WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Form N-Q August 26, 2008

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)

55 Water Street, New York, NY (Address of principal executive offices)

10041 (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: June 30, 2008

ITEM 1. SCHEDULE OF INVESTMENTS

OPPORTUNITY FUND INC.

FORM N-Q

JUNE 30, 2008

Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited)

Face Amount CORPORATE BONDS & NOTES 91.5% CONSUMER DISCRETIONARY 18.0% Auto Components 1.5%	Security	Value
ruto components 110 /0	Allison Transmission Inc.:	
970,000	11.000% due 11/1/15 (a) \$	873,000
1,720,000	Senior Notes, 11.250% due 11/1/15 (a)(b)	1,496,400
1,820,000	Keystone Automotive Operations Inc., Senior	, ,
,,	Subordinated Notes, 9.750% due 11/1/13	882,700
	Visteon Corp.:	,
3,456,000	12.250% due 12/31/16 (a)	2,782,080
1,372,000	Senior Notes, 8.250% due 8/1/10	1,227,940
	Total Auto Components	7,262,120
Automobiles 1.4%	•	
505,000	Ford Motor Co., Debentures, 8.900% due 1/15/32	325,725
	General Motors Corp.:	
1,330,000	Notes, 7.200% due 1/15/11	1,027,425
	Senior Debentures:	
1,350,000	8.250% due 7/15/23	793,125
5,040,000	8.375% due 7/15/33	3,011,400
2,125,000	Senior Notes, 7.125% due 7/15/13	1,354,687
	Total Automobiles	6,512,362
Diversified Consumer Services 0.5%		
2,485,000	Education Management LLC/Education Management Finance Corp., Senior Subordinated Notes, 10.250% due	
Hotels Postouvents & Leisure 20%	6/1/16	2,298,625
Hotels, Restaurants & Leisure 3.9%	Pavid Caming Corn. Saniar Subardinated Notes 7 125%	
675,000	Boyd Gaming Corp., Senior Subordinated Notes, 7.125% due 2/1/16	501,188
2,345,000	Buffets Inc., Senior Notes, 12.500% due 11/1/14 (c)	46,900
1,370,000	Caesars Entertainment Inc., Senior Subordinated Notes,	40,700
1,570,000	8.125% due 5/15/11	1,102,850
	Carrols Corp., Senior Subordinated Notes, 9.000% due	1,102,030
1,450,000	1/15/13	1,268,750
618,000	Denny s Holdings Inc., Senior Notes, 10.000% due 10/1/12	602,550
1,220,000	Downstream Development Quapaw, Senior Notes, 12.000%	302,000
	due 10/15/15 (a)	972,950
1,095,000	El Pollo Loco Inc., Senior Notes, 11.750% due 11/15/13	1,095,000
445,000	Fontainebleau Las Vegas Holdings LLC/Fontainebleau	
	Las Vegas Capital Corp., 10.250% due 6/15/15 (a)	291,475
	Harrah s Operating Co. Inc., Senior Notes, 10.750% due	
1,120,000	2/1/16 (a)	935,200
	Indianapolis Downs LLC & Capital Corp., 11.000% due	
1,640,000	11/1/12 (a)	1,500,600
2,545,000		2,201,425

	Inn of the Mountain Gods Resort & Casino, Senior Notes,	
	12.000% due 11/15/10	
700,000	Mandalay Resort Group, Senior Subordinated Debentures,	
	7.625% due 7/15/13	591,500
	MGM MIRAGE Inc.:	
1,130,000	Notes, 6.750% due 9/1/12	1,019,825
360,000	Senior Notes, 7.500% due 6/1/16	297,900
225,000	Mohegan Tribal Gaming Authority, Senior Subordinated	
	Notes, 6.875% due 2/15/15	178,875
	Pokagon Gaming Authority, Senior Notes, 10.375% due	
2,135,000	6/15/14 (a)	2,300,462
1,155,000	Sbarro Inc., Senior Notes, 10.375% due 2/1/15	993,300
790,000	Snoqualmie Entertainment Authority, Senior Secured	
	Notes, 6.936% due 2/1/14 (a)(d)	584,600
	Station Casinos Inc.:	
	Senior Notes:	
80,000	6.000% due 4/1/12	64,000
1,865,000	7.750% due 8/15/16	1,436,050
	Senior Subordinated Notes:	
135,000	6.875% due 3/1/16	74,419

Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited) (continued)

Face Amount	Security	Value
Hotels, Restaurants & Leisure 3.9% (continued)	Security	value
165,000	6.625% due 3/15/18	\$ 89,100
103,000	Total Hotels, Restaurants & Leisure	18,148,919
Household Durables 1.9%	Total Hotels, Restaurants & Leisure	10,110,717
Troubellota Barables 115 /c	American Greetings Corp., Senior Notes, 7.375% due	
200,000	6/1/16	196,000
1,140,000	D.R. Horton Inc., Senior Notes, 8.000% due 2/1/09	1,142,850
1,140,000	Jarden Corp., Senior Subordinated Notes, 7.500% due	1,142,030
1,950,000	5/1/17	1,706,250
1,965,000	K Hovnanian Enterprises Inc., 11.500% due 5/1/13 (a)	2,048,513
	Norcraft Cos. LP/Norcraft Finance Corp., Senior	2,046,313
1,790,000	•	1 007 000
2 210 000	Subordinated Notes, 9.000% due 11/1/11	1,807,900
2,210,000	Norcraft Holdings LP/Norcraft Capital Corp., Senior	2.0(0.112
	Discount Notes, step bond to yield 10.128% due 9/1/12	2,069,112
T	Total Household Durables	8,970,625
Internet & Catalog Retail 0.2%	5 W 7 G 1 37 G 5000 1 50446 ()	
780,000	Expedia Inc., Senior Notes, 8.500% due 7/1/16 (a)	766,350
Media 6.3%		
	Affinion Group Inc.:	
550.000	Senior Notes, 10.125% due 10/15/13	554,125
2,520,000	Senior Subordinated Notes, 11.500% due 10/15/15	2,526,300
8,745,000	CCH I LLC/CCH I Capital Corp., Senior Secured Notes,	2,620,600
0,713,000	11.000% due 10/1/15	6,525,956
	CCH II LLC/CCH II Capital Corp., Senior Notes,	0,525,750
795,000	10.250% due 10/1/13	721,463
540,000	Charter Communications Holdings LLC, Senior Discount	721,403
340,000	Notes, 12.125% due 1/15/12	394,200
850,000	Charter Communications Holdings LLC/Charter	394,200
850,000	Communications Holdings Capital Corp., Senior Discount	
	Notes, 11.750% due 5/15/11	620,500
2,930,000	Charter Communications Inc., Senior Secured Notes,	020,300
2,930,000	· · · · · · · · · · · · · · · · · · ·	2 025 225
	10.875% due 9/15/14 (a)	3,025,225
1 220 000	CSC Holdings Inc., Senior Notes:	1 222 200
1,320,000	8.125% due 7/15/09	1,333,200
760,000	6.750% due 4/15/12	718,200
1,416,000	Dex Media West LLC/Dex Media Finance Co., Senior	1 277 040
((0.000	Subordinated Notes, 9.875% due 8/15/13	1,277,940
660,000	DIRECTV Holdings LLC/DIRECTV Financing Co. Inc.,	602 100
	Senior Notes, 8.375% due 3/15/13	683,100
	EchoStar DBS Corp., Senior Notes, 7.750% due 5/31/15	
630,000	(a)	615,825
2,575,000	Historic TW Inc., Senior Notes, 6.625% due 5/15/29	2,349,494
4,310,000	Idearc Inc., Senior Notes, 8.000% due 11/15/16	2,731,463
	R.H. Donnelley Corp.:	
1,475,000	Senior Discount Notes, 6.875% due 1/15/13	885,000

