

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Form N-Q

February 27, 2014

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. 10018

(Address of principal executive offices) (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, 2013**

ITEM 1. SCHEDULE OF INVESTMENTS.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

FORM N-Q

DECEMBER 31, 2013

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited)

December 31, 2013

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
CORPORATE BONDS & NOTES - 90.3%				
CONSUMER DISCRETIONARY - 16.6%				
Auto Components - 0.1%				
American Axle & Manufacturing Inc., Senior Notes	6.625%	10/15/22	430,000	\$ 454,725
Automobiles - 0.4%				
Chrysler Group LLC/CG Co.-Issuer Inc., Secured Notes	8.250%	6/15/21	1,140,000	1,302,450
Jaguar Holding Co. II/Jaguar Merger Sub Inc., Senior Notes	9.500%	12/1/19	530,000	598,900 ^(a)
<i>Total Automobiles</i>				<i>1,901,350</i>
Diversified Consumer Services - 0.6%				
Laureate Education Inc., Senior Notes	9.250%	9/1/19	980,000	1,070,650 ^(a)
Service Corp. International, Senior Notes	7.500%	4/1/27	1,280,000	1,356,800
StoneMor Partners LP/Cornerstone Family Services of WV, Senior Notes	7.875%	6/1/21	920,000	961,400 ^(a)
<i>Total Diversified Consumer Services</i>				<i>3,388,850</i>
Hotels, Restaurants & Leisure - 5.2%				
Bossier Casino Venture Holdco Inc., Senior Secured Bonds	14.000%	2/9/18	1,472,544	1,425,163 ^{(a)(b)(c)(d)}
Boyd Gaming Corp., Senior Notes	9.125%	12/1/18	260,000	284,050
Boyd Gaming Corp., Senior Notes	9.000%	7/1/20	1,715,000	1,886,500
Burger King Capital Holdings LLC/Burger King Capital Finance Inc., Senior Notes, Step bond	0.000%	4/15/19	440,000	398,200 ^(a)
Caesars Entertainment Operating Co. Inc., Senior Secured Notes	11.250%	6/1/17	1,220,000	1,244,400
Caesars Entertainment Operating Co. Inc., Senior Secured Notes	8.500%	2/15/20	2,500,000	2,414,062
Carrols Restaurant Group Inc., Senior Secured Notes	11.250%	5/15/18	1,400,000	1,596,000
CCM Merger Inc., Senior Notes	9.125%	5/1/19	1,710,000	1,795,500 ^(a)
Downstream Development Quapaw, Senior Secured Notes	10.500%	7/1/19	1,320,000	1,339,800 ^(a)
Fontainebleau Las Vegas Holdings LLC/Fontainebleau Las Vegas Capital Corp., Senior Secured Notes	10.250%	6/15/15	445,000	501 ^{(a)(e)}
Hoa Restaurant Group LLC/Hoa Finance Corp., Senior Secured Notes	11.250%	4/1/17	1,630,000	1,727,800 ^(a)
Landry's Holdings II Inc., Senior Notes	10.250%	1/1/18	750,000	799,687 ^(a)
Landry's Inc., Senior Notes	9.375%	5/1/20	3,598,000	3,939,810 ^(a)
MGM Resorts International, Senior Notes	5.875%	2/27/14	355,000	357,219
Mohegan Tribal Gaming Authority, Senior Notes	9.750%	9/1/21	1,590,000	1,721,175 ^(a)
Paris Las Vegas Holding LLC/Harrah's Las Vegas LLC/Flamingo Las Vegas Holding LLC, Senior Secured Notes	8.000%	10/1/20	1,710,000	1,786,950 ^(a)
Rivers Pittsburgh Borrower LP/Rivers Pittsburgh Finance Corp., Senior Secured Notes	9.500%	6/15/19	341,000	375,953 ^(a)
Seven Seas Cruises S de RL LLC, Senior Secured Notes	9.125%	5/15/19	1,960,000	2,168,250
Snoqualmie Entertainment Authority, Senior Secured Notes	9.125%	2/1/15	2,898,000	2,874,454 ^(a)
<i>Total Hotels, Restaurants & Leisure</i>				<i>28,135,474</i>
Household Durables - 0.9%				

