

WESTERN ASSET GLOBAL HIGH INCOME FUND INC.
Form N-CSRS
January 28, 2013

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)

620 Eighth Avenue, 49th Floor, New York, NY
(Address of principal executive offices)

10018
(Zip code)

Robert I. Frenkel, Esq.

Legg Mason & Co., LLC

100 First Stamford Place

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

Registrant's telephone number, including area code: (888) 777-0102

Date of fiscal year end: May 31

Date of reporting period: November 30, 2012

ITEM 1. REPORT TO STOCKHOLDERS.

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

November 30, 2012

Semi-Annual Report

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

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

II Western Asset Global High Income Fund Inc.

Fund objectives

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

What's inside

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Letter from the chairman

Dear Shareholder,

We are pleased to provide the semi-annual report of Western Asset Global High Income Fund Inc. for the six-month reporting period ended November 30, 2012. Please read on for Fund performance information and a detailed look at prevailing economic and market conditions during the Fund's reporting period.

Recent regulations adopted by the Commodity Futures Trading Commission (the "CFTC") require operators of registered investment companies, including closed-end funds, to register as commodity pool operators unless the fund limits its investments in commodity interests. Effective December 31, 2012, your Fund's manager has claimed the exclusion from the definition of commodity pool operator. More information about the CFTC rules and their effect on the Fund is included later in this report on page 50.

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

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

We look forward to helping you meet your financial goals.

Sincerely,

R. Jay Gerken, CFA

Chairman, President and Chief Executive Officer

December 28, 2012

Investment commentary**Economic review**

While the U.S. economy continued to grow over the six months ended November 30, 2012, it did so at an uneven pace. Looking back, U.S. gross domestic product (GDP)i growth, as reported by the U.S. Department of Commerce, was 2.0% in the first quarter of 2012. The economy slowed in the second quarter, as GDP growth was a tepid 1.3%, before accelerating to 3.1% in the third quarter. The increase was partially due to increased private inventory and investment, higher federal government spending and a deceleration in imports.

The U.S. job market remained weak. While there was some improvement during the reporting period, unemployment continued to be elevated. Looking back, unemployment, as reported by the U.S. Department of Labor, was 8.1% in April 2012, the lowest rate since January 2009, but still high by historical standards. The unemployment rate then moved higher to 8.2% in May and 8.3% in July, before falling to 7.8% in September and ending the reporting period at 7.7% in November. However, the number of longer-term unemployed remained high, as roughly 40% of the 12 million people without a job have been out of work for more than six months.

Meanwhile, the housing market brightened, as sales have started to improve of late and home prices continued to rebound. According to the National Association of Realtors (NAR), existing-home sales rose 5.9% on a seasonally adjusted basis in November 2012 versus the previous month and they were 14.5% higher than in November 2011. In addition, the NAR reported that the median existing-home price for all housing types was \$180,600 in November 2012, up 10.1% from November 2011. This marked the ninth consecutive month that home prices rose compared to the same period a year earlier. Furthermore, the inventory of homes available for sale fell 3.8% in November, which represents a 4.8 month supply at the current sales pace. This represents the lowest inventory since September 2005.

The manufacturing sector appeared to overcome a soft patch that occurred in the summer of 2012 as it improved toward the end of the reporting period, only to experience another setback in November 2012. Based on the Institute for Supply Management 's PMI (PMI)ii, after expanding 34 consecutive months, the PMI fell to 49.7 in June 2012, which represented the first contraction in the manufacturing sector since July 2009 (a reading below 50 indicates a contraction, whereas a reading above 50 indicates an expansion). Manufacturing continued to contract in July and August before ticking up to 51.5 in September and 51.7 in October. However, the PMI fell back to contraction territory with a reading of 49.5 in November, its lowest level since July 2009.

While the U.S. economy continued to expand during the reporting period, growth generally moderated overseas and, in some cases, fell back into a recession. In its October 2012 *World Economic Outlook Update*, the International Monetary Fund (IMF) stated that Risks for a serious global slowdown are alarmingly high. The IMF now projects that global growth will fall from 3.8% in 2011 to 3.3% in 2012. From a regional perspective, the IMF now anticipates 2012 growth will be -0.4% in the Eurozone. While growth in emerging market countries is expected to remain higher than in their developed country counterparts, the IMF projects that emerging market growth will fall from approximately 6.2% in 2011 to 5.3% in 2012.

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Investment commentary (continued)

Market review

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

A. The Fed took a number of actions as it sought to meet its dual mandate of fostering maximum employment and price stability. In June 2012, the Fed announced that it would extend its program of purchasing longer-term Treasury securities and selling an equal amount of shorter-term Treasury securities (often referred to as Operation Twist) until the end of 2012. In September, the Fed announced a third round of quantitative easing, which involves purchasing \$40 billion each month of agency mortgage-backed securities on an open-end basis. In addition, the Fed said that Operation Twist would continue and that it will keep the federal funds rate in a historically low range between zero and 0.25% until at least mid-2015. Finally, at its meeting in December, after the reporting period ended, the Fed announced that it would continue purchasing \$40 billion per month of agency mortgage-backed securities (MBS), as well as initially purchasing \$45 billion a month of longer-term Treasuries. The Fed also said that it would keep the federal funds rate on hold ...as long as the unemployment rate remains above 6.5%, inflation between one and two years ahead is projected to be no more than a half percentage point above the Committee's 2.0% longer-run goal, and longer-term inflation expectations continue to be well anchored.

