

Western Asset High Yield Defined Opportunity Fund Inc.
Form N-Q
July 25, 2011

**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, New York, NY
(Address of principal executive offices)

10018
(Zip code)

Robert I. Frenkel, Esq.
Legg Mason & Co., LLC
100 First Stamford Place
Stamford, CT 06902
(Name and address of agent for service)

Registrant's telephone number, including area code:

(888)777-0102

Date of fiscal year end: August 31

Date of reporting period: May 31, 2011

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

FORM N-Q

MAY 31, 2011

ITEM 1. SCHEDULE OF INVESTMENTS.

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Schedule of investments (unaudited)

May 31, 2011

WESTERN ASSET HIGH YIELD DEFINED OPPORTUNITY FUND INC.

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|-------------|---------------|-----------------|-----------------|
| CORPORATE BONDS & NOTES | 87.7% | | | |
| CONSUMER DISCRETIONARY | 21.3% | | | |
| Auto Components | 0.5% | | | |
| Europcar Groupe SA, Senior Notes | 9.375% | 4/15/18 | 1,540,000EUR \$ | 2,299,321(a) |
| Diversified Consumer Services | 1.1% | | | |
| Odeon & UCI Finco PLC, Senior Secured Notes | 9.000% | 8/1/18 | 1,390,000GBP | 2,298,535(a) |
| Service Corp. International, Senior Notes | 7.500% | 4/1/27 | 1,300,000 | 1,267,500 |
| Sotheby's, Senior Notes | 7.750% | 6/15/15 | 1,300,000 | 1,452,750 |
| <i>Total Diversified Consumer Services</i> | | | | 5,018,785 |
| Hotels, Restaurants & Leisure | 9.2% | | | |
| Boyd Gaming Corp., Senior Notes | 9.125% | 12/1/18 | 740,000 | 770,525(a) |
| Caesar's Entertainment Operating Co. Inc., Senior Notes | 10.750% | 2/1/16 | 1,000,000 | 1,010,000 |
| Caesar's Entertainment Operating Co. Inc., Senior Secured Notes | 10.000% | 12/15/15 | 150,000 | 153,938 |
| Caesar's Entertainment Operating Co. Inc., Senior Secured Notes | 11.250% | 6/1/17 | 3,000,000 | 3,390,000 |
| CityCenter Holdings LLC/CityCenter Finance Corp., Senior Secured Notes | 10.750% | 1/15/17 | 1,890,000 | 2,121,525(a)(b) |
| CKE Restaurants Inc., Senior Secured Notes | 11.375% | 7/15/18 | 3,000,000 | 3,300,000 |
| Codere SA, Senior Secured Notes | 8.250% | 6/15/15 | 2,000,000EUR | 2,957,349(a) |
| El Pollo Loco Inc., Senior Secured Notes | 11.750% | 12/1/12 | 1,500,000 | 1,554,375 |
| Hoa Restaurant Group LLC/Hoa Finance Corp., Senior Secured Notes | 11.250% | 4/1/17 | 3,000,000 | 3,082,500(a) |
| Inn of the Mountain Gods Resort & Casino, Senior Secured Notes | 8.750% | 11/30/20 | 2,280,000 | 2,280,000(a) |
| Landry's Restaurants Inc., Senior Secured Notes | 11.625% | 12/1/15 | 4,500,000 | 4,905,000 |
| MGM Resorts International, Senior Notes | 5.875% | 2/27/14 | 1,250,000 | 1,243,750 |
| Mohegan Tribal Gaming Authority, Senior Subordinated Notes | 8.000% | 4/1/12 | 3,610,000 | 3,176,800 |
| NCL Corp. Ltd., Senior Notes | 9.500% | 11/15/18 | 6,270,000 | 6,771,600(a) |
| Seneca Gaming Corp., Senior Notes | 8.250% | 12/1/18 | 1,410,000 | 1,487,550(a) |
| Seven Seas Cruises S de RL LLC, Senior Secured Notes | 9.125% | 5/15/19 | 1,250,000 | 1,290,625(a) |
| Sugarhouse HSP Gaming Prop Mezz LP/Sugarhouse HSP Gaming Finance Corp., Secured Notes | 8.625% | 4/15/16 | 1,186,000 | 1,230,475(a) |
| <i>Total Hotels, Restaurants & Leisure</i> | | | | 40,726,012 |
| Household Durables | 1.7% | | | |
| DFS Furniture Holdings PLC, Senior Secured Notes | 9.750% | 7/15/17 | 650,000GBP | 1,061,230(a) |
| DirectBuy Holdings Inc., Senior Secured Notes | 12.000% | 2/1/17 | 760,000 | 338,200(a) |
| Norcraft Cos. LP/Norcraft Finance Corp., Secured Notes | 10.500% | 12/15/15 | 1,000,000 | 1,052,500(a) |
| Norcraft Cos. LP/Norcraft Finance Corp., Senior Secured Notes | 10.500% | 12/15/15 | 4,000,000 | 4,210,000 |
| Standard Pacific Corp., Senior Notes | 8.375% | 1/15/21 | 960,000 | 967,200 |
| <i>Total Household Durables</i> | | | | 7,629,130 |

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Leisure Equipment & Products 0.7%

| | | | | |
|---|--------|---------|--------------|--------------|
| Cirsa Funding Luxembourg SA, Senior Notes | 8.750% | 5/15/18 | 2,000,000EUR | 3,004,120(a) |
|---|--------|---------|--------------|--------------|

