

SECURITIES AND EXCHANGE COMMISSION

FORM 485BPOS

Post-effective amendments [Rule 485(b)]

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FILER

SALOMON BROTHERS OPPORTUNITY FUND INC

CIK: **277585** | IRS No.: **132967825** | State of Incorporation: **MD** | Fiscal Year End: **0831**
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Mailing Address
C/O SALOMON BROTHERS
7 WORLD TRADE CENTER,
38TH FLOOR
NEW YORK NY 10048

Business Address
7 WORLD TRADE CENTER
C/O SALOMON BROTHERS
ASSET MANAGEMENT IN
NEW YORK NY 10048
2127837000

REGISTRATION NO. 2-63023
811-2884

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM N-1A

<TABLE>	
<S>	<C>
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933	[x]
Pre-Effective Amendment No.	[]
Post-Effective Amendment No. 20	[x]
REGISTRATION STATEMENT UNDER THE INVESTMENT COMPANY ACT OF 1940	[x]
Amendment No. 20	[x]
</TABLE>	

SALOMON BROTHERS OPPORTUNITY FUND INC
(EXACT NAME OF REGISTRANT AS SPECIFIED IN CHARTER)

<TABLE>	<C>
<S>	
7 WORLD TRADE CENTER,	
NEW YORK, NEW YORK, 10048	
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	
</TABLE>	

REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE: (800) 725-6666

LAWRENCE H. KAPLAN, ESQ.
SALOMON BROTHERS ASSET MANAGEMENT INC
7 WORLD TRADE CENTER
NEW YORK, NEW YORK, 10048
(NAME AND ADDRESS OF AGENT FOR SERVICE)

COPY TO:
SARAH E. COGAN, ESQ.
SIMPSON THACHER & BARTLETT
425 LEXINGTON AVENUE
NEW YORK, NEW YORK, 10017

APPROXIMATE DATE OF PROPOSED PUBLIC OFFERING: As soon as practicable after this Post-Effective Amendment becomes effective.

It is proposed that this filing will become effective:
[] immediately upon filing pursuant to paragraph (b)
[x] on December 30, 1996 pursuant to paragraph (b)
[] 60 days after filing pursuant to paragraph (a) (1)
[] on (date) pursuant to paragraph (a) (1)
[] 75 days after filing pursuant to paragraph (a) (2)
[] on (date) pursuant to paragraph (a) (2) of rule 485.

THE REGISTRANT HAS PREVIOUSLY FILED A DECLARATION OF INDEFINITE REGISTRATION OF ITS SHARES PURSUANT TO RULE 24f-2 UNDER THE INVESTMENT COMPANY

SALOMON BROTHERS OPPORTUNITY FUND INC
 REGISTRATION STATEMENT ON FORM N-1A
 CROSS REFERENCE SHEET
 PURSUANT TO RULE 495(A)
 UNDER THE SECURITIES ACT OF 1933

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Item 17.	Brokerage Allocation and Other Practices.....	Portfolio Transactions
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SALOMON BROTHERS
 OPPORTUNITY FUND INC

PROSPECTUS
 DECEMBER 30, 1996

 SALOMON BROTHERS ASSET MANAGEMENT INC

SALOMON BROTHERS OPPORTUNITY FUND INC
 A No-Load Mutual Fund
 7 World Trade Center, New York, New York 10048
 (800) 725-6666 or (212) 783-1301

Salomon Brothers Opportunity Fund Inc (the 'Fund') is an open-end, no-load,

non-diversified investment company. The Fund seeks to achieve above average long-term capital appreciation through investments principally in common stocks, or securities convertible into or exchangeable for common stocks, which are believed to be undervalued. Current income is a secondary objective. The Fund may employ the speculative investment techniques of leveraging and investing in restricted securities and other securities of limited marketability. There can be no assurance that the Fund will achieve its investment objectives.

This Prospectus sets forth concisely the information a prospective investor should know before investing in the Fund and should be read and retained for future reference. A Statement of Additional Information dated December 30, 1996, containing additional information about the Fund (the 'Statement of Additional Information'), has been filed with the Securities and Exchange Commission (the 'SEC') and is incorporated herein by reference. It is available without charge and can be obtained by writing the Fund at the address, or by calling the toll-free telephone number, listed above.

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SALOMON BROTHERS ASSET MANAGEMENT INC -- INVESTMENT MANAGER
SALOMON BROTHERS INC -- DISTRIBUTOR
DECEMBER 30, 1996

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

SUMMARY

THE FUND

Salomon Brothers Opportunity Fund Inc, formerly Lehman Opportunity Fund, Inc. (the 'Fund'), an open-end, no-load, non-diversified investment company, was incorporated in Maryland on October 13, 1978.

INVESTMENT OBJECTIVES

The Fund's primary objective is to achieve above average long-term capital appreciation. Current income is a secondary objective. There can be no assurance that the Fund will achieve its investment objectives.

INVESTMENT MANAGER

Salomon Brothers Asset Management Inc ('SBAM') is the Fund's investment manager. SBAM also serves as investment adviser to other investment companies and numerous individuals and institutions. The Fund pays SBAM an annual management fee of 1% of the Fund's average daily net assets.

PURCHASE OF SHARES

Shares may be purchased at net asset value without a sales charge: (i) through First Data Investor Services Group, Inc., a subsidiary of First Data Corporation ('FDISG'), the Fund's transfer agent; (ii) from a selected dealer. The minimum initial investment is \$1,000 and subsequent investments require a minimum of \$100. However, for Individual Retirement Accounts and Self-Employed Retirement Plans (formerly, Keogh Plans), the minimum initial investment is \$250. In addition, an account can be established with a minimum of \$50 if such account will be receiving periodic regular investments through the Automatic Investment Plan. See 'Purchase of Shares' and 'Shareholder Services.'

SALE OF SHARES

The Fund redeems shares at net asset value. The Fund does not charge a redemption fee. See 'Redemption of Shares.'

DIVIDENDS

The Fund intends to distribute annually substantially all of its net investment income and capital gains, which will be reinvested in additional shares of the Fund unless a shareholder requests otherwise. See 'Dividends, Distributions and Income Taxes.'

RISK FACTORS

Prospective investors should consider certain risks associated with an investment in the Fund. The Fund may employ the speculative investment techniques of leveraging and investing in restricted securities and other securities of limited marketability. Such techniques may subject the Fund to certain risks. Among other factors to be considered by an investor are the Fund's classification as a non-diversified investment company under the Investment Company Act of 1940, as amended (the '1940 Act') and the Fund's ability to invest in foreign securities. See 'Investment Policies.' The Fund should not be viewed as a complete investment program.

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THE FUND'S EXPENSES

The following expense table is provided to assist investors in understanding the various costs and expenses that an investor will incur either directly or indirectly as a shareholder of the Fund, based upon the Fund's actual operating expenses for its most recent fiscal year, calculated as a percentage of average daily net assets. These are the only fund related expenses that an investor bears, provided that under certain circumstances, certain broker/dealers may impose additional transaction fees on the purchase and/or sale of Fund shares. See 'Purchase of Shares.'

Annual Fund Operating Expenses (as a % of average daily net assets)	
Management fees	1.00%
Other expenses	.18%

Total Fund Operating Expenses	1.18%

'Management fees' in the above table represents investment advisory fees paid by the Fund to SBAM. Pursuant to a Sub-Administration Agreement, SBAM remits a portion of its management fee (equal to .08% of the Fund's average daily net assets) to Investors Bank & Trust Company ('Investors Bank') for certain administrative services which Investors Bank provides to the Fund. See 'Management.'

'Other expenses' in the above table includes fees for shareholder services, custodial fees, legal and accounting fees, printing costs and registration fees.

The following table illustrates the projected dollar amount of total cumulative expenses that would be incurred over various periods with respect to a hypothetical investment in the Fund. These amounts are based upon payment by the Fund of operating expenses at the levels set forth in the preceding example and are also based upon the following assumptions:

EXAMPLE: A shareholder would pay the following expenses on a \$1,000 investment, assuming: (1) 5% annual return; and (2) redemption at the end of each time period:

After 1 year	\$ 12
After 3 year	\$ 37
After 5 year	\$ 65
After 10 years	\$143

THIS EXAMPLE SHOULD NOT BE CONSIDERED AS REPRESENTATIVE OF PAST OR FUTURE EXPENSES AND ACTUAL EXPENSES MAY BE GREATER OR LESS THAN THOSE SHOWN. Moreover, while this example assumes a 5% annual return, the Fund's performance will vary and may result in a return greater or less than 5%.

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FINANCIAL HIGHLIGHTS

The following condensed financial information on selected per share data and ratios for each of the ten years in the period ended August 31, 1996, has been audited by Price Waterhouse LLP, independent accountants, whose reports thereon were unqualified. This information should be read in conjunction with the financial statements and notes thereto which appear in the Statement of Additional Information.

<TABLE>
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	YEAR ENDED AUGUST 31									
	1996	1995	1994	1993	1992	1991	1990`D'	1989	1988	1987
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Per Share Operating Performance:										
Net asset value, beginning of year.....	\$35.75	\$31.47	\$31.91	\$27.64	\$25.16	\$21.06	\$28.37	\$23.39	\$29.53	\$27.87
Net investment income....	0.60	0.45	0.42	0.57	0.36	0.54	0.60	0.81*	0.56	0.54
Net gains (or losses) on securities (both realized and unrealized).....	3.38	5.68	1.48	4.85	2.79	4.205	(6.20)	6.29	(3.00)	4.49
Total from investment operations.....	3.98	6.13	1.90	5.42	3.15	4.745	(5.60)	7.10	(2.44)	5.03
Less dividends and distributions: Dividends from net investment income.....	(0.48)	(0.37)	(0.64)	(0.345)	(0.50)	(0.63)	(0.82)	(0.54)	(0.755)	(0.585)
Distributions from net realized gain on investments.....	(1.36)	(1.48)	(1.70)	(0.805)	(0.17)	(0.015)	(0.89)	(1.58)	(2.945)	(2.785)
Total dividends and distributions.....	(1.84)	(1.85)	(2.34)	(1.15)	(0.67)	(0.645)	(1.71)	(2.12)	(3.70)	(3.37)
Net asset value, end of year.....	\$37.89	\$35.75	\$31.47	\$31.91	\$27.64	\$25.16	\$21.06	\$28.37	\$23.39	\$29.53
Total investment return based on net asset value per share.....	+11.4%	+21.1%	+6.4%	+20.2%	+12.9%	+23.2%	- 20.6%	+32.9%	- 6.1%	+21.2%
Ratios/Supplemental Data:										
Net assets, end of year (thousands).....	\$141,984	\$131,237	\$118,755	\$116,607	\$101,679	\$102,916	\$90,049	\$119,250	\$92,608	\$113,579
Ratio of expenses to average net assets.....	1.18%	1.18%	1.22%	1.23%	1.25%	1.30%	1.26%	1.19%	1.20%	1.16%
Ratio of net investment										

income to average net assets.....	1.59%	1.39%	1.29%	1.86%	1.28%	2.31%	2.38%	3.20%	2.29%	1.92%
Portfolio turnover rate...	5%	8%	13%	10%	11%	11%	13%	15%	29%	25%
Average broker commission rate.....	\$0.0591	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Includes \$.27 per share of special dividends received in connection with corporate actions on certain portfolio companies.

`D' Since May 1, 1990, the Fund has been managed by SBAM. Prior thereto, the Lehman Management Company division of Shearson Lehman Brothers Inc. served as the Fund's investment manager.

THE FUND'S PERFORMANCE
TOTAL RETURN

From time to time, the Fund may advertise its 'average annual total return' over various periods of time. Such total return figures show the average annual percentage change in value of an investment in the Fund from the beginning date of the measuring period to the end of the measuring period. These figures reflect changes in the price of the Fund's shares and

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assume that any income dividends and/or capital gains distributions made by the Fund during the period were reinvested in shares of the Fund. Figures will be given for the most current one, five and ten-year periods and may be given for other periods as well, such as on a year-by-year basis. When considering average total return figures for periods longer than one year, it is important to note that the Fund's annual total return for any one year in the period might have been greater or less than the average for the entire period. Aggregate total return figures may also be used for various periods, representing the cumulative change in value of an investment in the Fund for the specified period (again reflecting changes in Fund share prices and assuming reinvestment of dividends and distributions). Aggregate total returns may be shown by means of schedules, charts, or graphs, and may indicate subtotals of the various components of total return (i.e., change in value of initial investment, income dividends, and capital gains distributions).

The Fund's average annual total return was as follows for the fiscal periods ending August 31:

1 year	+ 11.37%
5 years	+ 14.25%
10 years	+ 11.15%

Furthermore, in reports or other communications to shareholders or in advertising material, the Fund may compare its performance with that of other mutual funds as listed in the rankings prepared by Lipper Analytical Services, Inc. or similar independent services which monitor the performance of mutual funds, financial indices such as the Standard & Poor's 500 Index or other industry or financial publications, including, but not limited to, Barron's, Business Week, CDA Investment Technologies, Inc., Changing Times, Forbes, Fortune, Institutional Investor, Investors Daily, Money, Morningstar Mutual Fund Values, The New York Times, USA Today and The Wall Street Journal. It is important to note that the total return figures set forth above and in the table below are based on historical earnings and are not intended to indicate future performance. The Statement of Additional Information further describes the method used to determine the Fund's performance. The Fund's Annual Report for the fiscal year ended August 31, 1996, containing performance information is available without charge and can be obtained by writing the Fund at the address, or by calling the Fund at the toll-free telephone number, printed on the front cover.

Investment results for each of the Fund's fiscal years since inception and its cumulative investment results are shown in the table below.

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<TABLE>

<CAPTION>

YEAR ENDED AUGUST 31	ANNUAL		CUMULATIVE	
	CAPITAL GAINS REINVESTED	TOTAL RETURN `D'	CAPITAL GAINS REINVESTED	TOTAL RETURN `D'
<S>	<C>	<C>	<C>	<C>
1979*.....	+12.0%	+12.0%	+ 12.0%	+ 12.0%
1980.....	+20.8	+23.9	+ 35.3	+ 38.8
1981.....	+ 4.4	+ 7.4	+ 41.2	+ 49.1
1982.....	- 5.3	- 2.0	+ 33.7	+ 46.1
1983.....	+61.0	+66.4	+115.3	+143.1
1984.....	+10.2	+12.5	+137.3	+173.5
1985.....	+25.2	+27.8	+197.2	+249.4
1986.....	+24.5	+26.9	+270.0	+343.4
1987.....	+18.6	+21.2	+338.9	+437.8
1988.....	- 9.1	- 6.1	+299.0	+404.5
1989.....	+29.9	+32.9	+418.3	+570.5
1990.....	- 23.1	- 20.6	+298.6	+432.4
1991.....	+19.6	+23.2	+376.7	+555.9
1992.....	+10.6	+12.9	+427.2	+640.5
1993.....	+18.7	+20.2	+525.8	+790.1
1994.....	+ 4.3	+ 6.4	+552.7	+847.1
1995.....	+19.6	+21.1	+680.6	+1046.9
1996.....	+10.0	+11.4	+758.3	+1176.6

</TABLE>

* From commencement of Fund's operations on February 28, 1979.
'D' Income dividends and capital gain distributions reinvested.

The above performance results do not take into account income taxes payable by shareholders on income dividends and capital gain distributions. During the above periods, stock prices fluctuated and the investment results should not be considered as a representation of future results based upon an investment made in the Fund today.

INVESTMENT OBJECTIVES

The primary investment objective of the Fund is to achieve above average long-term capital appreciation. The Fund invests principally in common stocks, or securities convertible into or exchangeable for common stocks, believed by the investment manager to be undervalued. Current income is a secondary objective. There can be no assurance that the Fund will achieve its investment objectives.

INVESTMENT POLICIES

In seeking long-term capital appreciation, the Fund may invest in securities of companies whose share prices are believed to reflect inadequately the underlying value of the assets or potential earning power of the company. Although the Fund may receive current income from dividends, interest and other sources, income is a secondary consideration to seeking capital appreciation. The Fund seeks to obtain results above those of relevant published indicators. In analyzing potential and existing investments, SBAM considers, among other factors:

1. The effect of changes in management, policies, corporate control or capitalization on the company's earnings or on the market price of its shares;

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2. The effect on earnings, or on the market's evaluation of the company's future, of changes in technology, marketing or production, the development of new products or services or in the demand for existing products or services;

3. The effect of recent and anticipated capital expenditures; and

4. The effect of social, economic, political, legal and international developments.

In pursuit of its objectives, the Fund may invest in securities of seasoned issuers or in securities of newly established companies. Portfolio securities may have extended public markets or may have limited marketability and be

subject, therefore, to wide fluctuations in market value.

The Fund's portfolio manager currently pursues a strategy of retaining unrealized long-term capital gains. The portfolio manager believes that it is preferable not to dispose of securities that have sizeable gains in order to invest the proceeds in securities that may have more uncertain long-term potential. As a result of this strategy, the Fund currently has a substantial amount of net unrealized appreciation. At August 31, 1996, the amount of such net unrealized appreciation was \$75,441,226, representing approximately 53% of the Fund's net assets. There can be no assurance that the Fund will continue to retain this level of net unrealized appreciation, and in the event the Fund disposes of securities in its portfolio and recognizes sizeable gains, the Fund will in all likelihood distribute such gains to shareholders who will be taxed on such amounts. See 'Dividends, Distributions and Income Taxes.'

The Fund intends to invest primarily in common stocks, or securities convertible into or exchangeable for common stocks, such as convertible preferred stocks or convertible debentures. When management deems it appropriate, for temporary defensive purposes due to economic or market conditions, the Fund may also invest without limitation in fixed-income securities or hold assets in cash or cash equivalents, such as U.S. Government obligations, investment grade debt securities and other money market instruments. Investment grade debt securities are debt securities rated BBB or better by Standard & Poor's Corporation ('S&P') or Baa or better by Moody's Investors Service, Inc. ('Moody's'), or if unrated, securities deemed by SBAM to be of comparable quality. Debt securities rated BBB by S&P are regarded by S&P as having an adequate capacity to pay interest and repay principal, while debt securities rated Baa by Moody's are regarded by Moody's as medium grade obligations and as having speculative characteristics. Investments in such fixed-income securities may also be made for the purpose of capital appreciation, as in the case of purchases of bonds traded at a substantial discount.

The Fund may invest up to 5% of its net assets in debt securities rated below investment grade by S&P and Moody's, with no minimum rating required, or comparable unrated securities. For additional information on these 'high-yield' debt securities, which involve a high degree of risk, see 'Investment Policies' in the Statement of Additional Information.

The Fund may purchase securities for which there is a limited trading market or which are subject to restrictions on resale to the public. To the extent that the Fund's portfolio may include securities of limited marketability, the price obtainable for such securities could be affected adversely if the Fund were forced to sell under inexpedient circumstances, e.g., to satisfy sizable redemptions. Furthermore, where the Fund has a substantial position in securities with limited trading markets, the activities of the Fund itself, as well as those of other investors, could have an adverse effect upon the liquidity and marketability of such securities and the Fund might not be able to dispose of its holdings at then current market prices. 'Limited marketability' may exist if the Fund has a substantial position in securities that trade in a limited market, or if the securities are

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'restricted,' and are therefore not readily marketable without registration under the Securities Act of 1933, as amended (the '1933 Act'). See 'Limiting Investment Risks' below. Investments in securities which are 'restricted' may involve added expenses to the Fund should the Fund be required to bear registration costs with respect to such securities and could involve delays in disposing of such securities which might have an adverse effect upon the price and timing of sales of such securities and the liquidity of the Fund with respect to redemptions. Restricted securities and securities for which there is a limited trading market may be significantly more difficult to value due to the unavailability of reliable market quotations for such securities, and investment in such securities may have an adverse impact on net asset value. The Fund will not invest more than 10% of the value of its total assets in illiquid securities, such as 'restricted securities' and securities that are not readily marketable.

The Fund is classified under the 1940 Act as a non-diversified investment company, which means that the Fund is not limited by the 1940 Act with regard to the percentage of its assets that may be invested in the obligations of any single issuer, subject to the diversification requirements of subchapter M of

the Internal Revenue Code of 1986, as amended (the 'Code'). To the extent the Fund invests a relatively high percentage of its assets in the securities of a smaller number of issuers, the Fund may be more susceptible to any single economic, political or regulatory occurrence than a more widely diversified fund and may be subject to greater risk of loss with regard to its portfolio securities.

The Fund may invest in foreign securities or American Depositary Receipts which are publicly traded in the United States and may invest up to 5% of its net assets in foreign securities not publicly traded in the United States. Investors should recognize that investing in the securities of foreign issuers involves special considerations which are not typically associated with investing in the securities of U.S. issuers. Investment in securities of foreign issuers may involve risks arising from non-U.S. accounting, auditing and financial reporting standards, from restrictions on foreign investment and repatriation of capital, from differences between U.S. and foreign securities markets, including less volume, price volatility in and illiquidity of certain foreign securities markets, different trading and settlement practices and less government supervision and regulation, from economic, social and political conditions, and, as with domestic multinational corporations, from fluctuating exchange rates. Additionally, certain amounts of the Fund's income may be subject to withholding taxes in the foreign countries in which it invests.

Borrowing

The Fund may borrow money from banks for either investment or temporary purposes. Borrowing money for investment purposes is a practice known as 'leveraging.' Borrowings (excluding temporary borrowings) may be secured by up to 33 1/3% of the value of the Fund's total assets. Temporary borrowings in an additional amount of up to 5% of the Fund's total assets may be made, for example, to meet redemption requests at a time when disposition of portfolio securities is deemed undesirable. Notwithstanding the foregoing, the Fund may not purchase securities on margin, except for short-term credits necessary for the clearance of transactions. In addition, the Fund may not make short sales of its securities, except for 'short sales against the box.' See 'Limiting Investment Risks.'

