

CORPORATE HIGH YIELD FUND III INC  
Form DEF 14A  
July 16, 2003

As filed with the Securities and Exchange Commission on July 16, 2003

**SCHEDULE 14A**  
**Rule 14a-101**

**INFORMATION REQUIRED IN PROXY STATEMENT**  
**SCHEDULE 14A INFORMATION**  
**PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES**  
**EXCHANGE ACT OF 1934 (AMENDMENT NO.     )**

Filed by the Registrant  X

Filed by a party other than the Registrant  | |

Check the appropriate box:

Preliminary Proxy Statement

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Rule 14a-12

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

**CORPORATE HIGH YIELD FUND, INC.**  
**CORPORATE HIGH YIELD FUND III, INC.**  
**MUNIASSETS FUND, INC.**  
**P.O. Box 9011, Princeton, New Jersey 08543-9011**

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(Name of Registrant as Specified in Its Charter)

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(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:

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

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(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.):

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(4) Proposed maximum aggregate value of transaction:

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(5) Total fee paid:

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Fee paid previously with preliminary materials:

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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.

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(1) Amount previously paid:

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

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(3) Filing Party:

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(4) Date Filed:

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**CORPORATE HIGH YIELD FUND, INC.  
CORPORATE HIGH YIELD FUND III, INC.  
MUNIASSETS FUND, INC.  
P.O. Box 9011  
Princeton, New Jersey 08543-9011**

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**NOTICE OF 2003 ANNUAL MEETINGS OF STOCKHOLDERS**

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**TO BE HELD ON AUGUST 25, 2003**

TO THE STOCKHOLDERS OF  
CORPORATE HIGH YIELD FUND, INC.  
CORPORATE HIGH YIELD FUND III, INC.  
MUNIASSETS FUND, INC.:

NOTICE IS HEREBY GIVEN that the 2003 Annual Meetings of Stockholders (each, a Meeting and, collectively, the Meetings ) of each of Corporate High Yield Fund, Inc. ( Corporate High Yield ), Corporate High Yield Fund III, Inc. ( Corporate High Yield III ) and MuniAssets Fund, Inc. ( MuniAssets ) (each a Fund and, collectively, the Funds ) will be held at the offices of Fund Asset Management, L.P. ( FAM ), 800 Scudders Mill Road, Plainsboro, New Jersey 08536, on Monday, August 25, 2003 at 10:30 a.m. for the stockholders of Corporate High Yield, 10:45 a.m. for the stockholders of Corporate High Yield III and 11:00 a.m. for the stockholders of MuniAssets, for the following purposes:

- (1) To elect a Board of Directors of each Fund to serve for the ensuing year or for the specified term, as applicable, and until their successors have been duly elected and qualified or until their earlier resignation or removal; and
- (2) To transact such other business as may properly come before the Meetings or any adjournment thereof.

The Board of Directors of each Fund has fixed the close of business on June 26, 2003 as the record date (the Record Date ) for the determination of stockholders entitled to notice of and to vote at the applicable Meeting or any adjournment thereof.

You are cordially invited to attend any Meeting at which you may vote shares. **Stockholders who do not expect to attend a Meeting in person are requested to complete, date and sign the enclosed form of proxy and return it promptly in the envelope provided for this purpose. If you have been provided with the opportunity on your proxy card or voting instruction form to provide voting instructions via telephone or the Internet, please take advantage of these prompt and efficient voting options.** The enclosed proxy is being solicited on behalf of the Board of Directors of each Fund.

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If you have any questions regarding the enclosed proxy material or need assistance in voting your shares, please contact our proxy solicitor, Georgeson Shareholder at 1-800-645-4519.

By Order of the Boards of Directors

DAVID W. CLAYTON  
*Secretary of Corporate High Yield Fund, Inc. and Corporate High Yield Fund III, Inc.*

BRIAN D. STEWART  
*Secretary of MuniAssets Fund, Inc.*

Plainsboro, New Jersey  
Dated: July 16, 2003

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**COMBINED PROXY STATEMENT**

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**CORPORATE HIGH YIELD FUND, INC.  
CORPORATE HIGH YIELD FUND III, INC.  
MUNIASSETS FUND, INC.  
P.O. Box 9011  
Princeton, New Jersey 08543-9011**

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**2003 ANNUAL MEETINGS OF STOCKHOLDERS**

