

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Form N-Q

February 28, 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)

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, 2007

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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, 2007**

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## Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited)

December 31, 2007

Face Amount	Security	Value
<b>CORPORATE BONDS &amp; NOTES 90.5%</b>		
<b>Aerospace &amp; Defense 1.7%</b>		
\$ 995,000	Alliant Techsystems Inc., Senior Subordinated Notes, 6.750% due 4/1/16	\$ 999,975
850,000	DRS Technologies Inc., Senior Subordinated Notes:	843,625
1,405,000	6.625% due 2/1/16	1,429,588
3,895,000	7.625% due 2/1/18	
	Hawker Beechcraft Acquisition Co., Senior Notes, 8.875% due 4/1/15 (a)(b)	3,865,787
1,460,000	L-3 Communications Corp., Senior Subordinated Notes, 5.875% due 1/15/15	1,416,200
	<b>Total Aerospace &amp; Defense</b>	<b>8,555,175</b>
<b>Airlines 2.6%</b>		
1,010,000	Continental Airlines Inc.: Notes, 8.750% due 12/1/11	956,975
297,069	Pass-Through Certificates: 8.312% due 4/2/11	292,228
930,000	7.339% due 4/19/14	857,925
3,950,000	DAE Aviation Holdings Inc., Senior Notes, 11.250% due 8/1/15 (a)	4,187,000
1,110,000	Delta Air Lines Inc., 8.954% due 8/10/14 (a)	1,087,800
	United Airlines Inc., Pass-Through Certificates:	
1,045,000	6.831% due 9/1/08	1,213,977
2,268,135	7.811% due 10/1/09	2,676,399
962,968	8.030% due 7/1/11	1,121,858
460,000	6.932% due 9/1/11	547,400
	<b>Total Airlines</b>	<b>12,941,562</b>
<b>Auto Components 1.7%</b>		
970,000	Allison Transmission Inc.:	
1,920,000	11.000% due 11/1/15 (a)	887,550
1,820,000	11.250% due 11/1/15 (a)(b)	1,704,000
	Keystone Automotive Operations Inc., Senior Subordinated Notes, 9.750% due 11/1/13	1,346,800
5,400,000	Visteon Corp., Senior Notes, 8.250% due 8/1/10	4,806,000
	<b>Total Auto Components</b>	<b>8,744,350</b>
<b>Automobiles 1.7%</b>		
505,000	Ford Motor Co., Debentures, 8.900% due 1/15/32	393,900
1,330,000	General Motors Corp.: Notes, 7.200% due 1/15/11	1,226,925
1,350,000	Senior Debentures: 8.250% due 7/15/23	1,080,000
5,040,000	8.375% due 7/15/33	4,082,400
2,125,000	Senior Notes, 7.125% due 7/15/13	1,848,750
	<b>Total Automobiles</b>	<b>8,631,975</b>
<b>Building Products 1.5%</b>		
5,640,000	Associated Materials Inc.:	
225,000	Senior Discount Notes, step bond to yield 12.271% due 3/1/14	3,637,800
1,390,000	Senior Subordinated Notes, 9.750% due 4/15/12	230,625
3,890,000	Nortek Inc., Senior Subordinated Notes, 8.500% due 9/1/14	1,118,950
		2,295,100

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		NTK Holdings Inc., Senior Discount Notes, step bond to yield 11.354% due 3/1/14	
<b>Chemicals</b>	<b>1.4%</b>	<b>Total Building Products</b>	7,282,475
	1,895,000	Georgia Gulf Corp., Senior Notes:	
	850,000	9.500% due 10/15/14	1,520,738
		10.750% due 10/15/16	573,750

*See Notes to Schedule of Investments.*

## Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited) (continued)

December 31, 2007

	Face Amount	Security	Value
<b>Chemicals 1.4% (continued)</b>			
\$	800,000	Huntsman International LLC, Senior Subordinated Notes, 7.875% due 11/15/14	\$ 852,000
	1,440,000	Methanex Corp., Senior Notes, 8.750% due 8/15/12	1,551,600
	2,870,000	Montell Finance Co. BV, Debentures, 8.100% due 3/15/27 (a)	2,195,550
	494,000	Westlake Chemical Corp., Senior Notes, 6.625% due 1/15/16	469,300
		<b>Total Chemicals</b>	<b>7,162,938</b>
<b>Commercial Banks 0.4%</b>			
	500,000	ATF Capital BV, Senior Notes, 9.250 % due 2/21/14 (a)	506,250
		TuranAlem Finance BV, Bonds:	
	1,530,000	8.250% due 1/22/37 (a)	1,311,975
	470,000	8.250% due 1/22/37 (a)	401,850
		<b>Total Commercial Banks</b>	<b>2,220,075</b>
<b>Commercial Services &amp; Supplies 2.5%</b>			
	2,705,000	Allied Security Escrow Corp., Senior Subordinated Notes, 11.375% due 7/15/11	2,556,225
	1,120,000	Allied Waste North America Inc., Senior Notes, 6.875% due 6/1/17	1,097,600
	525,000	Ashtead Holdings PLC, Secured Notes, 8.625% due 8/1/15 (a)	462,000
	4,100,000	DynCorp International LLC/DIV Capital Corp., Senior Subordinated Notes, 9.500% due 2/15/13	4,289,625
	2,150,000	Interface Inc., Senior Notes, 10.375% due 2/1/10	2,262,875
	1,255,000	Rental Services Corp., 9.500% due 12/1/14	1,129,500
	1,110,000	US Investigations Services Inc., 11.750% due 5/1/16 (a)	971,250
		<b>Total Commercial Services &amp; Supplies</b>	<b>12,769,075</b>
<b>Communications Equipment 0.5%</b>			
	3,140,000	Lucent Technologies Inc., Debentures, 6.450% due 3/15/29	2,610,125
<b>Consumer Finance 4.3%</b>			
	1,655,000	AmeriCredit Corp., Senior Notes, 8.500% due 7/1/15 (a)	1,270,212
		Ford Motor Credit Co.:	
		Notes:	
	925,000	7.875% due 6/15/10	853,925
	2,535,000	9.693% due 4/15/12 (c)	2,493,591
	1,140,000	7.000% due 10/1/13	953,412
		Senior Notes:	
	1,037,000	10.241% due 6/15/11 (c)	983,817
	2,245,000	9.875% due 8/10/11	2,124,940
	1,190,000	7.993% due 1/13/12 (c)	1,000,392
	1,140,000	8.000% due 12/15/16	969,784
		General Motors Acceptance Corp.:	
	8,080,000	Bonds, 8.000% due 11/1/31	6,794,238
	4,660,000	Notes, 6.875% due 8/28/12	3,908,603
		<b>Total Consumer Finance</b>	<b>21,352,914</b>
<b>Containers &amp; Packaging 0.7%</b>			
	2,745,000	Graphic Packaging International Corp., Senior Subordinated Notes, 9.500% due 8/15/13	2,724,412
	955,000	Plastipak Holdings Inc., Senior Notes, 8.500% due 12/15/15 (a)	959,775
	725,000	Radnor Holdings Corp., Senior Notes, 11.000% due 3/15/10 (d)	9,063
		<b>Total Containers &amp; Packaging</b>	<b>3,693,250</b>
<b>Diversified Consumer Services 0.5%</b>			