Media 4.7%

| | | | | |
|---|---------|----------|--------------|-----------------|
| Affinion Group Holdings Inc., Senior Notes | 11.625% | 11/15/15 | 3,000,000 | 3,052,500(a) |
| Affinity Group LLC, Senior Secured Notes | 11.500% | 12/1/16 | 1,500,000 | 1,597,500(a) |
| Cengage Learning Acquisitions Inc., Senior Notes | 10.500% | 1/15/15 | 120,000 | 114,600(a) |
| Cengage Learning Acquisitions Inc., Senior Subordinated Notes | 13.250% | 7/15/15 | 4,900,000 | 4,679,500(a) |
| LBI Media Inc., Senior Secured Notes | 9.250% | 4/15/19 | 1,190,000 | 1,210,825(a) |
| Musketeer GmbH, Senior Secured Notes | 9.500% | 3/15/21 | 1,600,000EUR | 2,515,546(a) |
| Ono Finance II PLC, Senior Bonds | 11.125% | 7/15/19 | 1,250,000EUR | 1,947,282(a) |
| PagesJaunes Finance & Co. SCA, Senior Secured Notes | 8.875% | 6/1/18 | 1,700,000EUR | 2,422,004(a) |
| Polish Television Holding BV, Senior Secured Bonds | 11.250% | 5/15/17 | 1,600,000EUR | 2,463,738(a)(d) |
| Seat Pagine Gialle SpA, Senior Secured Bonds | 10.500% | 1/31/17 | 581,000EUR | 783,860(a) |
| <i>Total Media</i> | | | | 20,787,355 |

See Notes to Schedule of Investments.

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Schedule of investments (unaudited) (cont d)

May 31, 2011

WESTERN ASSET HIGH YIELD DEFINED OPPORTUNITY FUND INC.

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|---------|---------------|--------------|--------------|
| Multiline Retail 0.4% | | | | |
| Neiman Marcus Group Inc., Senior Secured Notes | 7.125% | 6/1/28 | 1,920,000 \$ | 1,843,200 |
| Specialty Retail 1.7% | | | | |
| Edcon Proprietary Ltd., Senior Secured Notes | 9.500% | 3/1/18 | 1,950,000EUR | 2,736,088(a) |
| Michaels Stores Inc., Senior Subordinated Notes, step bond | 0.000% | 11/1/16 | 3,920,000 | 4,096,400 |
| Spencer Spirit Holdings Inc./Spencer Gifts LLC/Spirit Halloween Superstores, Senior Notes | 11.000% | 5/1/17 | 770,000 | 796,950(a) |
| <i>Total Specialty Retail</i> | | | | 7,629,438 |
| Textiles, Apparel & Luxury Goods 1.3% | | | | |
| Boardriders SA, Senior Notes | 8.875% | 12/15/17 | 1,500,000EUR | 2,320,548(a) |
| Burlington Coat Factory Warehouse Corp., Senior Notes | 10.000% | 2/15/19 | 810,000 | 816,075(a) |
| Empire Today LLC/Empire Today Finance Corp., Senior Secured Notes | 11.375% | 2/1/17 | 550,000 | 588,500(a) |
| Giraffe Acquisition Corp., Senior Notes | 9.125% | 12/1/18 | 1,940,000 | 1,818,750(a) |
| <i>Total Textiles, Apparel & Luxury Goods</i> | | | | 5,543,873 |
| TOTAL CONSUMER DISCRETIONARY | | | | 94,481,234 |
| CONSUMER STAPLES 2.8% | | | | |
| Food Products 2.1% | | | | |
| Bumble Bee Acquisiton Co., Senior Secured Notes | 9.000% | 12/15/17 | 680,000 | 702,100(a) |
| Foodcorp Ltd., Senior Secured Notes | 8.750% | 3/1/18 | 700,000EUR | 1,007,370(a) |
| Harbinger Group Inc., Senior Secured Notes | 10.625% | 11/15/15 | 2,000,000 | 2,120,000(a) |
| Harmony Foods Corp., Senior Secured Notes | 10.000% | 5/1/16 | 530,000 | 548,550(a) |
| Simmons Foods Inc., Senior Secured Notes | 10.500% | 11/1/17 | 4,600,000 | 4,945,000(a) |
| <i>Total Food Products</i> | | | | 9,323,020 |
| Tobacco 0.7% | | | | |
| Alliance One International Inc., Senior Notes | 10.000% | 7/15/16 | 3,175,000 | 3,214,687 |
| TOTAL CONSUMER STAPLES | | | | 12,537,707 |
| ENERGY 5.9% | | | | |
| Energy Equipment & Services 1.9% | | | | |
| Complete Production Services Inc., Senior Notes | 8.000% | 12/15/16 | 550,000 | 581,625 |
| Hercules Offshore LLC, Senior Secured Notes | 10.500% | 10/15/17 | 3,000,000 | 3,202,500(a) |
| Vantage Drilling Co., Senior Secured Notes | 11.500% | 8/1/15 | 4,000,000 | 4,430,000 |
| <i>Total Energy Equipment & Services</i> | | | | 8,214,125 |
| Oil, Gas & Consumable Fuels 4.0% | | | | |
| Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes | 9.375% | 5/1/19 | 910,000 | 960,619(a) |
| CONSOL Energy Inc., Senior Notes | 8.000% | 4/1/17 | 1,890,000 | 2,079,000 |
| EXCO Resources Inc., Senior Notes | 7.500% | 9/15/18 | 3,200,000 | 3,232,000 |
| Milagro Oil & Gas Inc., Secured Notes | 10.500% | 5/15/16 | 1,040,000 | 998,400(a) |
| Offshore Group Investments Ltd., Senior Secured Notes | 11.500% | 8/1/15 | 520,000 | 574,600(a) |
| Overseas Shipholding Group Inc., Senior Notes | 8.125% | 3/30/18 | 2,630,000 | 2,557,675 |
| Peabody Energy Corp., Senior Notes | 7.875% | 11/1/26 | 660,000 | 749,100 |