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**August 25, 2003**

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**INTRODUCTION**

This Combined Proxy Statement is furnished in connection with the solicitation of proxies on behalf of the Boards of Directors of Corporate High Yield Fund, Inc. ( *Corporate High Yield* ), Corporate High Yield Fund III, Inc. ( *Corporate High Yield III* ) and MuniAssets Fund, Inc. ( *MuniAssets* ) (each a *Fund* and, collectively, the *Funds* ), to be voted at the 2003 Annual Meeting of Stockholders of each Fund (each, a *Meeting* and, collectively, the *Meetings* ), to be held at the offices of Fund Asset Management, L.P. ( *FAM* ), 800 Scudders Mill Road, Plainsboro, New Jersey 08536, on Monday, August 25, 2003, at 10:30 a.m. for the stockholders of Corporate High Yield, 10:45 a.m. for the stockholders of Corporate High Yield III and 11:00 a.m. for the stockholders of MuniAssets. The approximate mailing date of this Combined Proxy Statement is July 21, 2003.

All properly executed proxies received prior to the Meetings will be voted at the applicable Meeting in accordance with the instructions marked thereon or otherwise as provided therein. Unless instructions to the contrary are marked, proxies will be voted for the election of the Director nominees of each Fund. Any proxy may be revoked at any time prior to the exercise thereof by giving written notice to the Secretary of the applicable Fund at that Fund's address indicated above or by voting in person at the Meeting.

The Board of Directors of each Fund has fixed the close of business on June 26, 2003 as the record date (the *Record Date* ) for the determination of stockholders entitled to notice of and to vote at the applicable Meeting and at any adjournment thereof. Stockholders on the Record Date will be entitled to one vote for each share held, with no shares having cumulative voting rights. As of the Record Date, Corporate High Yield had outstanding 34,058,869 shares of common stock, Corporate High Yield III had outstanding 36,893,461 shares of common stock and MuniAssets had outstanding 20,399,713 shares of common stock (collectively, *Common Stock* ). To the knowledge of each Fund, as of the Record Date, no person is the beneficial owner of five percent or more of that Fund's outstanding Common Stock.

The Board of Directors of each Fund knows of no business other than the election of Directors that will be presented for consideration at its Meeting. If any other matter is properly presented, it is the intention of the persons named in the enclosed proxy to vote in accordance with their best judgment.

**ITEM 1. ELECTION OF DIRECTORS**

At the Meetings of Corporate High Yield and Corporate High Yield III (information for MuniAssets is provided in the following paragraph), the Directors will be elected to serve until the next Annual Meeting of Stockholders for such Fund and until their successors are elected and qualified. The Director nominees are James H. Bodurtha, Terry K. Glenn, Joe Grills, Herbert I. London, Andre F. Perold, Roberta Cooper Ramo, Robert S. Salomon, Jr. and Stephen B. Swensrud.

The Board of Directors of MuniAssets, pursuant to the Fund's By-Laws, is divided into three classes designated Class I, Class II and Class III, with each class having a term of three years. The Class I Directors serving until 2004 are Messrs. Bodurtha, Grills and Salomon, and the Class II Directors serving until 2005 are Messrs. Glenn, London and Perold. The Class III Director nominees for MuniAssets are Roberta Cooper Ramo and Stephen B. Swensrud to be elected to serve until 2006. The Director nominees will be elected to serve until the expiration of the term of each nominee's designated class and until their successors are elected and qualified or until their earlier resignation or removal.

It is intended that all properly executed proxies will be voted (unless such authority has been withheld in the proxy or revoked as described herein) as set forth below:

**For Corporate High Yield and Corporate High Yield III:**

All properly executed proxies will be voted **FOR** the eight (8) Director nominees listed above.

**For MuniAssets:**

All properly executed proxies will be voted **FOR** the two (2) Class III Director nominees, Roberta Cooper Ramo and Stephen B. Swensrud, to serve until the 2006 Annual Meeting of Stockholders.

The Board of Directors of each Fund knows of no reason why the nominees will be unable to serve, but in the event of any such unavailability, the proxies received will be voted for such substitute nominee or nominees as that Fund's Board of Directors may recommend.

Certain biographical and other information relating to the nominee who is an interested person, as defined in the Investment Company Act of 1940, as amended (the Investment Company Act), of the Funds is set forth below:

Name, Address(1) and Age of Nominee	Position(s) Held with Each Fund and Length of Time Served	Principal Occupation(s) During Past Five Years	Number of MLIM/FAM- Advised Funds(5) and Portfolios Overseen	Public Directorships
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Terry K. Glenn (62)(2) President(3) and Director(4) of each Fund since 1999 President and Chairman of the MLIM/FAM-advised funds since 1999; Chairman of MLIM (Americas Region) from 2000 to 2002; Executive Vice President of MLIM and FAM (which terms as used herein include their corporate predecessors) from 1983 to 2000; President of FAM Distributors, Inc. ( FAMD or the Distributor ) from 1986 to 2002 and Director thereof from 1991 to 2002; Executive Vice President and Director of Princeton Services, Inc. ( Princeton Services ) from 1993 to 2002; President of Princeton Administrators, L.P. from 1988 to 2002; Director of Financial Data Services, Inc. from 1985 to 2002. 115 registered investment companies consisting of 160 portfolios None