1,175,000

Education Management LLC/Education Management Finance  
Corp., Senior Notes, 8.750% due 6/1/14

1,185,281

*See Notes to Schedule of Investments.*

## Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited) (continued)

December 31, 2007

Face Amount	Security	Value
<b>Diversified Consumer Services 0.5% (continued)</b>		
\$ 1,225,000	Service Corp. International, Debentures, 7.875% due 2/1/13	\$ 1,237,587
	<b>Total Diversified Consumer Services</b>	<b>2,422,868</b>
<b>Diversified Financial Services 1.9%</b>		
1,085,000	Basell AF SCA, Senior Secured Subordinated Second Priority Notes, 8.375% due 8/15/15 (a)	881,562
1,250,000	CCM Merger Inc., Notes, 8.000% due 8/1/13 (a)	1,184,375
450,000	Leucadia National Corp.: 7.125% due 3/15/17	418,500
1,220,000	Senior Notes, 8.125% due 9/15/15	1,226,100
1,115,000	Residential Capital LLC: 8.544% due 4/17/09 (a)(c)	554,713
710,000	8.375% due 6/30/15	433,100
1,990,000	Notes, 7.875% due 6/30/10	1,283,550
2,385,000	Senior Notes, 7.500% due 2/22/11	1,496,587
1,730,000	Vanguard Health Holdings Co. I LLC, Senior Discount Notes, step bond to yield 13.681% due 10/1/15 (c)	1,288,850
765,000	Vanguard Health Holdings Co. II LLC, Senior Subordinated Notes, 9.000% due 10/1/14	740,138
	<b>Total Diversified Financial Services</b>	<b>9,507,475</b>
<b>Diversified Telecommunication Services 6.1%</b>		
385,000	Cincinnati Bell Telephone Co., Senior Debentures, 6.300% due 12/1/28	335,913
160,000	Citizens Communications Co.: 7.050% due 10/1/46	130,400
2,185,000	Senior Notes, 7.875% due 1/15/27	2,092,137
1,555,000	GT Group Telecom Inc., Senior Discount Notes, 13.250% due 2/1/10 (d)(e)(f)	0
350,000	Hawaiian Telcom Communications Inc.: 9.750% due 5/1/13	349,125
480,000	Senior Subordinated Notes, 12.500% due 5/1/15	498,000
3,745,000	Intelsat Bermuda Ltd., Senior Notes, 11.250% due 6/15/16	3,885,437
720,000	Intelsat Corp., Senior Notes, 9.000% due 8/15/14	727,200
570,000	L-3 Communications Corp., Senior Subordinated Notes, 6.375% due 10/15/15	564,300
3,210,000	Level 3 Financing Inc.: 9.250% due 11/1/14	2,921,100
420,000	9.150% due 2/15/15 (c)	355,950
2,200,000	Nordic Telephone Co. Holdings, Senior Secured Bonds, 8.875% due 5/1/16 (a)	2,266,000
250,000	Qwest Communications International Inc., Senior Notes: 8.369% due 2/15/09 (c)	251,250
1,440,000	7.500% due 2/15/14	1,443,600
4,245,000	Telcordia Technologies Inc., Senior Subordinated Notes, 10.000% due 3/15/13 (a)	3,396,000
585,000	Virgin Media Finance PLC, Senior Notes: 8.750% due 4/15/14	583,538
3,022,000	9.125% due 8/15/16	3,006,890
4,195,000		4,593,525

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		Wind Acquisition Finance SA, Senior Bonds, 10.750% due 12/1/15 (a)	
	2,990,000	Windstream Corp., Senior Notes, 8.625% due 8/1/16	3,154,450
<b>Electric Utilities</b>	<b>1.7%</b>	<b>Total Diversified Telecommunication Services</b>	<b>30,554,815</b>
	2,350,000	Orion Power Holdings Inc., Senior Notes, 12.000% due 5/1/10	2,573,250
	3,720,000	Texas Competitive Electric Holding Co. LLC, 10.500% due 11/1/16 (a)(b)	3,692,100
	2,335,000	VeraSun Energy Corp., Senior Notes, 9.375% due 6/1/17 (a)	2,048,963
		<b>Total Electric Utilities</b>	<b>8,314,313</b>

*See Notes to Schedule of Investments.*

## Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited) (continued)

