

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Form N-CSRS

May 23, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES**

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, 49th Floor, 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 September 30
end:

Date of reporting period: March 31, 2012

ITEM 1. REPORT TO STOCKHOLDERS.

The **Semi-Annual** Report to Stockholders is filed herewith.

March 31, 2012

Semi-Annual Report

**Western Asset High Income Opportunity Fund Inc.
(HIO)**

INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

Western Asset High Income Opportunity Fund Inc.

II

Fund objectives

The Fund's primary investment objective is to seek high current income. Capital appreciation is a secondary objective.

What's inside

Letter from the chairman	II
Investment commentary	III
Fund at a glance	1
Spread duration	2
Effective duration	3
Schedule of investments	4
Statement of assets and liabilities	21
Statement of operations	22
Statements of changes in net assets	23
Financial highlights	24
Notes to financial statements	25
Board approval of management and subadvisory agreements	42
Additional shareholder information	48
Dividend reinvestment plan	49

Letter from the chairman

Dear Shareholder,

We are pleased to provide the semi-annual report of Western Asset High Income Opportunity Fund Inc. for the six-month reporting period ended March 31, 2012. Please read on for Fund performance information and a detailed look at prevailing economic and market conditions during the Fund's reporting period.

As always, we remain committed to providing you with excellent service and a full spectrum of investment choices. We also remain committed to supplementing the support you receive from your financial advisor. One way we accomplish this is through our website, www.lmcef.com. Here you can gain immediate access to market and investment information, including:

- Fund prices and performance,
- Market insights and commentaries from our portfolio managers, and
- A host of educational resources.

We look forward to helping you meet your financial goals.

Sincerely,

R. Jay Gerken, CFA

Chairman, President and Chief Executive Officer

April 27, 2012

Investment commentary

Economic review

The U.S. economy continued to grow over the six months ended March 31, 2012, albeit at an uneven pace. Looking back, U.S. gross domestic product (GDP) growth, as reported by the U.S. Department of Commerce, was 1.8% in the third quarter of 2011. The economy then gathered further momentum late in 2011, as the Commerce Department reported that fourth quarter GDP growth was 3.0% – the fastest pace since the second quarter of 2010. However, economic growth in the U.S. then moderated somewhat, as the Commerce Department's initial estimate for first quarter 2012 GDP growth was 2.2%.

Two factors constraining economic growth were the weak job market and continued troubles in the housing market. While there was some improvement during the reporting period, unemployment remained elevated. When the reporting period began, unemployment, as reported by the U.S. Department of Labor, was 9.0%. Unemployment then generally declined over the next six months and was 8.2% in March 2012, the lowest rate since February 2009. The housing market showed some positive signs, although it still appears to be searching for a bottom. According to the National Association of Realtors (NAR), existing-home sales fluctuated throughout the period. However, the inventory of unsold homes moved lower versus the previous month in March 2012 and home prices increased. The NAR reported that the median existing-home price for all housing types was \$163,800 in March 2012, up 2.5% from March 2011.

After experiencing a soft patch in the summer of 2011, the manufacturing sector expanded at a stronger pace during much of the reporting period. Based on the Institute for Supply Management's PMI (PMI)ii, in August 2011, it had a reading of 50.6, its lowest reading in two years (a reading below 50 indicates a contraction, whereas a reading above 50 indicates an expansion). The manufacturing sector gathered momentum and ended January 2012 at 54.1, its highest reading since June 2011. After dipping to 52.4 in February, the PMI rose to 53.4 in March. In addition, fifteen of the eighteen industries tracked by the Institute for Supply Management expanded in March. In contrast, only nine and eleven industries expanded in January and February 2012, respectively.

Western Asset High Income Opportunity Fund Inc.

IV

Investment commentary (cont d)

Market review

Q. Did Treasury yields trend higher or lower during the six months ended March 31, 2012?

A. Both short- and long-term Treasury yields fluctuated during the reporting period. When the period began, two- and ten-year Treasury yields were 0.25% and 1.92%, respectively. Two-year Treasuries hit their low for the reporting period of 0.21% in mid-January 2012, and ten-year Treasuries reached their reporting period trough of 1.80% in early October 2011. With the economy gathering some momentum, Treasury yields moved higher toward the end of the period. Two-year Treasury yields rose as high as 0.41% on March 20, 2012 and ten-year Treasuries peaked at 2.39% around the same time. Yields then fell in late March given renewed fears over the European sovereign debt crisis. When the reporting period ended on March 31, 2012, two-year Treasury yields were 0.33% and ten-year Treasury yields were 2.23%.

Q. How did the Federal Reserve Board (Fed)iii respond to the economic environment?

A. The Fed took a number of actions as it sought to meet its dual mandate of fostering maximum employment and price stability. As has been the case since December 2008, the Fed kept the federal funds rateiv at a historically low range between zero and 0.25%. In August 2011, the Fed declared its intention to keep the federal funds rate steady until mid-2013. Then, in September 2011, the Fed announced its intention to purchase \$400 billion of longer-term Treasury securities and to sell an equal amount of shorter-term Treasury securities by June 2012 (often referred to as Operation Twist). In January 2012, the Fed extended the period it expects to keep rates on hold, saying economic conditions including low rates of resource utilization and a subdued outlook for inflation over the medium run are likely to warrant exceptionally low levels for the federal funds rate at least through late 2014. The Fed repeated this point at its meeting in April (after the reporting period ended), saying To support a stronger economic recovery and to help ensure that inflation, over time, is at the rate most consistent with its dual mandate, the Committee expects to maintain a highly accommodative stance for monetary policy.

Q. What factors impacted the spread sectors (non-Treasuries) during the reporting period?

A. The spread sectors experienced periods of volatility during the period. Risk appetite was robust in October 2011, due to some better-than-expected economic data and signs of progress in the European sovereign debt crisis. A flight to quality then occurred in November given fears regarding the situation in Europe. Risk appetite returned over the next three months of the period as the U.S. economy gained further traction. However, concerns related to Europe triggered another bout of risk aversion in March. For the six months ended March 31, 2012, the Barclays Capital U.S. Aggregate Indexv returned 1.43%.