- (1) The address of Mr. Glenn is P.O. Box 9011, Princeton, NJ 08543-9011.
- (2) Mr. Glenn is an interested person, as defined in the Investment Company Act, of each Fund based on his former positions with FAM, MLIM, FAMD, Princeton Services and Princeton Administrators, L.P. and/or his ownership of securities issued by Merrill Lynch & Co., Inc. ( ML & Co. ).
- (3) Elected and serves at the pleasure of the Board of Directors of the Funds.
- (4) As a Director, Mr. Glenn serves until his successor is elected and qualified, or until his death, resignation or removal as provided in the applicable Fund s by-laws or charter or by statute, or until December 31 of the year in which he turns 72.
- (5) The complex of funds advised by FAM and its affiliate, Merrill Lynch Investment Managers, L.P. ( MLIM ) ( MLIM/FAM-Advised Funds ).

Certain biographical and other information relating to the nominees who are not interested persons, as defined in the Investment Company Act, of the Funds is set forth below:

Name, Address* and Age of Nominee**	Position(s) Held with Each Fund and Length of Time Served			Principal Occupation(s) During Past Five Years	Number of MLIM/FAM-Advised Funds and Portfolios Overseen	Public Directorships
	Corporate High Yield	Corporate High Yield III	MuniAssets			
James H. Bodurtha (59)	Director since 2002	Director since 2002	Director since 2002	Director and Executive Vice President, The China Business Group, Inc. since 1996; Chairman and Chief Executive Officer, China Enterprise Management Corporation from 1993 to 1996; Chairman, Berkshire Holdings Corporation since 1980; Partner, Squire, Sanders & Dempsey from 1980 to 1993.	40 registered investment companies consisting of 59 portfolios	None

(footnotes on page 6)

Name, Address* and Age of Nominee**	Position(s) Held with Each Fund and Length of Time Served			Principal Occupation(s) During Past Five Years	Number of MLIM/FAM-Advised Funds and Portfolios Overseen	Public Directorships
	Corporate High Yield	Corporate High Yield III	MuniAssets			
Joe Grills (68)	Director since 1994	Director since 1998	Director since 1994	Member of the Committee of Investment of Employee Benefit Assets of the Association of Financial Professionals ( CIEBA ) since 1986; Member of CIEBA s Executive Committee since	40 registered investment companies consisting of 59	Kimco Realty Corporation

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1988 and its Chairman from 1991 to 1992; Assistant Treasurer of International Business Machines Corporation ( IBM ) and Chief Investment Officer of IBM Retirement Funds from 1986 to 1993; Member of the Investment Advisory Committee of the State of New York Common Retirement Fund since 1989; Member of the Investment Advisory Committee of the Howard Hughes Medical Institute from 1997 to 2000; Director, Duke Management Company since 1992 and Vice Chairman thereof since 1998; Director, LaSalle Street Fund from 1995 to 2001; Director, Kimco Realty Corporation since 1997; Member of the Investment Advisory Committee of the Virginia Retirement System since 1998 and Vice Chairman thereof since 2002; Director, Montpelier Foundation since 1998 and its Vice Chairman since 2000; Member of the Investment Committee of the Woodberry Forest School since 2000; Member of the Investment Committee of the National Trust for Historic Preservation since 2000.

Herbert I. London (64)	Director since 2002	Director since 2002	Director since 2002	John M. Olin Professor of Humanities, New York University since 1993 and Professor thereof since 1980; President, Hudson Institute since 1997 and Trustee thereof since 1980; Dean, Gallatin Division of New York University from 1976 to 1993; Distinguished Fellow, Herman Kahn Chair, Hudson Institute from 1984 to 1985; Director, Damon Corp. from 1991 to 1995; Overseer, Center for Naval Analyses from 1983 to 1993; Limited Partner, Hypertech LP since 1996.	40 registered investment companies consisting of 59 portfolios	None
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(footnotes on page 6)

