

BRASIL TELECOM SA
Form 6-K
April 02, 2008

**SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 6-K

**REPORT OF FOREIGN ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF THE
SECURITIES EXCHANGE ACT OF 1934**

THROUGH April 02, 2008

(Commission File No. 1-15256)

BRASIL TELECOM S.A.

(Exact name of Registrant as specified in its Charter)

BRAZIL TELECOM COMPANY

(Translation of Registrant's name into English)

**SIA Sul, Área de Serviços Públicos, Lote D, Bloco B
Brasília, D.F., 71.215-000
Federative Republic of Brazil**

(Address of Registrant's principal executive offices)

Indicate by check mark whether the registrant files or will file
annual reports under cover Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K
in paper as permitted by Regulation S-T Rule 101(b)(1) .

Indicate by check mark if the registrant is submitting the Form 6-K
in paper as permitted by Regulation S-T Rule 101(b)(7) .

Indicate by check mark whether the registrant by furnishing the
information contained in this Form is also thereby furnishing the
information to the Commission pursuant to Rule 12g3-2(b) under
the Securities Exchange Act of 1934.

Yes No

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If "Yes" is marked, indicated below the file number assigned to the registrant in connection with Rule 12g3-2(b):

Brasília, April 2nd, 2008.

Overview and Strategy

1

Brasília, April 2nd, 2008.

Main Actions in the Restructuring Process

Single Supplier Project

Single Supplier Project

REDUCES RISKS	SIMILAR MOVEMENTS WORLDWIDE	
Reduces risks of suppliers (financial)instability	New Zealand	
Reduces labor risks and costs	Fixed, mobile, data Alcatel-Lucent plans, operates and maintains the network	Fixed, mobile IBM operates IT area
Has no risk of dependency, for technological density is low	Mobile Ericsson plans and operates the network	Mobile Alcatel-Lucent plans, operates and maintains the network

BrT Call Center and Ryan Project

SITUATION	COMPLICATION	SOLUTION
<p>Service areas with quality rates below expected</p> <p>Rate of satisfaction with service is of 67%. Dissatisfactory, considering the company receives 34 million* calls per month</p>	<p>Constant introduction of new products (mobile, broadband, providers, IPTV)and promotion packages</p> <p>Contractor (Teleperformance)manages the Call Centers</p>	<p>Implementation:</p> <p>RYAN PROJECT</p> <p>Creation:</p> <p>BrT CALL CENTER</p>

* 16 million retained at URA and 18 million received by an operator

BrT Call Center and Ryan Project

RYAN PROJECT

Mapping of the problems faced by customers in their experience with BrT

Correction of systems, processes and training failures found

BrT CALL CENTER

Termination of agreement with Teleperformance

Internalization of this operation with the creation of a wholly-owned subsidiary (> 10,000 operators)

Direct control over operation

New business unit as of 2009

FIRST RESULTS

Quick service (customers serviced in up to 20 seconds)

DEC 06	DEC 07
69%	82%

Customer satisfaction with the Call Center service

DEC 06	DEC 07
67%	74%

Global cost of the service operation: (R\$ million/month)

JAN 06	JAN 07	JAN 08
25.1	21.0	17.9

Videon Launch

Strategic Movement

Pioneer initiative in the country

Pilot project in Brasilia

2006 and 2007 Results

	2005	2006	Δ %	2007	Δ %
Gross Revenue (R\$ million)	14,687	15,111	+3%	15,997	+6%
Operational Expenses Cost (R\$ million)	7,429	6,803	-8%	7,262	+7%
EBITDA (R\$ million)	2,709	3,494	+29%	3,797	+9%
EBITDA Margin (%)	27%	34%	+7p.p	34.4%	+0.4p.p.
Net Income (R\$ million)	-30	470	N.A.	671	+43%
CAPEX (R\$ million)	1,978	1,451	-27%	1,399	-4%
Net Debt (R\$ million)	1,955	1,312	-33%	490	-63%
Mobile Accesses (thousand)	2,213	3,377	+53%	4,263	+26%
Broadband Accesses (thousand)	1,014	1,318	+30%	1,568	+19%

Movements for 2008

Corporate Governance

10

Brasília, April 2nd, 2008.

Actions Implemented by the Corporate Governance Program

Redesign of the Governance Portal (layout, navigability, new contents, user manual and etc...)

Consolidation of procedures for the holding of corporate events (Board of Directors, Fiscal Council and Shareholders Meetings), with definition of the corporate chronogram, agenda and call notices.

