

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.
Form DEF 14A
December 23, 2008

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

Filed by the Registrant X

Filed by a Party other than the Registrant O

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 Section 240.14a-11(c) or Section 240.14a-12

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.
(Name of Registrant as Specified in Its Charter)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
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| (1) | Title of each class of securities to which transaction applies: |
| (2) | Aggregate number of securities to which transaction applies: |
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- Fee paid previously with preliminary materials.
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| (1) | Amount Previously Paid: |
| (2) | Form, Schedule or Registration Statement No.: |
| (3) | Filing Party: |
| (4) | Date Filed: |

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

55 Water Street, New York, New York 10041

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

December 23, 2008

To the Stockholders:

The Annual Meeting of Stockholders of Western Asset High Income Opportunity Fund Inc. (the "Fund") will be held at 620 Eighth Avenue, 49th Floor, New York, New York, on Friday, February 6, 2009 at 3:30 p.m., New York time, for the following purposes:

1. A proposal to elect two Class II Directors to the Fund's Board of Directors; and
2. The transaction of such other business as may properly come before the meeting or any adjournments or postponements thereof.

The Board of Directors has fixed the close of business on December 5, 2008 as the record date for the determination of stockholders entitled to notice of, and to vote at, the meeting and any adjournments or postponements thereof.

By Order of the Board of Directors

Robert I. Frenkel
Secretary

December 23, 2008

IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AT THE MEETING IN PERSON OR BY PROXY; IF YOU DO NOT EXPECT TO ATTEND THE MEETING, PLEASE COMPLETE, DATE, SIGN AND RETURN THE ENCLOSED PROXY IN THE ACCOMPANYING ENVELOPE PROVIDED FOR YOUR CONVENIENCE, WHICH REQUIRES NO POSTAGE IF MAILED IN THE UNITED STATES.

Instructions for Signing Proxy Cards

The following general rules for signing proxy cards may be of assistance to you and avoid the time and expense to the Fund in validating your vote if you fail to sign your proxy card properly.

1. *Individual Accounts:* Sign your name exactly as it appears in the registration on the proxy card.
2. *Joint Accounts:* Either party may sign, but the name of the party signing should conform exactly to a name shown in the registration.
3. *All Other Accounts:* The capacity of the individual signing the proxy card should be indicated unless it is reflected in the form of registration. For example:

| | Registration | Valid Signature |
|-------------------------------------|---|------------------------------------|
| Corporate Accounts | | |
| (1) | ABC Corp | ABC Corp. (by John Doe, Treasurer) |
| (2) | ABC Corp | John Doe, Treasurer |
| (3) | ABC Corp., c/o John Doe, Treasurer | John Doe |
| (4) | ABC Corp. Profit Sharing Plan | John Doe, Trustee |
| Trust Accounts | | |
| (1) | ABC Trust | Jane B. Doe, Trustee |
| (2) | Jane B. Doe, Trustee, u/t/d 12/28/78 | Jane B. Doe |
| Custodial or Estate Accounts | | |
| (1) | John B. Smith, Cust., f/b/o John B. Smith, Jr. UGMA | John B. Smith |
| (2) | John B. Smith | John B. Smith, Jr., Executor |

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

55 Water Street, New York, New York 10041

PROXY STATEMENT

This proxy statement is furnished in connection with the solicitation by the Board of Directors (the "Board") of Western Asset High Income Opportunity Fund Inc. (the "Fund") of proxies to be voted at the Annual Meeting of Stockholders of the Fund to be held at 620 Eighth Avenue, 49th Floor, New York, New York, on Friday, February 6, 2009 at 3:30 p.m., New York time, and at any adjournments or postponements thereof (the "Meeting"), for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders (the "Notice").

This Proxy Statement and the accompanying materials are being mailed to stockholders on or about December 23, 2008.

The Fund is organized as a Maryland corporation and is a registered investment company.

Legg Mason Partners Fund Advisor, LLC ("LMPFA"), whose principal business address is 620 Eighth Avenue, New York, NY 10018, is the Fund's investment adviser and administrator. Pursuant to a sub-advisory agreement with LMPFA, Western Asset Management Company ("Western Asset") is the Fund's sub-investment advisor. Both LMPFA and Western Asset are wholly-owned subsidiaries of Legg Mason, Inc. ("Legg Mason").

Even if you plan to attend the Meeting, please sign, date and return the enclosed proxy card, or provide voting instructions by telephone or over the Internet. If you vote by telephone or over the Internet, you will be asked to enter a unique code that has been assigned to you, which is printed on your proxy card. This code is designed to confirm your identity, provide access into the voting sites and confirm that your instructions are properly recorded.

All properly executed proxies received prior to the Meeting will be voted at the Meeting in accordance with the instructions marked thereon or otherwise as provided therein. Unless instructions to the contrary are marked, shares represented by the proxies will be voted "FOR" the election of each nominee in Proposal 1. In accordance with the Fund's By-Laws, a quorum is constituted by the presence in person or by proxy of the holders of record of a majority of the outstanding shares of the Fund's common stock entitled to vote at the Meeting. For purposes of determining the presence of a quorum for transacting business at the Meeting, abstentions will be treated as shares that are present but which have not been voted.