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APX Group Inc., Senior Secured Notes	6.375%	12/1/19	920,000	938,400
Standard Pacific Corp., Senior Notes	6.250%	12/15/21	1,330,000	1,388,188
William Lyon Homes Inc., Senior Notes	8.500%	11/15/20	1,520,000	1,653,000
Woodside Homes Co. LLC/Woodside Homes Finance Inc., Senior Notes	6.750%	12/15/21	1,120,000	1,128,400 ^(a)
<i>Total Household Durables</i>				<i>5,107,988</i>

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2013

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Media - 6.3%				
Carmike Cinemas Inc., Secured Notes	7.375%	5/15/19	530,000	\$ 580,350
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	8.125%	4/30/20	3,000,000	3,270,000
Clear Channel Worldwide Holdings Inc., Senior Notes	6.500%	11/15/22	870,000	892,838
Clear Channel Worldwide Holdings Inc., Senior Notes	6.500%	11/15/22	450,000	458,438
CSC Holdings LLC, Senior Notes	6.750%	11/15/21	500,000	541,250
DISH DBS Corp., Senior Notes	6.625%	10/1/14	20,000	20,850
DISH DBS Corp., Senior Notes	7.875%	9/1/19	1,085,000	1,245,037
DISH DBS Corp., Senior Notes	6.750%	6/1/21	2,020,000	2,151,300
DISH DBS Corp., Senior Notes	5.000%	3/15/23	70,000	65,625
Gibson Brands Inc., Senior Secured Notes	8.875%	8/1/18	400,000	424,000 ^(a)
Gray Television Inc., Senior Notes	7.500%	10/1/20	930,000	992,775
MDC Partners Inc., Senior Notes	6.750%	4/1/20	250,000	262,813 ^(a)
Nara Cable Funding Ltd., Senior Secured Notes	8.875%	12/1/18	2,000,000	2,160,000 ^(a)
New Cotai LLC/New Cotai Capital Corp., Senior Secured Notes	10.625%	5/1/19	993,266	1,028,030 ^{(a)(b)}
Ono Finance II PLC, Senior Bonds	10.875%	7/15/19	2,760,000	3,036,000 ^(a)
Time Warner Cable Inc., Senior Notes	8.750%	2/14/19	1,490,000	1,779,213
Time Warner Cable Inc., Senior Notes	8.250%	4/1/19	678,000	795,143
Univision Communications Inc., Senior Notes	8.500%	5/15/21	1,320,000	1,458,600 ^(a)
Univision Communications Inc., Senior Secured Notes	6.875%	5/15/19	1,430,000	1,535,462 ^(a)
Univision Communications Inc., Senior Secured Notes	7.875%	11/1/20	770,000	849,888 ^(a)
Univision Communications Inc., Senior Secured Notes	6.750%	9/15/22	240,000	264,000 ^(a)
UPC Holding BV, Junior Secured Subordinated Notes	6.375%	9/15/22	2,030,000 ^{EUR}	2,883,431 ^(a)
UPC Holding BV, Senior Notes	9.875%	4/15/18	740,000	795,500 ^(a)
UPCB Finance II Ltd., Senior Notes	6.375%	7/1/20	2,500,000 ^{EUR}	3,701,491 ^(a)
Virgin Media Finance PLC, Senior Notes	6.375%	4/15/23	2,890,000	2,955,025 ^(a)
<i>Total Media</i>				<i>34,147,059</i>
Multiline Retail - 0.8%				
Bon-Ton Department Stores Inc., Secured Notes	8.000%	6/15/21	1,320,000	1,336,500
Neiman Marcus Group LLC, Senior Secured Notes	7.125%	6/1/28	330,000	328,350
Neiman Marcus Group Ltd. Inc., Senior Notes	8.000%	10/15/21	140,000	147,000 ^(a)
Neiman Marcus Group Ltd. Inc., Senior Notes	8.750%	10/15/21	2,530,000	2,662,825 ^{(a)(b)}
<i>Total Multiline Retail</i>				<i>4,474,675</i>
Specialty Retail - 2.0%				
American Greetings Corp., Senior Notes	7.375%	12/1/21	1,220,000	1,229,150
Edcon Pty Ltd., Senior Secured Notes	9.500%	3/1/18	2,180,000	2,248,234 ^(a)
Gymboree Corp., Senior Notes	9.125%	12/1/18	2,250,000	2,084,062
Hot Topic Inc., Senior Secured Notes	9.250%	6/15/21	730,000	768,325 ^(a)
Michaels Stores Inc., Senior Subordinated Bonds	11.375%	11/1/16	873,000	895,934
New Academy Finance Co. LLC/New Academy Finance Corp., Senior Notes	8.000%	6/15/18	280,000	288,403 ^{(a)(b)}
Spencer Spirit Holdings Inc., Senior Notes	9.000%	5/1/18	2,090,000	2,137,025 ^{(a)(b)}
Spencer Spirit Holdings Inc./Spencer Gifts LLC/Spirit Halloween Superstores, Senior Notes	11.000%	5/1/17	1,160,000	1,249,900 ^(a)
<i>Total Specialty Retail</i>				<i>10,901,033</i>