Support to the implementation of good corporate governance practices

- Creation of the Board of Directors Internal Regulation
- Creation of Advisory Committees to assist the Board of Directors (Processes, Risks, Compensation and People Management), and elaboration of the respective regulations
- Support to the Board of Directors self-evaluation

Actions Implemented under the Corporate Governance Program

Support to the implementation of good corporate governance practices

- Revision of the decision process with the implementation of the Company's Area of Authority.
- Implementation of the Joint Management concept, with amendments to the Company's Bylaws.
- Revision of the Company's Information Disclosure and Use and Securities Trading manual.
- Deepening of discussions and initiatives regarding Sustainability in the Company.
- Maintenance of the quality standards in corporate events.

Corporate Risk Management as a way to improve the Governance Model

Risk Management Attributions and Pillars

Evolution of SOx for Corporate Risk Management

The Industry and Regulatory Matters

16

Brasília, April 2nd, 2008.

Agenda

Initial Considerations

Key Trends of the Business

Regulatory Matters

Brasil Telecom's Strategic Axis

Transformation in the Telco Sector

The new network generation (multi-service IP) and mobility allow for the so-called ubiquitous services: anything (voice, data and video), anytime, anywhere.

Consumers and companies will increasingly be attracted by service providers who offer complete solutions, accessible anytime, anywhere.

Innovative business models, more adequate to modern times, end up being a matter of survival.

Key Trends of the Business

	Drivers and Evidences
Fixed-mobile substitution	The fixed-mobile substitution keeps growing in Brazil and worldwide
Broadband growth	On the basis of the pyramid and in the young segment, the substitution effect is more accentuated
New technologies (wireless)	Attack movements of mobile operators, such as Home Zone encourage the traffic migration even more

Key Trends of the Business

	Drivers and Evidences
Fixed-mobile substitution	In Brazil, penetration increased 32% in 2007: - Economic expansion, credit, incentives, etc. Diffusion of computers is a fundamental requisite for universalization Governmental actions might speed up the universalization process Municipal initiatives to promote free access start to be worrisome
Broadband growth	
New technologies (wireless)	

Key Trends of the Business

Fixed-mobile substitution	Drivers and Evidences
Broadband growth	<p>3G already has global scale and was bid by the end of 2007 in Brazil</p>
New technologies (wireless)	<p>WiMAX is an opportunity for network supplementation, threatening concessioners with the entry of new players</p> <ul style="list-style-type: none"> - Fixed WiMAX is already in operation in some countries, while mobile WiMAX will be a reality by 2009 - It will have an opportunity for success in 3 specific applications: alternative networks, developing regions, and rural zones - However, these opportunities tend to represent a marginal stake of the global market <p>In Brazil there are licenses already, acquired in 2003, and a new bid might be held within the upcoming months</p>

Other Key Trends of the Business

VoIP Emergency	Drivers and Evidences
Advance in TIC chain	VoIP poses a threat to the fixed voice market, and tends to increase with the broadband expansion
Erosion of the business frontiers	Phone-to-phone model via cable operators is clearly the largest threat among the VoIP players
Content and aggregation	Broadband penetration and price are the key drivers of VoIP adoption

Other Key Trends of the Business

VoIP Emergency	Drivers and Evidences
Advance in TIC chain	IT & Telecom joint purchase is a reality
Erosion of the business frontiers	Supplementary logic for the entry of new telecom operators includes: differentiation, profitabilization, attack and defense
Content and aggregation	Telecom providers positioning in the TIC chain and the means of entry might change, but some successful cases start to consolidate

Other Key Trends of the Business

VoIP Emergency	Drivers and Evidences
Advance in TIC chain	Bundles play a key role in the market: - In the USA they represent 30% to 40% of the market, while the triple play accounts for 20% to 25%.
Erosion of the business frontiers	Bundles have a very strong rationale for operators and customers
Content and aggregation	Triple play will be the most expressive bundle and TV will play a core role

Other Key Trends of the Business

VoIP Emergency	Drivers and Evidences
Advance in TIC chain	
Erosion of the business frontiers	Strong growth of mobile ARPU in the USA; 71% of the content revenue is from traffic
Content and aggregation	In Brazil, SMS is still little diffused

Regulatory Matters

VOICE:

Numberportability in fixed and mobile

Resale of minutes

VoIP Regulation

Efficient use of spectrum

PGO Revision

DATA:

Invitation to bid for remainders of 3G (H Band)

WiMAX invitation to bid

VIDEO:

PL/29 Pay-TV sector and Cable Law

Grant Plan for cable TV and MMDS

RATES:

Cost models for interconnection of network use (fixed and mobile)

WACC Regulation

Strategic Axes

Portfolio <i>Develop increasingly convergent services for each customer segment</i>	Fixed voice	<i>Limit erosion through segmentation, loyalty, retention, use of installed capacity and with products for the low-income segment</i>
	Broadband	<i>Grow with profitability, exploring capillarities, expanding wireless coverage, striving against competition, and seeking the lower-income segment</i>
	Mobile	<i>Maintain growth with offers which are appropriate for each region and segment, increasing scale and assuring profitability</i>
	Data	<i>Remain in the forefront in the offer of innovative services, encouraging the migration to IP solutions and developing new markets and businesses</i>
	Internet	<i>Explore the market opportunities, increase the ARPU and take steps towards being a Web 2.0 provider</i>

New Technologies *Use emerging technologies (Wi-Fi, WiMax, 3G, FFTX, etc.) so as to keep a portfolio which is always up-to-date and innovative*

Acquisitions *Seek inorganic growth opportunities in telecommunications and correlated segments*

<u>Regulatory</u> <i>Having a harmonious and constructive relationship</i>	<u>Operating Efficiency</u> <i>Managing inputs and resources so as to ensure the value generation goal</i>	<u>Customer Service</u> <i>Internalizing the service so as to improve quality and the sub-segmented treatment to customers</i>
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**Operations, Network Evolution
and New Services**

Brasília, April 2nd, 2008.

Operation Strategic Macro Guidelines

Growth Drivers

Keep on expanding the mobile operation so as to gain scale, assuring profitability.
Expand the broadband operation with segmented bundles, improving the profitability.

Business Defense

Minimize the drop in the fixed voice operation through convergent customer loyalty and expansion in low- income segments.

Mobile Operation

Keep on expanding the operation so as to gain scale, assuring profitability

Mobile Operation Growth

Brasil Telecom s 3G Operation

3G Positioning

3G means more than data, speed and even voice

Improved spectral efficiency

Reduced network cost

In addition to advanced products such as Mobile Video and Mobile TV, Brasil Telecom will use 3G to leverage core products in the Brazilian market, such as voice (FLAT FEE) and SMS.

Broadband Operation: High-Speed Internet Access

Keep growth with profitability

ADSL Broadband

Mobile Broadband

Broadband Growth and Penetration

Broadband access growth

Broadband Accesses (x 1,000)

Company	2006	2007	Variation
Brasil Telecom	1,318	1,568	+ 19%
Telemar	1,128	1,518	+ 35%
Telefônica	1,607	2,053	+ 28%
GvT	137	246	+ 79%
Net	862	1,423	+ 65%

Broadband penetration in fixed lines

Broadband / Lines in Operation (%)

Company	2006	2007
Brasil Telecom	16%	20%
Telemar	8%	11%
Telefônica	13%	17%

Broadband Operation: High-Speed Internet Access

Keep growth with profitability

ADSL Broadband

Mobile Broadband

Mobile Broadband: Internet Everywhere

Brasil Telecom Videon IPTV: Coverage Expansion

1st Operator to launch in Brazil in Sept-07

The expansion of the service is subject to a positive sign of the possibility that we can offer a complete product, including pay-TV (PL 29).

Fixed Voice Operation

Limit the shrinking of fixed voice

Total Control

Concept & Characteristics

-100% fixed prepaid plan, targeted at the low-income segment (C, D and E). There are 3 plans: 50,100 and 200 minutes, which can be used for local calls to any BrT fixed or mobile phone;

- 43% of the clients who acquired the product never had fixed telephones, and the others (57%) were out of the base for at least 5 months.

Sales action: Door-to-Door (Arrastão)

Single Phone: Fixed-Mobile Convergence

Fixed and cell phones in one single device

Single Phone Evolution: SIP/WiFi

Mobility of fixed telephone

Savings, convenience and simplicity

Flat tariff on WiFi network, with no geographical restrictions

Automatic Handover from the WiFi to the mobile network

Automatic connection in Wi-Fi networks

Brasil Telecom Bundles of Convergent Offers



Focus on sales growth and customer loyalty of the current base

Pluri Bundles

Pluri Bundles

Results and 2008 Guidance

Brasília, April 2nd, 2008.

