

WESTERN ASSET GLOBAL HIGH INCOME FUND INC.
Form N-CSR
August 07, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

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

Investment Company Act file number 811-21337

Western Asset Global High Income Fund Inc.
(Exact name of registrant as specified in charter)

55 Water Street, New York, NY
(Address of principal executive offices)

10041
(Zip code)

Robert I. Frenkel, Esq.

Legg Mason & Co., LLC

300 First Stamford Place, 4th Fl.

Stamford, CT 06902
(Name and address of agent for service)

Registrant's telephone number, including area code: (800) 451-2010

Date of fiscal year May 31,
end:

Date of reporting period: May 31, 2008

ITEM 1. REPORT TO STOCKHOLDERS.

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

ANNUAL REPORT / MAY 31, 2008

**Western Asset
Global High Income
Fund Inc.
(EHI)**

Managed by **WESTERN ASSET**

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

Fund objective

The Fund's primary investment objective is high current income. The Fund's secondary investment objective is total return.

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Legg Mason Partners Fund Advisor, LLC (LMPFA) is the Fund's investment manager. Western Asset Management Company (Western Asset) and Western Asset Management Company Limited (Western Asset Limited) are the Fund's subadvisers. LMPFA, Western Asset and Western Asset Limited are wholly-owned subsidiaries of Legg Mason, Inc.

Letter from the chairman

Dear Shareholder,

The U.S. economy weakened significantly during the 12-month reporting period ended May 31, 2008. Second quarter 2007 U.S. gross domestic product (GDP)ⁱ growth was 3.8% and third quarter 2007 GDP growth was 4.9%, its strongest showing in four years. However, continued weakness in the housing market, an ongoing credit crunch and soaring oil and food prices then took their toll on the economy. During the fourth quarter of 2007, GDP growth was 0.6%. The U.S. Commerce Department then reported that first quarter 2008 GDP growth was a modest 1.0%. While it was once debated whether or not the U.S. would fall into a recession, it is now looking more likely that the U.S. could experience a mild recession. Even areas of the economy that had once been fairly resilient have begun to falter, including the job market. The U.S. Department of Labor reported that payroll employment declined in each of the first five months of 2008 and the unemployment rate rose to 5.5% in May, its highest level since October 2004.

Ongoing issues related to the housing and subprime mortgage markets and an abrupt tightening in the credit markets prompted the Federal Reserve Board (Fed)ⁱⁱ to take aggressive and, in some cases, unprecedented actions during the reporting period. At its meeting in September 2007, the Fed reduced the federal funds rateⁱⁱⁱ from 5.25% to 4.75%. This marked the first reduction in the federal funds rate since June 2003. The Fed again lowered rates on six more occasions through the end of the reporting period, bringing the federal funds rate to 2.00% as of May 31, 2008. In its statement accompanying the April rate cut, the Fed stated: Recent information indicates that economic activity remains weak. Household and business spending has been subdued and labor markets have softened further. Financial markets remain under considerable stress, and tight credit conditions and the deepening housing contraction are likely to weigh on economic growth over the next few quarters.

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In addition to lowering short-term interest rates, the Fed took several actions to improve liquidity in the credit markets. In March 2008, the Fed established a new lending program allowing certain brokerage firms, known as primary dealers, to also borrow from its discount window. The Fed also

Western Asset Global High Income Fund Inc. I

Letter from the chairman *continued*

increased the maximum term for discount window loans from 30 to 90 days. Then, in mid-March, the Fed played a major role in facilitating the purchase of Bear Stearns by JPMorgan Chase.

During the 12-month reporting period ended May 31, 2008, both short- and long-term Treasury yields experienced periods of volatility. This was due, in part, to mixed economic and inflation data, the fallout from the subprime mortgage market crisis and shifting expectations regarding the Fed's monetary policy. Within the bond market, investors were initially focused on the subprime segment of the mortgage-backed market. These concerns broadened, however, to include a wide range of financial institutions and markets. As a result, other fixed-income instruments also experienced increased price volatility. This turmoil triggered several flights to quality, causing Treasury yields to move lower (and their prices higher), while riskier segments of the market saw their yields move higher (and their prices lower). Longer-term Treasury yields then moved higher at the end of the reporting period, as record high oil prices and rising food prices triggered inflationary concerns.

Overall, during the 12 months ended May 31, 2008, two-year Treasury yields fell from 4.92% to 2.66%. Over the same time frame, 10-year Treasury yields fell from 4.90% to 4.06%. Short-term yields fell sharply in concert with the Fed's rate cuts, while longer-term yields fell less dramatically due to inflationary concerns, resulting in a steepening of the U.S. yield curve. Looking at the 12-month period as a whole, the overall bond market, as measured by the Lehman Brothers U.S. Aggregate Index^v, returned 6.89%.

Increased investor risk aversion during the fiscal year caused the high-yield bond market to produce weak results over the 12-month period ended May 31, 2008. During that period, the Citigroup High Yield Market Index^{vi} returned -0.89%. While high-yield bond prices rallied several times during the reporting period, several flights to quality dragged down the sector, although overall default rates continued to be low.

Despite increased investor risk aversion, emerging markets debt generated positive results, as the JPMorgan Emerging Markets Bond Index Global (EMBI Global)^{vii} returned 5.13% over the 12 months ended May 31, 2008. Overall solid demand, an expanding global economy, increased domestic spending and the Fed's numerous rate cuts supported the emerging market debt asset class.

Please read on for a more detailed look at prevailing economic and market conditions during the Fund's reporting period and to learn how those conditions have affected Fund performance.

Information about your fund

Important information with regard to recent regulatory developments that may affect the Fund is contained in the Notes to Financial Statements included in this report.

As always, thank you for your confidence in our stewardship of your assets. We look forward to helping you meet your financial goals.

Sincerely,

R. Jay Gerken, CFA

Chairman, President and Chief Executive Officer

June 27, 2008

All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

- i Gross domestic product (GDP) is the market value of all final goods and services produced within a country in a given period of time.
- ii The Federal Reserve Board (Fed) is responsible for the formulation of policies designed to promote economic growth, full employment, stable prices, and a sustainable pattern of international trade and payments.
- iii The federal funds rate is the rate charged by one depository institution on an overnight sale of immediately available funds (balances at the Federal Reserve) to another depository institution; the rate may vary from depository institution to depository institution and from day to day.
- iv The yield curve is the graphical depiction of the relationship between the yield on bonds of the same credit quality but different maturities.
- v The Lehman Brothers U.S. Aggregate Index is a broad-based bond index comprised of government, corporate, mortgage- and asset-backed issues, rated investment grade or higher, and having at least one year to maturity.
- vi The Citigroup High Yield Market Index is a broad-based unmanaged index of high-yield securities.
- vii The JPMorgan Emerging Markets Bond Index Global (EMBI Global) tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds and local market instruments. Countries covered are Argentina, Belize, Brazil, Bulgaria, Chile, China, Colombia, Dominican Republic, Ecuador, Egypt, El Salvador, Gabon, Georgia, Ghana, Hungary, Indonesia, Iraq, Jamaica, Kazakhstan, Lebanon, Malaysia, Mexico, Pakistan, Panama, Peru, the Philippines, Poland, Russia, Serbia, South Africa, Sri Lanka, Trinidad & Tobago, Tunisia, Turkey, Ukraine, Uruguay, Venezuela and Vietnam.

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Fund overview

Q. What is the Fund's investment strategy?

A. The Fund's primary investment objective is high current income and its secondary objective is total return. Under normal market conditions, the Fund invests in a global portfolio of securities consisting of below investment grade fixed-income securities, emerging market fixed-income securities and investment grade fixed-income securities.

Western Asset Management Company (Western Asset), the Fund's subadviser, utilizes a fixed-income team approach, with decisions derived from interaction among various investment management sector specialists. The sector teams are comprised of Western Asset's senior portfolio managers, research analysts and an in-house economist. Under this team approach, management of client fixed-income portfolios will reflect a consensus of interdisciplinary views within the Western Asset organization.

Q. What were the overall market conditions during the Fund's reporting period?

A. During the fiscal year, the U.S. bond market experienced periods of increased volatility. Changing perceptions regarding the economy, inflation and future Federal Reserve Board (Fed) monetary policy caused bond prices to fluctuate. Two- and 10-year Treasury yields began the reporting period at 4.92% and 4.90%, respectively. Treasury yields then moved sharply higher as incoming economic data improved and inflationary pressures increased. By mid-June 2007, two- and 10-year Treasuries were yielding 5.10% and 5.26%, respectively, and market sentiment was that the Fed's next move would be to raise interest rates.

However, after their June peaks, Treasury yields moved lower, as concerns regarding the subprime mortgage market and a severe credit crunch triggered a massive flight to quality. Investors were drawn to the relative safety of Treasuries, causing their yields to fall and their prices to rise. At the same time, increased investor risk aversion caused other segments of the bond market to falter. As conditions in the credit market worsened in August 2007, central banks around the world took action by injecting approximately \$500 billion of liquidity into the financial system. Additionally, the Fed began lowering the discount rateⁱⁱ and the federal funds rateⁱⁱⁱ in August and September 2007, respectively. While this initially helped ease the credit crunch, continued subprime mortgage write-offs and weak economic data triggered additional flights to quality in November 2007 and the first quarter of 2008. As of May 31, 2008, two- and 10-year Treasury yields had fallen to 2.66% and 4.06%, respectively. While the Fed attempted to stimulate growth by cutting short-term interest rates from 5.25% to 2.00% over the course of the reporting period, by the end of May, it was generally assumed that the U.S. could be headed for a mild recession.

Given increased investor risk aversion, higher-quality securities generally outperformed their lower-rated counterparts over the fiscal year. During the

Fund overview *continued*

12-month period ended May 31, 2008, the overall bond market, as measured by the Lehman Brothers U.S. Aggregate Index^{iv}, gained 6.89%. In contrast, the Lehman Brothers U.S. Corporate High Yield 2% Issuer Cap Index^v returned -1.08% over the same period.

Emerging market debt also experienced periods of volatility during the 12-month reporting period. However, all told, the asset class generated solid results, with the JPMorgan Emerging Markets Bond Index Global (EMBI Global)^{vi} returning 5.13% during the 12 months ended May 31, 2008. Despite periodic flights to quality, emerging market debt prices benefited due to solid underlying fundamentals, including stronger balance sheets, high commodity prices and solid domestic spending.

Q. How did we respond to these changing market conditions?

A. Market conditions were challenging in the last 12-month reporting period, which affected performance. Many asset prices remain well below their fundamental value as a result of market fears. We underestimated the degree to which the entire financial superstructure would decline, and we do not expect to recover our losses quickly. For many of our non-agency mortgage-backed holdings, we see coupon payments being made and actual cumulative losses below market-implied estimates. Despite the tough market environment, we believe that our focus on spread sectors, like agency pass-through mortgages, certain non-agency mortgage-backed securities and corporate bonds, especially the lower-quality high-yield ones, is still valid. We continue to diversify into local currency emerging market sovereign debt and away from their dollar-denominated counterparts. We also prefer U.S. Treasury Inflation-Protected Securities (TIPS)^{vii} in lieu of nominal U.S. Treasuries for protection against short-term inflation swings. We manage duration^{viii} tactically to act as a hedge against the emphasis on various spread sectors.

Performance review

For the 12 months ended May 31, 2008, Western Asset Global High Income Fund Inc. returned -1.84% based on its net asset value (NAV)ix and -6.91% based on its New York Stock Exchange (NYSE) market price per share. The Fund s unmanaged benchmarks, the Lehman Brothers U.S. Aggregate Index, the Lehman Brothers U.S. Corporate High Yield 2% Issuer Cap Index and the EMBI Global, returned 6.89%, -1.08% and 5.13%, respectively, over the same time frame. The Lipper Global Income Closed-End Funds Category Average^x returned 4.39% for the same period. Please note that Lipper performance returns are based on each fund s NAV.