Q. What actions did international central banks take during the reporting period?

A. Looking back, given the economic challenges in the Eurozone, the European Central Bank (ECB) cut interest rates to 0.75% in July 2012, at the time a record low. In September the ECB introduced its Outright Monetary Transactions (OMT) program. With the OMT, the ECB can purchase an unlimited amount of bonds that are issued by troubled Eurozone countries, provided the countries formally ask to participate in the program and agree to certain conditions. In other developed countries, the Bank of England kept rates on hold at 0.50% during the reporting period, as did Japan at a range of zero to 0.10%, its lowest level since 2006. In September, the Bank of Japan announced that it would increase its asset-purchase program and extend its duration by six months until the end of 2013. Elsewhere, with growth rates declining, both China and India lowered their cash reserve ratio for banks. China also cut its key interest rate in early June and again in July.

Q. Did Treasury yields trend higher or lower during the six months ended November 30, 2012?

A. Overall, short-term Treasury yields edged lower, while long-term Treasury yields rose during the reporting period. When the period began, two- and ten-year Treasury yields were 0.27% and 1.59%, respectively. Two-year Treasury yields rose as high as 0.33% in late June and hit a trough of 0.22% on several occasions during the period. On July 25, 2012, ten-year Treasuries closed at an all-time low of 1.43%. Ten-year Treasuries peaked at 1.88% in mid-September due to some positive developments in Europe and the introduction of additional central bank quantitative easing programs in the U.S. and abroad. When the reporting period ended on November 30, 2012, two-year Treasury yields were 0.25% and ten-year Treasury yields were 1.62%.

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

A. The spread sectors experienced periods of volatility during the period given a number of macro issues, including periodic fears of contagion from the European sovereign debt crisis and mixed economic data in the U.S. However, overall the spread sectors performed well given generally solid demand from investors looking to generate incremental yield in the low interest rate environment. For the six months ended November 30, 2012, the Barclays U.S. Aggregate Index^v returned 1.99%.

Q. How did the high-yield market perform over the six months ended November 30, 2012?

A. The U.S. high-yield bond market generated a strong return during the reporting period. The asset class, as measured by the Barclays U.S. Corporate High Yield 2% Issuer Cap Index^{vi}, posted positive returns during all six months of the period. Risk appetite was often solid as investors were drawn to higher yielding securities. All told, the high-yield market gained 8.54% for the six months ended November 30, 2012.

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

A. After falling sharply in May 2012, prior to the beginning of the reporting period, the asset class rallied sharply during the six months ended November 30, 2012. The asset class moved higher during every month of the period given overall solid investor risk appetite. Overall, the JPMorgan Emerging Markets Bond Index Global (EMBI Global)^{vii} returned 13.20% over the six months ended November 30, 2012.

Performance review

For the six months ended November 30, 2012, Western Asset Global High Income Fund Inc. returned 12.20% based on its net asset value (NAV)^{viii} and 11.93% based on its New York Stock Exchange (NYSE) market price per share. The Fund's unmanaged benchmarks, the Barclays U.S. Aggregate Index, the Barclays U.S. Corporate High Yield 2% Issuer Cap Index and the EMBI Global, returned 1.99%, 8.54% and 13.20%, respectively, for the same period. The Lipper High Yield (Leveraged) Closed-End Funds Category Average^{ix} returned 10.65% over the same time frame. Please note that Lipper performance returns are based on each fund's NAV.

During this six-month period, the Fund made distributions to shareholders totaling \$0.58 per share, which may have included a return of capital. The performance table shows the Fund's six-month total return based on its NAV and market price as of November 30, 2012. **Past performance is no guarantee of future results.**

Performance Snapshot as of November 30, 2012 (unaudited)

Price Per Share	6-Month Total Return*
\$13.76 (NAV)	12.20%
\$13.77 (Market Price)	11.93%

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

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

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Investment commentary (continued)

Total return assumes the reinvestment of all distributions, including returns of capital, if any, at NAV.

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

Looking for additional information?

The Fund is traded under the symbol 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.lmcef.com.

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

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

Sincerely,

R. Jay Gerken, CFA

Chairman, President and
Chief Executive Officer

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December 28, 2012

RISKS: *Fixed-income securities are subject to credit risk, inflation risk, call risk and interest rate risk. An investment in the Fund is subject to investment risk, including the possible loss of the entire principal amount that you invest. As interest rates rise, bond prices fall, reducing the value of the Fund's holdings. The Fund may use derivatives, such as options, futures contracts, swap agreements and credit default swaps, 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, regulatory and economic conditions. These risks are magnified in emerging or developing markets. High yield bonds involve greater credit risk (risk of default) and liquidity risk than investment grade bonds. Leverage may magnify gains and increase losses in the Fund's portfolio.*

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

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. Forecasts and predictions are inherently limited and should not be relied upon as an indication of actual or future performance.