Agenda

Results Evolution

Balance Sheet Analysis

Financial Management

Cash Flow

2008 Guidance

Market Disclosure Policy

Results Evolution

47

Financial Performance

* Dividends of Brasil Telecom S.A. excludes payment to Brasil Telecom Participações.

Operating Costs and Expenses

Revenue Growth

Balance Sheet Analysis

51

Balance Sheet - Assets

	2006	2007
R\$ million		
CURRENT ASSETS	7,498.1	7,436.0
Cash and cash equivalents	4,063.4	3,893.5
Accounts Receivable (Net)	2,127.7	2,189.7
Deferred Taxes and Taxes Recoverable	944.1	804.5
Other	363.0	549.3
LONG-TERM ASSETS	2,128.4	2,967.1
Loans and Financings	2.9	6.2
Deferred Taxes and Taxes Recoverable	1,649.5	1,793.2
Other	476.0	1,167.7
PERMANENT ASSETS	8,167.3	7,026.2
Investments (Net)	330.1	201.5
Property, Plant & Equipment, and Intangible (Net)	7,698.8	6,713.8
Deferred Assets (Net)	138.5	111.0
TOTAL ASSETS	17,793.8	17,429.3

Balance Sheet - Liabilities

	2006	2007
R\$ million		
CURRENT LIABILITIES	4,852.4	4,727.4
Loans and Financings	1,109.5	496.8
Suppliers	1,474.7	1,483.0
Taxes, charges, and contributions	893.3	832.2
Dividends Payable	614.4	1,016.5
Other	760.5	898.9
LONG-TERM LIABILITIES	5,852.7	5,629.7
Loans and Financings	4,265.6	3,886.6
Other	1,587.1	1,743.1
MINORITY INTEREST	1,811.1	1,825.7
SHAREHOLDERS' EQUITY	5,277.6	5,246.5
Capital Stock	2,596.3	2,596.3
Capital reserves	309.2	309.2
Profit reserves	306.3	266.0
Retained Earnings	2,086.6	2,095.9
Treasury Shares	(20.8)	(20.8)
TOTAL LIABILITIES	17,793.8	17,429.3

Financial Management

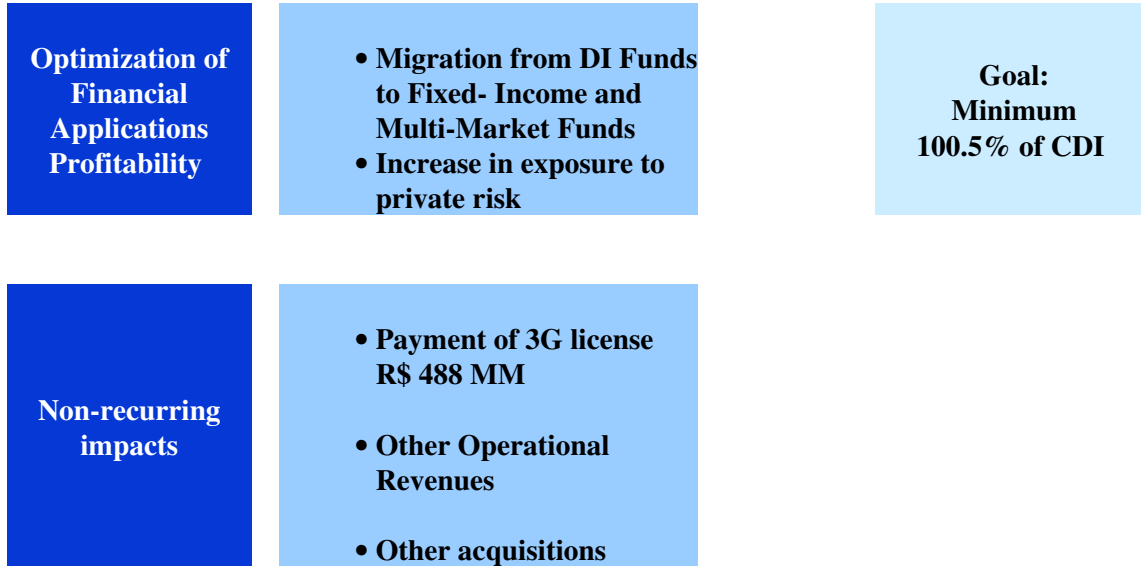
Financial Management

Cash Management

Debt Management

Financial Services

Cash Management



Debt

Main Creditors*

Amortization Schedule

As of 12/31/2007

As of 12/31/2007		R\$ Million
YEAR	TOTAL	%
2008	496.8	11.3%
2009	608.5	13.9%
2010	719.7	16.4%
2011	778.5	17.8%
2012	640.9	14.6%
2013	641.7	14.6%
2014 forward	497.3	11.4%
TOTAL	4,383.4	100.0%

