

Western Asset High Yield Defined Opportunity Fund Inc.  
Form N-Q  
July 26, 2013

**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 811-22444

Western Asset High Yield Defined 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 August 31  
end:

Date of reporting period: May 31, 2013

---

ITEM 1. SCHEDULE OF INVESTMENTS.

---

**WESTERN ASSET HIGH YIELD DEFINED  
OPPORTUNITY FUND INC.**

**FORM N-Q**

MAY 31, 2013

## WESTERN ASSET HIGH YIELD DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited)

May 31, 2013

|  | RATE    | MATURITY DATE | FACE AMOUNT  | VALUE                 |
|--|---------|---------------|--------------|-----------------------|
| <b>SECURITY</b>  |         |               |              |                       |
| CORPORATE BONDS & NOTES  | 88.6%   |               |              |                       |
| CONSUMER DISCRETIONARY   | 19.7%   |               |              |                       |
| <b>Auto Components 0.5%</b>  |         |               |              |                       |
| Europcar Groupe SA, Senior Notes   | 11.500% | 5/15/17       | 350,000EUR\$ | 507,227(a)            |
| Europcar Groupe SA, Senior Notes   | 9.375%  | 4/15/18       | 1,540,000EUR | 1,891,526(a)          |
| <i>Total Auto Components</i>   |         |               |              | 2,398,753             |
| <b>Automobiles 0.4%</b>  |         |               |              |                       |
| Chrysler Group LLC/CG Co.-Issuer Inc., Secured Notes   | 8.250%  | 6/15/21       | 1,030,000    | 1,169,050             |
| Jaguar Holding Co. II/Jaguar Merger Sub Inc., Senior Notes   | 9.500%  | 12/1/19       | 430,000      | 492,888(a)            |
| <i>Total Automobiles</i>   |         |               |              | 1,661,938             |
| <b>Diversified Consumer Services 1.4%</b>  |         |               |              |                       |
| Laureate Education Inc., Senior Notes  | 9.250%  | 9/1/19        | 800,000      | 900,000(a)            |
| McGraw-Hill Global Education Holdings LLC/McGraw-Hill Global Education Finance, Senior Secured Notes | 9.750%  | 4/1/21        | 580,000      | 605,375(a)            |
| Odeon & UCI Finco PLC, Senior Secured Notes  | 9.000%  | 8/1/18        | 1,079,000GBP | 1,776,734(a)          |
| Service Corp. International, Senior Notes  | 7.500%  | 4/1/27        | 1,030,000    | 1,163,900             |
| ServiceMaster Co., Senior Notes  | 8.000%  | 2/15/20       | 280,000      | 289,450               |
| ServiceMaster Co., Senior Notes  | 7.000%  | 8/15/20       | 980,000      | 976,325               |
| StoneMor Partners LP/Cornerstone Family Services of WV, Senior Notes                                 | 7.875%  | 6/1/21        | 760,000      | 756,200(a)            |
| <i>Total Diversified Consumer Services</i>   |         |               |              | 6,467,984             |
| <b>Hotels, Restaurants &amp; Leisure 7.6%</b>  |         |               |              |                       |
| Bossier Casino Venture Holdco Inc., Senior Secured Bonds   | 14.000% | 2/9/18        | 1,078,755    | 1,053,870(a)(b)(c)(d) |
| Boyd Gaming Corp., Senior Notes  | 9.125%  | 12/1/18       | 740,000      | 806,600               |
| Boyd Gaming Corp., Senior Notes  | 9.000%  | 7/1/20        | 860,000      | 933,100               |
| Caesars Entertainment Operating Co. Inc., Senior Secured Notes                                       | 11.250% | 6/1/17        | 3,000,000    | 3,142,500             |
| Caesars Operating Escrow LLC/Caesars Escrow Corp., Senior Secured Notes                              | 9.000%  | 2/15/20       | 130,000      | 125,775(a)            |
| Caesars Operating Escrow LLC/Caesars Escrow Corp., Senior Secured Notes                              | 9.000%  | 2/15/20       | 80,000       | 77,400(a)             |
| Carrols Restaurant Group Inc., Senior Secured Notes  | 11.250% | 5/15/18       | 1,130,000    | 1,281,138             |
| CCM Merger Inc., Senior Notes  | 9.125%  | 5/1/19        | 1,400,000    | 1,540,000(a)          |
| CKE Restaurants Inc., Senior Secured Notes   | 11.375% | 7/15/18       | 278,000      | 290,860               |
| Downstream Development Quapaw, Senior Secured Notes  | 10.500% | 7/1/19        | 1,090,000    | 1,215,350(a)          |
| El Pollo Loco Inc., Secured Notes  | 17.000% | 1/1/18        | 2,000,000    | 2,142,520(a)(b)       |
| Gala Group Finance PLC, Senior Secured Notes   | 8.875%  | 9/1/18        | 1,410,000GBP | 2,313,741(a)          |
| Hoa Restaurant Group LLC/Hoa Finance Corp., Senior Secured Notes                                     | 11.250% | 4/1/17        | 3,000,000    | 2,940,000(a)          |
| Landry's Holdings II Inc., Senior Notes  | 10.250% | 1/1/18        | 650,000      | 692,250(a)            |

Edgar Filing: Western Asset High Yield Defined Opportunity Fund Inc. - Form N-Q

|   |         |          |           |                   |
|---|---------|----------|-----------|-------------------|
| Landry's Inc., Senior Notes   | 9.375%  | 5/1/20   | 2,890,000 | 3,157,325(a)      |
| MGM Resorts International, Senior Notes   | 5.875%  | 2/27/14  | 1,250,000 | 1,293,750         |
| Mohegan Tribal Gaming Authority, Senior Secured Notes                               | 10.500% | 12/15/16 | 2,700,000 | 2,693,250(a)      |
| NCL Corp. Ltd., Senior Notes  | 9.500%  | 11/15/18 | 4,075,000 | 4,614,937         |
| Rivers Pittsburgh Borrower LP/Rivers Pittsburgh Finance Corp., Senior Secured Notes | 9.500%  | 6/15/19  | 272,000   | 300,560(a)        |
| Seneca Gaming Corp., Senior Notes   | 8.250%  | 12/1/18  | 1,410,000 | 1,526,325(a)      |
| Seven Seas Cruises S de RL LLC, Senior Secured Notes                                | 9.125%  | 5/15/19  | 1,570,000 | 1,723,075         |
| <i>Total Hotels, Restaurants &amp; Leisure</i>                                      |         |          |           | <i>33,864,326</i> |

*See Notes to Schedule of Investments.*

## WESTERN ASSET HIGH YIELD DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

May 31, 2013

| SECURITY  | RATE    | MATURITY<br>DATE | FACE<br>AMOUNT | VALUE           |
|---|---------|------------------|----------------|-----------------|
| <b>Household Durables 1.3%</b>  |         |                  |                |                 |
| Norcraft Cos. LP/Norcraft Finance Corp., Senior Secured Notes                             | 10.500% | 12/15/15         | 4,500,000 \$   | 4,708,125       |
| William Lyon Homes Inc., Senior Notes   | 8.500%  | 11/15/20         | 950,000        | 1,062,812(a)    |
| <i>Total Household Durables</i>   |         |                  |                | 5,770,937       |
| <b>Media 5.9%</b>   |         |                  |                |                 |
| Carmike Cinemas Inc., Secured Notes   | 7.375%  | 5/15/19          | 430,000        | 476,225         |
| Cerved Technologies SpA, Senior Secured Notes   | 6.375%  | 1/15/20          | 100,000EUR     | 130,300(a)      |
| Cerved Technologies SpA, Senior Subordinated Notes  | 8.000%  | 1/15/21          | 150,000EUR     | 194,962(a)      |
| DISH DBS Corp., Senior Notes  | 6.750%  | 6/1/21           | 2,670,000      | 2,836,875       |
| Global Generations Merger Subsidiary Inc., Senior Notes                                   | 11.000% | 12/15/20         | 2,380,000      | 2,748,900(a)    |
| Good Sam Enterprises LLC, Secured Notes   | 11.500% | 12/1/16          | 1,500,000      | 1,623,750       |
| Lynx II Corp., Senior Notes   | 6.375%  | 4/15/23          | 2,260,000      | 2,367,350(a)    |
| Nara Cable Funding Ltd., Senior Secured Notes   | 8.875%  | 12/1/18          | 1,000,000      | 1,060,000(a)    |
| Ono Finance II PLC, Senior Bonds  | 10.875% | 7/15/19          | 4,631,000      | 4,920,437(a)    |
| Polish Television Holding BV, Senior Secured Notes, step bond                             | 11.250% | 5/15/17          | 1,600,000EUR   | 2,245,967(a)    |
| Polish Television Holding BV, Senior Secured Notes, step bond                             | 11.250% | 5/15/17          | 600,000EUR     | 842,238(a)      |
| Seat Pagine Gialle SpA, Senior Secured Bonds  | 10.500% | 1/31/17          | 581,000EUR     | 200,116(a)(e)   |
| Univision Communications Inc., Senior Notes   | 8.500%  | 5/15/21          | 680,000        | 739,500(a)      |
| Univision Communications Inc., Senior Secured Notes                                       | 6.750%  | 9/15/22          | 2,780,000      | 3,002,400(a)    |
| UPC Holding BV, Junior Secured Subordinated Notes   | 6.375%  | 9/15/22          | 140,000EUR     | 188,334(a)      |
| UPCB Finance II Ltd., Senior Notes  | 6.375%  | 7/1/20           | 2,000,000EUR   | 2,766,517(a)    |
| <i>Total Media</i>  |         |                  |                | 26,343,871      |
| <b>Multiline Retail 0.3%</b>  |         |                  |                |                 |
| Bon-Ton Department Stores Inc., Secured Notes   | 8.000%  | 6/15/21          | 1,210,000      | 1,247,813(a)    |
| Neiman Marcus Group Inc., Senior Secured Notes  | 7.125%  | 6/1/28           | 270,000        | 282,150         |
| <i>Total Multiline Retail</i>   |         |                  |                | 1,529,963       |
| <b>Specialty Retail 1.7%</b>  |         |                  |                |                 |
| Edcon Pty Ltd., Senior Secured Notes  | 9.500%  | 3/1/18           | 1,950,000EUR   | 2,585,202(a)    |
| Gymboree Corp., Senior Notes  | 9.125%  | 12/1/18          | 1,940,000      | 1,889,075       |
| New Academy Finance Co. LLC/New Academy Finance Corp., Senior Notes                       | 8.000%  | 6/15/18          | 220,000        | 227,700(a)(b)   |
| Spencer Spirit Holdings Inc., Senior Notes  | 9.000%  | 5/1/18           | 1,730,000      | 1,734,325(a)(b) |
| Spencer Spirit Holdings Inc./Spencer Gifts LLC/Spirit Halloween Superstores, Senior Notes | 11.000% | 5/1/17           | 940,000        | 1,029,300(a)    |
| <i>Total Specialty Retail</i>   |         |                  |                | 7,465,602       |
| <b>Textiles, Apparel &amp; Luxury Goods 0.6%</b>  |         |                  |                |                 |
| Boardriders SA, Senior Notes  | 8.875%  | 12/15/17         | 1,500,000EUR   | 2,086,098(a)    |
| Empire Today LLC/Empire Today Finance Corp., Senior Secured Notes                         | 11.375% | 2/1/17           | 550,000        | 506,000(a)      |
| <i>Total Textiles, Apparel &amp; Luxury Goods</i>   |         |                  |                | 2,592,098       |
| <b>TOTAL CONSUMER DISCRETIONARY</b>   |         |                  |                | 88,095,472      |