- i Gross domestic product (GDP) is the market value of all final goods and services produced within a country in a given period of time.
- ii The Institute for Supply Management's PMI is based on a survey of purchasing executives who buy the raw materials for manufacturing at more than 350 companies. It offers an early reading on the health of the manufacturing sector.
- iii The Federal Reserve Board (Fed) is responsible for the formulation of policies designed to promote economic growth, full employment, stable prices and a sustainable pattern of international trade and payments.
- iv The federal funds rate is the rate charged by one depository institution on an overnight sale of immediately available funds (balances at the Federal Reserve) to another depository institution; the rate may vary from depository institution to depository institution and from day to day.
- v The Barclays U.S. Aggregate Index is a broad-based bond index comprised of government, corporate, mortgage- and asset-backed issues, rated investment grade or higher, and having at least one year to maturity.
- vi The Barclays U.S. Corporate High Yield 2% Issuer Cap Index is an index of the 2% Issuer Cap component of the Barclays U.S. Corporate High Yield Index, which covers the U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bond market.
- vii The JPMorgan Emerging Markets Bond Index Global (EMBI Global) tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds and local market instruments.
- viii Net asset value (NAV) is calculated by subtracting total liabilities and outstanding preferred stock (if any) from the closing value of all securities held by the Fund (plus all other assets) and dividing the result (total net assets) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the Fund has invested. However, the price at which an investor may buy or sell shares of the Fund is the Fund's market price as determined by supply of and demand for the Fund's shares.
- ix Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the six-month period ended November 30, 2012, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 39 funds in the Fund's Lipper category.

Fund at a glance (unaudited)

Investment breakdown (%) as a percent of total investments

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

Represents less than 0.1%.

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Spread duration (unaudited)

Economic Exposure November 30, 2012

Total Spread Duration

EHI 5.58 years

Benchmark 4.93 years

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

ABS	Asset Backed Securities
Benchmark	1/3 Barclays U.S. Aggregate Index, 1/3 JP Morgan Emerging Markets Bond Index Global and 1/3 Barclays U.S. High Yield 2% Issuer Cap Index
EHI	Western Asset Global High Income Fund Inc.
EM	Emerging Markets
HY	High Yield
IG Credit	Investment Grade Credit
MBS	Mortgage Backed Securities

Effective duration (unaudited)

Interest Rate Exposure November 30, 2012

Total Effective Duration

EHI 6.15 years

Benchmark 5.57 years

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

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Benchmark	1/3 Barclays U.S. Aggregate Index, 1/3 JP Morgan Emerging Markets Bond Index Global and 1/3 Barclays U.S. High Yield 2% Issuer Cap Index
EHI	Western Asset Global High Income Fund Inc.
EM	Emerging Markets
HY	High Yield
IG Credit	Investment Grade Credit
MBS	Mortgage Backed Securities

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Schedule of investments (unaudited)

November 30, 2012

Western Asset Global High Income Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Corporate Bonds & Notes 93.1%				
Consumer Discretionary 15.4%				
Auto Components 0.4%				
American Axle & Manufacturing Inc., Senior Notes	6.625%	10/15/22	380,000 \$	387,600
Europcar Groupe SA	11.500%	5/15/17	200,000EUR	258,809(a)
Europcar Groupe SA, Senior Notes	9.375%	4/15/18	1,075,000EUR	1,135,950(a)
Total Auto Components				1,782,359
Automobiles 0.5%				
Chrysler Group LLC/CG Co.-Issuer Inc., Secured Notes	8.250%	6/15/21	1,520,000	1,681,500(b)
Escrow GCB General Motors			300,000	0*(c)(d)(e)
Escrow GCB General Motors			3,500,000	0*(c)(d)(e)
Jaguar Holding Co. II/Jaguar Merger Sub Inc., Senior Notes	9.500%	12/1/19	290,000	327,700(a)
Total Automobiles				2,009,200
Diversified Consumer Services 0.7%				
Laureate Education Inc., Senior Notes	9.250%	9/1/19	540,000	553,500(a)
Service Corp. International, Senior Notes	7.625%	10/1/18	185,000	221,538(b)
Service Corp. International, Senior Notes	7.500%	4/1/27	480,000	513,600(b)
ServiceMaster Co., Senior Notes	8.000%	2/15/20	390,000	398,775
ServiceMaster Co., Senior Notes	7.000%	8/15/20	1,180,000	1,160,825(a)
Total Diversified Consumer Services				2,848,238
Hotels, Restaurants & Leisure 4.8%				
Affinity Gaming LLC/Affinity Gaming Finance Corp., Senior Notes	9.000%	5/15/18	640,000	668,800(a)
Bossier Casino Venture Holdco Inc., Senior Secured Bonds	14.000%	2/9/18	690,051	618,044(a)(c)(d)(f)
Boyd Gaming Corp., Senior Notes	9.125%	12/1/18	410,000	415,125(b)
Boyd Gaming Corp., Senior Notes	9.000%	7/1/20	700,000	693,000(a)(b)
Caesars Entertainment Operating Co. Inc., Senior Notes	10.750%	2/1/16	1,790,000	1,382,775
Caesars Entertainment Operating Co. Inc., Senior Secured Notes	10.000%	12/15/15	10,000	8,550
Caesars Entertainment Operating Co. Inc., Senior Secured Notes	11.250%	6/1/17	1,280,000	1,381,600(b)
Carrols Restaurant Group Inc., Senior Secured Notes	11.250%	5/15/18	770,000	848,925(a)
CCM Merger Inc., Senior Notes	9.125%	5/1/19	750,000	753,750(a)
Choctaw Resort Development Enterprise, Senior Notes	7.250%	11/15/19	503,000	447,670(a)
Downstream Development Quapaw, Senior Secured Notes	10.500%	7/1/19	700,000	766,500(a)(b)

See Notes to Financial Statements.

