

SECURITIES AND EXCHANGE COMMISSION

FORM DEFS14A

Definitive proxy statement for special meeting

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FILER

**SALOMON BROTHERS CAPITAL FUND INC**

CIK: **202385** | IRS No.: **132874095** | State of Incorporation: **MD** | Fiscal Year End: **1231**  
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Mailing Address  
7 WORLD TRADE CENTER  
38TH FLOOR  
NEW YORK NY 10048

Business Address  
7 WORLD TRADE CENTER  
38TH FL  
C/O SALOMON BROTHERS  
INC  
NEW YORK NY 10048  
2127837000

SCHEDULE 14A INFORMATION  
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE  
SECURITIES EXCHANGE ACT OF 1934

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

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

SALOMON BROTHERS CAPITAL FUND INC  
(NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

Payment of Filing Fee (check the appropriate box):  
 \$125 per Exchange Act Rules 0-11(c)(1)(ii), 14a-6(i)(1), or 14a-6(j)(2) or Item 22(a)(2) of Schedule 14A.  
 \$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 transaction applies:

\_\_\_\_\_

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

\_\_\_\_\_

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

\_\_\_\_\_

(4) Proposed maximum aggregate value of transaction:

\_\_\_\_\_

(5) Total fee paid:

\_\_\_\_\_

Fee paid previously with preliminary materials.  
 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 statements 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:

\_\_\_\_\_

SALOMON BROTHERS CAPITAL FUND INC  
7 WORLD TRADE CENTER, NEW YORK, NEW YORK 10048  
NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

August 26, 1996

To the Stockholders:

Notice is hereby given that a special meeting (the 'Meeting') of stockholders of Salomon Brothers Capital Fund Inc (the 'Fund') will be held at 7 World Trade Center, New York, New York on September 30, 1996 at 10:00 a.m., New York time. A Proxy Statement which provides information about the purpose of the Meeting and a proxy card for you to cast your votes are included with this notice. The Meeting will be held for the purposes of considering and voting upon:

1. Amendments to the Fund's Articles of Incorporation to permit implementation by the Fund of a multi-class distribution system for its shares (Proposal 1);
2. Amendment to the Fund's Articles of Incorporation to reduce the par value of the Fund's common stock from \$1.00 to \$.001 (Proposal 2); and
3. Any other business that may properly come before the Meeting.

THE BOARD OF DIRECTORS OF THE FUND RECOMMENDS THAT YOU VOTE 'FOR' PROPOSALS 1 AND 2. The close of business on July 23, 1996 has been fixed as the record date for the determination of stockholders entitled to notice of and to vote at the Meeting.

By Order of the Board of Directors,  
Tana E. Tselepis  
Secretary

TO AVOID UNNECESSARY EXPENSE OR FURTHER SOLICITATION, WE URGE YOU TO INDICATE VOTING INSTRUCTIONS ON THE ENCLOSED PROXY, DATE AND SIGN IT AND RETURN IT PROMPTLY IN THE ENVELOPE PROVIDED, NO MATTER HOW LARGE OR SMALL YOUR HOLDINGS MAY BE.

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 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 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:

<TABLE>  
<CAPTION>

REGISTRATION	VALID SIGNATURE
--------------	-----------------

REGISTRATION	VALID SIGNATURE
<hr/>	
<S>	<C>
CORPORATE ACCOUNTS	
(1) ABC Corp. ....	ABC Corp.
(2) ABC Corp. ....	John Doe, Treasurer
(3) ABC Corp. ....	John Doe
c/o John Doe, Treasurer	
(4) ABC Corp. Profit Sharing Plan.....	John Doe, Trustee
TRUST ACCOUNTS	
(1) ABC Trust.....	Jane B. Doe, Trustee
(2) Jane B. Doe, Trustee.....	Jane B. Doe
u/t/d 12/28/78	
CUSTODIAL OR ESTATE ACCOUNTS	
(1) John B. Smith Cust.....	John B. Smith
f/b/o John B. Smith, Jr. UGMA	
(2) John B. Smith.....	John B. Smith, Jr., Executor

</TABLE>

SALOMON BROTHERS CAPITAL FUND INC  
7 WORLD TRADE CENTER, NEW YORK, NEW YORK 10048

This proxy statement is furnished in connection with the solicitation by the Board of Directors of Salomon Brothers Capital Fund Inc (the 'Fund') of proxies to be used at a special meeting (the 'Meeting') of stockholders to be held at 7 World Trade Center, New York, New York, on September 30, 1996 at 10:00 a.m., New York time (and at any adjournment or adjournments thereof). This proxy statement and the accompanying form of proxy are first being mailed to stockholders on or about August 26, 1996. Stockholders who execute proxies retain the right to revoke them in person at the Meeting or by written notice received by the Secretary of the Fund at any time before they are voted. Unrevoked proxies will be voted in accordance with the specifications thereon and, unless specified to the contrary, will be voted FOR Proposals 1 and 2. The close of business on July 23, 1996 has been fixed as the record date (the 'Record Date') for the determination of stockholders entitled to notice of and to vote at the Meeting. Each stockholder is entitled to one vote for each full share and an appropriate fraction of a vote for each fractional share held. As of the Record Date, there were 5,827,469.419 shares of Common Stock issued and outstanding.

In the event that a quorum is not present at the Meeting, or in the event that a quorum is present but sufficient votes to approve any of the proposals are not received, the persons named as proxies may propose one or more adjournments of the Meeting to permit further solicitation of proxies. Any such adjournment will require the affirmative vote of a majority of those shares represented at the Meeting in person or by proxy. The persons named as proxies will vote those proxies which they are entitled to vote FOR or AGAINST any such proposal to adjourn to another date in their discretion. A stockholder vote may be taken on one or more proposals in this proxy statement prior to any such adjournment if sufficient votes have been received for approval. Under the By-Laws of the Fund, a quorum is constituted by the presence in person or by proxy of the holders of record of a majority of the outstanding shares of Capital Stock of the Fund entitled to vote at the Meeting. Abstentions and Broker Non-Votes (reflected by signed but unvoted proxies), as defined below, do not count as votes cast with respect to any proposal. With respect to a proposal requiring the affirmative vote of a majority of the outstanding shares of Capital Stock, the effect of abstentions and Broker Non-Votes is the same as a vote against such proposal. 'Broker Non-Votes' are shares held by a broker or nominee as to which instructions have not been received from the beneficial owners or persons entitled to vote and the broker or nominee does not have discretionary voting power.

The Fund's investment manager and administrator is Salomon Brothers Asset Management Inc, 7 World Trade Center, New York, New York 10048.

The Fund will furnish without charge a copy of its Annual Report for the fiscal year ended December 31, 1995, to any stockholder requesting the report. Such requests should be made in writing to the Fund at the address above or by calling 1-800-SALOMON (1-800-725-6666).

PROPOSAL 1: AMENDMENTS TO THE FUND'S  
ARTICLES OF INCORPORATION TO PERMIT IMPLEMENTATION BY THE FUND  
OF A MULTI-CLASS DISTRIBUTION SYSTEM FOR ITS SHARES

The Board of Directors has determined that it is in the best interests of the Fund and its stockholders for the Fund to seek to attract new investors and assets to the Fund by facilitating distribution of the Fund's shares through the issuance of multiple classes of shares with different distribution and sales charge options (a 'Multiple Pricing System'). ALTHOUGH THE MULTIPLE PRICING SYSTEM WOULD ALLOW THE FUND FLEXIBILITY TO IMPLEMENT VARIOUS DISTRIBUTION ALTERNATIVES SUITED TO THE NEEDS OF PARTICULAR INVESTORS, IT WOULD NOT ALTER THE ABILITY OF CURRENT STOCKHOLDERS TO PURCHASE ADDITIONAL FUND SHARES WITHOUT PAYING ANY SALES CHARGE OR ANY DISTRIBUTION OR SERVICE FEES PURSUANT TO A RULE 12B-1 PLAN NOR WOULD IT IMPOSE ANY SUCH SALES CHARGE OR ANY DISTRIBUTION OR SERVICE FEES ON CURRENT STOCKHOLDERS' ASSETS. INDEED, THE BOARD BELIEVES THAT IMPLEMENTATION OF A MULTIPLE PRICING SYSTEM SHOULD BENEFIT CURRENT STOCKHOLDERS OVER TIME BY INCREASING THE FUND'S ECONOMIES OF SCALE BY SPREADING FIXED COSTS OVER A LARGER ASSET BASE. The Directors have further determined that in order to achieve these results, several amendments to the Fund's Articles of Incorporation are required. Accordingly, at a meeting of the Board of Directors held on July 16, 1996, the Directors, including a majority of the Directors who are not 'interested persons,' as such term is defined under the Investment Company Act of 1940, as amended (the '1940 Act'), approved amendments to the Fund's Articles of Incorporation, which are described below, to permit implementation of the Multiple Pricing System and recommended that these amendments be submitted to the stockholders of the Fund for their approval. The

Multiple Pricing System has been structured to comply with the provisions of Rule 18f-3 under the 1940 Act.