During the 12-month period, the Fund made distributions to shareholders totaling \$1.02 per share. The performance table shows the Fund s 12-month total return based on its NAV and market price as of May 31, 2008. **Past performance is no guarantee of future results.**

PERFORMANCE SNAPSHOT as of May 31, 2008 (unaudited)

PRICE PER SHARE	12-MONTH TOTAL RETURN*
\$13.36 (NAV)	-1.84%
\$12.12 (Market Price)	-6.91%

All figures represent past performance and are not a guarantee of future results.

* **Total returns are based on changes in NAV or market price, respectively. Total returns assume the reinvestment of all distributions in additional shares in accordance with the Fund s Dividend Reinvestment Plan.**

Q. What were the leading contributors to performance?

A. The Fund s moderate allocation to local currency emerging market debt enhanced performance as these positions outperformed their U.S. dollar-denominated emerging markets counterparts during the reporting period. The Fund s overweight allocation to agency mortgages also contributed to performance. An overweight allocation to the high-yield Utilities sector aided performance as this was the best performing high-yield sector. A small allocation to TIPS enhanced returns as these securities performed well due to inflation fears triggered by sharply higher energy prices.

Q. What were the leading detractors from performance?

A. The Fund's overweight exposure to the broad high-yield market through a combination of bonds and derivatives was the primary detractor from performance. The use of a credit default swap, which increased the Fund's exposure to the broad high-yield market, detracted significantly from performance. The Fund's credit quality positioning with an emphasis on

Fund overview *continued*

issues rated CCC and our holdings in the Automobiles sector within the high-yield allocation were particularly challenged, as earnings results were extremely weak during the fiscal year and bank de-leveraging ensued at a rapid pace. Our tactically-driven duration and yield curvexi postures were also detractors from performance as interest rates declined during the reporting period. In addition, an underweight to U.S. Treasurys detracted from performance as they appreciated in response to an overall flight to their relative safety.

Q. Were there any significant changes to the Fund during the reporting period?

A. There were no significant changes to the Fund during the reporting period.

Looking for additional information?

The Fund is traded under the symbol EHI and its closing market price is available in most newspapers under the NYSE listings. The daily NAV is available on-line under the symbol XEHIX on most financial websites. *Barron's* and *The Wall Street Journal's* Monday edition both carry closed-end fund tables that provide additional information. In addition, the Fund issues a quarterly press release that can be found on most major financial websites, as well as www.leggmason.com/individualinvestors.

In a continuing effort to provide information concerning the Fund, shareholders may call 1-888-777-0102 (toll free), Monday through Friday from 8:00 a.m. to 6:00 p.m. Eastern Time, for the Fund's current NAV, market price and other information.

Thank you for your investment in Western Asset Global High Income Fund Inc. As always, we appreciate that you have chosen us to manage your assets, and we remain focused on achieving the Fund's investment goals.

Sincerely,

Western Asset Management Company

June 17, 2008

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

RISKS: An investment in the Fund is subject to investment risk, including the possible loss of the entire principal amount that you invest. The Fund may use derivatives, such as options and futures, which can be illiquid, may disproportionately increase losses and have a potentially large impact on Fund performance. Investing in foreign securities is subject to certain risks not associated with domestic investing, such as currency fluctuations, and changes in political and economic conditions. These risks are magnified in emerging or developing markets. High-yield bonds involve greater credit and liquidity risks than investment grade bonds. Leverage may magnify gains and increase losses in the Fund's portfolio.

All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

- i The Federal Reserve Board (Fed) is responsible for the formulation of policies designed to promote economic growth, full employment, stable prices, and a sustainable pattern of international trade and payments.
- ii The discount rate is the interest rate charged by the U.S. Federal Reserve Bank on short-term loans (usually overnight or weekend) to banks.
- iii The federal funds rate is the rate charged by one depository institution on an overnight sale of immediately available funds (balances at the Federal Reserve) to another depository institution; the rate may vary from depository institution to depository institution and from day to day.
- iv The Lehman Brothers U.S. Aggregate Index is a broad-based bond index comprised of government, corporate, mortgage- and asset-backed issues, rated investment grade or higher, and having at least one year to maturity.
- v The Lehman Brothers U.S. Corporate High Yield 2% Issuer Cap Index is an index of the 2% Issuer Cap component of the Lehman Brothers U.S. Corporate High Yield Index, which covers the U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bond market.
- vi The JPMorgan Emerging Markets Bond Index Global (EMBI Global) tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds and local market instruments. Countries covered are Argentina, Belize, Brazil, Bulgaria, Chile, China, Colombia, Dominican Republic, Ecuador, Egypt, El Salvador, Gabon, Georgia, Ghana, Hungary, Indonesia, Iraq, Jamaica, Kazakhstan, Lebanon, Malaysia, Mexico, Pakistan, Panama, Peru, the Philippines, Poland, Russia, Serbia, South Africa, Sri Lanka, Trinidad & Tobago, Tunisia, Turkey, Ukraine, Uruguay, Venezuela and Vietnam.
- vii U.S. Treasury Inflation-Protected Securities (TIPS) are inflation-indexed securities issued by the U.S. Treasury in 5-year, 10-year and 20-year maturities. The principal is adjusted to the Consumer Price Index, the commonly used measure of inflation. The coupon rate is constant, but generates a different amount of interest when multiplied by the inflation-adjusted principal.
- viii Duration is the measure of the price sensitivity of a fixed-income security to an interest rate change of 100 basis points. Calculation is based on the weighted average of the present values for all cash flows.
- ix NAV is calculated by subtracting total liabilities and outstanding preferred stock (if any) from the closing value of all securities held by the Fund (plus all other assets) and dividing the result (total net assets) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the Fund has invested. However, the price at which an investor may buy or sell shares of the Fund is at the Fund's market price as determined by supply of and demand for the Fund's shares.
- x Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the 12-month period ended May 31, 2008, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 15 funds in the Fund's Lipper category.

The yield curve is the graphical depiction of the relationship between the yield on bonds of the same credit quality but different maturities.

Fund at a glance (unaudited)

INVESTMENT BREAKDOWN (%) As a percent of total investments May 31, 2008

Schedule of investments

May 31, 2008

WESTERN ASSET GLOBAL HIGH INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
CORPORATE BONDS & NOTES 46.3%		
CONSUMER DISCRETIONARY 9.1%		
1,660,000	Auto Components 0.8% Allison Transmission Inc., Senior Notes, 11.250% due 11/1/15(a)(b)(c)	\$ 1,518,900
1,500,000	Keystone Automotive Operations Inc., Senior Subordinated Notes, 9.750% due 11/1/13(c)	960,000
2,565,000	Visteon Corp., Senior Notes, 8.250% due 8/1/10(c) <i>Total Auto Components</i>	2,414,306 4,893,206
	Automobiles 1.4% Ford Motor Co.:	
	Debentures:	
545,000	8.875% due 1/15/22(c)	429,188
275,000	8.900% due 1/15/32(c)	207,625
7,205,000	Notes, 7.450% due 7/16/31(c) General Motors Corp.:	5,025,487
570,000	Notes, 7.200% due 1/15/11(c)	480,225
	Senior Debentures:	
300,000	8.250% due 7/15/23(c)	207,000
3,570,000	8.375% due 7/15/33(c) <i>Total Automobiles</i>	2,463,300 8,812,825
	Diversified Consumer Services 0.2% Education Management LLC/Education Management Finance Corp.:	
430,000	Senior Notes, 8.750% due 6/1/14(c)	416,025
595,000	Senior Subordinated Notes, 10.250% due 6/1/16(c) Service Corp. International, Senior Notes:	569,713
185,000	7.625% due 10/1/18(c)	189,625
210,000	7.500% due 4/1/27(c) <i>Total Diversified Consumer Services</i>	183,750 1,359,113
	Hotels, Restaurants & Leisure 1.9% Boyd Gaming Corp., Senior Subordinated Notes, 6.750% due 4/15/14(c)	567,844
675,000	Buffets Inc., Senior Notes, 12.500% due 11/1/14(d)	16,875
539,000	Choctaw Resort Development Enterprise, Senior Notes, 7.250% due 11/15/19(a)(c)	485,100
875,000	Denny's Holdings Inc., Senior Notes, 10.000% due 10/1/12(c)	861,875
255,000	El Pollo Loco Inc., Senior Notes, 11.750% due 11/15/13(c)	246,075
1,000,000	Inn of the Mountain Gods Resort & Casino, Senior Notes, 12.000% due 11/15/10(c)	875,000

See Notes to Financial Statements.

Schedule of investments *continued*

May 31, 2008

WESTERN ASSET GLOBAL HIGH INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
	Hotels, Restaurants & Leisure 1.9% <i>continued</i>	
	MGM MIRAGE Inc.:	
560,000	Notes, 6.750% due 9/1/12(c)	\$ 524,300
	Senior Notes:	
675,000	5.875% due 2/27/14(c)	580,500
30,000	6.625% due 7/15/15(c)	25,950
725,000	7.625% due 1/15/17(c)	641,625
	Mohegan Tribal Gaming Authority, Senior Subordinated Notes:	
675,000	7.125% due 8/15/14(c)	592,312
625,000	6.875% due 2/15/15(c)	531,250
876,000	Pokagon Gaming Authority, Senior Notes, 10.375% due 6/15/14(a)(c)	952,650
95,000	River Rock Entertainment Authority, Senior Secured Notes, 9.750% due 11/1/11(c)	97,375
830,000	Sbarro Inc., Senior Notes, 10.375% due 2/1/15(c)	726,250
1,150,000	Seneca Gaming Corp., Senior Notes, 7.250% due 5/1/12(c)	1,115,500
150,000	Snoqualmie Entertainment Authority, Senior Secured Notes, 6.936% due 2/1/14(a)(c)(e)	117,000
	Station Casinos Inc.:	
	Senior Notes:	
110,000	6.000% due 4/1/12(c)	92,950
760,000	7.750% due 8/15/16(c)	636,500
190,000	Senior Subordinated Notes, 6.875% due 3/1/16(c)	116,613
2,000,000	Turning Stone Casino Resort Enterprise, Senior Notes, 9.125% due 12/15/10(a)(c)	2,000,000
	<i>Total Hotels, Restaurants & Leisure</i>	<i>11,803,544</i>
	Household Durables 0.8%	
80,000	American Greetings Corp., Senior Notes, 7.375% due 6/1/16(c)	80,200
	K Hovnanian Enterprises Inc.:	
1,735,000	11.500% due 5/1/13(a)(c)	1,813,075
240,000	6.500% due 1/15/14(c)	171,600
	Senior Notes:	
540,000	7.500% due 5/15/16(c)	386,100
130,000	8.625% due 1/15/17(c)	101,400
2,180,000	Norcraft Cos. LP/Norcraft Finance Corp., Senior Subordinated Notes, 9.000% due 11/1/11(c)	2,223,600
445,000	Norcraft Holdings LP/Norcraft Capital Corp., Senior Discount Notes, step bond to yield 9.838% due 9/1/12(c)	416,075
	<i>Total Household Durables</i>	<i>5,192,050</i>
	Media 3.1%	
	Affinion Group Inc.:	
1,105,000	Senior Notes, 10.125% due 10/15/13(c)	1,135,387
380,000	Senior Subordinated Notes, 11.500% due 10/15/15(c)	388,075

See Notes to Financial Statements.