Q. How did the high-yield market perform over the six months ended March 31, 2012?

A. The U.S. high-yield bond market generated a strong gain during the reporting period. The asset class rallied sharply during the first month of the period given strong risk appetite. Against this backdrop, the Barclays Capital U.S. High Yield 2% Issuer

Cap Index^{vi}, rose 6.00% in October. The high-yield market then weakened in November due to the escalating European sovereign debt crisis. However, it rallied during three of the last four months of the period as risk appetite returned. All told, the high-yield market gained 12.17% for the six months ended March 31, 2012.

Q. How did the emerging market debt asset class perform over the reporting period?

A. Despite periods of volatility, the asset class generated strong results for the six-month reporting period. In general, emerging market debt was supported by solid growth in developing countries and overall solid demand. These factors more than offset periods of weakness triggered by fears that China’s economy would experience a hard landing, geopolitical issues and decelerating growth in many developed countries. Overall, the JPMorgan Emerging Markets Bond Index Global (EMBI Global)^{vii} returned 10.24% over the six months ended March 31, 2012.

Performance review

For the six months ended March 31, 2012, Western Asset High Income Opportunity Fund Inc. returned 11.26% based on its net asset value (NAV)^{viii} and 11.20% based on its New York Stock Exchange (NYSE) market price per share. The Fund’s unmanaged benchmark, the Barclays Capital U.S. High Yield 2% Issuer Cap Index returned 12.17% over the same time frame. The Lipper High Current Yield Closed-End Funds Category Average^{ix} returned 12.74% for the same period. Please note that Lipper performance returns are based on each fund’s NAV.

During this six-month period, the Fund made distributions to shareholders totaling \$0.26 per share, which may have included a return of capital. The performance table shows the Fund’s six-month total return based on its NAV and market price as of March 31, 2012. **Past performance is no guarantee of future results.**

Performance Snapshot

as of March 31, 2012 (unaudited)

Price Per Share	6-Month Total Return*
\$6.14 (NAV)	11.26%
\$6.16 (Market Price)	11.20%

All figures represent past performance and are not a guarantee of future results. Performance figures for periods shorter than one year represent cumulative figures and are not annualized.

* Total returns are based on changes in NAV or market price, respectively.

Total return assumes the reinvestment of all distributions, including returns of capital, if any, at NAV. Prior to January 1, 2012, total return assumed the reinvestment of all distributions in additional shares in accordance with the Fund's Dividend Reinvestment Plan.

Total return assumes the reinvestment of all distributions, including returns of capital, if any, in additional shares in accordance with the Fund's Dividend Reinvestment Plan.

Looking for additional information?

The Fund is traded under the symbol HIO and its closing market price is available in most newspapers under the NYSE listings. The daily NAV is available on-line under the symbol XHIOX on most financial websites. *Barron's* and the *Wall Street Journal's* Monday edition both carry closed-end fund tables that provide additional information. In addition, the Fund

Western Asset High Income Opportunity Fund Inc.

VI

Investment commentary (cont d)

issues a quarterly press release that can be found on most major financial websites as well as www.lmcef.com.

In a continuing effort to provide information concerning the Fund, shareholders may call 1-888-777-0102 (toll free), Monday through Friday from 8:00 a.m. to 5:30 p.m. Eastern Time, for the Fund's current NAV, market price and other information.

As always, thank you for your confidence in our stewardship of your assets.

Sincerely,

R. Jay Gerken, CFA

Chairman, President and Chief Executive Officer

April 27, 2012

RISKS: *The Fund's investments are subject to credit risk, inflation risk and interest rate risk. The Fund invests in high-yield debt securities, which are subject to greater risks than investments in higher-rated bonds, such as the increased risk of default and greater volatility because of the lower credit quality of the issues. Fixed-income investments are subject to interest rate risk. As interest rates rise, bond prices fall, reducing the value of the Fund's holdings. The Fund may use derivatives, such as options and futures, which can be illiquid, may disproportionately increase losses, and have a potentially large impact on Fund performance. In addition, the Fund may invest in foreign securities, which are subject to certain risks of overseas investing, including currency fluctuations and changes in political and economic conditions, which could result in significant fluctuations. These risks are magnified in emerging markets.*

All investments are subject to risk including the possible loss of principal. Past performance is no guarantee of future results. All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

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The information provided is not intended to be a forecast of future events, a guarantee of future results or investment advice. Views expressed may differ from those of the firm as a whole.

- i Gross domestic product (GDP) is the market value of all final goods and services produced within a country in a given period of time.
- ii The Institute for Supply Management's PMI is based on a survey of purchasing executives who buy the raw materials for manufacturing at more than 350 companies. It offers an early reading on the health of the manufacturing sector.
- iii The Federal Reserve Board (Fed) is responsible for the formulation of policies designed to promote economic growth, full employment, stable prices and a sustainable pattern of international trade and payments.
- iv The federal funds rate is the rate charged by one depository institution on an overnight sale of immediately available funds (balances at the Federal Reserve) to another depository institution; the rate may vary from depository institution to depository institution and from day to day.
- v The Barclays Capital U.S. Aggregate Index is a broad-based bond index comprised of government, corporate, mortgage- and asset-backed issues, rated investment grade or higher, and having at least one year to maturity.
- vi The Barclays Capital U.S. High Yield 2% Issuer Cap Index is an index of the 2% Issuer Cap component of the Barclays Capital U.S. Corporate High Yield Index, which covers the U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bond market.
- vii The JPMorgan Emerging Markets Bond Index Global (EMBI Global) tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds and local market instruments.
- viii Net asset value (NAV) is calculated by subtracting total liabilities and outstanding preferred stock (if any) from the closing value of all securities held by the Fund (plus all other assets) and dividing the result (total net assets) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the Fund has invested. However, the price at which an investor may buy or sell shares of the Fund is the Fund's market price as determined by supply of and demand for the Fund's shares.
- ix Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the six-month period ended March 31, 2012, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 7 funds in the Fund's Lipper category.

Fund at a glance (unaudited)

Investment breakdown (%) as a percent of total investments

The bar graph above represents the composition of the Fund's investments as of March 31, 2012 and September 30, 2011 and does not include derivatives, such as futures contracts, written options, swap contracts and forward foreign currency contracts. The Fund is actively managed. As a result, the composition of the Fund's investments is subject to change at any time.