December 31, 2007

Face Amount	Security	Value
<b>Electronic Equipment &amp; Instruments 0.3%</b>		
\$ 575,000	NXP BV/NXP Funding LLC:	
1,240,000	Senior Notes, 9.500% due 10/15/15	\$ 528,281
	Senior Secured Notes, 7.875% due 10/15/14	1,184,200
	<b>Total Electronic Equipment &amp; Instruments</b>	<b>1,712,481</b>
<b>Energy Equipment &amp; Services 2.3%</b>		
2,305,000	ANR Pipeline Co., Debentures, 9.625% due 11/1/21	3,079,874
1,900,000	Complete Production Services Inc., Senior Notes, 8.000% due 12/15/16	1,847,750
1,810,000	Key Energy Services Inc., 8.375% due 12/1/14 (a)	1,859,775
625,000	Pride International Inc., Senior Notes, 7.375% due 7/15/14	645,312
60,000	Southern Natural Gas Co., Senior Notes, 8.000% due 3/1/32	67,146
3,270,000	Tennessee Gas Pipeline Co., Bonds, 8.375% due 6/15/32	3,803,867
	<b>Total Energy Equipment &amp; Services</b>	<b>11,303,724</b>
<b>Food &amp; Staples Retailing 0.4%</b>		
1,506,000	Delhaize America Inc., Debentures, 9.000% due 4/15/31	1,748,731
<b>Food Products 0.5%</b>		
2,025,000	Dole Food Co. Inc., Senior Notes:	
575,000	7.250% due 6/15/10	1,852,875
	8.875% due 3/15/11	534,750
	<b>Total Food Products</b>	<b>2,387,625</b>
<b>Gas Utilities 0.6%</b>		
2,890,000	Suburban Propane Partners LP/Suburban Energy Finance Corp., Senior Notes, 6.875% due 12/15/13	2,817,750
<b>Health Care Equipment &amp; Supplies 0.2%</b>		
1,130,000	Advanced Medical Optics Inc., 7.500% due 5/1/17	1,045,250
<b>Health Care Providers &amp; Services 5.5%</b>		
780,000	Community Health Systems Inc., 8.875% due 7/15/15	798,525
	DaVita Inc.:	
1,340,000	Senior Notes, 6.625% due 3/15/13	1,340,000
1,640,000	Senior Subordinated Notes, 7.250% due 3/15/15	1,652,300
	HCA Inc.:	
1,640,000	9.250% due 11/15/16	1,726,100
3,920,000	Debentures, 7.500% due 11/15/95	3,015,440
	Notes:	
1,150,000	6.375% due 1/15/15	977,500
970,000	7.690% due 6/15/25	807,914
40,000	Senior Notes, 6.250% due 2/15/13	35,200
2,885,000	Senior Secured Notes, 9.625% due 11/15/16 (b)	3,058,100
2,675,000	IASIS Healthcare LLC/IASIS Capital Corp., Senior Subordinated Notes, 8.750% due 6/15/14	2,688,375
570,000	Reable Therapeutics Finance LLC, 10.875% due 11/15/14 (a)	561,450
	Tenet Healthcare Corp., Senior Notes:	
2,310,000	6.375% due 12/1/11	2,113,650
4,250,000	7.375% due 2/1/13	3,740,000
640,000	9.875% due 7/1/14	612,800
	Universal Hospital Services Inc.:	
530,000	8.288% due 6/1/15 (c)	532,650
1,990,000	8.500% due 6/1/15 (b)	2,019,850

2,450,000	US Oncology Holdings Inc., 10.759% due 3/15/12 (b)(c)	2,045,750
	<b>Total Health Care Providers &amp; Services</b>	<b>27,725,604</b>

*See Notes to Schedule of Investments.*

## Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited) (continued)

December 31, 2007

Face Amount	Security	Value
<b>Hotels, Restaurants &amp; Leisure 4.8%</b>		
\$ 2,345,000	Buffets Inc., Senior Notes, 12.500% due 11/1/14 (d)	\$ 902,825
1,325,000	Caesars Entertainment Inc., Senior Subordinated Notes, 8.875% due 9/15/08	1,376,782
1,450,000	Carrols Corp., Senior Subordinated Notes, 9.000% due 1/15/13	1,326,750
800,000	Downstream Development Quapaw, Senior Notes, 12.000% due 10/15/15 (a)	752,000
1,095,000	El Pollo Loco Inc., Senior Notes, 11.750% due 11/15/13	1,040,250
445,000	Fontainebleau Las Vegas Holdings LLC/Fontainebleau Las Vegas Capital Corp., 10.250% due 6/15/15 (a)	388,263
2,625,000	Herbst Gaming Inc., Senior Subordinated Notes, 7.000% due 11/15/14	1,561,875
1,210,000	Indianapolis Downs LLC & Capital Corp., 11.000% due 11/1/12 (a)	1,173,700
2,515,000	Inn of the Mountain Gods Resort & Casino, Senior Notes, 12.000% due 11/15/10	2,628,175
2,150,000	Las Vegas Sands Corp., Senior Notes, 6.375% due 2/15/15	2,031,750
700,000	Mandalay Resort Group, Senior Subordinated Debentures, 7.625% due 7/15/13	686,000
1,130,000	MGM MIRAGE Inc.: Notes, 6.750% due 9/1/12	1,105,988
360,000	Senior Notes: 7.500% due 6/1/16	358,200
1,425,000	7.625% due 1/15/17	1,414,312
225,000	Mohegan Tribal Gaming Authority, Senior Subordinated Notes, 6.875% due 2/15/15	212,625
520,000	Pinnacle Entertainment Inc., Senior Subordinated Notes, 8.250% due 3/15/12	527,800
2,290,000	Pokagon Gaming Authority, Senior Notes, 10.375% due 6/15/14 (a)	2,473,200
1,155,000	Sbarro Inc., Senior Notes, 10.375% due 2/1/15	1,022,175
545,000	Snoqualmie Entertainment Authority, Senior Secured Notes: 9.063% due 2/1/14 (a)(c)	517,750
430,000	9.125% due 2/1/15 (a)	417,100
80,000	Station Casinos Inc.: Senior Notes: 6.000% due 4/1/12	71,600
1,865,000	7.750% due 8/15/16	1,692,487
135,000	Senior Subordinated Notes: 6.875% due 3/1/16	99,225
165,000	6.625% due 3/15/18	113,850
	<b>Total Hotels, Restaurants &amp; Leisure</b>	<b>23,894,682</b>
<b>Household Durables 2.0%</b>		
200,000	American Greetings Corp., Senior Notes, 7.375% due 6/1/16	195,500
1,140,000	D.R. Horton Inc., Senior Notes, 8.000% due 2/1/09	1,108,371
1,950,000	Jarden Corp., Senior Subordinated Notes, 7.500% due 5/1/17	1,686,750
2,150,000	K Hovnanian Enterprises Inc., Senior Notes, 7.500% due 5/15/16	1,515,750
1,385,000	KB Home: 7.750% due 2/1/10	1,288,050
260,000	Senior Subordinated Notes, 8.625% due 12/15/08	256,100
1,790,000		1,825,800