Name, Address* and Age of Nominee**	Position(s) Held with Each Fund and Length of Time Served			Principal Occupation(s) During Past Five Years	Number of MLIM/FAM-Advised Funds and Portfolios Overseen	Public Directorships
	Corporate High Yield	Corporate High Yield III	MuniAssets			
André F. Perold (51)	Director since 2002	Director since 2002	Director since 2002	Harvard Business School: George Gund Professor of Finance and Banking since 2000; Senior Associate Dean, Director of Faculty Recruiting since 2001; Finance Area Chair from 1996 to 2001; Sylvan C. Coleman Professor of Financial Management from 1993 to 2000; Director, Genbel Securities Limited and Gensec Bank since 1999; Director, Stockback, Inc. since 2000; Director, Sanlam Limited since 2001; Trustee, Commonfund from 1989 to 2001; Director, Sanlam Investment Management from 1999 to 2001; Director, Bulldogresearch.com from 2000	40 registered investment companies consisting of 59 portfolios	None

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to 2001; Director, Quantec Limited from 1991 to 1999; Director and Chairman of the Board of UNX, Inc. since 2003.

Roberta Cooper Ramo (60)	Director since 2002	Director since 2002	Director since 2002	Shareholder, Modrall, Sperling, Roehl, Harris & Sisk, P.A. since 1993; President, American Bar Association from 1995 to 1996 and Member of the Board of Governors thereof from 1994 to 1997; Partner, Poole, Kelly & Ramo, Attorneys at Law, P.C. from 1977 to 1993; Director, Coopers, Inc. since 1999; Director of ECMC Group (service provider to students, schools and lenders) since 2001; Director, United New Mexico Bank (now Wells Fargo) from 1983 to 1988; Director, First National Bank of New Mexico (now Wells Fargo) from 1975 to 1976.	40 registered investment companies consisting of 59 portfolios	None
Robert S. Salomon, Jr. (66)	Director since 1996	Director since 1998	Director since 1996	Principal of STI Management (investment adviser) since 1994; Chairman and CEO of Salomon Brothers Asset Management from 1992 to 1995; Chairman of Salomon Brothers equity mutual funds from 1992 to 1995; regular columnist with Forbes magazine from 1992 to 2001; Director of Stock Research and U.S. Equity Strategist at Salomon Brothers Inc. from 1975 to 1991; Trustee, Commonfund from 1980 to 2001.	40 registered investment companies consisting of 59 portfolios	None

(footnotes on page 6)

Name, Address* and Age of Nominee**	Position(s) Held with Each Fund and Length of Time Served			Principal Occupation(s) During Past Five Years	Number of MLIM/FAM- Advised Funds and Portfolios Overseen	Public Directorships
	Corporate High Yield	Corporate High Yield III	MuniAssets			
Stephen B. Swensrud (70)	Director since 1993	Director since 1998	Director since 1993	Chairman of Fernwood Advisors (investment adviser) since 1996; Principal of Fernwood Associates (financial consultant) since 1975; Chairman of RPP Corporation (manufacturing) since 1978; Director, International Mobile Communications, Inc. (telecommunications) since 1998.	41 registered investment companies consisting of 60 portfolios	None

\* The address of each non-interested Director is P.O. Box 9095, Princeton, NJ 08543-9095.

\*\* Each of the Director nominees is a member of the Audit Committee of each Fund.

Each Director serves until his or her successor is elected and qualified, or until his or her death or resignation, or removal as provided in the Funds' respective by-laws or charter or by statute, or until December 31 of the year in which he or she turns 72.

**Audit Committee Report**

The Board of Directors of each Fund has a standing Audit Committee (each, a Committee), which consists of the Directors who are not interested persons of the Fund within the meaning of the Investment Company Act and who are independent as defined in the listing standards of the New York Stock Exchange (the non-interested Directors). Currently, Ms. Ramo and Messrs. Bodurtha, Grills, London, Perold, Salomon and Swensrud are non-interested Directors with respect to each Fund and members of each Committee. The principal responsibilities of each Committee are the appointment, compensation and



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oversight of the Fund's independent accountants, including the resolution of disagreements regarding financial reporting between Fund management and such independent accountants.

Each Fund has adopted a written Charter for the Committee, which is attached as Exhibit A to this Combined Proxy Statement. Each Fund's Committee also has (a) received written disclosures and the letter required by Independence Standards Board Standard No. 1, as may be modified or supplemented, from Deloitte & Touche LLP ( D&T ), independent accountants for each Fund, and (b) discussed with D&T certain matters required to be discussed by Statements on Auditing Standards No. 61. Each Committee has considered whether the provision of non-audit services by the Fund's independent accountants is compatible with maintaining the independence of those accountants.