WESTERN ASSET GLOBAL HIGH INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
	Media 3.1% continued	
3,257,000	CCH I LLC/CCH I Capital Corp., Senior Secured Notes, 11.000% due 10/1/15(c)	\$ 2,784,735
849,000	CCH II LLC/CCH II Capital Corp., Senior Notes, 10.250% due 10/1/13(c)	791,692
185,000	Charter Communications Holdings LLC, Senior Discount Notes, 12.125% due 1/15/12(c)	128,575
285,000	Charter Communications Holdings LLC/Charter Communications Holdings Capital Corp., Senior Discount Notes, 11.750% due 5/15/11(c)	198,075
1,150,000	Charter Communications Inc., Senior Secured Notes, 10.875% due 9/15/14(a)(c)	1,236,250
575,000	CMP Susquehanna Corp., 9.875% due 5/15/14(c)	408,250
	CSC Holdings Inc.:	
425,000	Senior Debentures, 8.125% due 8/15/09(c)	434,031
	Senior Notes:	
550,000	8.125% due 7/15/09(c)	561,688
250,000	7.625% due 4/1/11(c)	251,250
575,000	6.750% due 4/15/12(c)	560,625
1,367,000	Dex Media West LLC/Dex Media Finance Co., Senior Subordinated Notes, 9.875% due 8/15/13(c)	1,320,864
3,060,000	EchoStar DBS Corp., Senior Notes, 7.750% due 5/31/15(a)(c)	3,060,000
3,715,000	Idearc Inc., Senior Notes, 8.000% due 11/15/16(c)	2,674,800
	R.H. Donnelley Corp., Senior Notes:	
650,000	8.875% due 1/15/16(c)	448,500
100,000	8.875% due 10/15/17(a)(c)	67,500
1,100,000	Rogers Cable Inc., Senior Secured Notes, 7.875% due 5/1/12(c)	1,198,813
270,000	Sun Media Corp., 7.625% due 2/15/13(c)	263,250
1,570,000	TL Acquisitions Inc., Senior Notes, 10.500% due 1/15/15(a)(c)	1,436,550
	<i>Total Media</i>	<i>19,348,910</i>
	Multiline Retail 0.6%	
1,620,000	Dollar General Corp., Senior Subordinated Notes, 11.875% due 7/15/17(b)(c)	1,498,500
	Neiman Marcus Group Inc.:	
1,400,000	7.125% due 6/1/28(c)	1,253,000
1,090,000	Senior Subordinated Notes, 10.375% due 10/15/15(c)	1,132,237
	<i>Total Multiline Retail</i>	<i>3,883,737</i>
	Specialty Retail 0.3%	
	AutoNation Inc., Senior Notes:	
335,000	4.713% due 4/15/13(c)(e)	297,732
85,000	7.000% due 4/15/14(c)	80,856
1,070,000	Blockbuster Inc., Senior Subordinated Notes, 9.000% due 9/1/12(c)	896,125

See Notes to Financial Statements.

Schedule of investments *continued*

May 31, 2008

WESTERN ASSET GLOBAL HIGH INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
	Specialty Retail 0.3% <i>continued</i>	
345,000	Eye Care Centers of America, Senior Subordinated Notes, 10.750% due 2/15/15(c)	\$ 357,075
460,000	Michaels Stores Inc., Senior Subordinated Bonds, 11.375% due 11/1/16(c)	397,900
	<i>Total Specialty Retail</i>	2,029,688
	TOTAL CONSUMER DISCRETIONARY	57,323,073
CONSUMER STAPLES 0.9%		
	Beverages 0.4%	
2,330,000	Constellation Brands Inc., Senior Notes, 8.375% due 12/15/14(c)	2,446,500
	Food & Staples Retailing 0.1%	
183,634	CVS Caremark Corp., Pass-Through Certificates, 5.298% due 1/11/27(a)(c)	165,558
	CVS Lease Pass-Through Trust:	
103,991	5.880% due 1/10/28(a)(c)(f)	93,541
638,847	6.036% due 12/10/28(a)(c)	580,194
	<i>Total Food & Staples Retailing</i>	839,293
	Food Products 0.2%	
	Dole Food Co. Inc., Senior Notes:	
610,000	7.250% due 6/15/10(c)	568,825
432,000	8.875% due 3/15/11(c)	399,600
	<i>Total Food Products</i>	968,425
	Household Products 0.1%	
490,000	Visant Holding Corp., Senior Notes, 8.750% due 12/1/13(c)	490,000
	Tobacco 0.1%	
	Alliance One International Inc., Senior Notes:	
110,000	8.500% due 5/15/12(c)	105,050
600,000	11.000% due 5/15/12(c)	621,000
	<i>Total Tobacco</i>	726,050
	TOTAL CONSUMER STAPLES	5,470,268
ENERGY 7.6%		
	Energy Equipment & Services 0.2%	
560,000	Complete Production Services Inc., Senior Notes, 8.000% due 12/15/16(c)	569,800
750,000	Key Energy Services Inc., Senior Notes, 8.375% due 12/1/14(a)(c)	778,125
270,000	Pride International Inc., Senior Notes, 7.375% due 7/15/14(c)	276,075
	<i>Total Energy Equipment & Services</i>	1,624,000
	Oil, Gas & Consumable Fuels 7.4%	
1,395,000	Belden & Blake Corp., Secured Notes, 8.750% due 7/15/12(c)	1,429,875
	Chesapeake Energy Corp., Senior Notes:	
1,350,000	6.375% due 6/15/15(c)	1,299,375
270,000	6.625% due 1/15/16(c)	263,250

See Notes to Financial Statements.

10 Western Asset Global High Income Fund Inc. 2008 Annual Report

WESTERN ASSET GLOBAL HIGH INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
	Oil, Gas & Consumable Fuels 7.4% continued	
1,645,000	7.250% due 12/15/18(c)	\$ 1,640,887
160,000	Colorado Interstate Gas Co., Senior Notes, 6.800% due 11/15/15(c)	165,998
245,000	Compagnie Generale de Geophysique SA, Senior Notes, 7.500% due 5/15/15(c)	249,287
466,361	Corral Finans AB, 7.716% due 4/15/10(a)(b)(c)(e) El Paso Corp., Medium-Term Notes:	412,729
2,050,000	7.375% due 12/15/12(c)	2,117,263
1,330,000	7.750% due 1/15/32(c)	1,344,097
125,000	7.875% due 6/15/12(c)	130,944
70,000	El Paso Natural Gas Co., Bonds, 8.375% due 6/15/32(c)	77,986
980,000	Enterprise Products Operating LP, Junior Subordinated Notes, 8.375% due 8/1/66(c)	985,723
1,530,000	EXCO Resources Inc., Senior Notes, 7.250% due 1/15/11(c)	1,508,962
	Gazprom: Bonds:	
159,710,000RUB	6.790% due 10/29/09(c)	6,742,686
53,230,000RUB	7.000% due 10/27/11(c)	2,247,281
	Loan Participation Notes:	
890,000	6.212% due 11/22/16(a)	867,216
	Senior Notes:	
1,179,000	6.510% due 3/7/22(a)	1,132,320
570,000	6.510% due 3/7/22(a)	538,707
61,340,000RUB	Gazprom OAO, 6.950% due 8/6/09(c)	2,601,455
655,000	International Coal Group Inc., Senior Notes, 10.250% due 7/15/14(c)	658,275
	LUKOIL International Finance BV:	
830,000	6.356% due 6/7/17(a)(c)	796,800
946,000	6.656% due 6/7/22(a)(c)	877,415
390,000	Mariner Energy Inc., Senior Notes, 7.500% due 4/15/13(c)	379,275
	OPTI Canada Inc., Senior Secured Notes:	
690,000	7.875% due 12/15/14(c)	702,075
445,000	8.250% due 12/15/14(c)	460,575
	Pemex Project Funding Master Trust:	
5,640,000	6.625% due 6/15/35(a)(c)	5,723,444
1,390,000	Senior Bonds, 6.625% due 6/15/35(c)	1,410,565
510,000	Petrohawk Energy Corp., Senior Notes, 9.125% due 7/15/13(c)	532,950
410,000	Petroplus Finance Ltd., Senior Note, 7.000% due 5/1/17(a)(c)	372,075
	Petrozuata Finance Inc.:	
1,782,326	8.220% due 4/1/17(a)(c)	1,864,024
881,261	8.220% due 4/1/17(a)(c)	912,105

See Notes to Financial Statements.

Schedule of investments *continued*

May 31, 2008

WESTERN ASSET GLOBAL HIGH INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
	Oil, Gas & Consumable Fuels 7.4% <i>continued</i>	
1,245,000	SemGroup LP, Senior Notes, 8.750% due 11/15/15(a)(c)	\$ 1,220,100
660,000	Stone Energy Corp., Senior Subordinated Notes, 8.250% due 12/15/11(c)	666,600
550,000	TNK-BP Finance SA, 6.625% due 3/20/17(a)(c)	501,215
550,000	VeraSun Energy Corp., 9.375% due 6/1/17(c)	385,000
355,000	W&T Offshore Inc., Senior Notes, 8.250% due 6/15/14(a)(c)	344,350
630,000	Whiting Petroleum Corp., Senior Subordinated Notes, 7.000% due 2/1/14(c)	628,425
	Williams Cos. Inc.:	
1,060,000	Notes, 8.750% due 3/15/32(c)	1,240,200
1,000,000	Senior Notes, 7.625% due 7/15/19(c)	1,078,750
	<i>Total Oil, Gas & Consumable Fuels</i>	<i>46,510,259</i>
	TOTAL ENERGY	48,134,259
FINANCIALS 6.9%	Capital Markets 0.7%	
4,094,079	Credit Suisse, Credit-Linked Notes, (Turanlem Finance BV), 8.000% due 7/21/08(a)(c)(f)	4,097,692
	Commercial Banks 2.9%	
2,370,000	ATF Capital BV, Senior Notes, 9.250% due 2/21/14(a)(c)	2,424,984
1,050,000	Banco Mercantil del Norte SA, Subordinated Bonds, 6.135% due 10/13/16(a)(c)(e)	1,021,599
	HSBK Europe BV:	
1,700,000	7.250% due 5/3/17(a)(c)	1,521,500
730,000	7.250% due 5/3/17(a)(c)	644,371
	ICICI Bank Ltd., Subordinated Bonds:	
1,840,000	6.375% due 4/30/22(a)(c)(e)	1,637,747
454,000	6.375% due 4/30/22(a)(c)(e)	399,124
104,829,000RUB	JPMorgan Chase Bank, Credit-Linked Notes (Russian Agricultural Bank), 9.500% due 2/11/11(a)(c)(f)	4,389,281
1,350,000	RSHB Capital, Notes, 7.125% due 1/14/14(a)(c)	1,365,120
	Russian Agricultural Bank, Loan Participation Notes:	
1,232,000	7.175% due 5/16/13(a)(c)	1,253,560
1,529,000	6.299% due 5/15/17(a)(c)	1,437,260
	TuranAlem Finance BV, Bonds:	
1,786,000	8.250% due 1/22/37(a)(c)	1,513,635
880,000	8.250% due 1/22/37(a)(c)	745,800
	<i>Total Commercial Banks</i>	<i>18,353,981</i>

See Notes to Financial Statements.