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		Norcraft Cos. LP/Norcraft Finance Corp., Senior Subordinated Notes, 9.000% due 11/1/11	
	2,210,000	Norcraft Holdings LP/Norcraft Capital Corp., Senior Discount Notes, step bond to yield 10.128% due 9/1/12	2,000,050
		<b>Total Household Durables</b>	<b>9,876,371</b>
<b>Household Products</b>	<b>0.2%</b>		
	1,235,000	Visant Holding Corp., Senior Notes, 8.750% due 12/1/13	1,247,350
<b>Independent Power Producers &amp; Energy Traders</b>	<b>8.2%</b>		
	1,035,000	AES China Generating Co., Ltd., 8.250% due 6/26/10	1,006,676
		AES Corp.:	

*See Notes to Schedule of Investments.*

## Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited) (continued)

December 31, 2007

	Face Amount	Security	Value
<b>Independent Power Producers &amp; Energy Traders</b>		<b>8.2% (continued)</b>	
\$	3,415,000	8.000% due 10/15/17 (a)	\$ 3,508,913
	1,855,000	Senior Notes, 9.500% due 6/1/09	1,929,200
	1,890,000	Dynegy Holdings Inc.:	
	2,090,000	7.750% due 6/1/19	1,752,975
	320,000	Senior Debentures, 7.625% due 10/15/26	1,786,950
		Dynegy Inc., 7.670% due 11/8/16	318,400
		Edison Mission Energy, Senior Notes:	
	1,670,000	7.750% due 6/15/16	1,728,450
	1,400,000	7.200% due 5/15/19	1,382,500
	1,785,000	7.625% due 5/15/27	1,686,825
		Energy Future Holdings, Senior Notes:	
	90,000	10.875% due 11/1/17 (a)	90,900
	15,150,000	11.250% due 11/1/17 (a)(b)	15,377,250
		Mirant Mid Atlantic LLC:	
	964,551	10.060% due 12/30/28	1,152,639
	500,936	Pass-Through Certificates, 9.125% due 6/30/17	554,786
	1,920,000	Mirant North America LLC, Senior Notes, 7.375% due 12/31/13	1,934,400
		NRG Energy Inc., Senior Notes:	
	500,000	7.250% due 2/1/14	488,750
	6,120,000	7.375% due 2/1/16	5,982,300
	165,000	7.375% due 1/15/17	161,288
	520,000	TXU Corp., Senior Notes, 6.500% due 11/15/24	381,893
		<b>Total Independent Power Producers &amp; Energy Traders</b>	<b>41,225,095</b>
<b>IT Services 1.5%</b>			
	1,090,000	Ceridian Corp., 12.250% due 11/15/15 (a)(b)	1,019,150
		First Data Corp.:	
	250,000	5.625% due 11/1/11	198,349
	2,390,000	9.875% due 9/24/15 (a)	2,225,687
		SunGard Data Systems Inc.:	
	775,000	Senior Notes, 9.125% due 8/15/13	792,438
	3,020,000	Senior Subordinated Notes, 10.250% due 8/15/15	3,103,050
		<b>Total IT Services</b>	<b>7,338,674</b>
<b>Machinery 0.3%</b>			
	730,000	American Railcar Industries Inc., Senior Notes, 7.500% due 3/1/14	693,500
	640,000	Terex Corp., Senior Subordinated Notes, 7.375% due 1/15/14	651,200
		<b>Total Machinery</b>	<b>1,344,700</b>
<b>Media 7.1%</b>			
	2,810,000	Affinion Group Inc., Senior Subordinated Notes, 11.500% due 10/15/15	2,771,362
		CCH I Holdings LLC/CCH I Holdings Capital Corp.:	
	705,000	Senior Accreting Notes, 12.125% due 1/15/15	447,675
	4,015,000	Senior Notes, 11.750% due 5/15/14	2,559,562
	4,990,000	CCH I LLC/CCH Capital Corp., Senior Secured Notes, 11.000% due 10/1/15	4,091,800
	1,930,000	CCH II LLC/CCH II Capital Corp., Senior Notes, 10.250% due 9/15/10	1,901,050
	540,000	Charter Communications Holdings LLC, Senior Discount Notes, 12.125% due 1/15/12	399,600

	Charter Communications Holdings LLC/Charter Communications Holdings Capital Corp., Senior Discount Notes, 11.750% due 5/15/11	663,000
850,000		
1,690,000	CMP Susquehanna Corp., 9.875% due 5/15/14	1,275,950
	CSC Holdings Inc.:	
	Senior Debentures:	
80,000	8.125% due 8/15/09	81,600
225,000	7.625% due 7/15/18	207,844
	Senior Notes:	
1,320,000	8.125% due 7/15/09	1,344,750

*See Notes to Schedule of Investments.*

## Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited) (continued)