Western Asset High Income Opportunity Fund Inc. 2012 Semi-Annual Report

2

Spread duration (unaudited)

Economic Exposure March 31, 2012

Spread duration measures the sensitivity to changes in spreads. The spread over Treasuries is the annual risk-premium demanded by investors to hold non-Treasury securities. Spread duration is quantified as the % change in price resulting from a 100 basis points change in spreads. For a security with positive spread duration, an increase in spreads would result in a price decline and a decline in spreads would result in a price increase. This chart highlights the market sector exposure of the Fund's sectors relative to the selected benchmark sectors as of the end of the reporting period.

BC US HY 2%	Barclays Capital U.S. High Yield 2% Issuer Cap Index
EM	Emerging Markets
HIO	Western Asset High Income Opportunity Fund Inc.
HY	High Yield
IG Credit	Investment Grade Credit

Effective duration (unaudited)

Interest Rate Exposure March 31, 2012

Effective duration measures the sensitivity to changes in relevant interest rates. Effective duration is quantified as the % change in price resulting from a 100 basis points change in interest rates. For a security with positive effective duration, an increase in interest rates would result in a price decline and a decline in interest rates would result in a price increase. This chart highlights the interest rate exposure of the Fund's sectors relative to the selected benchmark sectors as of the end of the reporting period.

BC US HY 2%	Barclays Capital U.S. High Yield 2% Issuer Cap Index
EM	Emerging Markets
HIO	Western Asset High Income Opportunity Fund Inc.
HY	High Yield
IG Credit	Investment Grade Credit

4

Western Asset High Income Opportunity Fund Inc. 2012 Semi-Annual Report

Schedule of investments (unaudited)

March 31, 2012

Western Asset High Income Opportunity Fund Inc.

			Face	
Security	Rate	Maturity Date	Amount	Value
Corporate Bonds & Notes	87.8%			
Consumer Discretionary	19.1%			
Auto Components	0.2%			
Allison Transmission Inc., Senior Notes	11.000%	11/1/15	167,000	\$ 176,602(a)
Goodyear Tire & Rubber Co., Senior Notes	7.000%	5/15/22	260,000	254,150
Hertz Holdings Netherlands BV, Senior Secured Bonds	8.500%	7/31/15	300,000	EUR 436,120(a)
Total Auto Components				866,872
Automobiles	1.0%			
Chrysler Group LLC/CG Co.-Issuer Inc., Secured Notes	8.000%	6/15/19	290,000	292,900
Chrysler Group LLC/CG Co.-Issuer Inc., Secured Notes	8.250%	6/15/21	1,180,000	1,197,700
Escrow GCB General Motors			2,125,000	46,484*(b)
Escrow GCB General Motors			825,000	18,047*(b)
Escrow GCB General Motors			2,540,000	55,563*(b)
Ford Motor Credit Co., LLC, Senior Notes	12.000%	5/15/15	685,000	851,112
Ford Motor Credit Co., LLC, Senior Notes	5.000%	5/15/18	1,840,000	1,910,575
Jaguar Holding Co. II/Jaguar Merger Sub Inc., Senior Notes	9.500%	12/1/19	480,000	523,200(a)
Total Automobiles				4,895,581
Diversified Consumer Services	0.8%			
Service Corp. International, Senior Notes	7.500%	4/1/27	1,160,000	1,180,300
ServiceMaster Co., Senior Subordinated Notes	8.000%	2/15/20	660,000	706,200(a)
Sotheby's, Senior Notes	7.750%	6/15/15	1,540,000	1,678,600
Total Diversified Consumer Services				3,565,100
Hotels, Restaurants & Leisure	8.1%			
Bossier Casino Venture Holdco Inc., Senior Secured Bonds	14.000%	2/9/18	1,100,000	943,602(a)(b)(c)(d)
Boyd Gaming Corp., Senior Notes	9.125%	12/1/18	220,000	230,175
Boyd Gaming Corp., Senior Subordinated Notes	7.125%	2/1/16	665,000	645,050
Caesars Entertainment Operating Co. Inc., Senior Notes	10.750%	2/1/16	3,124,000	2,741,310
Caesars Entertainment Operating Co. Inc., Senior Secured Notes	10.000%	12/15/15	270,000	249,750
Caesars Entertainment Operating Co. Inc., Senior Secured Notes	11.250%	6/1/17	1,220,000	1,335,900
CCM Merger Inc., Senior Notes	9.125%	5/1/19	1,250,000	1,268,750(a)
CityCenter Holdings LLC/CityCenter Finance Corp., Secured Notes	10.750%	1/15/17	2,338,471	2,601,549(c)
Downstream Development Quapaw, Senior Secured Notes	10.500%	7/1/19	1,190,000	1,233,137(a)

See Notes to Financial Statements.

Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face	
			Amount	Value
Hotels, Restaurants & Leisure continued				
El Pollo Loco Inc., Secured Notes	17.000%	1/1/28	2,533,010	\$ 2,295,540(a)
Fiesta Restaurant Group, Secured Notes	8.875%	8/15/16	660,000	699,600(a)
Fontainebleau Las Vegas Holdings LLC/Fontainebleau Las Vegas Capital Corp.	11.000%	6/15/15	445,000	2,503(a)(e)
Hoa Restaurant Group LLC/Hoa Finance Corp., Senior Secured Notes	11.250%	4/1/17	1,470,000	1,458,975(a)
Inn of the Mountain Gods Resort & Casino, Senior Secured Notes	8.750%	11/30/20	674,000	662,205(a)
Landry's Acquisition Co., Secured Notes	11.625%	12/1/15	890,000	995,687(a)
Landry's Holdings Inc., Senior Secured Notes	11.500%	6/1/14	1,370,000	1,376,850(a)
Landry's Restaurants Inc., Senior Secured Notes	11.625%	12/1/15	630,000	704,813
MGM Resorts International, Senior Notes	5.875%	2/27/14	1,270,000	1,314,450
MGM Resorts International, Senior Notes	6.625%	7/15/15	490,000	505,925
MGM Resorts International, Senior Secured Notes	10.375%	5/15/14	150,000	170,813
MGM Resorts International, Senior Secured Notes	11.125%	11/15/17	360,000	409,050
Mohegan Tribal Gaming Authority, Secured Notes	11.500%	11/1/17	60,000	61,950(a)
Mohegan Tribal Gaming Authority, Senior Notes	11.000%	9/15/18	225,000	166,500(a)
Mohegan Tribal Gaming Authority, Senior Secured Notes	10.500%	12/15/16	3,660,000	3,193,350(a)
NCL Corp. Ltd., Senior Notes	9.500%	11/15/18	2,440,000	2,641,300
NCL Corp. Ltd., Senior Secured Notes	11.750%	11/15/16	1,760,000	2,046,000
Pinnacle Entertainment Inc., Senior Notes	8.625%	8/1/17	715,000	782,925
Seven Seas Cruises S de RL LLC, Senior Secured Notes	9.125%	5/15/19	2,250,000	2,295,000(a)
Snoqualmie Entertainment Authority, Senior Secured Notes	4.532%	2/1/14	10,000	9,450(a)(f)
Snoqualmie Entertainment Authority, Senior Secured Notes	9.125%	2/1/15	3,365,000	3,394,444(a)
Station Casinos Inc., Senior Subordinated Notes	6.625%	3/15/18	85,000	0(b)(d)(e)(g)
Sugarhouse HSP Gaming Prop Mezz LP/Sugarhouse HSP Gaming Finance Corp., Secured Notes	8.625%	4/15/16	1,101,000	1,172,565(a)
Total Hotels, Restaurants & Leisure				37,609,118
Internet & Catalog Retail 0.3%				
Netflix Inc., Senior Notes	8.500%	11/15/17	1,340,000	1,467,300
Media 5.2%				
CCH II LLC/CCH II Capital Corp., Senior Notes	13.500%	11/30/16	561,225	641,200
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	7.875%	4/30/18	900,000	976,500
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	8.125%	4/30/20	2,800,000	3,122,000