#### PURPOSE OF MULTIPLE PRICING SYSTEM

The purpose of implementing the Multiple Pricing System is to attract more investment dollars to the Fund and facilitate distribution of the Fund's shares by offering the investing public different purchasing options for shares of the Fund. Under the proposed Multiple Pricing System, a new investor would be able to choose the method of purchasing shares that is most beneficial given the amount of his or her purchase, the length of time the investor expects to hold his or her shares, and other relevant circumstances. Accordingly, the Directors believe that the implementation of the proposed Multiple Pricing System will better enable the Fund to meet the competitive demands of today's financial services industry. In addition, if the Fund were required to organize separate portfolios to provide additional distribution flexibility instead of adding new classes of shares to the existing portfolio, the success of such new portfolio might be limited. Under the proposed Multiple Pricing System, new investors would be able to benefit from the additional stability resulting from their ability to invest in an established, sizeable investment fund and from the potential economies of scale resulting from a larger investment portfolio.

THE MANAGEMENT OF THE FUND, THE RATE OF THE ADVISORY FEES PAYABLE BY CURRENT (AND NEW) STOCKHOLDERS OF THE FUND AND THE FUND'S INVESTMENT OBJECTIVE, POLICIES AND TECHNIQUES WILL NOT BE AFFECTED BY THE IMPLEMENTATION OF THE MULTIPLE PRICING SYSTEM.

#### DESCRIPTION OF MULTIPLE PRICING SYSTEM

Under the Multiple Pricing System, three new classes of shares of the Fund would initially be offered to the public. Each class of shares of the Fund would represent interests in the same portfolio of investments, and would be identical in all respects, except for the compensation and other arrangements permitted by different

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service and distribution plan fees for each class, as described below, voting rights with respect to any matter specifically affecting a class, the impact of any expenses directly attributable to a class and any differences in features for purchasing, redeeming, exchanging or converting shares of each class and/or in distribution arrangements for the offer and sale of such shares.

'Class A' shares would be offered for sale at net asset value per share plus a front end sales charge of up to 4.75% subject to certain reductions set forth in the Prospectus. In addition, Class A shares would be subject to an ongoing service fee at an annual rate of .25% of their respective average daily net assets. Certain purchases of Class A shares qualify for a waived or reduced front end sales charge. Where the front end sales charge has been waived for purchases of \$1 million or more, a contingent deferred sales charge ('CDSC') of 1% will be charged for redemptions made within one year of purchase.

'Class B' shares would be offered for sale for purchases of less than \$250,000. Class B shares would be offered for sale at net asset value per share without a front end sales charge but would be subject to a CDSC of 5% if redeemed during the first or second year after purchase, and declining each year thereafter to 0% after the sixth year. Class B shares would also be subject to an ongoing distribution fee at an annual rate of .75% of their respective average daily net assets and a service fee at an annual rate of .25% of their respective average daily net assets. In addition, Class B shares would automatically convert to Class A shares six years after purchase.

'Class C' shares would be offered for sale for purchases of less than \$1,000,000. Class C shares would be offered for sale at net asset value per share without a front end sales charge, would be subject to a CDSC of 1% if redeemed within the first year of purchase, and would be subject to an ongoing distribution fee at an annual rate of .75% of their respective average daily net assets and a service fee at an annual rate of .25% of their respective average daily net assets. In addition, Class C shares would automatically convert to Class A shares ten years after purchase.

If the Multiple Pricing System is implemented, the existing shares of the Fund would be reclassified as Class O shares of the Fund. CLASS O SHARES WILL NOT BE SUBJECT TO ANY SALES CHARGES OR DISTRIBUTION OR SERVICE FEES PURSUANT TO A RULE 12B-1 PLAN. ONLY CLASS O STOCKHOLDERS WILL BE PERMITTED TO PURCHASE ADDITIONAL CLASS O SHARES.

The following table presents the key features of each new class:

<TABLE>  
<CAPTION>

CLASS	SALES CHARGE	RULE 12B-1 FEES		
		SERVICE FEE	DISTRIBUTION FEE	CONVERSION FEATURE
<C>	<S>	<C>	<C>	<C>
A	Front End (CDSC of 1% during the first year for purchases of \$1 million or more)	.25%	None	None
B	6 year CDSC	.25%	.75%	Converts to Class A after 6 years
C	CDSC of 1% within one year of purchase	.25%	.75%	Converts to Class A after 10 years
O (existing shares)	None	None	None	None

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Under the proposed Multiple Pricing System, shares of each class of the Fund (including Class O shares) would be exchangeable for shares of the same class of the other funds included in the Salomon Brothers Investment Series, but would not be exchangeable for shares of a different class of any other fund. As a result, Class O shareholders of the Fund would be eligible to exchange their Class O shares for, or to purchase, Class O shares of other funds included in the Salomon Brothers Investment Series and avoid any sales charges or distribution or service fees pursuant to a Rule 12b-1 Plan. The Salomon Brothers Investment Series currently includes the Salomon Brothers Cash Management Fund, the Salomon Brothers New York Municipal Bond Fund, the Salomon Brothers National Intermediate Municipal Fund, the Salomon Brothers U.S. Government Income Fund, the Salomon Brothers High Yield Bond Fund, the Salomon Brothers Strategic Bond Fund, the Salomon Brothers Total Return Fund, the Salomon Brothers Asia Growth Fund, the Salomon Brothers Investors Fund and will include the Salomon Brothers New York Municipal Money Market Fund and, if stockholders approve this proposal, the Fund.

To permit the implementation of the Multiple Pricing System, the Board of Directors, at a meeting held on July 16, 1996, considered and approved distribution and/or service plans pursuant to Rule 12b-1 under the 1940 Act for Class A shares, Class B shares and Class C shares of the Fund, to reflect the different distribution and service fees to be borne by each such class of shares as described above. These service and distribution plans will not become effective unless and until the Fund implements the Multiple Pricing System.

EXPENSE INFORMATION

The following tables are intended to assist investors in understanding the various costs and expenses that would be applicable to each class of shares of the Fund. The tables correspond to those presently included in the first several pages of the Fund's prospectus and, with the exception of the column entitled 'Current,' are indicative of the anticipated changes to the current tables that will be made if this proposal is approved.

<TABLE>  
<CAPTION>

	PRO FORMA				
	CURRENT	CLASS O (A) (EXISTING SHARES)	CLASS A	CLASS B	CLASS C
<S>	<C>	<C>	<C>	<C>	<C>
SHAREHOLDER TRANSACTION EXPENSES*					
Maximum Sales Charge Imposed on Purchases (as a percentage of offering price)	None	None	4.75% (b)	None	None
Maximum Sales Charge Imposed on Reinvested Dividends	None	None	None	None	None
Contingent Deferred Sales Charge (as a percentage of original purchase price or redemption price, whichever is lower)	None	None	1% during the first year for purchases of \$1 million or more	5% first year, 5% second year, 4% third year, 3% fourth year, 2% fifth year, 1% sixth year, and 0% after	1% during the first year

Redemption Fees	None	None	None	sixth year	None
Exchange Fee	None	None	None	None	None

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- (a) Only Class O shareholders are permitted to purchase additional Class O shares.
- (b) Reduced for purchases of \$50,000 and over, decreasing to 0% for purchases of \$1,000,000 and over.

(footnotes continued on next page)

(footnotes continued from previous page)

\* Under certain circumstances, certain broker/dealers may impose transaction fees on the purchase and/or sale of shares.

The following table sets forth the expenses incurred by the Fund for its fiscal year ended December 31, 1995 and also sets forth pro forma expenses of the Fund assuming the Multiple Pricing System had been in effect during this period.

<TABLE>  
<CAPTION>

	PRO FORMA				
	CURRENT	CLASS O (EXISTING SHARES)	CLASS A	CLASS B	CLASS C
	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
ANNUAL FUND OPERATING EXPENSES					
Management Fees	1.00%	1.00%	1.00%	1.00%	1.00%
Rule 12b-1 fees	N/A	N/A	.25%	1.00%	1.00%
Other expenses*	.36%	.36%	.36%	.36%	.36%
	-----	-----	-----	-----	-----
Total	1.36%	1.36%	1.61%	2.36%	2.36%

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\* 'Other expenses' includes fees for shareholder services, custodial fees, legal and accounting fees, printing costs and registration fees.

The following example illustrates your expenses on a Fund investment both currently and under the proposed Multiple Pricing System, assuming annual expenses set forth in the preceding table. THE EXAMPLE SHOULD NOT BE CONSIDERED A REPRESENTATION OF PAST OR FUTURE EXPENSES. ACTUAL EXPENSES MAY BE GREATER OR LESS THAN THOSE SHOWN.