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Textiles, Apparel & Luxury Goods - 0.3%

Chinos Intermediate Holdings A Inc., Senior Notes	7.750%	5/1/19	620,000	635,500 ^{(a)(b)}
Empire Today LLC/Empire Today Finance Corp., Senior Secured Notes	11.375%	2/1/17	810,000	814,050 ^(a)

Total Textiles, Apparel & Luxury Goods 1,449,550

TOTAL CONSUMER DISCRETIONARY 89,960,704

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2013

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
CONSUMER STAPLES - 3.0%				
Beverages - 0.4%				
Carolina Beverage Group LLC/Carolina Beverage Group Finance Inc., Secured Notes	10.625%	8/1/18	820,000	\$ 865,100 ^(a)
Crestview DS Merger Subordinated II Inc., Senior Secured Notes	10.000%	9/1/21	1,230,000	1,325,325 ^(a)
<i>Total Beverages</i>				<i>2,190,425</i>
Food & Staples Retailing - 0.3%				
Beverages & More Inc., Senior Secured Notes	10.000%	11/15/18	1,640,000	1,658,450 ^(a)
Food Products - 2.0%				
Chiquita Brands International Inc./Chiquita Brands LLC, Senior Secured Notes	7.875%	2/1/21	1,930,000	2,094,050 ^(a)
Dole Food Co. Inc., Senior Secured Notes	7.250%	5/1/19	1,290,000	1,288,388 ^(a)
Post Holdings Inc., Senior Notes	7.375%	2/15/22	1,570,000	1,687,750 ^(a)
Simmons Foods Inc., Senior Secured Notes	10.500%	11/1/17	3,190,000	3,405,325 ^(a)
Sun Merger Sub Inc., Senior Notes	5.875%	8/1/21	1,380,000	1,417,950 ^(a)
Wells Enterprises Inc., Senior Secured Notes	6.750%	2/1/20	650,000	661,375 ^(a)
<i>Total Food Products</i>				<i>10,554,838</i>
Household Products - 0.1%				
Spectrum Brands Escrow Corp., Senior Notes	6.625%	11/15/22	580,000	618,425 ^(a)
Tobacco - 0.2%				
Alliance One International Inc., Secured Notes	9.875%	7/15/21	1,250,000	1,178,125
TOTAL CONSUMER STAPLES				16,200,263
ENERGY - 12.7%				
Energy Equipment & Services - 2.2%				
Atwood Oceanics Inc., Senior Notes	6.500%	2/1/20	760,000	815,100
CGG, Senior Notes	9.500%	5/15/16	462,000	488,565
CGG, Senior Notes	7.750%	5/15/17	410,000	423,325
Gulfmark Offshore Inc., Senior Notes	6.375%	3/15/22	1,240,000	1,255,500
Hercules Offshore Inc., Senior Notes	10.250%	4/1/19	840,000	955,500 ^(a)
Hercules Offshore Inc., Senior Notes	8.750%	7/15/21	1,230,000	1,377,600 ^(a)
Hercules Offshore Inc., Senior Notes	7.500%	10/1/21	1,160,000	1,235,400 ^(a)
Parker Drilling Co., Senior Notes	9.125%	4/1/18	1,650,000	1,757,250
Petroleum Geo-Services ASA, Senior Notes	7.375%	12/15/18	1,030,000	1,102,100 ^(a)
SESI LLC, Senior Notes	7.125%	12/15/21	1,320,000	1,478,400
Sierra Hamilton LLC/Sierra Hamilton Finance Inc., Senior Secured Notes	12.250%	12/15/18	1,280,000	1,321,600 ^{(a)(c)}
<i>Total Energy Equipment & Services</i>				<i>12,210,340</i>