WESTERN ASSET GLOBAL HIGH INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
	Consumer Finance 1.5%	
400,000	AmeriCredit Corp., 8.500% due 7/1/15(c)	\$ 324,500
	Ford Motor Credit Co.:	
	Notes:	
50,000	7.875% due 6/15/10(c)	47,400
1,300,000	7.000% due 10/1/13(c)	1,094,392
	Senior Notes:	
1,650,000	8.050% due 6/15/11(c)(e)	1,516,659
115,000	9.875% due 8/10/11(c)	108,887
210,000	5.460% due 1/13/12(c)(e)	177,589
380,000	12.000% due 5/15/15(c)	380,106
	General Motors Acceptance Corp.:	
5,820,000	Bonds, 8.000% due 11/1/31(c)	4,468,532
2,040,000	Notes, 6.875% due 8/28/12(c)	1,644,617
	<i>Total Consumer Finance</i>	<i>9,762,682</i>
	Diversified Financial Services 1.1%	
350,000	AAC Group Holding Corp., Senior Discount Notes, step bond to yield 12.180% due 10/1/12(c)	341,250
420,000	Basell AF SCA, Senior Secured Subordinated Second Priority Notes, 8.375% due 8/15/15(a)	302,400
550,000	CCM Merger Inc., Notes, 8.000% due 8/1/13(a)(c)	470,250
290,000	El Paso Performance-Linked Trust Certificates, Senior Notes, 7.750% due 7/15/11(a)(c)	299,767
	Leucadia National Corp., Senior Notes:	
540,000	8.125% due 9/15/15(c)	555,525
340,000	7.125% due 3/15/17(c)	328,100
290,000	Residential Capital LLC, Senior Notes, 8.000% due 2/22/11(c)	146,450
	TNK-BP Finance SA:	
1,750,000	7.500% due 7/18/16(a)(c)	1,726,025
1,490,000	Senior Notes, 7.875% due 3/13/18(a)(c)	1,473,312
	Vanguard Health Holdings Co.:	
890,000	I LLC, Senior Discount Notes, step bond to yield 9.952% due 10/1/15(c)	778,750
555,000	II LLC, Senior Subordinated Notes, 9.000% due 10/1/14(c)	573,038
	<i>Total Diversified Financial Services</i>	<i>6,994,867</i>
	Real Estate Investment Trusts (REITs) 0.5%	
30,000	Forest City Enterprises Inc., Senior Notes, 7.625% due 6/1/15(c)	28,125
2,275,000	Host Marriott LP, Senior Notes, 7.125% due 11/1/13(c)	2,263,625
	Ventas Realty LP/Ventas Capital Corp., Senior Notes:	
175,000	6.500% due 6/1/16(c)	171,500
690,000	6.750% due 4/1/17(c)	686,550
	<i>Total Real Estate Investment Trusts (REITs)</i>	<i>3,149,800</i>

See Notes to Financial Statements.

Schedule of investments *continued*

May 31, 2008

WESTERN ASSET GLOBAL HIGH INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
	Real Estate Management & Development 0.2%	
325,000	Ashton Woods USA LLC/Ashton Woods Finance Co., Senior Subordinated Notes, 9.500% due 10/1/15(c)	\$ 190,125
1,750,000	Realty Corp., Senior Subordinated Notes, 12.375% due 4/15/15(c)	962,500
	<i>Total Real Estate Management & Development</i>	<i>1,152,625</i>
	TOTAL FINANCIALS	43,511,647
HEALTH CARE 2.2%		
	Health Care Equipment & Supplies 0.1%	
330,000	Advanced Medical Optics Inc., 7.500% due 5/1/17(c)	310,200
	Health Care Providers & Services 2.1%	
620,000	Community Health Systems Inc., Senior Notes, 8.875% due 7/15/15(c)	642,475
1,300,000	DaVita Inc., Senior Subordinated Notes, 7.250% due 3/15/15(c)	1,277,250
	HCA Inc.:	
1,360,000	Notes, 6.375% due 1/15/15(c)	1,190,000
400,000	Senior Notes, 6.500% due 2/15/16(c)	349,500
	Senior Secured Notes:	
540,000	9.250% due 11/15/16(c)	571,725
3,770,000	9.625% due 11/15/16(b)(c)	3,986,775
1,675,000	IASIS Healthcare LLC/IASIS Capital Corp., Senior Subordinated Notes,	
	8.750% due 6/15/14(c)	1,729,437
	Tenet Healthcare Corp., Senior Notes:	
430,000	6.375% due 12/1/11(c)	409,575
125,000	7.375% due 2/1/13(c)	117,188
1,959,000	9.875% due 7/1/14(c)	1,968,795
	Universal Hospital Services Inc.:	
160,000	8.288% due 6/1/15(c)(e)	152,400
135,000	8.500% due 6/1/15(b)(c)	137,025
1,137,000	US Oncology Holdings Inc., Senior Notes, 7.949% due 3/15/12(b)(c)(e)	932,340
	<i>Total Health Care Providers & Services</i>	<i>13,464,485</i>
	Pharmaceuticals 0.0%	
1,270,000	Leiner Health Products Inc., Senior Subordinated Notes, 11.000% due 6/1/12(d)(g)	15,875
	TOTAL HEALTH CARE	13,790,560
INDUSTRIALS 5.8%		
	Aerospace & Defense 0.7%	
1,150,000	DRS Technologies Inc., Senior Subordinated Notes, 6.625% due 2/1/16(c)	1,204,625
	Hawker Beechcraft Acquisition Co.:	
1,210,000	Senior Notes, 8.875% due 4/1/15(b)(c)	1,240,250
905,000	Senior Subordinated Notes, 9.750% due 4/1/17(c)	932,150

See Notes to Financial Statements.

14 Western Asset Global High Income Fund Inc. 2008 Annual Report

WESTERN ASSET GLOBAL HIGH INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
	Aerospace & Defense 0.7% <i>continued</i>	
845,000	L-3 Communications Corp., Senior Subordinated Notes, 7.625% due 6/15/12(c)	\$ 862,956
	<i>Total Aerospace & Defense</i>	<i>4,239,981</i>
	Airlines 0.5%	
205,348	Continental Airlines Inc.: 8.388% due 5/1/22(c)	190,974
	Pass-Through Certificates:	
27,504	6.541% due 9/15/08(c)	27,504
383,691	8.312% due 4/2/11(c)	358,752
290,000	7.339% due 4/19/14(c)	237,800
2,290,000	DAE Aviation Holdings Inc., Senior Notes, 11.250% due 8/1/15(a)(c)	2,347,250
	<i>Total Airlines</i>	<i>3,162,280</i>
	Building Products 0.9%	
	Associated Materials Inc.:	
25,000	Senior Discount Notes, step bond to yield 7.090% due 3/1/14(c)	17,188
1,560,000	Senior Subordinated Notes, 9.750% due 4/15/12(c)	1,560,000
	GTL Trade Finance Inc.:	
1,060,000	7.250% due 10/20/17(a)(c)	1,082,528
2,036,000	7.250% due 10/20/17(a)(c)	2,077,062
680,000	Nortek Inc., Senior Subordinated Notes, 8.500% due 9/1/14(c)	479,400
1,130,000	NTK Holdings Inc., Senior Discount Notes, step bond to yield 11.542% due 3/1/14(c)	566,412
	<i>Total Building Products</i>	<i>5,782,590</i>
	Commercial Services & Supplies 1.2%	
775,000	Allied Security Escrow Corp., Senior Subordinated Notes, 11.375% due 7/15/11(c)	662,625
900,000	Allied Waste North America Inc., Senior Notes, 7.375% due 4/15/14(c)	913,500
1,618,000	DynCorp International LLC/DIV Capital Corp., Senior Subordinated Notes, 9.500% due 2/15/13(c)	1,650,360
1,100,000	Interface Inc., Senior Subordinated Notes, 9.500% due 2/1/14(c)	1,155,000
745,000	Rental Services Corp., Senior Notes, 9.500% due 12/1/14(c)	655,600
2,510,000	US Investigations Services Inc., Senior Subordinated Notes, 10.500% due 11/1/15(a)(c)	2,284,100
	<i>Total Commercial Services & Supplies</i>	<i>7,321,185</i>
	Construction & Engineering 1.2%	
7,177,000	Odebrecht Finance Ltd., 7.500% due 10/18/17(a)(c)	7,410,253
	Industrial Conglomerates 0.1%	
523,000	Koppers Inc., Senior Notes, 9.875% due 10/15/13(c)	556,995
	Machinery 0.0%	
190,000	Terex Corp., Senior Subordinated Notes, 7.375% due 1/15/14(c)	192,850

See Notes to Financial Statements.

Schedule of investments *continued*

May 31, 2008

WESTERN ASSET GLOBAL HIGH INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
	Road & Rail 0.7%	
790,000	Grupo Transportacion Ferroviaria Mexicana SA de CV, Senior Notes, 9.375% due 5/1/12(c)	\$ 829,500
	Hertz Corp.:	
750,000	Senior Notes, 8.875% due 1/1/14(c)	750,000
1,860,000	Senior Subordinated Notes, 10.500% due 1/1/16(c)	1,864,650
160,000	Kansas City Southern de Mexico, Senior Notes, 7.625% due 12/1/13(c)	157,800
	Kansas City Southern Railway, Senior Notes:	
190,000	7.500% due 6/15/09(c)	193,800
820,000	8.000% due 6/1/15(c)	828,200
	<i>Total Road & Rail</i>	4,623,950
	Trading Companies & Distributors 0.4%	
595,000	Ashtead Capital Inc., Notes, 9.000% due 8/15/16(a)(c)	532,525
1,370,000	H&E Equipment Services Inc., Senior Notes, 8.375% due 7/15/16(c)	1,198,750
1,415,000	Penhall International Corp., Senior Secured Notes, 12.000% due 8/1/14(a)(c)	1,068,325
	<i>Total Trading Companies & Distributors</i>	2,799,600
	Transportation Infrastructure 0.1%	
	Swift Transportation Co., Senior Secured Notes:	
380,000	10.426% due 5/15/15(a)(c)(e)	127,300
1,020,000	12.500% due 5/15/17(a)(c)	367,200
	<i>Total Transportation Infrastructure</i>	494,500
	TOTAL INDUSTRIALS	36,584,184
	INFORMATION TECHNOLOGY 1.0%	
	Electronic Equipment & Instruments 0.2%	
	NXP BV/NXP Funding LLC:	
695,000	Senior Notes, 9.500% due 10/15/15(c)	657,644
530,000	Senior Secured Notes, 7.875% due 10/15/14(c)	516,750
	<i>Total Electronic Equipment & Instruments</i>	1,174,394
	IT Services 0.6%	
520,000	Ceridian Corp., Senior Notes, 12.250% due 11/15/15(a)(b)(c)	486,200
1,240,000	First Data Corp., 9.875% due 9/24/15(a)(c)	1,123,750
	SunGard Data Systems Inc.:	
325,000	Senior Notes, 9.125% due 8/15/13(c)	336,375
1,775,000	Senior Subordinated Notes, 10.250% due 8/15/15(c)	1,854,875
	<i>Total IT Services</i>	3,801,200
	Semiconductors & Semiconductor Equipment 0.0%	
80,000	Freescall Semiconductor Inc., Senior Notes, 8.875% due 12/15/14(c)	71,200

See Notes to Financial Statements.