Edgar Filing: Western Asset High Yield Defined Opportunity Fund Inc. - Form N-Q

CONSUMER STAPLES 3.0%

**Food Products 2.1%**

|  |         |         |              |              |
|--|---------|---------|--------------|--------------|
| Boparan Holdings Ltd., Senior Notes  | 9.875%  | 4/30/18 | 1,000,000GBP | 1,701,727(a) |
| Chiquita Brands International Inc./Chiquita Brands LLC, Senior Secured Notes | 7.875%  | 2/1/21  | 970,000      | 1,045,175(a) |
| Foodcorp Ltd., Senior Secured Notes  | 8.750%  | 3/1/18  | 700,000EUR   | 1,013,317(a) |
| Foodcorp Ltd., Senior Secured Notes  | 8.750%  | 3/1/18  | 530,000EUR   | 767,226(a)   |
| Harmony Foods Corp., Senior Secured Notes                                    | 10.000% | 5/1/16  | 477,000      | 510,390(a)   |
| Simmons Foods Inc., Senior Secured Notes                                     | 10.500% | 11/1/17 | 3,600,000    | 3,870,000(a) |

*See Notes to Schedule of Investments.*



## WESTERN ASSET HIGH YIELD DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

May 31, 2013

| SECURITY   | RATE    | MATURITY<br>DATE | FACE<br>AMOUNT | VALUE         |
|--|---------|------------------|----------------|---------------|
| <b>Food Products continued</b>   |         |                  |                |               |
| Wells Enterprises Inc., Senior Secured Notes                               | 6.750%  | 2/1/20           | 540,000        | \$ 580,500(a) |
| <i>Total Food Products</i>   |         |                  |                | 9,488,335     |
| <b>Household Products 0.4%</b>   |         |                  |                |               |
| Harbinger Group Inc., Senior Secured Notes                                 | 7.875%  | 7/15/19          | 300,000        | 321,000(a)    |
| Spectrum Brands Escrow Corp., Senior Notes                                 | 6.625%  | 11/15/22         | 460,000        | 497,950(a)    |
| Sun Products Corp., Senior Notes   | 7.750%  | 3/15/21          | 1,140,000      | 1,157,100(a)  |
| <i>Total Household Products</i>  |         |                  |                | 1,976,050     |
| <b>Tobacco 0.5%</b>  |         |                  |                |               |
| Alliance One International Inc., Senior Notes                              | 10.000% | 7/15/16          | 1,925,000      | 2,033,281     |
| <b>TOTAL CONSUMER STAPLES</b>  |         |                  |                | 13,497,666    |
| <b>ENERGY 8.6%</b>   |         |                  |                |               |
| <b>Energy Equipment &amp; Services 1.5%</b>                                |         |                  |                |               |
| Basic Energy Services Inc., Senior Notes                                   | 7.750%  | 10/15/22         | 70,000         | 74,025        |
| Gulfmark Offshore Inc., Senior Notes                                       | 6.375%  | 3/15/22          | 1,000,000      | 1,045,000     |
| Hercules Offshore Inc., Senior Notes                                       | 10.250% | 4/1/19           | 730,000        | 832,200(a)    |
| Hercules Offshore Inc., Senior Secured Notes                               | 10.500% | 10/15/17         | 2,040,000      | 2,203,200(a)  |
| Parker Drilling Co., Senior Notes  | 9.125%  | 4/1/18           | 1,270,000      | 1,384,300     |
| Petroleum Geo-Services ASA, Senior Notes                                   | 7.375%  | 12/15/18         | 1,060,000      | 1,181,900(a)  |
| <i>Total Energy Equipment &amp; Services</i>                               |         |                  |                | 6,720,625     |
| <b>Oil, Gas &amp; Consumable Fuels 7.1%</b>                                |         |                  |                |               |
| Arch Coal Inc., Senior Notes   | 8.750%  | 8/1/16           | 1,540,000      | 1,595,825     |
| Arch Coal Inc., Senior Notes   | 9.875%  | 6/15/19          | 570,000        | 589,950(a)    |
| Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes | 9.375%  | 5/1/19           | 910,000        | 1,016,925     |
| Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes | 9.375%  | 5/1/19           | 270,000        | 301,725       |
| Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes | 9.625%  | 8/1/20           | 570,000        | 649,800(a)    |
| Carrizo Oil & Gas Inc., Senior Notes                                       | 7.500%  | 9/15/20          | 620,000        | 672,700       |
| Chesapeake Energy Corp., Senior Notes                                      | 6.875%  | 11/15/20         | 1,240,000      | 1,401,200     |
| Comstock Resources Inc., Senior Notes                                      | 9.500%  | 6/15/20          | 890,000        | 992,350       |
| Crosstex Energy LP/Crosstex Energy Finance Corp., Senior Notes             | 7.125%  | 6/1/22           | 1,860,000      | 1,999,500     |
| EP Energy LLC/EP Energy Finance Inc., Senior Notes                         | 9.375%  | 5/1/20           | 100,000        | 113,875       |
| EPE Holdings LLC/EP Energy Bond Co. Inc., Senior Notes                     | 8.125%  | 12/15/17         | 920,000        | 986,700(a)(b) |
| Halcon Resources Corp., Senior Notes                                       | 9.750%  | 7/15/20          | 1,290,000      | 1,346,437     |
| Halcon Resources Corp., Senior Notes                                       | 8.875%  | 5/15/21          | 1,110,000      | 1,134,975     |
| Hiland Partners LP/Hiland Partners Finance Corp., Senior Notes             | 7.250%  | 10/1/20          | 450,000        | 492,750(a)    |
| Kodiak Oil & Gas Corp., Senior Notes                                       | 8.125%  | 12/1/19          | 1,130,000      | 1,276,900     |
| Magnum Hunter Resources Corp., Senior Notes                                | 9.750%  | 5/15/20          | 950,000        | 988,000(a)    |
| Magnum Hunter Resources Corp., Senior Notes                                | 9.750%  | 5/15/20          | 930,000        | 967,200(a)    |
| Milagro Oil & Gas Inc., Secured Notes                                      | 10.500% | 5/15/16          | 1,360,000      | 1,122,000     |

Edgar Filing: Western Asset High Yield Defined Opportunity Fund Inc. - Form N-Q

|  |         |         |           |              |
|--|---------|---------|-----------|--------------|
| Murray Energy Corp., Senior Secured Notes          | 8.625%  | 6/15/21 | 740,000   | 764,975(a)   |
| Overseas Shipholding Group Inc., Senior Notes      | 8.750%  | 12/1/13 | 490,000   | 415,275(e)   |
| Overseas Shipholding Group Inc., Senior Notes      | 8.125%  | 3/30/18 | 1,970,000 | 1,644,950(e) |
| Pacific Drilling V Ltd., Senior Secured Notes      | 7.250%  | 12/1/17 | 960,000   | 1,029,600(a) |
| Peabody Energy Corp., Senior Notes                 | 7.875%  | 11/1/26 | 740,000   | 795,500      |
| Petrobras Global Finance BV, Senior Notes          | 4.375%  | 5/20/23 | 1,350,000 | 1,314,332    |
| Plains Exploration & Production Co., Senior Notes  | 6.750%  | 2/1/22  | 200,000   | 224,500      |
| Quicksilver Resources Inc., Senior Notes           | 11.750% | 1/1/16  | 1,100,000 | 1,171,500    |
| Samson Investment Co., Senior Notes                | 10.000% | 2/15/20 | 2,760,000 | 2,891,100(a) |
| SandRidge Energy Inc., Senior Notes                | 7.500%  | 2/15/23 | 1,240,000 | 1,283,400    |
| Shelf Drilling Holdings Ltd., Senior Secured Notes | 8.625%  | 11/1/18 | 750,000   | 795,000(a)   |

*See Notes to Schedule of Investments.*

## WESTERN ASSET HIGH YIELD DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

May 31, 2013

| SECURITY   | RATE    | MATURITY<br>DATE | FACE<br>AMOUNT | VALUE              |
|--|---------|------------------|----------------|--------------------|
| <b>Oil, Gas &amp; Consumable Fuels</b> continued                               |         |                  |                |                    |
| Xinergy Ltd., Senior Secured Notes   | 9.250%  | 5/15/19          | 1,980,000      | \$ 1,475,100(a)    |
| <i>Total Oil, Gas &amp; Consumable Fuels</i>                                   |         |                  |                | 31,454,044         |
| <b>TOTAL ENERGY</b>  |         |                  |                | 38,174,669         |
| <b>FINANCIALS</b> 7.8%   |         |                  |                |                    |
| <b>Commercial Banks</b> 3.8%   |         |                  |                |                    |
| Barclays Bank PLC, Subordinated Notes  | 10.179% | 6/12/21          | 1,550,000      | 2,069,645(a)       |
| Barclays Bank PLC, Subordinated Notes  | 7.625%  | 11/21/22         | 1,750,000      | 1,763,125          |
| BBVA US Senior SAU, Senior Notes   | 4.664%  | 10/9/15          | 570,000        | 593,203            |
| Credit Agricole SA, Subordinated Notes   | 8.375%  | 10/13/19         | 1,320,000      | 1,480,050(a)(f)(g) |
| Intesa Sanpaolo SpA, Senior Notes  | 3.625%  | 8/12/15          | 1,490,000      | 1,504,419(a)       |
| M&T Bank Corp., Junior Subordinated Notes                                      | 6.875%  | 6/15/16          | 1,170,000      | 1,224,107(a)(g)    |
| Royal Bank of Scotland Group PLC, Junior Subordinated Notes, Medium-Term Notes | 7.640%  | 9/29/17          | 7,000,000      | 6,877,500(f)(g)    |
| Royal Bank of Scotland NV, Subordinated Notes                                  | 7.750%  | 5/15/23          | 350,000        | 390,767            |
| Santander Issuances SAU, Notes   | 5.911%  | 6/20/16          | 900,000        | 965,923(a)         |
| <i>Total Commercial Banks</i>  |         |                  |                | 16,868,739         |
| <b>Consumer Finance</b> 0.1%   |         |                  |                |                    |
| SLM Corp., Medium-Term Notes, Senior Notes                                     | 8.450%  | 6/15/18          | 330,000        | 367,950            |
| <b>Diversified Financial Services</b> 3.6%                                     |         |                  |                |                    |
| Bank of America Corp., Junior Subordinated Notes                               | 5.200%  | 6/1/23           | 1,000,000      | 995,000(f)(g)      |
| Bankrate Inc., Senior Secured Notes  | 11.750% | 7/15/15          | 2,180,000      | 2,335,325          |
| Compiler Finance Subordinated Inc., Senior Notes                               | 7.000%  | 5/1/21           | 250,000        | 248,750(a)         |
| Globe Luxembourg SCA, Senior Secured Notes                                     | 9.625%  | 5/1/18           | 1,460,000      | 1,494,675(a)       |
| ING US Inc., Junior Subordinated Notes   | 5.650%  | 5/15/53          | 770,000        | 775,775(a)(f)      |
| International Lease Finance Corp., Senior Notes                                | 5.750%  | 5/15/16          | 1,000,000      | 1,076,830          |
| International Lease Finance Corp., Senior Notes                                | 8.750%  | 3/15/17          | 1,900,000      | 2,258,625          |
| International Lease Finance Corp., Senior Notes                                | 8.250%  | 12/15/20         | 3,140,000      | 3,815,100          |
| JPMorgan Chase & Co., Junior Subordinated Bonds                                | 5.150%  | 5/1/23           | 530,000        | 536,625(f)(g)      |
| Nationstar Mortgage LLC/Nationstar Capital Corp., Senior Notes                 | 7.875%  | 10/1/20          | 920,000        | 1,012,000(a)       |
| TransUnion Holding Co. Inc., Senior Notes                                      | 9.625%  | 6/15/18          | 1,100,000      | 1,190,750          |
| ZFS Finance USA Trust II, Bonds  | 6.450%  | 12/15/65         | 500,000        | 547,500(a)(f)      |
| <i>Total Diversified Financial Services</i>                                    |         |                  |                | 16,286,955         |
| <b>Insurance</b> 0.3%  |         |                  |                |                    |
| Fidelity & Guaranty Life Holdings Inc., Senior Notes                           | 6.375%  | 4/1/21           | 620,000        | 641,700(a)         |
| Liberty Mutual Group Inc., Junior Subordinated Bonds                           | 7.800%  | 3/15/37          | 720,000        | 864,000(a)         |
| <i>Total Insurance</i>   |         |                  |                | 1,505,700          |
| <b>TOTAL FINANCIALS</b>  |         |                  |                | 35,029,344         |
| <b>HEALTH CARE</b> 6.1%  |         |                  |                |                    |
| <b>Health Care Equipment &amp; Supplies</b> 1.3%                               |         |                  |                |                    |
| Alere Inc., Senior Subordinated Notes  | 6.500%  | 6/15/20          | 800,000        | 807,000(a)         |
| Hologic Inc., Senior Notes   | 6.250%  | 8/1/20           | 550,000        | 590,563            |
| Lantheus Medical Imaging Inc., Senior Notes                                    | 9.750%  | 5/15/17          | 1,490,000      | 1,428,537          |
| Ontex IV SA, Senior Notes  | 9.000%  | 4/15/19          | 1,400,000EUR   | 1,915,181(a)       |

