

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Form N-Q

February 28, 2013

**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 811-07920

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

620 Eighth Avenue, 49th Floor, New York, N.Y.  
(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, 2012

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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, 2012

## WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited)

December 31, 2012

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
CORPORATE BONDS & NOTES	87.8%			
CONSUMER DISCRETIONARY	16.9%			
<b>Auto Components</b>	<b>0.2%</b>			
American Axle & Manufacturing Inc., Senior Notes	6.625%	10/15/22	430,000 \$	438,600
Hertz Holdings Netherlands BV, Senior Secured Bonds	8.500%	7/31/15	300,000EUR	427,664(a)
<i>Total Auto Components</i>				866,264
<b>Automobiles</b>	<b>0.6%</b>			
Chrysler Group LLC/CG Co.-Issuer Inc., Secured Notes	8.250%	6/15/21	2,070,000	2,287,350
Escrow GCB General Motors			2,125,000	0*(b)(c)(d)
Escrow GCB General Motors			825,000	0*(b)(c)(d)
Escrow GCB General Motors			2,540,000	0*(b)(c)(d)
Jaguar Holding Co. II/Jaguar Merger Sub Inc., Senior Notes	9.500%	12/1/19	480,000	547,200(a)
<i>Total Automobiles</i>				2,834,550
<b>Diversified Consumer Services</b>	<b>0.8%</b>			
Laureate Education Inc., Senior Notes	9.250%	9/1/19	890,000	934,500(a)
Service Corp. International, Senior Notes	7.500%	4/1/27	1,160,000	1,252,800
ServiceMaster Co., Senior Notes	8.000%	2/15/20	660,000	691,350
ServiceMaster Co., Senior Notes	7.000%	8/15/20	1,100,000	1,108,250(a)
<i>Total Diversified Consumer Services</i>				3,986,900
<b>Hotels, Restaurants &amp; Leisure</b>	<b>6.7%</b>			
Affinity Gaming LLC/Affinity Gaming Finance Corp., Senior Notes	9.000%	5/15/18	1,070,000	1,123,500(a)
Bossier Casino Venture Holdco Inc., Senior Secured Bonds	14.000%	2/9/18	1,195,533	1,069,410(a)(b)(d)(e)
Boyd Gaming Corp., Senior Notes	9.125%	12/1/18	220,000	225,500
Boyd Gaming Corp., Senior Notes	9.000%	7/1/20	1,745,000	1,727,550(a)
Caesars Entertainment Operating Co. Inc., Senior Notes	10.750%	2/1/16	2,684,000	2,187,460
Caesars Entertainment Operating Co. Inc., Senior Secured Notes	10.000%	12/15/15	270,000	240,300
Caesars Entertainment Operating Co. Inc., Senior Secured Notes	11.250%	6/1/17	1,220,000	1,313,025
Caesars Operating Escrow LLC/Caesars Escrow Corp., Senior Secured Notes	9.000%	2/15/20	90,000	90,450(a)
Carrols Restaurant Group Inc., Senior Secured Notes	11.250%	5/15/18	1,270,000	1,397,000(a)
CCM Merger Inc., Senior Notes	9.125%	5/1/19	1,250,000	1,265,625(a)
Downstream Development Quapaw, Senior Secured Notes	10.500%	7/1/19	1,190,000	1,291,150(a)
El Pollo Loco Inc., Secured Notes	17.000%	1/1/18	882,643	948,841(a)(e)
Fontainebleau Las Vegas Holdings LLC/Fontainebleau Las Vegas Capital Corp.	10.250%	6/15/15	445,000	835(a)(f)
Hoa Restaurant Group LLC/Hoa Finance Corp., Senior Secured Notes	11.250%	4/1/17	1,470,000	1,337,700(a)
Landry's Holdings II Inc., Senior Notes	10.250%	1/1/18	680,000	680,000(a)

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Landry's Inc., Senior Notes	9.375%	5/1/20	1,200,000	1,272,000(a)
Mastro's Restaurants LLC/RRG Finance Corp., Senior Secured Notes	12.000%	6/1/17	1,157,764	1,209,864(a)
MGM Resorts International, Senior Notes	5.875%	2/27/14	1,270,000	1,327,150
Mohegan Tribal Gaming Authority, Secured Notes	11.500%	11/1/17	60,000	64,650(a)
Mohegan Tribal Gaming Authority, Senior Secured Notes	10.500%	12/15/16	2,950,000	2,920,500(a)
NCL Corp. Ltd., Senior Notes	9.500%	11/15/18	2,440,000	2,720,600
NCL Corp. Ltd., Senior Secured Notes	11.750%	11/15/16	1,760,000	1,997,600
Pinnacle Entertainment Inc., Senior Notes	8.625%	8/1/17	715,000	771,306
Rivers Pittsburgh Borrower LP/Rivers Pittsburgh Finance Corp., Senior Secured Notes	9.500%	6/15/19	335,000	365,150(a)