EXAMPLE:

You would pay the following expenses on a \$1,000 investment, assuming a 5% annual return:

<TABLE>  
<CAPTION>

	PRO FORMA					
	CURRENT	CLASS O (EXISTING SHARES)	CLASS A*	CLASS B**	CLASS B NO REDEMPTION	CLASS C**
	-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>	<C>
1 Year	\$ 14	\$ 14	\$ 63	\$ 74	\$ 24	\$ 34
3 Years	\$ 43	\$ 43	\$ 96	\$ 114	\$ 74	\$ 74
5 Years	\$ 74	\$ 74	\$131	\$ 146	\$ 126	\$ 126
10 Years	\$ 164	\$ 164	\$230	\$ 234***	\$ 234***	\$ 270

\* Assumes deduction at the time of purchase of the maximum 4.75% sales charge.

\*\* Assumes deduction at the time of redemption of the maximum CDSC applicable for that time period.

\*\*\* Reflects the conversion to Class A shares six years after purchase, and therefore years seven through ten reflect Class A expenses.

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#### PROPOSED AMENDMENTS TO ARTICLES OF INCORPORATION

The proposed amendments provide, among other things, that the Directors have the authority, without further action or approval of the stockholders, to divide the shares of the Fund into classes, to fix and determine the different rights and preferences between the different classes of shares of the Fund, and provide that certain expenses specifically allocable to a particular class of the Fund's shares may be so allocated to such class. The proposed amendments will enable the Fund to issue multiple classes of shares on a basis similar to that of other funds that have adopted multi-class distribution systems. A copy of the proposed amendments to the Fund's Articles of Incorporation is attached as Exhibit A to this Proxy Statement.(1)

As part of the Multiple Pricing System, the proposed amendments also clarify that the front end sales charge may, if the Board of Directors so determines, be waived for certain qualified purchasers such as officers, directors and employees of the Fund or of organizations furnishing managerial, supervisory or distribution services to the Fund. A waiver of the sales charge for these types of qualified purchasers is consistent with industry practice, provides an incentive to parties associated with the Fund to work hard in the interest of the Fund and, in the Board's view, is appropriate in that no additional distribution costs are incurred in selling to purchasers knowledgeable about the Fund's objective, policies and operations.

The proposed amendments to the Articles of Incorporation will also permit the Board of Directors to increase or decrease the authorized common stock of the Corporation and to classify and reclassify shares of the Fund into additional classes of common stock at a future date. The Board of Directors currently has no current intention of increasing or decreasing the authorized common stock or of creating any classes of common stock other than the classes discussed above.

The proposed amendments would also allow the Fund to mandatorily redeem shares held in an account having, because of redemptions or exchanges, a net asset value on the date of redemption less than a minimum specified by the Board of Directors in its discretion. It is currently contemplated that this minimum will be \$500 (or \$250 in the case of an IRA or Self-Employed Retirement Plan), which is the minimum for the other funds included in the Salomon Brothers Investment Series.

Management of the Fund plans to implement the Multiple Pricing System by amending the Fund's Registration Statement on Form N-1A and the related Prospectus. The proposed Multiple Pricing System described above may be modified if the Board determines it is in the best interests of the Fund and its stockholders.

THE DIRECTORS, INCLUDING THE NON-INTERESTED DIRECTORS, RECOMMEND THAT THE STOCKHOLDERS VOTE 'FOR' THE PROPOSED AMENDMENTS TO THE FUND'S ARTICLES OF INCORPORATION TO PERMIT IMPLEMENTATION BY THE FUND OF A MULTI-CLASS DISTRIBUTION SYSTEM FOR ITS SHARES.

#### REQUIRED VOTE

Approval of the proposed amendments to the Fund's Articles of Incorporation will require the affirmative vote of more than 50% of the outstanding shares of the Fund entitled to vote thereon.

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(1) As a result of amending and restating the Articles of Incorporation, certain paragraph numbers have changed without any substantive effect.

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In the event the stockholders do not approve this proposal and the Multiple Pricing System is not adopted, the Fund will continue to offer a single class of shares of common stock.

PROPOSAL 2: AMENDMENT TO THE FUND'S ARTICLES OF INCORPORATION TO  
REDUCE THE PAR VALUE OF THE FUND'S COMMON STOCK  
FROM \$1.00 TO \$.001

In addition to the proposed amendments to the Articles of Incorporation set forth in Proposal 1, the Board of Directors has determined that it is also in the best interests of the Fund to amend the Articles of Incorporation to reduce the par value of the Fund's shares from \$1.00 to \$.001. The reason for the proposed amendment is that if the Fund is ever required to increase its authorized number of shares of common stock, the State of Maryland, the Fund's jurisdiction of incorporation, will charge a fee based on the increase in the aggregate par value of the Fund. Therefore, with a reduced par value, the Fund would incur a lower fee if it ever increases its authorized number of shares.

THE DIRECTORS, INCLUDING THE NON-INTERESTED DIRECTORS, RECOMMEND THAT THE STOCKHOLDERS VOTE 'FOR' THE PROPOSED AMENDMENT TO THE FUND'S ARTICLES OF INCORPORATION TO REDUCE THE PAR VALUE OF THE FUND'S COMMON STOCK FROM \$1.00 TO \$.001.

REQUIRED VOTE

Approval of the proposed amendment to the Fund's Articles of Incorporation will require the affirmative vote of more than 50% of the outstanding shares of the Fund entitled to vote thereon.

In the event the stockholders do not approve this proposal, the par value of the Fund's common stock will remain at \$1.00.

OTHER BUSINESS

The Board of Directors of the Fund does not know of any other matter which may come before the Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the proxy to vote the proxies in accordance with their judgment on that matter.

SHARE OWNERSHIP

The following table sets forth, as of July 29, 1996, shares of the Fund owned beneficially by, and certain other share ownership information with respect to, Directors of the Fund and all executive officers and Directors as a group. As of this date, the executive officers and Directors of the Fund owned, individually and in the aggregate, less than 1% of the outstanding shares of the Fund. As of July 17, 1996, the Salomon Brothers Inc Retirement Plan (the 'Plan'), whose business address is Seven World Trade Center, New York,

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NY 10048, was the record owner of approximately 51.5% of the outstanding shares of the Fund. The Fund understands that the shares held by the Plan will be voted by a fiduciary.

<TABLE>  
<CAPTION>

BENEFICIAL OWNER	NUMBER OF SHARES BENEFICIALLY OWNED AS OF JULY 31, 1996
<S>	<C>
Charles F. Barber	12,327.965
Andrew L. Breech	--
Thomas W. Brock	14,984.843
Carol L. Colman	150.697
William R. Dill	609.775
Michael S. Hyland	--
Clifford M. Kirtland, Jr.	--
Robert W. Lawless	--
Louis P. Mattis	735.228
Thomas F. Schlafly	4,320.413
Richard E. Dahlberg	--
Allan R. White, III	4,167.732

Ross S. Margolies	714.426
Lawrence H. Kaplan	--
Alan M. Mandel	12.665
All executive officers and Directors as a group	38,011.079

</TABLE>

PROPOSALS TO BE SUBMITTED BY STOCKHOLDERS

The Fund does not generally hold an Annual Meeting of Stockholders. Stockholders wishing to submit proposals for inclusion in a proxy statement for a subsequent stockholders' meeting should send their written proposals to the Secretary of the Fund at the address set forth on the cover of the proxy statement.

EXPENSES OF PROXY SOLICITATION

The costs of preparing, assembling and mailing material in connection with this solicitation of proxies will be borne by the Fund. Proxies may also be solicited personally by officers of the Fund and by regular employees of Salomon Brothers Asset Management Inc or its affiliates, or other representatives of the Fund by telephone or telegraph, in addition to the use of the mails. Brokerage houses, banks and other fiduciaries may be requested to forward proxy solicitation material to their principals to obtain authorization for the execution of proxies, and they will be reimbursed by the Fund for out-of-pocket expenses incurred in this connection.

August 26, 1996

{RESTATED ARTICLES OF INCORPORATION}

[EXHIBIT A]

{OF} [(RESTATED THROUGH APRIL 30, 1990 WITH PROPOSED 1996 AMENDMENTS)  
[FOR CLASSES, REDUCTION IN PAR VALUE AND RELATED CHANGES)]

SALOMON BROTHERS CAPITAL FUND INC  
[ARTICLES OF AMENDMENT AND RESTATEMENT]

[SALOMON BROTHERS CAPITAL FUND INC, a Maryland corporation, having its principal office in Baltimore City, Maryland (which is hereinafter called the 'Corporation'), hereby certifies to the State Department of Assessments and Taxation of Maryland that:]

[FIRST: The Charter of the Corporation is hereby amended and restated in its entirety to read as follows:]

[\* \* \* \* \*]

[RESTATED ARTICLES OF INCORPORATION  
of  
SALOMON BROTHERS CAPITAL FUND INC]

THIS IS TO CERTIFY:

FIRST: {I, JOHN, B. STOCKTON, the incorporator, whose post office address is Two Wall Street, New York, New York 10005, hereby state that: (i) I am 18 years old or older, and (ii) I am acting to form a corporation under the General Laws of the State of Maryland.}

{SECOND:} The name of the corporation (the 'Corporation') is {Solomon} [Salomon] Brothers Capital Fund Inc.