Western Asset Global High Income Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Hotels, Restaurants & Leisure continued</i>				
El Pollo Loco Inc., Secured Notes	17.000%	1/1/18	1,104,493 \$	1,187,330(a)(f)
Enterprise Inns PLC, Senior Secured Bonds	6.500%	12/6/18	1,095,000GBP	1,621,375
Hoa Restaurant Group LLC/Hoa Finance Corp., Senior Secured Notes	11.250%	4/1/17	880,000	809,600(a)(b)
Landry's Inc., Senior Notes	9.375%	5/1/20	720,000	766,800(a)
Mastro's Restaurants LLC/RRG Finance Corp., Senior Secured Notes	12.000%	6/1/17	670,000	694,288(a)
MGM Resorts International, Senior Secured Notes	10.375%	5/15/14	475,000	533,188
MGM Resorts International, Senior Secured Notes	11.125%	11/15/17	1,135,000	1,251,337
Mohegan Tribal Gaming Authority, Senior Secured Notes	10.500%	12/15/16	1,360,000	1,298,800(a)
NCL Corp. Ltd., Senior Notes	9.500%	11/15/18	1,770,000	1,962,487
NCL Corp. Ltd., Senior Secured Notes	11.750%	11/15/16	730,000	832,200(b)
Rivers Pittsburgh Borrower LP/Rivers Pittsburgh Finance Corp., Senior Secured Notes	9.500%	6/15/19	195,000	210,113(a)
Seven Seas Cruises S de RL LLC, Senior Secured Notes	9.125%	5/15/19	1,070,000	1,118,150
<i>Total Hotels, Restaurants & Leisure</i>				20,270,407
<i>Household Durables 0.1%</i>				
William Lyon Homes Inc., Senior Notes	8.500%	11/15/20	650,000	663,000(a)
<i>Internet & Catalog Retail 0.2%</i>				
Netflix Inc., Senior Notes	8.500%	11/15/17	780,000	841,425(b)
<i>Media 6.7%</i>				
Carmike Cinemas Inc., Secured Notes	7.375%	5/15/19	290,000	311,750
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	7.875%	4/30/18	870,000	943,950(b)
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	8.125%	4/30/20	3,990,000	4,508,700(b)
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	7.375%	6/1/20	260,000	290,550
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	6.625%	1/31/22	420,000	458,850
Cengage Learning Acquisitions Inc., Senior Secured Notes	11.500%	4/15/20	1,100,000	918,500(a)(b)
Clear Channel Worldwide Holdings Inc., Senior Notes	6.500%	11/15/22	560,000	565,600(a)
Clear Channel Worldwide Holdings Inc., Senior Notes	6.500%	11/15/22	250,000	250,000(a)
Clear Channel Worldwide Holdings Inc., Senior Subordinated Notes	7.625%	3/15/20	520,000	512,200

See Notes to Financial Statements.

Schedule of investments (unaudited) (cont d)

November 30, 2012

Western Asset Global High Income Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Media continued				
Clear Channel Worldwide Holdings Inc., Senior Subordinated Notes	7.625%	3/15/20	70,000	\$ 67,900
CSC Holdings Inc., Senior Debentures	7.875%	2/15/18	1,500,000	1,732,500(b)
DISH DBS Corp., Senior Notes	7.875%	9/1/19	1,080,000	1,282,500(b)
Good Sam Enterprises LLC, Secured Notes	11.500%	12/1/16	910,000	978,250
Grupo Televisa SA, Senior Bonds	6.625%	1/15/40	1,300,000	1,696,646(b)
LBI Media Inc., Senior Secured Notes	9.250%	4/15/19	660,000	622,050(a)
Nara Cable Funding Ltd., Senior Secured Notes	8.875%	12/1/18	1,500,000EUR	1,902,055(a)
NET Servicos de Comunicacao SA, Bonds	7.500%	1/27/20	480,000	555,600
Ono Finance II PLC, Senior Bonds	10.875%	7/15/19	1,195,000	1,057,575(a)
Polish Television Holding BV, Senior Secured Bonds, step bond	11.250%	5/15/17	675,000EUR	941,956(a)
Seat Pagine Gialle SpA, Senior Secured Notes	10.500%	1/31/17	366,000EUR	290,361(a)
Time Warner Inc.	6.500%	11/15/36	160,000	201,798(b)
TVN Finance Corp. III AB, Senior Notes	7.875%	11/15/18	225,000EUR	309,450(a)
United Business Media Ltd., Notes	5.750%	11/3/20	1,500,000	1,594,740(a)(b)
Univision Communications Inc., Senior Notes	8.500%	5/15/21	250,000	258,750(a)
Univision Communications Inc., Senior Secured Notes	6.875%	5/15/19	840,000	869,400(a)(b)
Univision Communications Inc., Senior Secured Notes	7.875%	11/1/20	660,000	707,850(a)(b)
Univision Communications Inc., Senior Secured Notes	6.750%	9/15/22	530,000	537,950(a)
UPC Holding BV, Senior Notes	9.875%	4/15/18	330,000	370,837(a)(b)
UPCB Finance II Ltd., Senior Notes	6.375%	7/1/20	1,250,000EUR	1,702,909(a)
Ziggo Bond Co. BV, Senior Notes	8.000%	5/15/18	1,450,000EUR	2,080,036(a)
Total Media				28,521,213
Multiline Retail 0.3%				
Bon-Ton Department Stores Inc., Senior Notes	10.250%	3/15/14	140,000	139,475
Bon-Ton Department Stores Inc., Senior Secured Notes	10.625%	7/15/17	430,000	414,950(a)
Neiman Marcus Group Inc., Senior Secured Notes	7.125%	6/1/28	740,000	732,600(b)
Total Multiline Retail				1,287,025
Specialty Retail 1.5%				
American Greetings Corp., Senior Notes	7.375%	12/1/21	700,000	732,375(b)
Edcon Proprietary Ltd., Senior Secured Notes	9.500%	3/1/18	1,825,000EUR	2,219,227(a)
Gap Inc., Senior Notes	5.950%	4/12/21	1,750,000	1,999,398
Gymboree Corp., Senior Notes	9.125%	12/1/18	1,030,000	950,175
Spencer Spirit Holdings Inc./Spencer Gifts LLC/ Spirit Halloween Superstores, Senior Notes	11.000%	5/1/17	630,000	670,950(a)(b)
Total Specialty Retail				6,572,125