*See Notes to Schedule of Investments.*

## WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2012

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	1,770,000	\$ 1,880,625
Snoqualmie Entertainment Authority, Senior Secured Notes	9.125%	2/1/15	2,860,000	2,888,600(a)
<i>Total Hotels, Restaurants &amp; Leisure</i>				<i>32,316,391</i>
<b>Household Durables 0.2%</b>				
William Lyon Homes Inc., Senior Notes	8.500%	11/15/20	1,060,000	1,107,700(a)
<b>Internet &amp; Catalog Retail 0.3%</b>				
Netflix Inc., Senior Notes	8.500%	11/15/17	1,340,000	1,430,450
<b>Media 5.9%</b>				
Carmike Cinemas Inc., Secured Notes	7.375%	5/15/19	480,000	520,800
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	7.875%	4/30/18	900,000	973,125
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	8.125%	4/30/20	2,800,000	3,150,000
Cengage Learning Acquisitions Inc., Senior Secured Notes	11.500%	4/15/20	1,820,000	1,578,850(a)
Clear Channel Worldwide Holdings Inc., Senior Notes	6.500%	11/15/22	900,000	938,250(a)
Clear Channel Worldwide Holdings Inc., Senior Notes	6.500%	11/15/22	410,000	423,325(a)
Clear Channel Worldwide Holdings Inc., Senior Subordinated Notes	7.625%	3/15/20	870,000	880,875
Clear Channel Worldwide Holdings Inc., Senior Subordinated Notes	7.625%	3/15/20	120,000	120,300
DISH DBS Corp., Senior Notes	7.875%	9/1/19	1,260,000	1,499,400
DISH DBS Corp., Senior Notes	6.750%	6/1/21	510,000	583,950
Global Generations Merger Subsidiary Inc., Senior Notes	11.000%	12/15/20	970,000	991,825(a)
Good Sam Enterprises LLC, Secured Notes	11.500%	12/1/16	1,500,000	1,612,500
LBI Media Inc., Senior Secured Notes	9.250%	4/15/19	1,170,000	1,102,725(a)
Nara Cable Funding Ltd., Senior Secured Notes	8.875%	12/1/18	1,800,000	1,840,500(a)
Ono Finance II PLC, Senior Bonds	10.875%	7/15/19	1,760,000	1,689,600(a)
Univision Communications Inc., Senior Notes	8.500%	5/15/21	450,000	466,875(a)
Univision Communications Inc., Senior Secured Notes	6.875%	5/15/19	1,430,000	1,494,350(a)
Univision Communications Inc., Senior Secured Notes	7.875%	11/1/20	1,120,000	1,218,000(a)
Univision Communications Inc., Senior Secured Notes	6.750%	9/15/22	750,000	778,125(a)
UPC Holding BV, Junior Secured Subordinated Notes	6.375%	9/15/22	1,810,000EUR	2,448,839(a)
UPC Holding BV, Senior Notes	9.875%	4/15/18	675,000	766,125(a)
UPCB Finance II Ltd., Senior Notes	6.375%	7/1/20	2,250,000EUR	3,177,781(a)
<i>Total Media</i>				<i>28,256,120</i>
<b>Multiline Retail 0.4%</b>				
Bon-Ton Department Stores Inc., Senior Notes	10.250%	3/15/14	220,000	218,900
Bon-Ton Department Stores Inc., Senior Secured Notes	10.625%	7/15/17	720,000	703,800(a)
Neiman Marcus Group Inc., Senior Secured Notes	7.125%	6/1/28	1,250,000	1,250,000
<i>Total Multiline Retail</i>				<i>2,172,700</i>
<b>Specialty Retail 1.6%</b>				
American Greetings Corp., Senior Notes	7.375%	12/1/21	1,150,000	1,187,375
Edcon Proprietary Ltd., Senior Secured Notes	9.500%	3/1/18	1,970,000	1,901,050(a)