December 31, 2007

	Face Amount	Security	Value
<b>Media 7.1% (continued)</b>			
\$	840,000	7.625% due 4/1/11	\$ 842,100
	760,000	6.750% due 4/15/12	730,550
	1,416,000	Dex Media West LLC/Dex Media Finance Co., Senior Subordinated Notes, 9.875% due 8/15/13	1,476,180
		EchoStar DBS Corp., Senior Notes:	
	1,150,000	6.625% due 10/1/14	1,147,125
	2,950,000	7.125% due 2/1/16	3,023,750
	2,575,000	Historic TW Inc., Senior Notes, 6.625% due 5/15/29	2,542,305
	1,330,000	Idearc Inc., Senior Notes, 8.000% due 11/15/16	1,226,925
	500	ION Media Networks Inc., 11.000% due 7/31/13	253
		R.H. Donnelley Corp.:	
	1,475,000	Senior Discount Notes, 6.875% due 1/15/13	1,327,500
		Senior Notes:	
	2,675,000	8.875% due 1/15/16	2,514,500
	70,000	8.875% due 10/15/17 (a)	65,100
	1,060,000	Sun Media Corp., 7.625% due 2/15/13	1,037,475
		TL Acquisitions Inc.:	
	1,080,000	Senior Notes, 10.500% due 1/15/15 (a)	1,043,550
		Senior Subordinated Notes, step bond to yield 13.249% due 7/15/15 (a)	1,425,288
	1,790,000		1,181,250
	1,250,000	XM Satellite Radio Inc., Senior Notes, 9.411% due 5/1/13 (c)	35,328,044
		<b>Total Media</b>	
<b>Metals &amp; Mining 4.0%</b>			
	6,320,000	Freeport-McMoRan Copper & Gold Inc., Senior Notes, 8.375% due 4/1/17	6,794,000
		Metals USA Holdings Corp., Senior Notes, 11.231% due 7/1/12 (a)(b)(c)	726,000
	880,000		3,868,800
	3,720,000	Metals USA Inc., Senior Secured Notes, 11.125% due 12/1/15	
		Noranda Aluminium Acquisition Corp., 8.738% due 5/15/15 (a)(b)(c)	414,050
	490,000		
	1,310,000	Noranda Aluminium Holding Corp., Senior Notes, 10.488% due 11/15/14 (a)(b)(c)	1,120,050
	2,245,000	Novelis Inc., Senior Notes, 7.250% due 2/15/15	2,121,525
	2,870,000	Ryerson Inc., 12.000% due 11/1/15 (a)	2,848,475
	795,000	Steel Dynamics Inc., 7.375% due 11/1/12 (a)	802,950
	1,695,000	Tube City IMS Corp., 9.750% due 2/1/15	1,533,975
		<b>Total Metals &amp; Mining</b>	20,229,825
<b>Multiline Retail 1.4%</b>			
	3,845,000	Dollar General Corp., Senior Subordinated Notes, 11.875% due 7/15/17 (a)(b)	3,047,162
		Neiman Marcus Group Inc.:	
	150,000	7.125% due 6/1/28	135,750
	1,450,000	Senior Notes, 9.000% due 10/15/15 (b)	1,502,563
	2,385,000	Senior Subordinated Notes, 10.375% due 10/15/15	2,495,306
		<b>Total Multiline Retail</b>	7,180,781
<b>Oil, Gas &amp; Consumable Fuels 7.8%</b>			
	2,652,000	Belden & Blake Corp., Secured Notes, 8.750% due 7/15/12	2,691,780
		Chesapeake Energy Corp., Senior Notes:	

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2,845,000	6.625% due 1/15/16	2,795,212
140,000	6.500% due 8/15/17	135,800
1,180,000	6.250% due 1/15/18	1,138,700
570,000	Compagnie Generale de Geophysique SA, Senior Notes, 7.500% due 5/15/15	579,975
660,283	Corral Finans AB, 10.243% due 4/15/10 (a)(b)(c)	604,159
690,000	El Paso Corp., Medium-Term Notes:	703,701
6,275,000	7.800% due 8/1/31	6,400,983
	7.750% due 1/15/32	
425,000	Enterprise Products Operating LP:	385,906
	7.034% due 1/15/68 (c)	

*See Notes to Schedule of Investments.*

## Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited) (continued)