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Oil, Gas & Consumable Fuels - 10.5%

Alliance Oil Co., Ltd., Senior Notes	7.000%	5/4/20	200,000	194,000 ^(a)
Arch Coal Inc., Senior Notes	7.000%	6/15/19	1,190,000	952,000
Arch Coal Inc., Senior Notes	9.875%	6/15/19	690,000	617,550
Atlas Pipeline Partners LP/Atlas Pipeline Finance Corp., Senior Notes	6.625%	10/1/20	470,000	493,500
Berry Petroleum Co., Senior Notes	6.375%	9/15/22	1,430,000	1,462,175
Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes	9.375%	5/1/19	3,090,000	3,445,350
Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes	9.375%	5/1/19	80,000	89,200
Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes	7.625%	1/15/22	360,000	364,500 ^(a)
Carrizo Oil & Gas Inc., Senior Notes	7.500%	9/15/20	770,000	847,000
Chesapeake Energy Corp., Senior Notes	6.875%	11/15/20	550,000	624,250
Chesapeake Energy Corp., Senior Notes	6.125%	2/15/21	1,360,000	1,465,400
Comstock Resources Inc., Senior Notes	9.500%	6/15/20	1,120,000	1,260,000
CONSOL Energy Inc., Senior Notes	8.250%	4/1/20	1,550,000	1,685,625
Corral Petroleum Holdings AB, Senior Notes	15.000%	12/31/17	2,629,932	2,610,207 ^{(a)(b)(c)}

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2013

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Oil, Gas & Consumable Fuels - continued				
Crosstex Energy LP/Crosstex Energy Finance Corp., Senior Notes	8.875%	2/15/18	590,000	\$ 620,975
El Paso Corp., Medium-Term Notes	7.800%	8/1/31	870,000	887,197
Enterprise Products Operating LLC, Junior Subordinated Notes	8.375%	8/1/66	680,000	753,881 ^(f)
EPE Holdings LLC/EP Energy Bond Co. Inc., Senior Notes	8.875%	12/15/17	1,230,765	1,270,765 ^{(a)(b)}
Globe Luxembourg SCA, Senior Secured Notes	9.625%	5/1/18	2,180,000	2,269,598 ^(a)
Halcon Resources Corp., Senior Notes	9.750%	7/15/20	1,610,000	1,686,475
Halcon Resources Corp., Senior Notes	9.750%	7/15/20	620,000	648,675 ^(a)
Halcon Resources Corp., Senior Notes	8.875%	5/15/21	1,320,000	1,339,800
Kodiak Oil & Gas Corp., Senior Notes	8.125%	12/1/19	1,390,000	1,549,850
LUKOIL International Finance BV, Bonds	6.356%	6/7/17	140,000	157,150 ^(a)
Magnum Hunter Resources Corp., Senior Notes	9.750%	5/15/20	2,300,000	2,495,500
MarkWest Energy Partners LP/MarkWest Energy Finance Corp., Senior Notes	6.500%	8/15/21	182,000	196,560
MEG Energy Corp., Senior Notes	7.000%	3/31/24	2,620,000	2,659,300 ^(a)
Milagro Oil & Gas Inc., Secured Notes	10.500%	5/15/16	1,690,000	1,275,950 ^(e)
Murray Energy Corp., Senior Secured Notes	8.625%	6/15/21	900,000	936,000 ^(a)
Natural Resource Partners LP, Senior Notes	9.125%	10/1/18	1,150,000	1,181,625 ^(a)
Peabody Energy Corp., Senior Notes	7.875%	11/1/26	910,000	928,200
Petrobras International Finance Co., Senior Notes	6.875%	1/20/40	55,000	52,566
Petrobras International Finance Co., Senior Notes	6.750%	1/27/41	1,220,000	1,141,228
Plains Exploration & Production Co., Senior Notes	8.625%	10/15/19	1,310,000	1,437,690
Plains Exploration & Production Co., Senior Notes	6.750%	2/1/22	250,000	275,573
PT Adaro Indonesia, Senior Notes	7.625%	10/22/19	400,000	423,500 ^(a)
Quicksilver Resources Inc., Senior Notes	11.000%	7/1/21	1,850,000	2,016,500 ^(a)
Rosneft Finance SA, Senior Notes	7.500%	7/18/16	210,000	236,775 ^(a)
Samson Investment Co., Senior Notes	10.500%	2/15/20	3,360,000	3,679,200 ^(a)
Sanchez Energy Corp., Senior Notes	7.750%	6/15/21	1,970,000	2,024,175 ^(a)
SandRidge Energy Inc., Senior Notes	7.500%	2/15/23	170,000	173,400
Shelf Drilling Holdings Ltd., Senior Secured Notes	8.625%	11/1/18	930,000	1,009,050 ^(a)
Sidewinder Drilling Inc., Senior Notes	9.750%	11/15/19	560,000	498,400 ^(a)
Summit Midstream Holdings LLC/Summit Mindstream Finance Corp., Senior Notes	7.500%	7/1/21	630,000	661,500 ^(a)
Tennessee Gas Pipeline Co., Senior Notes	8.375%	6/15/32	3,270,000	4,234,640
Xinergy Ltd., Senior Secured Notes	9.250%	5/15/19	2,410,000	1,699,050 ^(a)
<i>Total Oil, Gas & Consumable Fuels</i>				<i>56,531,505</i>
TOTAL ENERGY				68,741,845
FINANCIALS - 9.1%				
Capital Markets - 0.2%				
Goldman Sachs Group Inc., Subordinated Notes	6.750%	10/1/37	1,210,000	1,350,354
Commercial Banks - 3.5%				
Barclays Bank PLC, Subordinated Notes	10.179%	6/12/21	1,930,000	2,561,602 ^(a)
Barclays Bank PLC, Subordinated Notes	7.625%	11/21/22	2,000,000	2,135,000
Credit Agricole SA, Subordinated Notes	8.375%	10/13/19	1,660,000	1,892,400 ^{(a)(f)(g)}