Borrowing can increase the opportunity for capital appreciation when security prices rise and increase the risk of loss when prices decline. Interest costs of borrowing are an

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expense that otherwise would not be incurred and this could reduce the net investment income of the Fund. While borrowing creates an opportunity for increased return, it creates special risks. For example, borrowing may exaggerate changes in the net asset value of the Fund's shares and in the return on the Fund's portfolio. Although the principal of any borrowing will be fixed, the Fund's assets may change in value during the time the borrowing is outstanding. The Fund may be required to liquidate portfolio securities at a time when it would be disadvantageous to do so in order to make payments with respect to any borrowing, which could affect the investment manager's strategy and the ability of the Fund to comply with certain provisions of the Code in order to provide 'passthrough' tax treatment to shareholders. Furthermore, if a Fund were to engage in borrowing, an increase in interest rates could reduce the value of the Fund's shares by increasing the Fund's interest expense.

The foregoing investment policies (other than the policies of the Fund with respect to the borrowing of money and investing in restricted securities) are not fundamental policies and may be changed by vote of the Fund's Board of Directors without the approval of shareholders.

Lending of Portfolio Securities

From time to time, the Fund may lend portfolio securities to selected member firms of the New York Stock Exchange ('NYSE'). Such loans will not exceed 10% of the Fund's total assets, taken at value. Loans of portfolio securities by the Fund will be collateralized by cash which will be maintained at all times in an amount equal to at least 100% of the market value of the securities lent. The risk of lending portfolio securities, as with other extensions of credit, consists of possible delay in recovery of the securities or possible loss of rights in the collateral should the borrower fail financially.

LIMITING INVESTMENT RISKS

The Fund may not:

(1) Invest: (i) more than 25% of the value of its total assets in the securities of any single issuer (other than the United States Government or its agencies or instrumentalities) or in the securities of issuers in any one industry; or (ii) as to 50% of the value of its total assets, invest more than 5% of the value of its total assets in the securities of any one issuer (other than the United States Government or its agencies or instrumentalities) or acquire more than 10% of the outstanding voting securities of any one issuer;

(2) Borrow money or pledge its assets, except as described under 'Investment Policies -- Borrowing' above;

(3) Purchase securities on margin (except for such short-term credits as are necessary for the clearance of transactions) or make short sales of securities (except for sales 'against the box,' i.e., when a security identical to the one owned by the Fund or which the Fund has the right to acquire without payment of additional consideration, is borrowed and sold short in order to defer a gain or loss for federal income tax purposes);

(4) Underwrite securities, except in instances where the Fund has acquired portfolio securities which it may not be free to sell publicly without registration under the 1933 Act ('restricted securities'); in such registrations, the Fund may technically be deemed an 'underwriter' for purposes of that Act. It is the Fund's present intention not to acquire restricted securities unless the Fund also receives contractual registration rights. In any event, no more than 10% of the value of the Fund's total assets may be invested in illiquid securities;

(5) Make loans of cash or other assets provided that: (i) this restriction shall not prevent the Fund from buying a portion of an issue of bonds, debentures or other obligations which are publicly distributed, or from investing up to an

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aggregate of 10% (including investments in other types of restricted securities) of the value of its total assets in portions of issues of bonds, debentures or other obligations of a type privately placed with financial institutions; and (ii) this restriction shall not prohibit the Board of Directors of the Fund from authorizing the lending of portfolio securities to selected members of the NYSE on a demand basis and fully collateralized by cash so long as such loans do not exceed 10% of the Fund's total assets;

(6) Purchase more than 3% of the stock of another investment company, or purchase stock of other investment companies equal to more than 5% of the Fund's net assets in the case of any one other investment company and 10% of such net assets in the case of all other investment companies in the aggregate. Any such purchase will be made only in the open market where no profit to a sponsor or dealer results from the purchase, except for the customary broker's commission. This restriction shall not apply to investment company securities received or acquired by the Fund pursuant to a merger or plan of reorganization. (The return on such investments will be reduced by the operating expenses, including management fees, of such investment company, and will be further reduced by the Fund's expenses; that is, there will be a layering of certain fees and expenses); or

(7) Invest more than 10% of the value of the Fund's total assets in securities of unseasoned issuers, including their predecessors, which have been in operation for less than three years.

The foregoing investment restrictions and those described in the Statement of Additional Information are fundamental policies of the Fund which may be changed only when permitted by law and approved by the holders of a majority of the outstanding voting securities of the Fund, as defined in the 1940 Act.

MANAGEMENT

Since May 1, 1990, the Fund has retained SBAM, a wholly-owned subsidiary of Salomon Brothers Holding Company Inc, which is in turn wholly-owned by Salomon Inc ('SI'), as its investment manager under an investment management contract. SBAM was incorporated in 1987 and together with affiliates in London, Frankfurt and Hong Kong, provides a broad range of fixed-income and equity investment advisory services to various individuals and institutional clients located throughout the world, and serves as investment adviser to various investment companies. In providing such investment advisory services, SBAM has access to SI's more than 250 economists, mortgage, bond, sovereign and equity analysts. As of October 31, 1996, SBAM and its worldwide investment advisory affiliates managed approximately \$17.8 billion. SBAM's business offices are located at 7 World Trade Center, New York, New York 10048.

Irving Brilliant is primarily responsible for day-to-day management of the Fund's portfolio. Mr. Brilliant has been the Fund's President and portfolio manager since 1979. Since 1990, he has been a Director of Salomon Brothers and an employee of SBAM, and prior to 1990 he was a Senior Vice President of the Lehman Management Co. Division of Shearson Lehman Brothers Inc.

Subject to policy established by the Board of Directors of the Fund, which has overall responsibility for the business affairs of the Fund, SBAM manages the operations of the Fund pursuant to a management contract (the 'Management Contract') with the Fund. SBAM also furnishes office space and certain facilities required for the performance by SBAM of certain additional services provided to the Fund pursuant to the Management Contract, including compliance with rules and regulations promulgated by the SEC, supervision of Fund operations and certain administrative and clerical services, and pays the compensation of the

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officers, employees and directors of the Fund who are affiliated with SBAM. The management fee paid to SBAM for the fiscal year ended August 31, 1996 represented 1% of the Fund's average daily net assets during that year. This fee is higher than the management fees paid by most other investment companies. Except for the expenses paid by SBAM that are described herein, the Fund bears all costs of its operations.

Pursuant to a Sub-Administration Agreement between SBAM and Investors Bank, Investors Bank performs certain administrative services in connection with the operation of the Fund. The services provided by Investors Bank under the applicable administration agreements include certain accounting, clerical and bookkeeping services, Blue Sky compliance, corporate secretarial services and assistance in the preparation and filing of tax returns and reports to shareholders and the SEC. As compensation for its services and at no additional cost to the Fund, SBAM pays Investors Bank a fee each month at an annual rate of .08% of the average daily value of the Fund's net assets.

Consistent with the Rules of Fair Practice of the National Association of Securities Dealers, Inc., and subject to seeking the most favorable price and execution available, SBAM may consider sales of shares of the Fund as a factor in the selection of brokers to execute portfolio transactions for the Fund. The Fund may use Salomon Brothers, an indirect wholly-owned subsidiary of SI, to execute portfolio transactions when SBAM believes that the broker's charge for the transaction does not exceed the usual and customary levels charged by other brokers in connection with comparable transactions involving similar securities. See 'Portfolio Transactions' in the Statement of Additional Information.

Expenses

The Fund's expenses include taxes, interest, fees and salaries of the directors and officers who are not directors, officers or employees of the Fund's service contractors, SEC registration fees, state securities qualification fees, costs of preparing and printing prospectuses for regulatory purposes and for distribution to existing shareholders, advisory and administration fees, charges of the custodian, transfer agent and dividend disbursing agent, certain insurance premiums, outside auditing and legal expenses, costs of shareholder reports and shareholder meetings and any extraordinary expenses. The Fund also pays for brokerage fees and commissions (if any) in connection with the purchase and sale of portfolio securities.

DETERMINATION OF NET ASSET VALUE

The Fund's net asset value per share for the purpose of pricing purchase and redemption orders is determined at the close of regular business of the NYSE on each day the Fund is open for business. The Fund is open for business on each day the NYSE is open for trading, i.e., Monday through Friday with the exception of New Year's Day, Presidents' Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day and Christmas Day, and the preceding Friday or subsequent Monday when one of those holidays falls on a Saturday or Sunday, respectively. The net asset value per share is computed by dividing the value of the net assets of the Fund (i.e., the value of the assets less the liabilities) by the total number of Fund shares outstanding. In calculating net asset value, all portfolio securities will be valued at market value when there is a reliable market quotation available for the securities and otherwise as the Board of Directors of the Fund in good faith deems appropriate.

PURCHASE OF SHARES

Shares of the Fund may be purchased through First Data Investor Services Group, Inc. ('FDISG') (formerly, The Shareholder Services

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Group, Inc.), through Salomon Brothers, the Fund's distributor, or from selected dealers. Purchases of shares made through a selected dealer should be made in accordance with the procedures prescribed by such selected dealer. The Fund reserves the right to reject any purchase order in whole or in part.

Shares may be purchased initially by completing a Purchase Application and mailing it, together with your check payable to Salomon Brothers Funds, to: Salomon Brothers Opportunity Fund Inc, c/o First Data Investor Services Group, Inc., P.O. Box 5127, Westborough, Massachusetts 01581-5127. In addition, an account can be established with a minimum of \$50 if the account will be receiving periodic, regular investments through programs such as the Automatic Investment Plan. See 'Shareholder Services.'

The minimum initial investment in Fund shares is \$1,000 and subsequent investments may be made in amounts of \$100 or more. However, for IRAs and Self-Employed Retirement Plans (formerly, Keogh Plans), the minimum initial investment is \$250. Subsequent investments may be made at any time through a selected dealer or by mailing a check to FDISG at the address set forth above, along with the detachable stub from the Statement of Account (or a letter providing the account number). Shareholders should be sure to write the Fund's account number on the check. Initial purchases of Fund shares may not be made by third party check. If an investor's purchase check is not collected, the purchase will be cancelled and FDISG will charge a fee of \$10 to the shareholder's account. FDISG does not intend to resubmit such checks for collection.

Subsequent investments may also be made by wiring federal funds to FDISG. Prior notification by telephone is not required. The investor should instruct the wiring bank to transmit the specified amount in federal funds to:

Boston Safe Deposit and Trust Company
Boston, Massachusetts
ABA No. 011-001-234
Account #142743
Attn: Salomon Brothers Opportunity Fund
Name of Account:
Account # (As assigned):

Shareholders should note that their bank may charge a fee in connection with transferring money by bank wire.

To ensure prompt credit to their accounts, investors or their dealers should call (800) 446-1013 with a reference number for the wire. If wires are received after 4:00 p.m. New York time, or during a bank holiday, purchases will be confirmed at the price determined on the next business day.

Orders for the purchase of Fund shares received by selected dealers by the close of regular trading on the NYSE on any day that the Fund calculates its net asset value and either transmitted to Salomon Brothers by the close of its business day (normally 5:00 p.m., New York time) or transmitted by dealers to FDISG, through the facilities of the National Securities Clearing Corporation ('NSCC') by 7:00 p.m., New York time, on that day will be priced according to the net asset value determined on that day. Otherwise, the orders will be priced as of the time the net asset value is next determined. It is the dealers' responsibility to ensure that orders are transmitted so as to be received by Salomon Brothers or FDISG through the facilities of NSCC prior to the close of its business day. Any loss resulting from a dealer's failure to submit an order within the prescribed time frame will be borne by that dealer.

Funds transmitted by a wire system other than the Federal Reserve Wire System generally take one business day to be converted into federal funds. In those cases in which an investor pays for shares by a check drawn on a member bank of the Federal Reserve System, federal funds generally will become available on the business

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day after the check is deposited. Checks drawn on banks which are not members of the Federal Reserve System or foreign banks may take substantially longer to be converted into federal funds.

Although most shareholders elect not to receive stock certificates, certificates for full shares can be obtained on specific written request at no cost to the shareholder. No certificates are issued for fractional shares.

Investors who purchase and redeem Fund shares through broker-dealers, banks and other institutions may be subject to fees imposed by those entities with respect to the services they provide. Orders placed by an investor directly with FDISG or Salomon Brothers will not be subject to such fees.

REDEMPTION OF SHARES

Shareholders may redeem all or any part of their shareholdings on any business day at the applicable net asset value determined after the receipt of proper redemption instructions. The Fund does not charge a redemption fee. The value of shares upon redemption may be more or less than the investor's cost.

The Fund reserves the right, upon not less than 30 days' written notice, to redeem the shares in an account which has a value of less than \$1,000. However, any shareholder affected by the exercise of this right will be allowed to make additional investments prior to the date fixed for redemption to avoid liquidation of the account.

Payment of redemption proceeds may be made in securities in accordance with applicable law. Payment of the redemption price will be made within seven days after receipt of the redemption instructions in good order, but the Fund may suspend the right of redemption during any period when: (a) trading on the NYSE is restricted or the NYSE is closed, other than customary weekend and holiday closings; (b) the SEC has by order permitted such suspension; or (c) an emergency exists, as defined by rules of the SEC, making disposal of portfolio securities or determination of the value of net assets of the Fund not reasonably practicable.

For the shareholder's convenience, the Fund has established different redemption procedures. No redemption requests will be processed until the Fund has received a completed Purchase Application, and no redemption of shares purchased by check will be permitted until all checks in payment for the purchase of the shares to be redeemed have been collected, which may take up to 15 days or more.

REDEMPTIONS BY MAIL FOR FDISG ACCOUNTS

Shares may be redeemed by mail by submitting the following documents:

- (1) Written instructions from registered owner(s), signed exactly as shares are registered;
- (2) All certificates, if any, to be redeemed;
- (3) If shares to be redeemed have a net asset value of \$50,000 or more, a letter or a stock power signed by the registered owner(s) with the signature(s) guaranteed by an acceptable guarantor. A guarantee of each shareholder's signature is required for all redemptions, regardless of the amount involved, when: (i) proceeds are to be paid to someone other than the registered owner(s) of the shares redeemed; (ii) are to be wired to a bank; or (iii) are to be sent to an address other than the shareholder's address of record. The Transfer Agent has adopted standards and procedures pursuant to which signature-guarantees in proper form generally will be accepted from domestic banks, brokers, dealers, credit unions, national securities exchanges, registered securities associations, clearing agencies and savings associations, as well as from participants in the New York Stock Exchange Medallion Signature Program, the Securities Transfer Agents Medallion Program ('STAMP') and the Stock Exchanges Medallion Program. Shareholders with any

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questions regarding signature-guarantees should call the telephone numbers listed on the cover; and

- (4) In the case of shares of record held in the name of a corporation, trust, fiduciary or partnership, the redemption agent requires evidence of authority to sign and a stock power with signature(s) guaranteed.

TO EXPEDITE PROCESSING OF REDEMPTIONS BY MAIL, SHAREHOLDERS SHOULD SUBMIT REDEMPTION REQUESTS AND ALL RELATED DOCUMENTS DIRECTLY TO: FIRST DATA INVESTOR SERVICES GROUP, INC., P.O. BOX 5127, WESTBOROUGH, MASSACHUSETTS 01581-5127.

Checks for redemption proceeds will be mailed within seven days of redemption. Unless other instructions are given in proper form, a check for proceeds of redemption will be sent to the shareholder's address of record if the shareholder does not have a brokerage account.

Repurchases through Selected Dealers

In addition, Salomon Brothers will accept orders from dealers with which it has sales agreements for the repurchase of shares held by investors. Repurchase orders received by the dealer prior to the close of regular trading on the NYSE on any business day and transmitted to Salomon Brothers prior to the close of its business day (normally 5:00 p.m., New York time) are effective that day. Otherwise, the shares will be repurchased at the net asset value next determined. It is the responsibility of the dealer to transmit orders on a timely basis. The dealer may charge the investor a fee for executing the order. This repurchase arrangement is discretionary and may be withdrawn or modified at any time.

Telephone Redemption Privilege

Shareholders having direct accounts with FDISG may redeem shares by means of the Telephone Redemption Privilege. The Application for Telephone Redemption Privilege must be completed by the shareholder with the signature(s) guaranteed in the manner described above under 'Redemptions by Mail' prior to initiating a telephone redemption.

Shareholders cannot apply the Telephone Redemption Privilege to shares held in certificate form or for accounts requiring additional supporting documentation for redemptions such as trust, corporate, estate and guardian accounts.

Proceeds from the telephone redemption will be forwarded to the shareholder by check unless the shareholder has requested redemption by wire in the manner

described below under 'Redemption by Wire.' The check will be made payable to the registered shareholder(s) and sent to the address of record on file with FDISG.

The Fund reserves the right to refuse a telephone redemption if it is believed advisable to do so. Procedures for redeeming Fund shares by telephone may be modified at any time by the Fund. Neither the Fund nor FDISG will be liable for following redemption instructions received by telephone, which are reasonably believed to be genuine, and the shareholder will bear the risk of loss in the event of unauthorized or fraudulent telephone instructions. The Fund and FDISG will employ reasonable procedures to confirm that instructions communicated by telephone are genuine. The Fund and/or FDISG may be liable for any losses due to fraudulent instructions if they do not follow such procedures. When requesting a redemption by telephone, shareholders should have available the correct account registration and account number or tax identification number.

Redemption by Wire

If redemption by wire has been elected on the Purchase Application, shares may be redeemed, in the amount of \$500 or more, on any business day upon request made by tele-

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phone or letter. No signature guarantee is required on such a redemption request. To elect this service subsequent to opening an account, call SBAM or FDISG for further information.

You may either:

Telephone the redemption request to FDISG by calling (800) 446-1013; or

Mail the request to FDISG at the following address:

Salomon Brothers Opportunity Fund
c/o FDISG
P.O. Box 5127
Westborough, MA 01581-5127

Proceeds of wire redemptions of \$500 or more will be wired to the shareholder's bank indicated in the Purchase Application or by letter which has been properly guaranteed. Checks for redemption proceeds of less than \$500 will be mailed to the shareholder's address of record.

Shareholders should note that their bank may charge a fee in connection with transferring money by bank wire.

Redemptions in Kind

If the Board of Directors shall determine that it is in the best interests of the shareholders of the Fund, the Fund may pay the redemption price, in whole or in part, by a distribution in kind from the portfolio of the Fund, in lieu of cash, taking such securities at their values employed for determining such redemption price, and selecting the securities in such manner as the Board of Directors may deem fair and equitable. However, the Fund has made an election pursuant to Rule 18f-1 under the 1940 Act requiring that all redemptions be effected in cash to each redeeming shareholder, during any period of 90 days, up to the lesser of \$250,000 or 1% of the net assets of the Fund. A shareholder who receives a distribution in kind may incur a brokerage commission upon a later disposition of such securities. The Fund does not intend to make a practice of redeeming shares in kind.

DIVIDENDS, DISTRIBUTIONS AND INCOME TAXES

The Fund complied during the fiscal year ended August 31, 1996 and intends to continue to comply in the future with the provisions of subchapter M of the Code applicable to regulated investment companies so that, among other things, as to any fiscal year in respect of which it distributes at least 90% of its net investment income (i.e., its 'investment company taxable income' as such term is defined in the Code, determined without regard to the deduction for dividends paid), the Fund will not be subject to federal income tax on its net investment income and net capital gains (i.e., the excess of the Fund's net realized long-term capital gains over net realized short-term capital losses) distributed to shareholders. Each year the Fund will notify shareholders of the tax status of dividends and distributions from the Fund. Dividends and distributions also may be subject to state and local taxes. If in any year the Fund fails to qualify as a regulated investment company, the Fund will be taxable as a corporation for federal, state and local income tax purposes and will be subject to certain additional distribution requirements upon requalification.

The Fund intends to distribute to shareholders annually substantially all of its net investment income and net capital gains. Investors should consider the tax consequences of buying shares of the Fund prior to the record date of a distribution because such distributions will generally be taxable even though the net asset value of shares of the Fund is reduced by the distribution. In particular, as discussed under 'Investment Policies,' the Fund currently has a substantial amount of net unrealized appreciation which could result in large capital gain distributions.

The Fund is subject to a nondeductible 4% excise tax, calculated as a percentage of certain undistributed amounts of ordinary income and net realized capital gains. To the

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extent possible, the Fund intends to make sufficient distributions as are necessary to avoid the imposition of this excise tax.

If a shareholder elects to receive dividends and/or distributions in cash and the check cannot be delivered to a shareholder due to an invalid address or otherwise remains uncashed by the shareholder for a period of six months, the Fund reserves the right to reinvest the dividend and/or distribution in a shareholder's account at the then-current net asset value and to convert the shareholder's election to automatic reinvestment in shares of the Fund from which the distributions were made.

Dividends and capital gain distributions are reinvested automatically in additional shares of the Fund at the net asset value next determined after the record date and such shares are automatically credited to a shareholder's account, unless FDISG or an SBAM Representative is informed by notice that a shareholder wishes to receive such dividends or distributions in cash. The shareholder may change such distribution option at any time by notification to FDISG prior to the record date of any such dividend or distribution. See 'Purchase of Shares.' Shareholders receiving distributions in the form of shares will be treated as receiving a distribution in an amount equal to the fair market value, determined as of the payment date, of the shares received. For federal income tax purposes, distributions of net investment income and net short-term capital gains will be taxable to shareholders at ordinary income rates. Distributions of net capital gains designated by the Fund as capital gain dividends will be taxable as long-term capital gains, whether they are invested in additional shares of the Fund or received in cash and regardless of the length of time the shareholder has owned his shares. However, such capital gain dividends will not qualify for the dividends received deduction. In general, the maximum Federal income tax rate imposed on an individual with respect to capital gains is 28%, whereas the maximum Federal income tax rate imposed on individuals with respect to ordinary income currently is 39.6%. With respect to corporate taxpayers, long-term capital gains are currently taxed at the same Federal income tax rates as ordinary income and short-term capital gains. It is expected that all or a portion of the Fund's distributions from net investment income will be eligible for the 70% dividends received deduction available to corporations.