1 015 000		Saniar Notes 9 975% due 1/15/16	1 150 575
1,915,000		Senior Notes, 8.875% due 1/15/16	1,158,575
1,060,000		Sun Media Corp., 7.625% due 2/15/13	1,030,850
		TL Acquisitions Inc.:	
1,080,000		Senior Notes, 10.500% due 1/15/15 (a)	939,600
		Senior Subordinated Notes, step bond to yield 13.249%	
1,790,000		due 7/15/15 (a)	1,315,650
		Total Media	29,406,666
Multiline Retail	1.4%		
		Dollar General Corp.:	
510,000		10.625% due 7/15/15	507,450
1,840,000		Senior Subordinated Notes, 11.875% due 7/15/17 (b)	1,748,000
		Neiman Marcus Group Inc.:	
150,000		7.125% due 6/1/28	133,500
4,345,000		Senior Subordinated Notes, 10.375% due 10/15/15	4,366,725
		Total Multiline Retail	6,755,675
Specialty Retail	0.9%		
		Ace Hardware Corp., Senior Secured Notes, 9.125% due	
540,000		6/1/16 (a)	507,600

Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited) (continued)

Face Amount		Security	Value
Specialty Retail 0.9% (conti	inued)	•	
		AutoNation Inc., Senior Notes:	
225,000		4.713% due 4/15/13 (d)	\$ 191,250
345,000		7.000% due 4/15/14	308,775
		Blockbuster Inc., Senior Subordinated Notes, 9.000% due	
1,735,000		9/1/12	1,427,037
365,000		Eye Care Centers of America, Senior Subordinated Notes,	
		10.750% due 2/15/15	379,600
		Michaels Stores Inc.:	
1,120,000		Senior Notes, 10.000% due 11/1/14	975,800
840,000		Senior Subordinated Bonds, 11.375% due 11/1/16	672,000
		Total Specialty Retail	4,462,062
		TOTAL CONSUMER DISCRETIONARY	84,583,404
CONSUMER STAPLES 1.2	2%		
Food & Staples Retailing 0.1	1%		
276,000		Delhaize America Inc., Debentures, 9.000% due 4/15/31	325,767
Food Products 0.5%			
		Dole Food Co. Inc., Senior Notes:	
155,000		8.625% due 5/1/09	148,413
2,025,000		7.250% due 6/15/10	1,842,750
575,000		8.875% due 3/15/11	514,625
		Total Food Products	2,505,788
Household Products 0.3%			
1,235,000		Visant Holding Corp., Senior Notes, 8.750% due 12/1/13	1,216,475
Tobacco 0.3%			
		Alliance One International Inc., Senior Notes:	
385,000		8.500% due 5/15/12	363,825
1,270,000		11.000% due 5/15/12	1,314,450
		Total Tobacco	1,678,275
		TOTAL CONSUMER STAPLES	5,726,305
ENERGY 13.1%			
Energy Equipment & Services	s 2.1%		
2,305,000		ANR Pipeline Co., Debentures, 9.625% due 11/1/21	2,951,642
		Complete Production Services Inc., Senior Notes, 8.000%	
1,150,000		due 12/15/16	1,154,313
		Key Energy Services Inc., Senior Notes, 8.375% due	
1,350,000		12/1/14 (a)	1,383,750
625,000		Pride International Inc., Senior Notes, 7.375% due 7/15/14	626,563
		Southern Natural Gas Co., Senior Notes, 8.000% due	
60,000		3/1/32	65,110
3,270,000		Tennessee Gas Pipeline Co., Bonds, 8.375% due 6/15/32	3,667,982
0,0000000000000000000000000000000000000	44.00	Total Energy Equipment & Services	9,849,360
Oil, Gas & Consumable Fuels	11.0%	1.1 D. 1 D. 1 D. 1 D. 1 T. 1 C. 1 C. 1 C. 1 C. 1 C. 1 C. 1 C	
1,740,000		Atlas Pipeline Partners LP, 8.750% due 6/15/18 (a)	1,735,650

	Belden & Blake Corp., Secured Notes, 8.750% due	
3,572,000	7/15/12	3,670,230
	Chesapeake Energy Corp., Senior Notes:	
2,845,000	6.625% due 1/15/16	2,745,425
140,000	6.500% due 8/15/17	131,600
1,180,000	6.250% due 1/15/18	1,091,500
1,505,000	7.250% due 12/15/18	1,471,137
570,000	Compagnie Generale de Geophysique SA, Senior Notes,	
	7.500% due 5/15/15	571,425
672,117	Corral Finans AB, 4.291% due 4/15/10 (a)(b)(d)	591,463
	El Paso Corp., Medium-Term Notes:	
540,000	7.800% due 8/1/31	546,513
4,965,000	7.750% due 1/15/32	4,998,683
	Enterprise Products Operating LP:	
1,310,000	Junior Subordinated Notes, 8.375% due 8/1/66	1,311,521

Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited) (continued)