Edgar Filing: Western Asset High Yield Defined Opportunity Fund Inc. - Form N-Q

|   |         |          |              |              |
|---|---------|----------|--------------|--------------|
| Ontex IV SA, Senior Notes                         | 9.000%  | 4/15/19  | 680,000EUR   | 930,231(a)   |
| <i>Total Health Care Equipment &amp; Supplies</i> |         |          |              | 5,671,512    |
| <b>Health Care Providers &amp; Services 4.1%</b>  |         |          |              |              |
| Acadia Healthcare Co. Inc., Senior Notes          | 12.875% | 11/1/18  | 474,000      | 592,500      |
| CHS/Community Health Systems Inc., Senior Notes   | 8.000%  | 11/15/19 | 1,890,000    | 2,088,450    |
| CRC Health Corp., Senior Subordinated Notes       | 10.750% | 2/1/16   | 3,724,000    | 3,805,463    |
| Crown Newco 3 PLC, Senior Notes                   | 8.875%  | 2/15/19  | 225,000GBP   | 352,975(a)   |
| Crown Newco 3 PLC, Senior Subordinated Notes      | 8.875%  | 2/15/19  | 1,125,000GBP | 1,764,877(a) |
| DJO Finance LLC/DJO Finance Corp., Senior Notes   | 9.875%  | 4/15/18  | 1,090,000    | 1,201,725    |

*See Notes to Schedule of Investments.*

## WESTERN ASSET HIGH YIELD DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

May 31, 2013

| SECURITY  | RATE    | MATURITY<br>DATE | FACE<br>AMOUNT | VALUE         |
|---|---------|------------------|----------------|---------------|
| <b>Health Care Providers &amp; Services continued</b>                 |         |                  |                |               |
| ExamWorks Group Inc., Senior Notes                                    | 9.000%  | 7/15/19          | 780,000 \$     | 861,900       |
| HCA Holdings Inc., Senior Notes                                       | 6.250%  | 2/15/21          | 2,510,000      | 2,691,975     |
| IASIS Healthcare LLC/IASIS Capital Corp., Senior Notes                | 8.375%  | 5/15/19          | 640,000        | 672,000       |
| INC Research LLC, Senior Notes  | 11.500% | 7/15/19          | 420,000        | 453,600(a)    |
| Labco SAS, Senior Secured Notes                                       | 8.500%  | 1/15/18          | 1,330,000EUR   | 1,845,352(a)  |
| Physiotherapy Associates Holdings Inc., Senior Notes                  | 11.875% | 5/1/19           | 970,000        | 737,200(a)(e) |
| Radnet Management Inc., Senior Notes                                  | 10.375% | 4/1/18           | 1,300,000      | 1,402,375     |
| <i>Total Health Care Providers &amp; Services</i>                     |         |                  |                | 18,470,392    |
| <b>Pharmaceuticals 0.7%</b>   |         |                  |                |               |
| ConvaTec Healthcare E SA, Senior Notes                                | 10.875% | 12/15/18         | 1,530,000EUR   | 2,276,966(a)  |
| Elan Finance PLC/Elan Finance Corp., Senior Notes                     | 6.250%  | 6/15/21          | 840,000        | 846,300(a)    |
| <i>Total Pharmaceuticals</i>  |         |                  |                | 3,123,266     |
| <b>TOTAL HEALTH CARE</b>  |         |                  |                | 27,265,170    |
| <b>INDUSTRIALS 15.8%</b>  |         |                  |                |               |
| <b>Aerospace &amp; Defense 2.0%</b>                                   |         |                  |                |               |
| Ducommun Inc., Senior Notes   | 9.750%  | 7/15/18          | 800,000        | 892,000       |
| Erickson Air-Crane Inc., Senior Secured Notes                         | 8.250%  | 5/1/20           | 1,730,000      | 1,788,388(a)  |
| GenCorp Inc., Secured Notes   | 7.125%  | 3/15/21          | 620,000        | 666,500(a)    |
| Kratos Defense & Security Solutions Inc., Senior Secured Notes        | 10.000% | 6/1/17           | 2,340,000      | 2,562,300     |
| Wyle Services Corp., Senior Subordinated Notes                        | 10.500% | 4/1/18           | 3,020,000      | 3,155,900(a)  |
| <i>Total Aerospace &amp; Defense</i>                                  |         |                  |                | 9,065,088     |
| <b>Airlines 2.1%</b>  |         |                  |                |               |
| Air Canada, Pass-Through Trust, Secured Notes                         | 6.625%  | 5/15/18          | 460,000        | 473,708(a)    |
| American Airlines, Pass-Through Trust, Secured Notes                  | 6.125%  | 7/15/18          | 2,740,000      | 2,753,700(a)  |
| DAE Aviation Holdings Inc., Senior Notes                              | 11.250% | 8/1/15           | 3,946,000      | 3,995,325(a)  |
| Delta Air Lines Inc., Pass-Through Certificates, Secured Notes        | 8.021%  | 8/10/22          | 1,393,745      | 1,543,572     |
| United Airlines Inc., Pass-Through Certificates, Senior Secured Notes | 6.125%  | 4/29/18          | 600,000        | 630,000       |
| <i>Total Airlines</i>   |         |                  |                | 9,396,305     |
| <b>Building Products 0.9%</b>   |         |                  |                |               |
| Ashton Woods USA LLC/Ashton Woods Finance Co., Senior Notes           | 6.875%  | 2/15/21          | 830,000        | 862,163(a)    |
| BC Mountain LLC/BC Mountain Finance Inc., Senior Notes                | 7.000%  | 2/1/21           | 280,000        | 297,500(a)    |
| Builders FirstSource Inc., Senior Secured Notes                       | 7.625%  | 6/1/21           | 390,000        | 392,925(a)    |
| Reliance Intermediate Holdings LP, Senior Secured Notes               | 9.500%  | 12/15/19         | 1,190,000      | 1,320,900(a)  |
| Spie BondCo 3 SCA, Secured Notes                                      | 11.000% | 8/15/19          | 617,000EUR     | 871,113(a)    |
| <i>Total Building Products</i>  |         |                  |                | 3,744,601     |
| <b>Commercial Services &amp; Supplies 2.5%</b>                        |         |                  |                |               |
| ARC Document Solutions Inc., Senior Notes                             | 10.500% | 12/15/16         | 3,000,000      | 3,097,500     |

Edgar Filing: Western Asset High Yield Defined Opportunity Fund Inc. - Form N-Q

|  |        |         |           |                   |
|--|--------|---------|-----------|-------------------|
| JM Huber Corp., Senior Notes   | 9.875% | 11/1/19 | 680,000   | 787,100(a)        |
| Monitronics International Inc., Senior Notes                               | 9.125% | 4/1/20  | 2,210,000 | 2,397,850         |
| Taylor Morrison Communities Inc./Monarch<br>Communities Inc., Senior Notes | 7.750% | 4/15/20 | 1,402,000 | 1,570,240(a)      |
| Taylor Morrison Communities Inc./Monarch<br>Communities Inc., Senior Notes | 7.750% | 4/15/20 | 489,000   | 547,680(a)        |
| United Rentals North America Inc., Senior Notes                            | 7.625% | 4/15/22 | 2,096,000 | 2,331,800         |
| United Rentals North America Inc., Senior<br>Subordinated Notes            | 8.375% | 9/15/20 | 390,000   | 427,050           |
| <i>Total Commercial Services &amp; Supplies</i>                            |        |         |           | <i>11,159,220</i> |