Generally, shareholders will be taxable on dividends or distributions in the

year of receipt. However, if the Fund declares a dividend or distribution in October, November or December to shareholders of record on a specified date in such a month which is paid during the following January, it will be taxable to shareholders in the year the dividend or distribution is declared.

The redemption, sale or exchange of shares of the Fund for shares of another is a taxable event and may result in a gain or loss. Gain or loss, if any, recognized on the sale or other disposition of Fund shares will be taxed as capital gain or loss if the shares are capital assets in the shareholder's hands. Such gain or loss will be treated as a capital gain or loss if the shares are capital assets in the shareholder's hands, and will be long-term if the shareholder has held such shares for more than one year. If a shareholder sells or otherwise disposes of shares of a Fund before holding them for more than six months, any loss on the sale or other disposition of such shares shall be treated as a long-term capital loss to the extent of any capital gain dividends received by the shareholder with respect to such shares. A loss realized on a sale or exchange of shares may be disallowed if other shares are acquired within a 61-day period beginning 30 days before and ending 30 days after the date that the shares are disposed of.

The Fund may be required to withhold federal income tax at a rate of 31% ('backup withholding') from dividends and redemption proceeds paid to non-corporate shareholders. This tax

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may be withheld from dividends if: (i) the payee fails to furnish the Fund with the payee's correct taxpayer identification number (e.g., an individual's social security number); (ii) the Internal Revenue Service ('IRS') notifies the Fund that the payee has failed to report properly certain interest and dividend income to the IRS and to respond to notices to that effect; or (iii) when required to do so, the payee fails to certify that he or she is not subject to backup withholding. Redemption proceeds may be subject to withholding under the circumstances described in (i) above.

Backup withholding is not an additional tax and any amount withheld may be credited against the shareholder's federal income tax liability.

The foregoing is intended to be general information to shareholders and potential investors in the Fund and does not constitute tax advice.

Shareholders and potential investors are urged to consult their own tax advisers regarding federal, state, local and, if applicable, foreign tax consequences of an investment in the Fund.

SHAREHOLDER SERVICES

The Fund offers the following shareholder services. See the Statement of Additional Information for further details about these services or call or write the Fund.

AUTOMATIC INVESTMENT PLAN

An investor who opens an account and wishes to make subsequent, periodic investments in the Fund by electronic funds transfer from a bank account may establish an Automatic Investment Plan on the account. The bank at which the bank account is maintained must be a member of the Automated Clearing House (ACH). The investor specifies the frequency with which the investments occur (monthly, every alternate month, quarterly, etc.) with the exception that no more than one investment will be processed each month. On or about the tenth of the month, the Fund will debit the bank account in the specified amount (minimum of \$25 per draft) and the proceeds will be invested at the applicable offering price determined on the date of the debit. In the event of a full exchange, this plan will follow into the new Fund unless otherwise specified.

EXCHANGE PRIVILEGE

Until March 1, 1997, shareholders of the Fund may exchange all or part of their

Fund shares for Class O shares of Salomon Brothers New York Municipal Money Market Fund and Salomon Brothers Capital Fund. As of March 1, 1997, this exchange privilege will terminate and shareholders will no longer have the ability to exchange their shares. The exchange privilege is available to shareholders residing in any state in which the shares of the Fund being acquired may be legally sold. Exchanges of shares may be made at any time and without payment of any exchange fee. The following is a description of the investment objectives of the funds available for exchange:

Salomon Brothers New York Municipal Money Market Fund. A money market fund that invests primarily in high-quality, short-term obligations issued by or on behalf of the State of New York or by its instrumentalities or political subdivisions with the goal of providing as high a level of current income exempt from regular federal, New York State and New York City personal income taxes as is consistent with liquidity and the stability of principal. Income may not be exempt from certain state or local taxes.

Salomon Brothers Capital Fund. A fund which seeks capital appreciation through investments in securities, primarily common stocks, which are believed to have above-average appreciation possibilities and which also may involve above-average risk.

The exchange of shares of one fund for shares of another fund is treated for federal income tax purposes as a sale of the shares given in

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exchange by the shareholder, and an exchanging shareholder may, therefore, realize a taxable gain or loss. See 'Dividends, Distributions and Taxes' above.

Shareholders exercising the exchange privilege with any of the funds listed above should review the prospectus of that fund carefully prior to making an exchange. Further information regarding the exchange privilege is contained in the Statement of Additional Information. To obtain the prospectuses of these funds, shareholders should contact SBAM at the address or phone number listed on the cover.

The Fund reserves the right to reject any exchange or to modify or restrict the exchange privilege at any time prior to its termination on March 1, 1997.

Automatic Withdrawal Plan. With an Automatic Withdrawal Plan, a shareholder may establish a plan for redemptions to be made automatically monthly or quarterly in amounts not less than \$50 with payments sent directly to the shareholder or to another designated person. A Withdrawal Plan may be opened with an account having a total value of at least \$7,500.

Self-Employed Retirement Plans. A prototype defined contribution retirement plan is available for self-employed individuals who wish to contribute out of earned income on behalf of themselves and each of their employees to purchase shares of the Fund.

Individual Retirement Accounts. A prototype individual retirement account ('IRA') is generally available for all working individuals who receive compensation (which for self-employed individuals includes earned income) for services rendered, and for all individuals who receive alimony or separate maintenance payments pursuant to a divorce or separation instrument. Shareholders should consult with a financial adviser regarding an IRA.

ACCOUNT SERVICES

Shareholders are kept informed through annual and semi-annual reports showing current investments and other financial data for the Fund. Annual reports include audited financial statements. Shareholders will receive a Statement of Account following each share transaction. Shareholders can write or call the Fund at the address and telephone number on the first page of this Prospectus with any questions relating to their investment in Fund shares.

CAPITAL STOCK

The authorized capital stock of the Fund consists of 15,000,000 shares having a

par value of \$.01 per share. All shares are of the same class, with like rights and privileges. Each share is entitled to one vote and participates equally in Fund dividends and distributions and in its net assets on liquidation. Each shareholder is entitled to cast, at all meetings of shareholders, such number of votes as is equal to the number of full and fractional shares held by such shareholder. Except when Directors are required to be elected under the 1940 Act, there will not be a regularly scheduled Annual Meeting of Stockholders. The shares are fully paid and non-assessable when issued and have no preference, pre-emptive, conversion or exchange rights. There are no options or other special rights outstanding relating to any such shares.

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BOARD OF DIRECTORS

IRVING BRILLIANT
President of Salomon Brothers Opportunity Fund Inc

BENITO GAGUINE
Attorney at Law

ROSALIND KOCHMAN
Administrator and Counsel,
Kochman Eye Surgical Facility

IRVING SONNENSCHNEIN
Partner in the law firm of Sonnenschein,
Sherman & Deutsch

OFFICERS

IRVING BRILLIANT
President

LAWRENCE H. KAPLAN
Executive Vice President and
General Counsel

TANA E. TSELEPIS
Secretary

JENNIFER G. MUZZEY
Assistant Secretary

ALAN M. MANDEL
Treasurer

JANET S. TOLCHIN
Assistant Treasurer

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TELEPHONES
(212) 783-1301
(800) 725-6666

DISTRIBUTOR
Salomon Brothers Inc
7 World Trade Center
New York, New York 10048

INVESTMENT MANAGER
Salomon Brothers Asset Management Inc
7 World Trade Center
New York, New York 10048

CUSTODIAN
Investors Bank & Trust Company
89 South Street
Boston, Massachusetts 02111

TRANSFER AGENT AND DIVIDEND DISBURSING AGENT
First Data Investor Services Group, Inc.
P.O. Box 5127
Westborough, Massachusetts 01581-5127

INDEPENDENT ACCOUNTANTS
Price Waterhouse LLP
New York, New York 10036

LEGAL COUNSEL
Simpson Thacher & Bartlett
New York, New York 10017

No dealer, salesman or other person has been authorized to give any information or to make any representations, other than those contained in this Prospectus, in connection with the offer contained in this Prospectus, and, if given or made, such other information or representations must not be relied upon as having been authorized by the Fund, the distributor or the investment manager. This Prospectus does not constitute an offering in any state in which such offering may not lawfully be made.

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SALOMON BROTHERS OPPORTUNITY FUND INC
A NO-LOAD MUTUAL FUND
7 WORLD TRADE CENTER, NEW YORK, NEW YORK 10048
TELEPHONES: (212) 783-1301 (NEW YORK STATE);
OR (800) 725-6666

STATEMENT OF ADDITIONAL INFORMATION

Salomon Brothers Opportunity Fund Inc (the 'Fund') is an open-end, no-load, non-diversified investment company. The Fund seeks to achieve above-average long-term capital appreciation through investments principally in common stocks, or securities convertible into or exchangeable for common stocks, which are believed to be undervalued. Current income is a secondary objective. The Fund may employ the speculative investment techniques of leveraging and investing in restricted securities and other securities of limited marketability. There can be no assurance that the Fund's objectives will be achieved.

This Statement of Additional Information (the 'SAI') is not a prospectus and is only authorized for distribution when preceded or accompanied by the Fund's current Prospectus dated December 30, 1996 (the 'Prospectus'). This SAI supplements and should be read in conjunction with the Prospectus, a copy of which may be obtained without charge by writing the Fund at the address, or by calling the telephone number, listed above.

December 30, 1996

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The following information supplements the discussion of the investment policies of the Fund found under 'Investment Policies' in the Prospectus.

LOANS OF PORTFOLIO SECURITIES

The Fund's Board of Directors may authorize the lending of portfolio securities to selected member firms of the New York Stock Exchange. The procedure for the lending of securities will include the following features and conditions. The borrower of the securities will deposit cash with the Fund in an amount equal to a minimum of 100% of the market value of the securities lent. The Fund will invest the collateral in short-term debt securities or cash equivalents and earn the interest thereon. A negotiated portion of the income so earned may be paid as a fee to the broker or other person who arranged the loan. If the deposit drops below the required minimum at any time, the borrower will be called upon to post additional cash, so as to mark to market on a daily basis. If the additional cash is not provided, the loan will be immediately due and the Fund may use the collateral or its own cash to replace the securities by purchase in the open market, charging any loss to the borrower. These will be 'demand' loans and may be terminated by the Fund at any time. The Fund will receive any dividends and interest paid on the loaned securities, and the loans will be structured to assure that the Fund will be able to exercise its voting rights on the securities. Such loans will be authorized only to the extent that such activity would not cause any adverse tax consequences to the Fund or its shareholders and only in accordance with applicable rules and regulations. Neither the brokers nor the borrowers may be affiliated, directly or indirectly, with the Fund. Lending of portfolio securities is subject to the restrictions set forth in paragraph (4) under 'Limiting Investment Risks' in the Prospectus. The Fund did not lend any of its portfolio securities during the fiscal year ended August 31, 1996.

PUT AND CALL OPTIONS

The Fund may purchase and write put and call options on securities and securities indices provided such options are traded on a national securities exchange and provided further that the value of options held and the value of positions underlying options written do not exceed 10% of the Fund's total assets. A put option gives the holder the right to sell to the writer, and a call option gives the holder the right to buy from the writer, the number of shares of the underlying security covered by the option at a stated exercise price on or before a stated expiration date. Puts and calls, with respect to a limited number of securities, currently may be purchased or written through the facilities of certain national securities exchanges. In addition, each of such exchanges provides a secondary market for 'closing' options positions. It will be the policy of the Fund to write call options only if the Fund either: (i) owns and will hold over the term of the option the underlying securities against which the option is written (or securities convertible into the underlying securities without additional consideration) or: (ii) owns or will hold a call on the same underlying security or securities. When a put option is written by the Fund, the Fund will create and maintain a segregated account consisting of cash, U.S. government securities or high grade debt securities equal to the option price.

The primary risk to the Fund as the writer of a covered call option is that, unless a closing transaction is executed, the Fund must retain its underlying cover position even if price movement would otherwise have caused the Fund to dispose of that position, and must forgo opportunities for gain in excess of the option premium which may result from favorable changes in the value of the underlying cover position.

The primary risk to the Fund as the writer of a put option is that, unless a closing transaction is executed, the Fund may be required to purchase the underlying security or securities at a price above the market price at the time of such purchase. When a put option is collateralized through the maintenance of a segregated account, the contents of such account are not available to the Fund for the general pursuit of the Fund's investment objectives. The Fund will write put options only when it is believed that the acquisition of the underlying security or securities would be in accordance with the Fund's investment objectives.

The Fund may enter into closing purchase transactions in the secondary markets in options maintained by the various exchanges. In such a transaction, the Fund would buy an option similar to the one it had previously written. The resulting transaction would have the effect of canceling the Fund's preexisting obligation on the option written by it. The Fund has no assurance, however, that a liquid secondary market will exist on any given day with respect to options on a particular security. Therefore, there is no assurance that the Fund will be able to enter into a closing transaction at any particular time.

In executing any closing purchase transaction, the Fund will incur the expense of the premium (plus transaction costs) in order to effect the

transaction.

The Fund may purchase put or call options for speculative purposes in pursuit of its objective of capital appreciation or, in the case of a put, to hedge against an adverse price change in a portfolio position.

The primary risk in purchasing (as opposed to writing) an option is the potential loss of investment (i.e., the premium for the option) in a relatively short period of time if the underlying securities increase, in the case of a put, or decrease, in the case of a call, in value. In such instances, the option would not be exercised by the Fund and would become worthless at its expiration date. If a secondary market for the option exists, the Fund may utilize closing sale transactions analogous to the closing purchase transactions described above with respect to the writing of options.

The Fund did not purchase or write any put or call options during the fiscal year ended August 31, 1996, and has no present intention to do so. See 'Federal Income Taxes -- Taxation of the Fund' for discussion of tax considerations.

INVESTMENTS IN FOREIGN SECURITIES

Investments in securities of foreign issuers may involve risks not typically associated with investments in securities of U.S. issuers. The value of any foreign securities held, and of any related income received, will be affected by fluctuations in currency rates, exchange control regulations and, as with domestic multinational corporations, from fluctuating interest rates. Most foreign securities markets have substantially less trading volume and are generally not as highly regulated and supervised as U.S. securities markets. Securities of some foreign companies are less liquid and more volatile than securities of comparable U.S. companies and are subject to different accounting, auditing and financial reporting standards. In addition, there may be less publicly-available information about a foreign issuer than about a U.S. issuer. Political and economic conditions such as seizure or nationalization of assets, establishment of exchange controls, expropriation or confiscatory taxation, political changes, government regulation, social instability or diplomatic developments could adversely affect the economy of a particular country and, thus, the Fund's investments in that country. In the event of default on a foreign security, it may be more difficult for the Fund to obtain or enforce a judgment against the issuer of such obligation. Additionally, certain amounts of the Fund's income may be subject to withholding taxes in the country in which it invests. The Fund may not invest more than 5% of its net assets in securities of foreign issuers which are not publicly traded in the United States.

LOW-RATED SECURITIES

The Fund may invest up to 5% of its net assets in debt securities rated below investment grade by Moody's Investors Service, Inc. ('Moody's') or Standard & Poor's Rating Group ('S&P'), with no minimum rating required, and comparable unrated securities. Such securities are generally referred to as 'high-yield' or 'junk' bonds, and involve a high degree of risk. An economic recession could disrupt the market for such securities and adversely affect their value and the ability of issuers to repay principal and pay interest thereon.

While the market values of high-yield securities may tend to react less to fluctuations in interest rate levels than the market values of higher-rated securities, the market values of certain of these securities also tend to be more sensitive to individual corporation developments and changes in economic conditions, and thus will fluctuate over time. In addition, high-yield securities generally present a higher degree of credit risk. Issuers of these securities are often highly leveraged and may not have more traditional methods of financing available to them so that their ability to service their debt

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obligations during an economic downturn or during sustained periods of rising interest rates may be impaired. The risk of loss due to default by such issuers is significantly greater because high-yield securities generally are unsecured and frequently are subordinated to the prior payment of senior indebtedness. The Fund may also incur additional expenses to the extent that it is required to seek recovery upon a default in the payment of principal or interest on its portfolio holdings. The existence of limited markets for these securities may diminish the Fund's ability to obtain accurate market quotations for purposes of valuing such securities and calculating its net asset value as well as impair the Fund's ability to dispose of such securities.

The ratings of Moody's and S&P generally represent the opinions of those

organizations as to the quality of the securities that they rate. Such ratings, however, are relative and subjective, are not absolute standards of quality, are subject to change and do not evaluate the market risk of the securities. Although Salomon Brothers Asset Management Inc ('SBAM') uses these ratings as a criterion for the selection of securities for the Fund, SBAM also relies on its independent analysis to evaluate potential investments for the Fund.

PORTFOLIO TURNOVER

Flexibility of investment and emphasis on capital appreciation may involve a greater portfolio turnover rate than that of investment companies whose objective, for example, is production of income or maintenance of a balanced investment position. The rate of portfolio turnover cannot be predicted with assurance and may vary from year to year. See the table under 'Financial Highlights' on page 4 of the Prospectus for the portfolio turnover rates of the Fund.

LIMITING INVESTMENT RISKS

In addition to the restrictions described under 'Limiting Investment Risks' in the Prospectus, the Fund may not:

(1) Invest in companies for the purpose of exercising control of management;

(2) Purchase or sell real estate, interests in real estate, interests in real estate investment trusts or commodities or commodity contracts; however, the Fund may purchase interests in real estate investment trusts or other companies which invest in or own real estate if the securities of such trusts or companies are registered under the Securities Act of 1933, as amended and are readily marketable and may purchase the securities of companies engaged in businesses which may involve commodities or commodities futures contracts; or

(3) Write or purchase puts or calls on securities or securities indices except as described under 'Investment Policies -- Put and Call Options.'

The investment restrictions described above and in the Prospectus are fundamental policies of the Fund and may be changed only when permitted by law and approved by the holders of a majority of the Fund's outstanding voting securities which, as defined by the Investment Company Act of 1940, as amended (the '1940 Act'), means the lesser of: (i) 67% of the voting securities represented at a meeting at which more than 50% of the outstanding voting securities are represented; or (ii) more than 50% of the outstanding voting securities of the Fund.

The percentage limitations contained in the investment restrictions described above and in the Prospectus and the description of the Fund's investment policies are all applied solely at the time of any proposed transaction on the basis of values or amounts determined at that time. If a percentage restriction on investment or utilization of assets in a fundamental policy or restriction is adhered to at the time an investment is made, a later change in percentage ownership of a security or kind of security resulting from changing market values or a similar type of event will not be considered a violation of such restriction.

MANAGEMENT

DIRECTORS AND OFFICERS

The principal occupations of the directors and executive officers of the Fund for the past five years are listed below. The address of each, unless otherwise indicated, is 7 World Trade Center, New York, New York 10048. With the exception of Mr. Brilliant, each of the Fund's officers are also officers of each of the other investment companies for which SBAM, the Fund's investment manager, acts as investment adviser. 'Interested directors' of the Fund (as defined in the 1940 Act) are indicated by asterisk.

*IRVING BRILLIANT, Age 78, President and Director -- Director of Salomon Brothers Inc ('Salomon Brothers'), Portfolio Manager for SBAM since May 1990.

BENITO GAGUINE, Age 84, Director -- 1233 20th St., N.W. Suite 505, Washington, D.C. 20036. Attorney at Law.

ROSALIND A. KOCHMAN, Age 58, Director -- 1301 Avenue J, Brooklyn, New York 11230. Administrator and Counsel, Kochman Eye Surgical Facility.

IRVING SONNENSCHNEIN, Age 76, Director -- 10 Columbus Circle, New York, New York 10019. Partner in the law firm of Sonnenschein, Sherman & Deutsch.

LAWRENCE H. KAPLAN, Age 39, Executive Vice President and General Counsel -- Vice President and Chief Counsel of SBAM and a Vice President of Salomon Brothers since May 1995. Prior to May 1995, he was Senior Vice President, Director and General Counsel of Kidder Peabody Asset Management, Inc. and a Senior Vice President of Kidder, Peabody & Co. Incorporated since November 1990.

ALAN M. MANDEL, Age 39, Treasurer -- Vice President of SBAM since January 1, 1995; Chief Financial Officer of Hyperion Capital Management from October 1991 to December 1994.

TANA E. TSELEPIS, Age 61, Secretary -- Vice President and Senior Administrator of Salomon Brothers and Assistant Secretary of SBAM since October 1989; formerly, Vice President and Senior Administrator at First Boston Asset Management Corporation.

JANET S. TOLCHIN, Age 38, Assistant Treasurer -- Employee of SBAM since May 1990.

JENNIFER G. MUZZEY, Age 37, Assistant Secretary -- Employee of SBAM since June 1994; formerly, Assistant Vice President of SunAmerica Asset Management Corporation prior to June 1994.

Directors of the Fund not affiliated with SBAM receive from the Fund a \$500 fee for each meeting of the Board of Directors attended and are reimbursed for out-of-pocket expenses relating to attendance at such meetings. The Directors receive no per annum fee for their services as Directors. Directors who are affiliated with SBAM do not receive compensation from the Fund but are reimbursed for out-of-pocket expenses relating to attendance at such meetings.

As of December 2, 1996 directors and officers of the Fund as a group beneficially owned 1,115,815 shares of the Fund's Common Stock outstanding, or approximately 30.5%, of the outstanding shares of the Fund.