The Committees also review and discuss the audit of each Fund's financial statements with Fund management and the independent accountants. Had any material concerns arisen during the course of the audit and the preparation of the audited financial statements mailed to stockholders and included in each Fund's Annual Report, the Committee would have been notified by Fund management or the independent accountants. The Committees received no such notifications for any of the Funds. Following each Committee's review and discussion regarding the audit of the Fund's financial statements with management and the independent accountants, each Committee recommended to the Board of Directors that the Fund's audited financial statements for the fiscal year ended May 31, 2003 be included in such Fund's Annual Report to Stockholders.

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In addition to the above, each Fund's Committee also reviews and nominates candidates to serve as non-interested Directors. The Committees generally will not consider nominees recommended by stockholders of a Fund. The non-interested Directors have retained independent legal counsel to assist them in connection with these duties.

### **Committee and Board of Directors Meetings**

During each Fund's fiscal year ended May 31, 2003, each Board of Directors held 8 meetings and each Committee held 4 meetings. Each of the Directors then in office attended at least 75% of the aggregate of the total number of meetings of the Board of Directors held during the fiscal year and, if a member, the total number of meetings of the Committee held during such period.

### **Compliance with Section 16(a) of the Securities Exchange Act of 1934**

Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act ), requires the officers and Directors of each Fund and persons who own more than ten percent of a registered class of the Fund's equity securities to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the Securities and Exchange Commission ( SEC ) and the New York Stock Exchange ( NYSE ). Officers, Directors and greater than ten percent stockholders of each Fund are required by SEC regulations to furnish the Fund with copies of all Forms 3, 4 and 5 they file.

Based solely on each Fund's review of the copies of such forms, and amendments thereto, furnished to it during or with respect to its most recent fiscal year, and written representations from certain reporting persons that they were not required to file Form 5 with respect to the most recent fiscal year, each Fund believes that all of its officers, Directors, greater than ten percent beneficial owners and other persons subject to Section 16 of the Exchange Act due to the requirements of Section 30 of the Investment Company Act (i.e., any advisory board member, investment adviser or affiliated person of the Fund's investment adviser) have complied with all filing requirements applicable to them with respect to transactions during the Fund's most recent fiscal year, except that (i) FAM inadvertently made late Form 4 filings with respect to each of the Funds; (ii) William Bentley, Lawrence Haber, Jerry Miller, Frank Salerno, and Charles Winters, officers of the Funds' investment advisor or its affiliate, inadvertently made late Form 3 filings; and (iii) James H. Bodurtha inadvertently made a late Form 5 filing with respect to Corporate High Yield.

### **Interested Persons**

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Each Fund considers Mr. Glenn to be an interested person of that Fund within the meaning of Section 2(a)(19) of the Investment Company Act based on his former positions with FAM and its affiliates and/or due to his ownership of securities issued by ML & Co. Mr. Glenn is the President of each Fund.

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### Compensation of Directors

FAM, the investment adviser of each Fund, pays all compensation to all officers and Directors of each Fund who are affiliated with ML & Co. or its subsidiaries. Each non-interested Director receives an annual retainer of \$132,000 for his or her services to MLIM/FAM-Advised Funds, including the Funds. The portion of the annual retainer allocated to each MLIM/FAM-Advised Fund is determined quarterly based on the relative net assets of each such fund. In addition, each non-interested Director receives a fee per in-person Board meeting attended and per in-person Committee meeting attended. The annual per meeting fees paid to each non-interested Director aggregate \$100,000 for all MLIM/FAM-Advised Funds for which that Director serves and are allocated equally among those funds. The Co-Chairmen of the Audit Committee, each receives an additional annual retainer in the amount of \$20,000, which is paid quarterly and allocated to each MLIM/FAM-Advised Fund for which they provide services based on the relative net assets of each such fund. Information with respect to fees and expenses paid to the non-interested Directors for each Fund's most recently completed fiscal year is set forth in the following table:

Fund	Board			Audit Committee			Aggregate Fees and Expenses (\$)
	# Meetings Held*	Annual Fee (\$)	Per Meeting Fee (\$)**	# Meetings Held*	Annual Fee (\$)	Per Meeting Fee (\$)**	
Corporate High Yield	8	\$1,608	\$215.52	4	\$1,608	\$215.52	\$46,223
Corporate High Yield III	8	\$2,082	\$215.52	4	\$2,082	\$215.52	\$54,683
MuniAssets	8	\$1,457	\$215.52	4	\$1,457	\$215.52	\$36,676

\* Includes meetings held via teleconferencing equipment.

\*\* The fee is payable for each meeting attended in person. A fee is not paid for telephonic meetings.