WESTERN ASSET GLOBAL HIGH INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
1,355,000	Software 0.2% Activant Solutions Inc., Senior Subordinated Notes, 9.500% due 5/1/16(c)	\$ 1,039,962
	TOTAL INFORMATION TECHNOLOGY	6,086,756
MATERIALS 4.9%		
	Chemicals 0.6%	
	Georgia Gulf Corp., Senior Notes:	
930,000	9.500% due 10/15/14(c)	771,900
1,300,000	10.750% due 10/15/16(c)	851,500
415,000	Huntsman International LLC, Senior Subordinated Notes, 7.875% due 11/15/14(c)	446,125
495,000	Methanex Corp., Senior Notes, 8.750% due 8/15/12(c)	533,363
1,190,000	Montell Finance Co. BV, Debentures, 8.100% due 3/15/27(a)(c)	779,450
220,000	Westlake Chemical Corp., Senior Notes, 6.625% due 1/15/16(c)	190,300
	<i>Total Chemicals</i>	<i>3,572,638</i>
	Containers & Packaging 0.3%	
705,000	Graham Packaging Co. Inc., Senior Subordinated Notes, 9.875% due 10/15/14(c)	659,175
805,000	Graphic Packaging International Corp., Senior Subordinated Notes, 9.500% due 8/15/13(c)	815,063
390,000	Plastipak Holdings Inc., Senior Notes, 8.500% due 12/15/15(a)(c)	368,550
575,000	Radnor Holdings Corp., Senior Notes, 11.000% due 3/15/10(d)(f)(g)	0
	<i>Total Containers & Packaging</i>	<i>1,842,788</i>
	Metals & Mining 2.8%	
1,050,000	Corporacion Nacional del Cobre-Codelco, Notes, 5.500% due 10/15/13(a)(c)	1,071,280
2,030,000	Evraz Group SA, Notes, 8.875% due 4/24/13(a)(c)	2,080,750
4,210,000	Freeport-McMoRan Copper & Gold Inc., Senior Notes, 8.375% due 4/1/17(c)	4,532,865
2,100,000	Metals USA Inc., Senior Secured Notes, 11.125% due 12/1/15(c)	2,205,000
575,000	Noranda Aluminum Holding Corp., Senior Notes, 8.578% due 11/15/14(a)(b)(c)(e)	506,000
850,000	Novelis Inc., Senior Notes, 7.250% due 2/15/15(c)	803,250
1,530,000	Ryerson Inc., Senior Secured Notes, 12.000% due 11/1/15(a)(c)	1,491,750
250,000	Steel Dynamics Inc., Senior Notes, 7.375% due 11/1/12(a)(c)	253,125
500,000	Tube City IMS Corp., Senior Subordinated Notes, 9.750% due 2/1/15(c)	480,000
	Vale Overseas Ltd., Notes:	
1,448,000	8.250% due 1/17/34(c)	1,660,317
2,934,000	6.875% due 11/21/36(c)	2,922,499
	<i>Total Metals & Mining</i>	<i>18,006,836</i>
	Paper & Forest Products 1.2%	
2,110,000	Abitibi-Consolidated Co. of Canada, Senior Secured Notes, 13.750% due 4/1/11(a)(c)	2,249,787

See Notes to Financial Statements.

Schedule of investments *continued*

May 31, 2008

WESTERN ASSET GLOBAL HIGH INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
	Paper & Forest Products 1.2% <i>continued</i>	
375,000	Appleton Papers Inc.:	
	Senior Notes, 8.125% due 6/15/11(c)	\$ 363,750
715,000	Senior Subordinated Notes, 9.750% due 6/15/14(c)	686,400
	NewPage Corp.:	
1,120,000	10.000% due 5/1/12(a)(c)	1,198,400
975,000	Senior Secured Notes, 9.123% due 5/1/12(c)(e)	1,023,750
2,130,000	Verso Paper Holdings LLC, 11.375% due 8/1/16(c)	2,167,275
	<i>Total Paper & Forest Products</i>	<i>7,689,362</i>
	TOTAL MATERIALS	31,111,624
TELECOMMUNICATION SERVICES 3.9%	Diversified Telecommunication Services 2.4%	
1,996,000	Axtel SAB de CV, 7.625% due 2/1/17(a)(c)	2,040,910
120,000	Cincinnati Bell Telephone Co., Senior Debentures, 6.300% due 12/1/28(c)	99,600
635,000	Citizens Communications Co., Senior Notes, 7.875% due 1/15/27(c)	574,675
	Hawaiian Telcom Communications Inc.:	
340,000	Senior Notes, 9.750% due 5/1/13(c)	134,300
535,000	Senior Subordinated Notes, 12.500% due 5/1/15(c)	137,763
	Intelsat Bermuda Ltd.:	
755,000	9.250% due 6/15/16(c)	766,325
1,505,000	Senior Notes, 11.250% due 6/15/16(c)	1,542,625
25,000	L-3 Communications Corp., Senior Subordinated Notes, 6.375% due 10/15/15(c)	24,219
	Level 3 Financing Inc.:	
70,000	6.704% due 2/15/15(c)(e)	59,150
1,105,000	Senior Notes, 9.250% due 11/1/14(c)	1,038,700
670,000	Nordic Telephone Co. Holdings, Senior Secured Bonds, 8.875% due 5/1/16(a)(c)	663,300
1,520,000	Qwest Communications International Inc., Senior Notes, 7.500% due 2/15/14(c)	1,497,200
85,000	Qwest Corp., Notes, 6.050% due 6/15/13(c)(e)	82,875
1,255,000	Telcordia Technologies Inc., Senior Subordinated Notes, 10.000% due 3/15/13(a)(c)	985,175
1,708,000	UBS Luxembourg SA for OJSC Vimpel Communications, Loan Participation Notes, 8.250% due 5/23/16(a)(c)	1,708,000
1,030,000	Vimpel Communications, Loan Participation Notes, 8.375% due 4/30/13(a)	1,050,373
1,200,000	Virgin Media Finance PLC, Senior Notes, 9.125% due 8/15/16(c)	1,182,000
155,000	Wind Acquisition Finance SA, Senior Bonds, 10.750% due 12/1/15(a)(c)	166,625
1,225,000	Windstream Corp., Senior Notes, 8.625% due 8/1/16(c)	1,272,469
	<i>Total Diversified Telecommunication Services</i>	<i>15,026,284</i>

See Notes to Financial Statements.

18 Western Asset Global High Income Fund Inc. 2008 Annual Report

WESTERN ASSET GLOBAL HIGH INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
630,000	Wireless Telecommunication Services 1.5% ALLTEL Communications Inc., Senior Notes, 10.375% due 12/1/17(a)(b)(c)	\$ 557,550
1,090,000	America Movil SAB de CV, 5.625% due 11/15/17(c)	1,067,249
260,000	MetroPCS Wireless Inc., Senior Notes, 9.250% due 11/1/14(c)	251,225
1,105,000	Nextel Communications Inc., Senior Notes, 7.375% due 8/1/15(c)	890,112
170,000	Rogers Wireless Inc., Senior Subordinated Notes, 8.000% due 12/15/12(c)	176,800
	Rural Cellular Corp.:	
260,000	Senior Notes, 9.875% due 2/1/10(c)	267,800
440,000	Senior Subordinated Notes, 6.076% due 6/1/13(c)(e)	446,600
6,510,000	True Move Co., Ltd., 10.750% due 12/16/13(a)(c)	5,826,450
	<i>Total Wireless Telecommunication Services</i>	9,483,786
	TOTAL TELECOMMUNICATION SERVICES	24,510,070
UTILITIES 4.0%		
	Electric Utilities 0.5%	
2,050,000	EEB International Ltd., Senior Bonds, 8.750% due 10/31/14(a)(c)	2,198,625
581,000	Enerjis SA, Notes, 7.375% due 1/15/14(c)	615,658
550,000	Orion Power Holdings Inc., Senior Notes, 12.000% due 5/1/10(c)	606,375
	<i>Total Electric Utilities</i>	3,420,658
	Gas Utilities 0.2%	
1,480,000	Suburban Propane Partners LP/Suburban Energy Finance Corp., Senior Notes, 6.875% due 12/15/13(c)	1,435,600
	Independent Power Producers & Energy Traders 3.3%	
420,000	AES China Generating Co., Ltd., 8.250% due 6/26/10(c)	395,396
	AES Corp., Senior Notes:	
525,000	9.375% due 9/15/10(c)	559,125
670,000	8.875% due 2/15/11(c)	705,175
1,940,000	7.750% due 3/1/14(c)	1,949,700
1,500,000	7.750% due 10/15/15(c)	1,503,750
1,150,000	Dynegy Holdings Inc., Senior Notes, 7.750% due 6/1/19(c)	1,095,375
	Edison Mission Energy, Senior Notes:	
690,000	7.750% due 6/15/16(c)	710,700
550,000	7.200% due 5/15/19(c)	539,000
765,000	7.625% due 5/15/27(c)	724,838
8,080,000	Energy Future Holdings, Senior Notes, 11.250% due 11/1/17(a)(b)(c)	8,322,400
845,000	Mirant North America LLC, Senior Notes, 7.375% due 12/31/13(c)	855,562

See Notes to Financial Statements.

Schedule of investments *continued*

May 31, 2008

WESTERN ASSET GLOBAL HIGH INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
	Independent Power Producers & Energy Traders 3.3%	
	<i>continued</i>	
	NRG Energy Inc., Senior Notes:	
450,000	7.250% due 2/1/14(c)	\$ 442,125
2,850,000	7.375% due 2/1/16(c)	2,785,875
	<i>Total Independent Power Producers & Energy Traders</i>	<i>20,589,021</i>
	TOTAL UTILITIES	25,445,279
	TOTAL CORPORATE BONDS & NOTES (Cost \$304,846,075)	291,967,720
ASSET-BACKED SECURITIES 0.0%		
	Home Equity 0.0%	
110,125	Finance America Net Interest Margin Trust, 5.250% due 6/27/34(a)(g)	55
	Sail Net Interest Margin Notes:	
42,974	7.000% due 7/27/33(a)(g)	43
14,101	7.000% due 7/27/33(a)(g)	7
	TOTAL ASSET-BACKED SECURITIES (Cost \$166,854)	105
COLLATERALIZED MORTGAGE OBLIGATIONS 0.7%		
	Federal National Mortgage Association (FNMA) STRIPS, IO:	
7,719,990	5.500% due 1/1/33(g)	1,978,687
9,553,546	5.500% due 6/1/33(g)	2,449,925
	TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS (Cost \$4,921,009)	4,428,612
COLLATERALIZED SENIOR LOANS 0.2%		
	Oil, Gas & Consumable Fuels 0.2%	
	Ashmore Energy International:	
131,105	Synthetic Revolving Credit Facility, 8.250% due 3/30/14(e)	118,158
966,830	Term Loan, 5.696% due 3/30/14(e)	871,356
	TOTAL COLLATERALIZED SENIOR LOANS (Cost \$1,095,542)	989,514
MORTGAGE-BACKED SECURITIES 31.2%		
	FHLMC 15.1%	
	Federal Home Loan Mortgage Corp. (FHLMC):	
2,025,677	5.914% due 10/1/36(c)(e)	2,075,059
4,093,809	5.733% due 3/1/37(c)(e)	4,194,790
3,540,474	5.888% due 5/1/37(c)(e)	3,624,233
188,789	6.116% due 9/1/37(c)(e)	192,957
4,029,014	5.828% due 11/1/37(c)(e)	4,122,045
3,965,619	5.619% due 12/1/37(c)(e)	4,051,290
	Gold:	
36,754,387	5.500% due 12/1/37(c)	36,549,247
40,000,000	5.000% due 6/12/38(h)	38,643,760
1,600,000	5.500% due 7/14/38(h)	1,584,750
	<i>TOTAL FHLMC</i>	<i>95,038,131</i>

See Notes to Financial Statements.