{THIRD} [SECOND]: The purpose or purposes for which the Corporation is formed and the business or objects to be transacted, carried on and promoted by it are as follows:

1. To hold, invest and reinvest its funds, and in connection therewith to hold part or all of its funds in cash, and to purchase or otherwise acquire, hold for investment or otherwise, sell, assign, negotiate, lend, transfer, exchange or otherwise dispose of or turn to account or realize upon, securities (which term 'securities' shall for the purposes of these Articles, without limitation of the generality thereof, be deemed to include any stocks, shares, bonds, debentures, notes, mortgages or other obligations, and any certificates, receipts, options, warrants or other instruments representing rights to receive, purchase or subscribe for the

same, or evidencing or representing any other rights or interests therein, or in any property or assets) created or issued by any persons, firms, associations, corporations, syndicates, combinations, organizations, governments or subdivisions thereof; and to exercise, as owner or holder of any securities, all rights, powers and privileges in respect thereof; and to do any and all acts and things for the preservation, protection, improvement and enhancement in value of any and all such securities.

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2. To issue and sell shares of its own capital stock in such amounts and on such terms and conditions, for such purposes and for such amount or kind of consideration (including, without limitation thereto, securities) now or hereafter permitted by the laws of Maryland and by these Articles of Incorporation, as its Board of Directors in its discretion may determine; provided, however, that the consideration per share to be received by the Corporation upon the sale of any shares of its capital stock shall not be less than the net asset value per share of such capital stock outstanding at the time as of which the computation of such net asset value shall be made; and further provided, that the Corporation shall not, and shall not permit any distributor of the shares of its capital stock to, sell any shares of its capital stock (i) to any officer, Director or employee of the Corporation; (ii) to any person or organization furnishing managerial, supervisory or distributing services to the Corporation; or (iii) to any officer, director, partner, trustee or employee of, or person owning of record any of the stock of, any person or organization furnishing managerial, supervisory or distributing services to the Corporation, unless the sale is made at a price not less than the price then available to the public (although such persons or organizations need not be subject to any minimum purchase requirements which may be prescribed by the Board of Directors of the Corporation).

3. To purchase or otherwise acquire, hold, dispose of, resell, transfer, reissue, retire or cancel (all without the vote or consent of the stockholders of the Corporation) shares of its capital stock, in any manner and to the extent now or hereafter permitted by the laws of Maryland and by these Articles of Incorporation.

4. To conduct its business in all its branches at one or more offices in Maryland and elsewhere in any part of the world, without restriction or limit as to extent.

5. To carry out all or any of the foregoing objects and purposes as principal or agent, and alone or with associates or, to the extent now or hereafter permitted by the laws of Maryland, as a member of, or as the owner or holder of any stock of, or shares of interest in, any firm, association, corporation, trust or syndicate; and in connection therewith to make or enter into such deeds or contracts with any persons, firms, associations, corporations, syndicates, governments or subdivisions thereof, and to do such acts and things and to exercise such powers, as a natural person could lawfully make, enter into, do or exercise.

6. To do any and all such further acts and things and to exercise any and all such further powers as may be incidental, relative or conducive to, or necessary, appropriate or desirable for, the accomplishment, carrying out or attainment of all or any of the foregoing purposes or objects.

The foregoing objects and purposes shall, except as otherwise expressly provided, be in no way limited or restricted by reference to, or inference from, the terms of any other clause of this or any other Article of these Articles of Incorporation, and shall each be regarded as independent, and construed as powers as well as objects and purposes, and the enumeration of specific purposes, objects and powers shall not be construed to limit or restrict in any manner the meaning of general terms or the general powers of the Corporation now or hereafter conferred by the laws of the State of Maryland, nor shall the expression of one thing be deemed to exclude another, though it be of like nature, not expressed; provided, however, that the Corporation shall not have the power to carry on within the State of Maryland any business whatsoever the carrying on of which would preclude it from being classified as an ordinary business corporation under the laws of said

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State; nor shall it carry on any business, or exercise any powers, in any other

state, territory, district or country except to the extent that the same may lawfully be carried on or exercised under the laws thereof.

{FOURTH} [THIRD]: The post office address of the principal office of the Corporation in the State of Maryland is {First Maryland Building, 25 South Charles} [32 South] Street, Baltimore, Maryland {21201} [21202].

{FIFTH} [FOURTH]: The resident agent of the Corporation in the State of Maryland is The Corporation Trust Incorporated, whose post office address is {First Maryland Building, 25 South Charles} [32 South] Street, Baltimore, Maryland {21201} [21202]. Such resident agent is a corporation of the State of Maryland.

{SIXTH: The total amount of authorized capital stock of the Corporation and the number and par value of its shares are \$25,000,000 consisting of 25,000,000 shares of the par value of \$1.00 each, all of one class.} [FIFTH: 1. The total number of shares of stock of all classes which the Corporation initially has authority to issue is 25,000,000 shares of capital stock (par value \$.001 per share), amounting in aggregate par value to \$25,000,000. All of such shares are initially classified as 'Common Stock'. The Common Stock (unless otherwise specified in the articles supplementary designating such Class) shall initially have four classes of shares, which shall be designated 'Class A Common Stock', 'Class B Common Stock', 'Class C Common Stock' and 'Class O Common Stock' each consisting, until further changed, of the lesser of (x) 25,000,000 shares or (y) the number of shares that could be issued by issuing all of the shares of Common Stock currently or hereafter classified less the total number of shares of Common Stock of all other classes then issued and outstanding. Any Class of Common Stock shall be referred to herein individually as a 'Class' and collectively, together with any further class or classes of Common Stock from time to time established, as the 'Classes'.]

2. {At all meetings of stockholders each stockholder of the Corporation shall be entitled to one vote for each share of stock standing in his name on the books of the Corporation on the date, fixed in accordance with the By-Laws, for determination of stockholders entitled to vote at such meeting. Any fractional share shall carry proportionately all the rights of a whole share, including the right to vote and the right to receive dividends. The presence in person or by proxy of the holders of a majority of the shares of capital stock of the Corporation outstanding and entitled to vote thereat shall constitute a quorum at any meeting of the stockholders. If at any meeting of the stockholders there shall be less than a quorum present, the stockholders present at such meeting may, without further notice, adjourn the same from time to time until a quorum shall attend, but no business shall be transacted at any such adjourned meeting except such as might have been lawfully transacted had the meeting not been adjourned.} [Unless otherwise prohibited by law, so long as the Corporation is registered as an open-end company under the Investment Company Act of 1940, as amended (the 'Investment Company Act'), the Board of Directors shall have the power and authority, without the approval of the holders of any outstanding shares, to increase or decrease the number of shares of capital stock or the number of shares of capital stock of any class that the Corporation has authority to issue.]

3. {Upon and after the date which is 90 days after the effective date of the Corporation's initial registration statement under the Securities Act of 1933, all shares of the capital stock} [The Board of Directors may classify or reclassify any unissued shares of capital stock (whether or not such shares have been previously classified or reclassified) from time to time by setting or changing in any one or more respects the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications, or terms or conditions of redemption of such shares of stock.]

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[4. The following is a description of the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications, and terms and conditions of redemption of the shares of Common Stock] of the Corporation [(unless provided otherwise by the Board of Directors with respect to any such additional Classes at the time it is established and designated:)]

[(a) Dividends and Distributions. Dividends and capital gains distributions on shares of Common Stock may be paid with such frequency, in such form and in such amount as the Board of Directors may determine by resolution adopted from time to time, or pursuant to a standing resolution or resolutions adopted only once or with such frequency as

the Board of Directors may determine. All dividends and distributions on shares of Common Stock shall be distributed to the holders of Common Stock held by such holders at the date and time of record established for the payment of such dividends or distributions, except that in connection with any dividend or distribution program or procedure, the Board of Directors may determine that no dividend or distribution shall be payable on shares as to which the stockholder's purchase order and/or payment have not been received by the time or times established by the Board of Directors under such program or procedure. Dividends and distributions may be paid in cash, property or additional shares of Common Stock of the same or another Class, or a combination thereof, as determined by the Board of Directors or pursuant to any program that the Board of Directors may have in effect at the time for the election by stockholders of the form in which dividends or distributions are to be paid. Any such dividend or distribution paid in shares shall be paid at the current net asset value thereof.]