At December 2, 1996, to the knowledge of management, the following persons owned beneficially more than 5% of the Fund's outstanding shares. Benito Gaguine, a Director of the Fund, and his son, Bruce Gaguine, together with family trusts were the beneficial owners of approximately 453,694 or approximately 12.4%, of the outstanding shares of the Fund. In addition, Irving Brilliant, a Director of the Fund as well as the Fund's President, and his wife, Benise Brilliant, by virtue of their positions as trustees of family trusts, were the beneficial owners of approximately 310,916 shares or 8.5%, of the outstanding shares of the Fund and Rosalind Kochman, a Director of the Fund, and her husband Dr. Marvin Kochman, together were the beneficial owners of approximately 351,205 shares or 9.6% of the outstanding shares of the Fund.

The following table provides information concerning the compensation paid during the fiscal year ended August 31, 1996 to each director of the Fund. The Fund does not provide any pension or retirement benefits to directors. In addition, the Fund paid no remuneration during fiscal year ended

August 31, 1996 to officers of the Fund including Mr. Brilliant, who as employees of SBAM are 'interested persons,' as defined in the 1940 Act.

<TABLE>
<CAPTION>

NAME OF PERSON, POSITION	AGGREGATE COMPENSATION FROM THE FUND	TOTAL COMPENSATION FROM OTHER FUNDS ADVISED BY SBAM	TOTAL COMPENSATION (A)
<S>	<C>	<C>	<C>
Benito Gaguine Director	\$ 2,000	\$0	\$2,000 (1)
Rosalind A. Kochman Director	\$ 1,500	\$0	\$1,500 (1)
Irving Sonnenschein Director	\$ 1,500	\$0	\$1,500 (1)

</TABLE>

(A) The numbers in parentheses indicate the applicable number of investment company directorships held by that director.

INVESTMENT MANAGER

The Fund retains SBAM to act as its investment manager. SBAM is a wholly-owned subsidiary of Salomon Brothers Holding Company Inc, which is in turn a wholly-owned subsidiary of Salomon Inc. SBAM serves as the investment manager to various individuals, institutions and other investment companies.

The management contract ('Management Contract') between SBAM and the Fund provides that SBAM shall manage the operations of the Fund, subject to the policies established by the Board of Directors of the Fund. The Management Contract was last approved by the Board of Directors of the Fund, including a majority of the Directors who are not 'interested persons,' as defined in the 1940 Act, on October 18, 1996. Pursuant to the Management Contract, SBAM manages the Fund's investment portfolio, directs purchases and sales of the Fund's portfolio securities and reports thereon to the Fund's officers and directors regularly. SBAM also furnishes office space and certain facilities required for conducting the business of the Fund and pays the compensation of the Fund's officers, employees and directors affiliated with SBAM. The Fund bears all other costs of its operations, including the compensation of its directors not affiliated with SBAM.

As compensation for services performed under the Management Contract, the Fund pays SBAM a management fee each month, at an annual rate of 1% (1/12 of 1% per month) of the Fund's average daily net assets, which fee does not decrease as the Fund's assets increase. The fee is at a higher rate than the management fees charged by SBAM to the other investment companies it manages. Management fees paid by the Fund to SBAM for the fiscal years ended August 31, 1996, 1995 and 1994 amounted to \$1,406,443, \$1,168,976 and \$1,161,529, respectively.

The Management Contract provides that it will continue automatically for periods of one year provided that such continuance is specifically approved annually: (a) by the vote of a majority of the Fund's outstanding voting securities or by the Fund's Board of Directors; and (b) by the vote of a majority of the Fund's directors who are not parties to the Management Contract or 'interested persons,' as defined in the 1940 Act, of any such party. The Management Contract may be terminated on 30 days' written notice by either party. The Management Contract will terminate automatically in the event of its assignment, as defined in the 1940 Act.

Investment decisions for the Fund are made independently from those of other funds or accounts managed by SBAM. Such other funds or accounts may also invest in the same securities as the Fund. If those funds or accounts are

prepared to invest in, or desire to dispose of, the same security at the same time as the Fund, however, transactions in such securities will be made insofar as feasible, for the respective funds and accounts in a manner deemed equitable to all. In some cases, this procedure may adversely affect the size of the position obtained for or disposed of by the Fund or the price paid or received by the Fund. In addition, because of different investment objectives, a particular security may be purchased for one or more funds or accounts when one or more funds or accounts are selling the same security.

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Rule 17j-1 under the 1940 Act requires all registered investment companies and their investment advisers and principal underwriters to adopt written codes of ethics and institute procedures designed to prevent 'access persons' (as defined in Rule 17j-1) from engaging in any fraudulent, deceptive or manipulative trading practices. The Fund's Board of Directors has adopted a Code of Ethics (the 'Fund Code') that incorporates personal trading policies and procedures applicable to access persons of the Fund, which includes officers, directors and other specified persons who may make, participate in or otherwise obtain information concerning the purchase or sale of securities by the Fund. In addition, the Fund Code attaches and incorporates personal trading policies and procedures applicable to access persons of SBAM, as the investment adviser to the Fund, which policies serve as SBAM's code of ethics (the 'Adviser Code'). The Fund Code and the Adviser Code have been designed to address potential conflict of interests that can arise in connection with the personal trading activities of investment company and investment advisory personnel.

Pursuant to the Fund Code and the Adviser Code, access persons are generally permitted to engage in personal securities transactions, provided that a transaction does not involve securities that are being purchased or sold, are being considered for purchase or sale, or are being recommended for purchase or sale by or for the Fund. In addition, the Adviser Code contains specified prohibitions and blackout periods for certain categories of securities and transactions, including a prohibition on short-term trading and purchasing securities during an initial public offering. The Adviser Code, with certain exceptions, also requires that access persons obtain preclearance to engage in personal securities transactions. Finally, the Fund Code and the Adviser Code require access persons to report all personal securities transactions periodically.

DISTRIBUTOR

Shares of the Fund are offered on a continuous basis and without a sales charge through Salomon Brothers Inc ('Salomon Brothers') as distributor pursuant to a Distributor Contract between Salomon Brothers and the Fund. Salomon Brothers receives no remuneration for its services as distributor and is not obligated to sell any specific amount of Fund shares. The Distribution Contract was last approved by the Fund's Board of Directors, including a majority of the Directors who are not 'interested persons,' as defined in the 1940 Act, on October 18, 1996.

PORTFOLIO TRANSACTIONS

The Fund's general policy in selecting brokers and dealers is to obtain the best results taking into account factors such as the general execution and operational facilities of the broker or dealer, the type and size of the transaction involved, the creditworthiness of the broker or dealer, the stability of the broker or dealer, execution and settlement capabilities, time required to negotiate and execute the trade, research services and SBAM's arrangements related thereto (as described below) overall performance, the dealer's risk in positioning the securities involved, and the broker's commissions and dealer's spread or mark-up. While SBAM generally seeks the best price in placing its orders, the Fund may not necessarily be paying the lowest price available.

Notwithstanding the above, in compliance with Section 28(e) of the Securities Exchange Act of 1934, SBAM may select brokers who charge a commission in excess of that charged by other brokers, if SBAM determines in good faith that the commission to be charged is reasonable in relation to the brokerage and research services provided to SBAM by such brokers. Research services generally consist of research or oral advice from brokers and dealers regarding particular companies, industries or general economic conditions. SBAM may also have arrangements with brokers pursuant to which such brokers provide research services to SBAM in exchange for a certain volume of brokerage transactions to be executed by such broker. While the payment of higher commissions increases

the Fund's costs, SBAM does not believe that the research significantly reduces its expenses as the Fund's investment manager.

Research services furnished to SBAM by brokers who effect securities transactions for the Fund may be used by SBAM in providing investment advice to the other investment companies and accounts which it manages. Similarly, research services furnished to SBAM by brokers who effect securities

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transactions for other investment companies and accounts which SBAM manages may be used by SBAM in servicing the Fund. Not all of these research services are used by SBAM in managing any particular account, including the Fund.

Over-the-counter purchases and sales are transacted directly with principal market makers except in those cases in which better prices and executions may be obtained elsewhere.

Under the 1940 Act, persons affiliated with a Fund are prohibited from dealing with it as a principal in the purchase and sale of securities unless an exemptive order allowing such transactions is obtained from the Securities and Exchange Commission (the 'SEC'). However, a Fund may purchase securities from underwriting syndicates of which the investment manager or any of its affiliates (including Salomon Brothers) is a member under certain conditions, in accordance with Rule 10f-3 under the 1940 Act.

Affiliated persons of a Fund, or affiliated persons of such persons, may from time to time be selected to execute portfolio transactions for such Fund. Subject to the considerations discussed above and in accordance with procedures adopted by the Board of Directors, in order for such an affiliated person to be permitted to effect any portfolio transactions for a Fund, the commissions, fees or other remuneration received by such affiliated person must be reasonable and fair compared to the commissions, fees or other remuneration received by other brokers in connection with comparable transactions. This standard would allow such an affiliated person to receive no more than the remuneration which would be expected to be received by an unaffiliated broker in a commensurate arm's-length transaction.

Aggregate brokerage commissions paid by the Fund for the fiscal years ended August 31, 1996, 1995 and 1994 were \$31,165, \$34,563, and \$52,382, respectively. During the fiscal years ended August 31, 1996, 1995 and 1994, the Fund paid \$120, \$2,000 and \$906 respectively, in commissions to Salomon Brothers, an affiliated broker-dealer. Commissions paid to Salomon Brothers for the fiscal year ended August 31, 1996 represent less than 1% of the total brokerage commissions paid by the Fund for such fiscal year and Salomon Brothers executed less than 2% of the aggregate dollar amount of Fund transactions.

Irving Brilliant, who is an employee of SBAM, and President and portfolio manager of the Fund, is primarily responsible for the allocation of brokerage transactions.

DETERMINATION OF NET ASSET VALUE

The Fund's net asset value per share for the purpose of pricing purchase and redemption orders is determined at the close of regular trading of the New York Stock Exchange (the 'NYSE') on each day the NYSE is open for business. The net asset value per share is computed by dividing the value of the net assets of the Fund (i.e., the value of the assets less the liabilities) by the total number of Fund shares outstanding. In calculating net asset value, portfolio securities listed or traded on national securities exchanges, or reported by the NASDAQ reporting system, are valued at the last sale price, or, if there have been no sales on that day, at the mean of the current bid and ask price which represents the current value of the security. Other over-the-counter securities are valued at the mean of the current bid and ask price. If no quotations are readily available (as may be the case for securities of limited marketability), or if 'restricted' securities are being valued, such portfolio securities and other assets are valued as the Board of Directors in good faith deems appropriate to reflect the fair value thereof.

Securities that are primarily traded on foreign exchanges generally are

valued at the preceding closing values of such securities on their respective exchanges, except that when an occurrence subsequent to the time a value was so established is likely to have changed such value, then the fair value of those securities will be determined by consideration of other factors by or under the direction of the Board of Directors or its delegates. In valuing assets, prices denominated in foreign countries are converted to U.S. dollar equivalents at the current exchange rate. Securities may be valued by independent pricing services which use prices provided by market-makers or estimates of market values obtained from yield data relating to instruments or securities with similar characteristics. Short-term obligations with maturities of 60 days or less are valued at amortized cost, which constitutes fair value as determined by the Board of Directors.

PERFORMANCE DATA

From time to time, the Fund may quote its average annual total return or aggregate total return in advertisements or in reports and other communications to shareholders.

AVERAGE ANNUAL TOTAL RETURN

The Fund's 'average annual total return' figures described and shown in the Prospectus are computed according to a formula prescribed by the SEC. The formula can be expressed as follows:

$$P(1+T)^n = \text{ERV}$$

<TABLE>		
<S>	<C>	<C>
Where:	P	= a hypothetical initial payment of \$1,000.
	T	= average annual total return.
	n	= number of years.
	ERV	= Ending Redeemable Value of a hypothetical \$1,000 investment made at the beginning of the 1-, 5-, or 10-year periods at the end of the 1, 5, or 10 year periods (or fractional portion thereof), assuming reinvestment of all dividends and distributions.
</TABLE>		

AGGREGATE TOTAL RETURN

The Fund's 'aggregate total return' figures, as described in the Prospectus, represent the cumulative change in the value of an investment in Fund shares for the specified period and are computed by the following formula:

<TABLE>	
<S>	<C>
	ERV-P
AGGREGATE TOTAL RETURN =	P
</TABLE>	

<TABLE>		
<S>	<C>	<C>
Where:	P	= a hypothetical initial payment of \$10,000.
	ERV	= Ending Redeemable Value of a hypothetical \$10,000 investment made at the beginning of a 1-, 5-, or 10-year period at the end of such period (or fractional portion thereof), assuming reinvestment of all dividends and distributions.
</TABLE>		

FEDERAL INCOME TAXES

The following is a summary of selected federal income tax considerations that may affect the Fund and its shareholders. This summary is not intended as a substitute for individual tax advice and investors are urged to consult their own tax advisors as to the federal, state and local tax consequences to them of an investment in the Fund.

TAXATION OF THE FUND

The Fund has qualified for the fiscal year ended August 31, 1996 and intends to continue to qualify as a regulated investment company under subchapter M of the Internal Revenue Code of 1986, as amended (the 'Code'). As a regulated investment company, the Fund will not be subject to federal income tax on its net investment income (i.e., its investment company taxable income, as

that term is defined in the Code, determined without regard to the deduction for dividends paid) and net capital gains (the excess of long-term capital gains over short-term capital losses), if any, that it distributes to its shareholders, provided that it distributes 90% of its net investment income and net capital gains for the taxable year. All investment company taxable income and net capital gains distributed by the Fund will be reinvested automatically in additional shares of the Fund at net asset value, unless the shareholder elects to receive dividends and distributions in cash.

Qualification as a regulated investment company under Subchapter M of the Code requires, among other things, that the Fund: (a) derive at least 90% of its gross income from dividends, interest, payments with respect to securities loans and gains from the sale or other disposition of stock or securities, foreign currencies or other income (including gains from options, futures or forward contracts) derived with respect to its business of investing in such stock, securities or currencies; (b) derive less than 30% of its gross income from the sale or other disposition of any of the following held for less than three months: stock, securities, options, futures, certain forward contracts, or foreign

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currency transactions (or any options, futures or forward contracts on foreign currencies) but only if such currencies are not directly related to the Fund's principal business of investing in stock or securities; and (c) diversify its holdings so that, at the end of each fiscal quarter: (i) at least 50% of the market value of the Fund's assets is represented by cash, cash items, U.S. Government securities, securities of other regulated investment companies and other securities with such other securities limited, in respect of any one issuer, to an amount not greater than 5% of the value of the Fund's assets and 10% of the outstanding voting securities of such issuer; and (ii) not more than 25% of the value of its assets is invested in the securities of any one issuer (other than U.S. Government securities or the securities of other regulated investment companies).

TAX STATUS OF THE FUND'S INVESTMENTS

Gain or loss on the sale or other disposition of Fund investments will generally be long-term capital gain or loss if the Fund has held the security for more than one year. Gain or loss on the sale of a security held for less than one year will generally be short-term capital gain or loss. If the Fund acquires a debt security at a discount, any gain upon the sale or redemption of the security, to the extent it reflects accrued market discount, will in certain circumstances be taxed as ordinary income, rather than capital gain.

Foreign countries may impose withholding and other taxes on dividends and interest paid to the Fund with respect to investments in foreign securities. However, certain foreign countries have entered into tax treaties with the U.S. to reduce or eliminate such taxes.

TAXATION OF SHAREHOLDERS

Dividends of net investment income will be taxable to shareholders as ordinary income for federal income tax purposes. Dividends received by corporate shareholders will only qualify for the dividends received deduction to the extent the Fund designates the amount distributed as a dividend and the amount so designated does not exceed the aggregate amount of dividends received by the Fund from domestic corporations for the taxable year. The dividends received deduction for corporate shareholders may be further reduced if the shares with respect to which dividends are received are treated as debt-financed (generally acquired with borrowed funds) or are deemed to have been held for less than 46 days. The amount of any dividends eligible for the corporate dividends received deduction, if any, will be designated by the Fund in a written notice within 60 days of the close of the Fund's taxable year.

Distributions of net capital gains will be taxable to shareholders at capital gains rates, whether paid in cash or reinvested in additional shares and regardless of the length of time the investor has held his or her shares in the Fund. If a shareholder redeems or exchanges shares of the Fund before he or she has held them for more than six months, any loss on such redemption or exchange will be treated as long-term capital loss to the extent of any long-term capital gain distributions received by the shareholder as designated in a written notice from the Fund.

SHAREHOLDER SERVICES

Exchange Privilege. Until March 1, 1997, Shareholders may exchange all or part of their Fund shares for Class O shares of Salomon Brothers New York Municipal Money Market Fund and Salomon Brothers Capital Fund, as indicated in the Prospectus by contacting First Data Investor Services Group, Inc. ('FDISG'),

a subsidiary of First Data Corporation ('FDC'). FDISG's address is P.O. Box 5127, Westborough, MA 01581-5127.

The exchange privilege enables shareholders in any of these funds to acquire shares in a fund with different investment objectives when they believe that a shift between funds is an appropriate investment decision. This privilege is available to shareholders residing in any state in which the fund shares being acquired may legally be sold. Prior to any exchange, the shareholder should obtain and review a copy of the current prospectus of each fund into which an exchange is to be made. Such prospectuses may be obtained from SBAM.

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Exercise of the exchange privilege is treated as a sale and repurchase for federal income tax purposes, and, depending on the circumstances, a short or long-term capital gain or loss may be realized.

Upon receipt of proper instructions and all necessary supporting documents, shares submitted for exchange are redeemed at the then-current net asset value and the proceeds immediately invested in shares of the fund being acquired at a price equal to the then current net asset value of such shares plus any applicable sales charge.

All accounts involved in an exchange must have the same registration. If a new account is to be established, the dollar amount to be exchanged must be at least as much as the minimum initial investment of the fund whose shares are being purchased. Any new account established by exchange will automatically be registered in the same way as the account from which shares are exchanged and will carry the same dividend option.

The exchange privilege may be modified at any time prior to its termination on March 1, 1997. The privilege is not designed for investors trying to catch short-term savings in market prices by making frequent exchanges. The Fund reserves the right to impose a limit on the number of exchanges a shareholder may make. Call or write the Fund for further details.

AS OF MARCH 1, 1997, THE EXCHANGE PRIVILEGE WILL TERMINATE AND SHAREHOLDERS WILL NO LONGER HAVE THE ABILITY TO EXCHANGE THEIR SHARES.

Automatic Withdrawal Plan. An Automatic Withdrawal Plan ('Withdrawal Plan') may be opened with shares having a total value of at least \$7,500. All dividends and distributions on the shares held under the Withdrawal Plan are automatically reinvested at net asset value in full and fractional shares. Withdrawal payments are made by FDISG, as agent, from the proceeds of the redemption of such number of shares as may be necessary to make each periodic payment. As such redemptions involve the use of capital, over a period of time they may exhaust the share balance of an account held under a Withdrawal Plan. Use of a Withdrawal Plan cannot assure realization of investment objectives, including capital growth or protection against loss in declining markets. A Withdrawal Plan can be terminated at any time by the investor, the Fund or FDISG upon written notice.

The Withdrawal Plan will not be carried over on exchanges between Funds. A new Withdrawal Plan application is required to establish the Withdrawal Plan in the new Fund. Shareholders should call (800) 446-1013 for more information.

Self-Employed Retirement Plans. The Fund offers a prototype retirement plan for self-employed individuals ('SERP'). Under the SERP, self-employed individuals may contribute out of earned income to purchase Fund shares and/or shares of certain other mutual funds managed by SBAM.

Investors Bank & Trust Company ('Investors Bank') has agreed to serve as custodian and furnish the services provided for in the SERP and the related Custody Agreement. Individuals adopting a SERP will be charged an application fee as well as certain additional annual fees, which are separate from those paid by the Fund to Investors Bank for its services as Fund custodian.

For information required for adopting a SERP, including information on fees, the form of SERP and Custody Agreement is available from the Fund. Because application of particular tax provisions will vary depending on each individual's situation, consultation with a financial adviser regarding a SERP is recommended.

Individual Retirement Accounts. A prototype individual retirement account ('IRA'), which has been approved as to form by the Internal Revenue Service ('IRS'), is available for all working individuals who receive compensation in the tax year for services rendered and who have not attained age 70 1/2 before the close of the tax year. In addition, individuals who have received certain distributions from qualified plans or other IRAs may be eligible to make rollover contributions to an IRA. Also, individuals covered by an employer-sponsored simplified employee pension are eligible to establish an IRA. Finally, divorced or legally separated spouses may make IRA contributions out of taxable alimony payments. Contributions to an IRA made available by the Fund may be invested in Fund shares and/or in shares of certain other mutual funds managed by SBAM.

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Investors Bank has agreed to serve as custodian of the IRA and furnish the services provided for in the Custodial Agreement. Each IRA will be charged an application fee as well as certain additional annual fees, which are separate from those paid to Investors Bank for its services as Fund custodian. In accordance with IRS regulations, an individual may revoke an IRA within seven calendar days after it is established.

Information required for adopting an IRA, including information on fees, the form of Custodial Agreement and related materials, including disclosure materials, is available from the Fund. Consultation with a financial adviser regarding an IRA is recommended.

CUSTODIAN AND TRANSFER AGENT

Investors Bank serves as the Fund's custodian. Investors Bank, among other things, maintains a custody account or accounts in the name of the Fund, receives and delivers all assets for the Fund upon purchase and upon sale or maturity, collects and receives all income and other payments and distributions on account of the assets of the Fund, and makes disbursements on behalf of the Fund. The custodian does not determine the investment policies of the Fund, nor decide which securities the Fund will buy or sell. Investors Bank's address is 89 South Street, Boston, MA 02111.

