

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

WESTERN ASSET HIGH INCOME

OPPORTUNITY FUND INC.

FORM N-Q

JUNE 30, 2008

Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited)

June 30, 2008

Face Amount	Security	Value
CORPORATE BONDS & NOTES 91.5%		
CONSUMER DISCRETIONARY 18.0%		
Auto Components 1.5%		
970,000	Allison Transmission Inc.:	
	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
1,330,000	General Motors Corp.:	
	Notes, 7.200% due 1/15/11	1,027,425
1,350,000	Senior Debentures:	
	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 6/1/16	2,298,625
Hotels, Restaurants & Leisure 3.9%		
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, 8.125% due 5/15/11	1,102,850
	Carrols Corp., Senior Subordinated Notes, 9.000% due 1/15/13	1,268,750
1,450,000	Denny's Holdings Inc., Senior Notes, 10.000% due 10/1/12	602,550
618,000	Downstream Development Quapaw, Senior Notes, 12.000%	
1,220,000	due 10/15/15 (a)	972,950
	El Pollo Loco Inc., Senior Notes, 11.750% due 11/15/13	1,095,000
1,095,000	Fontainebleau Las Vegas Holdings LLC/Fontainebleau Las Vegas Capital Corp., 10.250% due 6/15/15 (a)	291,475
445,000	Harrah's Operating Co. Inc., Senior Notes, 10.750% due 2/1/16 (a)	935,200
1,120,000	Indianapolis Downs LLC & Capital Corp., 11.000% due 11/1/12 (a)	1,500,600
1,640,000		2,201,425
2,545,000		

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	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 6/15/14 (a)	2,300,462
2,135,000	Sbarro Inc., Senior Notes, 10.375% due 2/1/15	993,300
1,155,000	Snoqualmie Entertainment Authority, Senior Secured Notes, 6.936% due 2/1/14 (a)(d)	584,600
790,000	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

See Notes to Schedule of Investments.

Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited) (continued)

June 30, 2008

Face Amount	Security	Value
Hotels, Restaurants & Leisure 3.9% (continued)		
165,000	6.625% due 3/15/18	\$ 89,100
	Total Hotels, Restaurants & Leisure	18,148,919
Household Durables 1.9%		
200,000	American Greetings Corp., Senior Notes, 7.375% due 6/1/16	196,000
1,140,000	D.R. Horton Inc., Senior Notes, 8.000% due 2/1/09	1,142,850
	Jarden Corp., Senior Subordinated Notes, 7.500% due 5/1/17	1,706,250
1,950,000	K Hovnanian Enterprises Inc., 11.500% due 5/1/13 (a)	2,048,513
1,965,000	Norcraft Cos. LP/Norcraft Finance Corp., Senior Subordinated Notes, 9.000% due 11/1/11	1,807,900
1,790,000	Norcraft Holdings LP/Norcraft Capital Corp., Senior Discount Notes, step bond to yield 10.128% due 9/1/12	2,069,112
2,210,000	Total Household Durables	8,970,625
Internet & Catalog Retail 0.2%		
780,000	Expedia Inc., Senior Notes, 8.500% due 7/1/16 (a)	766,350
Media 6.3%		
550,000	Affinion Group Inc.: 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, 11.000% due 10/1/15	6,525,956
	CCH II LLC/CCH II Capital Corp., Senior Notes, 10.250% due 10/1/13	721,463
795,000	Charter Communications Holdings LLC, Senior Discount Notes, 12.125% due 1/15/12	394,200
540,000	Charter Communications Holdings LLC/Charter Communications Holdings Capital Corp., Senior Discount Notes, 11.750% due 5/15/11	620,500
850,000	Charter Communications Inc., Senior Secured Notes, 10.875% due 9/15/14 (a)	3,025,225
2,930,000	CSC Holdings Inc., Senior Notes: 8.125% due 7/15/09	1,333,200
	6.750% due 4/15/12	718,200
1,320,000	Dex Media West LLC/Dex Media Finance Co., Senior Subordinated Notes, 9.875% due 8/15/13	1,277,940
760,000	DIRECTV Holdings LLC/DIRECTV Financing Co. Inc., Senior Notes, 8.375% due 3/15/13	683,100
1,416,000	EchoStar DBS Corp., Senior Notes, 7.750% due 5/31/15 (a)	615,825
660,000	Historic TW Inc., Senior Notes, 6.625% due 5/15/29	2,349,494
	Idearc Inc., Senior Notes, 8.000% due 11/15/16	2,731,463
630,000	R.H. Donnelley Corp.: Senior Discount Notes, 6.875% due 1/15/13	885,000
2,575,000		
4,310,000		
1,475,000		

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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
1,790,000	Senior Subordinated Notes, step bond to yield 13.249% 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%		
540,000	Ace Hardware Corp., Senior Secured Notes, 9.125% due 6/1/16 (a)	507,600

See Notes to Schedule of Investments.

Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited) (continued)

June 30, 2008

Face Amount	Security	Value
Specialty Retail 0.9% (continued)		
225,000	AutoNation Inc., Senior Notes: 4.713% due 4/15/13 (d)	\$ 191,250
345,000	7.000% due 4/15/14	308,775
1,735,000	Blockbuster Inc., Senior Subordinated Notes, 9.000% due 9/1/12	1,427,037
365,000	Eye Care Centers of America, Senior Subordinated Notes, 10.750% due 2/15/15	379,600
1,120,000	Michaels Stores Inc.:	
840,000	Senior Notes, 10.000% due 11/1/14	975,800
	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%		
Food & Staples Retailing 0.1%		
276,000	Delhaize America Inc., Debentures, 9.000% due 4/15/31	325,767
Food Products 0.5%		
155,000	Dole Food Co. Inc., Senior Notes: 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%		
385,000	Alliance One International Inc., Senior Notes: 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 2.1%		
2,305,000	ANR Pipeline Co., Debentures, 9.625% due 11/1/21	2,951,642
1,150,000	Complete Production Services Inc., Senior Notes, 8.000% due 12/15/16	1,154,313
1,350,000	Key Energy Services Inc., Senior Notes, 8.375% due 12/1/14 (a)	1,383,750
625,000	Pride International Inc., Senior Notes, 7.375% due 7/15/14	626,563
60,000	Southern Natural Gas Co., Senior Notes, 8.000% due 3/1/32	65,110
3,270,000	Tennessee Gas Pipeline Co., Bonds, 8.375% due 6/15/32	3,667,982
	Total Energy Equipment & Services	9,849,360
Oil, Gas & Consumable Fuels 11.0%		
1,740,000	Atlas Pipeline Partners LP, 8.750% due 6/15/18 (a)	1,735,650

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

See Notes to Schedule of Investments.

Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited) (continued)

June 30, 2008

Face Amount	Security	Value
Oil, Gas & Consumable Fuels 11.0% (continued)		
425,000	Subordinated Notes, 7.034% due 1/15/68	\$ 372,176
2,500,000	EXCO Resources Inc., Senior Notes, 7.250% due 1/15/11	2,468,750
515,000	Inergy LP/Inergy Finance Corp., Senior Notes, 8.250% due 3/1/16 (a)	509,850
1,905,000	International Coal Group Inc., Senior Notes, 10.250% due 7/15/14	1,947,862
940,000	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
470,000	OPTI Canada Inc., Senior Secured Notes: 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
1,075,000	Petrohawk Energy Corp., Senior Notes: 9.125% due 7/15/13	1,107,250
420,000	7.875% due 6/1/15 (a)	412,125
630,000	Petroplus Finance Ltd.: 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	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
1,020,000	Southwestern Energy Co., Senior Notes, 7.500% due 2/1/18 (a)	1,054,588
350,000	Targa Resources Partners LP, Senior Notes, 8.250% due 7/1/16 (a)	339,500
600,000	Teekay Shipping Corp., Senior Notes, 8.875% due 7/15/11	651,750
2,335,000	VeraSun Energy Corp., 9.375% due 6/1/17	1,214,200
1,325,000	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	1,257,469
1,280,000	Williams Cos. Inc.: Notes: 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
	TOTAL ENERGY	61,390,415

FINANCIALS 11.8%
Commercial Banks 0.5%

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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

See Notes to Schedule of Investments.

Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited) (continued)