See Notes to Financial Statements.

6

Western Asset High Income Opportunity Fund Inc. 2012 Semi-Annual Report

Schedule of investments (unaudited) (cont d)

March 31, 2012

Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face	
			Amount	Value
Media continued				
Cengage Learning Acquisitions Inc., Senior Notes	10.500%	1/15/15	1,880,000	\$ 1,424,100(a)
Clear Channel Worldwide Holdings Inc., Senior Subordinated Notes	7.625%	3/15/20	870,000	856,950(a)
Clear Channel Worldwide Holdings Inc., Senior Subordinated Notes	7.625%	3/15/20	120,000	116,400(a)
DISH DBS Corp., Senior Notes	7.875%	9/1/19	1,260,000	1,455,300
DISH DBS Corp., Senior Notes	6.750%	6/1/21	510,000	552,075
Entercom Radio LLC, Senior Notes	10.500%	12/1/19	1,290,000	1,396,425
Good Sam Enterprises LLC, Secured Notes	11.500%	12/1/16	1,360,000	1,407,600
Kabel BW Erste Beteiligungs GmbH/Kabel Baden-Wuerttemberg GmbH & Co. KG, Senior Secured Notes	7.500%	3/15/19	430,000	466,550(a)
LBI Media Inc., Senior Notes	8.500%	8/1/17	120,000	36,900(a)
LBI Media Inc., Senior Secured Notes	9.250%	4/15/19	1,170,000	1,000,350(a)
Nara Cable Funding Ltd., Senior Secured Notes	8.875%	12/1/18	1,800,000	1,719,000(a)
Nielsen Finance LLC/Nielsen Finance Co., Senior Notes	11.500%	5/1/16	400,000	463,000
Nielsen Finance LLC/Nielsen Finance Co., Senior Notes	7.750%	10/15/18	70,000	77,525
Ono Finance II PLC, Senior Bonds	10.875%	7/15/19	1,760,000	1,610,400(a)
Univision Communications Inc., Senior Notes	8.500%	5/15/21	450,000	447,750(a)
Univision Communications Inc., Senior Secured Notes	6.875%	5/15/19	1,430,000	1,456,812(a)
Univision Communications Inc., Senior Secured Notes	7.875%	11/1/20	1,120,000	1,181,600(a)
UPC Holding BV, Senior Notes	9.875%	4/15/18	675,000	749,250(a)
UPCB Finance II Ltd., Senior Notes	6.375%	7/1/20	2,250,000EUR	2,993,322(a)
Total Media				24,151,009
Multiline Retail 0.4%				
Neiman Marcus Group Inc., Senior Secured Notes	7.125%	6/1/28	1,800,000	1,723,500
Specialty Retail 2.3%				
American Greetings Corp., Senior Notes	7.375%	12/1/21	1,570,000	1,617,100
Edcon Proprietary Ltd., Senior Secured Notes	9.500%	3/1/18	1,970,000	1,792,700(a)
Gymboree Corp., Senior Notes	9.125%	12/1/18	2,110,000	1,957,025
Michaels Stores Inc., Senior Subordinated Bonds	11.375%	11/1/16	1,230,000	1,313,099
Michaels Stores Inc., Senior Subordinated Notes	13.000%	11/1/16	2,880,000	3,045,600
Spencer Spirit Holdings Inc./Spencer Gifts LLC/Spirit Halloween Superstores, Senior Notes	11.000%	5/1/17	830,000	850,750(a)
Total Specialty Retail				10,576,274

See Notes to Financial Statements.

Western Asset High Income Opportunity Fund Inc.