* Without hedge adjustments

Debt Management

Access to attractive financing sources	<ul style="list-style-type: none">• Cost of debt is lower than Cash profitability	Cost of Debt: 80% of CDI
Liability Management	<ul style="list-style-type: none">• Advance payment of the 4th issue of debentures (R\$500 million)• Bonds Repurchase in 2009	Settled Debt Cost: 108.4% of CDI
Low foreign exchange exposure	<ul style="list-style-type: none">• Cash exposure to foreign currency: 9%	

Ratings

Fitch Ratings

Fitch Ratings		Rating
BTP	IDR Issued Default Rating (Global Scale) National Scale	BBB
BTSA	IDR Issued Default Rating (Global Scale) PRI Notes (Political Risk Insurance) National Scale Debentures 5th issuance	BBB BBB AA+br AA+br

S&P

S&P		Rating
BTP	National Scale	brAA+
BTSA	National Scale Debentures 5th issuance	brAA+ brAA+

Moody's

Moody's		Rating
BTSA	Global Scale Debentures 4th issuance Global scale	Ba1 Ba1
	Principal Occupation(s) During Past 5 years	

Vanessa A. Williams
Legg Mason & Co.
100 First Stamford Place,
Stamford, CT 06902
Birth year: 1979

Identity Theft Prevention Officer Since 2011

Identity Theft Prevention Officer of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2011); Chief Anti-Money Laundering Compliance Officer of certain mutual funds associated with Legg Mason & Co. or its affiliates (since 2011); formerly, Assistant Vice President and Senior Compliance Officer of Legg Mason & Co. or its predecessor (2008 to 2011); formerly, Compliance Analyst

of Legg Mason & Co. or its predecessor
(2004 to 2008)

Steven Frank
Legg Mason & Co.
55 Water Street,
New York, NY 10041
Birth Year: 1967

Treasurer

Since Vice President of Legg Mason & Co.
2010 (since 2002); Treasurer of certain funds
associated with Legg Mason or its
affiliates (since 2010); formerly,
Controller of certain funds associated
with Legg Mason or its predecessors
(from 2005 to 2010); Formerly, Assistant
Controller of certain mutual funds
associated with Legg Mason
predecessors (from 2001 to 2005)

Robert I. Frenkel
Legg Mason & Co.
100 First Stamford Place
Stamford, CT 06902
Birth year: 1954

Secretary and
Chief Legal
Officer

Since Managing Director and General Counsel
2003 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)

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (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 and entities are required by SEC regulations to furnish the Fund with copies of all such filings. Based solely on its review of the copies of such forms received by it, or written representations from certain reporting persons, the Fund believes that, during the fiscal year ended May 31, 2012, all such filing requirements were met with respect to the Fund.

Report of the Audit Committee

Pursuant to a meeting of the Audit Committee on July 16, 2012, 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, as amended, as adopted by the Public Company Accounting Oversight Board in Rule 3200T; 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 May 31, 2012.

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

July 16, 2012

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 Board of Directors, including the Directors who are not "interested" persons 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 ending May 31, 2011 and May 31, 2012 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 were \$64,600 in 2011 and \$67,950 in 2012.

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 May 31, 2011 and May 31, 2012 was \$0 and \$0, respectively.

In addition, there were no Audit Related Fees billed in the fiscal years ended May 31, 2011 and May 31, 2012 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 May 31, 2011 and May 31, 2012 were \$0 and \$3,100, respectively.

There were no fees billed by KPMG to the Service Affiliates for tax services for the fiscal years ended May 31, 2011 and May 31, 2012 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 May 31, 2011 and May 31, 2012.

There were no other non-audit services rendered by KPMG to the Service Affiliates in the fiscal years ended May 31, 2011 and May 31, 2012.

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 was 100% for the fiscal years ended May 31, 2011 and May 31, 2012; Tax Fees was 100% for the fiscal years ended May 31, 2011 and May 31, 2012; and for Other Fees paid was 100% for the fiscal years ended May 31, 2011 and May 31, 2012.

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.

No aggregate non-audit fees have been billed to the Fund and to the Service Affiliates by KPMG for non-audit services rendered to the Fund and Service Affiliates for the fiscal years ended May 31, 2011 and May 31, 2012.

