

## **Western Asset Mortgage Defined Opportunity Fund Inc. Raises \$218.5 Million, Starts Trading on the NYSE**

NEW YORK--(Business Wire)—February 24, 2010 Western Asset Mortgage Defined Opportunity Fund Inc. (the "Fund") announced today that pricing has been completed for its initial public offering. The Fund raised approximately \$218.5 million in its common stock offering, assuming full exercise of the underwriters' overallotment option, which may or may not occur. Its shares began trading today on the New York Stock Exchange under the symbol "DMO."

The Fund's primary investment objective is to provide current income. As a secondary investment objective, the Fund will seek capital appreciation. There can be no assurance the Fund will achieve its investment objectives.

The Fund seeks to achieve its investment objectives by investing, under normal market conditions, at least 80% of its managed assets in mortgage-backed securities ("MBS") directly, and indirectly through a separate investment as a limited partner in a Delaware limited partnership (the "Feeder Fund"). The Feeder Fund invests substantially all of its assets available for investment, alongside the U.S. Department of the Treasury (the "Treasury"), in a Delaware limited partnership, organized as a master fund to invest directly in MBS and other assets eligible for purchase under the Legacy Securities Public-Private Investment Program ("PPIP"). Based on current market conditions, Wilshire Associates Incorporated ("Allocation Subadviser") anticipates that the Fund will invest 60% to 70% of the net proceeds of this offering directly in MBS and other permitted investments and approximately 30% to 40% of the net proceeds of this offering in the Feeder Fund. Under no circumstances will the Fund invest more than 40% of the net proceeds of this offering in the Feeder Fund.

The Fund has a limited-term and as a fundamental policy, the Fund intends to liquidate and distribute substantially all of the Fund's net assets to stockholders on or about March 1, 2022.

"We believe that mortgage-backed securities are at attractive valuations, and both the stabilizing economy and the significant policy response over the past 18 months create a compelling outlook for this market. We further believe that investors today have an opportunity to take advantage of a potential recovery. Our firm and the dedicated, experienced investment team at Western look forward to working with other industry players to assist in helping create stability in the residential mortgage market," stated Matt Schiffman, Head of Retail Americas for Legg Mason.

Western Asset Mortgage Defined Opportunity Fund Inc. is a newly organized, non-diversified, limited term, closed-end management investment company which is advised by Legg Mason Partners Fund Advisor, LLC ("LMPFA") and subadvised by Western Asset Management Company ("Western Asset"). LMPFA and Western Asset are wholly owned subsidiaries of Legg Mason, Inc. ("Legg Mason"). Wilshire Associates Incorporated, a registered investment adviser unaffiliated with Legg Mason, LMPFA, Western Asset or Western Asset Limited (the "Allocation Subadviser"), will determine whether and to what extent the Fund will invest in the Feeder Fund, subject to the supervision of the Fund's Board of Directors and LMPFA.

The underwriting syndicate was led by BofA Merrill Lynch and Wells Fargo Securities.

For more information, please contact the Fund at 1-888-777-0102 or visit the Fund's web site at [www.leggmason.com/cef](http://www.leggmason.com/cef).

About Legg Mason

Legg Mason is a global asset management firm with approximately \$679 billion in assets under management as of January 31, 2010. The company provides active asset management in many major investment centers throughout the world. Legg Mason is headquartered in Baltimore, Maryland, and its common stock is listed on the New York Stock Exchange (NYSE: LM).

#### About Western Asset

Western Asset is one of the world's premier fixed-income managers. With offices in Pasadena, New York, London, Singapore, Hong Kong, Melbourne and Sao Paulo, Western Asset offers institutional and retail clients a full range of fixed-income products. By devoting all of its resources to fixed income, Western Asset is able to provide a full commitment to its clients in every area of the firm. Western Asset's long performance track record and global presence has them positioned to continue their commitment to excellence in fixed-income management and client service. As of December 31, 2009, Western Asset had approximately \$482 billion in assets under management.

**The Fund is a newly organized, non-diversified, limited-term, closed-end management investment company. Investors should consider the investment objectives, risks, charges and expenses of the Fund carefully before investing. The prospectus, which contains this and other information about the Fund, should be read carefully before investing. A copy of the final prospectus relating to these securities may be obtained by contacting your financial advisor.**

All data and commentary provided in this press release are for informational purposes only. Legg Mason and its affiliates do not engage in selling shares of the Fund. The Fund's common shares are traded on the New York Stock Exchange. Similar to stocks, the Fund's share price will fluctuate with market conditions and, at the time of sale, may be worth more or less than the original investment. Shares of closed-end funds often trade at a discount to their net asset value.

This press release contains "forward-looking statements" as defined under the U.S. federal securities laws. Generally, the words "believe," "expect," "intend," "estimate," "anticipate," "project," "will," and similar expressions identify forward-looking statements, which generally are not historical in nature. Forward-looking statements are subject to certain risks and uncertainties that could cause actual future results to differ significantly from the Fund's present expectations or projections indicated in any forward-looking statements. These risks include, but are not limited to, changes in economic and political conditions; regulatory and legal changes; leverage risk; valuation risk; interest rate risk; tax risk; the volume of sales and purchase of shares; the continuation of investment advisory, administration and other service arrangements; and other risks discussed in the Fund's filings with the Securities and Exchange Commission. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made. The Fund undertakes no obligation to publicly update or revise any forward-looking statements made herein. There is no assurance that the Fund's investment objectives will be attained.

*The U.S. Department of the Treasury has not participated in the preparation of this release or the prospectus or made any representation regarding, and expressly disclaims any liability or responsibility to any investor in the fund for, the accuracy, completeness or correctness of any of the information contained herein or therein. Without limitation of the foregoing, the U.S. Department of the Treasury does not approve or disapprove of any tax disclosure or advice set forth herein or therein.*

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