

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Form N-Q

February 28, 2012

**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)

620 Eighth Avenue, New York, NY  
(Address of principal executive offices)

10018  
(Zip code)

Robert I. Frenkel, Esq.  
Legg Mason & Co., LLC  
100 First Stamford Place  
Stamford, CT 06902  
(Name and address of agent for service)

Registrant's telephone number, including area code: (888) 777-0102

Date of fiscal year end: September 30

Date of reporting period: December 31, 2011

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ITEM 1. SCHEDULE OF INVESTMENTS

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

FORM N-Q

DECEMBER 31, 2011

## WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited)

December 31, 2011

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
CORPORATE BONDS & NOTES	86.4%			
CONSUMER DISCRETIONARY	19.1%			
<b>Auto Components</b>	<b>0.2%</b>			
Allison Transmission Inc., Senior Notes	11.000%	11/1/15	470,000 \$	498,200(a)
Hertz Holdings Netherlands BV, Senior Secured Bonds	8.500%	7/31/15	300,000EUR	400,894(a)
<i>Total Auto Components</i>				899,094
<b>Automobiles</b>	<b>0.7%</b>			
Escrow GCB General Motors			2,540,000	41,275*
Escrow GCB General Motors			2,125,000	34,531*
Escrow GCB General Motors			825,000	13,406*
Ford Motor Credit Co., LLC, Senior Notes	7.500%	8/1/12	1,785,000	1,843,380
Ford Motor Credit Co., LLC, Senior Notes	12.000%	5/15/15	685,000	844,256
Jaguar Holding Co. II/Jaguar Merger Sub Inc., Senior Notes	9.500%	12/1/19	480,000	506,400(a)
<i>Total Automobiles</i>				3,283,248
<b>Diversified Consumer Services</b>	<b>0.7%</b>			
Service Corp. International, Senior Notes	7.500%	4/1/27	1,240,000	1,196,600
Sotheby's, Senior Notes	7.750%	6/15/15	1,540,000	1,638,175
Stonemor Operating LLC/Cornerstone Family Services of WV/Osiris Holding, Senior Notes	10.250%	12/1/17	360,000	337,500
<i>Total Diversified Consumer Services</i>				3,172,275
<b>Hotels, Restaurants &amp; Leisure</b>	<b>8.0%</b>			
Boyd Gaming Corp., Senior Notes	9.125%	12/1/18	220,000	210,100
Boyd Gaming Corp., Senior Subordinated Notes	7.125%	2/1/16	665,000	578,550
Caesars Entertainment Operating Co. Inc., Senior Notes	10.750%	2/1/16	2,654,000	1,897,610
Caesars Entertainment Operating Co. Inc., Senior Secured Notes	10.000%	12/15/15	1,020,000	790,500
Caesars Entertainment Operating Co. Inc., Senior Secured Notes	11.250%	6/1/17	1,220,000	1,300,825
CityCenter Holdings LLC/CityCenter Finance Corp., Senior Secured Notes	11.500%	1/15/17	4,813,460	4,729,224(a)(b)
Downstream Development Quapaw, Senior Secured Notes	10.500%	7/1/19	1,190,000	1,130,500(a)
El Pollo Loco Inc., Secured Notes	17.000%	1/1/18	2,480,000	2,111,100(a)
Fiesta Restaurant Group, Secured Notes	8.875%	8/15/16	660,000	666,600(a)
Fontainebleau Las Vegas Holdings LLC/Fontainebleau Las Vegas Capital Corp.	11.000%	6/15/15	445,000	278(a)(c)
Hoa Restaurant Group LLC/Hoa Finance Corp., Senior Secured Notes	11.250%	4/1/17	1,040,000	975,000(a)
Inn of the Mountain Gods Resort & Casino, Senior Secured Notes	8.750%	11/30/20	1,074,000	1,041,780(a)
Landry's Acquisition Co., Secured Notes	11.625%	12/1/15	250,000	264,375(a)
Landry's Holdings Inc., Senior Secured Notes	11.500%	6/1/14	1,140,000	1,122,900(a)
Landry's Restaurants Inc., Senior Secured Notes	11.625%	12/1/15	1,140,000	1,205,550

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Landry's Restaurants Inc., Senior Secured Notes	11.625%	12/1/15	340,000	359,550(a)
MGM Resorts International, Senior Notes	5.875%	2/27/14	1,270,000	1,238,250
MGM Resorts International, Senior Notes	6.625%	7/15/15	490,000	467,950
MGM Resorts International, Senior Secured Notes	10.375%	5/15/14	150,000	172,125
MGM Resorts International, Senior Secured Notes	11.125%	11/15/17	360,000	412,200
Mohegan Tribal Gaming Authority, Senior Secured Notes	11.500%	11/1/17	60,000	55,650(a)
Mohegan Tribal Gaming Authority, Senior Subordinated Notes	8.000%	4/1/12	3,660,000	2,470,500
Mohegan Tribal Gaming Authority, Senior Subordinated Notes	6.875%	2/15/15	225,000	101,250
NCL Corp. Ltd., Senior Notes	9.500%	11/15/18	2,440,000	2,555,900
NCL Corp. Ltd., Senior Secured Notes	11.750%	11/15/16	1,760,000	2,032,800
Pinnacle Entertainment Inc., Senior Notes	8.625%	8/1/17	715,000	759,688
Pinnacle Entertainment Inc., Senior Subordinated Notes	7.500%	6/15/15	330,000	328,350