A representative of KPMG, if requested by any stockholder, will be present via telephone at the Meeting to respond to appropriate questions from stockholders and will have an opportunity to make a statement if he or she chooses to do so.

5% Beneficial Ownership

At July 27, 2012, to the knowledge of management, the registered stockholders who owned of record or owned beneficially more than 5% of the Fund's capital stock outstanding is noted in the table below. As of the close of business on July 27, 2012, Cede & Co., a nominee for participants in the Depository Trust Company, held of record 30,848,648 shares, equal to approximately 99% of the Fund's outstanding shares, including the shares shown below.

Percent	Name	Address
5.21% ⁽¹⁾	Guggenheim Funds Distributors, Inc. and Guggenheim Funds Investment Advisors, LLC on behalf of its Defined Portfolios and Exchange-traded Fund	2455 Corporate West Drive Lisle, IL 60532

(1) Based upon information obtained from Schedule 13G filed with the SEC on February 3, 2012.

Submission of Stockholder Proposals and Other Stockholder Communications

All proposals by stockholders of the Fund that are intended to be presented at the 2013 Annual Meeting of Stockholders must be received by the Fund for inclusion in the Fund's proxy statement and proxy relating to that meeting no later than April 29, 2013. Any stockholder who desires to bring a proposal at the 2013 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, 6th Floor, Stamford, CT 06902) during the period from June 30, 2013 to July 30, 2013. However, if the Fund's 2013 Annual Meeting of Stockholders is held earlier than August 29, 2013 or later than November 27, 2013, such written notice must be delivered to the Secretary of the Fund no earlier than 90 days before the date of the 2013 Annual Meeting of Stockholders and no later than the later of 60 days prior to the date of the 2013 Annual Meeting of Stockholders or 10 days following the public announcement of the date of the 2013 Annual Meeting of Stockholders. Stockholder proposals are subject to certain regulations under the federal securities laws.

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 Global High Income 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, 6th 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 \$30,000. 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

August 27, 2012

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.

**PROXY TABULATOR
P.O. BOX 859232
BRAintree, MA 02185-9232**

**Vote this proxy card TODAY!
Your prompt response will save the
expense
of additional mailings.**

LOG-ON: Vote on the internet at www.kingproxy.com/leggmason and follow the on-screen instructions.
CALL: To vote by phone call toll-free **1-800-359-5559** and follow the recorded instructions.
MAIL: Return the signed proxy card in the enclosed envelope.

WESTERN ASSET GLOBAL HIGH INCOME FUND INC.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Robert I. Frenkel, George P. Hoyt, Michael Kocur and Barbara Allen and each of them, attorneys and proxies for the undersigned, with full power of substitution and revocation to represent the undersigned and to vote on behalf of the undersigned all shares of Western Asset Global High Income Fund Inc. (the Fund) which the undersigned is entitled to vote at the Annual Meeting of Stockholders of the Fund to be held at Legg Mason, 620 Eighth Avenue (at 41st Street), 49th Floor, New York, New York on September 28, 2012, at 11:30 a.m., Eastern Daylight Time and at any adjournments thereof (the Meeting). The undersigned hereby acknowledges receipt of the Notice of Meeting and accompanying proxy statement and hereby instructs said attorneys and proxies to vote said shares as indicated hereon. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the Meeting. A majority of the proxies present and acting at the Meeting in person or by substitute (or, if only one shall be so 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.

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.

**PLEASE SIGN, DATE, AND RETURN PROMPTLY IN ENCLOSED
ENVELOPE IF YOU ARE NOT VOTING BY Dated
PHONE OR INTERNET**

Signature(s) (Title(s), if applicable)

(Sign in the Box)

Note: Please sign exactly as your name appears on this Proxy. When signing in a fiduciary capacity, such as executor, administrator, trustee, attorney, guardian, etc., please so indicate. Corporate or partnership proxies should be signed by an authorized person indicating the person's title.

LFM10-110-Front 1.02

PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE.

PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE. Example:

The Board of Directors recommends a vote FOR the following proposal:

1. Election of Class II Directors, to serve until the 2015 Annual Meeting of Stockholders:	FOR all nominees listed	WITHHOLD
(01) Leslie H. Gelb	(except as noted on the	authority to vote for all
(02) William R. Hutchinson	line at left)	nominees
(03) R. Jay Gerken

(Instruction: To withhold authority to vote for any individual nominee(s), write the name(s) of the nominee(s) on the line above.)

PLEASE SIGN ON REVERSE SIDE

LMF10-110-Back 1.01