The Board has fixed the close of business on December 5, 2008 as the record date (the "Record Date") for the determination of stockholders of the Fund entitled to notice of and to vote at the Meeting or any adjournment or postponement thereof. Stockholders of the Fund on that date will be entitled to one vote on each matter for each share held, and a fractional vote with respect to fractional shares, with no cumulative voting rights. At the Record Date, the Fund had outstanding 73,927,179.249 shares of Common Stock, par value \$0.001 per share, the only authorized class of stock, of which 73,364,844 or 99.23% were held in accounts, but not beneficially owned, by Cede & Co., as nominee for The Depository Trust Company, Box 20, Bowling Green Station, New York, New York 10004-9998, including, First Trust Portfolios L.P., 1001 Warrenville Road, Lisle, IL 60532 beneficially owned 7.90% of the outstanding shares of Common Stock of the Fund as per the Schedule 13G/A filed on

February 12, 2008 with the Securities and Exchange Commission ("SEC") and Loomis, Sayles & Co., L.P, One Financial Center, Boston, MA, 02111, beneficially owned 6.48% of the outstanding shares of Common Stock of the Fund, as per the Schedule 13G/A filed on February 14, 2008 with the SEC.

Annual reports are sent to stockholders of record of the Fund following the Fund's fiscal year end. The Fund will furnish, without charge, a copy of its annual report and most recent semi-annual report succeeding the annual report, if any, to a stockholder upon request. Such requests should be directed to the Fund at 55 Water Street, New York, New York 10041 or by calling toll free at 888-777-0102. Copies of annual and semi-annual reports of the Fund are also available on the EDGAR Database on the Securities and Exchange Commission's Internet site at www.sec.gov.

Please note that only one annual or semi-annual report or Proxy Statement may be delivered to two or more stockholders of the Fund who share an address, unless the Fund has received instructions to the contrary. To request a separate copy of an annual or semi-annual report or the Proxy Statement, or for instructions as to how to request a separate copy of these documents or as to how to request a single copy if multiple copies of these documents are received, stockholders should contact the Fund at the address and phone number set forth above.

Vote Required and Manner of Voting Proxies

A quorum of stockholders is required to take action at the Meeting. A majority of the shares of the Fund entitled to vote at the Meeting, represented in person or by proxy, will constitute a quorum of stockholders at the Meeting.

Votes cast by proxy or in person at the Meeting will be tabulated by the inspector of election appointed for the Meeting. The inspector of election, who is an employee of the proxy solicitor engaged by the Fund, will determine whether or not a quorum is present at the Meeting. The inspector of election will treat abstentions and "broker non-votes" (i.e., shares held by brokers or nominees, typically in "street name," as to which proxies have been returned but (a) instructions have not been received from the beneficial owners or persons entitled to vote and (b) the broker or nominee does not have discretionary voting power on a particular matter) as present for purposes of determining a quorum.

If you hold shares directly (not through a broker-dealer, bank or other financial intermediary) and if you return a signed proxy card that does not specify how you wish to vote on a proposal, your shares will be voted "FOR" Proposal 1.

Required Vote

Directors are elected by a plurality of the votes cast by the holders of shares of the Fund's Common Stock present in person or represented by proxy at a Meeting at which a quorum is present.

For purposes of the election of Directors, abstentions and broker non-votes will not be considered votes cast, and do not affect the plurality vote required for the election of Directors.

In the event that a quorum is not present, or if sufficient votes to elect Directors in Proposal No. 1 as set forth in the Notice and this Proxy Statement are not received by the time scheduled for the Meeting, the persons named as proxies may move for one or more adjournments of the Meeting to permit further solicitation of proxies with respect to such proposal. In determining whether to adjourn the Meeting, the following factors may be considered: the nature of the proposal that is the subject of the Meeting, the percentage of votes actually cast, the nature of any further solicitation and the information to be provided to stockholders with respect to the reasons for the

solicitation. Any such adjournment will require the affirmative vote of a majority of the shares present at the Meeting. If an adjournment is proposed, the persons named as proxies will vote the shares that they are entitled to vote in their discretion.

Proposal No. 1: Election of Directors

In accordance with the Fund's Charter, the Board is currently classified into three classes: Class I, Class II and Class III. The Directors serving in Class II have terms expiring at the Meeting, and they have been nominated by the Board of Directors for election at the Meeting to serve for a term of three years (until the 2012 Annual Meeting of Stockholders), or until their successors have been duly elected and qualified or until they resign or are otherwise removed. The terms of office of the remaining Class III and Class I Directors expire at the year 2010 or 2011 Annual Meeting of Stockholders, respectively, or thereafter when their successors have been duly elected and qualified or until they resign or are otherwise removed. The effect of these staggered terms is to limit the ability of other entities or persons to acquire control of the Fund by delaying the replacement of a majority of the Board of Directors.

Each of the nominees is currently a member of the Fund's Board of Directors and has indicated that he or she will serve if elected. The Board knows of no reason why any of the nominees listed below will be unable to serve, but in the event of any such unavailability, the proxy confers discretionary power on the persons named therein to vote in favor of a substitute nominee or nominees in their discretion.

Certain information concerning the nominees is set forth below. Any Director affiliated with the Manager or otherwise considered an "interested person" of the Fund, as defined in the Investment Company Act of 1940, as amended (the "1940 Act"), is indicated by an asterisk(*). Information as to beneficial ownership is based upon information furnished to the Fund by the Directors.