June 30, 2008

Face Amount	Security	Value
Consumer Finance 4.7% (continued)		
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
1,970,000	Citigroup Inc., Junior Subordinated Notes, 8.400% due 4/30/18 (d)	1,875,164
2,200,000	Elyria Foundry Co./EH Acquisition Inc., 13.000% due 3/1/13 (a)	2,200,000
1,220,000	Leucadia National Corp., Senior Notes: 8.125% due 9/15/15	1,232,200
450,000	7.125% due 3/15/17	432,000
500,000	LVB Acquisition Merger: 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
2,458,000	Residential Capital LLC: 8.500% due 5/15/10 (a)	2,077,010
3,676,000	9.625% due 5/15/15 (a)	1,801,240
1,525,000	TNK-BP Finance SA: 7.875% due 3/13/18 (a)	1,477,344
744,000	Senior Notes, 7.875% due 3/13/18 (a)	719,820
2,820,000	Vanguard Health Holdings Co.: I LLC, Senior Discount Notes, step bond to yield 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%		
3,080,000	American International Group Inc., 8.175% due 5/15/58 (a)(d)	2,906,359
Real Estate Investment Trusts (REITs) 0.3%		
75,000	Forest City Enterprises Inc., Senior Notes, 7.625% due 6/1/15	70,125
360,000	Ventas Realty LP/Ventas Capital Corp., Senior Notes: 6.500% due 6/1/16	345,600
1,165,000	6.750% due 4/1/17	1,124,225
	Total Real Estate Investment Trusts (REITs)	1,539,950
Real Estate Management & Development 0.7%		
1,270,000	Ashton Woods USA LLC/Ashton Woods Finance Co., Senior Subordinated Notes, 9.500% due 10/1/15	742,950
450,000	Realogy Corp.: 10.500% due 4/15/14	315,000

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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%		
5,500,000	Ocwen Capital Trust I, Capital Securities, 10.875% due 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.:	

See Notes to Schedule of Investments.

Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited) (continued)

June 30, 2008

Face Amount	Security	Value
Health Care Providers & Services 5.9% (continued)		
230,000	Senior Notes, 6.625% due 3/15/13	\$ 221,950
1,640,000	Senior Subordinated Notes, 7.250% due 3/15/15	1,603,100
3,920,000	HCA Inc.: Debentures, 7.500% due 11/15/95	2,892,113
1,150,000	Notes: 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
1,640,000	Senior Secured Notes: 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
2,310,000	Tenet Healthcare Corp., Senior Notes: 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
530,000	Universal Hospital Services Inc.: 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
3,700,000	US Oncology Holdings Inc., Senior Notes, 7.949% due 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
310,000	DRS Technologies Inc., Senior Subordinated Notes: 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%		
285,309	Continental Airlines Inc., Pass-Through Certificates: 8.312% due 4/2/11	262,484
930,000	7.339% due 4/19/14	723,075
3,950,000	DAE Aviation Holdings Inc., Senior Notes, 11.250% due 8/1/15 (a)	3,940,125
1,089,547	Delta Air Lines Inc., 8.954% due 8/10/14	817,160

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		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

See Notes to Schedule of Investments.

Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited) (continued)

June 30, 2008

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
855,000		Ashtead Holdings PLC, Secured Notes, 8.625% due 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
1,110,000		US Investigations Services Inc.:	
280,000		11.750% due 5/1/16 (a)	960,150
		Senior Subordinated Notes, 10.500% due 11/1/15 (a)	259,000
		Total Commercial Services & Supplies	13,160,400
Construction & Engineering 0.3%			
1,460,000		CSC Holdings Inc., 8.500% due 6/15/15 (a)	1,441,750
Industrial Conglomerates 0.3%			
840,000		Sequa Corp.:	
840,000		11.750% due 12/1/15 (a)	751,800
		13.500% due 12/1/15 (a)(b)	777,000
		Total Industrial Conglomerates	1,528,800
Machinery 0.3%			
730,000		American Railcar Industries Inc., Senior Notes, 7.500% due 3/1/14	682,550
760,000		Terex Corp., Senior Subordinated Notes, 7.375% due 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
5,965,000		Hertz Corp., Senior Subordinated Notes, 10.500% due 1/1/16	5,457,975
1,180,000		Kansas City Southern de Mexico, Senior Notes:	
520,000		7.625% due 12/1/13	1,150,500
		7.375% due 6/1/14	507,000
105,000		Kansas City Southern Railway, Senior Notes, 7.500% due 6/15/09	106,575
		Total Road & Rail	10,085,350
Trading Companies & Distributors 1.1%			
1,140,000		Ashtead Capital Inc., Notes, 9.000% due 8/15/16 (a)	1,008,900
2,755,000		H&E Equipment Services Inc., Senior Notes, 8.375% due 7/15/16	2,424,400

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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%		
2,515,000	Swift Transportation Co., Senior Secured Notes: 10.426% due 5/15/15 (a)(d)	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%		
3,140,000	Lucent Technologies Inc., Debentures, 6.450% due 3/15/29	2,417,800
Electronic Equipment & Instruments 0.5%		
	NXP BV/NXP Funding LLC:	

See Notes to Schedule of Investments.

Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited) (continued)

June 30, 2008

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