

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Form N-Q

March 01, 2007

**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)

125 Broad Street, New York, NY
(Address of principal executive offices)

10004
(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: December 31, 2006

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

FORM N-Q

DECEMBER 31, 2006

ITEM 1. SCHEDULE OF INVESTMENTS

Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited)

December 31, 2006

Face Amount	Rating	Security	Value
CORPORATE BONDS & NOTES 93.1%			
Aerospace & Defense 1.3%			
\$ 995,000	B+	Alliant Techsystems Inc., Senior Subordinated Notes, 6.750% due 4/1/16	\$ 997,487
850,000	B+	DRS Technologies Inc., Senior Subordinated Notes: 6.625% due 2/1/16	860,625
1,750,000	B	7.625% due 2/1/18	1,811,250
700,000	BB+	L-3 Communications Corp., Senior Subordinated Notes: 7.625% due 6/15/12	728,000
1,460,000	BB+	5.875% due 1/15/15	1,416,200
1,270,000	B-	TransDigm Inc., 7.750% due 7/15/14	1,314,450
		Total Aerospace & Defense	7,128,012
Airlines 1.2%			
940,000	CCC+	Continental Airlines Inc.: Notes, 8.750% due 12/1/11	951,750
322,948	B+	Pass-Through Certificates, Series 2000-2, Class C, 8.312% due 4/2/11	324,765
962,968	B	United Airlines Inc., Pass-Through Certificates: Series 2000-1, Class B, 8.030% due 7/1/11 (a)	1,050,236
2,268,135	B	Series 2000-2, Class B, 7.811% due 10/1/09 (a)	2,507,707
460,000	B+	Series 2001-1: Class B, 6.932% due 9/1/11 (a)	517,787
1,045,000	CCC-	Class C, 6.831% due 9/1/08 (a)	1,108,353
		Total Airlines	6,460,598
Auto Components 1.4%			
695,000	B	Arvin Capital I, Capital Securities, 9.500% due 2/1/27	709,769
1,820,000	CCC+	Keystone Automotive Operations Inc., Senior Subordinated Notes, 9.750% due 11/1/13	1,810,900
555,000	BB-	TRW Automotive Inc.: Senior Notes, 9.375% due 2/15/13	598,012
276,000	BB-	Senior Subordinated Notes, 11.000% due 2/15/13	303,945
2,445,000	CCC+	Visteon Corp., Senior Notes: 8.250% due 8/1/10	2,396,100
1,765,000	CCC+	7.000% due 3/10/14	1,553,200
		Total Auto Components	7,371,926
Automobiles 2.7%			
575,000	CCC+	Ford Motor Co.: Debentures, 8.875% due 1/15/22	503,125
7,615,000	CCC+	Notes, 7.450% due 7/16/31	6,015,850
1,330,000	B-	General Motors Corp.: Notes, 7.200% due 1/15/11	1,293,425
		Senior Debentures:	

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1,350,000	B-	8.250% due 7/15/23	1,262,250
3,600,000	B-	8.375% due 7/15/33	3,348,000
2,125,000	B-	Senior Notes, 7.125% due 7/15/13	2,008,125
		Total Automobiles	14,430,775

Building Products 1.8%

		Associated Materials Inc.:	
	CCC	Senior Discount Notes, step bond to yield 10.757% due 3/1/14	3,111,000
4,575,000	CCC	Senior Subordinated Notes, 9.750% due 4/15/12	232,875
225,000	B	Jacuzzi Brands Inc., Senior Secured Notes, 9.625% due 7/1/10	1,323,700
1,240,000	CCC+	Nortek Inc., Senior Subordinated Notes, 8.500% due 9/1/14	1,108,125
1,125,000	CCC+	NTK Holdings Inc., Senior Discount Notes, step bond to yield 11.443% due 3/1/14	3,778,800
5,360,000		Total Building Products	9,554,500

See Notes to Schedule of Investments.

Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited) (continued)

December 31, 2006

Face Amount	Rating	Security	Value
Capital Markets 0.7%			
\$ 1,690,000	B	BCP Crystal U.S. Holdings Corp., Senior Subordinated Notes, 9.625% due 6/15/14	\$ 1,875,900
365,000	BB-	E*TRADE Financial Corp., Senior Notes: 7.375% due 9/15/13	381,425
1,365,000	BB-	7.875% due 12/1/15	1,457,137
		Total Capital Markets	3,714,462
Chemicals 2.7%			
365,000	BB+	Chemtura Corp., Senior Notes, 6.875% due 6/1/16	353,138
2,400,000	BB-	Equistar Chemicals LP, Senior Notes, 10.625% due 5/1/11	2,568,000
2,700,000	B+	Georgia Gulf Corp., Senior Notes, 9.500% due 10/15/14 (b) Huntsman International LLC: Senior Notes, 9.875% due 3/1/09	2,646,000
535,000	B	Senior Subordinated Notes, 7.875% due 11/13/14 (b)	553,725
800,000	B	Lyondell Chemical Co.: Senior Notes: 8.000% due 9/15/14	810,000
725,000	B+	8.250% due 9/15/16	755,812
595,000	B+	Senior Secured Notes: 11.125% due 7/15/12	627,725
1,615,000	BB	10.500% due 6/1/13	1,744,200
130,000	BB	Methanex Corp., Senior Notes, 8.750% due 8/15/12	143,650
700,000	BBB-	Montell Finance Co. BV, Debentures, 8.100% due 3/15/27 (b)	764,750
2,870,000	B-	Westlake Chemical Corp., Senior Notes, 6.625% due 1/15/16	2,740,850
765,000	BB+	Total Chemicals	743,962
			14,451,812
Commercial Services & Supplies 2.9%			
385,000	B-	Aleris International Inc., Senior Subordinated Notes, 10.000% due 12/15/16 (b)	387,888
2,250,000	CCC+	Allied Security Escrow Corp., Senior Subordinated Notes, 11.375% due 7/15/11	2,317,500
2,580,000	BB-	Allied Waste North America Inc., Senior Notes, Series B, 8.500% due 12/1/08	2,725,125
1,600,000	CCC+	Brand Services Inc., Senior Notes, 12.000% due 10/15/12	1,773,408
2,330,000	B	DynCorp International LLC/DIV Capital Corporation, Senior Subordinated Notes, Series B, 9.500% due 2/15/13	2,481,450
1,050,000	B+	Quebecor World Capital Corp., Senior Notes, 8.750% due 3/15/16 (b)	1,010,625
1,545,000	B-	Rental Services Corp., Senior Notes, 9.500% due 12/1/14 (b)	1,602,937
2,990,000	BB-	Windstream Corp., Senior Notes, 8.625% due 8/1/16 (b)	3,289,000
		Total Commercial Services & Supplies	15,587,933

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Communications Equipment 0.5%

3,140,000	B+	Lucent Technologies Inc., Debentures, 6.450% due 3/15/29	2,912,350
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Consumer Finance 4.8%

		Ford Motor Credit Co.:	
		Notes:	
925,000	B	7.875% due 6/15/10	933,377
2,535,000	B	9.824% due 4/15/12 (c)	2,689,777
1,140,000	B	7.000% due 10/1/13	1,090,108
		Senior Notes:	
1,037,000	B	10.610% due 6/15/11 (b)(c)	1,108,089
2,245,000	B	9.875% due 8/10/11	2,403,302
1,190,000	B	8.110% due 1/13/12 (c)	1,180,641
1,140,000	B	8.000% due 12/15/16	1,128,394
		General Motors Acceptance Corp., Notes:	
4,660,000	BB+	6.875% due 8/28/12	4,790,559

See Notes to Schedule of Investments.

Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited) (continued)

December 31, 2006

Face Amount	Rating	Security	Value
Consumer Finance 4.8% (continued)			
\$ 9,405,000		8.000% due 11/1/31	\$ 10,828,926
		Total Consumer Finance	26,153,173
 Containers & Packaging 2.6%			
1,175,000	CCC+	Berry Plastics Holding Corp., Senior Secured Notes, 8.875% due 9/15/14 (b)	1,198,500
1,265,000	CCC+	Graham Packaging Co. Inc., Senior Subordinated Notes, 9.875% due 10/15/14	1,283,975
405,000	B-	Graphic Packaging International Corp.: Senior Notes, 8.500% due 8/15/11	421,200
2,350,000	B-	Senior Subordinated Notes, 9.500% due 8/15/13	2,491,000
1,875,000	B-		