			Face	
	Rate	Maturity Date	Amount	Value
Security				
Textiles, Apparel & Luxury Goods 0.8%				
Empire Today LLC/Empire Today Finance Corp., Senior Secured Notes	11.375%	2/1/17	730,000	\$ 724,525(a)
Oxford Industries Inc., Senior Secured Notes	11.375%	7/15/15	2,570,000	2,785,238
Total Textiles, Apparel & Luxury Goods				3,509,763
Total Consumer Discretionary				
Consumer Staples 1.3%				
Food & Staples Retailing 0.2%				
Post Holdings Inc., Senior Notes	7.375%	2/15/22	900,000	945,000(a)
Food Products 0.8%				
Harmony Foods Corp., Senior Secured Notes	10.000%	5/1/16	570,000	589,950(a)
Simmons Foods Inc., Senior Secured Notes	10.500%	11/1/17	2,980,000	2,886,875(a)
Smithfield Foods Inc., Senior Secured Notes	10.000%	7/15/14	233,000	273,775
Total Food Products				3,750,600
Personal Products 0.1%				
Prestige Brands International Inc., Senior Notes	8.125%	2/1/20	500,000	544,375(a)
Tobacco 0.2%				
Alliance One International Inc., Senior Notes	10.000%	7/15/16	1,046,000	1,056,460
Total Consumer Staples				6,296,435
Energy 12.7%				
Energy Equipment & Services 2.7%				
Atwood Oceanics Inc., Senior Notes	6.500%	2/1/20	690,000	727,950
Hercules Offshore Inc., Senior Notes	10.250%	4/1/19	760,000	748,600(a)
Hercules Offshore LLC, Senior Secured Notes	10.500%	10/15/17	2,345,000	2,468,113(a)
Parker Drilling Co., Senior Notes	9.125%	4/1/18	1,480,000	1,576,200
Petroleum Geo-Services ASA, Senior Notes	7.375%	12/15/18	630,000	658,350(a)
Pioneer Drilling Co., Senior Notes	9.875%	3/15/18	810,000	862,650(a)
SESI LLC, Senior Notes	7.125%	12/15/21	1,320,000	1,432,200(a)
Vantage Drilling Co., Senior Secured Notes	11.500%	8/1/15	3,520,000	3,889,600
Total Energy Equipment & Services				12,363,663
Oil, Gas & Consumable Fuels 10.0%				
Arch Coal Inc., Senior Notes	8.750%	8/1/16	1,560,000	1,645,800
Berry Petroleum Co., Senior Notes	10.250%	6/1/14	1,155,000	1,339,800
Berry Petroleum Co., Senior Notes	6.375%	9/15/22	1,660,000	1,709,800
Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes	9.375%	5/1/19	2,990,000	3,124,550
Chesapeake Energy Corp., Senior Notes	6.625%	8/15/20	1,530,000	1,564,425
Coffeyville Resources LLC/Coffeyville Finance Inc., Senior Secured Notes	9.000%	4/1/15	1,060,000	1,139,500(a)
Compagnie Generale de Geophysique-Veritas, Senior Notes	9.500%	5/15/16	560,000	618,800

See Notes to Financial Statements.

8

Western Asset High Income Opportunity Fund Inc. 2012 Semi-Annual Report

Schedule of investments (unaudited) (cont d)

March 31, 2012

Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face	
			Amount	Value
<i>Oil, Gas & Consumable Fuels continued</i>				
Compagnie Generale de Geophysique-Veritas, Senior Notes	7.750%	5/15/17	410,000	\$ 428,450
CONSOL Energy Inc., Senior Notes	8.250%	4/1/20	1,410,000	1,480,500
Corral Petroleum Holdings AB, Senior Notes	15.000%	12/31/17	3,178,521	2,463,354(a)(c)(d)
Crosstex Energy LP/Crosstex Energy Finance Corp., Senior Notes	8.875%	2/15/18	350,000	373,625
El Paso Corp., Medium-Term Notes	7.800%	8/1/31	870,000	993,200
Energy Transfer Equity LP, Senior Notes	7.500%	10/15/20	1,370,000	1,527,550
Enterprise Products Operating LLP, Junior Subordinated Notes	8.375%	8/1/66	1,270,000	1,385,560(f)
Enterprise Products Operating LLP, Subordinated Notes	7.034%	1/15/68	790,000	850,261(f)
EXCO Resources Inc., Senior Notes	7.500%	9/15/18	2,130,000	1,906,350
Kodiak Oil & Gas Corp., Senior Notes	8.125%	12/1/19	930,000	984,638(a)
MarkWest Energy Partners LP/MarkWest Energy Finance Corp., Senior Notes	6.750%	11/1/20	430,000	466,550
MarkWest Energy Partners LP/MarkWest Energy Finance Corp., Senior Notes	6.500%	8/15/21	260,000	277,550
Milagro Oil & Gas Inc., Secured Notes	10.500%	5/15/16	1,530,000	1,201,050
Overseas Shipholding Group Inc., Senior Notes	8.125%	3/30/18	2,855,000	2,169,800
Peabody Energy Corp., Senior Notes	7.875%	11/1/26	470,000	488,800
Petroplus Finance Ltd., Senior Notes	6.750%	5/1/14	1,090,000	430,550(a)(e)
Petroplus Finance Ltd., Senior Notes	7.000%	5/1/17	780,000	308,100(a)(e)
Plains Exploration & Production Co., Senior Notes	10.000%	3/1/16	1,305,000	1,448,550
Plains Exploration & Production Co., Senior Notes	8.625%	10/15/19	1,195,000	1,347,362
PT Adaro Indonesia, Senior Notes	7.625%	10/22/19	400,000	438,000(a)
Quicksilver Resources Inc., Senior Notes	11.750%	1/1/16	3,035,000	3,224,687
Range Resources Corp., Senior Subordinated Notes	8.000%	5/15/19	100,000	110,250
Samson Investment Co., Senior Notes	9.750%	2/15/20	1,830,000	1,855,162(a)
SandRidge Energy Inc., Senior Notes	7.500%	3/15/21	460,000	455,400
Teekay Corp., Senior Notes	8.500%	1/15/20	2,280,000	2,376,900
Tennessee Gas Pipeline Co., Senior Notes	8.375%	6/15/32	3,270,000	4,015,204
Westmoreland Coal Co./Westmoreland Partners, Senior Secured Notes	10.750%	2/1/18	930,000	885,825(a)
Xinergy Ltd., Senior Secured Notes	9.250%	5/15/19	1,700,000	1,317,500(a)
<i>Total Oil, Gas & Consumable Fuels</i>				46,353,403
Total Energy				58,717,066
Financials 7.5%				
Capital Markets 0.2%				
Goldman Sachs Group Inc., Subordinated Notes	6.750%	10/1/37	1,100,000	1,077,996

See Notes to Financial Statements.

Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Commercial Banks 2.0%				
BankAmerica Institutional Capital A, Junior Subordinated Bonds	8.070%	12/31/26	1,130,000	\$ 1,141,300(a)
BankAmerica Institutional Capital B, Junior Subordinated Bonds	7.700%	12/31/26	1,050,000	1,052,625(a)
Barclays Bank PLC, Subordinated Notes	6.050%	12/4/17	970,000	1,002,158(a)
Barclays Bank PLC, Subordinated Notes	10.179%	6/12/21	390,000	462,563(a)
Credit Agricole SA, Subordinated Notes	8.375%	10/13/19	830,000	776,050(a)(f)(h)
Intesa Sanpaolo SpA, Senior Notes	3.625%	8/12/15	2,430,000	2,323,284(a)
Royal Bank of Scotland Group PLC, Junior Subordinated Bonds	7.648%	9/30/31	840,000	716,100(f)(h)
Royal Bank of Scotland Group PLC, Subordinated Notes	5.000%	10/1/14	1,340,000	1,324,496
Santander Issuances SAU, Subordinated Notes	5.911%	6/20/16	600,000	584,473(a)
Total Commercial Banks				9,383,049
Consumer Finance 1.2%				
Ally Financial Inc., Senior Bonds	0.000%	12/1/12	1,800,000	1,746,000
Ally Financial Inc., Senior Notes	8.000%	3/15/20	2,590,000	2,887,850
GMAC International Finance BV, Senior Bonds	7.500%	4/21/15	730,000EUR	1,002,809
Total Consumer Finance				5,636,659
Diversified Financial Services 3.4%				
Bank of America Corp., Senior Notes	6.500%	8/1/16	350,000	385,184
Bankrate Inc., Senior Secured Notes	11.750%	7/15/15	1,548,000	1,784,070
Capital One Capital V, Junior Subordinated Notes, Cumulative Trust Preferred Securities	10.250%	8/15/39	1,120,000	1,156,400
International Lease Finance Corp., Medium-Term Notes	6.375%	3/25/13	744,000	768,180
International Lease Finance Corp., Medium-Term Notes, Senior Notes	5.625%	9/20/13	1,670,000	1,697,137
International Lease Finance Corp., Senior Notes	8.625%	9/15/15	820,000	905,075
International Lease Finance Corp., Senior Notes	8.875%	9/1/17	3,810,000	4,267,200
International Lease Finance Corp., Senior Notes	8.250%	12/15/20	1,580,000	1,742,282
MBNA Capital A, Junior Subordinated Notes	8.278%	12/1/26	1,250,000	1,267,188
TransUnion Holding Co. Inc., Senior Notes	9.625%	6/15/18	1,010,000	1,068,075(a)(c)
ZFS Finance USA Trust II, Bonds	6.450%	12/15/65	500,000	500,000(a)(f)
Total Diversified Financial Services				15,540,791
Insurance 0.7%				
American International Group Inc., Junior Subordinated Notes	8.175%	5/15/58	250,000	265,875(f)
American International Group Inc., Senior Notes	8.250%	8/15/18	1,465,000	1,763,086
ING Capital Funding Trust III, Junior Subordinated Bonds	4.070%	6/30/12	410,000	354,513(f)(h)

See Notes to Financial Statements.

10

Western Asset High Income Opportunity Fund Inc. 2012 Semi-Annual Report

Schedule of investments (unaudited) (cont d)

March 31, 2012

Western Asset High Income Opportunity Fund Inc.

			Face	
Security	Rate	Maturity Date	Amount	Value
<i>Insurance continued</i>				
MetLife Capital Trust IV, Junior Subordinated Notes	7.875%	12/15/37	590,000	\$ 651,950(a)
Total Insurance				3,035,424
Total Financials				34,673,919
Health Care 6.2%				
<i>Health Care Equipment & Supplies 0.2%</i>				
Biomet Inc., Senior Notes	10.000%	10/15/17	180,000	194,625
Biomet Inc., Senior Toggle Notes	10.375%	10/15/17	650,000	703,625(c)
Total Health Care Equipment & Supplies				898,250
<i>Health Care Providers & Services 6.0%</i>				
Acadia Healthcare Co. Inc., Senior Notes	12.875%	11/1/18	1,200,000	1,284,000
American Renal Associates Holdings Inc., Senior Notes	9.750%	3/1/16	1,582,773	1,677,739(c)
American Renal Holdings, Senior Secured Notes	8.375%	5/15/18	1,130,000	1,207,688
AMERIGROUP Corp., Senior Notes	7.500%	11/15/19	880,000	968,000
Community Health Systems Inc., Senior Notes	8.000%	11/15/19	1,670,000	1,728,450(a)
Community Health Systems Inc., Senior Notes	8.000%	11/15/19	980,000	1,019,200(a)
CRC Health Corp., Senior Subordinated Notes	10.750%	2/1/16	4,265,000	3,955,787
ExamWorks Group Inc., Senior Notes	9.000%	7/15/19	850,000	850,000(a)
Fresenius Medical Care U.S. Finance Inc., Senior Notes	6.875%	7/15/17	700,000	778,750
Fresenius Medical Care U.S. Finance Inc., Senior Notes	6.500%	9/15/18	280,000	306,600(a)
Fresenius U.S. Finance II Inc., Senior Notes	9.000%	7/15/15	1,920,000	2,222,400(a)
HCA Inc., Debentures	7.500%	11/15/95	3,920,000	3,136,000
HCA Inc., Senior Secured Notes	7.875%	2/15/20	1,860,000	2,052,975
INC Research LLC, Senior Notes	11.500%	7/15/19	640,000	627,200(a)
InVentiv Health Inc., Senior Notes	10.000%	8/15/18	1,320,000	1,201,200(a)
Tenet Healthcare Corp., Senior Secured Notes	10.000%	5/1/18	645,000	741,750
Tenet Healthcare Corp., Senior Secured Notes	8.875%	7/1/19	770,000	866,250
Universal Hospital Services Inc., Senior Secured Notes	8.500%	6/1/15	1,990,000	2,047,213(f)
US Oncology Inc. Escrow			1,015,000	25,375*
Vanguard Health Holdings Co., II LLC, Senior Notes	8.000%	2/1/18	1,025,000	1,050,625
Total Health Care Providers & Services				27,747,202
Total Health Care				28,645,452
Industrials 14.9%				
<i>Aerospace & Defense 1.8%</i>				
Ducommun Inc., Senior Notes	9.750%	7/15/18	870,000	926,550
FGI Operating Co. Inc., Senior Secured Notes	10.250%	8/1/15	1,768,000	1,905,197

See Notes to Financial Statements.

Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face	
			Amount	Value
Aerospace & Defense continued				
Kratos Defense & Security Solutions Inc., Senior Secured Notes	10.000%	6/1/17	2,220,000	\$ 2,414,250
Triumph Group Inc., Senior Notes	8.625%	7/15/18	800,000	900,000
Wyle Services Corp., Senior Subordinated Notes	10.500%	4/1/18	2,105,000	2,241,825(a)
Total Aerospace & Defense				8,387,822
Airlines 1.9%				
American Airlines Pass-Through Trust, Secured Notes	7.000%	1/31/18	660,536	647,325(a)
Continental Airlines Inc., Pass-Through Certificates	9.250%	5/10/17	150,881	162,197
Continental Airlines Inc., Pass-Through Certificates, Subordinated Secured Notes	7.339%	4/19/14	1,471,537	1,493,610
DAE Aviation Holdings Inc., Senior Notes	11.250%	8/1/15	3,870,000	4,053,825(a)
Delta Air Lines Inc., Pass-Through Certificates, Secured Notes	8.021%	8/10/22	706,564	719,776
Delta Air Lines Inc., Pass-Through Certificates, Subordinated Secured Notes	9.750%	12/17/16	348,656	371,319
Delta Air Lines Inc., Senior Secured Notes	9.500%	9/15/14	519,000	555,330(a)
United Air Lines Inc., Senior Secured Notes	9.875%	8/1/13	819,000	864,045(a)
Total Airlines				8,867,427
Building Products 0.6%				
Ashton Woods USA LLC/Ashton Woods Finance Co., Senior Subordinated Notes	11.000%	6/30/15	520,400	431,932(a)(b)
Building Materials Corp. of America, Senior Notes	6.750%	5/1/21	2,110,000	2,244,513(a)
Total Building Products				2,676,445
Commercial Services & Supplies 2.5%				
Altegrity Inc., Senior Subordinated Notes	10.500%	11/1/15	210,000	200,550(a)
Altegrity Inc., Senior Subordinated Notes	11.750%	5/1/16	2,605,000	2,481,262(a)
American Reprographics Co., Senior Notes	10.500%	12/15/16	1,830,000	1,820,850
Cenveo Corp., Secured Notes	8.875%	2/1/18	790,000	754,450
Geo Group Inc., Senior Notes	7.750%	10/15/17	1,620,000	1,759,725
JM Huber Corp., Senior Notes	9.875%	11/1/19	780,000	815,100(a)
Monitronics International Inc., Senior Notes	9.125%	4/1/20	1,950,000	1,984,125(a)
RSC Equipment Rental Inc./RSC Holdings III LLC, Senior Notes	8.250%	2/1/21	730,000	781,100
Taylor Morrison Communities Inc./Monarch Communities Inc., Senior Notes	7.750%	4/15/20	910,000	910,000(a)
Total Commercial Services & Supplies				11,507,162
Construction & Engineering 0.3%				
Abengoa Finance SAU, Senior Notes	8.875%	11/1/17	1,310,000	1,310,000(a)
Electrical Equipment 0.3%				
NES Rentals Holdings Inc., Senior Secured Notes	12.250%	4/15/15	1,620,000	1,522,800(a)

See Notes to Financial Statements.

12

Western Asset High Income Opportunity Fund Inc. 2012 Semi-Annual Report

Schedule of investments (unaudited) (cont d)

March 31, 2012

Western Asset High Income Opportunity Fund Inc.

			Face	
Security	Rate	Maturity Date	Amount	Value
Industrial Conglomerates 0.3%				
Leucadia National Corp., Senior Notes	8.125%	9/15/15	1,220,000	\$ 1,372,500
Machinery 0.5%				
Dematic SA, Senior Secured Notes	8.750%	5/1/16	2,050,000	2,142,250(a)
Marine 0.9%				
Horizon Lines LLC, Senior Secured Notes	11.000%	10/15/16	880,000	862,400(a)(b)
Horizon Lines LLC, Senior Secured Notes	13.000%	10/15/16	1,160,000	1,106,350(a)(b)(c)
Navios Maritime Acquisition Corp./Navios Acquisition Finance U.S. Inc., Senior Secured Notes	8.625%	11/1/17	2,700,000	2,443,500
Total Marine				4,412,250
Road & Rail 2.8%				
Florida East Coast Holdings Corp., Senior Notes	10.500%	8/1/17	3,539,526	2,849,318(c)
Florida East Coast Railway Corp., Senior Secured Notes	8.125%	2/1/17	860,000	881,500
Jack Cooper Holdings Corp., Senior Secured Notes	13.250%	12/15/15	2,194,000	2,270,790(a)
Kansas City Southern de Mexico, Senior Notes	12.500%	4/1/16	681,000	791,663
Kansas City Southern de Mexico, Senior Notes	8.000%	2/1/18	2,805,000	3,141,600
Quality Distribution LLC/QD Capital Corp., Secured Notes	9.875%	11/1/18	2,675,000	2,949,187
Total Road & Rail				12,884,058
Trading Companies & Distributors 1.3%				
Ashtead Capital Inc., Notes	9.000%	8/15/16	108,000	113,265(a)
H&E Equipment Services Inc., Senior Notes	8.375%	7/15/16	1,370,000	1,417,950
UR Financing Escrow Corp., Secured Notes	5.750%	7/15/18	852,000	874,365(a)
UR Financing Escrow Corp., Senior Notes	7.625%	4/15/22	3,408,000	3,510,240(a)
Total Trading Companies & Distributors				5,915,820
Transportation 1.6%				
CMA CGM, Senior Notes	8.500%	4/15/17	2,680,000	1,698,450(a)
Hapag-Lloyd AG, Senior Notes	9.750%	10/15/17	2,630,000	2,564,250(a)
Syncreon Global Ireland Ltd./Syncreon Global Finance US Inc., Senior Notes	9.500%	5/1/18	3,120,000	3,073,200(a)
Total Transportation				7,335,900
Transportation Infrastructure 0.1%				
Aguila 3 SA, Senior Secured Notes	7.875%	1/31/18	540,000	567,000(a)
Total Industrials				68,901,434
Information Technology 3.0%				
Communications Equipment 0.5%				
Lucent Technologies Inc., Debentures	6.450%	3/15/29	3,140,000	2,496,300
Electronic Equipment, Instruments & Components 0.9%				
NXP BV/NXP Funding LLC, Senior Secured Notes	9.750%	8/1/18	3,460,000	3,927,100(a)

See Notes to Financial Statements.

Western Asset High Income Opportunity Fund Inc.