See Notes to Financial Statements.

Western Asset Global High Income Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Textiles, Apparel & Luxury Goods 0.2%				
Empire Today LLC/Empire Today Finance Corp., Senior Secured Notes	11.375%	2/1/17	650,000	\$ 697,125 ^{(a)(b)}
Total Consumer Discretionary 65,492,117				
Consumer Staples 2.1%				
Food & Staples Retailing 0.4%				
Post Holdings Inc., Senior Notes	7.375%	2/15/22	1,570,000	1,685,787 ^{(a)(b)}
Food Products 1.1%				
Boparan Holdings Ltd., Senior Notes	9.875%	4/30/18	900,000GBP	1,607,758 ^(a)
Foodcorp Ltd., Senior Secured Notes	8.750%	3/1/18	650,000EUR	909,817 ^(a)
Foodcorp Ltd., Senior Secured Notes	8.750%	3/1/18	500,000EUR	699,859 ^(a)
Harmony Foods Corp., Senior Secured Notes	10.000%	5/1/16	340,000	363,800 ^{(a)(b)}
Simmons Foods Inc., Senior Secured Notes	10.500%	11/1/17	1,180,000	1,035,450 ^(a)
Total Food Products 4,616,684				
Household Products 0.1%				
Spectrum Brands Escrow Corp., Senior Notes	6.375%	11/15/20	220,000	228,800 ^(a)
Spectrum Brands Escrow Corp., Senior Notes	6.625%	11/15/22	350,000	367,500 ^(a)
Total Household Products 596,300				
Personal Products 0.2%				
Hypermecas SA, Notes	6.500%	4/20/21	480,000	516,000 ^{(a)(b)}
Prestige Brands Inc., Senior Notes	8.125%	2/1/20	110,000	124,025
Total Personal Products 640,025				
Tobacco 0.3%				
Alliance One International Inc., Senior Notes	10.000%	7/15/16	1,310,000	1,364,038 ^(b)
Total Consumer Staples 8,902,834				
Energy 17.5%				
Energy Equipment & Services 1.5%				
Atwood Oceanics Inc., Senior Notes	6.500%	2/1/20	420,000	450,450 ^(b)
GulfMark Offshore Inc., Senior Notes	6.375%	3/15/22	680,000	695,300 ^(a)
Hercules Offshore Inc., Senior Notes	10.250%	4/1/19	490,000	519,400 ^(a)
Hercules Offshore Inc., Senior Secured Notes	10.500%	10/15/17	1,375,000	1,467,813 ^(a)
Parker Drilling Co., Senior Notes	9.125%	4/1/18	720,000	770,400 ^(b)
Petroleum Geo-Services ASA, Senior Notes	7.375%	12/15/18	570,000	601,350 ^{(a)(b)}
SESI LLC, Senior Notes	7.125%	12/15/21	780,000	871,650
Transocean Inc., Senior Notes	5.250%	3/15/13	390,000	394,513 ^(b)
Vantage Drilling Co., Senior Secured Notes	11.500%	8/1/15	406,000	447,615
Total Energy Equipment & Services 6,218,491				
Oil, Gas & Consumable Fuels 16.0%				
Anadarko Petroleum Corp., Senior Notes	6.450%	9/15/36	50,000	62,989
Apache Corp., Senior Notes	6.000%	1/15/37	280,000	360,210 ^(b)
Arch Coal Inc., Senior Notes	8.750%	8/1/16	1,040,000	1,055,600 ^(b)

See Notes to Financial Statements.