*See Notes to Schedule of Investments.*

## WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2011

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Hotels, Restaurants &amp; Leisure continued</b>				
Seven Seas Cruises S de RL LLC, Senior Secured Notes	9.125%	5/15/19	1,360,000	\$ 1,397,400(a)
Snoqualmie Entertainment Authority, Senior Secured Notes	4.179%	2/1/14	890,000	794,325(a)(d)
Snoqualmie Entertainment Authority, Senior Secured Notes	9.125%	2/1/15	3,365,000	3,264,050(a)
Station Casinos Inc., Senior Subordinated Notes	6.625%	3/15/18	85,000	0(c)(e)(f)(g)
Sugarhouse HSP Gaming Prop Mezz LP/Sugarhouse HSP Gaming Finance Corp., Secured Notes	8.625%	4/15/16	1,101,000	1,134,030(a)
<i>Total Hotels, Restaurants &amp; Leisure</i>				<i>35,568,910</i>
<b>Household Durables 0.2%</b>				
Standard Pacific Corp., Senior Notes	8.375%	1/15/21	1,040,000	984,100
<b>Internet &amp; Catalog Retail 0.8%</b>				
Netflix Inc., Senior Notes	8.500%	11/15/17	1,340,000	1,383,550
QVC Inc., Senior Secured Notes	7.375%	10/15/20	1,990,000	2,134,275(a)
<i>Total Internet &amp; Catalog Retail</i>				<i>3,517,825</i>
<b>Media 5.0%</b>				
CCH II LLC/CCH II Capital Corp., Senior Notes	13.500%	11/30/16	561,225	651,021
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	7.875%	4/30/18	900,000	964,125
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	8.125%	4/30/20	2,800,000	3,080,000
Cengage Learning Acquisitions Inc., Senior Notes	10.500%	1/15/15	4,440,000	3,207,900(a)
Cengage Learning Acquisitions Inc., Senior Subordinated Notes	13.250%	7/15/15	810,000	524,475(a)
Charter Communications Inc., Senior Notes	6.500%	4/30/21	280,000	284,900
DISH DBS Corp., Senior Notes	7.875%	9/1/19	1,260,000	1,430,100
DISH DBS Corp., Senior Notes	6.750%	6/1/21	800,000	866,000
Entercom Radio LLC, Senior Notes	10.500%	12/1/19	1,290,000	1,296,450(a)
Good Sam Enterprises LLC, Secured Notes	11.500%	12/1/16	1,360,000	1,339,600
Kabel BW Erste Beteiligungs GmbH/Kabel Baden-Wuerttemberg GmbH & Co. KG, Senior Secured Notes	7.500%	3/15/19	430,000	453,650(a)
LBI Media Inc., Senior Secured Notes	9.250%	4/15/19	1,290,000	1,156,163(a)
Nielsen Finance LLC/Nielsen Finance Co., Senior Notes	11.500%	5/1/16	400,000	460,000
Nielsen Finance LLC/Nielsen Finance Co., Senior Notes	7.750%	10/15/18	70,000	75,950
Univision Communications Inc., Senior Notes	8.500%	5/15/21	450,000	411,750(a)
Univision Communications Inc., Senior Secured Notes	6.875%	5/15/19	1,430,000	1,387,100(a)
Univision Communications Inc., Senior Secured Notes	7.875%	11/1/20	1,120,000	1,142,400(a)
UPC Holding BV, Senior Notes	9.875%	4/15/18	675,000	723,094(a)
UPCB Finance II Ltd., Senior Notes	6.375%	7/1/20	2,250,000EUR	2,722,779(a)
<i>Total Media</i>				<i>22,177,457</i>

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**Multiline Retail 0.4%**

Neiman Marcus Group Inc., Senior Secured Notes	7.125%	6/1/28	1,800,000	1,656,000
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**Specialty Retail 2.3%**

American Greetings Corp., Senior Notes	7.375%	12/1/21	1,570,000	1,597,475
Edcon Proprietary Ltd., Senior Secured Notes	9.500%	3/1/18	1,970,000	1,546,450(a)
Gymboree Corp., Senior Notes	9.125%	12/1/18	2,110,000	1,856,800
Michaels Stores Inc., Senior Subordinated Bonds	11.375%	11/1/16	1,230,000	1,309,827
Michaels Stores Inc., Senior Subordinated Notes	13.000%	11/1/16	2,880,000	3,081,312
Spencer Spirit Holdings Inc./Spencer Gifts LLC/Spirit Halloween Superstores, Senior Notes	11.000%	5/1/17	830,000	817,550(a)
<i>Total Specialty Retail</i>				<i>10,209,414</i>