June 30, 2008

Name	Face			
August Subordinated Notes, 7.034% due I15/68 \$ 372,176	Amount	44.000 / .4 %	Security	Value
EXCO Resources Inc., Senior Notes, 7,250% due 1/15/11 2,468,750 Inergy LP/Inergy Finance Corp., Senior Notes, 8,250% 515,000 due 3/1/16 (a) 509,850 International Coal Group Inc., Senior Notes, 10,250% due 7/15/14 1,947,862 Mariner Energy Inc., Senior Notes, 10,250% due 7/15/14 1,947,862 Mariner Energy Inc., Senior Notes: 940,000 7,500% due 4/15/13 916,500 555,000 8,000% due 5/15/17 559,000 MarkWest Energy Partners LP/MarkWest Energy Finance Corp., Senior Notes, 8,750% due 4/15/18 (a) 1,089,150 OPTI Canada Inc., Senior Secured Notes: 470,000 7,875% due 12/15/14 4 505,000 1,080,000 8,250% due 12/15/14 505,000 1,080,000 Parallel Petroleum Corp., 10,250% due 8/1/14 1,088,100 Petrobawk Energy Corp., Senior Notes: 1,075,000 9,125% due 6/1/15 (a) 412,125 420,000 7,875% due 6/1/15 (a) 412,125 630,000 6,750% due 5/1/17 (a) 1,020,605 1,150,000 Senior Note, 7,000% due 5/1/17 (a) 1,020,605 1,100,000 Senior Note, 7,000% due 5/1/17 (a) 1,020,605 1,200,000 Senifor Note, 7,000% due 8/1/15 (a)(b) 4,635,000 2,905,000 Senifor Note, 7,000% due 8/1/15 (a)(c) 2,832,375 Southwestern Energy Co., Senior Notes, 8,250% due 1,020,000 Senifor Note, 7,500% due 2/1/18 (a) 1,054,588 Targa Resources Partners LP, Senior Notes, 8,250% due 600,000 7/1/5/11 (5)(1) 1,250,000 W&T Offshore Inc., Senior Notes, 8,250% due 7/1/16 (a) 1,054,588 Targa Resources Partners LP, Senior Notes, 8,250% due 7/1/16 (a) 1,054,588 Targa Resources Partners LP, Senior Notes, 8,250% due 7/1/16 (a) 1,054,588 Targa Resources Partners LP, Senior Notes, 8,250% due 7/1/16 (a) 1,054,588 Targa Resources Partners LP, Senior Notes, 8,250% due 7/1/16 (a) 1,054,588 Targa Resources Partners LP, Senior Notes, 8,250% due 7/1/16 (a) 1,054,588 Targa Resources Partners LP, Senior Notes, 8,250% due 7/1/16 (a) 1,054,588 Targa Resources Partners LP, Senior Notes, 8,250% due 7/1/16 (a) 1,054,588 Targa Resources Partners LP, Senior Notes, 8,250% due 7/1/16 (a) 1,054,588 Targa Resources Partners LP, Senior Notes, 8,250% due 7/1/16 (a) 1,054,588 Targa Resources Partners LP, Senior Notes, 8,	*	11.0% (continued)	5 1 W 137 - 500 K 1 4 W 5 K 0	
2,500,000 11/5/11 2,468,750 Inergy LP/Inergy Finance Corp., Senior Notes, 8,250% due 3/11/6 (a) 509,850 International Coal Group Inc., Senior Notes, 10,250% due 71/5/14 1,947,862 1,905,000 Mariner Energy Inc., Senior Notes: 3916,500 555,000 7,500% due 4/15/13 916,500 555,000 8,000% due 5/15/17 539,738 1,060,000 MarkWest Energy Partners LP/MarkWest Energy Finance Corp., Senior Notes: 7,875% due 12/15/14 1,089,150 OPTI Canada Inc., Senior Secured Notes: 470,000 7,875% due 12/15/14 505,000 1,080,000 Parallel Petroleum Corp., 10,250% due 4/15/18 (a) 1,088,100 Parallel Petroleum Corp., Senior Notes: 1,075,000 9,125% due 7/15/13 1,107,250 420,000 7,875% due 12/15/14 46,0475 420,000 7,875% due 6/11/5 (a) 412,125 420,000 7,875% due 6/11/5 (a) 412,125 420,000 6,750% due 5/11/14 (a) 573,300 1,150,000 5,750% due 5/11/14 (a) 573,300 1,150,000 5,750% due 5/11/14 (a) 5,733,000 5,750% due 5/11/14 (a) 5,750% due 5/11/14 (a) 5,750% due 5/11/15 (a)(b) 5,75	425,000		·	\$ 3/2,176
Inergy LP/Inergy Finance Corp., Senior Notes, 8,250% due 3/1/16 (a)	2.500.000		· · · · · · · · · · · · · · · · · · ·	2.460.750
1,905,000 due 3/1/16 (a) 509,850 International Coal Group Inc., Senior Notes, 10.250% due 7/15/14 1,947,862 Mariner Energy Inc., Senior Notes: 7,500% due 4/15/13 916,500 555,000 8,000% due 5/15/17 539,738 1,060,000 MarkWest Energy Partners LP/MarkWest Energy Finance Corp., Senior Notes, 8,750% due 4/15/18 (a) 1,089,150 OPTI Canada Inc., Senior Secured Notes: 470,000 7,255% due 12/15/14 466,475 505,000 8,250% due 12/15/14 505,000 1,080,000 Parallel Petroleum Corp., 10,250% due 8/1/14 505,000 Petrobawk Energy Corp., Senior Notes: 1,075,000 9,125% due 7/15/13 1,107,250 420,000 7,257% due 6/1/15 (a) 412,125 Petroplus Finance Ltd.; 630,000 6,750% due 5/1/14 (a) 573,300 1,150,000 Senior Note, 7,000% due 5/1/14 (a) 573,300 1,150,000 Senior Note, 7,000% due 5/1/17 (a) 1,020,625 1,200,000 Quicksilver Resources Inc., 7,750% due 8/1/15 (a)(b) 4,635,000 2,905,000 Senior Note, 7,000% due 5/1/17 (a) 1,020,625 1,200,000 Senior Note, 8,825% due 4/1/15 (a)(b) 4,635,000 2,905,000 Senior Note, 8,825% due 4/1/15 (a)(b) 4,635,000 2,905,000 Senior Note, 8,825% due 4/1/15 (a)(c) 2,832,375 Southwestern Energy Co., Senior Notes, 8,250% due 1/15/16 (a) 339,500 Teckay Shipping Corp., Senior Notes, 8,250% due 1/15/16 (a) 339,500 Teckay Shipping Corp., Senior Notes, 8,250% due 6/15/14 (a) 1,285,250 1,275,000 Whiting Petroleum Corp., Senior Subordinated Notes, 7,000% due 2/1/18 (a) 1,285,250 1,275,000 Whiting Petroleum Corp., Senior Subordinated Notes, 7,000% due 2/1/14 1,285,250 1,275,000 R,755% due 9/1/21 1,363,200 1,285,250 1,275,000 1,285,250 1,275,000 1,285,250 1,275,000 1,285,250 1,2	2,500,000			2,468,750
International Coal Group Inc., Senior Notes, 10.250% due 7/15/14 1,947,862 40,000 7.500% due 4/15/13 916,500 555,000 8.000% due 5/15/17 539,738 1,660,000 MarkWest Energy Partners LP/MarkWest Energy Finance Corp., Senior Notes, 8.750% due 4/15/18 (a) 1,089,150 0PTT Canada Inc., Senior Secured Notes:	7.1.7. 0.00			7 00 0 7 0