December 31, 2007

	Face Amount	Security	Value
<b>Oil, Gas &amp; Consumable Fuels</b>	<b>7.8% (continued)</b>		
\$	1,310,000	Junior Subordinated Notes, 8.375% due 8/1/66 (c)	\$ 1,343,270
	2,500,000	EXCO Resources Inc., Senior Notes, 7.250% due 1/15/11	2,418,750
	1,905,000	International Coal Group Inc., Senior Notes, 10.250% due 7/15/14	1,828,800
		Mariner Energy Inc., Senior Notes:	
	940,000	7.500% due 4/15/13	909,450
	555,000	8.000% due 5/15/17	530,719
	1,175,000	OPTI Canada Inc., Senior Secured Notes, 8.250% due 12/15/14 (a)	1,169,125
	785,000	Petrohawk Energy Corp., Senior Notes, 9.125% due 7/15/13	830,138
		Petroplus Finance Ltd.:	
	630,000	6.750% due 5/1/14 (a)	589,838
	1,150,000	Senior Note, 7.000% due 5/1/17 (a)	1,058,000
	2,905,000	SemGroup LP, Senior Notes, 8.750% due 11/15/15 (a)	2,774,275
	100,000	SESI LLC, Senior Notes, 6.875% due 6/1/14	97,000
	1,325,000	W&T Offshore Inc., Senior Notes, 8.250% due 6/15/14 (a)	1,248,812
		Whiting Petroleum Corp., Senior Subordinated Notes, 7.000% due 2/1/14	1,268,625
	1,275,000	Williams Cos. Inc.:	
		Notes:	
	2,580,000	7.875% due 9/1/21	2,873,475
	2,780,000	8.750% due 3/15/32	3,412,450
	1,125,000	Senior Notes, 7.625% due 7/15/19	1,224,844
		<b>Total Oil, Gas &amp; Consumable Fuels</b>	<b>39,013,787</b>
<b>Paper &amp; Forest Products</b>	<b>2.4%</b>		
		Abitibi-Consolidated Co. of Canada:	
		Notes:	
	410,000	7.750% due 6/15/11	321,850
	1,300,000	8.491% due 6/15/11 (c)	1,033,500
	945,000	Senior Notes, 8.375% due 4/1/15	706,387
		Abitibi-Consolidated Inc.:	
	1,030,000	7.875% due 8/1/09	986,225
	1,270,000	Debentures, 7.400% due 4/1/18	841,375
	520,000	Notes, 8.550% due 8/1/10	457,600
		Appleton Papers Inc.:	
	125,000	Senior Notes, 8.125% due 6/15/11	123,281
	2,650,000	Senior Subordinated Notes, 9.750% due 6/15/14	2,636,750
		NewPage Corp.:	
	1,200,000	10.000% due 5/1/12 (a)	1,212,000
	2,485,000	Senior Secured Notes, 11.161% due 5/1/12 (c)	2,575,081
	675,000	Senior Subordinated Notes, 12.000% due 5/1/13	700,313
	470,000	Newpage Holding Corp., 11.818% due 11/1/13 (b)(c)	453,550
		<b>Total Paper &amp; Forest Products</b>	<b>12,047,912</b>
<b>Pharmaceuticals</b>	<b>0.7%</b>		
	4,870,000	Leiner Health Products Inc., Senior Subordinated Notes, 11.000% due 6/1/12	3,335,950
<b>Real Estate Investment Trusts (REITs)</b>	<b>0.5%</b>		
	75,000	Forest City Enterprises Inc., Senior Notes, 7.625% due 6/1/15	72,750
	535,000	Kimball Hill Inc., Senior Subordinated Notes, 10.500% due 12/15/12	184,575

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		Ventas Realty LP/Ventas Capital Corp., Senior Notes:	
	610,000	6.500% due 6/1/16	600,850
	1,405,000	6.750% due 4/1/17	1,397,975
		<b>Total Real Estate Investment Trusts (REITs)</b>	<b>2,256,150</b>
<b>Real Estate Management &amp; Development</b>	<b>0.7%</b>		
	1,270,000	Ashton Woods USA LLC/Ashton Woods Finance Co., Senior Subordinated Notes, 9.500% due 10/1/15	819,150
		Realogy Corp.:	

*See Notes to Schedule of Investments.*

## Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited) (continued)

December 31, 2007

Face Amount	Security	Value
<b>Real Estate Management &amp; Development 0.7% (continued)</b>		
\$ 340,000	Senior Notes, 10.500% due 4/15/14 (a)	\$ 255,000
3,920,000	Senior Subordinated Notes, 12.375% due 4/15/15 (a)	2,479,400
	<b>Total Real Estate Management &amp; Development</b>	<b>3,553,550</b>
<b>Road &amp; Rail 1.9%</b>		
2,570,000	Grupo Transportacion Ferroviaria Mexicana SA de CV, Senior Notes, 9.375% due 5/1/12	2,704,925
	Hertz Corp.:	
725,000	Senior Notes, 8.875% due 1/1/14	738,594
4,870,000	Senior Subordinated Notes, 10.500% due 1/1/16	5,064,800
	Kansas City Southern de Mexico:	
470,000	7.625% due 12/1/13	465,887
520,000	Senior Notes, 7.375% due 6/1/14 (a)	507,000
105,000	Kansas City Southern Railway, Senior Notes, 7.500% due 6/15/09	105,656
	<b>Total Road &amp; Rail</b>	<b>9,586,862</b>
<b>Software 0.2%</b>		
1,370,000	Activant Solutions Inc., Senior Subordinated Notes, 9.500% due 5/1/16	1,191,900
<b>Specialty Retail 0.7%</b>		
660,000	AutoNation Inc., Senior Notes:	
345,000	7.243% due 4/15/13 (c)	612,150
1,250,000	7.000% due 4/15/14	328,613
	Blockbuster Inc., Senior Subordinated Notes, 9.000% due 9/1/12	1,075,000
365,000	Eye Care Centers of America, Senior Subordinated Notes, 10.750% due 2/15/15	388,725
1,120,000	Michaels Stores Inc., 10.000% due 11/1/14	1,069,600
	<b>Total Specialty Retail</b>	<b>3,474,088</b>
<b>Textiles, Apparel &amp; Luxury Goods 0.4%</b>		
3,010,000	Simmons Co., Senior Discount Notes, step bond to yield 10.002% due 12/15/14	2,242,450
<b>Thrifts &amp; Mortgage Finance 1.0%</b>		
5,500,000	Ocwen Capital Trust I, Capital Securities, 10.875% due 8/1/27	4,812,500
<b>Tobacco 0.3%</b>		
385,000	Alliance One International Inc.:	
1,130,000	8.500% due 5/15/12	377,300
	Senior Notes, 11.000% due 5/15/12	1,186,500
	<b>Total Tobacco</b>	<b>1,563,800</b>
<b>Trading Companies &amp; Distributors 1.2%</b>		
1,140,000	Ashtead Capital Inc., Notes, 9.000% due 8/15/16 (a)	1,014,600
3,175,000	H&E Equipment Services Inc., Senior Notes, 8.375% due 7/15/16	2,952,750
	Penhall International Corp., Senior Secured Notes, 12.000% due 8/1/14 (a)	2,253,350
2,410,000	<b>Total Trading Companies &amp; Distributors</b>	<b>6,220,700</b>
<b>Transportation Infrastructure 0.5%</b>		
2,625,000	Saint Acquisition Corp.:	
2,055,000	Secured Notes, 12.500% due 5/15/17 (a)	1,368,281
	Senior Secured Notes, 12.619% due 5/15/15 (a)(c)	1,071,169
	<b>Total Transportation Infrastructure</b>	<b>2,439,450</b>
<b>Wireless Telecommunication Services 3.7%</b>		