*See Notes to Schedule of Investments.*

## WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2011

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Textiles, Apparel &amp; Luxury Goods 0.8%</b>				
Empire Today LLC/Empire Today Finance Corp., Senior Secured Notes	11.375%	2/1/17	600,000	\$ 562,500(a)
Oxford Industries Inc., Senior Secured Notes	11.375%	7/15/15	2,570,000	2,827,000
<i>Total Textiles, Apparel &amp; Luxury Goods</i>				3,389,500
<b>TOTAL CONSUMER DISCRETIONARY</b>				<b>84,857,823</b>
<b>CONSUMER STAPLES 1.4%</b>				
<b>Food Products 1.3%</b>				
Del Monte Corp., Senior Notes	7.625%	2/15/19	2,374,000	2,290,910
Harmony Foods Corp., Senior Secured Notes	10.000%	5/1/16	570,000	575,700(a)
Simmons Foods Inc., Senior Secured Notes	10.500%	11/1/17	2,980,000	2,495,750(a)
Smithfield Foods Inc., Senior Secured Notes	10.000%	7/15/14	233,000	272,028
<i>Total Food Products</i>				5,634,388
<b>Household Products 0.0%</b>				
Reynolds Group DL Escrow Inc./Reynolds Group Escrow LLC, Senior Secured Notes	8.750%	10/15/16	100,000	105,750(a)
<b>Tobacco 0.1%</b>				
Alliance One International Inc., Senior Notes	10.000%	7/15/16	446,000	403,630
<b>TOTAL CONSUMER STAPLES</b>				<b>6,143,768</b>
<b>ENERGY 12.6%</b>				
<b>Energy Equipment &amp; Services 2.9%</b>				
Complete Production Services Inc., Senior Notes	8.000%	12/15/16	1,150,000	1,201,750
Hercules Offshore LLC, Senior Secured Notes	10.500%	10/15/17	2,285,000	2,233,588(a)
Parker Drilling Co., Senior Notes	9.125%	4/1/18	1,480,000	1,565,100
Petroleum Geo-Services ASA, Senior Notes	7.375%	12/15/18	630,000	645,750(a)
Pioneer Drilling Co., Senior Notes	9.875%	3/15/18	810,000	850,500(a)
Precision Drilling Corp., Senior Notes	6.625%	11/15/20	360,000	369,900
SESI LLC, Senior Notes	7.125%	12/15/21	1,990,000	2,094,475(a)
Vantage Drilling Co., Senior Secured Notes	11.500%	8/1/15	3,520,000	3,823,600
<i>Total Energy Equipment &amp; Services</i>				12,784,663
<b>Oil, Gas &amp; Consumable Fuels 9.7%</b>				
Berry Petroleum Co., Senior Notes	10.250%	6/1/14	1,155,000	1,312,369
Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes	9.375%	5/1/19	2,990,000	2,915,250(a)
Chesapeake Energy Corp., Senior Notes	7.250%	12/15/18	425,000	471,750
Chesapeake Energy Corp., Senior Notes	6.625%	8/15/20	1,530,000	1,648,575
Coffeyville Resources LLC/Coffeyville Finance Inc., Senior Secured Notes	9.000%	4/1/15	1,060,000	1,128,900(a)
Compagnie Generale de Geophysique-Veritas, Senior Notes	9.500%	5/15/16	560,000	607,600
Compagnie Generale de Geophysique-Veritas, Senior Notes	7.750%	5/15/17	410,000	417,175
CONSOL Energy Inc., Senior Notes	8.250%	4/1/20	1,410,000	1,565,100



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Corral Petroleum Holdings AB, Senior Notes	15.000%	12/31/17	3,178,521	2,447,461(a)(b)(e)
Crosstex Energy LP/Crosstex Energy Finance Corp., Senior Notes	8.875%	2/15/18	350,000	384,125
El Paso Corp., Medium-Term Notes	7.800%	8/1/31	870,000	1,007,025
Energy Transfer Equity LP, Senior Notes	7.500%	10/15/20	1,370,000	1,503,575
Enterprise Products Operating LLP, Junior Subordinated Notes	8.375%	8/1/66	1,270,000	1,360,190(d)
Enterprise Products Operating LLP, Subordinated Notes	7.034%	1/15/68	790,000	822,605(d)
EXCO Resources Inc., Senior Notes	7.500%	9/15/18	2,130,000	2,023,500
Kodiak Oil & Gas Corp., Senior Notes	8.125%	12/1/19	1,180,000	1,224,250(a)
MarkWest Energy Partners LP/MarkWest Energy Finance Corp., Senior Notes	6.750%	11/1/20	430,000	452,575
MarkWest Energy Partners LP/MarkWest Energy Finance Corp., Senior Notes	6.500%	8/15/21	260,000	272,025
Milagro Oil & Gas Inc., Secured Notes	10.500%	5/15/16	1,530,000	1,078,650

