<br>Smith Barney Mutual<br>Funds; Director and Head<br>of Internal Control for<br>Citigroup Asset<br>Management U.S. Mutual<br>Fund Administration from<br>1999-2002; Vice |

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President and Head of  
Mutual Fund  
Administration and  
Treasurer at Oppenheimer  
Capital from 1996-1999

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| Name, Address and Age   | Position(s)<br>Held with Portfolio | Term of Office and Length<br>of Time Served** | Principal Occupation(s)<br>During Past 5 Years                               |
|---|------------------------------------|---|--|
| Kaprel Ozsolak<br>CGM<br>125 Broad Street<br>9th Floor<br>New York, NY 10004<br>Age: 37 | Controllor                         | Since 2002                                    | Vice President of CGM  |
| Christina T. Sydor<br>300 First Stamford Place<br>Stamford, CT 06902<br>Age: 52         | Secretary                          | Since 1994                                    | Managing Director,<br>CGM; General Counsel<br>and Secretary, SBFM<br>and TIA |

\*\*\*\*\*  
\*\*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.

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

\*\*\*\*\*  
\* The dollar ranges are as follows: "A" = none; "B" = \$1--\$10,000; "C" =



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\$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, 2002. "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

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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 Inc. As of December 31, 2002, 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 Inc.

During the fiscal year ended May 31, 2003, 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 \$13,860 were paid to such Directors by the Portfolio during the year ended December 31, 2002.

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, 2003. 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 \$6,250.

| Name of Director   | Aggregate<br>Compensation<br>From Fund | Total Compensation<br>From Fund and<br>Fund Complex Paid<br>to Directors |
|--------------------|--|--|
| Allan J. Bloostein | \$7,400                                | \$122,250  |
| Dwight B. Crane    | 7,200                                  | 152,200  |

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|                      |       |         |
|----------------------|-------|---------|
| Paolo M. Cucchi      | 7,400 | 44,400  |
| Robert A. Frankel    | 7,500 | 73,450  |
| R. Jay Gerken        | 0     | 0       |
| Paul Hardin          | 7,400 | 132,300 |
| William R. Hutchison | 7,300 | 46,750  |
| George M. Pavia      | 7,300 | 57,800  |

During the fiscal year ended May 31, 2003, the Board convened 7 times. Each Director attended at least seventy-five percent of the aggregate number of meetings

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of the Board and any committees on which he served during the period for which he was a Director.

Messrs. Bloostein, Crane, Cucchi, Frankel, Hardin, Hutchison and Pavia constitute the Portfolio's Audit Committee, which is composed of Directors who are "non-interested" persons of the Portfolio and who are independent (as such term is defined by the New York Stock Exchange's listing standards). The Audit Committee convened two times during the fiscal year ended May 31, 2003. The Audit Committee is responsible for (i) considering, in conjunction with the Portfolio's Board of Directors, management's recommendations of independent auditors for the Portfolio and evaluating the independence of the outside auditors; (ii) approving all audit and permitted non-audit services proposed to be performed by the independent auditors on behalf of the Portfolio and certain affiliates; (iii) reviewing the scope of the Portfolio's audit; and (iv) reviewing financial statements contained in periodic reports to shareholders with the Fund's independent accountants and management. The Directors constituting the Portfolio's Audit Committee also constitute the Portfolio's Nominating Committee, which is composed of "non-interested" Directors of the Portfolio. The Nominating Committee did not meet during the fiscal year ended May 31, 2003. The Nominating Committee selects and nominates new non-interested directors. The Nominating Committee will accept nominations for the office of Director made by shareholders in a written request addressed to the Secretary of the Portfolio which includes biographical data and sets forth the qualifications of the proposed nominee. The Portfolio has a Pricing Committee composed of the Chairman and one "non-interested" Director. The Pricing Committee is charged with determining fair value prices for securities when required. The Pricing Committee met once during the fiscal year ended May 31, 2003. The Portfolio does not have a Compensation Committee.

