

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
	General Motors Corp.:	
1,330,000	Notes, 7.200% due 1/15/11	1,027,425
	Senior Debentures:	
1,350,000	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
	Carrolls 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
630,000	Idearc Inc., Senior Notes, 8.000% due 11/15/16	2,731,463
2,575,000	R.H. Donnelley Corp.: Senior Discount Notes, 6.875% due 1/15/13	885,000
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