

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Form N-Q

March 01, 2007

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

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number

811- 7920

Western Asset High Income Opportunity Fund Inc.
(Exact name of registrant as specified in charter)

125 Broad Street, New York, NY
(Address of principal executive offices)

10004
(Zip code)

Robert I. Frenkel, Esq.

Legg Mason & Co., LLC

300 First Stamford Place

Stamford, CT 06902
(Name and address of agent for service)

Registrant's telephone number, including area code:

1-800-451-2010

Date of fiscal year end: September 30

Date of reporting period: December 31, 2006

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

FORM N-Q

DECEMBER 31, 2006

ITEM 1. SCHEDULE OF INVESTMENTS

Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited)

December 31, 2006

Face Amount	Rating	Security	Value
CORPORATE BONDS & NOTES 93.1%			
Aerospace & Defense 1.3%			
\$ 995,000	B+	Alliant Techsystems Inc., Senior Subordinated Notes, 6.750% due 4/1/16	\$ 997,487
850,000	B+	DRS Technologies Inc., Senior Subordinated Notes: 6.625% due 2/1/16	860,625
1,750,000	B	7.625% due 2/1/18	1,811,250
700,000	BB+	L-3 Communications Corp., Senior Subordinated Notes: 7.625% due 6/15/12	728,000
1,460,000	BB+	5.875% due 1/15/15	1,416,200
1,270,000	B-	TransDigm Inc., 7.750% due 7/15/14	1,314,450
		Total Aerospace & Defense	7,128,012
Airlines 1.2%			
940,000	CCC+	Continental Airlines Inc.: Notes, 8.750% due 12/1/11	951,750
322,948	B+	Pass-Through Certificates, Series 2000-2, Class C, 8.312% due 4/2/11	324,765
962,968	B	United Airlines Inc., Pass-Through Certificates: Series 2000-1, Class B, 8.030% due 7/1/11 (a)	1,050,236
2,268,135	B	Series 2000-2, Class B, 7.811% due 10/1/09 (a)	2,507,707
460,000	B+	Series 2001-1: Class B, 6.932% due 9/1/11 (a)	517,787
1,045,000	CCC-	Class C, 6.831% due 9/1/08 (a)	1,108,353
		Total Airlines	6,460,598
Auto Components 1.4%			
695,000	B	Arvin Capital I, Capital Securities, 9.500% due 2/1/27	709,769
1,820,000	CCC+	Keystone Automotive Operations Inc., Senior Subordinated Notes, 9.750% due 11/1/13	1,810,900
555,000	BB-	TRW Automotive Inc.: Senior Notes, 9.375% due 2/15/13	598,012
276,000	BB-	Senior Subordinated Notes, 11.000% due 2/15/13	303,945
2,445,000	CCC+	Visteon Corp., Senior Notes: 8.250% due 8/1/10	2,396,100
1,765,000	CCC+	7.000% due 3/10/14	1,553,200
		Total Auto Components	7,371,926
Automobiles 2.7%			
575,000	CCC+	Ford Motor Co.: Debentures, 8.875% due 1/15/22	503,125
7,615,000	CCC+	Notes, 7.450% due 7/16/31	6,015,850
1,330,000	B-	General Motors Corp.: Notes, 7.200% due 1/15/11	1,293,425
		Senior Debentures:	

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1,350,000	B-	8.250% due 7/15/23	1,262,250
3,600,000	B-	8.375% due 7/15/33	3,348,000
2,125,000	B-	Senior Notes, 7.125% due 7/15/13	2,008,125
		Total Automobiles	14,430,775

Building Products 1.8%

		Associated Materials Inc.:	
	CCC	Senior Discount Notes, step bond to yield 10.757% due 3/1/14	3,111,000
4,575,000	CCC	Senior Subordinated Notes, 9.750% due 4/15/12	232,875
225,000	B	Jacuzzi Brands Inc., Senior Secured Notes, 9.625% due 7/1/10	1,323,700
1,240,000	CCC+	Nortek Inc., Senior Subordinated Notes, 8.500% due 9/1/14	1,108,125
1,125,000	CCC+	NTK Holdings Inc., Senior Discount Notes, step bond to yield 11.443% due 3/1/14	3,778,800
5,360,000		Total Building Products	9,554,500

See Notes to Schedule of Investments.

Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited) (continued)

December 31, 2006

Face Amount	Rating	Security	Value
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