Persons Nominated for Election as Directors

| Name, Address and Birth Year | Position(s) Held with Fund | Term of Office and Length Time Served | Principal Occupations During Past Five Years | Number of Portfolios in Fund Complex** Overseen by Director | Other Directorships Held by Director |
|--|----------------------------------|---|---|--|---|
| Nominees to serve as Class II Directors until the 2012 Annual Meeting of Stockholders | | | | | |

INTERESTED DIRECTOR:

| | | | | | |
|---|---|------------|---|-----|---|
| R. Jay Gerken, CFA* Legg Mason & Co., LLC ("Legg Mason") 620 Eighth Avenue, 49th Floor New York, NY 10018 Birth year: 1951 | Chairman, President and Chief Executive Officer | Since 2002 | Managing Director, Legg Mason; Chairman, President and Chief Executive Officer of LMPFA; Chairman of the Board, Trustee, or Director of 163 funds associated with LMPFA and its affiliates (since 2006); Chairman, President and Chief Executive Officer of certain mutual funds associated with Legg Mason or its affiliates; formerly, Chairman, President and Chief Executive Officer, Travelers Investment Advisers Inc. (2002 to 2005) | 148 | Former Trustee, Consulting Group Capital Markets Fund (2002-2006) |
|---|---|------------|---|-----|---|

NON-INTERESTED DIRECTOR:

| | | | | | |
|---|--|------------|--|----|------|
| Paolo M. Cucchi c/o Chairman of the Fund, Legg Mason, 620 Eighth Avenue 49th Floor New York, NY 10018 Birth Year:1941 | Director and Member of Audit and Nominating Committees | Since 2007 | Vice President and Dean of College of Liberal Arts at Drew University. | 23 | None |
|---|--|------------|--|----|------|

** The term "Fund Complex" means two or more registered investment companies that:

- (a) Hold themselves out to investors as related companies for purposes of investment and investor services; or
- (b) Have a common investment adviser or have an investment adviser that is an affiliated person of the investment adviser of any of the other registered investment companies.

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The following table provides information concerning the remaining Directors of the Fund:

| Name, Address and Birth Year | Position(s) Held with Fund | Term of Office and Length Time Served | Principal Occupations During Past Five Years | Number of Portfolios in Fund Complex** Overseen by Director | Other Directorships Held by Director |
|---|---|---|---|--|--|
| Class III Directors serving until 2010 Annual Meeting of Stockholders | | | | | |
| NON-INTERESTED DIRECTORS: | | | | | |
| Leslie H. Gelb c/o Chairman of the Fund, Legg Mason, 620 Eighth Avenue 49th Floor New York, NY 10018 Birth year: 1937 | Director and Member of Audit and Nominating Committees | Since 2007 | President Emeritus and Senior Board Fellow, The Council on Foreign Relations; formerly, Columnist, Deputy Editorial Page Editor and Editor, Op-Ed Page, <i>The New York Times</i> | 23 | Director of two registered investment companies advised by Blackstone Asia Advisors L.L.C. ("Blackstone Advisors") |
| William R. Hutchinson c/o Chairman of the Fund, Legg Mason, 620 Eighth Avenue 49th Floor New York, NY 10018 Birth year: 1942 | Director and Member of Audit and Nominating Committees | Since 2007 | President, W.R. Hutchinson & Associates Inc. (consulting), formerly Group Vice President, Mergers and Acquisitions, BP Amoco p.l.c. | 23 | Director of Associated Banc-Corp. |
| Dr. Riordan Roett c/o Chairman of the Fund, Legg Mason, 620 Eighth Avenue 49th | Director and Member of Audit and Nominating Committees | Since 2007 | Professor and Director, Latin American Studies Program, Paul H. Nitze School of Advanced International Studies, The Johns Hopkins University. | 23 | None |

Floor
 New
 York, NY
 10018
 Birth
 year:
 1938

Class I Directors serving until 2011 Annual Meeting of Stockholders

NON-INTERESTED DIRECTORS:

| | | | | | |
|---|---|---------------|----------------------------------|----|------|
| Carol L. Colman c/o Chairman of the Fund, Legg Mason, 620 Eighth Avenue 49th Floor New York, NY 10018 Birth year: 1946 | Director and Member of Audit and Nominating Committees | Since 2007 | President, Colman Consulting Co. | 23 | None |
|---|---|---------------|----------------------------------|----|------|

* Designates a Director who is an "interested person" of the Fund as defined in the 1940 Act because he is a Managing Director of Legg Mason, the parent company of the Fund's investment manager.

** The term "Fund Complex" means two or more registered investment companies that:

- (a) Hold themselves out to investors as related companies for purposes of investment and investor services; or
- (b) Have a common investment adviser or have an investment adviser that is an affiliated person of the investment adviser of any of the other registered investment companies.

| Name, Address and Birth Year | Position(s) Held with Fund | Term of Office and Length Time Served | Principal Occupations During Past Five Years | Number of Portfolios in Fund Complex** Overseen by Director | Other Directorships Held by Director |
|--|--|--|--|---|--|
| Daniel P. Cronin Chairman of the Fund, Legg Mason, 620 Eighth Avenue 49th Floor New York, NY 10018 Birth year: 1946 | Director and Member of Audit and Nominating Committees | Since Retired; formerly, Associate General Counsel, Pfizer, Inc. 2007 | | 23 | None |
| Jeswald W. Salacuse Chairman of the Fund, Legg Mason, 620 Eighth Avenue 49th Floor New York, NY 10018 Birth year: 1938 | Director and Member of Audit and Nominating Committees | Since Henry J. Braker Professor of Commercial Law and formerly Dean, 2007 The Fletcher School of Law & Diplomacy, Tufts University | | 23 | Director of two registered investment companies advised by Blackstone Advisors |

** The term "Fund Complex" means two or more registered investment companies that:

- (a) Hold themselves out to investors as related companies for purposes of investment and investor services; or
- (b) Have a common investment adviser or have an investment adviser that is an affiliated person of the investment adviser of any of the other registered investment companies.

