

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Form N-Q

February 27, 2009

**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  
100 First Stamford Place  
Stamford, CT 06902  
(Name and address of agent for service)

Registrant's telephone number, including area code: 1-800-451-2010

Date of fiscal year end: September 30

Date of reporting period: December 31, 2008

---

ITEM 1. SCHEDULE OF INVESTMENTS

---

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

**FORM N-Q**

**DECEMBER 31, 2008**

---

## Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited)

December 31, 2008

Face Amount	Security	Value
<b>CORPORATE BONDS &amp; NOTES</b> 91.0%		
<b>CONSUMER DISCRETIONARY</b> 15.0%		
<b>Auto Components</b> 0.9%		
\$ 2,020,000	Allison Transmission Inc., Senior Notes, 11.250% due 11/1/15 (a)(b)	\$ 808,000
960,000	Keystone Automotive Operations Inc., Senior Subordinated Notes, 9.750% due 11/1/13	369,600
1,722,000	Visteon Corp., Senior Notes: 8.250% due 8/1/10	542,430
3,766,000	12.250% due 12/31/16 (a)	922,670
	<b>Total Auto Components</b>	2,642,700
<b>Automobiles</b> 0.6%		
505,000	Ford Motor Co., Debentures, 8.900% due 1/15/32	123,724
3,060,000	General Motors Corp.: Notes, 7.200% due 1/15/11	650,250
4,550,000	Senior Debentures, 8.375% due 7/15/33	819,000
2,125,000	Senior Notes, 7.125% due 7/15/13	398,437
	<b>Total Automobiles</b>	1,991,411
<b>Diversified Consumer Services</b> 0.6%		
430,000	Education Management LLC/Education Management Finance Corp.:	
2,055,000	Senior Notes, 8.750% due 6/1/14	328,950
	Senior Subordinated Notes, 10.250% due 6/1/16	1,500,150
	<b>Total Diversified Consumer Services</b>	1,829,100
<b>Hotels, Restaurants &amp; Leisure</b> 3.8%		
675,000	Boyd Gaming Corp., Senior Subordinated Notes, 7.125% due 2/1/16	401,625
2,345,000	Buffets Inc., Senior Notes, 12.500% due 11/1/14 (c)(d)	16,122
1,570,000	Caesars Entertainment Inc., Senior Subordinated Notes, 8.125% due 5/15/11	777,150
1,450,000	Carrols Corp., Senior Subordinated Notes, 9.000% due 1/15/13	986,000
618,000	Denny's Holdings Inc., Senior Notes, 10.000% due 10/1/12	431,055
1,400,000	Downstream Development Quapaw, Senior Notes, 12.000% due 10/15/15 (a)	777,000
1,095,000	El Pollo Loco Inc., Senior Notes, 11.750% due 11/15/13	815,775
445,000	Fontainebleau Las Vegas Holdings LLC/Fontainebleau Las Vegas Capital Corp., 10.250% due 6/15/15 (a)	45,612
843,000	Harrah's Operating Co. Inc.:	
193,900	Senior Notes, 10.750% due 2/1/16 (a)	244,470
1,640,000	Senior Secured Notes, 10.000% due 12/15/18 (a)	71,743
2,545,000	Indianapolis Downs LLC & Capital Corp., Senior Secured Notes, 11.000% due 11/1/12 (a)	902,000
		852,575

Edgar Filing: WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC. - Form N-Q

	Inn of the Mountain Gods Resort & Casino, Senior Notes, 12.000% due 11/15/10	
1,830,000	MGM MIRAGE Inc., Senior Notes, 13.000% due 11/15/13 (a)	1,752,225
225,000	Mohegan Tribal Gaming Authority, Senior Subordinated Notes, 6.875% due 2/15/15	114,750
2,135,000	Pokagon Gaming Authority, Senior Notes, 10.375% due 6/15/14 (a)	1,846,775
1,065,000	Sbarro Inc., Senior Notes, 10.375% due 2/1/15	564,450
790,000	Snoqualmie Entertainment Authority, Senior Secured Notes, 6.875% due 2/1/14 (a)(e)	462,150
	Station Casinos Inc.:	
	Senior Notes:	
1,245,000	6.000% due 4/1/12	255,225
2,265,000	7.750% due 8/15/16	441,675
85,000	Senior Subordinated Notes, 6.625% due 3/15/18	5,313
	<b>Total Hotels, Restaurants &amp; Leisure</b>	<b>11,763,690</b>
<b>Household Durables 1.5%</b>		
	American Greetings Corp., Senior Notes, 7.375% due 6/1/16	135,000
200,000	K Hovnanian Enterprises Inc., Senior Notes, 11.500% due 5/1/13	1,503,225
1,965,000		

*See Notes to Schedule of Investments.*

**Western Asset High Income Opportunity Fund Inc.**

Schedule of Investments (unaudited) (continued)

December 31, 2008

Face Amount	Security	Value
<b>Household Durables 1.5% (continued)</b>		
\$ 1,790,000	Norcraft Cos. LP/Norcraft Finance Corp., Senior	
	Subordinated Notes, 9.000% due 11/1/11	\$ 1,530,450
2,210,000	Norcraft Holdings LP/Norcraft Capital Corp., Senior	
	Discount Notes, 9.750% due 9/1/12	1,657,500
	<b>Total Household Durables</b>	<b>4,826,175</b>
<b>Internet &amp; Catalog Retail 0.2%</b>		
155,000	Expedia Inc., Senior Notes, 8.500% due 7/1/16 (a)	116,250
1,030,000		