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|--|---------|----------|--------------|-------------------|
| Petroplus Finance Ltd., Senior Notes | 6.750% | 5/1/14 | 4,250,000 | 4,186,250(a) |
| Quicksilver Resources Inc., Senior Notes | 11.750% | 1/1/16 | 1,100,000 | 1,281,500 |
| Xinergy Ltd., Senior Secured Notes | 9.250% | 5/15/19 | 1,230,000 | 1,248,450(a) |
| <i>Total Oil, Gas & Consumable Fuels</i> | | | | <i>17,867,594</i> |
| TOTAL ENERGY | | | | 26,081,719 |
| FINANCIALS 6.1% | | | | |
| Capital Markets 0.4% | | | | |
| Boparan Holdings Ltd., Senior Notes | 9.875% | 4/30/18 | 1,000,000GBP | 1,647,056(a) |
| Commercial Banks 2.4% | | | | |
| BankAmerica Institutional Capital A, Junior Subordinated Bonds | 8.070% | 12/31/26 | 3,200,000 | 3,304,000(a) |
| NB Capital Trust II, Junior Subordinated Notes | 7.830% | 12/15/26 | 1,310,000 | 1,346,025 |
| Royal Bank of Scotland Group PLC, Junior Subordinated Notes, Medium-Term Notes | 7.640% | 9/29/17 | 7,000,000 | 5,827,500(c) |
| <i>Total Commercial Banks</i> | | | | <i>10,477,525</i> |

See Notes to Schedule of Investments.

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Schedule of investments (unaudited) (cont d)

May 31, 2011

WESTERN ASSET HIGH YIELD DEFINED OPPORTUNITY FUND INC.

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|---------|---------------|--------------|-------------------|
| Consumer Finance 0.5% | | | | |
| Ally Financial Inc., Senior Notes | 8.000% | 11/1/31 | 2,000,000 | \$ 2,225,000 |
| Diversified Financial Services 2.4% | | | | |
| Capital One Capital V, Junior Subordinated Notes, Cumulative Trust Preferred Securities | 10.250% | 8/15/39 | 3,770,000 | 4,033,900 |
| International Lease Finance Corp., Senior Notes | 8.750% | 3/15/17 | 2,000,000 | 2,270,000 |
| International Lease Finance Corp., Senior Notes | 8.250% | 12/15/20 | 3,140,000 | 3,532,500 |
| Residential Capital LLC, Junior Secured Notes | 9.625% | 5/15/15 | 1,060,000 | 1,086,500 |
| <i>Total Diversified Financial Services</i> | | | | <i>10,922,900</i> |
| Insurance 0.1% | | | | |
| Dai-ichi Life Insurance Co., Ltd., Subordinated Notes | 7.250% | 7/25/21 | 470,000 | 479,611(a)(c)(e) |
| Real Estate Management & Development 0.3% | | | | |
| Countrywide Holdings, Senior Secured Notes | 10.000% | 5/8/18 | 790,000GBP | 1,306,047(a) |
| TOTAL FINANCIALS | | | | 27,058,139 |
| HEALTH CARE 5.2% | | | | |
| Health Care Equipment & Supplies 0.2% | | | | |
| Ontex, Senior Notes | 9.000% | 4/15/19 | 680,000EUR | 995,713(a) |
| Health Care Providers & Services 3.1% | | | | |
| American Renal Holdings, Senior Notes | 9.750% | 3/1/16 | 3,000,000 | 3,157,500(a)(b) |
| CRC Health Corp., Senior Subordinated Notes | 10.750% | 2/1/16 | 5,504,000 | 5,682,880 |
| Crown Newco 3 PLC, Senior Notes | 8.875% | 2/15/19 | 225,000GBP | 383,042(a)(d) |
| HCA Holdings Inc., Senior Notes | 7.750% | 5/15/21 | 1,000,000 | 1,051,250(a) |
| Labco SAS, Senior Secured Notes | 8.500% | 1/15/18 | 530,000EUR | 779,884(a) |
| Tenet Healthcare Corp., Senior Notes | 6.875% | 11/15/31 | 2,610,000 | 2,205,450 |
| Vanguard Health Systems Inc., Senior Notes | 0.000% | 2/1/16 | 1,060,000 | 690,325(a) |
| <i>Total Health Care Providers & Services</i> | | | | <i>13,950,331</i> |
| Health Care Technology 0.7% | | | | |
| Multiplan Inc., Senior Notes | 9.875% | 9/1/18 | 2,750,000 | 2,983,750(a) |
| Pharmaceuticals 1.2% | | | | |
| ConvaTec Healthcare E SA, Senior Notes | 10.875% | 12/15/18 | 1,530,000EUR | 2,347,693(a) |
| ConvaTec Healthcare E SA, Senior Notes | 10.875% | 12/15/18 | 1,400,000EUR | 2,150,734(a) |
| Giant Funding Corp., Senior Secured Notes | 8.250% | 2/1/18 | 640,000 | 676,800(a) |
| <i>Total Pharmaceuticals</i> | | | | <i>5,175,227</i> |
| TOTAL HEALTH CARE | | | | 23,105,021 |
| INDUSTRIALS 15.1% | | | | |
| Aerospace & Defense 3.3% | | | | |
| FGI Operating Co. Inc., Senior Secured Notes | 10.250% | 8/1/15 | 3,000,000 | 3,247,500 |
| | 8.500% | 4/1/15 | 3,470,000 | 2,940,825 |