1,905,000 due 7/15/14 1,947,862 Mariner Energy Inc., Senior Notes: 7,500% due 4/15/13 916,500 555,000 8,000% due 5/15/17 539,738 1,060,000 MarkWest Energy Partners LP/MarkWest Energy Finance Corp., Senior Notes, 8,750% due 4/15/18 (a) 1,089,150 OPTT Canada Inc., Senior Secured Notes: 470,000 7,875% due 12/15/14 466,475 505,000 8,250% due 12/15/14 505,000 1,080,000 Parallel Petroleum Corp., 10,250% due 8/1/14 1,088,100 Petrohawk Energy Corp., Senior Notes: 1,075,000 9,125% due 7/15/13 1,107,250 420,000 7,875% due 6/1/15 (a) 412,125 420,000 6,750% due 5/1/14 (a) 573,300 1,150,000 6,750% due 5/1/14 (a) 573,300 1,150,000 Senior Note, 7,000% due 5/1/17 (a) 1,020,625 1,200,000 SandRidge Energy Inc., 8,625% due 4/1/15 (a)(b) 4,635,000 4,500,000 SandRidge Energy Inc., 8,625% due 4/1/15 (a)(b) 4,635,000 2,905,000 Senior Note, 7,000% due 5/1/17 (a) 1,054,588 350,000 7/1/16 (a) 339,500 7/1/16 (a) 7/1/10 (a	515,000			509,850
Mariner Energy Inc., Senior Notes: 940,000			•	
940,000	1,905,000			1,947,862
555,000				
1,060,000	*			
Finance Corp., Senior Notes, 8.750% due 4/15/18 (a) 1,089,150 OPTI Canada Inc., Senior Secured Notes: 470,000 7.875% due 12/15/14 466,475 505,000 8.250% due 12/15/14 505,000 1,080,000 Parallel Petroleum Corp., 10.250% due 8/1/14 1,088,100 Petrolawk Energy Corp., Senior Notes: 1,075,000 9.125% due 7/15/13 1,107,250 420,000 7.875% due 6/1/15 (a) 412,125 Petroplus Finance Ltd.: 1,000 1,150,000 1,150,000 5,750% due 5/1/14 (a) 5,73,300 1,150,000 5,750% due 5/1/14 (a) 5,73,300 1,150,000 5,750% due 5/1/14 (a) 5,73,300 1,150,000 5,750% due 5/1/17 (a) 1,020,625 1,200,000 2,000 2,000% 2,000% 2,000% 2,000% 2,000% 1,000 5,000% 2,000				539,738
OPTI Canada Inc., Senior Secured Notes: 470,000 7.875% due 12/15/14 466,475 505,000 8.259% due 12/15/14 505,000 1,080,000 Parallel Petroleum Corp., 10.250% due 8/1/14 1,088,100 Petrohawk Energy Corp., Senior Notes: 1,075,000 9.125% due 7/15/13 1,107,250 420,000 7.875% due 6/1/15 (a) Petroplus Finance Ltd.: 630,000 6.750% due 5/1/14 (a) 5.73,300 1,150,000 Senior Note, 7.000% due 5/1/17 (a) 1,020,025 1,200,000 Quicksilver Resources Inc., 7.750% due 8/1/15 1,000,000 SandRidge Energy Inc., 824 due 4/1/15 (a)(b) 4,500,000 2,905,000 SamGroup LP, Senior Notes, 8.750% due 1/1/15 (a)(c) 2,832,375 Southwestern Energy Co., Senior Notes, 7.500% due 1,020,000 7/1/16 (a) Teekay Shipping Corp., Senior Notes, 8.250% due 600,000 7/15/11 1,325,000 7/15/11 1,235,000 1,235,000 VeraSun Energy Corp., 9.375% due 6/1/17 1,214,200 W&T Offshore Inc., Senior Notes, 8.250% due 6/15/14 (a) 1,257,469 Williams Cos. Inc.: Notes: 1,280,000 7.875% due 9/1/21 1,363,200 2,320,000 1,125,000 1,125,000 1,2875% due 9/1/21 1,363,200 2,320,000 1,125,000 1,125,000 1,125,000 1,125,000 1,125,000 1,285,250 1,280,000 1,285,260 1,280,000 1,280,000 1,280,000 1,280,000 1,280,000 1,280,000 1,280,	1,060,000			
470,000 7.875% due 12/15/14 466.475 505,000 8.250% due 12/15/14 505,000 1,080,000 Parallel Petroleum Corp., 10.250% due 8/1/14 1,088,100 Petrohawk Energy Corp., Senior Notes: 1,075,000 9.125% due 7/15/13 1,107,250 420,000 7.875% due 6/1/15 (a) 412.125 Petroplus Finance Ltd.: 630,000 6.750% due 5/1/14 (a) 573,300 1,150,000 Quicksilver Resources Inc., 7.750% due 8/1/15 1,194,000 4,500,000 Senior Note, 7.000% due 5/1/17 (a) 1,020,625 1,200,000 Quicksilver Resources Inc., 7.750% due 8/1/15 (a)(b) 4,635,000 2,905,000 SemGroup LP, Senior Notes, 8.750% due 1/15/15 (a)(c) 2,832,375 Southwestern Energy Co., Senior Notes, 7.500% due 1/15/18 (a) 1,054,588 Targa Resources Partners LP, Senior Notes, 8.250% due 7/1/16 (a) 339,500 Teckay Shipping Corp., Senior Notes, 8.250% due 7/15/11 600,000 VeraSun Energy Corp., 9.375% due 6/11/17 1,214,200 W&T Offshore Inc., Senior Notes, 8.250% due 6/15/14 (a) 1,325,000 WeraSun Energy Corp., 9.375% due 6/11/17 1,214,200 W&T Offshore Inc., Senior Notes, 8.250% due 6/15/14 (a) 1,257,469 Williams Cos. Inc.: Notes: 1,280,000 7.875% due 9/1/21 1,363,200 2,320,000 8.750% due 3/15/32 2,644,800 1,125,000 Senior Notes, 7.625% due 7/15/19 1,186,875 Total Oil, Gas & Consumable Fuels 51,541,055 51,541,055				1,089,150
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1,080,000	*			,
Petrohawk Energy Corp., Senior Notes: 1,075,000				
1,075,000 420,000 7.875% due 6/1/15 (a) 412,125 Petroplus Finance Ltd.: 630,000 6.750% due 5/1/14 (a) 573,300 1,150,000 1,150,000 1,150,000 2,905,000 2,905,000 SandRidge Energy Inc., 8.625% due 4/1/15 (a)(b) 4,635,000 2,905,000 SandRidge Energy Inc., 8.625% due 4/1/15 (a)(c) 2,832,375 Southwestern Energy Co., Senior Notes, 7.500% due 11/5/15 (a)(c) 2/1/18 (a) 1,020,000 Teekay Shipping Corp., Senior Notes, 8.250% due 350,000 Teekay Shipping Corp., Senior Notes, 8.875% due 600,000 Teekay Shipping Corp., Senior Notes, 8.875% due 7/1/5/11 600,000 Teekay Shipping Corp., Senior Notes, 8.250% due 7/1/5/12 1,325,000 VeraSun Energy Corp., 9.375% due 6/1/17 1,214,200 W&T Offshore Inc., Senior Notes, 8.250% due 6/15/14 1,325,000 (a) 1,275,000 Whiting Petroleum Corp., Senior Subordinated Notes, 7.000% due 2/1/14 (b) Williams Cos. Inc.: Notes: 1,280,000 7.875% due 9/1/21 2,320,000 1,125,000 Senior Notes, 7.625% due 7/15/19 1,186,875 Total Oil, Gas & Consumable Fuels	1,080,000			1,088,100