FDISG serves as the Fund's transfer agent. FDISG registers and processes transfers of the Fund's stock, processes purchase and redemption orders, acts as the Fund's dividend disbursing agent and maintains records and handles correspondence with respect to shareholder accounts pursuant to a Transfer Agency Agreement. FDISG's address is P.O. Box 5127, Westborough, MA 01581-5127.

INDEPENDENT ACCOUNTANTS

Price Waterhouse LLP serves as the Fund's independent accountants. Price Waterhouse LLP provides audit services, tax return preparation and assistance and consultation in connection with the review of filings with the SEC. The financial highlights included in the Prospectus and the financial statements and financial highlights included in this Statement of Additional Information have been included in reliance on the report of Price Waterhouse LLP, independent accountants, given on the authority of that firm as experts in auditing and accounting. Price Waterhouse LLP's address is 1177 Avenue of the Americas, New York, New York 10036.

COUNSEL

Simpson Thacher & Bartlett (a partnership which includes professional corporations) serves as Fund counsel and is located at 425 Lexington Avenue, New York, New York 10017.

Piper & Marbury L.L.P. of Baltimore, Maryland has issued an opinion regarding the valid issuance of shares being offered for sale pursuant to the Fund's Prospectus.

SALOMON BROTHERS OPPORTUNITY FUND INC
STATEMENT OF NET ASSETS
AUGUST 31, 1996

COMMON STOCKS -- 85.0% OF NET ASSETS

<TABLE> <CAPTION>			
SHARES		COST	VALUE (NOTE 1a)
-----		-----	-----
<S>	<C>	<C>	<C>
	BANKS -- 13.5%		
484,488	Bank of New York.....	\$ 2,721,411	\$ 13,505,103
12,500	Bankers Trust NY.....	559,920	971,875
46,000	BanPonce.....	701,900	1,196,000
4,200	Boatmen's Bancshares.....	18,168	223,650
53,120	First Chicago NBD.....	570,621	2,264,240
20,000	First Hawaiian.....	517,800	590,000
3,400	KeyCorp.....	18,589	136,425
5,500	Mercantile Bancorporation.....	45,630	268,813
		-----	-----
		5,154,039	19,156,106
		-----	-----
	BASIC INDUSTRY -- 7.0%		
5,000	ASARCO.....	157,800	129,375
27,000	Amcast Industrial.....	490,974	479,250
5,000	Champion International.....	200,300	215,000
19,000	Crown Crafts.....	224,965	163,875
9,500	International Shipholding.....	162,883	180,500
13,000	Mississippi Chemical.....	271,014	292,500
85,500	Monsanto.....	1,050,826	2,746,688
18,000	NL Industries.....	199,350	198,000
11,077	Newmont Mining.....	289,765	585,696
14,000	Rayonier.....	404,730	554,750
4,000	Stone Container.....	70,240	55,500
68,000	TRC Companies*.....	472,184	263,500
40,100	Tecumseh Products, Class A.....	1,106,775	2,105,250
41,000	Tecumseh Products, Class B.....	1,721,035	2,009,000
		-----	-----
		6,822,841	9,978,884
		-----	-----
	BIOTECHNOLOGY & DRUGS -- 1.6%		
20,000	Genzyme*.....	277,571	477,500
30,800	Medeva -- ADR.....	301,498	473,550
5,000	Merck.....	164,800	328,125
25,375	Pharmacia & Upjohn.....	507,498	1,065,750
		-----	-----
		1,251,367	2,344,925
		-----	-----
	CONSTRUCTION -- 1.2%		
26,700	Ameron.....	526,254	967,875
34,250	Liberty Homes, Class A.....	435,000	411,000
24,750	Liberty Homes, Class B.....	325,688	327,938
		-----	-----
		1,286,942	1,706,813
		-----	-----

</TABLE>

SALOMON BROTHERS OPPORTUNITY FUND INC
STATEMENT OF NET ASSETS -- (CONTINUED)
AUGUST 31, 1996

COMMON STOCKS (CONTINUED)

<TABLE> <CAPTION>			
SHARES		COST	VALUE (NOTE 1a)
-----		-----	-----
<S>	<C>	<C>	<C>
	CONSUMER GOODS -- 4.3%		
44,500	Alexander & Baldwin.....	\$ 254,479	\$ 1,134,750
4,729	Ames Department Stores, Warrants, Series C*.....	4,729	9,754
27,300	Archer-Daniels-Midland.....	399,000	484,575
16,400	El Chico Restaurants*.....	51,250	127,100
6,000	McKesson.....	191,250	255,750
100,000	Philips Electronics N.V.....	1,281,995	3,387,500

31,500	Waban*.....	332,240	669,375
		2,514,943	6,068,804
	ENERGY -- 8.4%		
14,000	Gilbert Associates, Class A.....	157,790	154,000
31,000	Global Industrial Technologies*.....	284,013	596,750
28,000	Murphy Oil.....	859,865	1,225,000
67,000	Royal Dutch Petroleum, 5 Guilder.....	1,664,599	10,008,125
		2,966,267	11,983,875
	FINANCE -- 11.0%		
36,000	Federal Home Loan Mortgage.....	472,360	3,181,500
61,800	Leucadia National.....	165,751	1,405,950
125,000	Loews.....	3,152,184	9,343,750
30,000	New Germany Fund.....	281,167	397,500
48,000	Pioneer Group.....	167,500	1,254,000
		4,238,962	15,582,700
	HEALTH CARE -- 1.4%		
5,250	Bergen Brunswig, Class A.....	96,675	146,344
19,000	Foundation Health*.....	360,890	570,000
8,095	Horizon/CMS Healthcare*.....	123,392	101,188
23,000	Humana*.....	188,255	431,250
22,878	Wellpoint Health Networks*.....	1,007,246	709,218
		1,776,458	1,958,000
	INSURANCE-LIFE, ACCIDENT & HEALTH -- 5.3%		
7,500	American International Group.....	440,675	712,500
12,000	Aon.....	293,390	606,000
7,000	Delphi Financial Group, Class A*.....	136,500	210,000
37,125	Fremont General.....	571,663	1,007,016
5,900	Kansas City Life Insurance.....	293,813	318,969
3,000	Protective Life.....	68,216	105,750
10,000	Provident Companies.....	180,500	370,000
46,000	UNUM.....	644,644	2,921,000
45,000	USLIFE.....	614,841	1,316,250
		3,244,242	7,567,485

</TABLE>

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SALOMON BROTHERS OPPORTUNITY FUND INC
STATEMENT OF NET ASSETS -- (CONTINUED)
AUGUST 31, 1996

COMMON STOCKS (CONTINUED)

SHARES		COST	VALUE (NOTE 1a)
<S>	<C>	<C>	<C>
	INSURANCE-PROPERTY & CASUALTY -- 18.7%		
39,600	Allmerica Property & Casualty Companies.....	\$ 696,152	\$ 1,118,700
33,000	CNA Financial*.....	1,051,403	3,316,500
328,000	Chubb.....	2,802,937	14,555,000
40,000	Merchants Group.....	600,000	755,000
22,000	Old Republic International.....	353,680	489,500
110,375	Orion Capital.....	1,613,469	5,546,340
15,500	Trenwick Group.....	433,063	825,375
		7,550,704	26,606,415
	REAL ESTATE -- 1.9%		
39,900	Forest City Enterprises, Class A.....	845,723	1,725,675
20,700	Forest City Enterprises, Class B, Conv.....	364,301	905,625
		1,210,024	2,631,300
	TECHNOLOGY -- 2.0%		
8,500	Apple Computer.....	319,750	206,125
2,000	First Data.....	152,120	156,000
15,000	Intel.....	137,313	1,197,188
5,000	International Business Machines.....	275,485	571,875
20,000	National Semiconductor*.....	313,700	367,500
13,802	Silicon Graphics*.....	280,170	320,897

		1,478,538	2,819,585
	TELECOMMUNICATIONS/MEDIA -- 0.3%		
12,000	Heritage Media, Class A*	113,859	240,000
5,800	Time Warner	123,185	193,575
		237,044	433,575
	TRANSPORTATION -- 8.4%		
39,600	AMR*	1,828,141	3,247,200
130,000	APL	1,338,789	3,071,250
52,000	Airborne Freight	515,758	1,228,500
33,000	Canadian Pacific	528,285	742,500
42,000	General Dynamics	928,543	2,693,250
9,000	Lockheed Martin	308,520	757,125
6,000	OMI*	29,060	48,000
5,100	Overseas Shipholding Group	71,224	95,625
		5,548,320	11,883,450
	TOTAL COMMON STOCKS	\$45,280,691	\$120,721,917

</TABLE>

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SALOMON BROTHERS OPPORTUNITY FUND INC
STATEMENT OF NET ASSETS -- (CONTINUED)
AUGUST 31, 1996

COMMON STOCKS (CONTINUED)

CORPORATE SHORT-TERM NOTES -- 14.8%

PRINCIPAL AMOUNT		VALUE (NOTE 1a)
<S>	<C>	<C>
\$3,609,000	American Express Credit, 5.26%, due 09/03/96	\$ 3,611,639
5,193,000	Exxon Asset Management, 5.27%, due 09/05/96	5,195,283
6,245,000	Ford Motor Credit, 5.30%, due 09/06/96	6,246,841
5,935,000	General Electric Capital, 5.28%, due 09/04/96	5,938,485
	TOTAL CORPORATE SHORT-TERM NOTES	20,992,248
	CASH AND RECEIVABLES -- 0.3%	\$ 480,380
	LIABILITIES -- (0.1)%	(210,380)
	NET ASSETS -- 100% -- equivalent to \$37.89 offering and redemption price per share on 3,747,743 shares of \$.01 par value capital stock outstanding; 15,000,000 shares authorized	\$141,984,165
	NET ASSETS CONSIST OF:	
	Capital stock	\$ 37,477
	Additional paid-in capital	60,062,694
	Undistributed net investment income	1,432,827
	Undistributed net realized gain	5,009,941
	Net unrealized appreciation	75,441,226
	NET ASSETS	\$141,984,165

</TABLE>

*Non-income producing security.

See accompanying notes to financial statements.

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SALOMON BROTHERS OPPORTUNITY FUND INC
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED AUGUST 31, 1996

<TABLE>		<C>	<C>
<S>			
INVESTMENT INCOME			
INCOME			
Dividends (net of foreign withholding taxes of \$84,832).....			\$ 2,870,091
Interest.....			1,008,923

			3,879,014
EXPENSES			
Management fee.....	\$1,406,443		
Shareholder services.....	51,915		
Audit and tax return preparation fees.....	48,150		
Legal.....	37,905		
Custodian.....	39,142		
Printing.....	23,030		
Registration and filing fees.....	18,460		
Directors' fees and expenses.....	5,650		
Other.....	23,680		

		1,654,375	
Credits earned from custodian on cash balances.....		(1,852)	1,652,523

Net investment income.....			2,226,491

NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS			
Net realized gain on investments.....			5,924,655
Increase in net unrealized appreciation.....			6,598,349

Net realized gain and increase in net unrealized appreciation.....			12,523,004

Net increase in net assets resulting from operations.....			\$14,749,495

</TABLE>

See accompanying notes to financial statements.

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SALOMON BROTHERS OPPORTUNITY FUND INC
STATEMENT OF CHANGES IN NET ASSETS

<TABLE>		YEAR ENDED	YEAR ENDED
<CAPTION>		AUGUST 31,	AUGUST 31,
		1996	1995
		-----	-----
<S>		<C>	<C>
OPERATIONS			
Net investment income.....	\$ 2,226,491	\$ 1,635,190	
Net realized gain on investments.....	5,924,655	5,072,992	
Increase in net unrealized appreciation.....	6,598,349	16,116,974	
		-----	-----
Net increase in net assets resulting from operations.....	14,749,495	22,825,156	
		-----	-----
DISTRIBUTIONS TO SHAREHOLDERS FROM			
Net investment income.....	(1,749,572)	(1,345,523)	
Net realized gain on investments.....	(4,957,121)	(5,382,092)	
		-----	-----
		(6,706,693)	(6,727,615)
		-----	-----
CAPITAL SHARE TRANSACTIONS			
Proceeds from sales of 541,164 and 669,713 shares, respectively.....	20,104,930	21,215,202	

Net asset value of 157,728 and 203,063 shares, respectively, issued in		
reinvestment of net investment income and net realized gain distributions.....	5,716,069	5,720,292
Payment for redemption of 621,760 and 975,251 shares, respectively.....	(23,116,339)	(30,551,387)
	-----	-----
Change in net assets resulting from capital share transactions, representing net		
increase of 77,132 and net decrease of 102,475 shares, respectively.....	2,704,660	(3,615,893)
	-----	-----
Total increase in net assets.....	10,747,462	12,481,648
NET ASSETS		
Beginning of year.....	131,236,703	118,755,055
	-----	-----
End of year (includes undistributed net investment income of \$1,432,827 and		
\$955,908, respectively).....	\$141,984,165	\$131,236,703
	-----	-----

</TABLE>

See accompanying notes to financial statements.

SALOMON BROTHERS OPPORTUNITY FUND INC
NOTES TO FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The Fund is registered as a non-diversified, open-end management investment company under the Investment Company Act of 1940, as amended. The Fund's primary objective is to achieve above-average long-term capital appreciation. Current income is a secondary objective. The following is a summary of significant accounting policies consistently followed by the Fund in the preparation of its financial statements. The policies are in conformity with generally accepted accounting principles ('GAAP'). The preparation of financial statements in accordance with GAAP requires management to make estimates of certain reported amounts in the financial statements. Actual amounts could differ from those estimates.

(a) Securities Valuation. Portfolio securities listed or traded on national securities exchanges, or reported on the NASDAQ national market system, are valued at the last sale price, or if there have been no sales on that day, at the mean of the current bid and ask price which represents the current value of the security. Over-the-counter securities are valued at the mean of the current bid and ask price. If no quotations are readily available (as may be the case for securities of limited marketability), such portfolio securities are valued at a fair value determined pursuant to procedures established by the Board of Directors. Corporate short-term notes with maturities of 60 days or less at date of purchase are valued at cost plus interest earned, which approximates market value.

(b) Federal Income Taxes. The Fund has complied and intends to continue to comply with the requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies, and to distribute all of its taxable income to its shareholders. Therefore, no Federal income tax or excise tax provision is required.

(c) Dividends and Distributions. The Fund declares and pays dividends from net investment income and distributions from net realized gains, if any, annually. Dividends and distributions to shareholders are recorded on the ex-dividend date. The amount of dividends and distributions from net investment income and net realized gains are determined in accordance with federal income tax regulations, which may differ from GAAP. These differences are due primarily to deferral of wash sale and post-October losses. Permanent book/tax differences are reclassified within the capital accounts based on their federal income tax basis treatment; temporary differences do not require reclassifications. Dividends and distributions which exceed net investment income and net realized gains for financial reporting purposes but not for tax purposes are reported as dividends in excess of net investment income and distributions in excess of net realized capital gains.

(d) Other. Securities transactions are recorded as of the trade date. Dividend income and dividends payable are recorded on the ex-dividend date. Interest income is recognized when earned. Noncash dividend income is recorded based on market or fair value of property received. Gains or losses on sales of securities are calculated for financial accounting and Federal income tax purposes on the identified cost basis.

2. CAPITAL STOCK

Payable for Fund shares redeemed at August 31, 1996 amounted to \$37,543.

3. MANAGEMENT FEE AND OTHER TRANSACTIONS

The Fund retains Salomon Brothers Asset Management Inc ('SBAM'), an indirect wholly-owned subsidiary of Salomon Inc ('Salomon'), to act as investment manager of the Fund subject to supervision by the Board of Directors of the Fund. SBAM furnishes the Fund with office space and pays the compensation of its officers. The management fee for these services is payable monthly at an annual rate of 1% of average daily net assets. The management fee payable at August 31, 1996 was \$120,388.

If in any fiscal year the total expenses of the Fund, excluding taxes, interest, brokerage and extraordinary expenses, but including the management fee, exceed the most stringent expense limitation

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SALOMON BROTHERS OPPORTUNITY FUND INC NOTES TO FINANCIAL STATEMENTS -- (CONTINUED)

imposed by state securities regulations applicable to the Fund, SBAM will pay or reimburse the Fund for the excess. Currently, this limitation on an annual basis is 2.5% of the first \$30 million of average daily net assets, 2.0% of the next \$70 million of average daily net assets and 1.5% of average daily net assets in excess of \$100 million. For the year ended August 31, 1996, there was no such reimbursement.

Brokerage commissions of \$120 were paid to Salomon Brothers Inc, the Fund's distributor and an indirect wholly-owned subsidiary of Salomon, for transactions executed on behalf of the Fund during the year ended August 31, 1996.

During the year ended August 31, 1996, the Fund received dividend income of \$2,848 from Salomon. At August 31, 1996, the Fund did not hold shares of Salomon.

Investors Bank & Trust Company ('IBT') serves as custodian for the Fund. Prior to May 1, 1996, Boston Safe Deposit and Trust Company ('Boston Safe') was the Fund's custodian. During the year ended August 31, 1996, custodian fees paid to IBT and Boston Safe were reduced by \$102 and \$1,750, respectively, relating to credits earned on cash balances held by each custodian.

4. PORTFOLIO ACTIVITY

The cost of securities purchased and proceeds from securities sold (excluding corporate short-term notes) during the year ended August 31, 1996 aggregated \$6,306,737 and \$16,585,337, respectively.

Cost of securities held (excluding corporate short-term notes) on August 31, 1996 for Federal income tax purposes was \$45,476,718. As of August 31, 1996, gross unrealized appreciation and depreciation, based on cost for Federal income tax purposes, amounted to \$76,054,718 and \$809,519, respectively, resulting in net unrealized appreciation of \$75,245,199.

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SALOMON BROTHERS OPPORTUNITY FUND INC FINANCIAL HIGHLIGHTS

Selected data per share of capital stock outstanding throughout each year:

<TABLE>
<CAPTION>

YEAR ENDED AUGUST 31,

	1996	1995	1994	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>
Per Share Operating Performance:					
Net asset value, beginning of year.....	\$35.75	\$31.47	\$31.91	\$27.64	\$25.16
Net investment income.....	.60	.45	.42	.57	.36
Net gains (or losses) on securities (both realized and unrealized).....	3.38	5.68	1.48	4.85	2.79
Total from investment operations.....	3.98	6.13	1.90	5.42	3.15
Less dividends and distributions:					
Dividends from net investment income.....	(.48)	(.37)	(.64)	(.345)	(.50)
Distributions from net realized gain on investments.....	(1.36)	(1.48)	(1.70)	(.805)	(.17)
Total dividends and distributions.....	(1.84)	(1.85)	(2.34)	(1.15)	(.67)
Net asset value, end of year.....	\$37.89	\$35.75	\$31.47	\$31.91	\$27.64
Total investment return based on net asset value per share.....	+11.4%	+21.1%	+6.4%	+20.2%	+12.9%
Ratios/Supplemental data:					
Net assets, end of year (thousands).....	\$141,984	\$131,237	\$118,755	\$116,607	\$101,679
Ratio of expenses to average net assets.....	1.18%	1.18%	1.22%	1.23%	1.25%
Ratio of net investment income to average net assets.....	1.59%	1.39%	1.29%	1.86%	1.28%
Portfolio turnover rate.....	5%	8%	13%	10%	11%
Average broker commission rate.....	\$0.0591	--	--	--	--

</TABLE>

See accompanying notes to financial statements.

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SALOMON BROTHERS OPPORTUNITY FUND INC
REPORT OF INDEPENDENT ACCOUNTANTS

TO THE BOARD OF DIRECTORS AND SHAREHOLDERS OF
SALOMON BROTHERS OPPORTUNITY FUND INC

In our opinion, the accompanying statement of net assets and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Salomon Brothers Opportunity Fund Inc (the 'Fund') at August 31, 1996, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended and the financial highlights for each of the five years in the period then ended, in conformity with generally accepted accounting principles. These financial statements and financial highlights (hereafter referred to as 'financial statements') are the responsibility of the Fund's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with generally accepted auditing standards, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at August 31, 1996 by correspondence with the custodian, provide a reasonable basis for the opinion expressed above.