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

Schedule of investments (unaudited) (cont d)

November 30, 2012

Western Asset Global High Income Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Oil, Gas & Consumable Fuels continued</i>				
Arch Coal Inc., Senior Notes	9.875%	6/15/19	390,000	\$ 394,875(a)
Atlas Pipeline Partners LP/Atlas Pipeline Finance Corp., Senior Notes	6.625%	10/1/20	280,000	292,600(a)
Calumet Specialty Products Partners LP/ Calumet Finance Corp., Senior Notes	9.375%	5/1/19	580,000	627,850(b)
Calumet Specialty Products Partners LP/ Calumet Finance Corp., Senior Notes	9.375%	5/1/19	210,000	227,325
Calumet Specialty Products Partners LP/ Calumet Finance Corp., Senior Notes	9.625%	8/1/20	400,000	436,000(a)
Carrizo Oil & Gas Inc., Senior Notes	7.500%	9/15/20	620,000	632,400
Colorado Interstate Gas Co., Senior Notes	6.800%	11/15/15	160,000	187,039(b)
Compagnie Generale de Geophysique-Veritas, Senior Notes	9.500%	5/15/16	230,000	248,400(b)
Comstock Resources Inc., Senior Notes	9.500%	6/15/20	600,000	640,500(b)
CONSOL Energy Inc., Senior Notes	8.250%	4/1/20	790,000	847,275(b)
Corral Petroleum Holdings AB, Senior Notes	15.000%	12/31/17	482,949	370,663(a)(c)(f)
Crosstex Energy LP/Crosstex Energy Finance Corp., Senior Notes	7.125%	6/1/22	1,260,000	1,291,500(a)(b)
Devon Energy Corp., Debentures	7.950%	4/15/32	230,000	338,956(b)
Dolphin Energy Ltd., Senior Secured Bonds	5.888%	6/15/19	1,048,524	1,184,832(a)
Ecopetrol SA, Senior Notes	7.625%	7/23/19	1,900,000	2,460,500(b)
El Paso Corp., Medium-Term Notes	7.375%	12/15/12	1,059,000	1,063,268(b)
El Paso Corp., Medium-Term Notes	7.750%	1/15/32	1,260,000	1,484,671(b)
El Paso Natural Gas Co., Bonds	8.375%	6/15/32	70,000	101,381
Enterprise Products Operating LLC, Senior Bonds	6.300%	9/15/17	550,000	671,038(b)
Enterprise Products Operating LLP, Junior Subordinated Notes	8.375%	8/1/66	980,000	1,110,734(h)
EP Energy AS, Senior Secured Notes	5.875%	11/1/19	690,000EUR	953,466(a)
EXCO Resources Inc., Senior Notes	7.500%	9/15/18	460,000	437,000
Halcon Resources Corp., Senior Notes	9.750%	7/15/20	870,000	926,550(a)
Halcon Resources Corp., Senior Notes	8.875%	5/15/21	490,000	508,375(a)
Hiland Partners LP/Hiland Partners Finance Corp., Senior Notes	7.250%	10/1/20	300,000	315,375(a)
KazMunayGas Finance Sub BV, Senior Notes	8.375%	7/2/13	2,640,000	2,745,362(a)(b)
Kerr-McGee Corp., Notes	6.950%	7/1/24	920,000	1,191,184(b)
Kinder Morgan Energy Partners LP, Medium-Term Notes	6.950%	1/15/38	330,000	420,596(b)
Kodiak Oil & Gas Corp., Senior Notes	8.125%	12/1/19	770,000	843,150
LUKOIL International Finance BV, Bonds	6.356%	6/7/17	1,542,000	1,751,959(a)(b)
LUKOIL International Finance BV, Bonds	6.656%	6/7/22	946,000	1,143,705(a)

See Notes to Financial Statements.