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1,340,000	ALLTEL Communications Inc., 10.375% due 12/1/17 (a)(b)	1,239,500
760,000	MetroPCS Wireless Inc., 9.250% due 11/1/14	718,200
	Rural Cellular Corp.:	
1,490,000	8.124% due 6/1/13 (c)	1,519,800

*See Notes to Schedule of Investments.*

## Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited) (continued)

December 31, 2007

Face Amount	Security	Value
<b>Wireless Telecommunication Services 3.7% (continued)</b>		
\$ 2,040,000	Senior Secured Notes, 8.250% due 3/15/12	\$ 2,126,700
	Sprint Capital Corp.:	
5,550,000	Notes, 8.750% due 3/15/32	6,272,765
3,250,000	Senior Notes, 6.875% due 11/15/28	3,090,464
3,700,000	True Move Co., Ltd., 10.750% due 12/16/13 (a)	3,755,500
	<b>Total Wireless Telecommunication Services</b>	<b>18,722,929</b>
	<b>TOTAL CORPORATE BONDS &amp; NOTES</b>	
	<b>(Cost \$476,770,422)</b>	<b>453,632,100</b>
<b>ASSET-BACKED SECURITY 0.0%</b>		
<b>Diversified Financial Services 0.0%</b>		
9,956,016	Airplanes Pass-Through Trust, Subordinated Notes, 10.875% due 3/15/19 (d)(e)(f) *	
	(Cost - \$11,102,032)	0
<b>COLLATERALIZED SENIOR LOANS 3.0%</b>		
<b>Auto Components 0.4%</b>		
2,250,000	Allison Transmission, Term Loan B, 8.170% due 8/7/14 (c)	2,106,160
<b>Containers &amp; Packaging 0.4%</b>		
2,515,900	Berry Plastics Corp., Senior Term Loan, 12.244% due 6/15/14 (c)	2,176,254
<b>IT Services 0.8%</b>		
4,000,000	First Data Corp., Term Loan, 7.960% due 10/15/14 (c)	3,808,856
<b>Oil, Gas &amp; Consumable Fuels 1.2%</b>		
4,500,000	SandRidge Energy, Term Loan, 8.625% due 4/1/15 (c)	4,488,750
1,500,000	Stallion Oilfield Services, Term Loan, 9.384% due 7/31/12 (c)	1,425,000
	<b>Total Oil, Gas &amp; Consumable Fuels</b>	<b>5,913,750</b>
<b>Trading Companies &amp; Distributors 0.2%</b>		
1,060,200	Penhall International Corp., Term Loan, 12.393% due 4/1/12 (a)(c)	943,578
	<b>TOTAL COLLATERALIZED SENIOR LOANS</b>	
	<b>(Cost \$15,409,587)</b>	<b>14,948,598</b>
<b>SOVEREIGN BOND 1.1%</b>		
<b>Russia 1.1%</b>		
4,643,100	Russian Federation, 7.500% due 3/31/30 (a)	
	(Cost - \$5,101,841)	5,304,742
<b>COMMON STOCKS 0.0%</b>		
<b>CONSUMER DISCRETIONARY 0.0%</b>		
<b>Household Durables 0.0%</b>		
4,660,992	Home Interiors & Gifts Inc. (e)(f) *	5
<b>CONSUMER STAPLES 0.0%</b>		
<b>Food Products 0.0%</b>		
73,499	Aurora Foods Inc. (e)(f) *	0
<b>MATERIALS 0.0%</b>		
<b>Chemicals 0.0%</b>		
1	Pliant Corp. (e)(f) *	0
<b>TELECOMMUNICATION SERVICES 0.0%</b>		
<b>Diversified Telecommunication Services 0.0%</b>		
3,736	McLeodUSA Inc., Class A Shares (e)(f) *	0

20,125

Pagemart Wireless (e)(f) \*

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*See Notes to Schedule of Investments.*

## Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited) (continued)

December 31, 2007

Shares	Security	Value
	<b>TOTAL TELECOMMUNICATION SERVICES</b>	\$ 201
	<b>TOTAL COMMON STOCKS</b>	
	(Cost \$2,167,617)	206
<b>PREFERRED STOCKS 0.5%</b>		
<b>CONSUMER DISCRETIONARY 0.3%</b>		
<b>Automobiles 0.3%</b>		
22,300	Ford Motor Co., 7.400%	329,148
17,100	Ford Motor Co., 8.000%	278,901
1,600	Ford Motor Co., Series F, 7.550%	23,584
900	General Motors Corp., 7.250%	14,040
10,100	General Motors Corp., Senior Notes, 7.250%	160,287
2,600	General Motors Corp., Senior Notes, 7.375%	41,424
31,700	General Motors Corp., Senior Notes, 7.500%	532,560
	<b>Total Automobiles</b>	1,379,944
<b>Media 0.0%</b>		
4	ION Media Networks Inc., Series B, 12.000% *	24,200
	<b>TOTAL CONSUMER DISCRETIONARY</b>	1,404,144
<b>FINANCIALS 0.2%</b>		
<b>Diversified Financial Services 0.0%</b>		
3,400	Preferred Plus, Trust Series FRD-1, 7.400%	48,722
8,400	Saturns, Series F 2003-5, 8.125%	137,760
	<b>Total Diversified Financial Services</b>	186,482
<b>Thrifts &amp; Mortgage Finance 0.2%</b>		
46,000	Federal National Mortgage Association (FNMA), 8.250%	1,184,500
	<b>TOTAL FINANCIALS</b>	1,370,982
	<b>TOTAL PREFERRED STOCKS</b>	
	(Cost \$2,839,800)	2,775,126
<b>Warrants</b>		
<b>WARRANTS 0.0%</b>		
1,705	Cybernet Internet Services International Inc., Expires 7/1/09(a)(e)(f) *	0
1,555	GT Group Telecom Inc., Class B Shares, Expires 2/1/10(a)(e)(f) *	0
1,185	IWO Holdings Inc., Expires 1/15/11(a)(e)(f) *	0
1,000	Jazztel PLC, Expires 7/15/10(a)(e)(f) *	0
1,765	Merrill Corp., Class B Shares, Expires 5/1/09(a)(e)(f) *	0
3,510	Viasystems Group Inc., Expires 1/12/10(e)(f) *	0
	<b>TOTAL WARRANTS</b>	
	(Cost \$623,616)	0
	<b>TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENTS</b>	
	(Cost \$514,014,915)	476,660,772
<b>Face Amount</b>		
<b>SHORT-TERM INVESTMENTS 3.1%</b>		
<b>Repurchase Agreement 2.2%</b>		
\$ 11,025,000	Morgan Stanley tri-party repurchase agreement dated 12/31/07, 4.250% due 1/2/08; Proceeds at maturity - \$11,027,603; (Fully collateralized by various U.S. government agency obligations, 0.000%)	11,025,000