{now or hereafter authorized shall be subject to redemption and shall be redeemable in the sense used in the General Laws of the State of Maryland authorizing the formation of corporations, as follows:}

{Each registered holder of the capital stock of the Corporation, upon appropriate written request to the Corporation or to any redemption agent which may designate, accompanied by surrender of the appropriate stock certificate or certificates in proper form for transfer if any such certificate was issued to such holder, and subject to the compliance with such procedures}

{prescribe, shall be entitled to require the Corporation to redeem all or any part of the shares of capital stock standing in the name of such holder on the books of the Corporation, at the net asset value of such shares. The method of computing such net asset value, the time as of which such net asset value shall be computed and the time within which the Corporation shall make payment therefor shall be determined as hereinafter provided in paragraph 8 of Article EIGHTH of these Articles of Incorporation. At the close of business on the date as of which the net asset value of shares surrendered for redemption is being determined, all rights of the holder of the shares so surrendered shall cease and terminate with respect to such shares except for the right of such holder to receive the net asset value thereof, and such shares shall no longer be deemed to be outstanding. Notwithstanding the foregoing of the Corporation may suspend the right of the holders of the capital stock of the Corporation to require the Corporation to redeem such capital stock.)

{for any period (A) during which the New York Stock Exchange is closed other than the customary weekend and holiday closings, or (B) during which trading on the New York Stock Exchange is restricted;}

{for any period during which any emergency, as defined by rules of the Securities and Exchange Commission or any successor thereto, exists as a result of which (A) disposal by the Corporation of securities owned by it is

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not reasonably practicable, or (B) it is not reasonably practicable for the Corporation fairly to determine the value of its net assets; or}

{for such other periods as the Securities and Exchange Commission or any successor thereto may by order permit for the protection of security holders of the Corporation.)

{In the event that the amount of the Corporation's capital stock held by a stockholder of record falls below \$5,000 measured by such stockholder's original cost therefor, which original cost shall be determined of the Corporation in such manner as it may deem equitable, the Corporation may, at its option, redeem all of the shares then held by such stockholder at a cash price (the 'Redemption Price') equal to the aggregate, determined as set forth in paragraph 8 of Article EIGHTH of these Articles of Incorporation, upon thirty days written notice to such stockholder at his address as shown on the records of the Corporation. Such notice shall be sent to such address by first class registered or certified mail, postage prepaid. The Redemption Price shall be determined, in the manner set forth in paragraph 8 of Article EIGHTH of these Articles of Incorporation for redemption at the option of a stockholder, as of the thirtieth day (or, pursuant to the provisions of said paragraph 8, the next applicable trading day) after such notice of redemption is given, and the} [.]

[(b) Voting. On each matter submitted to a vote of the stockholders, each holder of shares of Common Stock shall be entitled to

one vote for each share standing in his name on the books of the Corporation, irrespective of the Class thereof, and all shares of all Classes shall vote as a single class ('Single Class Voting'); provided, however, that (i) as to any matter with respect to which a separate vote of any Class is required by the Investment Company Act or by the Maryland General Corporation Law, such requirement as to a separate vote by that Class shall apply in lieu of Single Class Voting; (ii) in the event that the separate vote requirement referred to in clause (i) above applies with respect to one or more Classes, then, subject to clause (iii) below, the shares of all other Classes shall vote as a single class; and (iii) as to any matter which does not affect the interest of a particular Class, only the holders of shares of the one or more affected Classes shall be entitled to vote.]

(c) Redemption [by Stockholders.] {Price shall be paid} [Each holder of shares of Common Stock shall have the right at such times as may be permitted] by the Corporation {as soon as practicable thereafter,} [to require the Corporation to redeem all or any part of his shares, at a redemption price per share equal to the net asset value per share of Common Stock next determined after the shares are properly tendered for redemption, less such redemption fee or sales charge, if any, as may be established by the Board of Directors in its sole discretion. Payment of the redemption price shall be in cash]; provided, however, that if {and to the extent that such shares are represented by one or more certificates, such Redemption Price shall not be paid until such certificates and other appropriate documentation are presented to the Corporation or its redemption agent in the manner required in the Corporation's notice of redemption. At the close of business on the date as of which the Redemption Price is being determined, all rights of the holder of the shares called for redemption shall cease and terminate with respect to such shares except for the right of such holder to receive the Redemption Price thereof, and such shares shall no longer be deemed to be outstanding.} [the Board of Directors determines, which determination shall be conclusive, that conditions exist which make payment wholly in cash unwise or undesirable, the Corporation may, to the extent and in the

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manner permitted by the Investment Company Act, make payment wholly or partly in securities or other assets, at the value of such securities or assets used in such determination of net asset value.]

[Notwithstanding the foregoing, the Corporation may postpone payment of the redemption price and may suspend the right of the holders of shares of Common Stock to require the Corporation to redeem shares during any period or at any time when and to the extent permissible under the Investment Company Act.] {Nothing herein shall prevent any stockholder who has received a notice of redemption under this subparagraph (b) from exercising his right of redemption in accordance with subparagraph (a) of this paragraph 3 prior to the expiration of the thirty day period set forth in the notice of redemption.}

[(d) Redemption by Corporation. The Board of Directors may cause the Corporation to redeem at their net asset value the shares of any Common Stock held in an account having, because of redemptions or exchanges, a net asset value on the date of the] notice of redemption [less than a minimum investment specified by the Board of Directors from time to time in its sole discretion, provided that prior written notice of the proposed redemption has been given to the holder of any such account by mail, postage prepaid, at the address contained in the books and records of the Corporation and such holder has been given an opportunity to purchase the required value of additional shares].

(e) [Net Asset Value Per Share. The net asset value per share of any Class shall be the quotient obtained by dividing the value of the net assets of that Class (being the value of the securities and other assets attributable to that Class less the liabilities attributable to that Class) by the total number of shares of that Class outstanding, all as determined by or under the direction of the Board of Directors in accordance with generally accepted accounting principles and the Investment Company Act. Subject to the applicable provisions of the Investment Company Act, the Board of Directors, in its sole discretion, may prescribe and shall set forth in the By-Laws] of the Corporation [or in a duly adopted resolution of the Board of Directors such bases and times for determining the value of the assets attributable to, and the net asset value per share of outstanding shares of, each Class, or the net income attributable to such shares, as the Board of Directors deems

necessary or desirable. The Board of Directors shall have full discretion, to the extent not inconsistent with the Maryland General Corporation Law and the Investment Company Act, to determine which items shall be treated as income and which items as capital and whether any item of expense shall be charged to income or capital. Each such determination and allocation shall be conclusive and binding for all purposes]. {In the absence of any specification as to the purposes for which shares of the capital stock} {are redeemed or repurchased by it, all shares so redeemed or repurchased shall be deemed to be acquired for retirement in the sense contemplated by the laws of the State of Maryland and shall have the status of authorized but unissued shares, and the number of the authorized shares of the capital stock of the Corporation shall not be reduced by the number of any shares redeemed or repurchased by it.}

{Notwithstanding any provision of law requiring any action to be taken or authorized by the affirmative vote of the holders of more than a majority of the outstanding shares of capital stock of the Corporation, such action shall be effective and valid if taken or authorized by the affirmative vote of the holders of a majority of the total number of shares outstanding and entitled to vote

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thereon. Except as otherwise provided by law, by these Articles of incorporation or by the By-Laws of the Corporation, a majority of all of the votes cast at a meeting of stockholders at which a quorum is present shall be sufficient to approve any matter which may properly come before the meeting).

5. {No holder of stock shall, as such holder have any right to purchase or subscribe for any shares of the capital stock of the Corporation of any class which the Corporation may issue or sell (whether out of the number of shares authorized by these Articles of Incorporation, or out of any shares of the capital stock of the Corporation acquired by it after the issue thereof, or otherwise) other than such right, if any, as the} [All Classes of Common Stock of the Corporation shall represent the same interest in the Corporation and have identical voting, dividend, liquidation, and other rights with any other shares of Common Stock; provided, however, that notwithstanding anything in the charter] of the Corporation [to the contrary]:

[(a) The Class A Common Stock, Class B Common Stock and Class C Common Stock shares shall be subject to such front-end sales loads and/or contingent deferred sales charges as may be established from time to time by the Board of Directors in accordance with the Investment Company Act and applicable rules and regulations of the National Association of Securities Dealers, Inc. ('NASD').

(b) The Class O Common Stock shares shall not be subject to front-end sales loads or contingent deferred sales charges.

(c) Expenses related solely to a particular Class (including, without limitation, expenses under a Rule 12b-1 plan and administrative expenses under an administration or service agreement, plan or other arrangement, however designated) shall be borne by that Class and shall be appropriately reflected (in the manner determined by the Board of Directors) in the net asset value, dividends, distribution and liquidation rights of the shares of that Class.]