Security Ownership of Management

The following table provides information concerning the dollar range of equity securities owned beneficially by each Director and nominee for election as Director as of December 31, 2007:

| Name of Director/Nominee | Dollar Range ⁽¹⁾ of Equity Securities in the Fund | Aggregate Dollar Range ⁽²⁾ of Equity Securities in all Funds Overseen by Director/Nominee in Family of Investment Companies ⁽²⁾ |
|---------------------------------|--|---|
| NON-INTERESTED DIRECTORS | | |
| Carol L. Colman | A | E |
| Daniel P. Cronin | C | E |
| Paolo M. Cucchi | A | C |

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| | | |
|-----------------------|---|---|
| Leslie H. Gelb | A | A |
| William R. Hutchinson | A | E |
| Dr. Riordan Roett | A | C |
| Jeswald W. Salacuse | A | C |

INTERESTED DIRECTOR

| | | |
|---------------|---|---|
| R. Jay Gerken | B | E |
|---------------|---|---|

(1) The dollar ranges are as follows: "A" = None; "B" = \$1-\$10,000; "C" = \$10,001-\$50,000; "D" = \$50,001-\$100,000; "E" = Over \$100,000.

(2) "Family of Investment Companies" means any two or more registered investment companies that share the same investment adviser or principal underwriter or hold themselves out to investors as related companies for purposes of investment and investor services.

At December 5, 2008, the Directors and officers of the Fund as a group beneficially owned less than 1% of the outstanding shares of the Fund's Common Stock.

No Director or nominee for election as Director who is not an "interested person" of the Fund as defined in the 1940 Act, nor any immediate family members, to the best of the Fund's knowledge, had any interest in the

Fund's investment adviser, or any person or entity (other than the Fund) directly or indirectly controlling, controlled by, or under common control with Legg Mason as of December 31, 2007.

Director Compensation

Under the federal securities laws, and in connection with the Meeting, the Fund is required to provide to stockholders in connection with the Meeting information regarding compensation paid to the Directors by the Fund, as well as by the various other investment companies advised by LMPFA. The following table provides information concerning the compensation paid to each Director by the Fund during the fiscal year ended September 30, 2008 and the total compensation paid to each Director during the calendar year ended December 31, 2007. Certain of the Directors listed below are members of the Fund's Audit and Nominating Committees, as well as other committees of the boards of certain other investment companies advised by LMPFA. Accordingly, the amounts provided in the table include compensation for service on all such committees. The Fund does not provide any pension or retirement benefits to Directors. In addition, no remuneration was paid during the fiscal year ended September 30, 2008 by the Fund to Mr. Gerken who is an "interested person" as defined in the 1940 Act.

| Name of Directors | Aggregate Compensation from the Fund for Fiscal Year Ended 09/30/08 | Total Compensation from the Fund and Fund Complex ⁽¹⁾ for Calendar Year Ended 12/31/07 |
|------------------------------------|---|---|
| Directorships⁽²⁾ | | |
| Carol L. Colman | \$ 14,471 | \$ 326,113 |
| Daniel P. Cronin | 13,317 | 192,450 |
| Paolo M. Cucchi | 13,317 | 174,250 |
| Leslie H. Gelb | 13,874 | 178,250 |
| William R. Hutchinson | 14,796 | 368,240 |
| Dr. Riordan Roett | 13,874 | 180,250 |
| Jeswald W. Salacuse | 7,897 | 187,250 |

(1) "Fund Complex" means two or more Funds (a registrant or, where the registrant is a series company, a separate portfolio of the registrant) that hold themselves out to investors as related companies for purposes of investment and investor services or have a common investment adviser or have an investment adviser that is an affiliated person of the investment adviser of any of the other Funds.

(2) Each Director currently holds 23 investment company directorships.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the 1934 Act and Section 30(h) of the 1940 Act in combination require the Fund's Directors and officers and persons who own more than 10% of the Fund's common stock, as well as LMPFA and certain of its affiliated persons, to file reports of ownership and changes in ownership with the Securities and Exchange Commission ("SEC") and the New York Stock Exchange, Inc. ("NYSE"). Such persons are required by SEC regulations to furnish the Fund with copies of all such filings. Based solely upon its review of the copies of such filings received by it and certain other information received by it, the Fund believes that, for the fiscal year ended September 30, 2008, all filing requirements applicable to such persons were met.

Responsibilities of the Board of Directors

The Board of Directors is responsible for ensuring that the Fund is managed in the best interest of its stockholders. The Directors oversee the Fund's business by, among other things, meeting with the Fund's management and evaluating the performance of the Fund's service providers including LMPFA, Western Asset,

the custodian and the transfer agent. As part of this process, the Directors consult with the Fund's independent auditors and with their own separate independent counsel.

The Board of Directors has four regularly scheduled meetings each year, and additional meetings are scheduled as needed. In addition, the Board has an Audit Committee and a Nominating Committee that meet periodically and whose responsibilities are described below.

During the fiscal year ended September 30, 2008, the Board of Directors held four regular meetings. Each Director attended at least 75% of the aggregate number of meetings of the Board and the committees for which he or she was eligible. The Fund does not have a formal policy regarding attendance by Directors at annual meetings of stockholders. Mr. Gerken attended the Fund's 2008 Annual Meeting of Stockholders.

The Directors review the Fund's financial statements, performance and market price as well as the quality of the services being provided to the Fund. As part of this process, the Directors review the Fund's fees and expenses to determine if they are reasonable and competitive in light of the services being received and while also ensuring that the Fund continues to have access to high quality services in the future. Based on these reviews, the Directors periodically make suggestions to the Fund's management and monitor to ensure that responsive action is taken. The Directors also monitor potential conflicts of interest among the Fund, LMPFA and its affiliates and other funds and clients managed by LMPFA and Western Asset to ensure that the Fund is managed in a manner which is in the best interest of the Fund's stockholders.