*See Notes to Schedule of Investments.*

## WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2011

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Oil, Gas &amp; Consumable Fuels continued</b>				
Overseas Shipholding Group Inc., Senior Notes	8.125%	3/30/18	2,855,000	\$ 1,766,531
Peabody Energy Corp., Senior Notes	7.875%	11/1/26	470,000	506,425
Petroplus Finance Ltd., Senior Notes	6.750%	5/1/14	1,090,000	664,900(a)(h)
Petroplus Finance Ltd., Senior Notes	7.000%	5/1/17	780,000	397,800(a)(h)
Plains Exploration & Production Co., Senior Notes	10.000%	3/1/16	1,305,000	1,451,813
Plains Exploration & Production Co., Senior Notes	8.625%	10/15/19	1,195,000	1,318,981
PT Adaro Indonesia, Senior Notes	7.625%	10/22/19	400,000	438,520(a)
Quicksilver Resources Inc., Senior Notes	11.750%	1/1/16	2,255,000	2,570,700
Quicksilver Resources Inc., Senior Notes	9.125%	8/15/19	780,000	830,700
Range Resources Corp., Senior Subordinated Notes	8.000%	5/15/19	100,000	112,000
SandRidge Energy Inc., Senior Notes	7.500%	3/15/21	460,000	458,850
Teekay Corp., Senior Notes	8.500%	1/15/20	2,280,000	2,205,900
Tennessee Gas Pipeline Co., Senior Notes	8.375%	6/15/32	3,270,000	4,164,992
TNK-BP Finance SA, Senior Notes	7.875%	3/13/18	1,525,000	1,645,094(a)
Whiting Petroleum Corp., Senior Subordinated Notes	6.500%	10/1/18	550,000	577,500
Xinergy Ltd., Senior Secured Notes	9.250%	5/15/19	1,340,000	1,139,000(a)
<i>Total Oil, Gas &amp; Consumable Fuels</i>				42,892,406
TOTAL ENERGY				55,677,069
FINANCIALS 5.9%				
<b>Capital Markets 0.2%</b>				
Goldman Sachs Group Inc., Subordinated Notes	6.750%	10/1/37	1,100,000	1,026,557
<b>Commercial Banks 1.1%</b>				
BankAmerica Institutional Capital A, Junior Subordinated Bonds	8.070%	12/31/26	520,000	470,600(a)
BankAmerica Institutional Capital B, Junior Subordinated Bonds	7.700%	12/31/26	600,000	535,500(a)
CIT Group Inc., Senior Secured Bonds	7.000%	5/1/16	1,130,700	1,132,113
CIT Group Inc., Senior Secured Bonds	7.000%	5/1/17	1,294,694	1,296,312
Credit Agricole SA, Subordinated Notes	8.375%	10/13/19	830,000	626,650(a)(d)(i)
Royal Bank of Scotland Group PLC, Junior Subordinated Bonds	7.648%	9/30/31	790,000	542,138(d)(i)
<i>Total Commercial Banks</i>				4,603,313
<b>Consumer Finance 1.0%</b>				
Ally Financial Inc., Senior Bonds	0.000%	12/1/12	1,800,000	1,696,500
GMAC International Finance BV, Senior Bonds	7.500%	4/21/15	730,000EUR	902,287
SLM Corp., Medium-Term Notes	8.000%	3/25/20	920,000	931,500
SLM Corp., Medium-Term Notes, Senior Notes	8.450%	6/15/18	965,000	998,775
<i>Total Consumer Finance</i>				4,529,062
<b>Diversified Financial Services 2.9%</b>				
Bank of America Corp., Senior Notes	6.500%	8/1/16	350,000	352,819
Bankrate Inc., Senior Secured Notes	11.750%	7/15/15	1,148,000	1,315,895
Capital One Capital V, Junior Subordinated Notes, Cumulative Trust Preferred Securities	10.250%	8/15/39	1,120,000	1,169,000

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International Lease Finance Corp., Medium-Term Notes	6.375%	3/25/13	744,000	744,000
International Lease Finance Corp., Medium-Term Notes, Senior Notes	5.625%	9/20/13	1,670,000	1,638,687
International Lease Finance Corp., Senior Notes	8.625%	9/15/15	820,000	843,575
International Lease Finance Corp., Senior Notes	8.875%	9/1/17	3,810,000	3,962,400
International Lease Finance Corp., Senior Notes	8.250%	12/15/20	1,580,000	1,599,750
MBNA Capital A, Junior Subordinated Notes	8.278%	12/1/26	1,250,000	1,164,063
<i>Total Diversified Financial Services</i>				<i>12,790,189</i>
<b>Insurance 0.7%</b>				
American International Group Inc., Senior Notes	8.250%	8/15/18	1,465,000	1,554,660
Dai-ichi Life Insurance Co., Ltd., Subordinated Notes	7.250%	7/25/21	520,000	524,345(a)(d)(i)