*See Notes to Schedule of Investments.*

## WESTERN ASSET HIGH YIELD DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

May 31, 2013

| SECURITY  | RATE    | MATURITY DATE | FACE AMOUNT  | VALUE            |
|---|---------|---------------|--------------|------------------|
| <b>Construction &amp; Engineering 0.6%</b>  |         |               |              |                  |
| Abengoa Finance SAU, Senior Notes   | 8.875%  | 11/1/17       | 2,000,000 \$ | 1,930,000(a)     |
| PH Holding LLC, Secured Notes   | 9.750%  | 12/31/17      | 810,000      | 856,198(c)(d)    |
| <i>Total Construction &amp; Engineering</i>   |         |               |              | <i>2,786,198</i> |
| <b>Electrical Equipment 0.7%</b>  |         |               |              |                  |
| 313 Group Inc., Senior Secured Notes  | 6.375%  | 12/1/19       | 750,000      | 751,875(a)       |
| International Wire Group Holdings Inc., Senior Secured Notes                                  | 8.500%  | 10/15/17      | 820,000      | 848,700(a)       |
| NES Rentals Holdings Inc., Senior Secured Notes   | 7.875%  | 5/1/18        | 1,160,000    | 1,197,700(a)     |
| Trionista Holdco GmbH, Senior Secured Notes   | 5.000%  | 4/30/20       | 100,000EUR   | 133,224(a)       |
| Trionista TopCo GmbH, Senior Subordinated Notes   | 6.875%  | 4/30/21       | 150,000EUR   | 198,862(a)       |
| <i>Total Electrical Equipment</i>   |         |               |              | <i>3,130,361</i> |
| <b>Machinery 1.7%</b>   |         |               |              |                  |
| Dematic SA/DH Services Luxembourg Sarl, Senior Notes  | 7.750%  | 12/15/20      | 2,310,000    | 2,500,575(a)     |
| Global Brass and Copper Inc., Senior Secured Notes  | 9.500%  | 6/1/19        | 1,000,000    | 1,130,000(a)     |
| Heidelberger Druckmaschinen AG, Senior Notes  | 9.250%  | 4/15/18       | 1,500,000EUR | 1,964,246(a)     |
| Heidelberger Druckmaschinen AG, Senior Notes  | 9.250%  | 4/15/18       | 600,000EUR   | 785,699(a)       |
| KM Germany Holdings GmbH, Senior Secured Notes  | 8.750%  | 12/15/20      | 380,000EUR   | 526,009(a)       |
| SPL Logistics Escrow LLC/SPL Logistics Finance Corp., Senior Secured Notes                    | 8.875%  | 8/1/20        | 720,000      | 757,800(a)       |
| <i>Total Machinery</i>  |         |               |              | <i>7,664,329</i> |
| <b>Marine 1.2%</b>  |         |               |              |                  |
| Horizon Lines LLC, Secured Notes  | 13.000% | 10/15/16      | 1,334,409    | 1,254,344(b)     |
| Horizon Lines LLC, Senior Secured Notes   | 11.000% | 10/15/16      | 798,000      | 799,995          |
| Navios Maritime Acquisition Corp./Navios Acquisition Finance U.S. Inc., Senior Secured Notes  | 8.625%  | 11/1/17       | 2,480,000    | 2,579,200        |
| Ultrapetrol Bahamas Ltd., Senior Secured Mortgage Notes                                       | 8.875%  | 6/15/21       | 750,000      | 766,875(a)       |
| <i>Total Marine</i>   |         |               |              | <i>5,400,414</i> |
| <b>Road &amp; Rail 1.6%</b>   |         |               |              |                  |
| Florida East Coast Holdings Corp., Senior Notes   | 10.500% | 8/1/17        | 2,490,342    | 2,602,407(b)     |
| Jack Cooper Holdings Corp., Senior Secured Notes  | 13.750% | 12/15/15      | 2,026,000    | 2,162,755(a)(c)  |
| Quality Distribution LLC/QD Capital Corp., Secured Notes                                      | 9.875%  | 11/1/18       | 2,130,000    | 2,390,925        |
| <i>Total Road &amp; Rail</i>  |         |               |              | <i>7,156,087</i> |
| <b>Trading Companies &amp; Distributors 0.3%</b>  |         |               |              |                  |
| H&E Equipment Services Inc., Senior Notes   | 7.000%  | 9/1/22        | 1,110,000    | 1,204,350        |
| <b>Transportation 2.0%</b>  |         |               |              |                  |
| CMA CGM, Senior Notes   | 8.500%  | 4/15/17       | 150,000      | 126,000(a)       |
| CMA CGM, Senior Notes   | 8.875%  | 4/15/19       | 1,600,000EUR | 1,762,460(a)     |
| Hapag-Lloyd AG, Senior Notes  | 9.750%  | 10/15/17      | 1,420,000    | 1,505,200(a)     |
| Neovia Logistics Intermediate Holdings LLC/Logistics Intermediate Finance Corp., Senior Notes | 10.000% | 2/15/18       | 1,640,000    | 1,640,000(a)(b)  |
|   | 9.500%  | 5/1/18        | 2,410,000    | 2,626,900(a)     |

Edgar Filing: Western Asset High Yield Defined Opportunity Fund Inc. - Form N-Q

|   |        |         |           |              |
|---|--------|---------|-----------|--------------|
| Syncreon Global Ireland Ltd./Syncreon Global Finance<br>US Inc., Senior Notes |        |         |           |              |
| Syncreon Global Ireland Ltd./Syncreon Global Finance<br>US Inc., Senior Notes | 9.500% | 5/1/18  | 170,000   | 185,300(a)   |
| Watco Cos., LLC/Watco Finance Corp., Senior Notes                             | 6.375% | 4/1/23  | 1,070,000 | 1,131,525(a) |
| <i>Total Transportation</i>   |        |         |           | 8,977,385    |
| <b>Transportation Infrastructure 0.2%</b>                                     |        |         |           |              |
| Aguila 3 SA, Senior Secured Notes   | 7.875% | 1/31/18 | 630,000   | 681,188(a)   |
| <b>TOTAL INDUSTRIALS</b>  |        |         |           | 70,365,526   |

*See Notes to Schedule of Investments.*



## WESTERN ASSET HIGH YIELD DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

May 31, 2013

|  | RATE    | MATURITY<br>DATE | FACE<br>AMOUNT | VALUE         |
|--|---------|------------------|----------------|---------------|
| SECURITY   |         |                  |                |               |
| INFORMATION TECHNOLOGY 1.2%  |         |                  |                |               |
| <b>Electronic Equipment, Instruments &amp; Components 0.3%</b>   |         |                  |                |               |
| NXP BV/NXP Funding LLC, Senior Secured Notes   | 9.750%  | 8/1/18           | 770,000 \$     | 873,950(a)    |
| Techem GmbH, Senior Secured Notes  | 6.125%  | 10/1/19          | 350,000EUR     | 493,580(a)    |
| <i>Total Electronic Equipment, Instruments &amp; Components</i>  |         |                  |                | 1,367,530     |
| <b>Internet Software &amp; Services 0.2%</b>   |         |                  |                |               |
| Zayo Group LLC/Zayo Capital Inc., Senior Secured Notes   | 8.125%  | 1/1/20           | 790,000        | 880,850       |
| <b>IT Services 0.5%</b>  |         |                  |                |               |
| First Data Corp., Senior Notes   | 12.625% | 1/15/21          | 1,890,000      | 2,074,275     |
| <b>Software 0.2%</b>   |         |                  |                |               |
| Interface Security Systems Holdings Inc./Interface Security Systems LLC, Senior Secured Notes            | 9.250%  | 1/15/18          | 830,000        | 871,500(a)    |
| <b>TOTAL INFORMATION TECHNOLOGY</b>  |         |                  |                | 5,194,155     |
| MATERIALS 12.4%  |         |                  |                |               |
| <b>Chemicals 2.1%</b>  |         |                  |                |               |
| INEOS Group Holdings SA, Senior Notes  | 7.875%  | 2/15/16          | 1,800,000EUR   | 2,374,642(a)  |
| Kerling PLC, Senior Secured Notes  | 10.625% | 2/1/17           | 1,300,000EUR   | 1,803,727(a)  |
| Kloeckner Pentaplast GmbH & Co. KG, Senior Secured Notes   | 11.625% | 7/15/17          | 370,000EUR     | 545,926(a)    |
| Kloeckner Pentaplast GmbH & Co. KG, Senior Secured Notes   | 11.625% | 7/15/17          | 290,000EUR     | 427,888(a)    |
| Orion Engineered Carbons Bondco GmbH, Senior Secured Bonds   | 10.000% | 6/15/18          | 1,305,000EUR   | 1,891,233(a)  |
| Styrolution GmbH, Senior Secured Notes   | 7.625%  | 5/15/16          | 1,600,000EUR   | 2,192,938(a)  |
| <i>Total Chemicals</i>   |         |                  |                | 9,236,354     |
| <b>Containers &amp; Packaging 3.9%</b>   |         |                  |                |               |
| ARD Finance SA, Senior Secured Notes   | 11.125% | 6/1/18           | 200,000        | 220,000(a)(b) |
| Ardagh Packaging Finance PLC, Senior Notes   | 9.250%  | 10/15/20         | 2,500,000EUR   | 3,558,064(a)  |
| Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes                                   | 7.000%  | 11/15/20         | 390,000        | 400,725(a)    |
| Beverage Packaging Holdings Luxembourg II SA, Senior Notes   | 8.000%  | 12/15/16         | 430,000EUR     | 561,687(a)    |
| Beverage Packaging Holdings Luxembourg II SA, Senior Notes   | 9.500%  | 6/15/17          | 1,900,000EUR   | 2,552,648(a)  |
| Beverage Packaging Holdings Luxembourg II SA, Senior Secured Notes                                       | 8.000%  | 12/15/16         | 610,000EUR     | 796,812(a)    |
| Pretium Packaging LLC/Pretium Finance Inc., Senior Secured Notes   | 11.500% | 4/1/16           | 4,500,000      | 4,882,500     |
| Reynolds Group Issuer Inc./Reynolds Group Issuer LLC/Reynolds Group Issuer (Luxembourg) SA, Senior Notes | 8.500%  | 5/15/18          | 2,330,000      | 2,458,150     |

Edgar Filing: Western Asset High Yield Defined Opportunity Fund Inc. - Form N-Q

|  |         |          |            |                   |
|--|---------|----------|------------|-------------------|
| Viskase Cos. Inc., Senior Secured Notes            | 9.875%  | 1/15/18  | 2,000,000  | 2,145,000(a)      |
| <i>Total Containers &amp; Packaging</i>            |         |          |            | <i>17,575,586</i> |
| <b>Metals &amp; Mining 4.7%</b>                    |         |          |            |                   |
| ArcelorMittal, Senior Notes                        | 6.000%  | 3/1/21   | 1,610,000  | 1,678,425         |
| Barrinco Finance Pty Ltd., Senior Notes            | 9.000%  | 6/1/18   | 960,000    | 945,600(a)        |
| Coeur Mining Inc., Senior Notes                    | 7.875%  | 2/1/21   | 1,510,000  | 1,604,375(a)      |
| FMG Resources (August 2006) Pty Ltd., Senior Notes | 7.000%  | 11/1/15  | 930,000    | 962,550(a)        |
| FMG Resources (August 2006) Pty Ltd., Senior Notes | 8.250%  | 11/1/19  | 1,340,000  | 1,420,400(a)      |
| JW Aluminum Co., Senior Secured Notes              | 11.500% | 11/15/17 | 1,400,000  | 1,435,000(a)      |
| Midwest Vanadium Pty Ltd., Senior Secured Notes    | 11.500% | 2/15/18  | 2,210,000  | 1,491,750(a)(c)   |
| Mirabela Nickel Ltd., Senior Notes                 | 8.750%  | 4/15/18  | 620,000    | 520,800(a)        |
| Molycorp Inc., Senior Secured Notes                | 10.000% | 6/1/20   | 1,170,000  | 1,175,850         |
| New World Resources NV, Senior Notes               | 7.875%  | 1/15/21  | 800,000EUR | 634,278(a)        |