[(d) On the sixth anniversary of the first business day of the month following the month in which Class B Common Stock shares were purchased by a stockholder, such Class B Common Stock shares (as well as a pro rata portion of any Class B Common Stock shares purchased through the reinvestment of dividends and other distributions paid in respect of all Class B Common Stock shares held by such stockholder) shall automatically convert to Class A Common Stock shares; provided, however, that such conversion shall be subject to the continuing availability of an Internal Revenue Service ruling and opinion of counsel to the effect that the conversion of the Class B Common Stock shares does not constitute a taxable event under federal income tax law. The] Board of Directors, in its {discretion, may determine} [sole discretion, may suspend the conversion of Class B Common Stock shares if such ruling and opinion are no longer available.]

[(e) On the tenth anniversary of the first business day of the month following the month in which Class C Common Stock shares were

purchased by a stockholder, such Class C Common Stock shares (as well as a pro rata portion of any Class C Common Stock shares purchased through the reinvestment of dividends and other distributions paid in respect of all Class C Common Stock shares held by such stockholder) shall automatically convert to Class A shares; provided, however, that such conversion shall be subject to the continuing availability of an Internal Revenue Service ruling and an opinion of counsel to the effect that the conversion of the Class C Common Stock shares

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does not constitute a taxable event under federal income tax law. The Board of Directors, in its sole discretion, may suspend the conversion of Class C Common Stock shares if such ruling and opinion are no longer available.

(f) The number of shares of the Class A Common Stock into which the Class B or Class C Common Stock is converted pursuant to subsections (5)(e) and (5)(f) above shall equal the number (including for these purposes fractional shares) obtained by dividing the net asset value per share of the Class B or Class C Common Stock, as the case may be, for purposes of sales and redemptions on the conversion date by the net asset value per share of the Class A Common Stock for purposes of sales and redemptions thereof on the conversion date.

(g) The holders of each Class of capital stock classified or designated by this Charter shall have such rights to exchange their shares for stock of any other Class or shares of another investment company upon such terms as may be approved by the Board of Directors from time to time and set forth in appropriate disclosure documents under the applicable law, rules and regulations of the SEC and the rules of the NASD, including but not limited to such rights to credit holding periods of the stock exchanged with respect to the stock received in the exchange.

6. The Corporation may issue and sell fractions of shares of capital stock having pro rata all the rights of full shares, including, without limitation, the right to vote and to receive dividends, and wherever the words 'share' or 'shares' are used in the charter or By-Laws of the Corporation, they shall be deemed to include fractions of shares where the context does not clearly indicate that only full shares are intended.

7. The Corporation shall not be obligated to issue certificates representing shares of any Class of capital stock. At the time of issue or transfer of shares without certificates, the Corporation shall provide the stockholder with such information as may be required under the Maryland General Corporation Law.]

8. All persons who shall acquire stock in the Corporation shall acquire the same subject to the provisions of these Articles of Incorporation.

{SEVENTH} [SIXTH]: The number of Directors of the Corporation {initially} shall be {five} [ten] and the names of those who {shall act as such until the first annual} [are now serving as Directors of the Corporation until the next] meeting of stockholders or until their successors are duly chosen and qualified are as follows:

<TABLE>	
<S>	<C>
[Charles F. Barber]	[Michael S. Hyland]
[Andrew L. Breech]	[Clifford M. Kirtland, Jr.]
[Thomas W. Brock]	[Robert W. Lawless]
[Carol L. Colman]	[Louis P. Mattis]
[William R. Dill]	[Thomas F. Schlafly]
	{Alexander Abraham}
	{Richard J. Connors}
	{Lawrence Goldmuntz}
	{George H. Heyman}
	{Otto Marx, Jr.}
</TABLE>	

However, the By-Laws of the Corporation may fix the number of Directors at a number greater or less than that named in these Articles of Incorporation, provided that in no case shall the number of Directors be less than three, and may authorize the Board of Directors, by the vote of a majority of the entire Board of

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Directors, to increase or decrease the number of Directors fixed by these Articles of Incorporation or by the By-Laws within a limit specified in the By-Laws and to fill the vacancies created by any such increase in the number of Directors. Unless otherwise provided by the By-Laws of the Corporation, the Directors of the Corporation need not be stockholders therein.

{EIGHTH} [SEVENTH]: The following provisions are hereby adopted for the purpose of defining, limiting and regulating the powers of the Corporation and of the Directors and stockholders.

1. The By-Laws of the Corporation may divide the Directors of the Corporation into classes and prescribe the tenure of office of the several classes, but no class shall be elected for a period shorter than that from the time of the election following the division into classes until the next annual meeting and thereafter for a period shorter than the interval between annual meetings or for a longer period than five years, and the term of office of at least one class shall expire each year. Notwithstanding the foregoing, no such division into classes shall be made prior to the first annual meeting of stockholders of the Corporation.

2. The holders of shares of the capital stock of the Corporation shall have the right to inspect the records, documents, accounts and books of the Corporation, subject to reasonable regulations of the Board of Directors or in the By-Laws of the Corporation, not contrary to Maryland law, as to whether and to what extent, and at what times and places, and under what conditions and regulations such right shall be exercised.

3. Any Director, or any officer elected or appointed by the Board of Directors or by a committee of said Board or by the stockholders or otherwise, may be removed at any time with or without cause, in such lawful manner as may be provided in the By-Laws of the Corporation or in accordance with the laws of Maryland.

4. If the By-Laws so provide, the Board of Directors of the Corporation shall have power to hold their meetings, to have an office or offices and, subject to the provisions of the laws of Maryland, to keep the books of the Corporation outside of said State at such places as may from time to time be designated by them.

5. In addition to the powers and authority hereinbefore or by statute expressly conferred upon them, the Board of Directors may exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the express provisions of the laws of Maryland, of these Articles of Incorporation and of the By-Laws of the Corporation.

6. Shares of stock in other corporations shall be voted by the President or a Vice President, or such officer or officers of the Corporation as the Board of Directors shall designate for the purpose, or by a proxy or proxies thereunto duly authorized by the Board of Directors, except as otherwise ordered by vote of the holders of a majority of the shares of the capital stock of the Corporation outstanding and entitled to vote in respect thereto.

7. (a) The Corporation shall not purchase from or sell to (i) any officer, Director or employee of the Corporation, (ii) any partnership of which any officer, Director or employee of the Corporation is a member, (iii) any corporation or association of which any officer, Director or employee of the Corporation is an officer, director or trustee, (iv) any person or organization furnishing managerial,

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supervisory or distributing services to the Corporation, (v) any officer, director, partner, trustee or employee of, or person owning of record any of the stock of, any person or organization furnishing such managerial supervisory or distributing services, (vi) any partnership of which any officer, director, partner, trustee or employee of, or person owning of record any of the stock of, any person or organization furnishing such managerial, supervisory or distributing services, is a member, or (vii) any corporation or association of which any officer, director, partner or trustee of, or person owning of record any of the stock of, any person or

organization furnishing such managerial, supervisory or distributing services, is an officer, director or trustee, as principals, any securities (other than stock which may be issued by the Corporation), nor shall the Corporation make any loan to any officer, Director or employee of the Corporation, to any partnership of which any officer, Director or employee of the Corporation is a member, to any corporation or association of which any officer, Director or employee of the Corporation is an officer, directors or trustee, to any person or organization furnishing managerial, supervisory or distributing services to the Corporation, or to any officer, director, partner, trustee or employee of, or person owning of record any of the stock of, any person or organization furnishing such managerial, supervisory or distributing services; provided, however, that nothing herein shall prohibit any person, partnership, association or corporation with which the Corporation may have any management or distributing contract, or any officer, Director or employee of the Corporation, either directly or through a partnership, association or corporation, from being paid any brokerage commissions in the purchase and/or sale of securities for the account of the Corporation, and provided further that any advances of fees or expenses to any organization furnishing managerial, supervisory or distributing services to the Corporation or any advances of expenses pursuant to subparagraph (c) of this paragraph 7 shall not be deemed the making of a loan within the meaning of this subparagraph (a); and any officer, Director, employee or stockholder of the Corporation, either directly or through a partnership, association or corporation, may act as distributor or underwriter in connection with the sale of stock which may be issued by the Corporation, and each and every person who may become an officer, Director or employee of the Corporation is hereby relieved from any liability that might otherwise exist from contracting as aforesaid with the Corporation for the benefit of himself or any partnership, association or corporation in which he may be interested, except that nothing herein shall protect any Director or officer of the Corporation against any liability to the Corporation or to its security holders to which he would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office.

(b) Subject only to the provisions of subparagraph (a) of this paragraph 7 and the provisions of the Investment Company Act (of 1940), any Director, officer or employee individually, or any partnership of which any Director, officer or employee may be a member, or any corporation or association of which any Director, officer or employee may be an officer, director, trustee, employee or stockholder, may be a party to, or may be pecuniarily or otherwise interested in, any contract [or] transaction of the Corporation, and in the absence of fraud no contract or other transaction shall be thereby affected or invalidated; provided that in case a Director, or a partnership, corporation or association of which a Director is a member, officer, director, trustee, employee or stockholder is so interested, such fact shall be disclosed or shall have been known to the Board of Directors or a majority thereof; and any Director of the Corporation who is so interested, or who is also a director, officer, trustee, employee or stockholder of such other corporation or association or a member of such partnership which is so interested, may be

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counted in determining the existence of a quorum at any meeting of the Board of Directors of the Corporation which shall authorize any such contract or transaction, with like force and effect as if he were not such director, officer, trustee, employee or stockholder of such other corporation or association or not so interested or a member of a partnership so interested.