*See Notes to Schedule of Investments.*

## WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2011

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Insurance continued</b>				
ING Capital Funding Trust III, Junior Subordinated Bonds	4.179%	3/31/12	410,000	\$ 323,865 <sup>(d)(i)</sup>
MetLife Capital Trust IV, Junior Subordinated Notes	7.875%	12/15/37	590,000	615,075 <sup>(a)</sup>
<i>Total Insurance</i>				3,017,945
<b>TOTAL FINANCIALS</b>				25,967,066
<b>HEALTH CARE 6.4%</b>				
<b>Biotechnology 0.2%</b>				
Grifols Inc., Senior Notes	8.250%	2/1/18	700,000	738,500
<b>Health Care Equipment &amp; Supplies 0.2%</b>				
Biomet Inc., Senior Notes	10.000%	10/15/17	180,000	195,300
Biomet Inc., Senior Toggle Notes	10.375%	10/15/17	650,000	706,875 <sup>(b)</sup>
<i>Total Health Care Equipment &amp; Supplies</i>				902,175
<b>Health Care Providers &amp; Services 6.0%</b>				
Acadia Healthcare, Senior Notes	12.875%	11/1/18	720,000	716,400 <sup>(a)</sup>
American Renal Associates Holdings Inc., Senior Notes	9.750%	3/1/16	1,503,823	1,485,149
American Renal Holdings, Senior Secured Notes	8.375%	5/15/18	1,130,000	1,192,150
AMERIGROUP Corp., Senior Notes	7.500%	11/15/19	880,000	910,800
Community Health Systems Inc., Senior Notes	8.000%	11/15/19	1,960,000	1,984,500 <sup>(a)</sup>
CRC Health Corp., Senior Subordinated Notes	10.750%	2/1/16	4,265,000	4,073,075
ExamWorks Group Inc., Senior Notes	9.000%	7/15/19	850,000	773,500 <sup>(a)</sup>
Fresenius Medical Care U.S. Finance Inc., Senior Notes	6.875%	7/15/17	700,000	749,000
Fresenius Medical Care U.S. Finance Inc., Senior Notes	6.500%	9/15/18	280,000	294,700 <sup>(a)</sup>
Fresenius U.S. Finance II Inc., Senior Notes	9.000%	7/15/15	1,920,000	2,162,400 <sup>(a)</sup>
HCA Inc., Debentures	7.500%	11/15/95	3,920,000	3,038,000
HCA Inc., Senior Secured Notes	7.875%	2/15/20	1,860,000	2,018,100
INC Research LLC, Senior Notes	11.500%	7/15/19	640,000	576,000 <sup>(a)</sup>
InVentiv Health Inc., Senior Notes	10.000%	8/15/18	1,320,000	1,214,400 <sup>(a)</sup>
Tenet Healthcare Corp., Senior Secured Notes	10.000%	5/1/18	1,320,000	1,514,700
Tenet Healthcare Corp., Senior Secured Notes	8.875%	7/1/19	770,000	868,175
Universal Hospital Services Inc., Senior Secured Notes	8.500%	6/1/15	1,990,000	2,019,850 <sup>(b)</sup>
US Oncology Inc. Escrow			1,015,000	17,763*
Vanguard Health Holdings Co., II LLC, Senior Notes	8.000%	2/1/18	1,025,000	1,022,437
<i>Total Health Care Providers &amp; Services</i>				26,631,099
<b>TOTAL HEALTH CARE</b>				28,271,774
<b>INDUSTRIALS 14.3%</b>				
<b>Aerospace &amp; Defense 2.1%</b>				
Ducommun Inc., Senior Notes	9.750%	7/15/18	870,000	887,400 <sup>(a)</sup>
FGI Operating Co. Inc., Senior Secured Notes	10.250%	8/1/15	1,768,000	1,882,920
Huntington Ingalls Industries Inc., Senior Notes	6.875%	3/15/18	890,000	876,650 <sup>(a)</sup>
Huntington Ingalls Industries Inc., Senior Notes	7.125%	3/15/21	630,000	620,550 <sup>(a)</sup>
Kratos Defense & Security Solutions Inc., Senior Secured Notes	10.000%	6/1/17	2,220,000	2,286,600
Triumph Group Inc., Senior Notes	8.625%	7/15/18	800,000	880,000
Wyle Services Corp., Senior Subordinated Notes	10.500%	4/1/18	2,105,000	2,083,950 <sup>(a)</sup>

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<i>Total Aerospace &amp; Defense</i>				9,518,070
<b>Airlines 2.0%</b>				
American Airlines Pass-Through Trust, Secured Notes	7.000%	1/31/18	705,313	627,729(a)
Continental Airlines Inc., Pass-Through Certificates	9.250%	5/10/17	150,881	155,407
Continental Airlines Inc., Pass-Through Certificates, Subordinated Secured Notes	7.339%	4/19/14	1,471,537	1,434,749
DAE Aviation Holdings Inc., Senior Notes	11.250%	8/1/15	3,870,000	4,044,150(a)
Delta Air Lines Inc., Pass-Through Certificates, Secured Notes	8.021%	8/10/22	745,726	731,706