*See Notes to Schedule of Investments.*

## WESTERN ASSET HIGH YIELD DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

May 31, 2013

| SECURITY   | RATE    | MATURITY<br>DATE | FACE<br>AMOUNT | VALUE           |
|--|---------|------------------|----------------|-----------------|
| <b>Metals &amp; Mining continued</b>   |         |                  |                |                 |
| Noranda Aluminum Acquisition Corp., Senior Notes                               | 11.000% | 6/1/19           | 930,000 \$     | 918,375(a)      |
| Optima Specialty Steel Inc., Senior Secured Notes                              | 12.500% | 12/15/16         | 910,000        | 991,900(a)      |
| Prince Mineral Holding Corp., Senior Secured Notes                             | 11.500% | 12/15/19         | 750,000        | 830,625(a)      |
| Rain CII Carbon LLC/CII Carbon Corp., Senior Secured Notes                     | 8.250%  | 1/15/21          | 1,880,000      | 2,021,000(a)    |
| St. Barbara Ltd., Senior Secured Notes   | 8.875%  | 4/15/18          | 1,130,000      | 1,100,337(a)    |
| Steel Dynamics Inc., Senior Notes  | 6.125%  | 8/15/19          | 540,000        | 589,950(a)      |
| SunCoke Energy Partners LP/SunCoke Energy Partners Finance Corp., Senior Notes | 7.375%  | 2/1/20           | 500,000        | 532,500(a)      |
| Thompson Creek Metals Co. Inc., Senior Notes                                   | 12.500% | 5/1/19           | 860,000        | 896,550         |
| Thompson Creek Metals Co. Inc., Senior Secured Notes                           | 9.750%  | 12/1/17          | 1,100,000      | 1,205,875       |
| <i>Total Metals &amp; Mining</i>   |         |                  |                | 20,956,140      |
| <b>Paper &amp; Forest Products 1.7%</b>  |         |                  |                |                 |
| Appleton Papers Inc., Senior Secured Notes                                     | 11.250% | 12/15/15         | 3,100,000      | 3,572,750       |
| Resolute Forest Products Inc., Senior Notes                                    | 5.875%  | 5/15/23          | 1,240,000      | 1,204,350(a)    |
| Verso Paper Holdings LLC/Verso Paper Inc., Senior Secured Notes                | 11.750% | 1/15/19          | 1,868,000      | 1,391,660       |
| Verso Paper Holdings LLC/Verso Paper Inc., Senior Subordinated Notes           | 11.375% | 8/1/16           | 2,280,000      | 1,265,400       |
| <i>Total Paper &amp; Forest Products</i>                                       |         |                  |                | 7,434,160       |
| <b>TOTAL MATERIALS</b>   |         |                  |                |                 |
|  |         |                  |                | 55,202,240      |
| <b>TELECOMMUNICATION SERVICES 9.2%</b>   |         |                  |                |                 |
| <b>Diversified Telecommunication Services 6.4%</b>                             |         |                  |                |                 |
| Cogent Communications Group Inc., Senior Secured Notes                         | 8.375%  | 2/15/18          | 5,000,000      | 5,600,000(a)    |
| Intelsat Jackson Holdings SA, Senior Notes                                     | 5.500%  | 8/1/23           | 2,860,000      | 2,809,950(a)    |
| Intelsat Luxembourg SA, Senior Notes   | 11.250% | 2/4/17           | 1,801,000      | 1,907,709       |
| Intelsat Luxembourg SA, Senior Notes   | 8.125%  | 6/1/23           | 2,930,000      | 3,146,088(a)    |
| Koninklijke KPN NV, Senior Subordinated Notes                                  | 7.000%  | 3/28/73          | 230,000        | 229,379(a)(f)   |
| Level 3 Financing Inc., Senior Notes   | 8.625%  | 7/15/20          | 920,000        | 1,015,450       |
| TW Telecom Holdings Inc., Senior Notes   | 5.375%  | 10/1/22          | 1,630,000      | 1,695,200       |
| Unitymedia KabelBW GmbH, Senior Secured Notes                                  | 9.500%  | 3/15/21          | 1,600,000EUR   | 2,406,200(a)    |
| Unitymedia KabelBW GmbH, Senior Secured Notes                                  | 9.500%  | 3/15/21          | 440,000EUR     | 661,705(a)      |
| Wind Acquisition Finance SA, Senior Secured Notes                              | 11.750% | 7/15/17          | 1,000,000EUR   | 1,374,485(a)    |
| Wind Acquisition Holdings Finance SpA, Senior Notes                            | 12.250% | 7/15/17          | 5,384,537      | 5,700,879(a)(b) |
| Windstream Corp., Senior Notes   | 6.375%  | 8/1/23           | 2,000,000      | 1,985,000       |
| <i>Total Diversified Telecommunication Services</i>                            |         |                  |                | 28,532,045      |
| <b>Wireless Telecommunication Services 2.8%</b>                                |         |                  |                |                 |
| Matterhorn Midco & Cy SCA, Senior Notes  | 7.750%  | 2/15/20          | 760,000EUR     | 1,007,566(a)    |
| Phones4u Finance PLC, Senior Secured Notes                                     | 9.500%  | 4/1/18           | 730,000GBP     | 1,157,742(a)    |
| Sprint Capital Corp., Senior Notes   | 6.875%  | 11/15/28         | 5,210,000      | 5,236,050       |
| Sprint Capital Corp., Senior Notes   | 8.750%  | 3/15/32          | 2,120,000      | 2,480,400       |
| Sprint Nextel Corp., Senior Notes  | 9.000%  | 11/15/18         | 2,220,000      | 2,697,300(a)    |
| <i>Total Wireless Telecommunication Services</i>                               |         |                  |                | 12,579,058      |

Edgar Filing: Western Asset High Yield Defined Opportunity Fund Inc. - Form N-Q

|   |        |          |           |                  |
|---|--------|----------|-----------|------------------|
| TOTAL TELECOMMUNICATION SERVICES                  |        |          |           | 41,111,103       |
| UTILITIES 4.8%                                    |        |          |           |                  |
| <b>Electric Utilities 1.4%</b>                    |        |          |           |                  |
| GenOn REMA LLC, Pass-Through Certificates         | 9.681% | 7/2/26   | 2,340,000 | 2,550,600        |
| Midwest Generation LLC, Pass-Through Certificates | 8.560% | 1/2/16   | 1,026,812 | 998,575(e)       |
| Northeast Generation Co., Senior Secured Notes    | 8.812% | 10/15/26 | 2,566,406 | 2,758,974        |
| <i>Total Electric Utilities</i>                   |        |          |           | <i>6,308,149</i> |

*See Notes to Schedule of Investments.*

## WESTERN ASSET HIGH YIELD DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

May 31, 2013

| SECURITY   | RATE    | MATURITY DATE | FACE AMOUNT | VALUE                    |
|--|---------|---------------|-------------|--------------------------|
| <b>Independent Power Producers &amp; Energy Traders 3.4%</b>                       |         |               |             |                          |
| Atlantic Power Corp., Senior Notes   | 9.000%  | 11/15/18      | 960,000     | \$1,008,000<br>(c)(d)(e) |
| Dynegy Inc., Bonds   | 7.670%  | 11/8/16       | 1,180,000   | 20,650                   |
| Energy Future Intermediate Holding Co. LLC/EFIH                                    |         |               |             |                          |
| Finance Inc., Secured Notes  | 12.250% | 3/1/22        | 2,570,000   | 2,939,437(a)             |
| Energy Future Intermediate Holding Co. LLC/EFIH Finance Inc., Senior Secured Notes | 6.875%  | 8/15/17       | 780,000     | 830,700(a)               |
| Energy Future Intermediate Holding Co. LLC/EFIH Finance Inc., Senior Secured Notes | 10.000% | 12/1/20       | 950,000     | 1,086,563                |
| First Wind Holdings Inc., Senior Secured Notes                                     | 10.250% | 6/1/18        | 1,380,000   | 1,480,050(a)             |
| Foresight Energy LLC/Foresight Energy Corp., Senior Notes                          | 9.625%  | 8/15/17       | 2,635,000   | 2,872,150(a)             |
| Mirant Americas Generation LLC, Senior Notes                                       | 9.125%  | 5/1/31        | 2,840,000   | 3,223,400                |
| Mirant Mid Atlantic LLC, Pass-Through Certificates                                 | 10.060% | 12/30/28      | 1,461,442   | 1,652,342                |
| <i>Total Independent Power Producers &amp; Energy Traders</i>                      |         |               |             | 15,113,292               |
| TOTAL UTILITIES  |         |               |             | 21,421,441               |
| TOTAL CORPORATE BONDS & NOTES (Cost \$376,957,049)                                 |         |               |             | 395,356,786              |
| COLLATERALIZED SENIOR LOANS  |         |               |             |                          |
| 3.0%   |         |               |             |                          |
| CONSUMER DISCRETIONARY 0.9%  |         |               |             |                          |
| <b>Hotels, Restaurants &amp; Leisure 0.8%</b>                                      |         |               |             |                          |
| Equinox Holdings Inc., Second Lien Term Loan                                       | 9.750%  | 5/16/20       | 1,050,000   | 1,081,500(h)             |
| Stockbridge/SBE Holdings LLC, Term Loan B  | 13.000% | 5/2/17        | 2,150,000   | 2,289,750(h)             |
| <i>Total Hotels, Restaurants &amp; Leisure</i>                                     |         |               |             | 3,371,250                |
| <b>Specialty Retail 0.1%</b>   |         |               |             |                          |
| Gymboree Corp., Initial Term Loan  | 5.000%  | 2/23/18       | 510,000     | 502,527(h)               |
| TOTAL CONSUMER DISCRETIONARY   |         |               |             | 3,873,777                |
| CONSUMER STAPLES 0.5%  |         |               |             |                          |
| <b>Food Products 0.5%</b>  |         |               |             |                          |
| AdvancePierre Foods Inc., Second Lien Term Loan                                    | 9.500%  | 10/10/17      | 450,000     | 463,500(h)               |
| H.J. Heinz Co., Bridge Loan  |         | 11/13/13      | 1,970,000   | 1,970,000(c)(d)(i)       |
| TOTAL CONSUMER STAPLES   |         |               |             | 2,433,500                |
| ENERGY 0.6%  |         |               |             |                          |
| <b>Energy Equipment &amp; Services 0.0%</b>  |         |               |             |                          |