20 Western Asset Global High Income Fund Inc. 2008 Annual Report

WESTERN ASSET GLOBAL HIGH INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
	FNMA 13.3%	
	Federal National Mortgage Association (FNMA):	
500,000	6.000% due 6/17/23(h)	\$ 513,203
909,554	6.500% due 7/1/36(c)	939,057
10,580,747	6.000% due 10/1/37(c)	10,746,468
41,170,000	5.000% due 6/12/38(h)	39,774,090
2,700,000	5.500% due 6/12/38(h)	2,681,016
16,130,000	5.000% due 7/14/38(h)	15,547,804
9,750,000	5.500% due 7/14/38(h)	9,711,916
4,100,000	6.500% due 7/14/38(h)	4,215,952
	TOTAL FNMA	84,129,506
	GNMA 2.8%	
4,600,000	Government National Mortgage Association (GNMA) I, 6.500% due 6/21/38(h)	4,740,157
12,800,000	Government National Mortgage Association (GNMA) II, 6.500% due 6/21/38(h)	13,188,032
	TOTAL GNMA	17,928,189
	TOTAL MORTGAGE-BACKED SECURITIES	
	(Cost \$198,505,982)	197,095,826
SOVEREIGN BONDS 10.2%		
	Argentina 0.6%	
	Republic of Argentina:	
1,074,000EUR	9.000% due 6/20/03(d)	501,247
1,100,000EUR	10.250% due 1/26/07(d)	539,050
1,729,117EUR	8.000% due 2/26/08(d)	828,517
1,550,000DEM	11.750% due 11/13/26(d)	360,622
1,465,776ARS	Bonds, 2.000% due 1/3/10(c)(e)	1,039,140
522,000EUR	Medium-Term Notes, 10.000% due 2/22/07(d)	255,804
	Total Argentina	3,524,380
	Brazil 2.9%	
	Brazil Nota do Tesouro Nacional:	
1,000BRL	9.762% due 1/1/10	579
32,108,000BRL	9.762% due 7/1/10(c)	18,320,005
	Total Brazil	18,320,584
	Colombia 0.7%	
	Republic of Colombia:	
544,000	11.750% due 2/25/20(c)	826,200
2,852,000	7.375% due 9/18/37(c)	3,247,715
	Total Colombia	4,073,915

See Notes to Financial Statements.

Schedule of investments *continued*

May 31, 2008

WESTERN ASSET GLOBAL HIGH INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
2,765,000	Ecuador 0.4% Republic of Ecuador, 10.000% due 8/15/30(a)(c)	\$ 2,806,475
	Indonesia 0.9% Republic of Indonesia:	
15,399,000,000 IDR	10.250% due 7/15/22(c)	1,372,364
28,956,000,000 IDR	11.000% due 9/15/25(c)	2,697,021
525,000	8.500% due 10/12/35(a)(c)	565,688
11,646,000,000 IDR	9.750% due 5/15/37(c)	938,081
	<i>Total Indonesia</i>	5,573,154
	Mexico 0.4% United Mexican States:	
300,000	11.375% due 9/15/16(c)	425,250
	Medium-Term Notes:	
4,000	5.625% due 1/15/17	4,122
2,112,000	6.750% due 9/27/34(c)	2,310,000
	<i>Total Mexico</i>	2,739,372
	Panama 1.1% Republic of Panama:	
1,275,000	9.375% due 4/1/29(c)	1,726,669
4,820,000	6.700% due 1/26/36(c)	5,073,050
	<i>Total Panama</i>	6,799,719
	Peru 0.4% Republic of Peru:	
278,000	8.750% due 11/21/33(c)	368,350
1,774,000	Bonds, 6.550% due 3/14/37(c)	1,867,135
50,000	Global Bonds, 7.350% due 7/21/25	57,375
	<i>Total Peru</i>	2,292,860
	Russia 0.6% Russian Federation, 12.750% due 6/24/28(a)(c)	3,944,565
	Turkey 0.2% Republic of Turkey, 14.000% due 1/19/11(c)	1,381,935
	Uruguay 0.2% Oriental Republic of Uruguay, Bonds, 7.625% due 3/21/36(c)	1,335,531
	Venezuela 1.8% Bolivarian Republic of Venezuela:	
365,000	8.500% due 10/8/14(c)	344,925
10,497,000	5.750% due 2/26/16(c)	8,292,630
475,000	7.650% due 4/21/25(c)	375,250

See Notes to Financial Statements.

WESTERN ASSET GLOBAL HIGH INCOME FUND INC.

FACE AMOUNT	SECURITY	VALUE
	Venezuela 1.8% <i>continued</i>	
	Collective Action Securities:	
1,608,000	9.375% due 1/13/34(c)	\$ 1,423,080
875,000	Notes, 10.750% due 9/19/13(c)	914,375
	<i>Total Venezuela</i>	<i>11,350,260</i>
	TOTAL SOVEREIGN BONDS	
	(Cost \$62,358,939)	64,142,750
U.S. GOVERNMENT & AGENCY OBLIGATIONS	4.5%	
	U.S. Government Agencies 4.5%	
	Federal Home Loan Bank (FHLB):	
6,000,000	2.450% due 9/11/08(c)	6,001,182
21,000,000	2.528% due 1/8/09(c)(e)	20,999,937
410,000	Federal Home Loan Mortgage Corp. (FHLMC), Notes, 5.125% due 4/18/11(c)	427,520
1,000,000	Federal National Mortgage Association (FNMA), 5.625% due 11/15/21(c)	1,011,845
	TOTAL U.S. GOVERNMENT & AGENCY OBLIGATIONS	
	(Cost \$28,233,398)	28,440,484
U.S. TREASURY INFLATION PROTECTED SECURITIES	1.7%	
	U.S. Treasury Bonds, Inflation Indexed:	
3,129,792	2.000% due 1/15/26(c)	3,078,689
973,848	2.375% due 1/15/27(c)	1,013,258
2,414,935	1.750% due 1/15/28(c)	2,276,079
	U.S. Treasury Notes, Inflation Indexed:	
752,871	2.000% due 1/15/16(c)	786,457
1,735,989	2.375% due 1/15/17(c)	1,864,697
1,750,949	2.625% due 7/15/17(c)	1,919,480
	TOTAL U.S. TREASURY INFLATION PROTECTED SECURITIES	
	(Cost \$10,554,570)	10,938,660
SHARES		
COMMON STOCK	0.0%	
CONSUMER DISCRETIONARY	0.0%	
2,085,181	Household Durables 0.0%	
	Home Interiors & Gifts Inc.(f)(g)* (Cost \$853,389)	2
PREFERRED STOCKS	0.1%	
CONSUMER DISCRETIONARY	0.1%	
32,400	Automobiles 0.1%	
	Ford Motor Co., 8.000%	487,895

See Notes to Financial Statements.

Schedule of investments *continued*

May 31, 2008

WESTERN ASSET GLOBAL HIGH INCOME FUND INC.

SHARES		SECURITY	VALUE
FINANCIALS	0.0%		
140		Capital Markets 0.0% Lehman Brothers Holdings Inc., 7.250%	\$ 151,900
2,600		Diversified Financial Services 0.0% Preferred Plus, Trust Series FRD-1, 7.400%	37,882
9,700		Saturns, Series F 2003-5, 8.125%	160,050
		<i>Total Diversified Financial Services</i>	<i>197,932</i>
		TOTAL FINANCIALS	349,832
		TOTAL PREFERRED STOCKS	
		(Cost \$878,392)	837,727
WARRANTS			
WARRANT	0.0%		
2,675		Bolivarian Republic of Venezuela, Oil-linked payment obligations, Expires 4/15/20* (Cost \$82,925)	95,631
		TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENTS	
		(Cost \$612,497,075)	598,937,031
FACE AMOUNT			
SHORT-TERM INVESTMENTS	5.1%		
440,000	MYR	Sovereign Bonds 2.5% Bank Negara Malaysia Islamic Notes, zero coupon bond to yield 3.214% due 9/25/08	134,309
5,119,000	MYR	Bank Negara Malaysia Monetary Notes: Zero coupon bond to yield 3.177% due 7/17/08	1,573,633
180,000	MYR	Zero coupon bond to yield 3.190% due 8/7/08	55,217
56,850,000	EGP	Egypt Treasury Bills: Zero coupon bond to yield 7.570% due 10/28/08(c)	10,309,544
20,625,000	EGP	Zero coupon bond to yield 6.800% due 11/11/08(c)	3,728,699
		TOTAL SOVEREIGN BONDS	
		(Cost \$15,458,379)	15,801,402
14,700,000		U.S. Government Agencies 2.6% Federal Home Loan Bank (FHLB), Discount Notes 1.900% 1.901%, due 6/2/08(c)(i)	14,699,224
1,647,000		Federal National Mortgage Association (FNMA), Discount Notes 1.384% 1.957%, due 12/15/08(c)(i)(j)	1,626,869
		TOTAL U.S. GOVERNMENT AGENCIES	
		(Cost \$16,329,862)	16,326,093
		TOTAL SHORT-TERM INVESTMENTS (Cost \$31,788,241)	32,127,495
		TOTAL INVESTMENTS 100% (Cost \$644,285,316#)	\$ 631,064,526

See Notes to Financial Statements.

WESTERN ASSET GLOBAL HIGH INCOME FUND INC.

* Non-income producing security.

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

- (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) All or a portion of this security is segregated for a revolving credit facility, open futures contracts, swap contracts, foreign currency contracts and securities traded on a to-be-announced (TBA) basis.
 - (d) Security is currently in default.
 - (e) Variable rate security. Interest rate disclosed is that which is in effect at May 31, 2008.
 - (f) Security is valued in good faith at fair value by or under the direction of the Board of Directors (See Note 1).
 - (g) Illiquid security.
 - (h) This security is traded on a TBA basis (See Note 1).
 - (i) Rate shown represents yield-to-maturity.
 - (j) 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 \$645,533,571.

Abbreviations used in this schedule:

ARS	Argentine Peso
BRL	Brazilian Real
DEM	German Mark
EGP	Egyptian Pound
EUR	Euro
IDR	Indonesian Rupiah
IO	Interest Only
MYR	Malaysian Ringgit
OJSC	Open Joint Stock Company
RUB	Russian Ruble
STRIPS	Separate Trading of Registered Interest and Principal Securities
TRY	Turkish Lira

See Notes to Financial Statements.

Statement of assets and liabilities**May 31, 2008**

ASSETS:	
Investments, at value (Cost \$644,285,316)	\$631,064,526
Foreign currency, at value (Cost \$938,929)	950,503
Cash	507,003
Receivable for securities sold	67,234,912
Deposits with brokers for open swap contracts	9,700,000
Interest receivable	8,828,378
Interest receivable for open swap contracts	1,305,620
Prepaid expenses	25,284
<i>Total Assets</i>	<i>719,616,226</i>
LIABILITIES:	
Payable for securities purchased	199,858,455
Loan payable (Note 4)	100,000,000
Swap contracts, at value (premium paid \$1,670,625)	9,364,187
Investment management fee payable	463,794
Interest payable	215,679
Interest payable for open swap contracts	203,494
Payable to broker variation margin on open futures contracts	176,327
Payable for open forward currency contracts	75,805
Directors fees payable	11,653
Accrued expenses	261,955
<i>Total Liabilities</i>	<i>310,631,349</i>
TOTAL NET ASSETS	\$408,984,877
NET ASSETS:	
Par value (\$0.001 par value; 30,608,381 shares issued and outstanding; 100,000,000 shares authorized)	\$ 30,608
Paid-in capital in excess of par value	436,420,710
Undistributed net investment income	2,624,568
Accumulated net realized loss on investments, futures contracts, options written, swap contracts and foreign currency transactions	(6,643,303)
Net unrealized depreciation on investments, futures contracts, swap contracts and foreign currencies	(23,447,706)
TOTAL NET ASSETS	\$408,984,877
Shares Outstanding	30,608,381
Net Asset Value	\$ 13.36

See Notes to Financial Statements.