*See Notes to Schedule of Investments.*

## WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2011

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Airlines continued</b>				
Delta Air Lines Inc., Pass-Through Certificates, Subordinated Secured Notes	9.750%	12/17/16	348,656 \$	362,603
Delta Air Lines Inc., Senior Secured Notes	9.500%	9/15/14	519,000	537,165(a)
United Air Lines Inc., Senior Secured Notes	9.875%	8/1/13	819,000	841,522(a)
<i>Total Airlines</i>				8,735,031
<b>Building Products 0.8%</b>				
Ashton Woods USA LLC/Ashton Woods Finance Co., Senior Subordinated Notes, step bond	0.000%	6/30/15	520,400	398,106(a)(g)
Building Materials Corp. of America, Senior Notes	6.750%	5/1/21	2,110,000	2,220,775(a)
Shea Homes LP, Senior Secured Notes	8.625%	5/15/19	890,000	834,375(a)
<i>Total Building Products</i>				3,453,256
<b>Commercial Services &amp; Supplies 1.6%</b>				
Altegrity Inc., Senior Subordinated Notes	10.500%	11/1/15	210,000	190,050(a)
Altegrity Inc., Senior Subordinated Notes	11.750%	5/1/16	2,605,000	2,292,400(a)
American Reprographics Co., Senior Notes	10.500%	12/15/16	1,500,000	1,342,500
Geo Group Inc., Senior Notes	7.750%	10/15/17	1,620,000	1,729,350
JM Huber Corp., Senior Notes	9.875%	11/1/19	780,000	822,900(a)
RSC Equipment Rental Inc./RSC Holdings III LLC, Senior Notes	8.250%	2/1/21	730,000	742,775
<i>Total Commercial Services &amp; Supplies</i>				7,119,975
<b>Construction &amp; Engineering 0.3%</b>				
Abengoa Finance SAU, Senior Notes	8.875%	11/1/17	1,310,000	1,316,550(a)
<b>Electrical Equipment 0.3%</b>				
NES Rentals Holdings Inc., Senior Secured Notes	12.250%	4/15/15	1,620,000	1,377,000(a)
<b>Industrial Conglomerates 0.3%</b>				
Leucadia National Corp., Senior Notes	8.125%	9/15/15	1,220,000	1,288,625
<b>Machinery 0.5%</b>				
Dematic SA, Senior Secured Notes	8.750%	5/1/16	2,050,000	2,034,625(a)
<b>Marine 1.0%</b>				
Horizon Lines LLC, Senior Secured Notes	11.000%	10/15/16	880,000	849,200(a)
Horizon Lines LLC, Senior Secured Notes	13.000%	10/15/16	1,160,000	1,084,600(a)(b)(e)
Navios Maritime Acquisition Corp./Navios Acquisition Finance U.S. Inc., Senior Secured Notes	8.625%	11/1/17	2,700,000	1,971,000
Navios Maritime Holdings Inc./Navios Maritime Finance II U.S. Inc., Senior Notes	8.125%	2/15/19	740,000	555,000
<i>Total Marine</i>				4,459,800
<b>Road &amp; Rail 3.6%</b>				
Avis Budget Car Rental LLC/Avis Budget Finance Inc., Senior Notes	9.625%	3/15/18	410,000	426,400
Avis Budget Car Rental LLC/Avis Budget Finance Inc., Senior Notes	9.750%	3/15/20	900,000	929,250
Florida East Coast Holdings Corp., Senior Notes	10.500%	8/1/17	3,351,031	2,483,359(b)
Florida East Coast Railway Corp., Senior Secured Notes	8.125%	2/1/17	860,000	853,550
Jack Cooper Holdings Corp., Senior Secured Notes	13.250%	12/15/15	2,194,000	2,194,000(a)(e)

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Kansas City Southern de Mexico, Senior Notes	12.500%	4/1/16	681,000	796,770
Kansas City Southern de Mexico, Senior Notes	8.000%	2/1/18	2,805,000	3,099,525
Kansas City Southern Railway, Senior Notes	8.000%	6/1/15	285,000	303,881
Quality Distribution LLC/QD Capital Corp., Secured Notes	9.875%	11/1/18	2,675,000	2,768,625
RailAmerica Inc., Senior Secured Notes	9.250%	7/1/17	1,872,000	2,054,520
<i>Total Road &amp; Rail</i>				<i>15,909,880</i>
<b>Trading Companies &amp; Distributors 0.3%</b>				
Ashtead Capital Inc., Notes	9.000%	8/15/16	108,000	113,130(a)
H&E Equipment Services Inc., Senior Notes	8.375%	7/15/16	1,370,000	1,407,675
<i>Total Trading Companies &amp; Distributors</i>				<i>1,520,805</i>