Edgar Filing: Western Asset High Yield Defined Opportunity Fund Inc. - Form N-Q

|  |         |          |           |                    |
|--|---------|----------|-----------|--------------------|
| Frac Tech International LLC, Term Loan B                     | 8.500%  | 5/6/16   | 100,000   | 98,844(h)          |
| <b>Oil, Gas &amp; Consumable Fuels 0.6%</b>                  |         |          |           |                    |
| Chesapeake Energy Corp., New Term Loan                       | 5.750%  | 12/1/17  | 800,000   | 823,214(h)         |
| Sanchez Energy Corp., Bridge Loan                            |         | 7/1/13   | 1,710,000 | 1,710,000(c)(d)(i) |
| <i>Total Oil, Gas &amp; Consumable Fuels</i>                 |         |          |           | 2,533,214          |
| <b>TOTAL ENERGY</b>  |         |          |           | 2,632,058          |
| <b>INDUSTRIALS 0.8%</b>                                      |         |          |           |                    |
| <b>Machinery 0.8%</b>  |         |          |           |                    |
| Gardner Denver Inc., Bridge Loan                             |         | 5/6/16   | 1,990,000 | 1,990,000(c)(d)(i) |
| Intelligrated Inc., Second Lien Term Loan                    | 10.500% | 12/31/19 | 1,740,000 | 1,788,395(h)       |
| <b>TOTAL INDUSTRIALS</b>                                     |         |          |           | 3,778,395          |
| <b>MATERIALS 0.2%</b>  |         |          |           |                    |
| <b>Chemicals 0.2%</b>  |         |          |           |                    |
| Kronos Inc., Second Lien Term Loan                           | 9.750%  | 4/30/20  | 800,000   | 841,500(h)         |
| <b>TOTAL COLLATERALIZED SENIOR LOANS (Cost \$13,069,740)</b> |         |          |           | 13,559,230         |
| <b>SOVEREIGN BONDS 2.4%</b>                                  |         |          |           |                    |
| <b>Venezuela 2.4%</b>  |         |          |           |                    |
| Bolivarian Republic of Venezuela, Senior Bonds               | 5.750%  | 2/26/16  | 5,970,000 | 5,581,950(a)       |
| Bolivarian Republic of Venezuela, Senior Bonds               | 9.250%  | 9/15/27  | 5,820,000 | 5,325,300          |
| <b>TOTAL SOVEREIGN BONDS (Cost \$9,326,184)</b>              |         |          |           | 10,907,250         |

*See Notes to Schedule of Investments.*

## WESTERN ASSET HIGH YIELD DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

May 31, 2013

| SECURITY  | SHARES          | VALUE                     |
|---|-----------------|---------------------------|
| COMMON STOCKS 2.1%                                    |                 |                           |
| CONSUMER DISCRETIONARY                                |                 |                           |
| 0.1%  |                 |                           |
| <b>Hotels, Restaurants &amp; Leisure 0.1%</b>         |                 |                           |
| Bossier Casino Venture Holdco Inc.                    | 68,957          | \$ 137,914*(c)(d)         |
| <b>Household Durables 0.0%</b>                        |                 |                           |
| William Lyon Homes, Class A Shares                    | 2,734           | 71,221*                   |
| TOTAL CONSUMER DISCRETIONARY                          |                 | 209,135                   |
| FINANCIALS 1.8%                                       |                 |                           |
| <b>Diversified Financial Services 1.4%</b>            |                 |                           |
| Citigroup Inc.  | 119,668         | 6,221,539                 |
| <b>Real Estate Management &amp; Development 0.4%</b>  |                 |                           |
| Realogy Holdings Corp.                                | 24,390          | 1,259,517*(c)(d)          |
| Realogy Holdings Corp.                                | 12,040          | 621,745*                  |
| <i>Total Real Estate Management &amp; Development</i> |                 | <i>1,881,262</i>          |
| TOTAL FINANCIALS                                      |                 | 8,102,801                 |
| INDUSTRIALS 0.2%                                      |                 |                           |
| <b>Marine 0.2%</b>                                    |                 |                           |
| Horizon Lines Inc., Class A Shares                    | 633,775         | 918,974*                  |
| TOTAL COMMON STOCKS (Cost \$8,313,043)                |                 | 9,230,910                 |
|   | RATE            |                           |
| CONVERTIBLE PREFERRED STOCKS 0.0%                     |                 |                           |
| MATERIALS 0.0%  |                 |                           |
| <b>Metals &amp; Mining 0.0%</b>                       |                 |                           |
| ArcelorMittal (Cost - \$217,500)                      | 6.000%          | 8,700 183,483             |
| PREFERRED STOCKS 2.3%                                 |                 |                           |
| ENERGY 0.3%   |                 |                           |
| <b>Oil, Gas &amp; Consumable Fuels 0.3%</b>           |                 |                           |
| Sanchez Energy Corp., Series B                        | 6.500%          | 19,250 1,152,594(a)       |
| FINANCIALS 1.9%                                       |                 |                           |
| <b>Consumer Finance 1.9%</b>                          |                 |                           |
| GMAC Capital Trust I                                  | 8.125%          | 319,200 8,497,104(f)      |
| INDUSTRIALS 0.1%                                      |                 |                           |
| <b>Road &amp; Rail 0.1%</b>                           |                 |                           |
| Jack Cooper Holdings Corp.                            | 20.000%         | 3,773 394,278(a)(c)(d)(f) |
| TOTAL PREFERRED STOCKS (Cost \$9,108,667)             |                 | 10,043,976                |
|   | EXPIRATION DATE | WARRANTS                  |
| WARRANTS 0.1%   |                 |                           |
| Jack Cooper Holdings Corp.                            | 12/15/17        | 1,686 181,245*            |
| Jack Cooper Holdings Corp.                            | 5/6/18          | 846 90,945*               |

Edgar Filing: Western Asset High Yield Defined Opportunity Fund Inc. - Form N-Q

|   |                |
|---|----------------|
| TOTAL WARRANTS (Cost \$46,253)                | 272,190        |
| TOTAL INVESTMENTS 98.5% (Cost \$417,038,436#) | 439,553,825    |
| Other Assets in Excess of Liabilities         |                |
| 1.5%  | 6,486,678      |
| TOTAL NET ASSETS 100.0%                       | \$ 446,040,503 |

Face amount denominated in U.S. dollars, unless otherwise noted.

- \* 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.

*See Notes to Schedule of Investments.*



**WESTERN ASSET HIGH YIELD DEFINED OPPORTUNITY FUND INC.**

Schedule of investments (unaudited) (cont d)

May 31, 2013

- (b) Payment-in-kind security for which all or part of the income earned may be paid as additional principal.
  - (c) Illiquid security.
  - (d) Security is valued in good faith in accordance with procedures approved by the Board of Directors (See Note 1).
  - (e) The coupon payment on these securities is currently in default as of May 31, 2013.
  - (f) Variable rate security. Interest rate disclosed is as of the most recent information available.
  - (g) Security has no maturity date. The date shown represents the next call date.
  - (h) Interest rates disclosed represent the effective rates on collateralized senior loans. Ranges in interest rates are attributable to multiple contracts under the same loan.
  - (i) All or a portion of this loan is unfunded as of May 31, 2013. The interest rate for fully unfunded term loans is to be determined.
- # Aggregate cost for federal income tax purposes is substantially the same.

Abbreviations used in this schedule:

|     |                 |
|-----|-----------------|
| EUR | - Euro          |
| GBP | - British Pound |

*See Notes to Schedule of Investments.*

**Notes to schedule of investments (unaudited)**

**1. Organization and significant accounting policies**

Western Asset High Yield Defined Opportunity Fund Inc. (the Fund) was incorporated in Maryland on July 20, 2010 and is registered as a non-diversified, limited-term, 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 provide high income. As a secondary investment objective, the Fund will seek capital appreciation. The Fund seeks to achieve its investment objectives by investing, under normal market conditions, at least 80% of its net assets in a portfolio of high-yield corporate fixed income securities with varying maturities. The Fund intends to terminate on or about September 30, 2025 and distribute substantially all of its net assets to stockholders, after making appropriate provisions for any liabilities of the Fund.

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.** The valuations for fixed income securities (which may include, but are not limited to, corporate, government, municipal, mortgage-backed, collateralized mortgage obligations and asset-backed securities) and certain derivative instruments are typically the prices supplied by independent third party pricing services, which may use market prices or broker/dealer quotations or a variety of valuation techniques and methodologies. The independent third party pricing services use inputs that are observable such as issuer details, interest rates, yield curves, prepayment speeds, credit risks/spreads, default rates and quoted prices for similar securities. Short-term fixed income securities that will mature in 60 days or less are valued at amortized cost, unless it is determined that using this method would not reflect an investment's fair value. Equity securities for which market quotations are available are valued at the last reported sales price or official closing price on the primary market or exchange on which they trade. When the Fund holds securities or other assets that are denominated in a foreign currency, the Fund will normally use the currency exchange rates as of 4:00 p.m. (Eastern Time). If independent third party pricing services are unable to supply prices for a portfolio investment, or if the prices supplied are deemed by the manager to be unreliable, the market price may be determined by the manager using quotations from one or more broker/dealers or at the transaction price if the security has recently been purchased and no value has yet been obtained from a pricing service or pricing broker. When reliable prices are not readily available, 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 values these securities as determined in accordance with procedures approved by the Fund's Board of Directors.

The Board of Directors is responsible for the valuation process and has delegated the supervision of the daily valuation process to the Legg Mason North American Fund Valuation Committee (the Valuation Committee). The Valuation Committee, pursuant to the policies adopted by the Board of Directors, is responsible for making fair value determinations, evaluating the effectiveness of the Fund's pricing policies, and reporting to the Board of Directors. When determining the reliability of third party pricing information for investments owned by the Fund, the Valuation Committee, among other things, conducts due diligence reviews of pricing vendors, monitors the daily change in prices and reviews transactions among market participants.

The Valuation Committee will consider pricing methodologies it deems relevant and appropriate when making fair value determinations. Examples of possible methodologies include, but are not limited to, multiple of earnings; discount from market of a similar freely traded security; discounted cash-flow analysis; book value or a multiple thereof; risk premium/yield analysis; yield to maturity; and/or fundamental investment analysis. The Valuation Committee will also consider factors it deems relevant and appropriate in light of the facts and circumstances. Examples of possible factors include, but are not limited to, the type of security; the issuer's financial statements; the purchase price of the security; the discount from market value of unrestricted securities of the same class at the time of purchase; analysts' research and observations from financial institutions; information regarding any transactions or offers with respect to the security; the existence of merger

Edgar Filing: Western Asset High Yield Defined Opportunity Fund Inc. - Form N-Q

proposals or tender offers affecting the security; the price and extent of public trading in similar securities of the issuer or comparable companies; and the existence of a shelf registration for restricted securities.

**Notes to schedule of investments (unaudited) (continued)**

For each portfolio security that has been fair valued pursuant to the policies adopted by the Board of Directors, the fair value price is compared against the last available and next available market quotations. The Valuation Committee reviews the results of such back testing monthly and fair valuation occurrences are reported to the Board of Directors quarterly.