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|--|---------|----------|------------|-------------------|
| Hawker Beechcraft Acquisition Co., Senior Notes | | | | |
| Hawker Beechcraft Acquisition Co., Senior Toggle Notes | 8.875% | 4/1/15 | 2,000,000 | 1,705,000(b) |
| Kratos Defense & Security Solutions Inc., Senior Secured Notes | 10.000% | 6/1/17 | 2,000,000 | 2,210,000(a) |
| Wyle Services Corp., Senior Subordinated Notes | 10.500% | 4/1/18 | 4,200,000 | 4,504,500(a) |
| <i>Total Aerospace & Defense</i> | | | | <i>14,607,825</i> |
| Airlines 1.5% | | | | |
| DAE Aviation Holdings Inc., Senior Notes | 11.250% | 8/1/15 | 4,275,000 | 4,515,469(a) |
| Delta Air Lines Inc., Pass-Through Certificates, Secured Notes | 8.021% | 8/10/22 | 1,960,012 | 2,006,660 |
| <i>Total Airlines</i> | | | | <i>6,522,129</i> |
| Building Products 0.2% | | | | |
| Shea Homes LP, Senior Secured Notes | 8.625% | 5/15/19 | 820,000 | 831,275(a) |
| Commercial Services & Supplies 2.3% | | | | |
| ADS Tactical Inc., Senior Secured Notes | 11.000% | 4/1/18 | 2,000,000 | 2,110,000(a) |
| ALBA Group PLC & Co. KG, Senior Notes | 8.000% | 5/15/18 | 440,000EUR | 649,825(a) |
| Altegrity Inc., Senior Subordinated Notes | 11.750% | 5/1/16 | 1,500,000 | 1,616,250(a) |
| American Reprographics Co., Senior Notes | 10.500% | 12/15/16 | 5,000,000 | 5,300,000(a) |

See Notes to Schedule of Investments.

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Schedule of investments (unaudited) (cont d)

May 31, 2011

WESTERN ASSET HIGH YIELD DEFINED OPPORTUNITY FUND INC.

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|---------|---------------|--------------|-------------------|
| Commercial Services & Supplies | | | | |
| continued | | | | |
| RSC Equipment Rental Inc./RSC Holdings III LLC, Senior Notes | 8.250% | 2/1/21 | 670,000 | \$ 695,125 |
| <i>Total Commercial Services & Supplies</i> | | | | <i>10,371,200</i> |
| Construction & Engineering 1.2% | | | | |
| Abengoa Finance SAU, Senior Notes | 8.875% | 11/1/17 | 5,000,000 | 5,150,000(a) |
| Electrical Equipment 1.0% | | | | |
| NES Rentals Holdings Inc., Senior Secured Notes | 12.250% | 4/15/15 | 4,250,000 | 4,345,625(a) |
| Machinery 0.9% | | | | |
| Dematic SA, Senior Secured Notes | 8.750% | 5/1/16 | 1,890,000 | 1,927,800(a) |
| Heidelberger Druckmaschinen AG, Senior Notes | 9.250% | 4/15/18 | 1,500,000EUR | 2,180,236(a) |
| <i>Total Machinery</i> | | | | <i>4,108,036</i> |
| Marine 0.7% | | | | |
| Navios Maritime Acquisition Corp., Senior Secured Notes | 8.625% | 11/1/17 | 480,000 | 493,200(a) |
| Navios Maritime Acquisition Corp./Navios Acquisition Finance U.S. Inc., Senior Secured Notes | 8.625% | 11/1/17 | 2,000,000 | 2,055,000 |
| Navios Maritime Holdings Inc./Navios Maritime Finance II U.S. Inc., Senior Notes | 8.125% | 2/15/19 | 680,000 | 683,400(a) |
| <i>Total Marine</i> | | | | <i>3,231,600</i> |
| Road & Rail 1.7% | | | | |
| Florida East Coast Holdings Corp., Senior Notes | 10.500% | 8/1/17 | 1,400,000 | 1,466,500(a)(b) |
| Florida East Coast Industries Inc., Senior Secured Notes | 8.125% | 2/1/17 | 1,470,000 | 1,539,825(a) |
| Jack Cooper Holdings Corp., Senior Secured Notes | 12.750% | 12/15/15 | 2,026,000 | 2,147,560(a)(d) |
| Quality Distribution LLC/QD Capital Corp., Senior Secured Notes | 9.875% | 11/1/18 | 2,130,000 | 2,247,150(a) |
| <i>Total Road & Rail</i> | | | | <i>7,401,035</i> |
| Trading Companies & Distributors 0.6% | | | | |
| H&E Equipment Services Inc., Senior Notes | 8.375% | 7/15/16 | 2,520,000 | 2,658,600 |
| Transportation 1.7% | | | | |
| CMA CGM, Senior Notes | 8.875% | 4/15/19 | 1,600,000EUR | 2,141,380(a) |
| Hapag-Lloyd AG, Senior Notes | 9.750% | 10/15/17 | 2,000,000 | 2,060,000(a) |
| Syncreon Global Ireland Ltd./Syncreon Global Finance US Inc., Senior Notes | 9.500% | 5/1/18 | 3,450,000 | 3,596,625(a) |
| <i>Total Transportation</i> | | | | <i>7,798,005</i> |
| TOTAL INDUSTRIALS | | | | 67,025,330 |
| INFORMATION TECHNOLOGY 5.4% | | | | |
| Electronic Equipment, Instruments & Components 0.8% | | | | |

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|---|---------|----------|--------------|--------------|
| NXP BV/NXP Funding LLC, Senior Secured Notes | 9.750% | 8/1/18 | 3,000,000 | 3,480,000(a) |
| IT Services 2.2% | | | | |
| Ceridian Corp., Senior Notes | 12.250% | 11/15/15 | 2,000,000 | 2,102,500(b) |
| First Data Corp., Senior Notes | 10.550% | 9/24/15 | 3,158,250 | 3,320,110(b) |
| First Data Corp., Senior Notes | 11.250% | 3/31/16 | 3,000,000 | 3,022,500 |
| iGATE Corp., Senior Notes | 9.000% | 5/1/16 | 1,320,000 | 1,362,900(a) |
| <i>Total IT Services</i> | | | | 9,808,010 |
| Semiconductors & Semiconductor Equipment 2.4% | | | | |
| CDW LLC/CDW Finance Corp., Senior Notes | 11.000% | 10/12/15 | 5,000,000 | 5,400,000 |
| Freescall Semiconductor Inc., Senior Subordinated Notes | 10.125% | 12/15/16 | 5,000,000 | 5,387,500 |
| <i>Total Semiconductors & Semiconductor Equipment</i> | | | | 10,787,500 |
| TOTAL INFORMATION TECHNOLOGY MATERIALS 13.3% | | | | 24,075,510 |
| Chemicals 1.7% | | | | |
| Ineos Group Holdings PLC, Senior Notes | 7.875% | 2/15/16 | 1,600,000EUR | 2,308,316(a) |
| Kerling PLC, Senior Secured Notes | 10.625% | 2/1/17 | 1,300,000EUR | 2,039,204(a) |
| Lyondell Chemical Co., Senior Secured Notes | 11.000% | 5/1/18 | 2,670,000 | 3,020,437 |
| <i>Total Chemicals</i> | | | | 7,367,957 |