Audit Committee

The Fund's Audit Committee is composed of all Directors who have been determined not to be "interested persons" of the Fund, LMPFA, Western Asset or their affiliates within the meaning of the 1940 Act, and who are "independent" as defined in the New York Stock Exchange listing standards. Currently, the Audit Committee is composed of Ms. Colman and Messrs. Cronin, Cucchi, Gelb, Hutchinson and Roett. The principal functions of the Audit Committee are: to (a) oversee the scope of the Fund's audit, the Fund's accounting and financial reporting policies and practices and its internal controls and enhance the quality and objectivity of the audit function; (b) approve, and recommend to the Independent Board Members (as such term is defined in the Audit Committee Charter) for their ratification, the selection, appointment, retention or termination of the Fund's independent registered public accounting firm, as well as approving the compensation thereof; and (c) approve all audit and permissible non-audit services provided to the Fund and certain other persons by the Fund's independent registered public accounting firm. This Committee met five times during the fiscal year ended September 30, 2008. The Fund's Board of Directors adopted an amended Audit Committee Charter at a meeting held on December 16, 2005, a copy of which was filed as Exhibit A to the Fund's proxy statement dated January 30, 2007.

Nominating Committee

The Fund's Corporate Governance and Nominating Committee (the "Nominating Committee"), the principal function of which is to select and nominate candidates for election as Directors of the Fund, is currently composed of Ms. Colman and Messrs. Cronin, Cucchi, Gelb, Hutchinson and Roett. Only Directors who are not

"interested persons" of the Fund as defined in the 1940 Act and who are "independent" as defined in the New York Stock Exchange listing standards are members of the Nominating Committee. The Nominating Committee may accept nominees recommended by the stockholder as it deems appropriate. Stockholders who wish to recommend a nominee should send recommendations to the Fund's Secretary that include all information relating to such person that is required to be disclosed in solicitations of proxies for the election of Directors. A recommendation must be accompanied by a written consent of the individual to stand for election if nominated by the Board of Directors and to serve if elected by the stockholders. The Nominating Committee did not meet during the Fund's fiscal year ended September 30, 2008. The Fund's Board of Directors adopted a Corporate Governance and Nominating Committee Charter at a meeting held on January 20, 2004, a copy of which was filed as Exhibit B to the Fund's proxy statement dated January 30, 2007.

The Nominating Committee identifies potential nominees through its network of contacts, and may also engage, if it deems appropriate, a professional search firm. The Nominating Committee meets to discuss and consider such candidates' qualifications and then chooses a candidate by majority vote. The Nominating Committee does not have specific, minimum qualifications for nominees and has not established specific qualities or skills that it regards as necessary for one or more of the Fund's Directors to possess (other than any qualities or skills that may be required by applicable law, regulation or listing standard). However, as set forth in the Nominating Committee Charter, in evaluating a person as a potential nominee to serve as a Director of the Fund, the Nominee Committee may consider the following factors, among any others it may deem relevant:

whether or not the person is an "interested person" as defined in the 1940 Act and whether the person is otherwise qualified under applicable laws and regulations to serve as a Director of the Fund;

whether or not the person has any relationships that might impair his or her independence, such as any business, financial or family relationships with Fund management, the investment manager of the Fund, Fund service providers or their affiliates;

whether or not the person serves on boards of, or is otherwise affiliated with, competing financial service organizations or their related mutual fund complexes;

whether or not the person is willing to serve, and willing and able to commit the time necessary for the performance of the duties of a Director of the Fund;

the contribution which the person can make to the Board and the Fund (or, if the person has previously served as a Director of the Fund, the contribution which the person made to the Board during his or her previous term of service), with consideration being given to the person's business and professional experience, education and such other factors as the Committee may consider relevant;

the character and integrity of the person; and

whether or not the selection and nomination of the person would be consistent with the requirements of the Fund's retirement policies.

Officers

The Fund's executive officers are chosen each year at a regular meeting of the Board of Directors of the Fund, to hold office until their respective successors are duly elected and qualified. In addition to Mr. Gerken, the Fund's Chairman, CEO and President, the executive officers of the Fund currently are:

| Name, Address and Age | Position(s) Held with Fund | Length of Time Served | Principal Occupation(s) During Past 5 years |
|--|---|--|---|
| Kaprel Ozsolak Legg Mason 55 Water Street, New York, NY 10041 Birth year: 1965 | Chief Financial Officer and Treasurer | Since 2007 | Director of Legg Mason; Chief Financial Officer and Treasurer of certain mutual funds associated with Legg Mason; Formerly, Controller of certain mutual funds associated with certain predecessor firms of Legg Mason (2002-2004) |
| Ted P. Becker Legg Mason 620 Eighth Avenue, 49th Floor New York, NY 10018 Birth year: 1951 | Chief Compliance Officer | Since 2006 | Director of Global Compliance at Legg Mason (since 2006); Managing Director of Compliance at Legg Mason, (since 2005); Chief Compliance Officer with certain mutual funds associated with Legg Mason (since 2006); Managing Director of Compliance at Legg Mason or its predecessors (2002-2005). Prior to 2002, Managing Director Internal Audit & Risk Review at Citigroup Inc. |
| Albert Laskaj Legg Mason, 55 Water Street, New York, NY 10041 Birth Year: 1977 | Controller | Since 2007 | Vice President of Legg Mason (since 2008); Controller of certain funds associated with Legg Mason (since 2007); Formerly, Assistant Controller of certain mutual funds associated with Legg Mason (from 2005 to 2007); Formerly, Accounting Manager of certain mutual funds associated with certain predecessor firms of Legg Mason (from 2003 to 2005) |
| Steven Frank Legg Mason, 55 Water Street, New York, NY 10041 Birth Year: 1967 | Controller | Since 2005 | Vice President of Legg Mason (since 2002); Controller of certain funds associated with Legg Mason or its predecessors (since 2005); Formerly, Assistant Controller of certain mutual funds associated with Legg Mason predecessors (from 2001 to 2005) |
| Robert I. Frenkel Legg Mason 100 First Stamford Place Stamford, CT 06902 Birth year: 1954 | Secretary and Chief Legal Officer | Since 2003 | Managing Director and General Counsel of Global Mutual Funds for Legg Mason and its predecessor (since 1994); Secretary and Chief Legal Officer of mutual funds associated with Legg Mason (since 2003); formerly, Secretary of CFM (2001-2004) |