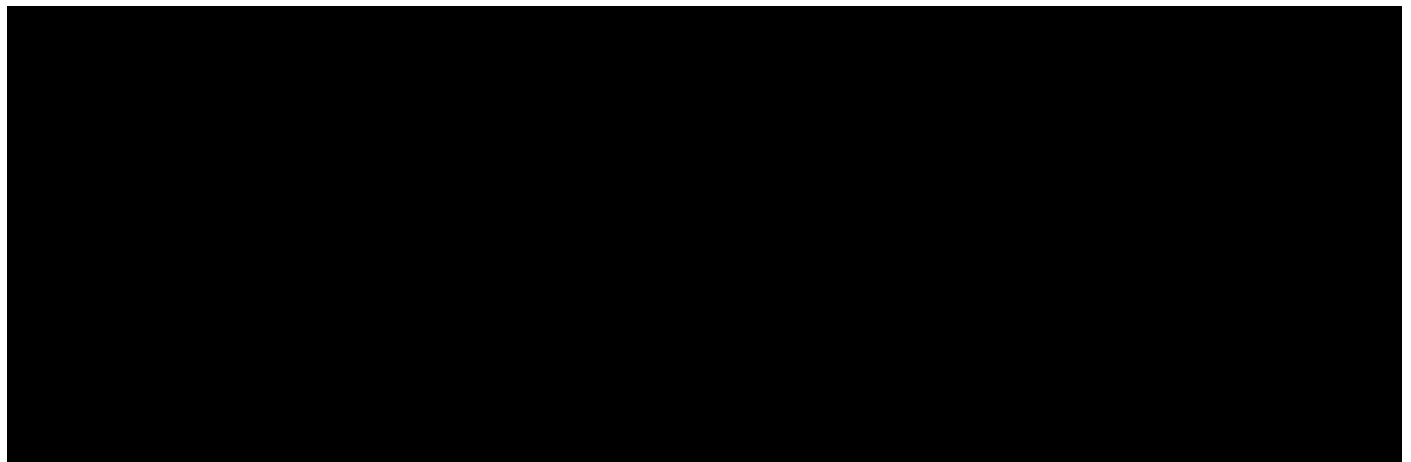
The Fund uses valuation techniques to measure fair value that are consistent with the market approach and/or income approach, depending on the type of security and the particular circumstance. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable securities. The income approach uses valuation techniques to discount estimated future cash flows to present value.

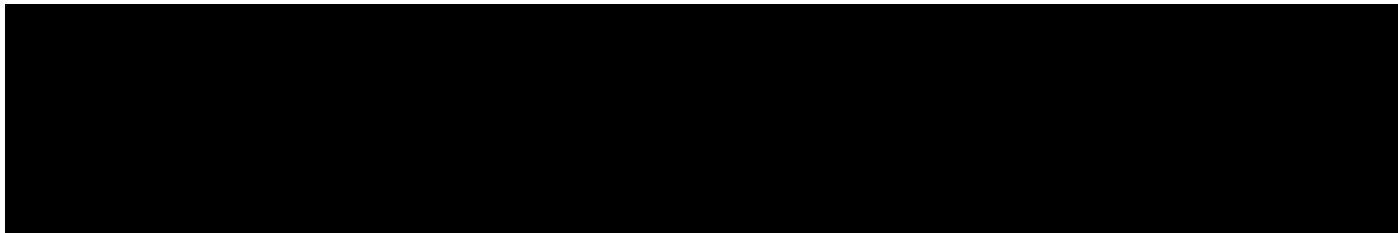
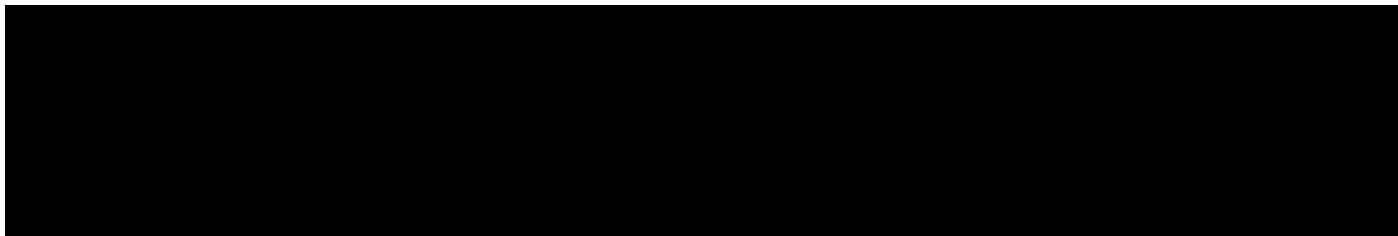
GAAP establishes a disclosure hierarchy that categorizes the inputs to valuation techniques used to value assets and liabilities at measurement date. These inputs are summarized in the three broad levels listed below:

- Level 1 quoted prices in active markets for identical investments
- Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used in valuing the Fund's assets and liabilities carried at fair value:





See Schedule of Investments for additional detailed categorizations.

Values include any premiums paid or received with respect to swap contracts.

**Notes to schedule of investments (unaudited) (continued)**

**(b) Repurchase agreements.** The Fund may enter into repurchase agreements with institutions that its investment adviser has determined are creditworthy. Each repurchase agreement is recorded at cost. Under the terms of a typical repurchase agreement, the Fund acquires a debt security subject to an obligation of the seller to repurchase, and of the Fund to resell, the security at an agreed-upon price and time, thereby determining the yield during the Fund's holding period. When entering into repurchase agreements, it is the Fund's policy that its custodian or a third party custodian, acting on the Fund's behalf, 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 maturity exceeds one business day, the value of the collateral is marked-to-market and measured against the value of the agreement in an effort to ensure the adequacy of the collateral. If the counterparty defaults, the Fund generally has the right to use the collateral to satisfy the terms of the repurchase transaction. However, if the market value of the collateral declines during the period in which the Fund seeks to assert its rights 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) Written options.** When the Fund writes an option, an amount equal to the premium received by the Fund is recorded as a liability, the value of which is marked-to-market daily to reflect the current market value of the option written. If the option expires, the premium received is recorded as a realized gain. When a written call option is exercised, the difference between the premium received plus the option exercise price and the Fund's basis in the underlying security (in the case of a covered written call option), or the cost to purchase the underlying security (in the case of an uncovered written call option), including brokerage commission, is recognized as a realized gain or loss. When a written put option is exercised, the amount of the premium received is subtracted from the cost of the security purchased by the Fund from the exercise of the written put option to form the Fund's basis in the underlying security purchased. The writer or buyer of an option traded on an exchange can liquidate the position before the exercise of the option by entering into a closing transaction. The cost of a closing transaction is deducted from the original premium received resulting in a realized gain or loss to the Fund.

The risk in writing a covered call option is that the Fund may forego the opportunity of profit if the market price of the underlying security increases and the option is exercised. The risk in writing a put option is that the Fund may incur a loss if the market price of the underlying security decreases and the option is exercised. The risk in writing an uncovered call option is that the Fund is exposed to the risk of loss if the market price of the underlying security increases. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market.

**(d) Swaptions.** The Fund purchases and writes swaption contracts to manage exposure to an underlying instrument. The Fund may also purchase or write options to manage exposure to fluctuations in interest rates or to enhance yield. Swaption contracts written by the Fund represent an option that gives the purchaser the right, but not the obligation, to enter into a previously agreed upon swap contract at a future date. Swaption contracts purchased by the Fund represent an option that gives the Fund the right, but not the obligation, to enter into a previously agreed upon swap contract at a future date.

When the Fund writes a swaption, an amount equal to the premium received by the Fund is recorded as a liability, the value of which is marked-to-market daily to reflect the current market value of the swaption written. If the swaption expires, the Fund realizes a gain equal to the amount of the premium received.

When the Fund purchases a swaption, an amount equal to the premium paid by the Fund is recorded as an investment, the value of which is marked-to-market daily to reflect the current market value of the swaption purchased. If the swaption expires, the Fund realizes a loss equal to the amount of the premium paid.

Swaptions are marked-to-market daily based upon quotations from market makers.

**(e) Swap agreements.** The Fund invests in swaps for the purpose of managing its exposure to interest rate, credit or market risk, or for other purposes, including to increase the Fund's return. The use of swaps involves risks that are different from those associated with other portfolio transactions.

Swap contracts are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation). Gains or losses are realized upon termination of the swap agreement. Collateral, in the form of restricted cash or securities, may be

**Notes to schedule of investments (unaudited) (continued)**

required to be held in segregated accounts with the Fund's custodian in compliance with the terms of the swap contracts. Securities posted as collateral for swap contracts are identified in the Schedule of Investments.

The Fund's maximum exposure in the event of a defined credit event on a credit default swap to sell protection is the notional amount. As of May 31, 2013, the Fund did not hold any credit default swaps to sell protection.

For average notional amounts of swaps held during the period ended May 31, 2013, see Note 3.

**Credit default swaps**

The Fund enters into credit default swap (CDS) contracts for investment purposes, to manage its credit risk or to add leverage. CDS agreements involve one party making a stream of payments to another party in exchange for the right to receive a specified return in the event of a default by a third party, typically corporate or sovereign issuers, on a specified obligation, or in the event of a write-down, principal shortfall, interest shortfall or default of all or part of the referenced entities comprising a credit index. The Fund may use a CDS to provide protection against defaults of the issuers (i.e., to reduce risk where the Fund has exposure to an issuer) or to take an active long or short position with respect to the likelihood of a particular issuer's default. As a seller of protection, the Fund generally receives an upfront payment or a stream of payments throughout the term of the swap provided that there is no credit event. If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the maximum potential amount of future payments (undiscounted) that the Fund could be required to make under a credit default swap agreement would be an amount equal to the notional amount of the agreement. These amounts of potential payments will be partially offset by any recovery of values from the respective referenced obligations. As a seller of protection, the Fund effectively adds leverage to its portfolio because, in addition to its total net assets, the Fund is subject to investment exposure on the notional amount of the swap. As a buyer of protection, the Fund generally receives an amount up to the notional value of the swap if a credit event occurs.

Implied spreads are the theoretical prices a lender receives for credit default protection. When spreads rise, market perceived credit risk rises and when spreads fall, market perceived credit risk falls. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to enter into the agreement. Wider credit spreads and decreasing market values, when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement. Credit spreads utilized in determining the period end market value of credit default swap agreements on corporate or sovereign issues are disclosed in the Notes to the Schedule of Investments and serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for credit derivatives. For credit default swap agreements on asset-backed securities and credit indices, the quoted market prices and resulting values, particularly in relation to the notional amount of the contract as well as the annual payment rate, serve as an indication of the current status of the payment/performance risk.

The Fund's maximum risk of loss from counterparty risk, as the protection buyer, is the fair value of the contract (this risk is mitigated by the posting of collateral by the counterparty to the Fund to cover the Fund's exposure to the counterparty). As the protection seller, the Fund's maximum risk is the notional amount of the contract. Credit default swaps are considered to have credit risk-related contingent features since they require payment by the protection seller to the protection buyer upon the occurrence of a defined credit event.



Entering into a CDS agreement involves, to varying degrees, elements of credit, market and documentation risk. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreement may default on its obligation to perform or disagree as to the meaning of the contractual terms in the agreement, and that there will be unfavorable changes in net interest rates.

**(f) Forward foreign currency contracts.** The Fund enters into a forward foreign currency contract to hedge against foreign currency exchange rate risk on its non-U.S. dollar denominated securities or to facilitate settlement of a foreign currency denominated portfolio transaction. A forward foreign currency contract is an agreement between two parties to buy and sell a currency at a set price with delivery and settlement at a future date. The contract is marked-to-market daily and the change in value is recorded by the Fund as an unrealized gain or loss. When a forward foreign currency contract is closed, through either delivery or offset by entering into another

**Notes to schedule of investments (unaudited) (continued)**

forward foreign currency contract, the Fund recognizes a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value of the contract at the time it is closed.