PRICE WATERHOUSE LLP
New York, New York
October 11, 1996

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PART C. OTHER INFORMATION

ITEM 24. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statements:

Financial Statements included in Part A:

Financial Highlights for the ten years ended August 31, 1996

Financial Statements included in Part B:

Statement of Net Assets at August 31, 1996

Statement of Operations for the year ended August 31, 1996

Statement of Changes in Net Assets for the years ended August 31,
1996 and August 31, 1995

Notes to Financial Statements

Financial Highlights for the five years ended August 31, 1996

Report of Independent Accountants

(b) Exhibits:

EXHIBIT NUMBER	DESCRIPTION
1(a)	Articles of Incorporation of Registrant (filed as Exhibit 1 of the Registration Statement on Form N-8B-1 (File Nos. 2-63023 and 811-2884) and incorporated herein by reference).
(b)	Amendment to Articles of Incorporation of Registrant (filed as Exhibit 1(a) to Amendment No. 1 to the Registration Statement on Form N-8B-1 (File Nos. 2-63023 and 811-2884) and incorporated herein by reference).
(c)	Amendment to Articles of Incorporation of Registrant (filed as Exhibit 1(b) to Registration Statement on Form N-8B-1 (File Nos. 2-63023 and 811-2884) and incorporated herein by reference).
(d)	Amendment to Articles of Incorporation of Registrant (filed as Exhibit 1(d) to Post-Effective Amendment No. 11 to the Registration Statement on Form N-1A (File Nos. 2-63023 and 811-2884) and incorporated herein by reference).
(e)	Amendment to Articles of Incorporation of Registrant (filed as Exhibit 1(e) to Post-Effective Amendment No. 13 to the Registration Statement on Form N-1A (File Nos. 2-63023 and 811-2884) and incorporated herein by reference).
2	By-Laws of Registrant, as amended, December 16, 1988 (filed as Exhibit (2) to Post-Effective Amendment No. 10 to the Registration Statement on Form N-1A (File Nos. 2-63023 and 811-2884) and incorporated herein by reference).
3	None.
4	Specimen Stock Certificate (filed as Exhibit 4 to Amendment No. 1 to the Registration Statement on Form N-8B-1 (File Nos. 2-63023 and 811-2884) and incorporated herein by reference).
5	Management Contract between Registrant and Salomon Brothers Asset Management Inc (filed as Exhibit 5 to Post-Effective Amendment No. 13 to the Registration Statement on Form N-2A (File Nos. 2-63023 and 811-2884) and incorporated herein by reference).
6(a)	Distribution Contract between Registrant and Salomon Brothers Inc dated May 1, 1990 (filed as Exhibit 6 to Post-Effective Amendment No. 13 to the Registration Statement on Form N-1A (File Nos. 2-63023 and 811-2884) and incorporated herein by reference).
(b)	Dealer Contract between Salomon Brothers Inc and Shearson Lehman Brothers Inc. (filed as Exhibit 6(b) to Post-Effective Amendment No. 7 to the Registration Statement on Form N-1A (File Nos. 2-63023 and 811-2884) and incorporated herein by reference).
7	None.
8	Custodian Agreement between Registrant and Investors Bank & Trust Company, dated April 23, 1996, is filed herein.
9(a)	Transfer Agency Agreement between Registrant and Boston Safe Deposit and Trust Company, dated May 3, 1985 (filed as Exhibit 9 to Post-Effective Amendment No. 7 to the Registration Statement on Form N-1A (File Nos. 2-63023 and 811-2884) and incorporated herein by reference).

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<CAPTION>
EXHIBIT

NUMBER	DESCRIPTION
<S>	<C>
10	-- Opinion of Counsel as to the Legality of Securities Being Registered is incorporated by reference by reference to Rule 24f-2 Notice as filed with the SEC on October 28, 1996.
11	-- Consent of Price Waterhouse LLP, independent accountants is filed herein.
12	-- None.
13(a)	-- Subscription Agreement between Registrant and Irving Brilliant (filed as Exhibit 13(a) to Post-Effective Amendment No. 6 to the Registration Statement on Form N-1A (File Nos. 2-63023 and 811-2884) and incorporated herein by reference).
(b)	-- Subscription Agreement between Registrant and William H. David, dated February 8, 1979 (filed as Exhibit 13(b) to Post-Effective Amendment No. 6 to the Registration Statement on Form N-1A (File Nos. 2063023 and 811-2884) and incorporated herein by reference).
14(a)	-- Prototype Profit Sharing and Money Purchase Pension Plan for Self-Employed Individuals (filed as Exhibit 14(a) to Post-Effective Amendment No. 7 to the Registration Statement on Form N-1A (File Nos. 2-63023 and 811-2884) and incorporated herein by reference).
(b)	-- Prototype Individual Retirement Account Plan (filed as Exhibit 14(b) to Post-Effective Amendment No. 7 to the Registration Statement on Form N-1A (File Nos. 2-63023 and 811-2884) and incorporated herein by reference).
15	-- None.
16(a)	-- Performance Data (filed as Exhibit 16 to Post-Effective Amendment No. 10 to the Registration Statement on Form N-1A (File Nos. 2-63023 and 811-2884) and incorporated by reference herein.)
(b)	-- Powers of Attorney (filed as Exhibit 16(b) to Post-Effective Amendment No. 19 to the Registration Statement on Form N-1A (File Nos. 2-63023 and 811-2884) and incorporated herein by reference).
17	-- Financial Data Schedule is filed herein.

</TABLE>

ITEM 25. PERSONS CONTROLLED BY OR UNDER COMMON CONTROL WITH REGISTRANT.

None.

ITEM 26. NUMBER OF HOLDERS OF SECURITIES.

2,104 holders of record at December 2, 1996.

ITEM 27. INDEMNIFICATION.

Reference is made to Article VIII of Registrant's Articles of Incorporation, Article V of Registrant's By-Laws and paragraph 4 of the Distribution Agreement.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (the 'Securities Act') may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant understands that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The Registrant is named on a Lexington Insurance Company Mutual Fund Professional Liability Insurance Policy which covers all present and future directors and officers of Registrant against loss arising from any civil claim or claims by reason of any actual or alleged error, misstatement, misleading statement, negligent act or omission, or neglect or breach of duty committed while acting as directors or

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officers of the Registrant. The policy covers 100% of the excess of \$250,000 up to \$5 million of any losses including legal and other expenses in connection with any claim.

ITEM 28. BUSINESS AND OTHER CONNECTIONS OF INVESTMENT ADVISER.

Investment Adviser -- Salomon Brothers Asset Management Inc

Salomon Brothers Asset Management Inc ('SBAM'), a wholly-owned subsidiary of Salomon Brothers Holding Company Inc, which is in turn wholly-owned by

Salomon Inc, is an investment adviser registered under the Investment Advisers Act of 1940, as amended (the 'Advisers Act') and renders investment advice to a wide variety of individual, institutional and investment company clients.

The list required by this Item 28 of officers and directors of SBAM, together with information as to any other business, profession, vocation or employment of a substantial nature engaged in by such officers and directors during the past two years, is incorporated by reference to Schedules A and D of FORM ADV filed by SBAM pursuant to the Advisers Act (SEC File No. 801-32046).

Past information as to any other business vocation or employment of a substantial nature engaged in by such officers and directors can be located in Schedules A and D of past filings of FORM ADV (SEC File No. was 801-10642).

ITEM 29. PRINCIPAL UNDERWRITER

(a) Salomon Brothers Inc ('Salomon Brothers') currently acts as distributor for, in addition to the Fund, Salomon Brothers Capital Fund Inc, Salomon Brothers Investors Fund Inc, Salomon Brothers Series Funds Inc and Salomon Brothers Institutional Series Funds Inc.

(b) The information required by this Item 29 with respect to each director, officer or partner of Salomon Brothers is incorporated by reference to Schedule A of Form BD filed by Salomon Brothers pursuant to the Securities Exchange Act of 1934 (SEC File No. 3-26920).

(c) Not Applicable.

ITEM 30. LOCATION OF ACCOUNTS AND RECORDS.

(1) Salomon Brothers Asset Management Inc
7 World Trade Center
New York, New York 10048

(2) Investors Bank & Trust Company
89 South Street
Boston, Massachusetts 02111

(3) First Data Investor Services Group, Inc.
P.O. Box 5127
Westborough, Massachusetts 01581-5127

ITEM 31. MANAGEMENT SERVICES

Not applicable.

ITEM 32. UNDERTAKINGS

(a) Not applicable.

(b) Not applicable.

(c) The Registrant hereby undertakes to furnish each person to whom a Prospectus is delivered with a copy of the Registrant's latest Annual Report to shareholders upon request and without charge.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, and the Investment Company Act of 1940, as amended, the Registrant certifies that it meets all of the requirements for effectiveness of this Post-Effective Amendment to the Registration Statement pursuant to Rule 485(b) under the Securities Act of 1933, as amended, and has duly caused this Post-Effective Amendment to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of New York, and State of New York, on the 30th day of December, 1996.

SALOMON BROTHERS OPPORTUNITY FUND INC
(Registrant)

By: /s/ Irving Brilliant

.....
 IRVING BRILLIANT
 PRESIDENT

Pursuant to the requirements of the Securities Act of 1933, as amended, this Post-Effective Amendment to the Registration Statement has been signed below by the following persons in the capacities and on the date indicated.

<TABLE> <CAPTION>	SIGNATURE	TITLE	DATE
<C>	/s/ Irving Brilliant IRVING BRILLIANT	<S> President and Director (Principal Executive Officer)	<C> December 30, 1996
	/s/ Alan M. Mandel ALAN M. MANDEL	Treasurer (Principal Financial Officer)	December 30, 1996
	* BENITO GAGUINE	Director	December 30, 1996
	* ROSALIND A. KOCHMAN	Director	December 30, 1996
	* IRVING SONNENSCHNEIN	Director	December 30, 1996
*By:	/s/ Alan M. Mandel ALAN M. MANDEL AS ATTORNEY-IN-FACT DECEMBER 30, 1996		

</TABLE>

EXHIBIT INDEX

<TABLE> <CAPTION>	EXHIBIT NUMBER	DESCRIPTION	<C>
	8	Custodian Agreement between Registrant and Investors Bank & Trust Company.	
	11	Consent of Price Waterhouse LLP, Independent Accountants.	
	17	Financial Data Schedule.	

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CUSTODIAN AGREEMENT

between

SALOMON BROTHERS OPPORTUNITY FUND INC.

and

INVESTORS BANK & TRUST COMPANY

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CUSTODIAN AGREEMENT

AGREEMENT made as of this [] day of [], 1996, between SALOMON BROTHERS OPPORTUNITY FUND INC, a Maryland corporation (the "Fund") and INVESTORS BANK & TRUST COMPANY (the "Bank").

The Fund, an open-end management investment company, desires to place and maintain all of its portfolio securities and cash in the custody of the Bank. The Bank has at least the minimum qualifications required by Section 17(f)(1) of the Investment Company Act of 1940, as amended, (the "1940 Act") to act as custodian of the portfolio securities and cash of the Fund, and has indicated its willingness to so act, subject to the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the premises and of the mutual agreements contained herein, the parties hereto agree as follows:

1. Bank Appointed Custodian. The Fund hereby appoints the Bank as custodian of its portfolio securities and cash delivered to the Bank as hereinafter described and the Bank agrees to act as such upon the terms and conditions hereinafter set forth.

2. Definitions. Whenever used herein, the terms listed below will have the following meaning:

2.1 Authorized Person. Authorized Person will mean any of the persons duly authorized to give Proper Instructions or otherwise act on behalf of the Fund by appropriate resolution of its Board of Directors (the "Board"), and set forth in a certificate as required by Section 4 hereof.

2.2 Security. The term security as used herein will have the same meaning as when such term is used in the Securities Act of 1933, as amended, including, without limitation, any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit sharing agreement, collateral-trust certificate, preorganization certificate or subscription, transferable share, investment contract, voting-trust certificate, certificate of deposit for a security, fractional undivided interest in oil, gas, or other mineral rights, any put, call, straddle, option, or privilege on any security, certificate of deposit, or group or index of securities (including any interest therein or based on the value thereof), or any put, call, straddle, option, or privilege entered into on a national securities exchange relating to a foreign currency, or, in general, any interest or instrument commonly known as a "security", or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to, or option contract to purchase or sell any of the foregoing, and futures, forward contracts and options thereon.

2.3 Portfolio Security. Portfolio Security will mean any security owned by the Fund.

2.4 Officers' Certificate. Officers' Certificate will mean, unless otherwise indicated, any request, direction, instruction, or certification in writing signed by any two Authorized Persons of the Fund.

2.5 Book-Entry System. Book-Entry System shall mean the Federal Reserve-Treasury Department Book Entry System for United States government, instrumentality and agency securities operated by the Federal Reserve Bank, its successor or successors and its nominee or nominees.

2.6 Depository. Depository shall mean The Depository Trust Company ("DTC"), a clearing agency registered with the Securities and Exchange Commission ("SEC") under Section 17A of the Securities Exchange Act of 1934 ("Exchange Act"), its successor or successors and its nominee or nominees. The term "Depository" shall further mean and include any other person authorized to act as a depository under the 1940 Act, its successor or successors and its nominee or nominees, specifically identified in a certified copy of a resolution of the Board.

2.7 Proper Instructions. Proper Instructions shall mean (i) instructions regarding the purchase or sale of Portfolio Securities, and payments and deliveries in connection therewith, given by an Authorized Person as shall have been designated in an Officers' Certificate, such instructions to be given in such form and manner as the Bank and the Fund shall agree upon from time to time, and (ii) instructions (which may be continuing instructions) regarding other matters signed or initialed by such one or more persons from time to time designated in an Officers' Certificate as having been authorized by the Board. Oral instructions will be considered Proper Instructions if the Bank reasonably believes them to have been given by a person authorized to give such instructions with respect to the transaction involved. The Fund shall cause all oral instructions to be promptly confirmed in writing. The Bank shall act upon and comply with any subsequent Proper Instruction which modifies a prior instruction and the sole obligation of the Bank with respect to any follow-up or confirmatory instruction shall be to make reasonable efforts to detect any discrepancy between the original instruction and such confirmation and to report such discrepancy to the Fund. The Fund shall be responsible, at the Fund's expense, for taking any action, including any reprocessing, necessary to correct any such discrepancy or error, and to the extent such action requires the Bank to act the Fund shall give the Bank specific Proper Instructions as to the action required. Upon receipt of an Officers' Certificate as to the authorization by the Board accompanied by a detailed description of procedures approved by the Fund, Proper Instructions may include communication effected directly between electro-mechanical or electronic devices provided that the Board and the Bank are satisfied that such procedures afford adequate safeguards for the Fund's assets.

3. Separate Accounts. If the Fund has more than one series or portfolio, the Bank will segregate the assets of each series or portfolio to which this Agreement relates into a separate account for each such series or portfolio containing the assets of such series or portfolio (and all investment earnings thereon).

4. Certification as to Authorized Persons. The Secretary or Assistant Secretary of the Fund will at all times maintain on file with the Bank his or her certification to the Bank, in such form as may be acceptable to the Bank, of the names and signatures of the Authorized Persons, it being understood that upon the occurrence of any change in the information set forth in the most recent certification on file (including without limitation any person named in the most recent certification who is no longer an Authorized Person as designated therein), the Secretary or Assistant Secretary of the Fund, will sign a new or amended certification setting forth the change and the new, additional

or omitted names or signatures. The Bank will be entitled to rely and act upon any Officers' Certificate given to it by the Fund which has been signed by Authorized Persons named in the most recent certification.

5. Custody of Cash. As custodian for the Fund, the Bank will open and maintain a separate account or accounts in the name of each portfolio or in the name of the Bank, as Custodian of each portfolio, and will deposit to the account of the Fund all of the cash of the Fund, except for cash held by a sub-custodian appointed pursuant to Section 12.2 hereof, including borrowed funds, delivered to the Bank, subject only to draft or order by the Bank acting pursuant to the terms of this Agreement. Upon receipt by the Bank of Proper Instructions (which may be continuing instructions) or in the case of payments for redemptions and repurchases of outstanding shares of common stock of the Fund, notification from the Fund's transfer agent as provided in Section 7, requesting such payment, designating the payee or the account or accounts to which the Bank will release funds for deposit, and stating that it is for a purpose permitted under the terms of this Section 5, specifying the applicable subsection, the Bank will make payments of cash held for the accounts of the Fund, insofar as funds are available for that purpose, only as permitted in subsections 5.1-5.9 below.

5.1 Purchase of Securities. Upon the purchase of securities for the Fund, against contemporaneous receipt of such securities by the Bank or, against delivery of such securities to the Bank in accordance with generally accepted settlement practices and customs in the jurisdiction or market in which the transaction occurs, registered in the name of the Fund or in the name of, or properly endorsed and in form for transfer to, the Bank, or a nominee of the Bank, or receipt for the account of the Bank pursuant to the provisions of Section 6 below, each such payment to be made at the purchase price shown on a broker's confirmation (or transaction report in the case of Book Entry Paper) of purchase of the securities received by the Bank before such payment is made, as confirmed in the Proper Instructions received by the Bank before such payment is made.

5.2 Redemptions. In such amount as may be necessary for the repurchase or redemption of common shares of the Fund offered for repurchase or redemption in accordance with Section 7 of this Agreement.

5.3 Distributions and Expenses of Fund. For the payment on the account of the Fund of dividends or other distributions to shareholders as may from time to time be

declared by the Board, interest, taxes, management or supervisory fees, distribution fees, fees of the Bank for its services hereunder and reimbursement of the expenses and liabilities of the Bank as provided hereunder, fees of any transfer agent, fees for legal, accounting, and auditing services, or other operating expenses of the Fund.

5.4 Payment in Respect of Securities. For payments in connection with the conversion, exchange or surrender of Portfolio Securities or securities subscribed to by the Fund held by or to be delivered to the Bank.

5.5 Repayment of Loans. To repay loans of money made to the Fund, but, in the case of final payment, only upon redelivery to the Bank of any Portfolio Securities pledged or hypothecated therefor and upon surrender of documents evidencing the loan;

5.6 Repayment of Cash. To repay the cash delivered to the Fund for the purpose of collateralizing the obligation to return to the Fund certificates borrowed from the Fund representing Portfolio Securities, but only upon redelivery to the Bank of such borrowed certificates.

5.7 Foreign Exchange Transactions. For payments in connection with foreign exchange contracts or options to purchase and sell foreign currencies for spot and future delivery which may be entered into by the Bank on behalf of the Fund upon the receipt of Proper Instructions, such Proper Instructions to specify the currency broker or banking institution (which may be the Bank, or any other sub-custodian or agent hereunder, acting as principal) with which the contract or option is made, and the Bank shall have no duty with respect to the selection of such currency brokers or banking institutions with which the Fund deals or for their failure to comply with the terms of any contract or option.

5.8 Other Authorized Payments. For other authorized transactions of the Fund, or other obligations of the Fund incurred for proper Fund purposes; provided that before making any such payment the Bank will also receive a certified copy of a resolution of the Board signed by an Authorized Person (other than the Person certifying such resolution) and certified by its Secretary or Assistant Secretary, naming the person or persons to whom such payment is to be made, and either describing the transaction for which payment is to be made and declaring it to be an authorized transaction of the Fund, or specifying the amount of the obligation for which payment is to be made, setting forth the purpose for which such obligation was incurred and declaring such purpose to be a proper corporate purpose.

5.9 Termination. Upon the termination of this Agreement as hereinafter set forth pursuant to Section 8 and Section 13 of this Agreement.

6. Securities.

6.1 Segregation and Registration. Except as otherwise provided herein, and except for securities to be delivered to any sub-custodian appointed pursuant to Section

12.2 hereof, the Bank as custodian, will receive and hold pursuant to the provisions hereof, in a separate account or accounts and physically segregated at all times from those of other persons, any and all Portfolio Securities which may now or hereafter be delivered to it by or for the account of the Fund. All such Portfolio Securities will be held or disposed of by the Bank for, and subject at all times to, the instructions of the Fund pursuant to the terms of this Agreement. Subject to the specific provisions herein relating to Portfolio Securities that are not physically held by the Bank, the Bank will register all Portfolio Securities (unless otherwise directed by Proper Instructions or an Officers' Certificate), in the name of a registered nominee of the Bank as defined in the Internal Revenue Code and any Regulations of the Treasury Department issued thereunder, and will execute and deliver all such certificates in connection therewith as may be required by such laws or regulations or under the laws of any state.

The Fund will from time to time furnish to the Bank appropriate instruments to enable it to hold or deliver in proper form for transfer, or to register in the name of its registered nominee, any Portfolio Securities which may from time to time be registered in the name of the Fund.

6.2 Voting and Proxies. Neither the Bank nor any nominee of the Bank will vote any of the Portfolio Securities held hereunder, except in accordance with Proper Instructions or an Officers' Certificate. The Bank will execute and deliver, or cause to be executed and delivered, to the Fund all notices, proxies and proxy soliciting materials with respect to such Securities, such proxies to be executed by the registered holder of such Securities (if registered otherwise than in the name of the Fund), but without indicating the manner in which such proxies are to be voted.

6.3 Book-Entry System. Provided (i) the Bank has received a certified copy of a resolution of the Board specifically approving deposits of Fund assets in the Book-Entry System, and (ii) for any subsequent changes to such arrangements following such approval, the Board has reviewed and approved the arrangement and has not delivered an Officer's Certificate to the Bank indicating that the Board has withdrawn its approval:

(a) The Bank may keep Portfolio Securities in the Book-Entry System provided that such Portfolio Securities are represented in an account ("Account") of the Bank (or its agent) in such System which shall not include any assets of the Bank (or such agent) other than assets held as a fiduciary, custodian, or otherwise for customers;

(b) The records of the Bank (and any such agent) with respect to the Fund's participation in the Book-Entry System through the Bank (or any such agent) will identify by book entry Portfolio Securities belonging to the Fund which are included with other securities deposited in the Account and shall at all times during the regular business hours of the Bank (or such agent) be open for inspection by duly authorized officers, employees or agents of the Fund. Where securities are transferred to the Fund's account, the Bank shall also, by book entry or otherwise, identify as belonging to the Fund a quantity of securities in fungible bulk of securities (i) registered in the name of the Bank

or its nominee, or (ii) shown on the Bank's account on the books of the Federal Reserve Bank;

(c) The Bank (or its agent) shall pay for securities purchased for the account of the Fund or shall pay cash collateral against the return of Portfolio Securities loaned by the Fund upon (i) receipt of advice from the Book-Entry System that such Securities have been transferred to the Account, and (ii) the making of an entry on the records of the Bank (or its agent) to reflect such payment and transfer for the account of the Fund. The Bank (or its agent) shall transfer securities sold or loaned for the account of the Fund upon (i) receipt of advice from the Book-Entry System that payment for securities sold or payment of the initial cash collateral against the delivery of securities loaned by the Fund has been transferred to the Account; and (ii) the making of an entry on the records of the Bank (or its agent) to reflect such transfer and payment for the account of the Fund. Copies of all advices from the Book-Entry System of transfers of securities for the account of the Fund shall identify the Fund, be maintained for the Fund by the Bank and shall be provided to the Fund at its request. The Bank shall send the Fund a confirmation, as defined by Rule 17f-4 of the 1940 Act, of any transfers to or from the account of the Fund;

(d) The Bank will promptly provide the Fund with any report obtained by the Bank or its agent on the Book-Entry System's accounting system, internal accounting control and procedures for safeguarding securities deposited

in the Book-Entry System;

(e) The Bank shall be liable to the Fund for any loss or damage to the Fund resulting from use of the Book-Entry System by reason of any negligence, willful misfeasance or bad faith of the Bank or any of its agents or of any of its or their employees or from any negligence by the Bank or any such agent of its duty to use its best efforts to enforce such rights as it may have against the Book-Entry System; at the election of the Fund, it shall be entitled to be subrogated for the Bank in any claim against the Book-Entry System or any other person which the Bank or its agent may have as a consequence of any such loss or damage if and to the extent that the Fund has not been made whole for any loss or damage.