*See Notes to Schedule of Investments.*

## WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2011

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Transportation 1.4%</b>				
CMA CGM, Senior Notes	8.500%	4/15/17	2,680,000	\$ 1,199,300(a)
Hapag-Lloyd AG, Senior Notes	9.750%	10/15/17	2,630,000	1,946,200(a)
Syncreon Global Ireland Ltd./Syncreon Global Finance US Inc., Senior Notes	9.500%	5/1/18	3,120,000	2,893,800(a)
<i>Total Transportation</i>				6,039,300
<b>Transportation Infrastructure 0.1%</b>				
Aguila 3 SA, Senior Secured Notes	7.875%	1/31/18	540,000	526,500(a)
<b>TOTAL INDUSTRIALS</b>				63,299,417
<b>INFORMATION TECHNOLOGY 3.4%</b>				
<b>Communications Equipment 0.5%</b>				
Lucent Technologies Inc., Debentures	6.450%	3/15/29	3,140,000	2,268,650
<b>Electronic Equipment, Instruments &amp; Components 0.9%</b>				
NXP BV/NXP Funding LLC, Senior Secured Notes	9.750%	8/1/18	3,460,000	3,788,700(a)
<b>IT Services 1.1%</b>				
First Data Corp., Senior Notes	10.550%	9/24/15	4,476,986	4,169,041
First Data Corp., Senior Notes	12.625%	1/15/21	420,000	367,500
First Data Corp., Senior Secured Notes	7.375%	6/15/19	120,000	113,400(a)
Sterling Merger Inc., Senior Notes	11.000%	10/1/19	270,000	264,600(a)
<i>Total IT Services</i>				4,914,541
<b>Semiconductors &amp; Semiconductor Equipment 0.9%</b>				
CDW LLC/CDW Finance Corp., Senior Notes	11.000%	10/12/15	710,000	749,050
CDW LLC/CDW Finance Corp., Senior Notes	11.500%	10/12/15	590,000	622,450(b)
Freescale Semiconductor Inc., Senior Secured Notes	9.250%	4/15/18	860,000	923,425(a)
Freescale Semiconductor Inc., Senior Subordinated Notes	10.125%	12/15/16	1,785,000	1,887,638
<i>Total Semiconductors &amp; Semiconductor Equipment</i>				4,182,563
<b>TOTAL INFORMATION TECHNOLOGY</b>				15,154,454
<b>MATERIALS 8.3%</b>				
<b>Chemicals 1.4%</b>				
Georgia Gulf Corp., Senior Secured Notes	9.000%	1/15/17	1,175,000	1,248,437(a)
Ineos Finance PLC, Senior Secured Notes	9.000%	5/15/15	1,160,000	1,183,200(a)
Kerling PLC, Senior Secured Notes	10.625%	1/28/17	955,000EUR	1,100,048(a)
Lyondell Chemical Co., Senior Secured Notes	8.000%	11/1/17	465,000	510,338
Lyondell Chemical Co., Senior Secured Notes	11.000%	5/1/18	683,766	750,433
Solutia Inc., Senior Notes	8.750%	11/1/17	45,000	49,388
Solutia Inc., Senior Notes	7.875%	3/15/20	1,210,000	1,321,925
<i>Total Chemicals</i>				6,163,769
<b>Containers &amp; Packaging 2.9%</b>				
ARD Finance SA, Senior Secured Notes	11.125%	6/1/18	211,928	182,258(a)(b)
Ardagh Packaging Finance PLC, Senior Notes	9.125%	10/15/20	1,330,000	1,323,350(a)
	7.375%	10/15/17	560,000EUR	713,908(a)



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Ardagh Packaging Finance PLC, Senior Secured Notes				
Berry Plastics Corp., Secured Notes	9.750%	1/15/21	1,410,000	1,413,525
Longview Fibre Paper & Packaging Inc., Senior Secured Notes	8.000%	6/1/16	1,120,000	1,125,600(a)
Pretium Packaging LLC/Pretium Finance Inc., Senior Secured Notes	11.500%	4/1/16	2,060,000	2,029,100
Reynolds Group Issuer Inc./Reynolds Group Issuer LLC, Senior Notes	9.250%	5/15/18	1,180,000	1,135,750(a)
Reynolds Group Issuer Inc./Reynolds Group Issuer LLC, Senior Notes	9.875%	8/15/19	920,000	897,000(a)
Reynolds Group Issuer Inc./Reynolds Group Issuer LLC, Senior Notes	8.250%	2/15/21	1,600,000	1,424,000(a)
Reynolds Group Issuer Inc./Reynolds Group Issuer LLC, Senior Secured Notes	6.875%	2/15/21	350,000	350,000(a)

*See Notes to Schedule of Investments.*

## WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2011

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Containers &amp; Packaging continued</b>				
Viskase Cos. Inc., Senior Secured Notes	9.875%	1/15/18	2,260,000 \$	2,299,550(a)
<i>Total Containers &amp; Packaging</i>				12,894,041
<b>Metals &amp; Mining 2.7%</b>				
FMG Resources (August 2006) Pty Ltd., Senior Notes	7.000%	11/1/15	300,000	304,500(a)
FMG Resources (August 2006) Pty Ltd., Senior Notes	8.250%	11/1/19	2,540,000	2,597,150(a)
Midwest Vanadium Pty Ltd., Senior Secured Notes	11.500%	2/15/18	3,400,000	2,499,000(a)
Mirabela Nickel Ltd., Senior Notes	8.750%	4/15/18	1,190,000	1,073,975(a)
Novelis Inc., Senior Notes	8.750%	12/15/20	2,040,000	2,198,100
Optima Specialty Steel Inc., Senior Secured Notes	12.500%	12/15/16	1,050,000	1,047,375(a)
Ryerson Holding Corp., Senior Secured Notes	0.000%	2/1/15	2,850,000	1,282,500
Ryerson Inc., Senior Secured Notes	12.000%	11/1/15	30,000	30,450
Tempel Steel Co., Senior Secured Notes	12.000%	8/15/16	860,000	821,300(a)
<i>Total Metals &amp; Mining</i>				11,854,350
<b>Paper &amp; Forest Products 1.3%</b>				
Appleton Papers Inc., Senior Secured Notes	11.250%	12/15/15	3,415,000	3,090,575
PE Paper Escrow GmbH, Senior Secured Notes	12.000%	8/1/14	560,000	599,200(a)
Sappi Papier Holding GmbH, Senior Secured Notes	6.625%	4/15/21	600,000	517,500(a)
Verso Paper Holdings LLC, Senior Secured Notes	11.500%	7/1/14	36,000	36,900
Verso Paper Holdings LLC, Senior Subordinated Notes	11.375%	8/1/16	330,000	136,950
Verso Paper Holdings LLC/Verso Paper Inc., Senior Secured Notes	8.750%	2/1/19	2,110,000	1,297,650
<i>Total Paper &amp; Forest Products</i>				5,678,775
<b>TOTAL MATERIALS</b>				36,590,935
<b>TELECOMMUNICATION SERVICES 7.5%</b>				
<b>Diversified Telecommunication Services 4.7%</b>				
Cogent Communications Group Inc., Senior Secured Notes	8.375%	2/15/18	1,530,000	1,572,075(a)
Inmarsat Finance PLC, Senior Notes	7.375%	12/1/17	2,120,000	2,226,000(a)
Intelsat Jackson Holdings Ltd., Senior Notes	11.250%	6/15/16	580,000	610,813
Intelsat Jackson Holdings Ltd., Senior Notes	8.500%	11/1/19	610,000	648,125
Intelsat Jackson Holdings SA, Senior Notes	7.250%	10/15/20	1,800,000	1,831,500
Intelsat Luxembourg SA, Senior Notes	11.250%	2/4/17	2,150,000	2,085,500
Level 3 Financing Inc., Senior Notes	9.250%	11/1/14	639,000	656,572
Primus Telecommunications Holding Inc., Senior Notes	10.000%	4/15/17	239,771	233,177(a)
Satmex Escrow SA de CV, Secured Senior Notes	9.500%	5/15/17	1,000,000	1,030,000
TW Telecom Holdings Inc., Senior Notes	8.000%	3/1/18	1,430,000	1,530,100
West Corp., Senior Notes	8.625%	10/1/18	1,570,000	1,593,550
West Corp., Senior Notes	7.875%	1/15/19	1,840,000	1,835,400
Wind Acquisition Finance SA, Senior Notes	11.750%	7/15/17	1,070,000	963,000(a)
Wind Acquisition Finance SA, Senior Secured Notes	7.250%	2/15/18	780,000	711,750(a)
Wind Acquisition Holdings Finance SpA, Senior Notes	12.250%	7/15/17	1,166,753	793,678(a)(b)
Windstream Corp., Senior Notes	7.500%	6/1/22	300,000	300,000(a)
Windstream Corp., Senior Notes	7.500%	4/1/23	2,130,000	2,114,025
<i>Total Diversified Telecommunication Services</i>				20,735,265
<b>Wireless Telecommunication Services 2.8%</b>				

