

SALOMON BROTHERS CAPITAL & INCOME FUND INC
Form DFAN14A
October 06, 2005

SCHEDULE 14A

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934**

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

Check the appropriate box:

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

**SALOMON BROTHERS INFLATION MANAGEMENT FUND INC.
SALOMON BROTHERS CAPITAL AND INCOME FUND INC.**

(Name of Registrant as Specified in Its Charter)

Karpus Management, Inc. d/b/a/ Karpus Investment Management

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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PITTSFORD, NEW YORK 14534
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for
Salomon Brothers Inflation Management Fund Inc.
Salomon Brothers Capital and Income Fund Inc.

This letter is being sent to you by Karpus Investment Management (KIM) to enlist your support as a fellow shareholder. Citigroup is selling its Investment Management business to Legg Mason for \$3.7 Billion. KIM believes that there is a **benefit to everyone BUT the shareholders** in this transaction. Citigroup accuses KIM of conducting a "side-show" by raising these critical shareholder issues.

We should not go quietly and accept this transaction without a benefit to us, the shareholders. We have no assurances as to who will be conducting the day-to-day management of the Funds in the future! The Boards of Directors of our Funds are treating us like cattle and trading us. They have a duty to address our concerns.

These funds had their initial price offerings just over one year ago. In this short period of time, the shareholders and the Boards have watched the funds go from trading at roughly a four percent premium to a nine to fourteen percent discount to net asset value! Citigroup now has the nerve to ask shareholders to approve a new investment manager without allowing them to at least get the net asset value of their initial investment. Demand better treatment from those in charge of your investments!

What do we want to gain?

As of September 30, 2005, Salomon Brothers Inflation Management Fund closed at \$17.72 per share verses the net asset value of \$19.60. Net asset value is what the securities within the Fund are worth in the marketplace. Should you have been allowed to realize the real value as of this date, **your investment would have increased by 10.6% or \$1.88 per share.**

As of September 30, 2005, Salomon Brothers Capital and Income Fund closed at \$17.80 per share with a net asset value of \$20.48 per share. Should you have been allowed to realize the real value as of this date, **your investment would have increased by 15.1% or \$2.68 per share.**

KIM wants ALL shareholders to be able to reap an economic benefit from this transaction. If Citigroup and Legg Mason benefit, so should we!

We believe that this is the **ONLY CHANCE WE MAY HAVE** to make the Boards of Directors and the Funds' Management meet our expectations of closing or eliminating the discount to net asset value of the Funds. We want this economic benefit before we will agree to transfer management of the Funds.

By voting the **GREEN CARD** we will be sending a message to the Boards of Directors that they simply can not ignore the economic loss caused by the Funds' widening discount and expect shareholders to blindly approve this transaction.

VOTE AGAINST THE NEW MANAGEMENT CONTRACT

If you have already received and voted a white proxy card of either Fund, you can rescind your vote by voting the GREEN proxy card provided to you by Karpus Investment Management.

WE NEED YOUR SUPPORT TO ALERT MANAGEMENT AND THE BOARDS OF DIRECTORS THAT WE WILL NOT GO QUIETLY WITHOUT AN ECONOMIC BENEFIT FOR THE SHAREHOLDERS.

VOTE THE GREEN CARD WITH KARPUS, BEWARE OF TELEPHONE SOLICITATIONS; MAKE SURE YOUR VOTE IS COUNTED AND COUNTED ACCORDING TO YOUR WISHES.