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Schedule of investments (unaudited) (cont d)

May 31, 2011

WESTERN ASSET HIGH YIELD DEFINED OPPORTUNITY FUND INC.

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|---------|---------------|-----------------|-----------------|
| Containers & Packaging 5.3% | | | | |
| Ardagh Packaging Finance PLC, Senior Notes | 9.250% | 10/15/20 | 2,500,000EUR \$ | 3,836,100(a) |
| Berry Plastics Corp., Secured Notes | 9.750% | 1/15/21 | 1,390,000 | 1,398,688 |
| Clondalkin Industries BV, Senior Secured Notes | 8.000% | 3/15/14 | 1,120,000EUR | 1,583,585(a) |
| Longview Fibre Paper & Packaging Inc., Senior Secured Notes | 8.000% | 6/1/16 | 1,040,000 | 1,060,800(a) |
| Pretium Packaging LLC/Pretium Finance Inc., Senior Secured Notes | 11.500% | 4/1/16 | 4,500,000 | 4,640,625(a) |
| Reynolds Group Issuer Inc., Senior Notes | 9.500% | 6/15/17 | 1,900,000EUR | 2,771,885(a) |
| Reynolds Group Issuer Inc./Reynolds Group Issuer LLC, Senior Notes | 9.000% | 4/15/19 | 2,740,000 | 2,921,525(a) |
| Solo Cup Co., Senior Secured Notes | 10.500% | 11/1/13 | 2,983,000 | 3,124,692 |
| Viskase Cos. Inc., Senior Secured Notes | 9.875% | 1/15/18 | 2,000,000 | 2,107,500(a)(f) |
| <i>Total Containers & Packaging</i> | | | | 23,445,400 |
| Metals & Mining 2.9% | | | | |
| Atkore International Inc., Senior Secured Notes | 9.875% | 1/1/18 | 780,000 | 850,200(a) |
| Eco-Bat Finance PLC, Senior Bonds | 10.125% | 1/31/13 | 900,000EUR | 1,309,437(a) |
| Midwest Vanadium Pty Ltd., Senior Secured Notes | 11.500% | 2/15/18 | 3,130,000 | 3,223,900(a) |
| Mirabela Nickel Ltd., Senior Notes | 8.750% | 4/15/18 | 620,000 | 627,750(a) |
| Novelis Inc., Senior Notes | 8.750% | 12/15/20 | 1,770,000 | 1,964,700 |
| Ryerson Holding Corp., Senior Secured Notes | 0.000% | 2/1/15 | 5,000,000 | 2,825,000 |
| Ryerson Inc., Senior Secured Notes | 12.000% | 11/1/15 | 1,904,000 | 2,061,080 |
| <i>Total Metals & Mining</i> | | | | 12,862,067 |
| Paper & Forest Products 3.4% | | | | |
| Appleton Papers Inc., Senior Secured Notes | 10.500% | 6/15/15 | 1,010,000 | 1,075,650(a) |
| Appleton Papers Inc., Senior Secured Notes | 11.250% | 12/15/15 | 3,100,000 | 3,185,250 |
| NewPage Corp., Senior Secured Notes | 11.375% | 12/31/14 | 1,360,000 | 1,319,200 |
| PE Paper Escrow GmbH, Senior Secured Notes | 11.750% | 8/1/14 | 2,000,000EUR | 3,288,342(a) |
| Verso Paper Holdings LLC, Senior Subordinated Notes | 11.375% | 8/1/16 | 6,000,000 | 6,240,000 |
| <i>Total Paper & Forest Products</i> | | | | 15,108,442 |
| TOTAL MATERIALS | | | | |
| 58,783,866 | | | | |
| TELECOMMUNICATION SERVICES 7.1% | | | | |
| Diversified Telecommunication Services 3.9% | | | | |
| Cogent Communications Group Inc., Senior Secured Notes | 8.375% | 2/15/18 | 5,000,000 | 5,237,500(a) |
| Level 3 Financing Inc., Senior Notes | 9.250% | 11/1/14 | 3,854,000 | 3,988,890 |
| Primus Telecommunications Group Inc., Senior Subordinated Secured Notes | 14.250% | 5/20/13 | 213,130 | 216,860(b) |
| Satellite Mexicanos SA de CV, Senior Secured Notes | 9.500% | 5/15/17 | 910,000 | 937,300(a) |
| West Corp., Senior Notes | 8.625% | 10/1/18 | 1,620,000 | 1,715,175(a) |
| | 12.250% | 7/15/17 | 4,245,000 | 5,274,412(a)(b) |