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The following tables set forth for the fiscal year ended May 31, 2003 compensation paid by each Fund to its non-interested Directors and, for the calendar year ended December 31, 2002, the aggregate compensation paid by MLIM/FAM-Advised Funds to each non-interested Director.

#### Corporate High Yield:

Name of Director	Position with Fund	Compensation from Fund	Pension or Retirement Benefits Accrued as Part of Fund Expense	Estimated Annual Benefits upon Retirement	Aggregate Compensation from Fund and Other MLIM/FAM-Advised Funds
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James H. Bodurtha*	Director	\$2,797	None	None	\$276,150
Joe Grills*	Director	\$5,658	None	None	\$266,097
Herbert I. London	Director	\$2,797	None	None	\$276,150
André F. Perold	Director	\$2,797	None	None	\$276,150
Roberta Cooper Ramo	Director	\$2,797	None	None	\$276,150
Robert S. Salomon, Jr.	Director	\$5,658	None	None	\$255,647
Stephen B. Swensrud	Director	\$5,658	None	None	\$315,564
Melvin R. Seiden**	Director	\$5,108	None	None	\$255,647

\* Co-Chairman of the Fund's Audit Committee.

\*\* Retired effective 1/1/03.

**Corporate High Yield III:**

<u>Name of Director</u>	<u>Position with Fund</u>	<u>Compensation from Fund</u>	<u>Pension or Retirement Benefits Accrued as Part of Fund Expense</u>	<u>Estimated Annual Benefits upon Retirement</u>	<u>Aggregate Compensation from Fund and Other MLIM/FAM-Advised Funds</u>
James H. Bodurtha*	Director	\$4,345	None	None	\$276,150
Joe Grills*	Director	\$6,805	None	None	\$266,097
Herbert I. London	Director	\$4,345	None	None	\$276,150
André F. Perold	Director	\$4,345	None	None	\$276,150
Roberta Cooper Ramo	Director	\$4,345	None	None	\$276,150
Robert S. Salomon, Jr.	Director	\$6,805	None	None	\$255,647
Stephen B. Swensrud	Director	\$6,805	None	None	\$315,564
Melvin R. Seiden**	Director	\$6,285	None	None	\$255,647

\* Co-Chairman of the Fund's Audit Committee.

\*\* Retired effective 1/1/03.

**MuniAssets:**

<u>Name of Director</u>	<u>Position with Fund</u>	<u>Compensation from Fund</u>	<u>Pension or Retirement Benefits Accrued as Part of Fund Expense</u>	<u>Estimated Annual Benefits upon Retirement</u>	<u>Aggregate Compensation from Fund and Other MLIM/FAM-Advised Funds</u>
James H. Bodurtha*	Director	\$3,315	None	None	\$276,150
Joe Grills*	Director	\$4,955	None	None	\$266,097
Herbert I. London	Director	\$3,315	None	None	\$276,150
André F. Perold	Director	\$3,315	None	None	\$276,150
Roberta Cooper Ramo	Director	\$3,315	None	None	\$276,150
Robert S. Salomon, Jr.	Director	\$4,955	None	None	\$255,647
Stephen B. Swensrud	Director	\$4,955	None	None	\$315,564
Melvin R. Seiden**	Director	\$4,190	None	None	\$255,647

\* Co-Chairman of the Fund's Audit Committee.

\*\* Retired effective 1/1/03.

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**Officers of the Funds**

Each Fund's Board of Directors has elected several officers. The following sets forth information concerning each of these officers:

Name, Address* and Age of Nominee**	Position(s) Held and Length of Time Served**			Principal Occupation(s) During Past Five Years
	Corporate High Yield	Corporate High Yield III	MuniAssets	
Terry K. Glenn (62)	President since 1999	President since 1999	President since 1999	President and Chairman of the MLIM/FAM-advised funds since 1999; Chairman of MLIM (Americas Region) from 2000 to 2002; Executive Vice President of MLIM and FAM from 1983 to 2000; President of FAMD from 1986 to 2002 and Director thereof from 1991 to 2002; Executive Vice President and Director of Princeton Services, from 1993 to 2002; President of Princeton Administrators, L.P. from 1988 to 2002; Director of Financial Data Services, Inc. from 1985 to 2002.
Kenneth A. Jacob (52)	N/A	N/A	Senior Vice President since 1993	First Vice President of MLIM since 1997; Vice President of MLIM from 1984 to 1997; Vice President of FAM since 1984.
Elizabeth M. Phillips (53)	Vice President since 1993	Vice President since 1998	N/A	Director of MLIM since 2000; Vice President of MLIM from 1990 to 2000.
Donald C. Burke (42)	Vice President since 1993 and Treasurer since 1999	Vice President since 1998 and Treasurer since 1999	Vice President since 1993 and Treasurer since 1999	First Vice President of FAM and MLIM since 1997 and the Treasurer thereof since 1999; Senior Vice President and Treasurer of Princeton Services since 1999; Vice President of FAMD since 1999; Vice President of FAM and MLIM from 1990 to 1997; Director of Taxation of MLIM since 1990.
Theodore R. Jaeckel, Jr. (43)	N/A	N/A	Vice President since 1997	Director (Tax-Exempt Fund Management) of FAM and MLIM since 1997 and Vice President thereof from 1991 to 1997.
John M. Loffredo (39)	N/A	N/A	Senior Vice President since 2003	Managing Director of MLIM since 2000; First Vice President of MLIM from 1997 to 2000; Vice President of MLIM from 1991 to 1997; Portfolio Manager of FAM and MLIM since 1997.
B. Daniel Evans (49)	Vice President since 2002	Vice President since 2002	N/A	Director of MLIM since 2000; Vice President of MLIM from 1995 to 2000.
Brian D. Stewart (34)	N/A	N/A	Secretary since 2002	Vice President of MLIM since 2002; Attorney associated with Reed Smith LLP from 2001 to 2002; Attorney associated with Saul Ewing llp from 1999 to 2001.
David W. Clayton (36)	Secretary since 2002	Secretary since 2002	N/A	Vice President of MLIM since 2000; attorney in private practice from 1995 to 2000.

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\* The address of each officer listed above is P.O. Box 9011, Princeton, New Jersey 08543-9011.

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\*\* Elected by and serves at the pleasure of the Board of Directors of each Fund.

Mr. Glenn was elected President of each Fund in 1999. Prior to that he served as Executive Vice President of each Fund.

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### Stock Ownership

Information relating to the stock ownership of each nominee and each Director of the Funds and in all registered MLIM/FAM-Advised Funds overseen by such nominee or Director is set forth below:

	Aggregate Dollar Range of Equity in the Funds			Aggregate Dollar Range of Securities in All MLIM/FAM-Advised Funds Overseen by Each Director or Nominee in the Merrill Lynch Family of Funds
	Corporate High Yield	Corporate High Yield III	MuniAssets	
<i>Interested Director:</i>				
Terry K. Glenn	None	None	Over \$100,000	Over \$100,000
<i>Non-Interested Directors and Nominees:</i>				
James H. Bodurtha	\$1 - \$10,000	None	None	\$50,001 - \$100,000
Joe Grills	None	None	None	Over \$100,000
Herbert I. London	None	None	None	Over \$100,000
André F. Perold	None	None	None	None
Roberta Cooper Ramo	None	None	None	\$50,001 - \$100,000
Robert S. Salomon, Jr.	None	None	None	None
Stephen B. Swensrud	None	None	None	None

As of the Record Date, no non-interested Director or nominee or his or her immediate family members, owned beneficially or of record any securities of ML & Co. As of the Record Date, the Directors and officers of each Fund as a group owned an aggregate of less than 1% of any Fund's outstanding shares. At such date, Mr. Glenn, President and a Director of each Fund, and the other officers of each Fund owned an aggregate of less than 1% of the outstanding shares of common stock of ML & Co.

**The Board of Directors of each Fund recommends that the stockholders vote OFORO each of the nominees for Director.**

### ADDITIONAL INFORMATION

#### Expenses and Methods of Proxy Solicitation; Vote Required

The expenses of preparation, printing and mailing of the enclosed forms of proxy and accompanying Notice and Combined Proxy Statement will be borne by the Funds in proportion to their relative net assets.

In order to obtain the necessary quorum at each Meeting (i.e., a majority of the Fund's Common Stock entitled to vote at the Meeting, present in person or by proxy), supplementary solicitation may be made by mail, telephone, telegraph or personal interview by officers of each Fund. Each Fund has retained Georgeson Shareholder, 17 State Street, New York, New York 10004, to assist in the solicitation of proxies at a cost of approximately \$3,500 for each Fund, plus out-of-pocket expenses

estimated to be \$500 for each Fund.

All shares represented by properly executed proxies, unless such proxies have previously been revoked, will be voted at each Meeting in accordance with the directions on the proxies; if no direction is indicated, the shares will be voted FOR the nominees. In the case of Corporate High Yield and Corporate High Yield III, approval with respect to the election of Directors (Item 1) will require the affirmative vote of a plurality of the votes cast by each Fund's stockholders, in person or by proxy, at a meeting at which a quorum is present and

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duly constituted. A plurality of the votes means the candidate must receive more votes than any other candidate for the same position, but not necessarily a majority of the votes cast. In the case of MuniAssets, assuming a quorum is present at the Meeting, the election of Directors will require the affirmative vote of a majority of the total votes cast by the stockholders represented at the Meeting and entitled to vote.