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Intesa Sanpaolo SpA, Senior Notes	3.625%	8/12/15	2,680,000	2,758,650 ^(a)
M&T Bank Corp., Junior Subordinated Notes	6.875%	6/15/16	1,790,000	1,728,259 ^{(a)(g)}
Royal Bank of Scotland Group PLC, Junior Subordinated Bonds	7.648%	9/30/31	1,210,000	1,276,550 ^{(f)(g)}
Royal Bank of Scotland Group PLC, Subordinated Notes	5.000%	10/1/14	950,000	971,033
Royal Bank of Scotland Group PLC, Subordinated Notes	6.100%	6/10/23	1,470,000	1,484,538
Royal Bank of Scotland NV, Subordinated Notes	7.750%	5/15/23	390,000	429,711
Royal Bank of Scotland PLC, Subordinated Notes	13.125%	3/19/22	2,480,000 ^{AUD}	2,611,892 ^{(a)(f)}
Santander Issuances SAU, Notes	5.911%	6/20/16	1,100,000	1,169,709 ^(a)
<i>Total Commercial Banks</i>				<i>19,019,344</i>

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2013

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Consumer Finance - 1.3%				
Ally Financial Inc., Senior Notes	8.000%	3/15/20	1,410,000	\$ 1,697,287
GMAC International Finance BV, Senior Bonds	7.500%	4/21/15	830,000 ^{EUR}	1,223,186 ^(a)
SLM Corp., Medium-Term Notes, Senior Notes	8.450%	6/15/18	1,110,000	1,297,313
SLM Corp., Medium-Term Notes, Senior Notes	8.000%	3/25/20	1,150,000	1,306,687
Stearns Holdings Inc., Senior Secured Notes	9.375%	8/15/20	640,000	656,000 ^(a)
TMX Finance LLC/TitleMax Finance Corp., Senior Secured Notes	8.500%	9/15/18	570,000	609,900 ^(a)
<i>Total Consumer Finance</i>				6,790,373
Diversified Financial Services - 2.8%				
Bank of America Corp., Junior Subordinated Notes	5.200%	6/1/23	800,000	708,000 ^{(f)(g)}
ING US Inc., Junior Subordinated Notes	5.650%	5/15/53	500,000	486,375 ^(f)
International Lease Finance Corp., Senior Notes	8.625%	9/15/15	820,000	913,275
International Lease Finance Corp., Senior Notes	8.750%	3/15/17	100,000	118,250
International Lease Finance Corp., Senior Notes	8.875%	9/1/17	4,200,000	5,019,000
International Lease Finance Corp., Senior Notes	8.250%	12/15/20	1,860,000	2,180,850
JPMorgan Chase & Co., Junior Subordinated Bonds	6.000%	8/1/23	630,000	605,588 ^{(f)(g)}
Nationstar Mortgage LLC/Nationstar Capital Corp., Senior Notes	6.500%	8/1/18	1,370,000	1,400,825
Nationstar Mortgage LLC/Nationstar Capital Corp., Senior Notes	7.875%	10/1/20	1,020,000	1,063,350