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MetroPCS Wireless Inc., Senior Notes	7.875%	9/1/18	1,080,000	1,100,250
MetroPCS Wireless Inc., Senior Notes	6.625%	11/15/20	1,010,000	944,350
Sprint Capital Corp., Global Notes	6.900%	5/1/19	870,000	719,925
Sprint Capital Corp., Senior Notes	6.875%	11/15/28	1,400,000	1,006,250
Sprint Capital Corp., Senior Notes	8.750%	3/15/32	6,415,000	5,220,206
Sprint Nextel Corp., Senior Notes	9.000%	11/15/18	1,840,000	1,936,600(a)

*See Notes to Schedule of Investments.*

## WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2011

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Wireless Telecommunication Services continued</b>				
Syniverse Holdings Inc., Senior Notes	9.125%	1/15/19	1,720,000 \$	1,823,200
<i>Total Wireless Telecommunication Services</i>				<i>12,750,781</i>
<b>TOTAL TELECOMMUNICATION SERVICES</b>				<b>33,486,046</b>
<b>UTILITIES 7.5%</b>				
<b>Electric Utilities 2.1%</b>				
AES Red Oak LLC, Secured Notes	9.200%	11/30/29	3,920,000	3,998,400
Astoria Depositor Corp., Pass-Through Certificates	8.144%	5/1/21	1,550,000	1,364,000(a)
Reliant Energy Mid-Atlantic Power Holdings LLC, Senior Notes	9.681%	7/2/26	2,570,000	2,550,725
Texas Competitive Electric Holdings Co. LLC/TCEH Finance Inc., Senior Secured Notes	11.500%	10/1/20	1,720,000	1,468,450(a)
<i>Total Electric Utilities</i>				<i>9,381,575</i>
<b>Gas Utilities 0.3%</b>				
Southern Natural Gas Co., Senior Notes	8.000%	3/1/32	60,000	74,511
Suburban Propane Partners LP/Suburban Energy Finance Corp., Senior Notes	7.375%	3/15/20	1,210,000	1,264,450
<i>Total Gas Utilities</i>				<i>1,338,961</i>
<b>Independent Power Producers &amp; Energy Traders 5.1%</b>				
Atlantic Power Corp., Senior Notes	9.000%	11/15/18	1,080,000	1,088,100(a)
Calpine Corp., Senior Secured Notes	7.875%	7/31/20	460,000	497,950(a)
Calpine Corp., Senior Secured Notes	7.500%	2/15/21	640,000	688,000(a)
Calpine Corp., Senior Secured Notes	7.875%	1/15/23	2,610,000	2,818,800(a)
Dynegy Inc., Bonds	7.670%	11/8/16	220,000	134,200(c)
Edison Mission Energy, Senior Notes	7.625%	5/15/27	1,195,000	711,025
Energy Future Holdings Corp., Senior Notes	10.875%	11/1/17	5,813,000	4,708,530
Energy Future Holdings Corp., Senior Notes	11.250%	11/1/17	1,593,489	1,313,403(b)
Energy Future Intermediate Holding Co. LLC, Senior Secured Notes	9.750%	10/15/19	290,000	291,450