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Gymboree Corp., Senior Notes	9.125%	12/1/18	2,110,000	1,888,450
Michaels Stores Inc., Senior Subordinated Bonds	11.375%	11/1/16	1,230,000	1,288,425
New Academy Finance Co. LLC/New Academy Finance Corp., Senior Notes	8.000%	6/15/18	250,000	254,375(a)(e)

*See Notes to Schedule of Investments.*

## WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2012

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Specialty Retail continued</b>				
Spencer Spirit Holdings Inc./Spencer Gifts LLC/Spirit Halloween Superstores, Senior Notes	11.000%	5/1/17	1,050,000	\$ 1,131,375(a)
<i>Total Specialty Retail</i>				7,651,050
<b>Textiles, Apparel &amp; Luxury Goods 0.2%</b>				
Empire Today LLC/Empire Today Finance Corp., Senior Secured Notes	11.375%	2/1/17	730,000	779,275(a)
<b>TOTAL CONSUMER DISCRETIONARY</b>				81,401,400
<b>CONSUMER STAPLES 1.9%</b>				
<b>Food &amp; Staples Retailing 0.4%</b>				
Post Holdings Inc., Senior Notes	7.375%	2/15/22	1,750,000	1,926,094(a)
<b>Food Products 0.7%</b>				
Harmony Foods Corp., Senior Secured Notes	10.000%	5/1/16	570,000	617,025(a)
Simmons Foods Inc., Senior Secured Notes	10.500%	11/1/17	2,980,000	2,719,250(a)
<i>Total Food Products</i>				3,336,275
<b>Household Products 0.3%</b>				
Harbinger Group Inc., Senior Secured Notes	7.875%	7/15/19	920,000	916,550(a)
Spectrum Brands Escrow Corp., Senior Notes	6.625%	11/15/22	580,000	623,500(a)
<i>Total Household Products</i>				1,540,050
<b>Tobacco 0.5%</b>				
Alliance One International Inc., Senior Notes	10.000%	7/15/16	2,166,000	2,290,545
<b>TOTAL CONSUMER STAPLES</b>				9,092,964
<b>ENERGY 13.9%</b>				
<b>Energy Equipment &amp; Services 2.1%</b>				
Atwood Oceanics Inc., Senior Notes	6.500%	2/1/20	690,000	745,200
GulfMark Offshore Inc., Senior Notes	6.375%	3/15/22	1,120,000	1,159,200(a)
Hercules Offshore Inc., Senior Notes	10.250%	4/1/19	760,000	836,000(a)
Hercules Offshore Inc., Senior Secured Notes	10.500%	10/15/17	2,345,000	2,538,462(a)
Parker Drilling Co., Senior Notes	9.125%	4/1/18	1,500,000	1,608,750
Petroleum Geo-Services ASA, Senior Notes	7.375%	12/15/18	830,000	900,550(a)
SESI LLC, Senior Notes	7.125%	12/15/21	1,320,000	1,475,100
Vantage Drilling Co., Senior Secured Notes	11.500%	8/1/15	663,000	724,328
<i>Total Energy Equipment &amp; Services</i>				9,987,590
<b>Oil, Gas &amp; Consumable Fuels 11.8%</b>				
Arch Coal Inc., Senior Notes	8.750%	8/1/16	1,740,000	1,818,300
Arch Coal Inc., Senior Notes	9.875%	6/15/19	620,000	647,900(a)
Atlas Pipeline Partners LP/Atlas Pipeline Finance Corp., Senior Notes	6.625%	10/1/20	470,000	488,800(a)
Berry Petroleum Co., Senior Notes	6.375%	9/15/22	1,430,000	1,494,350
Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes	9.375%	5/1/19	2,990,000	3,259,100
Carrizo Oil & Gas Inc., Senior Notes	7.500%	9/15/20	700,000	722,750
Chesapeake Energy Corp., Senior Notes	6.775%	3/15/19	940,000	942,350



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Chesapeake Energy Corp., Senior Notes	6.625%	8/15/20	480,000	517,200
Chesapeake Energy Corp., Senior Notes	6.125%	2/15/21	1,220,000	1,271,850
Compagnie Generale de Geophysique-Veritas, Senior Notes	9.500%	5/15/16	560,000	603,400
Compagnie Generale de Geophysique-Veritas, Senior Notes	7.750%	5/15/17	410,000	428,450
Comstock Resources Inc., Senior Notes	9.500%	6/15/20	1,010,000	1,090,800
CONSOL Energy Inc., Senior Notes	8.250%	4/1/20	1,410,000	1,533,375
Corral Petroleum Holdings AB, Senior Notes	15.000%	12/31/17	2,071,428	1,610,535(a)(b)(e)
Crosstex Energy LP/Crosstex Energy Finance Corp., Senior Notes	8.875%	2/15/18	350,000	379,750
Crosstex Energy LP/Crosstex Energy Finance Corp., Senior Notes	7.125%	6/1/22	1,710,000	1,791,225(a)
El Paso Corp., Medium-Term Notes	7.800%	8/1/31	870,000	1,018,728
Energy Transfer Equity LP, Senior Notes	7.500%	10/15/20	1,370,000	1,589,200