6.4 Use of a Depository. Provided (i) the Bank has received a certified copy of a resolution of the Board specifically approving deposits in DTC or other such Depository and (ii) for any subsequent changes to such arrangements following such approval, the Board has reviewed and approved the arrangement and has not delivered an Officer's Certificate to the Bank indicating that the Board has withdrawn its approval:

(a) The Bank may use a Depository to hold, receive, exchange, release, lend, deliver and otherwise deal with Portfolio Securities including stock dividends, rights and other items of like nature, and to receive and remit to the Bank on behalf of the Fund all income and other payments thereon and to take all steps necessary and proper in connection with the collection thereof;

(b) Registration of Portfolio Securities may be made in the name of any nominee or nominees used by such Depository;

(c) Payment for securities purchased and sold may be made through the clearing medium employed by such Depository for transactions of participants acting through it. Upon any purchase of Portfolio Securities, payment will be made only upon delivery of the securities to or for the account of the Fund and the Fund shall pay cash collateral against the return of Portfolio Securities loaned by the Fund only upon delivery of the Securities to or for the account of the Fund; and upon any sale of Portfolio Securities, delivery of the Securities will be made only against payment thereof or, in the event Portfolio Securities are loaned, delivery of Securities will be made only against receipt of the initial cash collateral to or for the account of the Fund; and

(d) The Bank shall be liable to the Fund for any loss or damage to the Fund resulting from use of a Depository by reason of any negligence, willful misfeasance or bad faith of the Bank or its employees or from any negligence by the Bank of its duty to use its best efforts to enforce such rights as it may have against a Depository; at the election of the Fund, it shall be entitled to be subrogated for the Bank in any claim against such depository or any other person which the Bank or its agent may have as a consequence of any such loss or damage if and to the extent that the Fund has not been made whole for any loss or damage. In this connection, the Bank shall use its best efforts to ensure that:

(i) The Depository obtains replacement of any certificated Portfolio Security deposited with it in the event such Security is lost, destroyed, wrongfully taken or otherwise not available to be returned to the Bank upon its request;

(ii) Any proxy materials received by a Depository with respect to Portfolio Securities deposited with such Depository are forwarded immediately to

the Bank for prompt transmittal to the Fund;

(iii) Such Depository immediately forwards to the Bank confirmation of any purchase or sale of Portfolio Securities and of the appropriate book entry made by such Depository to the Fund's account;

(iv) Such Depository prepares and delivers to the Bank such records with respect to the performance of the Bank's obligations and duties hereunder as may be necessary for the Fund to comply with the recordkeeping requirements of Section 31(a) of the 1940 Act and Rule 31(a) thereunder; and

(v) Such Depository delivers to the Bank and the Fund all internal accounting control reports, whether or not audited by an independent public accountant, as well as such other reports as the Fund may reasonably request in order to verify the Portfolio Securities held by such Depository.

6.5 Use of Book-Entry System for Commercial Paper. Provided (i) the Bank has received a certified copy of a resolution of the Board specifically approving participation in a system maintained by the Bank for the holding of commercial paper in book-entry form ("Book-Entry Paper") and (ii) for each year following such approval the Board has received and approved the arrangements, upon receipt of Proper Instructions and upon receipt of confirmation from an Issuer (as defined below) that the Fund has purchased such Issuer's Book-entry Paper, the Bank shall issue and hold in book-entry form, on behalf of the Fund, commercial paper issued by issuers with whom the Bank has entered into a book-entry agreement (the "Issuers"). In maintaining its Book-entry Paper System, the Bank agrees that:

(a) the Bank will maintain all Book-Entry Paper held by the Fund in an account of the Bank that includes only assets held by it for customers;

(b) the records of the Bank with respect to the Fund's purchase of Book-entry Paper through the Bank will identify, by book-entry, Commercial Paper belonging to the Fund which is included in the Book-entry Paper System and shall at all times during the regular business hours of the Bank be open for inspection by duly authorized officers, employees or agents of the Fund;

(c) the Bank shall pay for Book-Entry Paper purchased for the account of the Fund upon contemporaneous (i) receipt of advice from the Issuer that such sale of Book-Entry Paper has been effected, and (ii) the making of an entry on the records of the Bank to reflect such payment and transfer for the account of the Fund;

(d) the Bank shall cancel such Book-Entry Paper obligation upon the maturity thereof upon contemporaneous (i) receipt of advice that payment for such Book-Entry Paper has been transferred to the Fund, and (ii) the making of an entry on the records of the Bank to reflect such payment for the account of the Fund;

(e) the Bank shall transmit to the Fund a transaction journal confirming each transaction in Book-Entry Paper for the account of the Fund on the next business day following the transaction; and

(f) the Bank will send to the Fund such reports on its system of internal accounting control with respect to the Book-Entry Paper System as the Fund may reasonably request from time to time.

6.6 Use of Immobilization Programs. Provided (i) the Bank has

received a certified copy of a resolution of the Board specifically approving the maintenance of Portfolio Securities in an immobilization program operated by a bank which meets the requirements of Section 26(a)(1) of the 1940 Act, and (ii) for each year following such approval the Board has reviewed and approved the arrangement and has not delivered an Officer's Certificate to the Bank indicating that the Board has withdrawn its approval, the Bank shall enter into such immobilization program with such bank acting as a sub-custodian hereunder.

6.7 Eurodollar CDs. Any Portfolio Securities which are Eurodollar CDs may be physically held by the European branch of the U.S. banking institution that is the issuer of such Eurodollar CD (a "European Branch"), provided that such Securities are identified on the books of the Bank as belonging to the Fund and that the books of the Bank identify the European Branch holding such Securities. Notwithstanding any other provision of this Agreement to the contrary, except as stated in the first sentence of this subsection 6.7, the Bank shall be under no other duty with respect to such Eurodollar CDs belonging to the Fund, and shall have no liability to the Fund or its shareholders with respect to the actions, inactions, whether negligent or otherwise of such European Branch in connection with such Eurodollar CDs, except for any loss or damage to the Fund resulting from the Bank's own negligence, willful misfeasance or bad faith in the performance of its duties hereunder.

6.8 Options and Futures Transactions.

(a) Puts and Calls Traded on Securities Exchanges, NASDAQ or Over-the-Counter.

1. The Bank shall take action as to put options ("puts") and call options ("calls") purchased or sold (written) by the Fund regarding escrow or other arrangements (i) in accordance with the provisions of any agreement entered into upon receipt of Proper Instructions between the Bank, any broker-dealer registered under the Exchange Act and a member of the National Association of Securities Dealers, Inc. (the "NASD"), and, if necessary, the Fund relating to the compliance with the rules of the Options Clearing Corporation and of any registered national securities exchange, or of any similar organization or organizations.

2. Unless another agreement requires it to do so, the Bank shall be under no duty or obligation to see that the Fund has deposited or is maintaining adequate margin, if required, with any broker in connection with any option, nor shall the Bank be under duty or obligation to present such option to the broker for exercise unless it receives Proper Instructions from the Fund. The Bank shall have no responsibility for the legality of any put or call purchased or sold on behalf of the Fund, the propriety of any such purchase or sale, or the adequacy of any collateral delivered to a broker in connection with an option or deposited to or withdrawn from a Segregated Account (as defined in subsection 6.9 below). The Bank specifically, but not by way of limitation, shall not be under any duty or obligation to: (i) periodically check or notify the Fund that the amount of such collateral held by a broker or held in a Segregated Account is sufficient to protect such broker of the Fund against any loss; (ii) effect the return of any collateral delivered to a broker; or (iii) advise the Fund that any option it holds, has or is about to expire. Such duties or obligations shall be the sole responsibility of the Fund.

(b) Puts, Calls and Futures Traded on Commodities Exchanges

1. The Bank shall take action as to puts, calls and futures contracts ("Futures") purchased or sold by the Fund in accordance with the provisions of any agreement among the Fund, the Bank and a Futures Commission Merchant registered under the Commodity Exchange Act, relating to compliance with the rules of the Commodity Futures Trading Commission and/or any Contract Market, or any similar organization or organizations, regarding account deposits in connection with transactions by the Fund.

2. The responsibilities and liabilities of the Bank as to futures, puts and calls traded on commodities exchanges, any Futures Commission Merchant account and the Segregated Account shall be limited as set forth in subparagraph (a)(2) of this Section 6.8 as if such subparagraph referred to Futures Commission Merchants rather than brokers, and Futures and puts and calls thereon instead of options.

6.9 Segregated Account. The Bank shall upon receipt of Proper Instructions establish and maintain a Segregated Account or Accounts for and on behalf of the Fund, into which Account or Accounts may be transferred upon receipt of Proper Instructions cash and/or Portfolio Securities:

(a) in accordance with the provisions of any agreement among the Fund, the Bank and a broker-dealer registered under the Exchange Act and a member of the NASD or any Futures Commission Merchant registered under the Commodity Exchange Act, relating to compliance with the rules of the Options Clearing Corporation and of any registered national securities exchange or the Commodity Futures Trading Commission or any registered Contract Market, or of any similar organizations regarding escrow or other arrangements in connection with transactions by the Fund;

(b) for the purpose of segregating cash or securities in connection with options purchased or written by the Fund or commodity futures purchased or written by the Fund;

(c) for the deposit of liquid assets, such as cash, U.S. Government securities or other high grade debt obligations, having a market value (marked to market on a daily basis) at all times equal to not less than the aggregate purchase price due on the settlement dates of all the Fund's then outstanding forward commitment or "when-issued" agreements relating to the purchase of Portfolio Securities and all the Fund's then outstanding commitments under reverse repurchase agreements entered into with broker-dealer firms;

(d) for the deposit of any Portfolio Securities which the Fund has agreed to sell on a forward commitment basis, all in accordance with Investment Company Act Release No. 10666;

(e) for the purposes of compliance by the Fund with the procedures required by Investment Company Act Release No. 10666, or any subsequent release or

releases of the Securities and Exchange Commission relating to the maintenance of Segregated Accounts by registered investment companies;

(f) for other proper corporate purposes, but only, in the case of this clause (f), upon receipt of, in addition to Proper Instructions, a certified copy of a resolution of the Board, or of the Executive Committee signed by an officer of the Fund and certified by the Secretary or an Assistant Secretary, setting forth the purpose or purposes of such Segregated Account and declaring such purposes to be proper corporate purposes.

(g) Assets may be withdrawn from the Segregated Account pursuant to Proper Instructions only

(i) in accordance with the provisions of any agreements referenced in (a) above;

(ii) for sale or delivery to meet the Fund's obligations under outstanding firm commitment or when-issued agreements for the purchase of Portfolio Securities and under reverse repurchase agreements;

(iii) for exchange for other liquid assets of equal or greater value deposited in the Segregated Account;

(iv) to the extent that the Fund's outstanding forward commitment or when-issued agreements for the purchase of portfolio securities or reverse repurchase agreements are sold to other parties or the Fund's obligations thereunder are met from assets of the Fund other than those in the Segregated Account; or

(v) for delivery upon settlement of a forward commitment agreement for the sale of Portfolio Securities.

6.10 Interest Bearing Call or Time Deposits. The Bank shall, upon receipt of Proper Instructions relating to the purchase by the Fund of interest-bearing fixed-term and call deposits, transfer cash, by wire or otherwise, in such amounts and to such bank or banks as shall be indicated in such Proper Instructions. The Bank shall include in its records with respect to the assets of the Fund appropriate notation as to the amount of each such deposit, the banking institution with which such deposit is made (the "Deposit Bank"), and shall retain such forms of advice or receipt evidencing the deposit, if any, as may be forwarded to the Bank by the Deposit Bank. Such deposits shall be deemed Portfolio Securities of the Fund and the responsibility of the Bank therefore shall be the same as and no greater than the Bank's responsibility in respect of other Portfolio Securities of the Fund.

6.11 Transfer of Securities. The Bank will transfer, exchange, deliver or release Portfolio Securities held by it hereunder, insofar as such Securities are available for such purpose, provided that before making any transfer,

exchange, delivery or release under this Section the Bank will receive Proper Instructions requesting such transfer, exchange or delivery stating that it is for a purpose permitted under the terms of this Section 6.11, specifying the applicable subsection, or describing the purpose of the transaction with

sufficient particularity to permit the Bank to ascertain the applicable subsection, only

(a) upon sales of Portfolio Securities for the account of the Fund, against contemporaneous receipt by the Bank of payment therefor in full, or, against payment to the Bank in accordance with generally accepted settlement practices and customs in the jurisdiction or market in which the transaction occurs, each such payment to be in the amount of the sale price shown in a broker's confirmation of sale of the Portfolio Securities received by the Bank before such payment is made, as confirmed in the Proper Instructions received by the Bank before such payment is made;

(b) in exchange for or upon conversion into other securities alone or other securities and cash pursuant to any plan of merger, consolidation, reorganization, share split-up, change in par value, recapitalization or readjustment or otherwise, upon exercise of subscription, purchase or sale or other similar rights represented by such Portfolio Securities, or for the purpose of tendering shares in the event of a tender offer therefor, provided however that in the event of an offer of exchange, tender offer, or other exercise of rights requiring the physical tender or delivery of Portfolio Securities, the Bank shall have no liability for failure to so tender in a timely manner unless such Proper Instructions are received by the Bank at least two business days prior to the date required for tender, and unless the Bank (or its agent or sub-custodian hereunder) has actual possession of such Security at least two business days prior to the date of tender;

(c) upon conversion of Portfolio Securities pursuant to their terms into other securities;

(d) for the purpose of redeeming in kind shares of the Fund upon authorization from the Fund;

(e) in the case of option contracts owned by the Fund, for presentation to the endorsing broker;

(f) when such Portfolio Securities are called, redeemed or retired or otherwise become payable;

(g) for the purpose of effectuating the pledge of Portfolio Securities held by the Bank in order to collateralize loans made to the Fund by any bank, including the Bank; provided, however, that such Portfolio Securities will be released only upon payment to the Bank for the account of the Fund of the moneys borrowed, except that in cases where additional collateral is required to secure a borrowing already made, and such fact is made to appear in the Proper Instructions, further Portfolio Securities may be released for that purpose without any such payment. In the event that any such pledged Portfolio Securities are held by the Bank, they will be so held for the account of the lender, and after notice to the Fund from the lender in accordance with the normal

procedures of the lender, that an event of deficiency or default on the loan has occurred, the Bank may deliver such pledged Portfolio Securities to or for the account of the lender;

(h) for the purpose of releasing certificates representing Portfolio Securities, against contemporaneous receipt by the Bank of the fair market value of such security, as set forth in the Proper Instructions received

by the Bank before such payment is made;

(i) for the purpose of delivering securities lent by the Fund to a bank or broker dealer, but only against receipt in accordance with street delivery custom except as otherwise provided herein, of adequate collateral as agreed upon from time to time by the Fund and the Bank, and upon receipt of payment in connection with any repurchase agreement relating to such securities entered into by the Fund;

(j) for other authorized transactions of the Fund or for other proper corporate purposes; provided that before making such transfer, the Bank will also receive a certified copy of resolutions of the Board, signed by an authorized officer of the Fund (other than the officer certifying such resolution) and certified by its Secretary or Assistant Secretary, specifying the Portfolio Securities to be delivered, setting forth the transaction in or purpose for which such delivery is to be made, declaring such transaction to be an authorized transaction of the Fund or such purpose to be a proper corporate purpose, and naming the person or persons to whom delivery of such securities shall be made; and

(k) upon termination of this Agreement as hereinafter set forth pursuant to Section 8 and Section 14 of this Agreement.

As to any deliveries made by the Bank pursuant to subsections (a), (b), (c), (e), (f), (g), (h) and (i) securities or cash receivable in exchange therefor shall be delivered to the Bank.

7. Redemptions. In the case of payment of assets of the Fund held by the Bank in connection with redemptions and repurchases by the Fund of outstanding common shares, the Bank will rely on notification by the Fund's transfer agent of receipt of a request for redemption and certificates, if issued, in proper form for redemption before such payment is made. Payment shall be made in accordance with the Articles and By-laws of the Fund, from assets available for said purpose.

8. Merger, Dissolution, etc. of Fund. In the case of the following transactions, not in the ordinary course of business, namely, the merger of the Fund into or the consolidation of the Fund with another investment company, the sale by the Fund of all, or substantially all, of its assets to another investment company, or the liquidation or dissolution of the Fund and distribution of its assets, the Bank will deliver the Portfolio Securities held by it under this Agreement and disburse cash only upon the order of the Fund set forth in an Officers' Certificate, accompanied by a certified copy of a resolution of the Board authorizing any of the foregoing transactions. Upon completion of such

delivery and disbursement and the payment of the fees, disbursements and expenses of the Bank, this Agreement will terminate.

9. Actions of Bank Without Prior Authorization. Notwithstanding anything herein to the contrary, unless and until the Bank receives an Officers' Certificate to the contrary, it will without prior authorization or instruction of the Fund or the transfer agent:

(a) Endorse for collection and collect on behalf of and in the name of the Fund all checks, drafts, or other negotiable or transferable

instruments or other orders for the payment of money received by it for the account of the Fund and hold for the account of the Fund all income, dividends, interest and other payments or distribution of cash with respect to the Portfolio Securities held thereunder;

(b) Present for payment all coupons and other income items held by it for the account of the Fund which call for payment upon presentation and hold the cash received by it upon such payment for the account of the Fund;

(c) Receive and hold for the account of the Fund all securities received as a distribution on Portfolio Securities as a result of a stock dividend, share split-up, reorganization, recapitalization, merger, consolidation, readjustment, distribution of rights and similar securities issued with respect to any Portfolio Securities held by it hereunder.

Execute as agent on behalf of the Fund all necessary ownership and other certificates and affidavits required by the Internal Revenue Code or the regulations of the Treasury Department issued thereunder, or by the laws of any state, now or hereafter in effect, inserting the Fund's name on such certificates as the owner of the securities covered thereby, to the extent it may lawfully do so and as may be required to obtain payment in respect thereof. The Bank will execute and deliver such certificates in connection with Portfolio Securities delivered to it or by it under this Agreement as may be required under the provisions of the Internal Revenue Code and any Regulations of the Treasury Department issued thereunder, or under the laws of any State;

(d) Present for payment all Portfolio Securities which are called, redeemed, retired or otherwise become payable, and hold cash received by it upon payment for the account of the Fund; and

(e) Exchange interim receipts or temporary securities for definitive securities.

10. Collections and Defaults. The Bank will use all reasonable efforts to collect any funds which may to its knowledge become collectible arising from Portfolio Securities, including dividends, interest and other income, and to transmit to the Fund notice actually received by it of any call for redemption, offer of exchange, right of subscription, reorganization or other proceedings affecting such Securities. If Portfolio

Securities upon which such income is payable are in default or payment is refused after due demand or presentation, the Bank will notify the Fund in writing of any default or refusal to pay within two business days from the day on which it receives knowledge of such default or refusal. In addition, the Bank will send the Fund a written report once each month showing any income on any Portfolio Security held by it which is more than ten days overdue on the date of such report and which has not previously been reported.

11. Maintenance of Records and Accounting Services. The Bank will maintain records with respect to transactions for which the Bank is responsible pursuant to the terms and conditions of this Agreement, and in compliance with the applicable rules and regulations of the 1940 Act and will furnish the Fund daily with a statement of condition of the Fund. The Bank will furnish to the Fund at the end of every month, and at the close of each quarter of the Fund's

fiscal year, a list of the Portfolio Securities and the aggregate amount of cash held by it for the Fund. The books and records of the Bank pertaining to its actions under this Agreement and reports by the Bank or its independent accountants concerning its accounting system, procedures for safeguarding securities and internal accounting controls will be open to inspection and audit at reasonable times by officers of or auditors employed by the Fund and employees of the SEC and will be preserved by the Bank in the manner and in accordance with the applicable rules and regulations under the 1940 Act. All records maintained by the Bank in connection with the performance of its duties under this Agreement will remain the property of the Fund, will be surrendered promptly on request and in the event of termination of this agreement will be delivered to the Fund or the successor custodian.

The Bank shall keep the books of account and render statements or copies from time to time as reasonably requested by the Treasurer or any executive officer of the Fund.

The Bank shall assist generally in the preparation of reports to shareholders and others, audits of accounts, and other ministerial matters of like nature.