When entering into a forward foreign currency contract, the Fund bears the risk of an unfavorable change in the foreign exchange rate underlying the forward foreign currency contract. Risks may also arise upon entering into these contracts from the potential inability of the counterparties to meet the terms of their contracts.

**(g) Foreign currency translation.** Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts based upon prevailing exchange rates on the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts based upon prevailing exchange rates on the respective dates of such transactions.

Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of U.S. dollar denominated transactions as a result of, among other factors, the possibility of lower levels of governmental supervision and regulation of foreign securities markets and the possibility of political or economic instability.

**(h) Loan participations.** The Fund may invest in loans arranged through private negotiation between one or more financial institutions. The Fund's investment in any such loan may be in the form of a participation in or an assignment of the loan. In connection with purchasing participations, the Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement related to the loan, or any rights of off-set against the borrower and the Fund may not benefit directly from any collateral supporting the loan in which it has purchased the participation.

The Fund assumes the credit risk of the borrower, the lender that is selling the participation and any other persons interpositioned between the Fund and the borrower. In the event of the insolvency of the lender selling the participation, the Fund may be treated as a general creditor of the lender and may not benefit from any off-set between the lender and the borrower.

**(i) Unfunded loan commitments.** The Fund may enter into certain credit agreements all or a portion of which may be unfunded. The Fund is obligated to fund these commitments at the borrower's discretion. The commitments are disclosed in the accompanying Schedule of Investments. At May 31, 2013, the Fund had sufficient cash and/or securities to cover these commitments.

**(j) Credit and market risk.** The Fund invests in high-yield and emerging market instruments that are subject to certain credit and market risks. The yields of high-yield and emerging market debt obligations reflect, among other things, perceived credit and market risks. The Fund's investments in securities rated below investment grade typically involve 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. The consequences of political, social, economic or diplomatic changes may have disruptive effects on the market prices of investments held by the Fund. The Fund's investments in non-U.S. dollar denominated securities may also result in foreign currency losses

caused by devaluations and exchange rate fluctuations.

**(k) Foreign investment risks.** The Fund's investments in foreign securities may involve risks not present in domestic investments. Since securities may be denominated in foreign currencies, may require settlement in foreign currencies or pay interest or dividends in foreign currencies, changes in the relationship of these foreign currencies to the U.S. dollar can significantly affect the value of the investments and earnings of the Fund. Foreign investments may also subject the Fund to foreign government exchange restrictions, expropriation, taxation or other political, social or economic developments, all of which affect the market and/or credit risk of the investments.

**(l) Counterparty risk and credit-risk-related contingent features of derivative instruments.** The Fund may invest in certain securities or engage in other transactions, where the Fund is exposed to counterparty credit risk in addition to broader market risks. The Fund may invest in securities of issuers, which may also be considered counterparties as trading partners in other transactions. This may increase the risk of loss in the event of default or bankruptcy by the counterparty or if the counterparty otherwise fails to meet its contractual obligations. The Fund's investment manager attempts to mitigate counterparty risk by (i) periodically assessing the creditworthiness of its trading partners, (ii) monitoring and/or limiting the amount of its net exposure to each individual counterparty based on its assessment and (iii) requiring collateral from the counterparty for certain transactions. Market events and

**Notes to schedule of investments (unaudited) (continued)**

changes in overall economic conditions may impact the assessment of such counterparty risk by the investment manager. In addition, declines in the values of underlying collateral received may expose the Fund to increased risk of loss.

The Fund has entered into master agreements with certain of its derivative counterparties that provide for general obligations, representations, agreements, collateral, events of default or termination and credit related contingent features. The credit related contingent features include, but are not limited to, a percentage decrease in the Fund's net assets or NAV over a specified period of time. If these credit related contingent features were triggered, the derivatives counterparty could terminate the positions and demand payment or require additional collateral.

As of May 31, 2013, the Fund held credit default swaps with credit related contingent features which had a liability position of \$694,716. If a contingent feature in the master agreements would have been triggered, the Fund would have been required to pay this amount to its derivatives counterparties. As of May 31, 2013, the Fund had posted with its counterparties cash and/or securities as collateral to cover the net liability of these derivatives amounting to \$1,000,000, which could be used to reduce the required payment.

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

**2. Investments**

At May 31, 2013, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows:

|                               |    |             |
|-------------------------------|----|-------------|
| Gross unrealized appreciation | \$ | 32,362,358  |
| Gross unrealized depreciation |    | (9,846,969) |
| Net unrealized appreciation   | \$ | 22,515,389  |

During the period ended May 31, 2013, written option transactions for the Fund were as follows:

|  | <b>Notional Amount</b> | <b>Premiums</b> |
|--|------------------------|-----------------|
| Written options, outstanding as of August 31, 2012 | \$ 49,401,000          | \$ 259,241      |
| Options written                                    | 31,160,000             | 208,772         |
| Options closed                                     |                        |                 |
| Options exercised                                  | (28,710,000)           | (168,201)       |
| Options expired                                    | (51,851,000)           | (299,812)       |
| Written options, outstanding as of May 31, 2013    |                        |                 |

At May 31, 2013, the Fund had the following open forward foreign currency contracts:

Edgar Filing: Western Asset High Yield Defined Opportunity Fund Inc. - Form N-Q

| FOREIGN CURRENCY          | COUNTERPARTY         | LOCAL CURRENCY | MARKET VALUE | SETTLEMENT DATE | UNREALIZED GAIN |
|---------------------------|----------------------|----------------|--------------|-----------------|-----------------|
| <b>Contracts to Buy:</b>  |                      |                |              |                 |                 |
| Euro                      | UBS AG               | 1,400,000      | \$ 1,820,427 | 8/16/13         | \$ 17,871       |
| <b>Contracts to Sell:</b> |                      |                |              |                 |                 |
| British Pound             | Citibank, N.A.       | 389,056        | 590,847      | 8/16/13         | 12,005          |
| British Pound             | Credit Suisse        | 2,669,820      | 4,054,575    | 8/16/13         | 89,399          |
| British Pound             | UBS AG               | 1,383,773      | 2,101,495    | 8/16/13         | 37,722          |
| Euro                      | Citibank, N.A.       | 6,808,466      | 8,853,082    | 8/16/13         | 87,932          |
| Euro                      | Credit Suisse        | 10,023,025     | 13,032,988   | 8/16/13         | 119,486         |
| Euro                      | JPMorgan Chase & Co. | 8,074,709      | 10,499,584   | 8/16/13         | 89,832          |

## Notes to schedule of investments (unaudited) (continued)

|  |  |        |  |            |            |         |  |            |
|--|--|--------|--|------------|------------|---------|--|------------|
| Euro   |  | UBS AG |  | 15,399,636 | 20,024,222 | 8/16/13 |  | 128,512    |
|  |  |        |  |            |            |         |  | 564,888    |
| Net unrealized gain on open forward foreign currency contracts |  |        |  |            |            |         |  | \$ 582,759 |

At May 31, 2013, the Fund had the following open swap contracts:

CREDIT DEFAULT SWAPS ON CREDIT INDICES - BUY PROTECTION<sup>1</sup>

| SWAP COUNTERPARTY<br>(REFERENCE ENTITY)                | NOTIONAL<br>AMOUNT <sup>2</sup> | TERMINATION<br>DATE | PERIODIC<br>PAYMENTS<br>MADE BY<br>THE FUND | MARKET<br>VALUE <sup>3</sup> | UPFRONT<br>PREMIUMS<br>PAID<br>(RECEIVED) | UNREALIZED<br>DEPRECIATION |
|--|---------------------------------|---------------------|---|------------------------------|---|----------------------------|
| Barclays Capital Inc. (Markit<br>CDX .NA. HY.18 Index) | 9,929,700                       | 6/20/17             | 5.000%<br>quarterly                         | \$ (694,716)                 | \$ 40,528                                 | \$ (735,244)               |

(1) If the Fund is a buyer of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) receive from the seller of protection an amount equal to the notional amount of the swap and deliver the referenced obligation or the underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or the underlying securities comprising the referenced index.

(2) The maximum potential amount the Fund could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.

(3) The quoted market prices and resulting values for credit default swap agreements on asset-backed securities and credit indices serve as an indicator of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative should the notional amount of the swap agreement been closed/sold as of the period end. Decreasing market values (sell protection) or increasing market values (buy protection) when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

Percentage shown is an annual percentage rate.

### 3. Derivative instruments and hedging activities

GAAP requires enhanced disclosure about an entity's derivative and hedging activities.

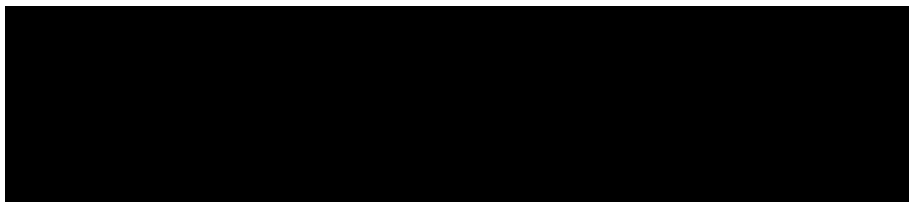
The following is a summary of the Fund's derivative instruments categorized by risk exposure at May 31, 2013.

**Forward Foreign Currency  
Contracts**

| <b>Primary Underlying Risk</b> |           |                                | <b>Swap<br/>Contracts,<br/>at Value</b> |                  |           | <b>Total</b>     |
|--------------------------------|-----------|--------------------------------|---|------------------|-----------|------------------|
|                                | <b>\$</b> | <b>Unrealized Appreciation</b> |   | <b>\$</b>        |           | <b>\$</b>        |
| Foreign Exchange Risk          | \$        | 582,759                        |   | \$               |           | <b>582,759</b>   |
| Credit Risk                    |           |                                | \$                                      | (694,716)        |           | <b>(694,716)</b> |
| <b>Total</b>                   | <b>\$</b> | <b>582,759</b>                 | <b>\$</b>                               | <b>(694,716)</b> | <b>\$</b> | <b>(111,957)</b> |

**Notes to schedule of investments (unaudited) (continued)**

During the period ended May 31, 2013, the volume of derivative activity for the Fund was as follows:



|   | <b>Average notional<br/>balance</b> |            |
|---|-------------------------------------|------------|
| Credit default swap contracts (to buy protection) | \$                                  | 16,684,470 |

At May 31, 2013, there were no open positions held in this derivative.



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.

---

**SIGNATURES**

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 Yield Defined Opportunity Fund Inc.**

By /s/Kenneth D. Fuller  
Kenneth D. Fuller  
Chief Executive Officer

Date: July 25, 2013

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/ Kenneth D. Fuller  
Kenneth D. Fuller  
Chief Executive Officer

Date: July 25, 2013

By /s/ Richard F. Sennett  
Richard F. Sennett  
Principal Financial Officer

Date: July 25, 2013

---