*See Notes to Schedule of Investments.*

## WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2012

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Oil, Gas &amp; Consumable Fuels continued</b>				
Enterprise Products Operating LLP, Junior Subordinated Notes	8.375%	8/1/66	1,270,000	\$ 1,450,523(g)
Enterprise Products Operating LLP, Subordinated Notes	7.034%	1/15/68	790,000	905,522(g)
EPE Holdings LLC/EP Energy Bond Co. Inc., Senior Notes	8.125%	12/15/17	1,020,000	1,013,625(a)(e)
EXCO Resources Inc., Senior Notes	7.500%	9/15/18	750,000	731,250
Halcon Resources Corp., Senior Notes	9.750%	7/15/20	1,460,000	1,584,100(a)
Halcon Resources Corp., Senior Notes	8.875%	5/15/21	780,000	830,700(a)
Hiland Partners LP/Hiland Partners Finance Corp., Senior Notes	7.250%	10/1/20	500,000	537,500(a)
Kodiak Oil & Gas Corp., Senior Notes	8.125%	12/1/19	1,260,000	1,395,450
Magnum Hunter Resources Corp., Senior Notes	9.750%	5/15/20	1,060,000	1,105,050(a)
Magnum Hunter Resources Corp., Senior Notes	9.750%	5/15/20	780,000	813,150(a)
MarkWest Energy Partners LP/MarkWest Energy Finance Corp., Senior Notes	6.750%	11/1/20	430,000	470,850
MarkWest Energy Partners LP/MarkWest Energy Finance Corp., Senior Notes	6.500%	8/15/21	260,000	285,350
Milagro Oil & Gas Inc., Secured Notes	10.500%	5/15/16	1,530,000	1,139,850
Offshore Group Investment Ltd., Senior Secured Notes	7.500%	11/1/19	80,000	81,200(a)
Overseas Shipholding Group Inc., Senior Notes	8.750%	12/1/13	460,000	167,900(f)
Overseas Shipholding Group Inc., Senior Notes	8.125%	3/30/18	2,855,000	1,042,075(f)
Pacific Drilling V Ltd., Senior Secured Notes	7.250%	12/1/17	1,070,000	1,115,475(a)
Peabody Energy Corp., Senior Notes	7.875%	11/1/26	470,000	509,950
Pioneer Energy Services Corp., Senior Notes	9.875%	3/15/18	140,000	152,950
Plains Exploration & Production Co., Senior Notes	10.000%	3/1/16	1,305,000	1,396,350
Plains Exploration & Production Co., Senior Notes	8.625%	10/15/19	1,195,000	1,365,288
Plains Exploration & Production Co., Senior Notes	6.750%	2/1/22	230,000	259,325
PT Adaro Indonesia, Senior Notes	7.625%	10/22/19	400,000	448,000(a)
Quicksilver Resources Inc., Senior Notes	11.750%	1/1/16	3,035,000	3,012,238
Range Resources Corp., Senior Subordinated Notes	8.000%	5/15/19	100,000	111,250
Samson Investment Co., Senior Notes	9.750%	2/15/20	2,820,000	2,996,250(a)
SandRidge Energy Inc., Senior Notes	7.500%	3/15/21	460,000	494,500
SandRidge Energy Inc., Senior Notes	7.500%	2/15/23	900,000	967,500
Shelf Drilling Holdings Ltd., Senior Secured Notes	8.625%	11/1/18	840,000	865,200(a)
Sidewinder Drilling Inc., Senior Notes	9.750%	11/15/19	510,000	515,100(a)
Teekay Corp., Senior Notes	8.500%	1/15/20	1,770,000	1,876,200
Tennessee Gas Pipeline Co., Senior Notes	8.375%	6/15/32	3,270,000	4,714,421
Xinergy Ltd., Senior Secured Notes	9.250%	5/15/19	2,230,000	1,304,550(a)
<i>Total Oil, Gas &amp; Consumable Fuels</i>				<i>56,866,705</i>
TOTAL ENERGY				66,854,295
FINANCIALS 8.1%				
<b>Capital Markets 0.5%</b>				
Goldman Sachs Group Inc., Subordinated Notes	6.750%	10/1/37	1,100,000	1,250,632
Onex USI Acquisition Corp., Senior Notes	7.750%	1/15/21	1,190,000	1,178,100(a)