TransUnion Holding Co. Inc., Senior Notes	9.625%	6/15/18	1,370,000	1,479,600
ZFS Finance USA Trust II, Bonds	6.450%	12/15/65	1,000,000	1,075,000 ^{(a)(f)}
<i>Total Diversified Financial Services</i>				15,050,113
Insurance - 0.9%				
American International Group Inc., Senior Notes	8.250%	8/15/18	1,565,000	1,961,516
Fidelity & Guaranty Life Holdings Inc., Senior Notes	6.375%	4/1/21	850,000	896,750 ^(a)
ING Capital Funding Trust III, Junior Subordinated Bonds	3.848%	3/31/14	430,000	430,538 ^{(f)(g)}
Liberty Mutual Group Inc., Junior Subordinated Bonds	7.800%	3/15/37	900,000	972,000 ^(a)
MetLife Capital Trust IV, Junior Subordinated Notes	7.875%	12/15/37	650,000	749,125 ^(a)
<i>Total Insurance</i>				5,009,929
Real Estate Management & Development - 0.4%				
Howard Hughes Corp., Senior Notes	6.875%	10/1/21	2,130,000	2,225,850 ^(a)
TOTAL FINANCIALS				49,445,963
HEALTH CARE - 6.3%				
Health Care Equipment & Supplies - 0.8%				
Alere Inc., Senior Subordinated Notes	6.500%	6/15/20	1,710,000	1,757,025
ConvaTec Finance International SA, Senior Notes	8.250%	1/15/19	830,000	851,787 ^{(a)(b)}
Lantheus Medical Imaging Inc., Senior Notes	9.750%	5/15/17	2,180,000	1,962,000
<i>Total Health Care Equipment & Supplies</i>				4,570,812

Health Care Providers & Services - 5.3%

Acadia Healthcare Co. Inc., Senior Notes	12.875%	11/1/18	864,000	1,049,760
Acadia Healthcare Co. Inc., Senior Notes	6.125%	3/15/21	720,000	741,600 ^(a)
CHS/Community Health Systems Inc., Senior Notes	8.000%	11/15/19	2,390,000	2,605,100
CRC Health Corp., Senior Subordinated Notes	10.750%	2/1/16	4,210,000	4,228,419
DJO Finance LLC/DJO Finance Corp., Senior Notes	9.875%	4/15/18	1,330,000	1,436,400
ExamWorks Group Inc., Senior Notes	9.000%	7/15/19	2,050,000	2,229,375
Fresenius Medical Care U.S. Finance Inc., Senior Notes	6.875%	7/15/17	780,000	889,200
Fresenius Medical Care U.S. Finance Inc., Senior Notes	6.500%	9/15/18	280,000	317,800 ^(a)
Fresenius U.S. Finance II Inc., Senior Notes	9.000%	7/15/15	2,060,000	2,286,600 ^(a)
HCA Inc., Debentures	7.500%	11/15/95	3,920,000	3,430,000
HCA Inc., Senior Secured Notes	7.875%	2/15/20	500,000	538,125
HCA Inc., Senior Secured Notes	7.250%	9/15/20	460,000	502,550
IASIS Healthcare LLC/IASIS Capital Corp., Senior Notes	8.375%	5/15/19	2,580,000	2,747,700