420,000				
Petroplus Finance Ltd.: 630,000 6,750% due 5/1/14 (a) 573,300 1,150,000 1,150,000 Senior Note, 7.000% due 5/1/17 (a) 1,200,025 1,200,000 4,500,000 2,905,000 SandRidge Energy Inc., 8.625% due 4/1/15 (a)(b) 4,635,000 2,905,000 SemGroup LP, Senior Notes, 8.750% due 11/15/15 (a)(c) SemGroup LP, Senior Notes, 8.750% due 11/15/15 (a)(c) SemGroup LP, Senior Notes, 8.750% due 11/15/15 (a)(c) SemGroup LP, Senior Notes, 7.500% due 1,020,000 2/1/18 (a) Targa Resources Partners LP, Senior Notes, 8.250% due 350,000 7/1/16 (a) Teekay Shipping Corp., Senior Notes, 8.875% due 600,000 7/15/11 651,750 2,335,000 VeraSun Energy Corp., 9.375% due 6/1/17 1,214,200 W&T Offshore Inc., Senior Notes, 8.250% due 6/15/14 1,325,000 (a) 1,275,000 Whiting Petroleum Corp., Senior Subordinated Notes, 7,000% due 2/1/14 Williams Cos. Inc.: Notes: 1,280,000 2,320,000 7,875% due 9/1/21 2,320,000 1,125,000 Senior Notes, 7,625% due 7/15/19 1,186,875 Total Oil, Gas & Consumable Fuels	1,075,000		9.125% due 7/15/13	1,107,250
630,000 1,150,000 1,150,000 1,150,000 1,150,000 2,000 2,000 2,000	420,000		7.875% due 6/1/15 (a)	412,125
1,150,000 Senior Note, 7.000% due 5/1/17 (a) 1,020,625 1,200,000 Quicksilver Resources Inc., 7.750% due 8/1/15 1,194,000 4,500,000 SandRidge Energy Inc., 8.625% due 4/1/15 (a)(b) 4,635,000 2,905,000 SemGroup LP, Senior Notes, 8.750% due 11/15/15 (a)(c) 2,832,375 Southwestern Energy Co., Senior Notes, 7.500% due 11/5/15 (a)(c) 2,832,375 1,020,000 2/1/18 (a) 1,054,588 Targa Resources Partners LP, Senior Notes, 8.250% due 339,500 600,000 7/1/16 (a) 339,500 600,000 7/15/11 651,750 2,335,000 VeraSun Energy Corp., 9.375% due 6/1/17 1,214,200 W&T Offshore Inc., Senior Notes, 8.250% due 6/15/14 1,325,000 4 1,275,000 Whiting Petroleum Corp., Senior Subordinated Notes, 7.000% due 2/1/14 1,257,469 Williams Cos. Inc.: Notes: 1,280,000 2,320,000 8.755% due 9/1/21 1,363,200 2,320,000 8.750% due 3/15/32 2,644,800 1,125,005 5 Total Oil, Gas & Consumable Fuels 51,541,055			*	
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4,500,000 2,905,000 SandRidge Energy Inc., 8.625% due 4/1/15 (a)(b) 4,635,000 2,905,000 SemGroup LP, Senior Notes, 8.750% due 11/15/15 (a)(c) 2,832,375 Southwestern Energy Co., Senior Notes, 7.500% due 1,020,000 2/1/18 (a) 1,054,588 Targa Resources Partners LP, Senior Notes, 8.250% due 350,000 7/1/16 (a) Teekay Shipping Corp., Senior Notes, 8.875% due 600,000 7/15/11 651,750 2,335,000 VeraSun Energy Corp., 9.375% due 6/1/17 1,214,200 W&T Offshore Inc., Senior Notes, 8.250% due 6/15/14 1,325,000 1,275,000 Whiting Petroleum Corp., Senior Subordinated Notes, 7.000% due 2/1/14 Williams Cos. Inc.: Notes: 1,280,000 2,320,000 3,7875% due 9/1/21 3,750% due 3/15/32 2,644,800 1,125,000 Senior Notes, 7.625% due 7/15/19 1,186,875 Total Oil, Gas & Consumable Fuels	1,150,000			1,020,625
2,905,000 SemGroup LP, Senior Notes, 8.750% due 11/15/15 (a)(c) 2,832,375 Southwestern Energy Co., Senior Notes, 7.500% due 1,054,588 1,020,000 2/1/18 (a) 1,054,588 Targa Resources Partners LP, Senior Notes, 8.250% due 339,500 7/1/16 (a) 339,500 600,000 7/15/11 651,750 2,335,000 VeraSun Energy Corp., 9.375% due 6/1/17 1,214,200 W&T Offshore Inc., Senior Notes, 8.250% due 6/15/14 1,285,250 1,275,000 Whiting Petroleum Corp., Senior Subordinated Notes, 7.000% due 2/1/14 1,257,469 Williams Cos. Inc.: Notes: 1,280,000 2,320,000 1,363,200 2,320,000 8,750% due 3/15/32 2,644,800 1,125,000 Senior Notes, 7.625% due 7/15/19 1,186,875 Total Oil, Gas & Consumable Fuels 51,541,055	1,200,000			1,194,000
Southwestern Energy Co., Senior Notes, 7.500% due 1,020,000 2/1/18 (a) 1,054,588 Targa Resources Partners LP, Senior Notes, 8.250% due 339,500 7/1/16 (a) 339,500 Teekay Shipping Corp., Senior Notes, 8.875% due 600,000 7/15/11 651,750 2,335,000 VeraSun Energy Corp., 9.375% due 6/1/17 1,214,200 W&T Offshore Inc., Senior Notes, 8.250% due 6/15/14 1,325,000 (a) 1,285,250 1,275,000 Whiting Petroleum Corp., Senior Subordinated Notes, 7.000% due 2/1/14 1,257,469 Williams Cos. Inc.: Notes: 1,280,000 7.875% due 9/1/21 1,363,200 2,320,000 8.750% due 3/15/32 2,644,800 1,125,000 Senior Notes, 7.625% due 7/15/19 1,186,875 Total Oil, Gas & Consumable Fuels 51,541,055 1,54	The state of the s			
1,020,000 2/1/18 (a) Targa Resources Partners LP, Senior Notes, 8.250% due 350,000 7/1/16 (a) 339,500 Teekay Shipping Corp., Senior Notes, 8.875% due 600,000 7/15/11 651,750 2,335,000 VeraSun Energy Corp., 9.375% due 6/1/17 1,214,200 W&T Offshore Inc., Senior Notes, 8.250% due 6/15/14 (a) 1,285,250 1,275,000 Whiting Petroleum Corp., Senior Subordinated Notes, 7.000% due 2/1/14 Villiams Cos. Inc.: Notes: 1,280,000 2,320,000 7.875% due 9/1/21 1,363,200 2,320,000 1,125,000 Senior Notes, 7.625% due 7/15/19 1,186,875 Total Oil, Gas & Consumable Fuels	2,905,000			2,832,375