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<i>Total Capital Markets</i>				2,428,732
<b>Commercial Banks 2.3%</b>				
Barclays Bank PLC, Subordinated Notes	10.179%	6/12/21	1,750,000	2,392,067(a)
BBVA US Senior SAU, Senior Notes	4.664%	10/9/15	640,000	656,627
Credit Agricole SA, Subordinated Notes	8.375%	10/13/19	830,000	883,950(a)(g)(h)
Intesa Sanpaolo SpA, Senior Notes	3.625%	8/12/15	2,430,000	2,432,933(a)
M&T Bank Corp., Junior Subordinated Notes	6.875%	6/15/16	1,620,000	1,693,389(a)(h)
Royal Bank of Scotland Group PLC, Junior Subordinated Bonds	7.648%	9/30/31	1,090,000	1,111,800(g)(h)
Royal Bank of Scotland Group PLC, Subordinated Notes	5.000%	10/1/14	860,000	884,026
Santander Issuances SAU, Notes	5.911%	6/20/16	1,000,000	1,029,792(a)
<i>Total Commercial Banks</i>				11,084,584

*See Notes to Schedule of Investments.*

## WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2012

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Consumer Finance 0.6%</b>				
Ally Financial Inc., Senior Notes	8.000%	3/15/20	1,410,000 \$	1,734,300
GMAC International Finance BV, Senior Bonds	7.500%	4/21/15	730,000EUR	1,057,752
<i>Total Consumer Finance</i>				<i>2,792,052</i>
<b>Diversified Financial Services 3.8%</b>				
Bank of America Corp., Senior Notes	6.500%	8/1/16	350,000	404,494
Bankrate Inc., Senior Secured Notes	11.750%	7/15/15	2,648,000	2,935,970
Capital One Capital V, Junior Subordinated Notes, Cumulative Trust Preferred Securities	10.250%	8/15/39	1,120,000	1,120,000
International Lease Finance Corp., Medium-Term Notes	6.375%	3/25/13	744,000	754,602
International Lease Finance Corp., Medium-Term Notes, Senior Notes	5.625%	9/20/13	1,670,000	1,718,012
International Lease Finance Corp., Senior Notes	8.625%	9/15/15	820,000	924,550
International Lease Finance Corp., Senior Notes	8.875%	9/1/17	3,810,000	4,496,105
International Lease Finance Corp., Senior Notes	8.250%	12/15/20	1,580,000	1,888,100
Nationstar Mortgage LLC/Nationstar Capital Corp., Senior Notes	7.875%	10/1/20	1,510,000	1,600,600(a)
TransUnion Holding Co. Inc., Senior Notes	8.125%	6/15/18	430,000	446,125(a)(e)
TransUnion Holding Co. Inc., Senior Notes	9.625%	6/15/18	1,240,000	1,317,500
ZFS Finance USA Trust II, Bonds	6.450%	12/15/65	500,000	537,500(a)(g)
<i>Total Diversified Financial Services</i>				<i>18,143,558</i>
<b>Insurance 0.9%</b>				
A-S Co-Issuer Subsidiary Inc./A-S Merger Subsidiary LLC, Senior Notes	7.875%	12/15/20	590,000	592,950(a)
American International Group Inc., Senior Notes	8.250%	8/15/18	1,465,000	1,929,376
ING Capital Funding Trust III, Junior Subordinated Bonds	3.912%	3/31/13	410,000	391,098(g)(h)
Liberty Mutual Group Inc., Junior Subordinated Bonds	7.800%	3/15/37	810,000	905,175(a)
MetLife Capital Trust IV, Junior Subordinated Notes	7.875%	12/15/37	590,000	728,650(a)
<i>Total Insurance</i>				<i>4,547,249</i>
<b>TOTAL FINANCIALS</b>				<b>38,996,175</b>
<b>HEALTH CARE 5.1%</b>				
<b>Health Care Equipment &amp; Supplies 0.1%</b>				
Hologic Inc., Senior Notes	6.250%	8/1/20	620,000	671,150(a)
<b>Health Care Providers &amp; Services 4.7%</b>				
Acadia Healthcare Co. Inc., Senior Notes	12.875%	11/1/18	1,200,000	1,458,000
American Renal Holdings, Senior Secured Notes	8.375%	5/15/18	1,130,000	1,194,975
CHS/Community Health Systems Inc., Senior Notes	8.000%	11/15/19	2,160,000	2,349,000
CRC Health Corp., Senior Subordinated Notes	10.750%	2/1/16	4,205,000	4,120,900
DJO Finance LLC/DJO Finance Corp., Senior Notes	9.875%	4/15/18	730,000	757,375(a)
ExamWorks Group Inc., Senior Notes	9.000%	7/15/19	850,000	913,750
Fresenius Medical Care U.S. Finance Inc., Senior Notes	6.875%	7/15/17	700,000	801,500
Fresenius Medical Care U.S. Finance Inc., Senior Notes	6.500%	9/15/18	280,000	314,300(a)
Fresenius U.S. Finance II Inc., Senior Notes	9.000%	7/15/15	1,920,000	2,222,400(a)
HCA Inc., Debentures	7.500%	11/15/95	3,920,000	3,400,600