### Report of the Audit Committee

Pursuant to meetings of the Audit Committee held on May 22, 2003 and on July 18, 2003, the Audit Committee reports that it has (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.

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Pursuant to the Audit Committee Charter adopted by the Portfolio's Board, the Audit Committee is responsible for conferring with the Portfolio's independent auditors, reviewing annual financial statements and recommending the selection of the Portfolio's independent auditors. The Audit Committee advises the full Board with respect to accounting, auditing and financial matters affecting the Portfolio. The independent auditors are responsible for planning and carrying out the proper audits and reviews of the Portfolio's financial statements and expressing an opinion as to their conformity with accounting principles generally accepted in the United States of America.

The members of the Audit Committee are not professionally engaged in the practice of auditing or accounting and are not employed by the Portfolio for accounting, financial management or internal control. 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 public accountants. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting principles and policies, or 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 assurance that the audit of the Portfolio's financial statements has been carried out in accordance with generally accepted accounting standards or that the financial statements are presented in accordance with generally accepted accounting principles.

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, 2003.

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

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### Independent Auditors

At a meeting held on February 5, 2003, the Audit Committee approved the selection of KPMG for the fiscal year ending May 31, 2004. 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 year ended May 31, 2003 were \$36,000.

**Financial Information Systems Design and Implementation Fees.** There were no

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fees billed for financial information systems design and implementation services rendered by KPMG to the Portfolio, SBFM and entities controlling, controlled by or under common control with SBFM that provide services to the Portfolio for the fiscal year ended May 31, 2003.

All Other Fees. The aggregate fees billed for all other non-audit services, including fees for tax related services, rendered by KPMG to the Portfolio, SBFM and entities controlled by or affiliated with SBFM that provide services to the Portfolio for the fiscal year ended May 31, 2003 were \$16.4 million. The Audit Committee of the Portfolio has determined that provision of these non-audit services is compatible with maintaining the independence of KPMG.

### 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.

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## ADDITIONAL INFORMATION

### Beneficial Owners

As of the record date, to the knowledge of the Portfolio and the Board, no single person or "group" (as that term is used in section 13(d) of the 1934 Act), beneficially owned more than 5% of the outstanding shares of the Portfolio.

### 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 The New York Stock Exchange, Inc. ("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 2003, all filing requirements applicable to such persons were complied with.

### 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.

All proxies received will be voted in favor of all proposals, unless otherwise directed therein.

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SUBMISSION OF SHAREHOLDER PROPOSALS

Shareholder proposals intended to be presented at the 2004 Annual Meeting of the shareholders of the Portfolio must be received by April 17, 2004 to be included in the proxy statement and the form of proxy relating to that meeting, as the Portfolio expects that the 2004 Annual Meeting will be held in September 2004. 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 2004 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, 2004, 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.

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,

Christina T. Sydor  
Secretary

August 18, 2003

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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, Christina T. Sydor 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 18, 2003 at 4:00 p.m., and any adjournment thereof. The undersigned hereby acknowledges receipt of the Notice of Meeting and Proxy Statement dated August 18, 2003 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.

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SEE REVERSE  
SIDE  
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CONTINUED AND TO BE SIGNED ON REVERSE SIDE

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SEE REVERSE  
SIDE  
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Please mark  
[X] votes as in  
this example.

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) Allan J. Bloostein, (02) Paolo M. Cucchi  
and (03) R. Jay Gerken

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,

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administrator, trustee, guardian or corporate officer, please give your full title.

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

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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, Christina T. Sydor 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 18, 2003 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 18, 2003 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.

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SEE REVERSE  
SIDE  
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CONTINUED AND TO BE SIGNED ON REVERSE SIDE

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SEE REVERSE  
SIDE  
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Please mark  
[X] votes as in  
this example.

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 DIRECTORS

Nominees: (01) Allan J. Bloostein and (02) R. Jay Gerken

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:\_\_\_\_\_



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