Report of the Audit Committee

Pursuant to a meeting of the Audit Committee on November 24, 2008, the Audit Committee reports that it has: (i) reviewed and discussed the Fund's audited financial statements with management; (ii) discussed with KPMG LLP ("KPMG"), the independent registered public accounting firm of the Fund, the matters required to be discussed by Statement on Auditing Standards No. 61; and (iii) previously received written confirmation from KPMG that it is independent and written disclosures regarding such independence as required by Independence Standards Board Standard No. 1, and discussed with KPMG the independent registered public accounting firm's independence.

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

The members of the Audit Committee are not professionally engaged in the practice of auditing or accounting and are responsible for oversight. Moreover, the Audit Committee relies on and makes no independent verification of the facts presented to it or representations made by management or the independent registered public accounting firm. Accordingly, the Audit Committee's oversight does not provide an independent basis to determine that management has maintained appropriate accounting and financial reporting principals and policies, or internal controls and procedures, designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, the Audit Committee's considerations and discussions referred to above do not provide assurance that the audit of the Fund's financial statements has been carried out in accordance with generally accepted accounting standards or that the financial statements are presented in accordance with generally accepted accounting principles.

Based on the review and discussions referred to in items (i) through (iii) above, the Audit Committee recommended to the Board of Directors (and the Board has approved) that the audited financial statements be included in the Fund's annual report for the Fund's fiscal year ended September 30, 2008.

Submitted by the Audit Committee
of the Fund's Board of Directors

Carol L. Colman
Daniel P. Cronin
Paolo M. Cucchi
Leslie H. Gelb
William R. Hutchinson
Riordan Roett
Jeswald W. Salacuse

November 24, 2008

Board Recommendation and Required Vote

Directors are elected by a plurality of the votes cast by the holders of shares of the Fund's common stock present in person or represented by proxy at a meeting at which a quorum is present. For purposes of the election of Directors, abstentions and broker non-votes will not be considered votes cast, and do not affect the plurality vote required for Directors.

The Fund's Board of Directors unanimously recommends that stockholders of the Fund vote FOR each of the nominees for Director.

Disclosure of Fees Paid to Independent Registered Public Accounting Firm

Audit Fees. The aggregate fees billed in the last two fiscal years ended September 30, 2007 and September 30, 2008 for professional services rendered by KPMG for the audit of the Fund's annual financial statements, or services that are normally provided in connection with the statutory and regulatory filings or engagements in those fiscal years, were \$31,000 and \$32,600, respectively.

Audit Related Fees. The aggregate fees billed by KPMG in connection with assurance and related services related to the annual audit of the Fund and for review of the Fund's financial statements, other than the Audit Fees described above, for the fiscal years ended September 30, 2007 and September 30, 2008 were \$0 and \$0, respectively.

In addition, there were no Audit Related Fees billed in the fiscal years ended September 30, 2007 and September 30, 2008 for assurance and related services by KPMG to LMPFA and any entity controlling, controlled by or under common control with LMPFA that provides ongoing services to the Fund (LMPFA and such other entities together, the "Service Affiliates"), that were related to the operations and financial reporting of the Fund.

Tax Fees. The aggregate fees billed by KPMG for tax compliance, tax advice and tax planning services, which include the filing and amendment of federal, state and local income tax returns, timely regulated investment company qualification review and tax distribution and analysis planning to the Fund for the fiscal years ended September 30, 2007 and September 30, 2008 were \$6,000 and \$3,200, respectively.

There were no fees billed by KPMG to the Service Affiliates for tax services for the fiscal years ended September 30, 2007 and September 30, 2008 that were required to be approved by the Fund's Audit Committee.

All Other Fees. There were no other fees billed for other non-audit services rendered by KPMG to the Fund for the fiscal years ended September 30, 2007 and September 30, 2008.

There were no other non-audit services rendered by KPMG to the Service Affiliates in the fiscal years ended September 30, 2007 and September 30, 2008.

Generally, the Audit Committee must approve (a) all audit and permissible non-audit services to be provided to the Fund and (b) all permissible non-audit services to be provided to the Service Affiliates that relate directly to the operations and financial reporting of the Fund. The Audit Committee may implement policies and procedures by which such services are approved other than by the full Committee but has not yet done so.

For the Fund, the percentage of fees that were approved by the Audit Committee, with respect to: Audit-Related Fees were 100% and 100% for the fiscal years ended September 30, 2007 and September 30, 2008; Tax

Fees were 100% and 100% for the fiscal years ended September 30, 2007 and September 30, 2008; and for Other Fees paid were 100% and 100% for the fiscal years ended September 30, 2007 and September 30, 2008.