Targa Resources Partners LP, Senior Notes, 8.250% due 7/1/16 (a) 7/1/16 (a) 7/1/16 (a) 7/1/16 (a) 7/1/16 (a) 7/1/16 (a) 7/1/11 7/1/17 7/1/18 7/1/19 7/1/18 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/18 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/1/19 7/1/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/19 7/1/			Southwestern Energy Co., Senior Notes, 7.500% due	
350,000 7/1/16 (a) 339,500 Teekay Shipping Corp., Senior Notes, 8.875% due 600,000 7/15/11 651,750 2,335,000 VeraSun Energy Corp., 9.375% due 6/1/17 1,214,200 W&T Offshore Inc., Senior Notes, 8.250% due 6/15/14 1,285,250 1,275,000 Whiting Petroleum Corp., Senior Subordinated Notes, 7.000% due 2/1/14 1,257,469 Williams Cos. Inc.: Notes: 1,280,000 7.875% due 9/1/21 1,363,200 2,320,000 8.750% due 3/15/32 2,644,800 1,125,000 Senior Notes, 7.625% due 7/15/19 1,186,875 Total Oil, Gas & Consumable Fuels 51,541,055	1,020,000			1,054,588
Teekay Shipping Corp., Senior Notes, 8.875% due 600,000 7/15/11 651,750 2,335,000 VeraSun Energy Corp., 9.375% due 6/1/17 1,214,200 W&T Offshore Inc., Senior Notes, 8.250% due 6/15/14 (a) 1,325,000 1,275,000 Whiting Petroleum Corp., Senior Subordinated Notes, 7.000% due 2/1/14 1,257,469 Williams Cos. Inc.: Notes: 1,280,000 2,320,000 7.875% due 9/1/21 1,363,200 2,320,000 1,125,000 Senior Notes, 7.625% due 7/15/19 1,186,875 Total Oil, Gas & Consumable Fuels 51,541,055			Targa Resources Partners LP, Senior Notes, 8.250% due	
600,000 7/15/11 651,750 2,335,000 VeraSun Energy Corp., 9.375% due 6/1/17 1,214,200 W&T Offshore Inc., Senior Notes, 8.250% due 6/15/14 1,325,000 1,285,250 1,275,000 Whiting Petroleum Corp., Senior Subordinated Notes, 7.000% due 2/1/14 1,257,469 Williams Cos. Inc.: Notes: 1,280,000 1,363,200 2,320,000 8.750% due 9/1/21 1,363,200 2,320,000 8.750% due 3/15/32 2,644,800 1,125,000 Senior Notes, 7.625% due 7/15/19 1,186,875 Total Oil, Gas & Consumable Fuels 51,541,055	350,000		7/1/16 (a)	339,500
2,335,000 VeraSun Energy Corp., 9.375% due 6/1/17 1,214,200 W&T Offshore Inc., Senior Notes, 8.250% due 6/15/14 1,325,000 1,285,250 1,275,000 Whiting Petroleum Corp., Senior Subordinated Notes, 7.000% due 2/1/14 1,257,469 Williams Cos. Inc.: Notes: 1,280,000 1,363,200 2,320,000 8.750% due 9/1/21 1,363,200 2,320,000 8.750% due 3/15/32 2,644,800 1,125,000 Senior Notes, 7.625% due 7/15/19 1,186,875 Total Oil, Gas & Consumable Fuels 51,541,055			Teekay Shipping Corp., Senior Notes, 8.875% due	
W&T Offshore Inc., Senior Notes, 8.250% due 6/15/14 1,325,000 1,275,000 Whiting Petroleum Corp., Senior Subordinated Notes, 7.000% due 2/1/14 Notes: 1,280,000 2,320,000 1,125,000 Senior Notes, 7.625% due 7/15/19 1,186,875 Total Oil, Gas & Consumable Fuels 1,285,250 1,285,250 1,285,250 1,285,250 1,285,250 1,285,250 1,257,469 Williams Cos. Inc.: Notes: 1,280,000 2,320,000 3,750% due 3/15/32 2,644,800 1,125,000 1,125,000 1,125,000 1,125,000 1,125,000 1,125,000 1,285,250 1,285	600,000		7/15/11	651,750
1,325,000 (a) 1,285,250 1,275,000 Whiting Petroleum Corp., Senior Subordinated Notes, 7.000% due 2/1/14 1,257,469 Williams Cos. Inc.: Notes: 1,280,000 7.875% due 9/1/21 1,363,200 2,320,000 8.750% due 3/15/32 2,644,800 1,125,000 Senior Notes, 7.625% due 7/15/19 1,186,875 Total Oil, Gas & Consumable Fuels 51,541,055	2,335,000		VeraSun Energy Corp., 9.375% due 6/1/17	1,214,200
1,275,000 Whiting Petroleum Corp., Senior Subordinated Notes, 7.000% due 2/1/14 1,257,469 Williams Cos. Inc.: Notes: 1,280,000 7.875% due 9/1/21 1,363,200 2,320,000 8.750% due 3/15/32 2,644,800 1,125,000 Senior Notes, 7.625% due 7/15/19 1,186,875 Total Oil, Gas & Consumable Fuels 51,541,055			W&T Offshore Inc., Senior Notes, 8.250% due 6/15/14	
7.000% due 2/1/14 Williams Cos. Inc.: Notes: 1,280,000 2,320,000 1,125,000 2,300 1,125,000 1,125	1,325,000		(a)	1,285,250
Williams Cos. Inc.: Notes: 1,280,000 2,320,000 2,320,000 1,125,000 Senior Notes, 7.625% due 7/15/19 Total Oil, Gas & Consumable Fuels Williams Cos. Inc.: 1,363,200 2,644,800 2,644,800 1,125,000 1,186,875 Total Oil, Gas & Consumable Fuels 1,363,200 2,644,800 51,541,055	1,275,000		Whiting Petroleum Corp., Senior Subordinated Notes,	
Notes: 1,280,000 7.875% due 9/1/21 1,363,200 2,320,000 8.750% due 3/15/32 2,644,800 1,125,000 Senior Notes, 7.625% due 7/15/19 1,186,875 Total Oil, Gas & Consumable Fuels 51,541,055			7.000% due 2/1/14	1,257,469
1,280,000 7.875% due 9/1/21 1,363,200 2,320,000 8.750% due 3/15/32 2,644,800 1,125,000 Senior Notes, 7.625% due 7/15/19 1,186,875 Total Oil, Gas & Consumable Fuels 51,541,055			Williams Cos. Inc.:	
2,320,000 8.750% due 3/15/32 2,644,800 1,125,000 Senior Notes, 7.625% due 7/15/19 1,186,875 Total Oil, Gas & Consumable Fuels 51,541,055			Notes:	
1,125,000 Senior Notes, 7.625% due 7/15/19 1,186,875 Total Oil, Gas & Consumable Fuels 51,541,055	1,280,000		7.875% due 9/1/21	1,363,200
1,125,000 Senior Notes, 7.625% due 7/15/19 1,186,875 Total Oil, Gas & Consumable Fuels 51,541,055	2,320,000		8.750% due 3/15/32	
Total Oil, Gas & Consumable Fuels 51,541,055			Senior Notes, 7.625% due 7/15/19	
· · · · · · · · · · · · · · · · · · ·			Total Oil, Gas & Consumable Fuels	51,541,055
			TOTAL ENERGY	61,390,415