(c) The Corporation shall indemnify (i) its Directors and officers, whether serving the Corporation or at its request any other entity, to the fullest extent required or permitted by the laws of Maryland now or hereafter in force and the Investment Company Act (of 1940), including the advance of expenses under the procedures required, and to the fullest extent permitted, by law and (ii) other employees and agents to such extent as shall be authorized by the Board of Directors or provided by the Corporation's By-Laws or by contract and permitted by law. The foregoing rights of indemnification shall not be exclusive of any other rights to which those seeking indemnification may be entitled. The Board of Directors may take such action as is necessary to carry out these indemnification provisions and is expressly empowered to adopt, approve and amend from time to time such By-Laws, resolutions or contracts implementing such provisions or such further indemnification arrangements as may be permitted by law. No

amendment of these Articles of Incorporation or repeal of any of its provisions shall limit or eliminate the right to indemnification provided hereunder with respect to acts or omissions occurring prior to such amendment or repeal.

(d) Specifically, but without limitation of the foregoing, the Corporation may enter into a distribution or management contract and other contracts with, and may otherwise do business with, {Lehman} [Salomon] Brothers {Incorporated, Lehman} [Inc, Salomon Brothers Asset] Management {Co.,} Inc{.}, and any affiliate of either of the foregoing now existing or hereafter created, notwithstanding that the Board of Directors of the Corporation may be composed in part of officers, directors or employees of said corporations and officers of the Corporation may have been or may be or become officers, directors or employees of said corporations, and in the absence of fraud the Corporation and such corporations may deal freely with each other, and neither such distribution contract or management contract nor any other contract or transaction between the Corporation and such corporations or any of them shall be invalidated or in any wise affected thereby, nor shall any Director or officer of the Corporation be liable to the Corporation or to any stockholder or creditor thereof or to any other person for any loss incurred by it or him under or by reason of any such contract or transaction; provided that nothing herein shall protect {amy} [any] Director or officer of the Corporation against any liability to the Corporation or to its security holders to which he would otherwise be subject by reason of willful misfeasance, bad faith, gross negligence or reckless disregard of the duties involved in the conduct of his office; and provided always that such contract or transaction shall have been on terms that were not unfair to the Corporation at the time it was entered into.

(e) The Corporation is adopting its corporate title through permission of {Lehman} [Salomon Brothers Asset] Management {Co.,} Inc{.}; and if it shall enter into a management contract with such corporation, as authorized herein, the Corporation shall make appropriate covenants that, upon the expiration or termination of such contract or upon its breach by the Corporation, the Corporation will, at the request of such corporation, eliminate all reference to '{Lehman} [Salomon Brothers]}' from its corporate name and will not thereafter transact any business in a corporate name using the {word 'Lehman} [words 'Salomon Brothers']} in any form or combination whatsoever, or otherwise use the {word 'Lehman} [words 'Salomon

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Brothers'] as a part of its name or otherwise. Such covenants on the part of the Corporation are hereby made binding upon it, its Directors, officers, stockholders, creditors and all other persons claiming under or through it.

(f) To the fullest extent permitted by Maryland statutory or decisional law, as amended or interpreted, no Director or officer of the Corporation shall be personally liable to the Corporation or its stockholders for money damages, except to the extent such exemption from liability or limitation thereof is not permitted by the Investment Company Act {of 1940}. No amendment of these Articles of Incorporation or repeal of any of its provisions shall limit or eliminate the benefits provided to directors and officers under this provision with respect to any act of omission which occurred prior to such amendment or repeal.

8. [No holder of any stock or any other securities of the Corporation, whether now or hereafter authorized, shall have any preemptive right to subscribe for or purchase any stock or any other securities of the Corporation other than such, if any, as the Board of Directors in compliance with applicable law, in its sole discretion, may determine and at such price or prices and upon such other terms as the Board of Directors, in its sole discretion, may fix; and any stock or other securities which the Board of Directors may determine to offer for subscription may, as the Board of Directors in its sole discretion shall determine, be offered to the holders of any class, series or type of stock or other securities at the time outstanding to the exclusion of the holders of any or all other classes, series or types of stock or other securities at the time outstanding.

9. Notwithstanding any provision of law requiring the authorization of any action by a greater proportion than a majority of the total number of shares of all classes of capital stock or of the total number of shares of any class of capital stock entitled to vote as a separate class, such action shall be valid and effective if authorized by the affirmative vote of the holders of a majority of the total number of shares of all classes outstanding and entitled to vote thereon, or of the class entitled to vote

thereon as a separate class, as the case may be, except as otherwise provided in the charter of the Corporation. At a meeting of stockholders the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast on any matter with respect to which one or more classes of capital stock are entitled to vote as a separate class shall constitute a quorum of such separate class for action on that matter. Whether or not a quorum of such a separate class for action on any such matter is present, a meeting of stockholders convened on the date for which it was called may be adjourned as to that matter from time to time without further notice by a majority vote of the stockholders of the separate class present in person or by proxy to a date not more than 120 days after the original record date.]

10. [Subject to applicable law,] the Board of Directors is hereby empowered to authorize the issuance and sale, from time to time, of shares of the capital stock of the Corporation, whether for cash at not less than the par value thereof or for such other consideration including securities as the Board of Directors in its discretion may deem advisable, in the manner and to the extent now or hereafter permitted by the laws of Maryland; provided, however, (i) that initial and subsequent sales of shares of capital stock shall be subject to such minimum and maximum limits as the Board of Directors of the Corporation in its discretion may, from time to time, establish by resolution, and (ii) that the consideration per share to be received by the Corporation upon the sale of any shares of its capital stock shall not be less than the net asset value per share of such capital stock outstanding at the time as of which the computation of such net asset value shall be made.]

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{For all purposes of the computation of net asset value, as in these Articles of Incorporation referred to, the following rules shall apply.

The net asset value of each share of capital stock of the Corporation, surrendered to the Corporation for redemption pursuant to the provisions of paragraph (3)(a) of Article SIXTH of these Articles of Incorporation, shall be determined as of the close of business on the New York Stock Exchange on the day on which such capital stock is so surrendered, provided such surrender is received in good order at the office of the Corporation or its redemption agent prior to the close of business on the New York Stock Exchange on that day and provided further that such day is one on which the New York Stock Exchange is open; if such surrender is made after the close of business on the New York Stock Exchange, or if the New York Stock Exchange is not open on such day, then the net asset value shall be determined as of the close of business on the New York Stock Exchange on the next succeeding business day on which the New York Stock Exchange is open.

The net asset value of each share of the capital stock of the Corporation for the purpose of the issue of such capital stock at its net asset value shall be determined in the manner prescribed by the Board of Directors of the Corporation and in accordance with the Investment Company Act of 1940, any applicable rule or regulation thereunder, or any applicable rule or regulation made or adopted by any securities association registered under the Securities Exchange Act of 1934.

The net asset value of each share of the capital stock of the Corporation, as of the close of business on any day, shall be the quotient obtained by dividing the value, as at such close, of the net assets of the corporation (i.e., the value of the portfolio securities and other assets of the Corporation (including investment income accrued but not collected) less any liabilities (including accrued expenses but excluding capital and surplus)) by the total number of shares of capital stock outstanding at such close, all determined and computed as follows:

The assets of the Corporation shall be deemed to include (A) all cash on hand, on deposit or on call, (B) all bills and notes and accounts receivable, (C) all shares of stock and subscription rights and other securities owned or contracted for by the Corporation, other than its own capital stock, (D) all stock and cash dividends and cash distributions entitled to be received by the Corporation and not yet received by it, (E) all interest accrued on any interest bearing securities owned by the Corporation and (F) all other property of every kind and nature including prepaid expenses; the value of such assets to be determined as follows:

In determining the value of the assets of the Corporation for the purpose of obtaining the net asset value, each security listed on a national securities exchange shall be valued on the basis of the closing

sale thereof on such exchange on the business day as of which such value is being determined. If there be no sale on such day, then the security shall be valued on the basis of the most recent bid price on such day. If no bid prices are quoted for such day, then the security shall be valued by such method as the Board of Directors shall deem to reflect its fair market value. Securities not listed on a national securities exchange shall be valued at their latest bid price as reported by the NASDAQ reporting system for securities covered by that system and, for other over-the-counter securities, at the last current bid price. If no quotations are readily available, or if restricted or control securities are being valued, portfolio securities shall be valued as the Board of Directors in good faith deems appropriate to reflect the

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fair value thereof. All other assets of the Corporation shall be valued at fair value as determined in good faith by the Board of Directors.