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2013

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Health Care Providers & Services - continued				
Physiotherapy Associates Holdings Inc., Senior Notes	11.875%	5/1/19	1,610,000	\$ 635,950 ^{(a)(e)}
Radnet Management Inc., Senior Notes	10.375%	4/1/18	1,970,000	1,974,925
Tenet Healthcare Corp., Senior Notes	8.125%	4/1/22	1,480,000	1,598,400
Tenet Healthcare Corp., Senior Secured Notes	6.000%	10/1/20	1,330,000	1,390,681 ^(a)
<i>Total Health Care Providers & Services</i>				28,602,585
Pharmaceuticals - 0.2%				
Salix Pharmaceuticals Ltd., Senior Notes	6.000%	1/15/21	810,000	832,275 ^(a)
TOTAL HEALTH CARE				34,005,672
INDUSTRIALS - 14.6%				
Aerospace & Defense - 2.0%				
CBC Ammo LLC/CBC FinCo Inc., Senior Notes	7.250%	11/15/21	2,100,000	2,079,000 ^(a)
Ducommun Inc., Senior Notes	9.750%	7/15/18	1,010,000	1,128,675
Erickson Air-Crane Inc., Senior Secured Notes	8.250%	5/1/20	2,483,000	2,582,320 ^(a)
GenCorp Inc., Secured Notes	7.125%	3/15/21	760,000	817,000
Kratos Defense & Security Solutions Inc., Senior Secured Notes	10.000%	6/1/17	2,850,000	3,088,687
Triumph Group Inc., Senior Notes	8.625%	7/15/18	870,000	943,950
<i>Total Aerospace & Defense</i>				10,639,632
Airlines - 1.7%				
Air Canada, Pass-Through Trust, Secured Notes	6.625%	5/15/18	560,000	560,336 ^(a)
Air Canada, Senior Secured Notes	8.750%	4/1/20	1,440,000	1,537,200 ^(a)
American Airlines, Pass-Through Trust, Secured Notes	7.000%	1/31/18	645,362	682,471 ^(a)
DAE Aviation Holdings Inc., Senior Notes	11.250%	8/1/15	3,520,000	3,535,400 ^(a)
Delta Air Lines Inc., Pass-Through Certificates, Secured Notes	8.021%	8/10/22	680,035	765,040
Delta Air Lines Inc., Pass-Through Certificates, Subordinated Secured Notes	9.750%	12/17/16	328,320	371,002
United Airlines Inc., Pass-Through Certificates, Notes	5.500%	10/29/20	460,000	473,800
United Airlines Inc., Pass-Through Certificates, Secured Notes	9.250%	5/10/17	118,876	131,655
United Airlines Inc., Pass-Through Certificates, Senior Secured Notes	6.125%	4/29/18	740,000	773,300
United Airlines Inc., Pass-Through Certificates, Subordinated Secured Notes	7.339%	4/19/14	315,179	319,371
<i>Total Airlines</i>				9,149,575
Building Products - 0.4%				
Ashton Woods USA LLC/Ashton Woods Finance Co., Senior Notes	6.875%	2/15/21	1,020,000	1,009,800 ^(a)
Building Materials Corp. of America, Senior Notes	6.750%	5/1/21	600,000	651,000 ^(a)
Building Materials Corp. of America, Senior Secured Notes	7.500%	3/15/20	550,000	596,750 ^(a)
Rearden G Holdings EINS GmbH, Senior Notes	7.875%	3/30/20	100,000	104,500 ^(a)
<i>Total Building Products</i>				2,362,050
Commercial Services & Supplies - 2.2%				

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Garda World Security Corp., Senior Notes	7.250%	11/15/21	390,000	394,875 ^(a)
JM Huber Corp., Senior Notes	9.875%	11/1/19	860,000	992,225 ^(a)
Monitronics International Inc., Senior Notes	9.125%	4/1/20	3,280,000	3,493,200
RSC Equipment Rental Inc./RSC Holdings III LLC, Senior Notes	8.250%	2/1/21	810,000	917,325
Taylor Morrison Communities Inc./Monarch Communities Inc., Senior Notes	7.750%	4/15/20	1,423,000	1,572,415 ^(a)
Taylor Morrison Communities Inc./Monarch Communities Inc., Senior Notes	7.750%	4/15/20	891,000	984,555 ^(a)
TMS International Corp., Senior Notes	7.625%	10/15/21 &n		