FINANCIALS 11.8% Commercial Banks 0.5%

500,000	ATF Capital BV, Senior Notes, 9.250% due 2/21/14 (a)	503,750
	TuranAlem Finance BV, Bonds:	
1,530,000	8.250% due 1/22/37 (a)	1,281,375
470,000	8.250% due 1/22/37 (a)	394,212
	Total Commercial Banks	2,179,337
Consumer Finance 4.7%		
1,925,000	AmeriCredit Corp., 8.500% due 7/1/15	1,549,625
	Ford Motor Credit Co.:	
	Notes:	
925,000	7.875% due 6/15/10	798,760
2,535,000	7.241% due 4/15/12 (d)	2,376,349
1,140,000	7.000% due 10/1/13	840,358
	Senior Notes:	
1,037,000	8.050% due 6/15/11 (d)	844,390
1,370,000	5.538% due 1/13/12 (d)	974,506
7,610,000	12.000% due 5/15/15	6,701,640
	General Motors Acceptance Corp.:	
6,290,000	Bonds, 8.000% due 11/1/31	4,100,231

Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited) (continued)

Face Amount	Security	Value
Consumer Finance 4.7% (continued)	Security	varac
1,255,000	Notes, 6.875% due 8/28/12	\$ 860,098
3,170,000	SLM Corp., 8.450% due 6/15/18	3,046,081
	Total Consumer Finance	22,092,038
Diversified Financial Services 4.1%		
1,085,000	Basell AF SCA, Senior Secured Subordinated Second	
	Priority Notes, 8.375% due 8/15/15 (a)	694,400
1,040,000	Capmark Financial Group Inc., 5.875% due 5/10/12	734,209
1,250,000	CCM Merger Inc., Notes, 8.000% due 8/1/13 (a)	1,071,875
	Citigroup Inc., Junior Subordinated Notes, 8.400% due	
1,970,000	4/30/18 (d)	1,875,164
	Elyria Foundry Co./EH Acquisition Inc., 13.000% due	
2,200,000	3/1/13 (a)	2,200,000
	Leucadia National Corp., Senior Notes:	
1,220,000	8.125% due 9/15/15	1,232,200
450,000	7.125% due 3/15/17	432,000
	LVB Acquisition Merger:	
500,000	Senior Notes, 10.375% due 10/15/17 (a)	532,500
820,000	Senior Subordinated Bonds, 11.625% due 10/15/17 (a)	873,300
	Residential Capital LLC:	
2,458,000	8.500% due 5/15/10 (a)	2,077,010
3,676,000	9.625% due 5/15/15 (a)	1,801,240
	TNK-BP Finance SA:	
1,525,000	7.875% due 3/13/18 (a)	1,477,344
744,000	Senior Notes, 7.875% due 3/13/18 (a)	719,820
	Vanguard Health Holdings Co.:	
	I LLC, Senior Discount Notes, step bond to yield	
2,820,000	12.741% due 10/1/15	2,495,700
765,000	II LLC, Senior Subordinated Notes, 9.000% due 10/1/14	761,175
	Total Diversified Financial Services	18,977,937
Insurance 0.6%		
	American International Group Inc., 8.175% due 5/15/58	
3,080,000	(a)(d)	2,906,359
D. LE (DELE) A.26		
Real Estate Investment Trusts (REITs) 0.3%		
75.000	Forest City Enterprises Inc., Senior Notes, 7.625% due	70.105
75,000	6/1/15	70,125
260,000	Ventas Realty LP/Ventas Capital Corp., Senior Notes:	245 (00
360,000	6.500% due 6/1/16	345,600
1,165,000	6.750% due 4/1/17	1,124,225
Deal Estate Management & Development 0.76	Total Real Estate Investment Trusts (REITs)	1,539,950
Real Estate Management & Development 0.7%	Ashton Woods USA LLC/Ashton Woods Einen C-	
1,270,000	Ashton Woods USA LLC/Ashton Woods Finance Co., Senior Subordinated Notes, 9.500% due 10/1/15	742,950
	Realogy Corp.:	142,930
450,000	10.500% due 4/15/14	315,000
750,000	10.500 // duc +/ 15/ 1+	515,000

1,885,000	11.000% due 4/15/14 (b)	1,121,575
2,045,000	Senior Subordinated Notes, 12.375% due 4/15/15	1,012,275
	Total Real Estate Management & Development	3,191,800
Thrifts & Mortgage Finance 0.9%	-	
	Ocwen Capital Trust I, Capital Securities, 10.875% due	
5,500,000	8/1/27 (e)	4,317,500
	TOTAL FINANCIALS	55,204,921
HEALTH CARE 6.1%		
Health Care Equipment & Supplies 0.2%		
1,270,000	Advanced Medical Optics Inc., Senior Subordinated	
	Notes, 7.500% due 5/1/17	1,174,750
Health Care Providers & Services 5.9%		
2,185,000	CRC Health Corp., 10.750% due 2/1/16	1,802,625
	DaVita Inc.:	

Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited) (continued)