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		due 1/02/08 to 1/10/08; Market value - \$11,247,579) (Cost - \$11,025,000)	
<b>Sovereign Bonds</b>	<b>0.9%</b>		
	13,250,000	Egypt Treasury Bills: Zero coupon bond to yield 7.217% due 11/4/08	2,261,237

*See Notes to Schedule of Investments.*

## Western Asset High Income Opportunity Fund Inc.

Schedule of Investments (unaudited) (continued)

December 31, 2007

Face Amount	Security	Value
<b>Sovereign Bonds 0.9% (continued)</b>		
\$ 12,850,000	Zero coupon bond to yield 7.231% due 11/11/08	\$ 2,189,829
	<b>Total Sovereign Bonds</b>	
	(Cost \$4,498,069)	4,451,066
	<b>TOTAL SHORT-TERM INVESTMENTS</b>	
	(Cost \$15,523,069)	15,476,066
	<b>TOTAL INVESTMENTS 98.2%</b>	
	(Cost \$529,537,984#)	492,136,838
	Other Assets in Excess of Liabilities 1.8%	8,836,160
	<b>TOTAL NET ASSETS 100.0%</b>	<b>\$ 500,972,998</b>

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\* Non-income producing security.

- (a) Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. This security has been deemed liquid pursuant to guidelines approved by the Board of Directors, unless otherwise noted.
- (b) Payment-in-kind security for which part of the income earned may be paid as additional principal.
- (c) Variable rate security. Interest rate disclosed is that which is in effect at December 31, 2007.
- (d) Security is currently in default.
- (e) Security is valued in good faith at fair value by or under the direction of the Board of Directors (See Note 1.)
- (f) Illiquid security.
- # Aggregate cost for federal income tax purposes is substantially the same.

*See Notes to Schedule of Investments.*

**Notes to Schedule of Investments (unaudited)**

**1. Organization and Significant Accounting Policies**

Western Asset High Income Opportunity Fund Inc. (the Fund) was incorporated in Maryland and is registered as a diversified, closed-end management investment company under the Investment Company Act of 1940, as amended, (the 1940 Act). The Fund's primary investment objective is to seek high current income. Capital appreciation is a secondary objective.

The following are significant accounting policies consistently followed by the Fund and are in conformity with U.S. generally accepted accounting principles (GAAP).

**(a) Investment Valuation.** Debt securities are valued at the mean between the last quoted bid and asked prices provided by an independent pricing service that are based on transactions in debt obligations, quotations from bond dealers, market transactions in comparable securities and various other relationships between securities. Equity securities for which market quotations are available are valued at the last sale price or official closing price on the primary market or exchange on which they trade. When prices are not readily available, or are determined not to reflect fair value, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded, but before the Fund calculates its net asset value, the Fund may value these securities at fair value as determined in accordance with the procedures approved by the Fund's Board of Directors. Short-term obligations with maturities of 60 days or less are valued at amortized cost, which approximates fair value.

**(b) Repurchase Agreements.** When entering into repurchase agreements, it is the Fund's policy that its custodian or a third party custodian take possession of the underlying collateral securities, the market value of which, at all times, at least equals the principal amount of the repurchase transaction, including accrued interest. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked-to-market to ensure the adequacy of the collateral. If the seller defaults, and the market value of the collateral declines or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited.

**(c) Credit and Market Risk.** The Fund invests in high yield instruments that are subject to certain credit and market risks. The yields of high yield obligations reflect, among other things, perceived credit and market risks. The Fund's investment in securities rated below investment grade typically involves risks not associated with higher rated securities including, among others, greater risk related to timely and ultimate payment of interest and principal, greater market price volatility and less liquid secondary market trading.

**(d) Security Transactions.** Security transactions are accounted for on a trade date basis.

**2. Investments**

At December 31, 2007, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows:

Gross unrealized appreciation	\$	12,081,085
Gross unrealized depreciation		(49,482,231)
Net unrealized depreciation	\$	(37,401,146)

ITEM 2. CONTROLS AND PROCEDURES.

(a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the disclosure controls and procedures required by Rule 30a-3(b) under the 1940 Act and 15d-15(b) under the Securities Exchange Act of 1934.

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are likely to materially affect the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940, as amended, are attached hereto.

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**SIGNATURES**



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Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**Western Asset High Income Opportunity Fund Inc.**

By */s/ R. Jay Gerken*  
R. Jay Gerken  
Chief Executive Officer

Date: February 28, 2008

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By */s/ R. Jay Gerken*  
R. Jay Gerken  
Chief Executive Officer

Date: February 28, 2008

By */s/ Kaprel Ozsolak*  
Kaprel Ozsolak  
Chief Financial Officer

Date: February 28, 2008

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