Statement of operations**For the Year Ended May 31, 2008**

INVESTMENT INCOME:		
Interest	\$	38,839,658
Dividends		97,775
Less: Foreign taxes withheld		(29,482)
<i>Total Investment Income</i>		<i>38,907,951</i>
EXPENSES:		
Investment management fee (Note 2)		5,905,274
Interest expense (Note 4)		4,948,010
Commitment fees (Note 4)		210,171
Shareholder reports		181,451
Custody fees		127,742
Directors fees		95,894
Legal fees		87,964
Audit and tax		80,667
Stock exchange listing fees		19,172
Transfer agent fees		17,520
Insurance		6,742
Miscellaneous expenses		14,446
<i>Total Expenses</i>		<i>11,695,053</i>
NET INVESTMENT INCOME		27,212,898
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, FUTURES CONTRACTS, OPTIONS WRITTEN, SWAP CONTRACTS AND FOREIGN CURRENCY TRANSACTIONS (NOTES 1 AND 3):		
Net Realized Gain (Loss) From:		
Investment transactions		7,980,230
Futures contracts		(9,245,852)
Options written		567,340
Swap contracts		2,695,012
Foreign currency transactions		28,886
<i>Net Realized Gain</i>		<i>2,025,616</i>
Change in Net Unrealized Appreciation/Depreciation From:		
Investments		(27,882,986)
Futures contracts		785,544
Swap contracts		(11,034,812)
Foreign currencies		(23,559)
<i>Change in Net Unrealized Appreciation/Depreciation</i>		<i>(38,155,813)</i>
<i>Net Loss on Investments, Futures Contracts, Options Written, Swap Contracts and Foreign Currency Transactions</i>		<i>(36,130,197)</i>
DECREASE IN NET ASSETS FROM OPERATIONS	\$	(8,917,299)

See Notes to Financial Statements.

Statements of changes in net assets

FOR THE YEARS ENDED MAY 31,	2008	2007
OPERATIONS:		
Net investment income	\$ 27,212,898	\$ 25,494,503
Net realized gain (loss)	2,025,616	(895,017)
Change in net unrealized appreciation/depreciation	(38,155,813)	25,360,322
Increase from payment by affiliate		5,862
<i>Increase (Decrease) in Net Assets from Operations</i>	<i>(8,917,299)</i>	<i>49,965,670</i>
DISTRIBUTIONS TO SHAREHOLDERS FROM (NOTE 1):		
Net investment income	(31,220,548)	(24,262,360)
Net realized gains		(7,858,440)
<i>Decrease in Net Assets From Distributions to Shareholders</i>	<i>(31,220,548)</i>	<i>(32,120,800)</i>
FUND SHARE TRANSACTIONS (NOTE 6):		
Proceeds from shares issued in reinvestment of distributions (66,306 shares issued)		952,900
<i>Increase in Net Assets From Fund Share Transactions</i>		<i>952,900</i>
INCREASE (DECREASE) IN NET ASSETS	(40,137,847)	18,797,770
NET ASSETS:		
Beginning of year	449,122,724	430,324,954
End of year*	\$408,984,877	\$449,122,724
* Includes undistributed net investment income of:	\$2,624,568	\$2,164,290

See Notes to Financial Statements.

Statement of cash flows**For the Year Ended May 31, 2008****CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:**

Interest received	\$	34,528,203
Operating expenses paid		(6,685,799)
Net purchases of short-term investments		151,957,108
Realized gain on foreign currency transactions		28,886
Realized gain on options		567,340
Realized loss on futures contracts		(9,245,852)
Realized gain on swap contracts		2,695,012
Net change in unrealized appreciation on futures contracts		785,544
Net change in unrealized depreciation on foreign currencies		(23,559)
Purchases of long-term investments		(3,173,898,769)
Proceeds from disposition of long-term investments		3,047,912,647
Premium for written swaps		(1,670,625)
Change in payable to broker variation margin		67,408
Change in payable for open forward currency contracts		88,591
Deposits with brokers for open swap contracts		(9,700,000)
Interest paid		(4,957,852)
<i>Net Cash Provided By Operating Activities</i>		<i>32,448,283</i>

CASH FLOWS PROVIDED (USED) BY FINANCING ACTIVITIES:

Cash distributions paid on Common Stock		(31,220,548)
<i>Net Cash Flows Used By Financing Activities</i>		<i>(31,220,548)</i>
NET INCREASE IN CASH		1,227,735
Cash, Beginning of year		229,771
Cash, End of year	\$	1,457,506

RECONCILIATION OF INCREASE IN NET ASSETS FROM OPERATIONS TO NET CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES:

Decrease in Net Assets From Operations	\$	(8,917,299)
Accretion of discount on investments		(2,844,465)
Amortization of premium on investments		1,150,475
Decrease in investments, at value		134,954,404
Decrease in payable for securities purchased		(114,682,121)
Increase in interest receivable		(2,685,758)
Decrease in premium for written swaps		(1,670,625)
Decrease in receivable for securities sold		36,636,271
Increase in payable for open forward currency contracts		88,591
Increase in payable to broker variation margin		67,408
Increase in deposits with brokers for open swap contracts		(9,700,000)
Increase in prepaid expenses		(7,890)
Decrease in interest payable		(9,842)
Increase in accrued expenses		69,134
<i>Total Adjustments</i>		<i>41,365,582</i>
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	\$	32,448,283

See Notes to Financial Statements.

Financial highlights**FOR A SHARE OF CAPITAL STOCK OUTSTANDING THROUGHOUT EACH YEAR ENDED MAY 31,****UNLESS OTHERWISE NOTED:**

	2008	2007	2006	20051	20041,2
NET ASSET VALUE, BEGINNING OF YEAR	\$14.67	\$14.09	\$14.76	\$14.50	\$14.303
INCOME (LOSS) FROM OPERATIONS:					
Net investment income	0.89	0.83	0.95	1.02	1.00
Net realized and unrealized gain (loss)	(1.18)	0.80	0.004	0.51	0.23
<i>Total income (loss) from operations</i>	<i>(0.29)</i>	<i>1.63</i>	<i>0.95</i>	<i>1.53</i>	<i>1.23</i>
LESS DISTRIBUTIONS FROM:					
Net investment income	(1.02)	(0.79)	(0.97)	(1.06)	(0.97)
Net realized gains		(0.26)	(0.65)	(0.17)	(0.06)
Return of capital				(0.04)	
<i>Total distributions</i>	<i>(1.02)</i>	<i>(1.05)</i>	<i>(1.62)</i>	<i>(1.27)</i>	<i>(1.03)</i>
<i>Increase in Net Asset Value due to shares issued on reinvestment of distributions</i>		<i>0.004</i>			<i>0.004</i>
NET ASSET VALUE, END OF YEAR	\$13.36	\$14.67	\$14.09	\$14.76	\$14.50
MARKET PRICE, END OF YEAR	\$12.12	\$14.17	\$12.42	\$12.96	\$13.76
<i>Total return, based on NAV^{5,6}</i>	<i>(1.84)%</i>	<i>11.96%⁷</i>	<i>6.57%</i>	<i>10.92%</i>	<i>8.44%</i>
<i>Total return, based on Market Price⁶</i>	<i>(6.91)%</i>	<i>23.25%</i>	<i>8.46%</i>	<i>3.15%</i>	<i>(1.63)%</i>
NET ASSETS, END OF YEAR (000s)	\$408,985	\$449,123	\$430,325	\$450,716	\$442,892
RATIOS TO AVERAGE NET ASSETS:					
Gross expenses	2.80%	2.86%	2.63%	2.14%	1.79% ⁸
Gross expenses, excluding interest expense	1.61	1.58	1.58	1.55	1.458
Net expenses	2.809	2.869	2.629	2.14	1.798
Net expenses, excluding interest expense	1.619	1.589	1.589	1.55	1.458
Net investment income	6.50	5.77	6.43	6.85	7.938
PORTFOLIO TURNOVER RATE ¹⁰	63%	201%	111%	88%	100%
SUPPLEMENTAL DATA:					
Loans Outstanding, End of Year (000s)	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Asset Coverage (000s)	508,985	\$549,123	\$530,325	\$550,716	\$542,892
Asset Coverage for Loan Outstanding	509%	549%	530%	551%	543%
Weighted Average Loan (000s)	\$100,000	\$100,000	\$100,000	\$100,000	\$108,367
	4.87%	5.67%	4.71%	2.70%	1.65% ⁸

Weighted Average Interest Rate on

Loans

- 1 Per share amounts have been calculated using the average shares method.
- 2 For the period July 28, 2003 (inception date) to May 31, 2004.
- 3 Initial public offering price of \$15.00 per share less offering costs and sales load totaling \$0.70 per share.
- 4 Amount represents less than \$0.01 per share.
- 5 Performance figures may reflect fee waivers and/or expense reimbursements. In the absence of fee waivers and/or expense reimbursements, the total return would have been lower. Past performance is no guarantee of future results. Total returns for periods of less than one year are not annualized.
- 6 The total return calculation assumes that distributions are reinvested in accordance with the Fund's dividend reinvestment plan. Past performance is no guarantee of future results.
- 7 The prior investment manager fully reimbursed the fund for losses incurred resulting from an investment transaction error. Without this reimbursement, total return would not have changed.
- 8 Annualized.
- 9 Reflects fee waivers and/or expense reimbursements.
- 10 Excluding mortgage dollar roll transactions. If mortgage dollar roll transactions had been included, the portfolio turnover rate would have been 483%, 533%, 527%, 437%, and 285% for the years ended May 31, 2008, 2007, 2006, 2005, and the period ended May 31, 2004, respectively.

See Notes to Financial Statements.

Notes to financial statements

1. Organization and significant accounting policies

Western Asset Global High Income Fund Inc. (the Fund) was incorporated in Maryland and is registered as a non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the 1940 Act). The Board of Directors authorized 100 million shares of \$0.001 par value common stock. The Fund's primary investment objective is high current income. The Fund's secondary objective is total return.

The following are significant accounting policies consistently followed by the Fund and are in conformity with U.S. generally accepted accounting principles (GAAP). Estimates and assumptions are required to be made regarding assets, liabilities and changes in net assets resulting from operations when financial statements are prepared. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ.

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

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

(c) Financial futures contracts. The Fund may enter into financial futures contracts typically to hedge a portion of the portfolio. Upon entering into a financial futures contract, the Fund is required to deposit cash or securities as initial margin, equal in value to a certain percentage of the contract amount (initial margin deposit). Additional securities are also segregated up to the current market value of the financial futures contracts. Subsequent payments,

Notes to financial statements *continued*

known as variation margin, are made or received by the Fund each day, depending on the daily fluctuations in the value of the underlying financial instruments. For foreign currency denominated futures contracts, variation margins are not settled daily. The Fund recognizes an unrealized gain or loss equal to the fluctuation in the value. When the financial futures contracts are closed, a realized gain or loss is recognized equal to the difference between the proceeds from (or cost of) the closing transactions and the Fund's basis in the contracts.

The risks associated with entering into financial futures contracts include the possibility that a change in the value of the contract may not correlate with the changes in the value of the underlying financial instruments. In addition, investing in financial futures contracts involves the risk that the Fund could lose more than the initial margin deposit and subsequent payments required for a futures transaction. Risks may also arise upon entering into these contracts from the potential inability of the counterparties to meet the terms of their contracts.

(d) Forward foreign currency contracts. The Fund may enter 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 records 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 was closed.

Forward foreign currency contracts involve elements of market risk in excess of the amounts reflected in the Statement of Assets and Liabilities. 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) Mortgage dollar rolls. The Fund may enter into dollar rolls in which the Fund sells mortgage-backed securities for delivery in the current month, realizing a gain or loss, and simultaneously contracts to repurchase substantially similar (same type, coupon and maturity) securities to settle on a specified future date. During the roll period, the Fund forgoes interest paid on the securities. The Fund is compensated by the interest earned on the cash proceeds of the initial sale and by the lower repurchase price at the specified future date. The Fund maintains a segregated account, the dollar value of which is at least equal to its obligations with respect to dollar rolls.

The Fund executes its mortgage dollar rolls entirely in the to-be-announced (TBA) market, where the Fund makes a forward commitment to purchase a security and, instead of accepting delivery, the position is offset by a sale of the security with a simultaneous agreement to repurchase at a future date.

The risk of entering into a mortgage dollar roll is that the market value of the securities the Fund is obligated to repurchase under the agreement may decline below the repurchase price. In the event the buyer of securities under a mortgage dollar roll files for bankruptcy or becomes insolvent, the Fund's use of proceeds of the dollar roll may be restricted pending a determination by the other party, or its trustee or receiver, whether to enforce the Fund's obligation to repurchase the securities.