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| | | | | |
|--|---------|----------|--------------|-------------------|
| Wind Acquisition Holdings Finance SpA, Senior Notes | | | | |
| <i>Total Diversified Telecommunication Services</i> | | | | <i>17,370,137</i> |
| Wireless Telecommunication Services 3.2% | | | | |
| Buccaneer Merger Sub Inc., Senior Notes | 9.125% | 1/15/19 | 1,585,000 | 1,705,857(a) |
| Cricket Communications Inc., Senior Notes | 7.750% | 10/15/20 | 2,000,000 | 1,985,000 |
| Phones4u Finance PLC, Senior Secured Notes | 9.500% | 4/1/18 | 1,150,000GBP | 1,853,914(a) |
| Sprint Capital Corp., Senior Notes | 8.750% | 3/15/32 | 7,900,000 | 8,759,125 |
| <i>Total Wireless Telecommunication Services</i> | | | | <i>14,303,896</i> |
| TOTAL TELECOMMUNICATION SERVICES | | | | 31,674,033 |
| UTILITIES 5.5% | | | | |
| Electric Utilities 2.4% | | | | |
| Northeast Generation Co., Senior Secured Notes | 8.812% | 10/15/26 | 2,736,328 | 2,897,523 |
| Reliant Energy Mid-Atlantic Power Holdings LLC, Senior Notes | 9.681% | 7/2/26 | 3,190,000 | 3,485,075 |
| Texas Competitive Electric Holdings Co. LLC/TCEH Finance Inc., Senior Secured Notes | 11.500% | 10/1/20 | 4,280,000 | 4,354,900(a) |
| <i>Total Electric Utilities</i> | | | | <i>10,737,498</i> |

See Notes to Schedule of Investments.

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Schedule of investments (unaudited) (cont d)

May 31, 2011

WESTERN ASSET HIGH YIELD DEFINED OPPORTUNITY FUND INC.

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|---------|---------------|-------------|--------------------|
| Independent Power Producers & Energy Traders 3.1% | | | | |
| Dynegy Inc., Bonds | 7.670% | 11/8/16 | 1,180,000 | \$ 1,088,550 |
| Energy Future Holdings Corp., Senior Notes | 10.875% | 11/1/17 | 2,000,000 | 1,830,000 |
| Energy Future Holdings Corp., Senior Notes | 11.250% | 11/1/17 | 2,088,200 | 1,942,026(b) |
| First Wind Holdings Inc., Senior Secured Notes | 10.250% | 6/1/18 | 1,000,000 | 1,025,000(a) |
| Foresight Energy LLC/Foresight Energy Corp., Senior Notes | 9.625% | 8/15/17 | 2,635,000 | 2,885,325(a) |
| Mirant Americas Generation LLC, Senior Notes | 9.125% | 5/1/31 | 3,000,000 | 3,075,000 |
| Mirant Mid Atlantic LLC, Pass-Through Certificates | 10.060% | 12/30/28 | 1,461,442 | 1,636,814 |
| <i>Total Independent Power Producers & Energy Traders</i> | | | | <i>13,482,715</i> |
| TOTAL UTILITIES | | | | 24,220,213 |
| TOTAL CORPORATE BONDS & NOTES (Cost \$372,046,156) | | | | 389,042,772 |
| COLLATERALIZED SENIOR LOANS | | | | |
| 0.5% | | | | |
| CONSUMER DISCRETIONARY 0.5% | | | | |
| Diversified Consumer Services 0.5% | | | | |
| Realogy Corp., Term Loan (Cost - \$2,165,270) | 13.500% | 10/15/17 | 2,000,000 | 2,132,500(g) |
| CONVERTIBLE BONDS & NOTES | | | | |
| 2.5% | | | | |
| CONSUMER DISCRETIONARY 1.3% | | | | |
| Diversified Consumer Services 1.3% | | | | |
| Realogy Corp., Senior Subordinated Bonds | 11.000% | 4/15/18 | 5,000,000 | 5,475,000(a) |
| ENERGY 0.0% | | | | |
| Oil, Gas & Consumable Fuels 0.0% | | | | |
| James River Coal Co., Senior Notes | 3.125% | 3/15/18 | 110,000 | 112,337(a) |
| INDUSTRIALS 0.5% | | | | |
| Marine 0.5% | | | | |
| Horizon Lines Inc., Senior Notes | 4.250% | 8/15/12 | 2,535,000 | 2,180,100(f) |
| MATERIALS 0.7% | | | | |
| Chemicals 0.7% | | | | |
| Hercules Inc. | 6.500% | 6/30/29 | 4,000,000 | 3,210,000 |
| TOTAL CONVERTIBLE BONDS & NOTES (Cost \$10,445,636) | | | | 10,977,437 |
| SOVEREIGN BONDS 3.3% | | | | |
| Argentina 1.4% | | | | |
| Republic of Argentina, Discount Notes | 8.280% | 12/31/33 | 3,395,483 | 2,996,514 |
| Republic of Argentina, Senior Notes | 8.750% | 6/2/17 | 3,030,000 | 3,143,625 |
| <i>Total Argentina</i> | | | | <i>6,140,139</i> |
| Venezuela 1.9% | | | | |
| Bolivarian Republic of Venezuela | 5.750% | 2/26/16 | 5,970,000 | 4,462,575(a) |

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| | | | | |
|--|--------|---------|-----------|-------------------|
| Bolivarian Republic of Venezuela, Senior Bonds | 9.250% | 9/15/27 | 5,820,000 | 4,161,300 |
| <i>Total Venezuela</i> | | | | 8,623,875 |
| TOTAL SOVEREIGN BONDS (Cost \$15,130,773) | | | | 14,764,014 |
| | | | SHARES | |
| CONVERTIBLE PREFERRED STOCKS | | | | |
| 1.3% | | | | |
| FINANCIALS 1.3% | | | | |
| Diversified Financial Services 1.3% | | | | |
| Citigroup Inc. (Cost - \$5,635,113) | 7.500% | | 47,500 | 5,723,750 |
| PREFERRED STOCKS 1.8% | | | | |
| FINANCIALS 1.7% | | | | |
| Consumer Finance 1.7% | | | | |
| GMAC Capital Trust I | 8.125% | | 292,200 | 7,676,094(e) |
| INDUSTRIALS 0.1% | | | | |
| Road & Rail 0.1% | | | | |
| Jack Cooper Holdings Corp. | 0.000% | | 3,773 | 377,300*(a)(d)(e) |
| TOTAL PREFERRED STOCKS (Cost \$7,669,315) | | | | 8,053,394 |

See Notes to Schedule of Investments.