Western Asset Global High Income Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Oil, Gas & Consumable Fuels continued</i>				
Magnum Hunter Resources Corp., Senior Notes	9.750%	5/15/20	480,000	\$ 494,400(a)
MarkWest Energy Partners LP/MarkWest Energy Finance Corp., Senior Notes	6.750%	11/1/20	490,000	536,550(b)
MarkWest Energy Partners LP/MarkWest Energy Finance Corp., Senior Notes	6.500%	8/15/21	220,000	240,350(b)
Milagro Oil & Gas Inc., Secured Notes	10.500%	5/15/16	900,000	679,500
Novatek Finance Ltd., Notes	6.604%	2/3/21	820,000	965,288(a)
Offshore Group Investment Ltd., Senior Secured Notes	7.500%	11/1/19	300,000	303,000(a)
Overseas Shipholding Group Inc., Senior Notes	8.750%	12/1/13	410,000	161,950(g)
Overseas Shipholding Group Inc., Senior Notes	8.125%	3/30/18	1,680,000	688,800(g)
Pacific Drilling V Ltd., Senior Secured Notes	7.250%	12/1/17	650,000	663,812(a)
Pacific Rubiales Energy Corp., Senior Notes	7.250%	12/12/21	780,000	909,714(a)
Pan American Energy LLC, Senior Notes	7.875%	5/7/21	583,000	486,805(a)
Pan American Energy LLC, Senior Notes	7.875%	5/7/21	382,000	318,970(a)
Peabody Energy Corp., Senior Notes	7.875%	11/1/26	1,040,000	1,123,200(b)
Pemex Project Funding Master Trust, Senior Bonds	6.625%	6/15/35	3,387,000	4,301,490(b)
Petrobras International Finance Co., Senior Notes	5.375%	1/27/21	410,000	463,132(b)
Petrobras International Finance Co., Senior Notes	6.875%	1/20/40	1,620,000	2,073,010(b)
Petrobras International Finance Co., Senior Notes	6.750%	1/27/41	710,000	901,360(b)
Petroleos Mexicanos, Notes	8.000%	5/3/19	2,150,000	2,829,937(b)
Petroleos Mexicanos, Senior Bonds	5.500%	6/27/44	1,220,000	1,345,050(a)
Petroleos Mexicanos, Senior Notes	5.500%	1/21/21	970,000	1,139,750(b)
Petroleum Co. of Trinidad & Tobago Ltd., Senior Notes	9.750%	8/14/19	870,000	1,159,275(a)(b)
Petronas Capital Ltd.	5.250%	8/12/19	2,385,000	2,875,726(a)(b)
Petronas Capital Ltd., Senior Notes	5.250%	8/12/19	560,000	675,223(a)
Pioneer Energy Services Corp., Senior Notes	9.875%	3/15/18	90,000	97,875
Plains Exploration & Production Co., Senior Notes	10.000%	3/1/16	585,000	625,219(b)
Plains Exploration & Production Co., Senior Notes	8.625%	10/15/19	515,000	576,800(b)
PT Pertamina Persero, Notes	5.250%	5/23/21	1,040,000	1,168,700(a)
Quicksilver Resources Inc., Senior Notes	11.750%	1/1/16	2,005,000	1,999,987(b)
Range Resources Corp., Senior Subordinated Notes	8.000%	5/15/19	460,000	508,300(b)
Ras Laffan Liquefied Natural Gas Co., Ltd. III, Senior Secured Bonds	6.750%	9/30/19	1,007,000	1,268,820(a)
Reliance Holdings USA Inc., Senior Notes	4.500%	10/19/20	970,000	1,010,355(a)(b)
Samson Investment Co., Senior Notes	9.750%	2/15/20	1,700,000	1,806,250(a)(b)
SandRidge Energy Inc., Senior Notes	7.500%	3/15/21	270,000	282,825

See Notes to Financial Statements.

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

Schedule of investments (unaudited) (cont d)

November 30, 2012

Western Asset Global High Income Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Oil, Gas & Consumable Fuels continued</i>				
SandRidge Energy Inc., Senior Notes	7.500%	2/15/23	560,000	\$ 585,200
Shelf Drilling Holdings Ltd., Senior Secured Notes	8.625%	11/1/18	510,000	515,100(a)
Sidewinder Drilling Inc., Senior Notes	9.750%	11/15/19	310,000	310,000(a)
Teekay Corp., Senior Notes	8.500%	1/15/20	930,000	983,475(b)
TNK-BP Finance SA	6.625%	3/20/17	300,000	340,944(a)
TNK-BP Finance SA, Senior Notes	7.500%	7/18/16	140,000	162,112(a)
TNK-BP Finance SA, Senior Notes	7.875%	3/13/18	1,010,000	1,227,271(a)(b)
Westmoreland Coal Co./Westmoreland Partners, Senior Secured Notes	10.750%	2/1/18	750,000	753,750
Williams Cos. Inc., Senior Notes	8.750%	3/15/32	486,000	663,969(b)
Xinergy Ltd., Senior Secured Notes	9.250%	5/15/19	1,330,000	724,850(a)
<i>Total Oil, Gas & Consumable Fuels</i>				68,275,422
<i>Total Energy</i>				74,493,913
<i>Financials 11.0%</i>				
<i>Capital Markets 1.4%</i>				
Goldman Sachs Group Inc., Senior Notes	6.150%	4/1/18	330,000	385,932(b)
Goldman Sachs Group Inc., Senior Notes	7.500%	2/15/19	1,430,000	1,797,566(b)
Goldman Sachs Group Inc., Subordinated Notes	6.750%	10/1/37	2,500,000	2,790,648(b)
Merrill Lynch & Co. Inc., Notes	6.875%	4/25/18	390,000	469,660(b)
Morgan Stanley, Medium-Term Notes	6.625%	4/1/18	470,000	547,975(b)
<i>Total Capital Markets</i>				5,991,781
<i>Commercial Banks 1.9%</i>				
Barclays Bank PLC, Subordinated Notes	10.179%	6/12/21	2,050,000	2,761,053(a)(b)
BBVA US Senior SAU, Senior Notes	4.664%	10/9/15	390,000	397,225
Credit Agricole SA, Subordinated Notes	8.375%	10/13/19	490,000	510,212(a)(b)(h)(i)
Intesa Sanpaolo SpA, Senior Notes	3.625%	8/12/15	2,600,000	2,589,603(a)(b)
Royal Bank of Scotland Group PLC, Junior Subordinated Bonds	7.648%	9/30/31	460,000	463,450(b)(h)(i)
Royal Bank of Scotland Group PLC, Subordinated Notes	5.000%	10/1/14	782,000	807,766(b)
Santander Issuances SAU, Notes	5.911%	6/20/16	600,000	616,425(a)
<i>Total Commercial Banks</i>				8,145,734
<i>Consumer Finance 1.6%</i>				
Ally Financial Inc., Senior Bonds	0.000%	12/1/12	1,330,000	1,330,000
Ally Financial Inc., Senior Notes	8.000%	11/1/31	1,957,000	2,495,175(b)
American Express Co., Notes	7.000%	3/19/18	260,000	332,623(b)
GMAC International Finance BV, Senior Bonds	7.500%	4/21/15	910,000EUR	1,288,655
HSBC Finance Corp., Senior Notes	6.676%	1/15/21	970,000	1,154,830(b)
<i>Total Consumer Finance</i>				6,601,283

See Notes to Financial Statements.

