

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

ITEM 1. SCHEDULE OF INVESTMENTS

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%			
Auto Components	0.2%			
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
Automobiles	0.7%			
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
Diversified Consumer Services	0.7%			
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
Hotels, Restaurants & Leisure	8.0%			
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
Hotels, Restaurants & Leisure continued				
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 & Leisure</i>				<i>35,568,910</i>
Household Durables 0.2%				
Standard Pacific Corp., Senior Notes	8.375%	1/15/21	1,040,000	984,100
Internet & Catalog Retail 0.8%				
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 & Catalog Retail</i>				<i>3,517,825</i>
Media 5.0%				
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
Textiles, Apparel & Luxury Goods 0.8%				
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 & Luxury Goods</i>				3,389,500
TOTAL CONSUMER DISCRETIONARY				84,857,823
CONSUMER STAPLES 1.4%				
Food Products 1.3%				
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
Household Products 0.0%				
Reynolds Group DL Escrow Inc./Reynolds Group Escrow LLC, Senior Secured Notes	8.750%	10/15/16	100,000	105,750(a)
Tobacco 0.1%				
Alliance One International Inc., Senior Notes	10.000%	7/15/16	446,000	403,630
TOTAL CONSUMER STAPLES				6,143,768
ENERGY 12.6%				
Energy Equipment & Services 2.9%				
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 & Services</i>				12,784,663
Oil, Gas & Consumable Fuels 9.7%				
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
Oil, Gas & Consumable Fuels continued				
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 & Consumable Fuels</i>				42,892,406
TOTAL ENERGY				55,677,069
FINANCIALS 5.9%				
Capital Markets 0.2%				
Goldman Sachs Group Inc., Subordinated Notes	6.750%	10/1/37	1,100,000	1,026,557
Commercial Banks 1.1%				
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
Consumer Finance 1.0%				
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
Diversified Financial Services 2.9%				
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>
Insurance 0.7%				
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
Insurance continued				
ING Capital Funding Trust III, Junior Subordinated Bonds	4.179%	3/31/12	410,000 \$	323,865(d)(i)
MetLife Capital Trust IV, Junior Subordinated Notes	7.875%	12/15/37	590,000	615,075(a)
<i>Total Insurance</i>				3,017,945
TOTAL FINANCIALS				25,967,066
HEALTH CARE 6.4%				
Biotechnology 0.2%				
Grifols Inc., Senior Notes	8.250%	2/1/18	700,000	738,500
Health Care Equipment & Supplies 0.2%				
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(b)
<i>Total Health Care Equipment & Supplies</i>				902,175