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HCA Inc., Senior Secured Notes	7.875%	2/15/20	1,440,000	1,609,200
HCA Inc., Senior Secured Notes	7.250%	9/15/20	420,000	467,250
INC Research LLC, Senior Notes	11.500%	7/15/19	470,000	488,800(a)
Physiotherapy Associates Holdings Inc., Senior Notes	11.875%	5/1/19	360,000	324,000(a)
Tenet Healthcare Corp., Senior Secured Notes	10.000%	5/1/18	645,000	736,912
Tenet Healthcare Corp., Senior Secured Notes	8.875%	7/1/19	770,000	866,250
US Oncology Inc. Escrow			1,015,000	21,569*

*See Notes to Schedule of Investments.*

## WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2012

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Health Care Providers &amp; Services continued</b>				
Vanguard Health Holdings Co., II LLC, Senior Notes	8.000%	2/1/18	605,000	\$ 629,200
<i>Total Health Care Providers &amp; Services</i>				22,675,981
<b>Pharmaceuticals 0.3%</b>				
Valeant Pharmaceuticals International, Senior Notes	6.375%	10/15/20	890,000	956,750(a)
VPI Escrow Corp., Senior Notes	6.375%	10/15/20	490,000	527,975(a)
<i>Total Pharmaceuticals</i>				1,484,725
<b>TOTAL HEALTH CARE</b>				24,831,856
<b>INDUSTRIALS 15.8%</b>				
<b>Aerospace &amp; Defense 1.4%</b>				
Ducommun Inc., Senior Notes	9.750%	7/15/18	910,000	982,800
Kratos Defense & Security Solutions Inc., Senior Secured Notes	10.000%	6/1/17	2,420,000	2,668,050
Triumph Group Inc., Senior Notes	8.625%	7/15/18	800,000	892,000
Wyle Services Corp., Senior Subordinated Notes	10.500%	4/1/18	2,105,000	2,304,975(a)
<i>Total Aerospace &amp; Defense</i>				6,847,825
<b>Airlines 1.7%</b>				
American Airlines, Pass-Through Trust, Secured Notes	7.000%	1/31/18	635,270	657,505(a)
Continental Airlines Inc., Pass-Through Certificates	9.250%	5/10/17	130,519	142,592
Continental Airlines Inc., Pass-Through Certificates, Notes	5.500%	10/29/20	460,000	483,575
Continental Airlines Inc., Pass-Through Certificates, Senior Secured Notes	6.125%	4/29/18	670,000	675,025(a)
Continental Airlines Inc., Pass-Through Certificates, Subordinated Secured Notes	7.339%	4/19/14	877,428	912,525
DAE Aviation Holdings Inc., Senior Notes	11.250%	8/1/15	3,572,000	3,688,090(a)
Delta Air Lines Inc., Pass-Through Certificates, Secured Notes	8.021%	8/10/22	667,401	729,936
Delta Air Lines Inc., Pass-Through Certificates, Subordinated Secured Notes	9.750%	12/17/16	323,710	362,556
United Air Lines Inc., Senior Secured Notes	9.875%	8/1/13	728,000	733,915(a)
<i>Total Airlines</i>				8,385,719
<b>Building Products 0.5%</b>				
Ashton Woods USA LLC/Ashton Woods Finance Co., Senior Subordinated Notes	11.000%	6/30/15	1,160,400	1,160,400(a)(d)
Building Materials Corp. of America, Senior Notes	6.750%	5/1/21	1,330,000	1,472,975(a)
<i>Total Building Products</i>				2,633,375
<b>Commercial Services &amp; Supplies 2.8%</b>				
Algeco Scotsman Global Finance PLC, Senior Notes	10.750%	10/15/19	1,150,000	1,138,500(a)
Altegrity Inc., Senior Subordinated Notes	10.500%	11/1/15	210,000	184,800(a)
Altegrity Inc., Senior Subordinated Notes	11.750%	5/1/16	2,605,000	1,966,775(a)
American Reprographics Co., Senior Notes	10.500%	12/15/16	1,920,000	1,896,000
Geo Group Inc., Senior Notes	7.750%	10/15/17	1,290,000	1,393,200
JM Huber Corp., Senior Notes	9.875%	11/1/19	780,000	869,700(a)
Monitronics International Inc., Senior Notes	9.125%	4/1/20	2,370,000	2,452,950