The Audit Committee shall not approve non-audit services that the Committee believes may impair the independence of the registered public accounting firm. As of the date of the approval of the Audit Committee Charter, permissible non-audit services include any professional services (including tax services), that are not prohibited services as described below, provided to the Fund by the independent registered public accounting firm, other than those provided to the Fund in connection with an audit or a review of the financial statements of the Fund. Permissible non-audit services may not include: (i) bookkeeping or other services related to the accounting records or financial statements of the Fund; (ii) financial information systems design and implementation; (iii) appraisal or valuation services, fairness opinions or contribution-in-kind reports; (iv) actuarial services; (v) internal audit outsourcing services; (vi) management functions or human resources; (vii) broker or dealer, investment adviser or investment banking services; (viii) legal services and expert services unrelated to the audit; and (ix) any other service the Public Company Accounting Oversight Board determines, by regulation, is impermissible.

Pre-approval by the Audit Committee of any permissible non-audit services is not required so long as: (i) the aggregate amount of all such permissible non-audit services provided to the Fund, the Manager and any Covered Service Provider constitutes not more than 5% of the total amount of revenues paid to the independent registered public accounting firm during the fiscal year in which the permissible non-audit services are provided to (a) the Fund, (b) LMPFA and (c) any entity partially controlled by or under common control with LMPFA that provides ongoing services to the Fund during the fiscal year in which the services are provided that would not have to be approved by the Committee; (ii) the permissible non-audit services were not recognized by the Fund at the time of the engagement to be non-audit services; and (iii) such services are promptly brought to the attention of the Audit Committee and approved by the Audit Committee (or its delegate(s)) prior to the completion of the audit.

The aggregate non-audit fees billed by KPMG for non-audit services rendered to the Fund and Service Affiliates for the fiscal years ended September 30, 2007 and 2008 were \$0 and \$0, respectively.

The Audit Committee has considered whether the provision of non-audit services to the Service Affiliates that were not pre-approved by the Audit Committee (because they did not require pre-approval) is compatible with maintaining KPMG's independence. All services provided by KPMG to the Fund or to the Service Affiliates that were required to be pre-approved by the Audit Committee were pre-approved.

Submission of Stockholder Proposals and Other Stockholder Communications

All proposals by stockholders that are intended to be presented at the 2010 Annual Meeting of the Stockholders of the Fund must be received by the Fund for inclusion in the Fund's proxy statement and proxy relating to that meeting no later than September 1, 2009. Any stockholder who desires to submit a proposal at the 2010 Annual Meeting of Stockholders without including such proposal in the Fund's proxy statement must deliver written notice thereof to the Secretary of the Fund (addressed to c/o Legg Mason, 100 First Stamford Place, 7th Floor, Stamford, CT 06902) during the period from November 5, 2009 to November 29, 2009. However, that if less than 70 days' notice or prior public disclosure of the date of the meeting is given or made to stockholders, any such notice by a stockholder to be timely must be so received not later than the close of business on the tenth day following the day on which notice of the date of the annual or special meeting was given or such public disclosure was made.

The Fund's Audit Committee has established guidelines and procedures regarding the receipt, retention and treatment of complaints regarding accounting, internal accounting controls or auditing matters (collectively,

"Accounting Matters"). Persons with complaints or concerns regarding Accounting Matters may submit their complaints to the Chief Compliance Officer ("CCO"). Persons who are uncomfortable submitting complaints to the CCO, including complaints involving the CCO, may submit complaints directly to the Fund's Audit Committee Chair (together with the CCO, "Complaint Officers"). Complaints may be submitted on an anonymous basis.

The CCO may be contacted at:

Legg Mason & Co., LLC
Compliance Department
620 Eighth Avenue, 49th Floor
New York, New York 10018

Complaints may also be submitted by telephone at 1-800-742-5274. Complaints submitted through this number will be received by the CCO.

The Fund's Audit Committee Chair may be contacted at:

Western Asset High Income Opportunity Fund Inc.
Audit Committee Chair
c/o Robert K. Fulton, Esq.
Stradley Ronon Stevens & Young, LLP
2600 One Commerce Square
Philadelphia, PA 19103

A stockholder who wishes to send any other communications to the Board should also deliver such communications to the Secretary of the Fund at 100 First Stamford Place, 7th Floor, Stamford, CT 06902. The Secretary is responsible for determining, in consultation with other officers of the Fund, counsel, and other advisers as appropriate, which stockholder communications will be relayed to the Board.

Expenses of Proxy Solicitation

The costs of preparing, assembling and mailing material in connection with this solicitation of proxies will be borne by the Fund and are expected to be approximately \$15,000.00. Proxies may also be solicited in-person by officers of the Fund and by regular employees of LMPFA or its affiliates, or other representatives of the Fund or by telephone, in addition to the use of mails. Brokerage houses, banks and other fiduciaries may be requested to forward proxy solicitation material to their principals to obtain authorization for the execution of proxies, and will be reimbursed by the Fund for such out-of-pocket expenses.

Other Business

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

By Order of the Board of Directors,

Robert I. Frenkel
Secretary

December 23, 2008

IT IS IMPORTANT THAT PROXIES BE RETURNED PROMPTLY. STOCKHOLDERS WHO DO NOT EXPECT TO ATTEND THE MEETING ARE THEREFORE URGED TO COMPLETE AND SIGN, DATE AND RETURN THE PROXY CARD AS SOON AS POSSIBLE IN THE ENCLOSED POSTAGE-PAID ENVELOPE.