Face Amount		Security		Value
Health Care Providers & Services	5 0% (continued)	Security		value
230,000	3.5 % (continued)	Senior Notes, 6.625% due 3/15/13	\$	221,950
1,640,000		Senior Subordinated Notes, 7.250% due 3/15/15	Ψ	1,603,100
1,0 10,000		HCA Inc.:		1,000,100
3,920,000		Debentures, 7.500% due 11/15/95		2,892,113
, ,		Notes:		, ,
1,150,000		6.375% due 1/15/15		960,250
970,000		7.690% due 6/15/25		798,085
40,000		Senior Notes, 6.250% due 2/15/13		34,900
		Senior Secured Notes:		
1,640,000		9.250% due 11/15/16		1,693,300
2,885,000		9.625% due 11/15/16 (b)		2,978,763
2,675,000		IASIS Healthcare LLC/IASIS Capital Corp., Senior		
		Subordinated Notes, 8.750% due 6/15/14		2,715,125
		Tenet Healthcare Corp., Senior Notes:		
2,310,000		6.375% due 12/1/11		2,223,375
90,000		6.500% due 6/1/12		85,275
4,250,000		7.375% due 2/1/13		4,016,250
		Universal Hospital Services Inc.:		, ,
530,000		6.303% due 6/1/15 (d)		498,200
1,990,000		Senior Secured Notes, 8.500% due 6/1/15 (b)		1,999,950
		US Oncology Holdings Inc., Senior Notes, 7.949% due		
3,700,000		3/15/12 (b)(d)		2,941,500
		Total Health Care Providers & Services		27,464,761
Pharmaceuticals 0.0%				
4,870,000		Leiner Health Products Inc., Senior Subordinated Notes,		
		11.000% due 6/1/12 (c)(f)		109,575
		TOTAL HEALTH CARE		28,749,086
INDUSTRIALS 13.1%				
Aerospace & Defense 1.8%				
1,120,000		BE Aerospace Inc., 8.500% due 7/1/18		1,129,800
		DRS Technologies Inc., Senior Subordinated Notes:		
310,000		6.625% due 2/1/16		316,200
1,405,000		7.625% due 2/1/18		1,492,812
4,235,000		Hawker Beechcraft Acquisition Co., Senior Notes,		
		8.875% due 4/1/15 (b)		4,277,350
1,460,000		L-3 Communications Corp., Senior Subordinated Notes,		
		5.875% due 1/15/15		1,354,150
		Total Aerospace & Defense		8,570,312
Airlines 2.4%		-		
		Continental Airlines Inc., Pass-Through Certificates:		
285,309		8.312% due 4/2/11		262,484
930,000		7.339% due 4/19/14		723,075
•		DAE Aviation Holdings Inc., Senior Notes, 11.250% due		•
3,950,000		8/1/15 (a)		3,940,125
1,089,547		Delta Air Lines Inc., 8.954% due 8/10/14		817,160

	United Airlines Inc., Pass-Through Certificates:	
1,045,000	6.831% due 9/1/08	1,115,538
2,268,135	7.811% due 10/1/09	2,574,333
962,968	8.030% due 7/1/11	1,097,784
460,000	6.932% due 9/1/11	540,500
	Total Airlines	11,070,999
Building Products 1.7%		
	Associated Materials Inc.:	
	Senior Discount Notes, step bond to yield 13.704% due	
5,335,000	3/1/14	3,547,775
945,000	Senior Subordinated Notes, 9.750% due 4/15/12	940,275
	Nortek Inc.:	
880,000	Senior Secured Notes, 10.000% due 12/1/13 (a)	844,800
970,000	Senior Subordinated Notes, 8.500% due 9/1/14	625,650

Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited) (continued)

Face Amount	Security	Value
Building Products 1.7% (continued)	·	
3,890,000	NTK Holdings Inc., Senior Discount Notes, step bond to	
	yield 11.354% due 3/1/14 \$	1,789,400
	Total Building Products	7,747,900
Commercial Services & Supplies 2.8%		
3,155,000	Allied Security Escrow Corp., Senior Subordinated	
	Notes, 11.375% due 7/15/11	2,729,075
	Ashtead Holdings PLC, Secured Notes, 8.625% due	
855,000	8/1/15 (a)	748,125
4,100,000	DynCorp International LLC/DIV Capital Corp., Senior	,
, ,	Subordinated Notes, 9.500% due 2/15/13	4,100,000
2,150,000	Interface Inc., Senior Notes, 10.375% due 2/1/10	2,268,250
2,495,000	Rental Services Corp., Senior Notes, 9.500% due 12/1/14	2,095,800
2,150,000	US Investigations Services Inc.:	2,000,000
1,110,000	11.750% due 5/1/16 (a)	960,150
280,000	Senior Subordinated Notes, 10.500% due 11/1/15 (a)	259,000
200,000	Total Commercial Services & Supplies	13,160,400
Construction & Engineering 0.3%	Total Commercial Services & Supplies	13,100,400
1,460,000	CSC Holdings Inc., 8.500% due 6/15/15 (a)	1,441,750
		, ,
Industrial Conglomerates 0.3%		
	Sequa Corp.:	
840,000	11.750% due 12/1/15 (a)	751,800
840,000	13.500% due 12/1/15 (a)(b)	777,000
	Total Industrial Conglomerates	1,528,800
Machinery 0.3%		
	American Railcar Industries Inc., Senior Notes, 7.500%	
730,000	due 3/1/14	682,550
	Terex Corp., Senior Subordinated Notes, 7.375% due	
760,000	1/15/14	752,400
	Total Machinery	1,434,950
Road & Rail 2.1%		
2,740,000	Grupo Transportacion Ferroviaria Mexicana SA de CV,	
	Senior Notes, 9.375% due 5/1/12	2,863,300
	Hertz Corp., Senior Subordinated Notes, 10.500% due	
5,965,000	1/1/16	5,457,975
	Kansas City Southern de Mexico, Senior Notes:	, ,
1,180,000	7.625% due 12/1/13	1,150,500
520,000	7.375% due 6/1/14	507,000
,	Kansas City Southern Railway, Senior Notes, 7.500%	,
105,000	due 6/15/09	106,575
103,000	Total Road & Rail	10,085,350
Trading Companies & Distributors 1.1%	A VIII AVUU W IMII	10,005,550
1,140,000	Ashtead Capital Inc., Notes, 9.000% due 8/15/16 (a)	1,008,900
1,1 10,000	H&E Equipment Services Inc., Senior Notes, 8.375% due	1,000,700
2,755,000	7/15/16	2,424,400
2,133,000	1113/10	2,727,400

2,410,000 Penhall International Corp., Senior Secured Notes, 12.000% due 8/1/14 (a) 1,819,550 **Total Trading Companies & Distributors** 5,252,850 Transportation Infrastructure 0.3% Swift Transportation Co., Senior Secured Notes: 10.426% due 5/15/15 (a)(d) 2,515,000 817,375 1,495,000 12.500% due 5/15/17 (a) 515,775 **Total Transportation Infrastructure** 1,333,150 TOTAL INDUSTRIALS 61,626,461

INFORMATION TECHNOLOGY 2.8% Communications Equipment 0.5%

Lucent Technologies Inc., Debentures, 6.450% due

3,140,000 2,417,800

Electronic Equipment & Instruments 0.5%

NXP BV/NXP Funding LLC:

See Notes to Schedule of Investments.

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Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited) (continued)

Face			
Amount	Security	Value	
Electronic Equipment & Instruments 0.5% (co	ontinued)		
1,135,000	Senior Notes, 9.500% due 10/15/15	\$	990,288
	Senior Secured Notes:		
520,000	5.541% due 10/15/13 (d)		459,550
760,000	7.875% due 10/15/14		703,000