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RSC Equipment Rental Inc./RSC Holdings III LLC, Senior Notes	8.250%	2/1/21	730,000	826,725
Taylor Morrison Communities Inc./Monarch Communities Inc., Senior Notes	7.750%	4/15/20	1,750,000	1,863,750(a)
Taylor Morrison Communities Inc./Monarch Communities Inc., Senior Notes	7.750%	4/15/20	780,000	830,700(a)
<i>Total Commercial Services &amp; Supplies</i>				<i>13,423,100</i>
<b>Construction &amp; Engineering 0.4%</b>				
Abengoa Finance SAU, Senior Notes	8.875%	11/1/17	1,310,000	1,237,950(a)

*See Notes to Schedule of Investments.*

## WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2012

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Construction &amp; Engineering continued</b>				
PH Holding LLC, Secured Notes	9.750%	12/31/17	910,000	\$ 897,653(b)(d)
<i>Total Construction &amp; Engineering</i>				<i>2,135,603</i>
<b>Electrical Equipment 0.8%</b>				
313 Group Inc., Senior Secured Notes	6.375%	12/1/19	1,160,000	1,155,650(a)
International Wire Group Holdings Inc., Senior Secured Notes	8.500%	10/15/17	920,000	933,800(a)
NES Rentals Holdings Inc., Senior Secured Notes	12.250%	4/15/15	1,620,000	1,680,750(a)
<i>Total Electrical Equipment</i>				<i>3,770,200</i>
<b>Industrial Conglomerates 0.3%</b>				
Leucadia National Corp., Senior Notes	8.125%	9/15/15	1,170,000	1,322,100
<b>Machinery 2.0%</b>				
Cleaver-Brooks Inc., Senior Secured Notes	8.750%	12/15/19	420,000	434,700(a)
Dematic SA, Senior Secured Notes	8.750%	5/1/16	2,050,000	2,196,063(a)
Dematic SA/DH Services Luxembourg Sarl, Senior Notes	7.750%	12/15/20	1,900,000	1,909,500(a)
Global Brass and Copper Inc., Senior Secured Notes	9.500%	6/1/19	1,140,000	1,242,600(a)
Mirror PIK SA, Senior Notes	9.000%	11/1/16	2,200,000	2,222,000(a)(e)
Silver II Borrower/Silver II U.S. Holdings LLC, Senior Notes	7.750%	12/15/20	680,000	707,200(a)
SPL Logistics Escrow LLC, Senior Secured Notes	8.875%	8/1/20	800,000	852,000(a)
<i>Total Machinery</i>				<i>9,564,063</i>
<b>Marine 1.0%</b>				
Horizon Lines LLC, Secured Notes	13.000%	10/15/16	1,345,720	1,221,241
Horizon Lines LLC, Senior Secured Notes	11.000%	10/15/16	872,000	872,000
Navios Maritime Acquisition Corp./Navios Acquisition Finance U.S. Inc., Senior Secured Notes	8.625%	11/1/17	2,700,000	2,544,750
<i>Total Marine</i>				<i>4,637,991</i>
<b>Road &amp; Rail 2.2%</b>				
Florida East Coast Holdings Corp., Senior Notes	10.500%	8/1/17	2,618,624	2,605,531(e)
Jack Cooper Holdings Corp., Senior Secured Notes	13.750%	12/15/15	2,194,000	2,364,035(a)
Kansas City Southern de Mexico, Senior Notes	12.500%	4/1/16	681,000	749,100
Kansas City Southern de Mexico, Senior Notes	8.000%	2/1/18	1,685,000	1,874,562
Quality Distribution LLC/QD Capital Corp., Secured Notes	9.875%	11/1/18	2,675,000	2,902,375
<i>Total Road &amp; Rail</i>				<i>10,495,603</i>
<b>Trading Companies &amp; Distributors 1.1%</b>				
Ashtead Capital Inc., Senior Secured Notes	6.500%	7/15/22	1,200,000	1,308,000(a)
H&E Equipment Services Inc., Senior Notes	7.000%	9/1/22	1,250,000	1,337,500(a)
UR Financing Escrow Corp., Senior Notes	7.625%	4/15/22	2,358,000	2,646,855(a)
<i>Total Trading Companies &amp; Distributors</i>				<i>5,292,355</i>
<b>Transportation 1.4%</b>				
CMA CGM, Senior Notes	8.500%	4/15/17	2,830,000	2,285,225(a)
Hapag-Lloyd AG, Senior Notes	9.750%	10/15/17	1,600,000	1,624,000(a)