12. Concerning the Bank.

12.1 Performance of Duties and Standard of Care.

In performing its duties hereunder and any other duties listed on any Schedule hereto, if any, the Bank will be entitled to receive and act upon the advice of independent counsel of its own selection, which may be counsel for the Fund, and will be without liability for any action taken or thing done or omitted to be done in accordance with this Agreement in good faith in conformity with such advice. In the performance of its duties hereunder, the Bank will be protected and not be liable, and will be indemnified and held harmless for any action taken or omitted to be taken by it in good faith reliance upon the terms of this Agreement, any Officers' Certificate, Proper Instructions, resolution of the Board, telegram, notice, request, certificate or other instrument reasonably believed by the Bank to be genuine and for any other loss to the Fund except in the case of its negligence, willful misfeasance or bad faith in the performance of its duties. In order that the indemnification provision contained in this Section 13.1 shall apply, it is understood that

the Fund shall be fully and promptly advised of all pertinent facts concerning the situation and that the Fund shall have the option to defend the Bank against any claim which may be the subject of this indemnification. The Bank shall in no case confess any claim or make any compromise in any case in which the Fund will be asked to indemnify the Bank except with the Fund's consent. It is further understood that the indemnification provision contained in this Section 13.1 does not apply with respect to the acts and omissions of a Selected Foreign Sub-Custodian constituting negligence or willful misconduct in the conduct of its responsibilities under the terms of a Foreign Sub-Custodian Agreement.

The Bank will be under no duty or obligation to inquire into and will not be liable for:

(a) the validity of the issue of any Portfolio Securities purchased by or for the Fund, the legality of the purchases thereof or the propriety of the price incurred therefor;

(b) the legality of any sale of any Portfolio Securities by or for the

Fund or the propriety of the amount for which the same are sold;

(c) the legality of an issue or sale of any common shares of the Fund or the sufficiency of the amount to be received therefor;

(d) the legality of the repurchase of any common shares of the Fund or the propriety of the amount to be paid therefor;

(e) the legality of the declaration of any dividend by the Fund or the legality of the distribution of any Portfolio Securities as payment in kind of such dividend; and

(f) any property or moneys of the Fund unless and until received by it, and any such property or moneys delivered or paid by it pursuant to the terms hereof.

Moreover, the Bank will not be under any duty or obligation to ascertain whether any Portfolio Securities at any time delivered to or held by it for the account of the Fund are such as may properly be held by the Fund under the provisions of its Articles, By-laws, any federal or state statutes or any rule or regulation of any governmental agency.

Notwithstanding anything in this Agreement to the contrary, in no event shall the Bank be liable hereunder or to any third party for any losses or damages of any kind resulting from acts of God, earthquakes, fires, floods, storms or other disturbances of nature, epidemics, strikes, riots, nationalization, expropriation, currency restrictions, acts of war, civil war or terrorism, insurrection, nuclear fusion, fission or radiation, the interruption, loss or malfunction of utilities, transportation, or computers (hardware or software) and computer facilities, the unavailability of energy sources and other similar happenings or events except as results from the Bank's own negligence;

12.2 Agents and Subcustodians with Respect to Property of the Fund Held in the United States. The Bank may employ agents in the performance of its duties

hereunder and shall be responsible for the acts and omissions of such agents and sub-custodians as if performed by the Bank hereunder.

Upon receipt of Proper Instructions, the Bank may employ sub-custodians, provided that any such sub-custodian meets at least the minimum qualifications required by Section 17(f) (1) of the 1940 Act to act as a custodian of the Fund's assets with respect to property of the Fund held in the United States. The Bank shall have no liability to the Fund or any other person by reason of any act or omission of any such sub-custodian and the Fund shall indemnify the Bank and hold it harmless from and against any and all actions, suits and claims, arising directly or indirectly out of the performance of any sub-custodian. Upon request of the Bank, the Fund shall assume the entire defense of any action, suit, or claim subject to the foregoing indemnity. The Fund shall pay all fees and expenses of any sub-custodian.

12.3 Duties of the Bank with Respect to Property of the Fund Held Outside of the United States.

(a) Appointment of Foreign Sub-Custodians. The Fund hereby authorizes and instructs the Bank to employ as sub-custodians for the Fund's Portfolio Securities and other assets maintained outside the United States the foreign banking institutions and foreign securities depositories designated on the Schedule attached hereto (each, a "Selected Foreign Sub-Custodian"). Upon receipt of Proper Instructions, together with a certified resolution of the Fund's Board of Directors, the Bank and the Fund may agree to designate additional foreign banking institutions and foreign securities depositories to act as Selected Foreign Sub-Custodians hereunder provided that any such institution shall constitute an "eligible foreign custodian" within the meaning of Rule 17f-5 under the 1940 Act. Upon receipt of Proper Instructions, the Fund may instruct the Bank to cease the employment of any one or more such Selected Foreign Sub-Custodians for maintaining custody of the Fund's assets, and the Bank shall so cease to employ such sub-custodian as soon as alternate custodial arrangements have been implemented.

(b) Foreign Securities Depositories. The Bank may authorize one or more of the Selected Foreign Sub-Custodians to use the facilities of one or more foreign central securities depositories or clearing agencies provided that any such organization shall constitute an "eligible foreign custodian". Where the Fund's securities are deposited in a securities depository, the Selected Foreign Sub-Custodian shall identify as belonging to such Selected Foreign Sub-Custodian as agent for the customer a quantity of securities in a fungible bulk of securities shown in such sub-custodian's account on the books of such securities depository. Notwithstanding the foregoing, except as may otherwise be agreed upon in writing by the Bank and the Fund, the Fund authorizes the deposit in Euro-clear, the securities clearance and depository facilities operated by Morgan Guaranty Trust Company of New York in Brussels, Belgium, of Foreign Portfolio Securities eligible for deposit therein and to utilize such securities depository in connection with settlements of purchases and sales of securities and deliveries and returns of securities, until notified to the contrary pursuant to subparagraph (a) hereunder.

(c) Segregation of Securities. The Bank shall identify on its books as belonging to the Fund the Foreign Portfolio Securities held by each Selected Foreign Sub-Custodian. Each agreement pursuant to which the Bank employs a foreign banking institution shall require that such institution establish a custody account for the Bank and hold in that account, Foreign Portfolio Securities and other assets of the Fund, and, in the event that such institution deposits Foreign Portfolio Securities in a foreign securities depository, that it shall identify on its books as belonging to the Bank the securities so deposited. Each Selected Foreign Sub-Custodian shall hold securities of the Fund which are not held in a securities depository physically segregated at all times from those of such Selected Foreign Sub-Custodian and shall identify as belonging to such Selected Foreign Sub-Custodian as agent for the customer.

(d) Agreements with Foreign Banking Institutions. Each of the agreements pursuant to which a foreign banking institution holds assets of the Fund (each, a "Foreign Sub-Custodian Agreement") shall be substantially in the form previously made available to the Fund and shall provide provisions conforming to paragraph (a) (i) (iii) of Rule 17f-5 under the 1940 Act (or any successor provision of like import) that: (a) the Fund's assets will not be

subject to any right, charge, security interest, lien or claim of any kind in favor of the foreign banking institution or its creditors or agent, except a claim of payment for their safe custody or administration (including, without limitation, any fees or taxes payable upon transfers or reregistration of securities); (b) beneficial ownership of the Fund's assets will be freely transferable without the payment of money or value other than for custody or administration (including, without limitation, any fees or taxes payable upon transfers or reregistration of securities); (c) adequate records will be maintained identifying the assets as belonging to Bank; (d) officers of or auditors employed by, or other representatives of the Bank, including to the extent permitted under applicable law, the independent public accountants for the Fund, will be given access to the books and records of the foreign banking institution relating to its actions under its agreement with the Bank; and (e) assets of the Fund held by the Selected Foreign Sub-Custodian will be subject only to the instructions of the Bank or its agents. The Bank represents that as of the date of this Agreement to the best of its knowledge, after due inquiry, each of the sub-custodians and securities depositories listed on the Schedule attached hereto is an "eligible foreign custodian" or an overseas branch of a "Qualified U. S. Bank", each as defined by Rule 17f-5 under the Act. The Bank agrees that it shall not amend any sub-custodial agreement in a manner which would cause the Fund to be in violation of Rule 17f-5 under the Act and agrees to give the Fund 30 days prior written notice of any amendment which materially affects the Fund's rights.

(e) Access of Independent Accountants of the Fund. Upon request of the Fund, the Bank will use its best efforts to arrange for the independent accountants of the Fund to be afforded access to the books and records of any foreign banking institution employed as a Selected Foreign Sub-Custodian insofar as such books and records relate to the performance of such foreign banking institution under its Foreign Sub-Custodian Agreement.

(f) Reports by Bank. The Bank will supply to the Fund periodic statements as the Fund shall reasonably request in respect of the securities and other assets of the Fund held by Selected Foreign Sub-Custodians, including but not limited to an identification of entities having possession of the Foreign Portfolio Securities and other assets of the Fund and shall furnish to the Fund such notices of transfers of securities, deposits or other assets to or from the Fund's account by any Selected Foreign Sub-Custodian as the Fund shall request.

(g) Transactions in Foreign Custody Account. Transactions with respect to the assets of the Fund held by a Selected Foreign Sub-Custodian shall be effected pursuant to Proper Instructions from the Fund to the Bank and shall be effected in accordance with the applicable Foreign Sub-Custodian Agreement. If at any time any Foreign Portfolio Securities shall be registered in the name of the nominee of the Selected Foreign Sub-Custodian, the Fund agrees to hold any such nominee harmless from any liability by reason of the registration of such securities in the name of such nominee.

Notwithstanding any provision of this Agreement to the contrary, settlement and payment for Foreign Portfolio Securities received for the account of the Fund and delivery of Foreign Portfolio Securities maintained for the account of the Fund may be effected in accordance with the customary established securities trading or securities processing practices and procedures in the jurisdiction or market in which the transaction occurs, including, without limitation, delivering securities to the purchaser thereof or to a dealer therefor (or an agent for such purchaser or dealer) against a receipt with the expectation of receiving later payment for such securities from such purchaser

or dealer.

In connection with any action to be taken with respect to the Foreign Portfolio Securities held hereunder, including, without limitation, the exercise of any voting rights, subscription rights, redemption rights, exchange rights, conversion rights or tender rights, or any other action in connection with any other right, interest or privilege with respect to such Securities (collectively, the "Rights"), the Bank shall promptly transmit to the Fund such information in connection therewith as is made available to the Bank by the Foreign Sub-Custodian, and shall promptly forward to the applicable Foreign Sub-Custodian any instructions, forms or certifications with respect to such Rights, and any instructions relating to the actions to be taken in connection therewith, as the Bank shall receive from the Fund pursuant to Proper Instructions. Notwithstanding the foregoing, the Bank shall have no further duty or obligation with respect to such Rights, including, without limitation, the determination of whether the Fund is entitled to participate in such Rights under applicable U.S. and foreign laws, or the determination of whether any action proposed to be taken with respect to such Rights by the Fund or by the applicable Foreign Sub-Custodian will comply with all applicable terms and conditions of any such Rights or any applicable laws or regulations, or market practices within the market in which such action is to be taken or omitted.

(h) Liability of Selected Foreign Sub-Custodians. Each Foreign Sub-Custodian Agreement with a foreign banking institution shall require the institution to

exercise reasonable care in the performance of its duties and to indemnify, and hold harmless, the Bank and each Fund from and against certain losses, damages, costs, expenses, liabilities or claims arising out of or in connection with the institution's performance of such obligations, all as set forth in the applicable Foreign Sub-Custodian Agreement. The Fund acknowledges that the Bank, as a participant in Euro-clear, is subject to the Terms and Conditions Governing the Euro-Clear System, a copy of which has been made available to the Fund. The Fund acknowledges that pursuant to such Terms and Conditions, Morgan Guaranty Brussels shall have the sole right to exercise or assert any and all rights or claims in respect of actions or omissions of, or the bankruptcy or insolvency of, any other depository, clearance system or custodian utilized by Euro-clear in connection with the Fund's securities and other assets.

(i) Liability of Bank. It is understood by both parties that the use of any such sub-custodian will not effect any of the Bank's responsibilities to the Fund under this Agreement and that the Custodian shall be liable for the acts and omissions of each sub-custodian constituting negligence or willful misconduct in the conduct of its responsibilities under the terms of the Sub-custodian agreement. The Bank shall not be liable for any loss, damage, cost, expense, liability or claim resulting from nationalization, expropriation, currency restrictions, or acts of war or terrorism, political risk (including, but not limited to, exchange control restrictions, confiscation, insurrection, civil strife or armed hostilities) other losses due to Acts of God, nuclear incident or any loss where the Selected Foreign Sub-Custodian has otherwise exercised reasonable care.

The Bank shall advise the Fund promptly if it learns that any foreign agent or sub-custodian no longer constitutes an "eligible foreign custodian" and of any failure by any Selected Foreign Sub-Custodian to observe any "material

term" of its appointment within the meaning of Rule 17f-5 under the 1940 Act.

(j) Monitoring Responsibilities. The Bank shall furnish annually to the Fund, information concerning the Selected Foreign Sub-Custodians employed hereunder for use by the Fund in evaluating such Selected Foreign Sub-Custodians to addition, the Bank will promptly inform the Fund in the event that the Bank is notified by a Selected Foreign Sub-Custodian that there appears to be a substantial likelihood that its shareholders' equity will decline below \$200 million (U.S. dollars or the equivalent thereof) or that its shareholders' equity has declined below \$200 million (in each case computed in accordance with generally accepted U.S. accounting principles) or any other capital adequacy test applicable to it by exemptive order, or if the Bank has actual knowledge of any material loss of the assets of the Fund held by a Foreign Sub-Custodian.

In the event that any Selected Foreign Sub-Custodian fails to perform any of its obligations under the terms of its appointment, the Bank shall use its best efforts to cause such foreign sub-custodian to perform such obligations and shall notify the Fund as promptly as practicable of any failure of a sub-custodian to perform its obligations in any material respect. At the written request of the Fund, the Custodian shall use its best

efforts to assert and collect any claim for liability for any loss or damage incurred by the Fund arising out of the failure of any such sub-custodian to perform such obligations. At the election of the Fund, it shall have the right to enforce, to the extent permitted by the sub-custodian agreement and applicable law, the Custodian's rights against any such sub-custodian for loss or damage caused by the Fund by such sub-custodian. At the written request of the Fund, the Custodian will terminate any sub-custodian in accordance with the termination provisions under the applicable sub-custodian agreement. The Custodian will not amend any sub-custodian agreement in any way which materially adversely affects the custody of the Fund's assets, except upon the prior approval of the Fund.

(k) Tax Law. The Bank shall have no responsibility or liability for any obligations now or hereafter imposed on the Fund or the Bank as custodian of the Fund by the tax laws of any jurisdiction, and it shall be the responsibility of the Fund to notify the Bank of the obligations imposed on the Fund or the Bank as the custodian of the Fund by the tax law of any non-U.S. jurisdiction, including responsibility for withholding and other taxes, assessments or other governmental charges, certifications and governmental reporting. The sole responsibility of the Bank with regard to such tax law shall be to use reasonable efforts to assist the Fund with respect to any claim for exemption or refund under the tax law of jurisdictions for which the Fund has provided such information.

12.4 Insurance. The Bank shall use the same care with respect to the safekeeping of Portfolio Securities and cash of the Fund held by it as it uses in respect of its own similar property but it need not maintain any special insurance for the benefit of the Fund.

12.5. Fees and Expenses of Bank. The Fund will pay or reimburse the Bank from time to time for any transfer taxes payable upon transfer of Portfolio Securities made hereunder, and for all necessary proper disbursements, expenses and charges made or incurred by the Bank in the performance of this Agreement (including any duties listed on any Schedule hereto, if any) including any indemnities for any loss, liabilities or expense to the Bank as provided above. For the services rendered by the Bank hereunder, the Fund will pay to the Bank such compensation or fees at such rate and at such times as shall be agreed upon

in writing by the parties from time to time. The Bank will also be entitled to reimbursement by the Fund for all reasonable expenses incurred in conjunction with termination of this Agreement by the Fund.

12.6 Advances by Bank. The Bank may, in its sole discretion, advance funds on behalf of the Fund to make any payment permitted by this Agreement upon receipt of any proper authorization required by this Agreement for such payments by the Fund. Should such a payment or payments, with advanced funds, result in an overdraft (due to insufficiencies of the Fund's account with the Bank, or for any other reason) this Agreement deems any such overdraft or related indebtedness, a loan made by the Bank to the Fund payable on demand and bearing interest at the current rate charged by the Bank for such loans unless the Fund shall provide the Bank with agreed upon compensating balances. The Fund agrees that the Bank shall have a continuing lien and security interest to the extent of any overdraft or indebtedness, in and to any property at any time held by

it for the Fund's benefit or in which the Fund has an interest and which is then in the Bank's possession or control (or in the possession or control of any third party acting on the Bank's behalf). The Fund authorizes the Bank, in its sole discretion, at any time to charge any overdraft or indebtedness, together with interest due thereon against any balance of account standing to the credit of the Fund on the Bank's books.

13. Termination.

(a) This Agreement may be terminated at any time without penalty upon sixty days written notice delivered by either party to the other by means of registered mail, and upon the expiration of such sixty days this Agreement will terminate; provided, however, that the effective date of such termination may be postponed to a date not more than ninety days from the date of delivery of such notice (i) by the Bank in order to prepare for the transfer by the Bank of all of the assets of the Fund held hereunder, and (ii) by the Fund in order to give the Fund an opportunity to make suitable arrangements for a successor custodian. At any time after the termination of this Agreement, the Fund will, at its request, have access to the records of the Bank relating to the performance of its duties as custodian.

(b) In the event of the termination of this Agreement, the Bank will immediately upon receipt or transmittal, as the case may be, of notice of termination, commence and prosecute diligently to completion the transfer of all cash and the delivery of all Portfolio Securities duly endorsed and all records maintained under Section 11 to the successor custodian when appointed by the Fund. The obligation of the Bank to deliver and transfer over the assets of the Fund held by it directly to such successor custodian will commence as soon as such successor is appointed and will continue until completed as aforesaid. If the Fund does not select a successor custodian within ninety (90) days from the date of delivery of notice of termination the Bank may, subject to the provisions of subsection 13(c), deliver the Portfolio Securities and cash of the Fund held by the Bank to a bank or trust company of its own selection which meets the requirements of Section 17(f)(1) of the 1940 Act and has a reported capital, surplus and undivided profits aggregating not less than \$2,000,000, to be held as the property of the Fund under terms similar to those on which they were held by the Bank, whereupon such bank or trust company so selected by the Bank will become the successor custodian of such assets of the Fund with the same effect as though selected by the Board.

(c) Prior to the expiration of ninety (90) days after notice of termination has been given, the Fund may furnish the Bank with an order of the Fund advising that a successor custodian cannot be found willing and able to act upon reasonable and customary terms and that there has been submitted to the shareholders of the Fund the question of whether the Fund will be liquidated or will function without a custodian for the assets of the Fund held by the Bank. In that event the Bank will deliver the Portfolio Securities and cash of the Fund held by it, subject as aforesaid, in accordance with one of such alternatives which may be approved by the requisite vote of shareholders, upon receipt by the Bank of a copy of the minutes of the meeting of shareholders at which

action was taken, certified by the Fund's Secretary and an opinion of counsel to the Fund in form and content satisfactory to the Bank.

14. Confidentiality. Both parties hereto agree that any non-public information obtained hereunder concerning the other party is confidential and may not be disclosed to any other person without the consent of the other party, except as may be required by applicable law or at the request of a governmental agency. The parties further agree that a breach of this provision would irreparably damage the other party and accordingly agree that each of them is entitled, without bond or other security, to an injunction or injunctions to prevent breaches of this provision.

15. Notices. Any notice or other instrument in writing authorized or required by this Agreement to be given to either party hereto will be sufficiently given if addressed to such party and mailed or delivered to it at its office at the address set forth below; namely:

(a) In the case of notices sent to the Fund to:

Salomon Brothers Opportunity Fund Inc.
c/o Salomon Brothers
7 World Trade Center
NY, NY 10048
Attention: Alan Mandel

(b) In the case of notices sent to the Bank to:

Investors Bank & Trust Company
89 South Street
Boston, Massachusetts 02111
Attention: Hank Joyce

or at such other place as such party may from time to time designate in writing.

16. Amendments. This Agreement may not be altered or amended, except by an instrument in writing, executed by both parties, and in the case of the Fund,

such alteration or amendment will be authorized and approved by its Board.

17. Parties. This Agreement will be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that this Agreement will not be assignable by the Fund without the written consent of the Bank or by the Bank without the written consent of the Fund, authorized and approved by its Board; and provided further that termination proceedings pursuant to Section 13 hereof will not be deemed to be an assignment within the meaning of this provision.

18. Governing Law. This Agreement and all performance hereunder will be governed by the laws of the Commonwealth of Massachusetts.

19. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but such counterparts shall, together, constitute only one instrument.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first written above.

SALOMON BROTHERS
OPPORTUNITY FUND INC.

By: /s/ TANA E. TSELEPIS
.....
Name: Tana E. Tselepis
Title: Secretary

ATTEST: /s/ Jennifer G. Muzzey
.....

INVESTORS BANK & TRUST COMPANY

By: /s/ HENRY M. JOYCE
.....
Name: Henry M. Joyce

Title: Director

ATTEST: /s/ Tim Murphy
.....

DATE: 4/23/96
.....

Consent of Independent Accountants

We hereby consent to the use in the Statement of Additional Information constituting part of this Post-Effective Amendment No. 20 to the registration statement on Form N-1A (the 'Registration Statement') of our report dated October 11, 1996, relating to the financial statements and financial highlights of The Salomon Brothers Opportunity Fund Inc., which appears in such Statement of Additional Information, and to the incorporation by reference of our report into the Prospectus which constitutes part of this Registration Statement. We also consent to the references to us under the heading 'Independent Accountants' in such Statement of Additional Information and to the reference to us under the heading 'Financial Highlights' in such Prospectus.

Price Waterhouse LLP
1177 Avenue of the Americas
New York, New York 10036
December 24, 1996

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6

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This schedule contains summary financial information extracted from Salomon Brothers Opportunity Fund Inc's form N-SAR filed for the fiscal year ended August 31, 1996 and is qualified in its entirety by reference to such Form.

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