The liabilities of the Corporation shall be deemed to include (A) all bills and notes and accounts payable, (B) all administrative expenses payable and/or accrued (including management fees), (C) all contractual obligations for the payment of money or property, including, as of the 'ex-dividend' date established by the Corporation, the amount of any unpaid dividend previously declared upon the Corporation's stock, (D) all reserves, if any, authorized or approved by the Board of Directors for taxes, including reserves for taxes at current rates based on any unrealized appreciation in the value of the assets of the Corporation and (E) all other liabilities of the Corporation of whatsoever kind and nature except liabilities represented by outstanding capital stock and surplus of the corporation.

For the purposes hereof:

(A) Capital stock subscribed for shall be deemed to be outstanding as of the time of acceptance of any subscription and the entry thereof on the books of the Corporation, and the net price thereof shall be deemed to be an asset of the Corporation; and

(B) Capital stock surrendered for redemption by the Corporation pursuant to the provisions of paragraph (3)(a) of Article SIXTH of these Articles of Incorporation, and capital stock redeemed by the Corporation pursuant to the provisions of paragraph 3(b) of said Article SIXTH, shall be deemed to be outstanding until the close of business on the date as of which its net asset value is being determined as provided in paragraph 8(a) of this Article EIGHTH and paragraph 3(b) of said Article SIXTH, respectively, and thereupon and until paid the price thereof shall be deemed to be a liability of the Corporation.

The net asset value of each share of the capital stock of the Corporation, as of any time other than the close of business on any day, may be determined by applying to the net asset value as of the close of business on the preceding business day, computed as provided in paragraph 8(c) of this Article EIGHTH, such adjustments as are authorized by or pursuant to the direction of the Board of Directors and designed reasonably to reflect any material changes in the market value of securities and other assets held and any other material changes in the assets or liabilities of the Corporation and in the number of its outstanding shares which shall have taken place since the close of business on such preceding business day.

In addition to and notwithstanding the foregoing, the Board of Directors is empowered, in its absolute discretion, to establish other bases or times, or both, for determining the net asset value of each share of the capital stock of the Corporation. Without limitation of the foregoing, the Board of Directors in its discretion may determine such net asset value utilizing a consolidated transaction reporting system (the 'consolidated tape') if the Board of Directors determines that significant differences in price with respect to portfolio securities would not result thereby, and in such event the net assets of the Corporation will be valued on each day trading is reported on the consolidated tape and value of portfolio securities whose prices are quoted on the consolidated tape will be computed as of the close of trading for purposes of the consolidated tape. In such case, the Corporation's net assets will reflect the latest or closing prices reported on the consolidated tape for such securities and otherwise will be computed as set forth above.

Payment of the net asset value of capital stock of the Corporation

surrendered to it for redemption pursuant to the provisions of paragraph 3(a) of Article SIXTH of these Articles of incorporation shall be

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made by the Corporation within seven days after receipt, in good order, of the documents and certificates, if any, required pursuant to such paragraph. Any such payment may be made in portfolio securities of the Corporation and/or in cash, as the Board of Directors shall deem advisable. For the purpose of determining the amount of any payment to be made pursuant to paragraph (3)(a) of said Article SIXTH in portfolio securities, such securities shall be valued as provided in subdivision (c)(i) of paragraph 8 of this Article EIGHTH.

In the case of shares of stock of the Corporation issued in whole or in part in exchange for securities, there may, at the discretion of the Board of Directors of the Corporation, be included in the value of said securities, for the purposes of determining the number of shares of stock of the Corporation issuable in exchange therefor, the amount, if any, of brokerage commissions or other similar costs of acquisition of such securities paid by the holder of said securities in acquiring the same.

NINTH: From}[.]

[EIGHTH: From] time to time any of the provisions of these Articles of Incorporation may be amended, altered or repealed (including any amendment which changes the terms of any of the outstanding stock by classification, reclassification or otherwise), upon the vote of the holders of a majority of the shares of capital stock of the Corporation at the time outstanding and entitled to vote, and other provisions which might under the statutes of the State of Maryland at the time in force be lawfully contained in articles of incorporation may be added or inserted upon the vote of the holders of a majority of the shares of capital stock of the Corporation at the time outstanding and entitled to vote, and all rights at any time conferred upon the stockholders of the Corporation by these Articles of Incorporation are granted subject to the provisions of this Article {NINTH} [EIGHTH]. The Corporation shall notify the stockholders in its next subsequent regular report to the stockholders of any amendment to these Articles of Incorporation.

The term 'Articles of Incorporation' or 'these Articles of Incorporation' as used herein and in the By-Laws of the Corporation shall be deemed to mean these Articles of Incorporation as from time to time amended and restated.

[\* \* \* \* \*

SECOND: This amendment decreases the par value of the Corporation's Capital Stock from \$1.00 per share to \$.001 per share.

THIRD: Pursuant to authority expressly vested in the Board of Directors of the Corporation by Section 2-605(a)(4) of the Maryland General Corporation Law, the Board of Directors has duly changed the name or other designation of the currently issued and outstanding shares of capital stock of the Corporation from 'Capital Stock (par value \$.001 per share)' to 'Class O Common Stock (par value \$.001 per share).'

FOURTH: The amendment and restatement does not increase the authorized stock of the Corporation.

FIFTH: The foregoing amendment and restatement to the Charter of the Corporation has been advised by the Board of Directors and approved by the stockholders of the Corporations.

SIXTH: The foregoing amendment and restatement to the Charter of the Corporation shall become effective at \_\_\_\_\_ on \_\_\_\_\_, 199 .]

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IN WITNESS WHEREOF, [SALOMON BROTHERS CAPITAL FUND INC has caused these presents to be signed in its name and on its behalf by its President and witnessed by its Secretary on \_\_\_\_\_, 199 ]. {I have signed these ARTICLES OF INCORPORATION on this \_\_\_\_\_ day of August, 1976 and acknowledge the same to be my act.}

{/s/ John B. Stockton}

<TABLE>

<S>

WITNESS:

<C>

[SALOMON BROTHERS CAPITAL FUND INC

By:  
President]

[Secretary]  
</TABLE>

[THE UNDERSIGNED, President of SALOMON BROTHERS CAPITAL FUND INC who executed on behalf of the Corporation the foregoing Articles of Amendment and Restatement of which this certificate is made a part, hereby acknowledges in the name and on behalf of said Corporation the foregoing Articles of Amendment and Restatement to be the corporate act of said Corporation and hereby certifies that to the best of his knowledge, information, and belief the matters and facts set forth therein with respect to the authorization and approval thereof are true in all material respects under the penalties of perjury.]

\_\_\_\_\_  
[President] {/s/ Robert P. Wessely}

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APPENDIX 1  
PROXY CARD

SALOMON BROTHERS CAPITAL FUND INC  
PROXY SOLICITED ON BEHALF OF THE DIRECTORS

The undersigned hereby appoints Lawrence H. Kaplan, Alan M. Mandel, Jennifer Muzzey and Tana E. Tselepis, and each of them, 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 the Salomon Brothers Capital Fund Inc (the "Fund") which the undersigned is entitled to vote at a Special Meeting of Stockholders of the Fund to be held at Seven World Trade Center, New York, New York on September 30, 1996, and at any adjournment thereof. The undersigned hereby acknowledges receipt of the Notice of Meeting and accompanying Proxy Statement 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 proxy previously given.

Please Mark, Sign, and Return this Proxy Promptly  
Using the Enclosed Envelope.

Date \_\_\_\_\_, 1996

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(s), Title(s), if applicable

This proxy, if properly executed, will be voted in the manner directed by the stockholder. If no direction is made to the contrary, the proxy will be voted FOR proposal 1 and proposal 2. Please refer to the Proxy Statement for a discussion of the Proposals.

Please Sign and Date on Reverse Side and Mail in Accompanying Postpaid Envelope.

Please vote by filling in the appropriate boxes below, as shown, using blue or black ink or dark pencil. Do not use red ink. [ ]

<TABLE> <CAPTION>	FOR <C>	AGAINST <C>	ABSTAIN <C>
<S> THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" PROPOSAL 1 AND PROPOSAL 2			
1. Amendments to the Fund's Articles of Incorporation to permit implementation by the Fund of a multi-class distribution system for its shares.	[ ]	[ ]	[ ]
2. Amendment to the Fund's Articles of Incorporation to reduce the par value of the Fund's common stock from \$1.00 to \$.001.	[ ]	[ ]	[ ]
3. Any other business that may properly come before the meeting.			

</TABLE>

I will be attending the meeting. [ ]

#### STATEMENT OF DIFFERENCES

In Appendix A, proposed additions shall appear in square brackets and proposed deletions shall appear in braces.