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Syncreon Global Ireland Ltd./Syncreon Global Finance US Inc., Senior Notes	9.500%	5/1/18	2,690,000	2,811,050(a)
Syncreon Global Ireland Ltd./Syncreon Global Finance US Inc., Senior Notes	9.500%	5/1/18	180,000	188,100(a)
<i>Total Transportation</i>				6,908,375
<b>Transportation Infrastructure 0.2%</b>				
Aguila 3 SA, Senior Secured Notes	7.875%	1/31/18	720,000	766,800(a)
<b>TOTAL INDUSTRIALS</b>				76,183,109

*See Notes to Schedule of Investments.*

## WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2012

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>INFORMATION TECHNOLOGY 2.3%</b>				
<b>Communications Equipment 0.2%</b>				
CyrusOne LP/CyrusOne Finance Corp., Senior Notes	6.375%	11/15/22	1,020,000 \$	1,068,450(a)
<b>Computers &amp; Peripherals 0.5%</b>				
Hewlett-Packard Co., Senior Notes	4.650%	12/9/21	2,500,000	2,514,277
<b>Electronic Equipment, Instruments &amp; Components 0.2%</b>				
NXP BV/NXP Funding LLC, Senior Secured Notes	9.750%	8/1/18	888,000	1,033,410(a)
<b>Internet Software &amp; Services 0.2%</b>				
Zayo Group LLC/Zayo Capital Inc., Senior Secured Notes	8.125%	1/1/20	900,000	1,005,750
<b>IT Services 0.9%</b>				
First Data Corp., Secured Notes	8.250%	1/15/21	180,000	180,900(a)
First Data Corp., Senior Notes	10.550%	9/24/15	3,916,986	4,029,599
<i>Total IT Services</i>				4,210,499
<b>Semiconductors &amp; Semiconductor Equipment 0.2%</b>				
Advanced Micro Devices Inc., Senior Notes	7.500%	8/15/22	300,000	248,250(a)
Freescale Semiconductor Inc., Senior Subordinated Notes	10.125%	12/15/16	617,000	637,053
<i>Total Semiconductors &amp; Semiconductor Equipment</i>				885,303
<b>Software 0.1%</b>				
Legend Acquisition Sub Inc., Senior Notes	10.750%	8/15/20	520,000	475,800(a)
<b>TOTAL INFORMATION TECHNOLOGY</b>				11,193,489
<b>MATERIALS 10.0%</b>				
<b>Chemicals 0.8%</b>				
Georgia Gulf Corp., Senior Secured Notes	9.000%	1/15/17	175,000	195,563(a)
Ineos Finance PLC, Senior Secured Notes	9.000%	5/15/15	1,160,000	1,238,300(a)
Kerling PLC, Senior Secured Notes	10.625%	2/1/17	955,000EUR	1,213,282(a)
Kloeckner Pentaplast GmbH & Co. KG, Senior Secured Notes	11.625%	7/15/17	420,000EUR	620,905(a)
Kloeckner Pentaplast GmbH & Co. KG, Senior Secured Notes	11.625%	7/15/17	320,000EUR	473,070(a)
<i>Total Chemicals</i>				3,741,120
<b>Containers &amp; Packaging 3.4%</b>				
Ardagh Packaging Finance PLC, Senior Notes				