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Schedule of investments (unaudited) (cont d)

May 31, 2011

WESTERN ASSET HIGH YIELD DEFINED OPPORTUNITY FUND INC.

| SECURITY | EXPIRATION DATE | WARRANTS | VALUE |
|---|--------------------|------------------|------------------------------|
| WARRANTS 0.1% | | | |
| Jack Cooper Holdings Corp. | 12/15/17 | 1,686 | \$ 160,170*(d) |
| Jack Cooper Holdings Corp. | 5/6/18 | 846 | 76,140*(d) |
| TOTAL WARRANTS (Cost \$46,253) | | | 236,310 |
| TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENTS (Cost \$413,138,516) | | | 430,930,177 |
| | RATE | MATURITY DATE | FACE AMOUNT |
| SHORT-TERM INVESTMENTS | | | |
| 0.0% | | | |
| U.S. Government Agencies 0.0% | | | |
| Federal Home Loan Mortgage Corp. (FHLMC), Discount Notes (Cost - \$172,888) | 0.100 - 0.105% | 1/10/12 | 173,000 |
| TOTAL INVESTMENTS 97.2 % (Cost \$413,311,404#) | | | 172,882(h)(i) 431,103,059 |
| Other Assets in Excess of Liabilities | | | 12,597,781 |
| 2.8% | | | |
| TOTAL NET ASSETS 100.0% | | | \$ 443,700,840 |

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.
- (b) Payment-in-kind security for which part of the income earned may be paid as additional principal.
- (c) Security has no maturity date. The date shown represents the next call date.
- (d) Security is valued in good faith in accordance with procedures approved by the Board of Directors (See Note 1).
- (e) Variable rate security. Interest rate disclosed is as of the most recent information available.
- (f) Illiquid security.
- (g) Interest rates disclosed represent the effective rates on collateralized senior loans. Ranges in interest rates are attributable to multiple contracts under the same loan.
- (h) Rate shown represents yield-to-maturity.
- (i) All or a portion of this security is held at the broker as collateral for open futures contracts.
- # 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 registered 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. Debt securities are valued at the mean between the last quoted bid and asked prices provided by an independent pricing service, which are based on transactions in debt obligations, quotations from bond dealers, market transactions in comparable securities and various other relationships between securities. Publicly traded foreign government debt securities are typically traded internationally in the over-the-counter market, and are valued at the mean between the last quoted bid and asked prices as of the close of business of that market. Futures contracts are valued daily at the settlement price established by the board of trade or exchange on which they are traded. 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 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. Short-term obligations with maturities of 60 days or less are valued at amortized cost, which approximates fair value.

The Fund has adopted Financial Accounting Standards Board Codification Topic 820 (ASC Topic 820). ASC Topic 820 establishes a single definition of fair value, creates a three-tier hierarchy as a framework for measuring fair value based on inputs used to value the Fund's investments, and requires additional disclosure about fair value. The hierarchy of inputs is summarized 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 methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

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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.

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

Notes to Schedule of Investments (unaudited) (cont d)

| ASSETS | | | | |
|------------------------------------|----------------------------|---|--|----------------|
| DESCRIPTION | QUOTED PRICES (LEVEL 1) | OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2) | SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) | TOTAL |
| Long-term investments : | | | | |
| Corporate bonds & notes | | \$ 386,895,212 | \$ 2,147,560 | \$ 389,042,772 |
| Collateralized senior loans | | 2,132,500 | | 2,132,500 |
| Convertible bonds & notes | | 10,977,437 | | 10,977,437 |
| Sovereign bonds | | 14,764,014 | | 14,764,014 |
| Convertible preferred stocks | \$ 5,723,750 | | | 5,723,750 |
| Preferred stocks | 7,676,094 | | 377,300 | 8,053,394 |
| Warrants | | | 236,310 | 236,310 |
| Total long-term investments | 13,399,844 | 414,769,163 | 2,761,170 | 430,930,177 |
| Short-term investments | | 172,882 | | 172,882 |
| Total investments | \$ 13,399,844 | \$ 414,942,045 | \$ 2,761,170 | \$ 431,103,059 |
| Other financial instruments: | | | | |
| Forward foreign currency contracts | | \$ 705,013 | | \$ 705,013 |
| Total | \$ 13,399,844 | \$ 415,647,058 | \$ 2,761,170 | \$ 431,808,072 |

LIABILITIES

| DESCRIPTION | QUOTED PRICES (LEVEL 1) | OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2) | SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) | TOTAL |
|------------------------------------|----------------------------|---|--|------------|
| Other financial instruments: | | | | |
| Futures contracts | \$ 99,234 | | | \$ 99,234 |
| Forward foreign currency contracts | | \$ 104,747 | | 104,747 |
| Total | \$ 99,234 | \$ 104,747 | | \$ 203,981 |

See Schedule of Investments for additional detailed categorizations.

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value:

| INVESTMENTS IN SECURITIES | CORPORATE BONDS & NOTES | PREFERRED STOCKS | WARRANTS | TOTAL |
|--------------------------------|----------------------------|---------------------|----------|-------|
| Balance as of October 27, 2010 | | | | |

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| | | | | | | |
|--|----|-----------|----|---------|----|-----------|
| Accrued premiums/discounts | \$ | 1,093 | | | \$ | 1,093 |
| Realized gain (loss) | | | | | | |
| Change in unrealized appreciation | | | | | | |
| (depreciation)(1) | | 125,733 | \$ | 46,257 | \$ | 190,057 |
| Net purchases (sales) | | 2,020,734 | | 331,043 | | 46,253 |
| Transfers into Level 3 | | | | | | 2,398,030 |
| Transfers out of Level 3 | | | | | | |
| Balance as of May 31, 2011 | \$ | 2,147,560 | \$ | 377,300 | \$ | 236,310 |
| Net change in unrealized appreciation | | | | | | |
| (depreciation) for investments in securities | | | | | | |
| still held at May 31, 2011(1) | \$ | 125,733 | \$ | 46,257 | \$ | 190,057 |
| | | | | | | 362,047 |

(1) Change in unrealized appreciation (depreciation) includes net unrealized appreciation (depreciation) resulting from changes in investment values during the reporting period and the reversal of previously recorded unrealized appreciation (depreciation) when gains or losses are realized.