			Face	
Security	Rate	Maturity Date	Amount	Value
IT Services 1.1%				
First Data Corp., Senior Notes	10.550%	9/24/15	4,476,986	\$ 4,566,526
First Data Corp., Senior Notes	12.625%	1/15/21	420,000	423,150
Sterling Merger Inc., Senior Notes	11.000%	10/1/19	270,000	286,200(a)
Total IT Services				5,275,876
Semiconductors & Semiconductor Equipment 0.4%				
Freescale Semiconductor Inc., Senior Secured Notes	9.250%	4/15/18	860,000	946,000(a)
Freescale Semiconductor Inc., Senior Subordinated Notes	10.125%	12/15/16	617,000	660,190
Total Semiconductors & Semiconductor Equipment				1,606,190
Software 0.1%				
Lawson Software Inc., Senior Notes	9.375%	4/1/19	500,000	518,750(a)
Total Information Technology				13,824,216
Materials 8.2%				
Chemicals 1.4%				
Georgia Gulf Corp., Senior Secured Notes	9.000%	1/15/17	1,175,000	1,310,125(a)
Ineos Finance PLC, Senior Secured Notes	9.000%	5/15/15	1,160,000	1,236,850(a)
Kerling PLC, Senior Secured Notes	10.625%	1/28/17	955,000EUR	1,273,683(a)
Lyondell Chemical Co., Senior Secured Notes	8.000%	11/1/17	465,000	524,288
Lyondell Chemical Co., Senior Secured Notes	11.000%	5/1/18	683,766	758,980
Solutia Inc., Senior Notes	8.750%	11/1/17	45,000	51,244
Solutia Inc., Senior Notes	7.875%	3/15/20	1,210,000	1,424,775
Total Chemicals				6,579,945
Containers & Packaging 2.8%				
Ardagh Packaging Finance PLC, Senior Notes	9.125%	10/15/20	1,330,000	1,433,075(a)
Ardagh Packaging Finance PLC, Senior Secured Notes	7.375%	10/15/17	560,000EUR	795,418(a)
Longview Fibre Paper & Packaging Inc., Senior Secured Notes	8.000%	6/1/16	1,120,000	1,146,600(a)
Pretium Packaging LLC/Pretium Finance Inc., Senior Secured Notes	11.500%	4/1/16	2,060,000	2,173,300
Reynolds Group Issuer Inc./Reynolds Group Issuer LLC, Senior Notes	9.250%	5/15/18	1,180,000	1,182,950(a)
Reynolds Group Issuer Inc./Reynolds Group Issuer LLC, Senior Notes	9.875%	8/15/19	2,520,000	2,579,850(a)
Reynolds Group Issuer Inc./Reynolds Group Issuer LLC, Senior Notes	9.875%	8/15/19	1,180,000	1,208,025(a)
Reynolds Group Issuer Inc./Reynolds Group Issuer LLC, Senior Secured Notes	6.875%	2/15/21	220,000	228,800(a)
Viskase Cos. Inc., Senior Secured Notes	9.875%	1/15/18	2,260,000	2,401,250(a)
Total Containers & Packaging				13,149,268

See Notes to Financial Statements.

Schedule of investments (unaudited) (cont d)

March 31, 2012

Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Metals & Mining 2.7%				
FMG Resources (August 2006) Pty Ltd., Senior Notes	7.000%	11/1/15	300,000	\$ 307,500(a)
FMG Resources (August 2006) Pty Ltd., Senior Notes	8.250%	11/1/19	2,190,000	2,310,450(a)
FMG Resources (August 2006) Pty Ltd., Senior Notes	6.875%	4/1/22	930,000	909,075(a)
Midwest Vanadium Pty Ltd., Senior Secured Notes	11.500%	2/15/18	3,400,000	2,363,000(a)
Mirabela Nickel Ltd., Senior Notes	8.750%	4/15/18	1,190,000	1,029,350(a)
Novelis Inc., Senior Notes	8.750%	12/15/20	1,590,000	1,749,000
Optima Specialty Steel Inc., Senior Secured Notes	12.500%	12/15/16	1,050,000	1,107,750(a)
Ryerson Holding Corp., Senior Secured Notes	0.000%	2/1/15	2,850,000	1,311,000
Ryerson Inc., Senior Secured Notes	12.000%	11/1/15	30,000	30,900
Schaeffler Finance BV, Senior Secured Notes	7.750%	2/15/17	360,000	382,500(a)
Tempel Steel Co., Senior Secured Notes	12.000%	8/15/16	860,000	847,100(a)
Total Metals & Mining				12,347,625
Paper & Forest Products 1.3%				
Appleton Papers Inc., Senior Secured Notes	11.250%	12/15/15	3,415,000	3,184,488
PE Paper Escrow GmbH, Senior Secured Notes	12.000%	8/1/14	560,000	610,400(a)
Verso Paper Holdings LLC, Senior Subordinated Notes	11.375%	8/1/16	180,000	115,650
Verso Paper Holdings LLC/Verso Paper Inc., Senior Secured Notes	11.750%	1/15/19	980,000	1,013,075(a)
Verso Paper Holdings LLC/Verso Paper Inc., Senior Secured Notes	8.750%	2/1/19	2,110,000	1,171,050
Total Paper & Forest Products				6,094,663
Total Materials 38,171,501				
Telecommunication Services 7.8%				
Diversified Telecommunication Services 4.8%				
Cogent Communications Group Inc., Senior Secured Notes	8.375%	2/15/18	1,530,000	1,633,275(a)
Inmarsat Finance PLC, Senior Notes	7.375%	12/1/17	2,120,000	2,273,700(a)
Intelsat Jackson Holdings Ltd., Senior Notes	11.250%	6/15/16	580,000	611,900
Intelsat Jackson Holdings SA, Senior Notes	7.250%	10/15/20	1,800,000	1,896,750
Intelsat Jackson Holdings SA, Senior Notes	7.500%	4/1/21	610,000	644,313
Intelsat Luxembourg SA, Senior Notes	11.250%	2/4/17	2,150,000	2,241,375
Level 3 Financing Inc., Senior Notes	8.625%	7/15/20	1,530,000	1,610,325(a)
Primus Telecommunications Holding Inc., Senior Notes	10.000%	4/15/17	119,771	122,166(a)
TW Telecom Holdings Inc., Senior Notes	8.000%	3/1/18	1,430,000	1,569,425
West Corp., Senior Notes	8.625%	10/1/18	1,570,000	1,730,925
West Corp., Senior Notes	7.875%	1/15/19	1,840,000	1,968,800
Wind Acquisition Finance SA, Senior Notes	11.750%			