(f) 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 Fund realizes a gain from investments equal to the amount of the premium received. 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 treated as a realized gain or loss. When a written put option is exercised, the amount of the premium received is added to 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 a 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.

(g) Stripped securities. The Fund invests in Stripped Securities, a term used collectively for stripped fixed income securities. Stripped securities can be principal only securities (PO), which are debt obligations that have been stripped of unmatured interest coupons or, interest only securities (IO), which are unmatured interest coupons that have been stripped from debt obligations. As is the case with all securities, the market value of Stripped Securities will fluctuate in response to changes in economic conditions, interest rates and the market's perception of the securities. However, fluctuations in response to interest rates may be greater in Stripped Securities than for debt obligations of comparable maturities that pay interest currently. The amount of fluctuation increases with a longer period of maturity.

The yield to maturity on IO s is sensitive to the rate of principal repayments (including prepayments) on the related underlying debt obligation and principal payments may have a material effect on yield to maturity. If the underlying debt obligation experiences greater than anticipated prepayments of principal, the Fund may not fully recoup its initial investment in IO s.

Notes to financial statements *continued*

(h) Securities traded on a to-be-announced basis. The Fund may trade securities on a to-be-announced (TBA) basis. In a TBA transaction, the Fund commits to purchasing or selling securities which have not yet been issued by the issuer and for which specific information is not known, such as the face amount and maturity date and the underlying pool of investments in U.S. government agency mortgage pass-through securities. Securities purchased on a TBA basis are not settled until they are delivered to the Fund, normally 15 to 45 days after purchase. Beginning on the date the Fund enters into a TBA transaction, cash, U.S. government securities or other liquid high-grade debt obligations are segregated in an amount equal in value to the purchase price of the TBA security. These securities are subject to market fluctuations and their current value is determined in the same manner as for other securities.

(i) Cash flow information. The Fund invests in securities and distributes dividends from net investment income and net realized gains, which are paid in cash and may be reinvested at the discretion of shareholders. These activities are reported in the Statement of Changes in Net Assets and additional information on cash receipts and cash payments are presented in the Statement of Cash Flows.

(j) Security transactions and investment income. Security transactions are accounted for on a trade date basis. Interest income, adjusted for amortization of premium and accretion of discount, is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date. Foreign dividend income is recorded on the ex-dividend date or as soon as practicable after the Fund determines the existence of a dividend declaration after exercising reasonable due diligence. The cost of investments sold is determined by use of the specific identification method. To the extent any issuer defaults on an expected interest payment, the Fund's policy is to generally halt any additional interest income accruals and consider the realizability of interest accrued up to the date of default.

(k) 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 at 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.

The Fund does not isolate that portion of the results of operations resulting from changes in foreign exchange rates on investments from the fluctuations arising from changes in market prices of securities held. Such fluctuations are included with the net realized and unrealized gain or loss on investments.

Net realized foreign exchange gains or losses arise from sales of foreign currencies, including gains and losses on forward foreign currency contracts, currency gains or losses realized between the trade and settlement dates on securities transactions, and the difference between the amounts of dividends, interest, and foreign withholding taxes recorded on the Fund's books and the U.S. dollar equivalent of the amounts actually received or paid. Net unrealized

foreign exchange gains and losses arise from changes in the fair values of assets and liabilities, other than investments in securities, at the date of valuation, resulting from changes in exchange rates.

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.

(l) Swap contracts. Swaps involve the exchange by the Fund with another party of the respective amounts payable with respect to a notional principal amount related to one or more indices. The Fund may enter into these transactions to preserve a return or spread on a particular investment or portion of its assets, as a duration management technique, or to protect against any increase in the price of securities the Fund anticipates purchasing at a later date. The Fund may also use these transactions for speculative purposes, such as to obtain the price performance of a security without actually purchasing the security in circumstances where, for example, the subject security is illiquid, is unavailable for direct investment or available only on less attractive terms.

Swaps are marked-to-market daily based upon quotations from market makers and the change in value, if any, is recorded as an unrealized gain or loss in the Statement of Operations. Net receipts or payments of interest are recorded as realized gains or losses, respectively.

Swaps have risks associated with them, including possible default by the counterparty to the transaction, illiquidity and, where swaps are used as hedges, the risk that the use of a swap could result in losses greater than if the swap had not been employed.

(m) Credit default swaps. The Fund may enter 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 issuers or sovereign issuers of an emerging country, on a specified obligation. The Fund may use a CDS to provide a measure of protection against defaults of the issuers (i.e., to reduce risk where a Fund has exposure to the sovereign 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 fixed rate of income 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 Fund will pay to the buyer of the protection an amount up to the notional value of the swap, and in certain instances take delivery of the security. As the seller, the Fund would effectively add leverage to its portfolio because, in addition to its total net assets, the Fund would be 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.

Notes to financial statements *continued*

Payments received or made at the beginning of the measurement period are reflected as such on the Statement of Assets and Liabilities. These upfront payments are recorded as realized gain or loss on the Statement of Operations upon termination or maturity of the swap. A liquidation payment received or made at the termination of the swap is recorded as realized gain or loss on the Statement of Operations. Net periodic payments received or paid by the Fund are recorded as realized gain or loss on the Statement of Operations.

Entering into a CDS agreement involves, to varying degrees, elements of credit, market and documentation risk in excess of the related amounts recognized on the Statement of Assets and Liabilities. 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.

(n) Distributions to shareholders. Distributions from net investment income for the Fund, if any, are declared and paid on a monthly basis. Distributions of net realized gains, if any, are declared at least annually. Distributions are recorded on the ex-dividend date and are determined in accordance with income tax regulations, which may differ from GAAP.

(o) Federal and other taxes. It is the Fund's policy to comply with the federal income and excise tax requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies. Accordingly, the Fund intends to distribute substantially all of its taxable income and net realized gains, if any, to shareholders each year. Therefore, no federal income tax provision is required in the Fund's financial statements.

Management has analyzed the Fund's tax positions taken on federal income tax returns for all open tax years and has concluded that as of May 31, 2008, no provision for income tax would be required in the Fund's financial statements. The Fund's federal and state income and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service and state departments of revenue.

Under the applicable foreign tax laws, a withholding tax may be imposed on interest, dividends and capital gains at various rates.

(p) Reclassification. GAAP requires that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset values per share. During the current year, the following reclassifications have been made:

(a)	Undistributed Net Investment Income \$4,467,928	Accumulated Net Realized Loss \$(4,467,928)
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- (a) Reclassifications are primarily due to foreign currency transactions treated as ordinary income for tax purposes, differences between book and tax amortization of premium on fixed income securities, income from mortgage backed securities treated as capital gains for tax purposes and book/tax differences in the treatment of swaps.

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2. Investment management agreement and other transactions with affiliates

Legg Mason Partners Fund Advisor, LLC (LMPFA) is the Fund's investment manager. Western Asset Management Company (Western Asset) and Western Asset Management Company Limited (Western Asset Limited) are the Fund's subadvisers. LMPFA, Western Asset and Western Asset Limited are wholly-owned subsidiaries of Legg Mason, Inc. (Legg Mason).

LMPFA provides administrative and certain oversight services to the Fund. The Fund pays LMPFA an investment management fee, calculated daily and paid monthly, at an annual rate of 0.85% of the Fund's average daily net assets plus the proceeds of any outstanding borrowings.

LMPFA has delegated to Western Asset the day-to-day portfolio management of the Fund. Western Asset Limited provides certain advisory services to the Fund relating to currency transactions and investment in non-U.S. dollar denominated securities. Western Asset Limited does not receive any compensation from the Fund and is paid by Western Asset for its services to the Fund. For its services, LMPFA pays Western Asset 70% of the net management fee it receives from the Fund. In turn, Western Asset pays Western Asset Limited a subadvisory fee of 0.30% on assets managed by Western Asset Limited.

During the periods in which the Fund is utilizing borrowings, the fee which is payable to the investment manager as a percentage of the Fund's assets will be higher than if the Fund did not utilize borrowings because the fee is calculated as a percentage of the Fund's net assets, including those investments purchased with borrowings. Borrowings for the purpose of the calculation of the management fee include loans from certain financial institutions, the use of mortgage dollar roll transactions and reverse repurchase agreements, if any.

Certain officers and one Director of the Fund are employees of Legg Mason or its affiliates and do not receive compensation from the Fund.

3. Investments

During the year ended May 31, 2008, the aggregate cost of purchases and proceeds from sales of investments (excluding short-term investments) and U.S. Government & Agency Obligations were as follows:

	INVESTMENTS	U.S. GOVERNMENT & AGENCY OBLIGATIONS
Purchases	\$157,407,025	\$2,699,479,847
Sales	126,176,928	2,682,441,002

At May 31, 2008, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were as follows:

Gross unrealized appreciation	\$ 11,984,411
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Gross unrealized depreciation	(26,453,456)
Net unrealized depreciation	\$(14,469,045)

Notes to financial statements continued

At May 31, 2008, the Fund had the following open futures contracts:

	NUMBER OF CONTRACTS	EXPIRATION DATE	BASIS VALUE	MARKET VALUE	UNREALIZED GAIN (LOSS)
Contracts to buy:					
Japanese Yen	48	6/08	\$ 5,833,440	\$ 5,694,600	\$(138,840)
Contracts to sell:					
Australian Dollar	16	6/08	\$ 1,461,280	\$ 1,527,200	\$ (65,920)
Eurodollar	32	6/08	6,114,771	6,218,400	(103,629)
U.S. Treasury Bond	48	9/08	5,522,783	5,448,000	74,783
U.S. Treasury 2 Year Note	45	9/08	9,496,822	9,478,125	18,697
U.S. Treasury 5 Year Note	310	9/08	34,399,036	34,080,625	318,411
U.S. Treasury 10 Year Note	428	9/08	48,799,126	48,109,874	689,252
					931,594
Net unrealized gain on open futures contracts					\$ 792,754

At May 31, 2008, the Fund had the following open forward foreign currency contracts:

	LOCAL CURRENCY	MARKET VALUE	SETTLEMENT DATE	UNREALIZED LOSS
Contracts to buy:				
Indian Rupee	12,521,500	\$ 294,498	6/16/08	\$(14,598)
Indian Rupee	37,516,950	882,377	6/16/08	(46,031)
Indian Rupee	12,545,100	295,053	6/16/08	(14,893)
				(75,522)
Contracts to sell:				
British Pound	1,683,000	\$ 3,313,437	8/5/08	\$ (283)
Net unrealized loss on open forward foreign currency contracts				\$(75,805)

During the year ended May 31, 2008, written option transactions for the Fund were as follows:

	NUMBER OF CONTRACTS	PREMIUMS RECEIVED
Options written, outstanding May 31, 2007		
Options written	82,400,000	\$ 567,340
Options closed		
Options expired	(82,400,000)	(567,340)
Options written, outstanding May 31, 2008		

At May 31, 2008, the Fund held TBA securities with a cost of \$132,274,972.

At May 31, 2008, the Fund held the following interest rate swap contracts:

Swap Counterparty:	Barclays Capital Inc.
Notional Amount:	\$9,300,000
Payments Received by Fund:	Fixed Rate, 4.280%
Payments Made by Fund:	Floating Rate (6-Month EURIBOR)
Termination Date:	4/11/10
Unrealized Depreciation:	\$(178,051)
Swap Counterparty:	Barclays Capital Inc.
Notional Amount:	\$1,900,000
Payments Received by Fund:	Floating Rate (6-Month EURIBOR)
Payments Made by Fund:	Fixed Rate, 4.466%
Termination Date:	4/11/18
Unrealized Appreciation:	