Notes to Schedule of Investments (unaudited) (cont d)

(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) Futures Contracts. The Fund uses futures contracts generally to gain exposure to, or hedge against, changes in interest rates or gain exposure to, or hedge against changes in certain asset classes. A futures contract represents a commitment for the future purchase or sale of an asset at a specified price on a specified date.

Upon entering into a futures contract, the Fund is required to deposit cash or cash equivalents with a broker in an amount equal to a certain percentage of the contract amount. This is known as the initial margin and subsequent payments (variation margin) are made or received by the Fund each day, depending on the daily fluctuation in the value of the contract. For certain futures, including foreign denominated futures, variation margin is not settled daily, but is recorded as a net variation margin payable or receivable. Futures contracts are valued daily at the settlement price established by the board of trade or exchange on which they are traded.

Futures contracts involve, to varying degrees, risk of loss. 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) 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 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.

(e) 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.

(f) 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.

(g) Credit and Market Risk. The Fund invests in high-yield and emerging market instruments that may be 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 investment 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

Notes to Schedule of Investments (unaudited) (cont d)

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 investment in non-U.S. dollar denominated securities may also result in foreign currency losses caused by devaluations and exchange rate fluctuations.

(h) 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 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, 2011, the Fund held forward foreign currency contracts with credit related contingent features which had a liability position of \$104,747. 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.

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

2. Investments

At May 31, 2011, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows:

| | | |
|-------------------------------|----|-------------|
| Gross unrealized appreciation | \$ | 20,211,865 |
| Gross unrealized depreciation | | (2,420,210) |
| Net unrealized appreciation | \$ | 17,791,655 |

At May 31, 2011, the Fund had the following open futures contracts:

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| | NUMBER OF CONTRACTS | EXPIRATION DATE | BASIS VALUE | MARKET VALUE | UNREALIZED LOSS |
|----------------------------|------------------------|--------------------|----------------|-----------------|--------------------|
| Contracts to Sell: | | | | | |
| U.S. Treasury 5-Year Notes | 144 | 9/11 | \$ 17,057,016 | \$ 17,156,250 | \$ (99,234) |

At May 31, 2011, the Fund had the following open forward foreign currency contracts:

| FOREIGN CURRENCY | COUNTERPARTY | LOCAL CURRENCY | MARKET VALUE | SETTLEMENT DATE | UNREALIZED GAIN (LOSS) |
|--|-----------------------|-------------------|-----------------|--------------------|---------------------------|
| Contracts to Sell: | | | | | |
| British Pound | Citibank, N.A. | 1,265,803 | \$ 2,080,251 | 8/18/11 | \$ (25,403) |
| British Pound | Citibank, N.A. | 1,600,000 | 2,629,477 | 8/18/11 | 13,499 |
| British Pound | Credit Suisse | 1,249,820 | 2,053,983 | 8/18/11 | (9,953) |
| British Pound | UBS AG | 1,000,000 | 1,643,423 | 8/18/11 | (5,463) |
| Euro | Citibank, N.A. | 7,050,000 | 10,125,910 | 8/18/11 | 338,300 |
| Euro | Credit Suisse | 10,189,628 | 14,635,355 | 8/18/11 | 114,845 |
| Euro | JPMorgan Chase & Co . | 6,100,000 | 8,761,425 | 8/18/11 | 93,335 |
| Euro | UBS AG | 300,000 | 430,890 | 8/18/11 | (8,610) |
| Euro | UBS AG | 900,000 | 1,292,669 | 8/18/11 | (36,269) |
| Euro | UBS AG | 1,500,000 | 2,154,449 | 8/18/11 | (19,049) |
| Euro | UBS AG | 10,539,646 | 15,138,085 | 8/18/11 | 145,034 |
| Net unrealized gain on open forward foreign currency contracts | | | | | \$ 600,266 |

Notes to Schedule of Investments (unaudited) (cont d)

3. Derivative Instruments and Hedging Activities

Financial Accounting Standards Board Codification Topic 815 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, 2011.

| Primary Underlying Risk Disclosure | Futures Contracts | | Forward Foreign Currency Contracts | | Total |
|------------------------------------|-------------------------|-------------------------|------------------------------------|-------------------------|-------------|
| | Unrealized Appreciation | Unrealized Depreciation | Unrealized Appreciation | Unrealized Depreciation | |
| Interest Rate Contracts | | \$ (99,234) | | \$ | \$ (99,234) |
| Foreign Exchange Contracts | | | \$ 705,013 | \$ (104,747) | \$ 600,266 |
| Total | | \$ (99,234) | \$ 705,013 | \$ (104,747) | \$ 501,032 |

During the period ended May 31, 2011, the volume of derivative activity for the Fund was as follows:

| | Average Market Value |
|--|----------------------|
| Futures contracts (to sell) | \$ 2,144,531 |
| Forward foreign currency contracts (to buy) | 1,483,554 |
| Forward foreign currency contracts (to sell) | 42,156,216 |

At May 31, 2011, 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/ R. Jay Gerken
R. Jay Gerken
Chief Executive Officer

Date: July 25, 2011

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

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

Date: July 25, 2011

By /s/ Kaprel Ozsolak
Kaprel Ozsolak
Chief Financial Officer

Date: July 25, 2011