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| WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC. | |
| FEBRUARY 6, 2009 AT 3:30 P.M. | |
| PROXY | PROXY |
| <p>PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS. The undersigned, holder of shares of Western Asset High Income Opportunity Fund Inc. (the Fund), hereby appoints Barbara J. Allen, Robert I. Frenkel, Thomas C. Mandia, Robert M. Nelson and William J. Renahan, attorneys and proxies for the undersigned, each with full powers of substitution and revocation, to represent the undersigned and to vote on behalf of the undersigned all shares of the Fund that the undersigned is entitled to vote at the Annual Meeting of Stockholders of the Fund to be held at 620 Eighth Avenue, 49th Floor, New York, NY 10018, on February 6, 2009, at 3:30 p.m., Eastern Time, and any adjournments or postponements thereof (the Meeting). The undersigned hereby acknowledges receipt of the Notice of Meeting and (if requested) the accompanying Proxy Statement and hereby instructs said attorneys and proxies to vote said shares as indicated herein. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the Meeting or any adjournments or postponements thereof. A majority of the proxies present and acting at the Meeting in person or by substitute (or if only one shall be present, then that one) shall have and may exercise all of the power and authority of said proxies hereunder. The undersigned hereby revokes any proxy previously given.</p> | |
| <p>Please refer to the proxy statement for a discussion of the proposals. This proxy, if properly executed, will be voted in the manner directed by the stockholder. If no direction is made, this proxy will be voted FOR the election of the nominees as director.</p> | |
| <u>NOTE: YOUR PROXY IS NOT VALID UNLESS IT IS SIGNED ON THE REVERSE SIDE.</u> | |

PROXY TABULATOR

P.O. BOX 9112

FARMINGDALE, NY 11735

To vote by Internet

- 1) Read the Proxy Statement and have the proxy card below at hand.
- 2) Go to website **www.proxyvote.com**
- 3) Follow the instructions provided on the website.

To vote by Telephone

- 1) Read the Proxy Statement and have the proxy card below at hand.
- 2) Call **1-800-690-6903**
- 3) Follow the instructions.

To vote by Mail

- 1) Read the Proxy Statement.
- 2) Check the appropriate boxes on the proxy card below.
- 3) Sign and date the proxy card.
- 4) Return the proxy card in the envelope provided.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:
WAHIO1

KEEP THIS PORTION FOR YOUR RECORDS
DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

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|--|---|--|--|-----|----------|---------|
| WESTERN ASSET HIGH INCOME | | | | | | |
| OPPORTUNITY FUND INC. | | | | | | |
| The Board of Directors recommends a vote | | | | For | Withhold | For All |
| FOR the following proposal: | | | | All | All | Except |
| | | | | | | |
| Vote On Directors | | | | | | |
| 1. | A proposal to elect two Class II Directors to the Fund's Board of Directors to serve until the 2012 Annual Meeting of Stockholders. | | | o | o | o |
| Nominees: | | | | | | |
| 01) Paolo M. Cucchi | | | | | | |
| 02) R. Jay Gerken | | | | | | |
| 2. | TO TRANSACT SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE ANNUAL MEETING OR ANY ADJOURNMENT THEREOF. | | | | | |
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| | | | | | |
| | Signature [PLEASE SIGN WITHIN BOX] | Date | | Signature (Joint Owners) | Date |
| | | | | | |

**WESTERN ASSET HIGH INCOME OPPORTUNITY
FUND INC.**

Shareholder Meeting to be held on 02/06/09

**** IMPORTANT NOTICE ****

Proxy Materials Available

Regarding the Availability of Proxy Materials

- Notice and Proxy Statement

You are receiving this communication because you hold shares in the above company, and the materials you should review before you cast your vote are now available.

This communication presents only an overview of the more complete proxy materials that are available to you on the Internet. We encourage you to access and review all of the important information contained in the proxy materials before voting.

PROXY MATERIALS - VIEW OR RECEIVE

You can choose to view the materials online or receive a paper or e-mail copy. There is NO charge for requesting a copy. Requests, instructions and other inquiries will NOT be forwarded to your investment advisor.

To facilitate timely delivery please make the request as instructed below on or before 01/26/09.

PROXY TABULATOR

HOW TO VIEW MATERIALS VIA THE INTERNET

P.O. BOX 9112

Have the 12 Digit Control Number available and visit:
www.proxyvote.com

FARMINGDALE, NY 11717

HOW TO REQUEST A COPY OF MATERIALS

- 1) BY INTERNET - www.proxyvote.com
- 2) BY TELEPHONE - 1-800-579-1639
- 3) BY E-MAIL* - sendmaterial@proxyvote.com

*If requesting materials by e-mail, please send a blank e-mail with the 12 Digit Control Number (located on the following page) in the subject line.

See The Reverse Side For Meeting Information and Instructions on How to Vote

Meeting Information

Meeting Type: Annual

Meeting Date: 02/06/09

Meeting Time: 3:30 p.m., Eastern Time

For holders as of: 12/05/08

Meeting Location:

Legg Mason

620 Eighth Avenue
49th Floor
New York, NY 10018

Meeting Directions:

For Meeting Directions, Please Call:
212-805-6000

How To Vote

Vote In Person

Many shareholder meetings have attendance requirements including, but not limited to, the possession of an attendance ticket issued by the entity holding the meeting. Please check the meeting materials for any special requirements for meeting attendance. At the Meeting, you will need to request a ballot to vote these shares.

Vote By Internet

To vote *now* by Internet, go to WWW.PROXYVOTE.COM. Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your notice in hand when you access the web site and follow the instructions.

| Voting items | | | |
|---|--|--|--|
| The Board of Directors recommends a vote FOR Proposals 1. | | | |
| 1. | A proposal to elect two Class II Directors to the Fund's Board of Directors | | |
| | Nominees: | | |
| | 01) Paolo M. Cucchi | | |
| | 02) R. Jay Gerken | | |
| 2. | TO TRANSACT SUCH OTHER BUSINESS AS MAY PROPERLY COME BEFORE THE ANNUAL MEETING OR ANY ADJOURNMENT THEREOF. | | |

2D

BARCODE