#### **Broker Non-Votes and Abstentions**

Broker-dealer firms, including Merrill Lynch, Pierce, Fenner & Smith Incorporated (MLPF&S), holding shares of each Fund in street name for the benefit of their customers and clients, will request the instructions of such customers and clients on how to vote their shares on Item 1 before the Meeting. The Funds understand that, under the rules of the New York Stock Exchange, such broker-dealer firms may, without instructions from their customers and clients, grant authority to the proxies designated to vote on the election of Directors (Item 1) if no instructions have been received prior to the date specified in the broker-dealer firm's request for voting instructions. The Funds will include shares held of record by broker-dealers as to which such authority has been granted in its tabulation of the total number of shares present for purposes of determining whether the necessary quorum of stockholders of each Fund exists. Proxies that are returned to a Fund but that are marked abstain or on which a broker-dealer has declined to vote on Item 1 (broker non-votes) will be counted as present for the purposes of determining a quorum. MLPF&S has advised each Fund that if it votes shares held in its name for which no instructions are received, except as limited by agreement or applicable law, it will do so in the same proportion as the votes received from beneficial owners of those shares for which instructions have been received, whether or not held in nominee name. Abstentions and broker non-votes will not be counted as votes cast. Therefore, abstentions and broker non-votes will not have an effect on the vote on Item 1 for any Fund.

#### **Other Matters**

Management knows of no other matters to be presented at the Meetings. However, if other matters are presented for a vote at the meeting or any adjournments thereof, the proxy holders will vote the Common Stock represented by properly executed proxies according to their judgment on those matters.

#### **Independent Accountants Fees**

The following table sets forth the aggregate fees paid to D&T for each Fund's fiscal year ended May 31, 2003 for professional services rendered for: (i) the audit of the Funds' annual financial statements included in each Fund's report to stockholders; (ii) all other audit related services provided to each Fund; and (iii) all non-audit services provided to each Fund, FAM, and entities controlling, controlled by or under common control with FAM that provide services to the Fund. For each Fund's fiscal year ended May 31, 2003, the independent accountants did not render any professional services for financial information systems and design and implementation services to the Funds, FAM or entities controlling, controlled by or under common control with FAM that provide services to the Funds. The Committee of each Fund has determined that the provision of other audit related services under clause (ii) and the provision of non-audit services under clause (iii) are compatible with maintaining the independence of the independent accountants. Representatives of D&T are expected to be present at the Meetings and will have an opportunity to make a statement if they so desire and to respond to questions from stockholders.

<b>Fund</b>	<b>Audit Fees Charged to the Fund</b>	<b>Other Audit Related Fees Charged to the Fund</b>	<b>Other Fees</b>
Corporate High Yield	\$35,000	\$41,650	\$6,412,000
Corporate High Yield III	\$35,000	\$19,800	\$6,412,000
MuniAssets	\$25,000	\$ 4,800	\$6,412,000

#### Address of Investment Adviser

The principal office of FAM is located at 800 Scudders Mill Road, Plainsboro, New Jersey 08536.

#### Annual Report Delivery

**Each Fund will furnish, without charge, a copy of its annual report for the Fund's last fiscal year to any stockholder upon request.** Such requests should be directed to the applicable Fund, P.O. Box 9011, Princeton, New Jersey 08543-9011, Attention: Fund Secretary, or to 1-800-637-3863.

#### Stockholder Proposals

If a stockholder of any Fund intends to present a proposal at the 2004 Annual Meeting of Stockholders of such Fund, each of which is anticipated to be held in August 2004, and desires to have the proposal included in the Fund's proxy statement and form of proxy for that meeting, the stockholder must deliver the proposal to the offices of the appropriate Fund by March 19, 2004. The persons named as proxies in the proxy materials for the 2004 Annual Meetings of Stockholders may exercise discretionary authority with respect to any stockholder proposal presented at such meeting if written notice of such proposal has not been received by the Fund by June 7, 2004. Written proposals and notices should be sent to the Secretary of the respective Fund (addressed to 800 Scudders Mill Road, Plainsboro, New Jersey 08536).

By Order of the Boards of Directors

DAVID W. CLAYTON  
*Secretary of Corporate High Yield Fund, Inc. and Corporate High Yield Fund III, Inc.*

BRIAN D. STEWART  
*Secretary of MuniAssets Fund, Inc.*

Dated: July 16, 2003