Western Asset Global High Income Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Diversified Financial Services 4.3%				
Bank of America Corp., Senior Notes	5.650%	5/1/18	490,000	\$ 568,438(b)
Bank of America Corp., Senior Notes	7.625%	6/1/19	1,480,000	1,894,853(b)
Bankrate Inc., Senior Secured Notes	11.750%	7/15/15	1,586,000	1,764,425(b)
Boats Investments (Netherlands) BV, Secured Notes	7.722%	12/15/15	1,448,761	EUR 536,993(f)(h)
Citigroup Inc., Senior Notes	8.500%	5/22/19	2,000,000	2,679,414(b)
General Electric Capital Corp., Senior Notes	5.625%	5/1/18	650,000	775,362(b)
General Electric Capital Corp., Senior Notes	4.625%	1/7/21	2,090,000	2,375,509(b)
International Lease Finance Corp., Senior Notes	5.750%	5/15/16	500,000	525,179
International Lease Finance Corp., Senior Notes	8.750%	3/15/17	1,620,000	1,860,975
International Lease Finance Corp., Senior Notes	8.250%	12/15/20	2,530,000	2,951,503
Nationstar Mortgage LLC/Nationstar Capital Corp., Senior Notes	7.875%	10/1/20	920,000	957,950(a)
TransUnion Holding Co. Inc., Senior Notes	8.125%	6/15/18	280,000	284,200(a)(f)
TransUnion Holding Co. Inc., Senior Notes	9.625%	6/15/18	740,000	784,400
ZFS Finance USA Trust II, Bonds	6.450%	12/15/65	500,000	535,000(a)(b)(h)
Total Diversified Financial Services				18,494,201
Insurance 1.4%				
American International Group Inc., Senior Notes	8.250%	8/15/18	4,000,000	5,215,212(b)
ING Capital Funding Trust III, Junior Subordinated Bonds	3.962%	3/31/13	240,000	230,266(h)(i)
Liberty Mutual Group Inc., Junior Subordinated Bonds	7.800%	3/15/37	490,000	546,350(a)
Total Insurance				5,991,828
Real Estate Investment Trusts (REITs) 0.4%				
WEA Finance LLC/WT Finance Aust Pty. Ltd., Senior Notes	6.750%	9/2/19	1,360,000	1,685,891(a)(b)
Total Financials				46,910,718
Health Care 5.0%				
Health Care Equipment & Supplies 0.4%				
Hologic Inc., Senior Notes	6.250%	8/1/20	380,000	405,650(a)
Ontex IV SA, Senior Notes	9.000%	4/15/19	640,000	EUR 855,242(a)
Ontex IV SA, Senior Notes	9.000%	4/15/19	400,000	EUR 534,527(a)
Total Health Care Equipment & Supplies				1,795,419
Health Care Providers & Services 3.8%				
Acadia Healthcare Co. Inc., Senior Notes	12.875%	11/1/18	1,030,000	1,241,150
American Renal Holdings, Senior Secured Notes	8.375%	5/15/18	670,000	711,875(b)
AMERIGROUP Corp., Senior Notes	7.500%	11/15/19	530,000	622,750(b)
CHS/Community Health Systems Inc., Senior Notes	8.000%	11/15/19	980,000	1,071,875(b)

See Notes to Financial Statements.

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

Schedule of investments (unaudited) (cont d)

November 30, 2012

Western Asset Global High Income Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Health Care Providers & Services continued				
CRC Health Corp., Senior Subordinated Notes	10.750%	2/1/16	2,520,000 \$	2,457,000
Crown Newco 3 PLC, Senior Subordinated Notes	8.875%	2/15/19	750,000GBP	1,237,661(a)
DJO Finance LLC/DJO Finance Corp., Senior Notes	9.875%	4/15/18	440,000	443,300(a)
ExamWorks Group Inc., Senior Notes	9.000%	7/15/19	500,000	532,500
Fresenius Medical Care U.S. Finance Inc., Senior Notes	6.875%	7/15/17	1,220,000	1,387,750(b)
Fresenius U.S. Finance II Inc., Senior Notes	9.000%	7/15/15	110,000	127,325(a)(b)
HCA Inc., Senior Secured Notes	8.500%	4/15/19	1,450,000	1,634,875(b)
Humana Inc., Senior Notes	7.200%	6/15/18	2,000,000	2,485,046(b)
INC Research LLC, Senior Notes	11.500%	7/15/19	280,000	284,200(a)
Physiotherapy Associates Holdings Inc., Senior Notes	11.875%	5/1/19	210,000	208,950(a)
Tenet Healthcare Corp., Senior Secured Notes	10.000%	5/1/18	215,000	246,175(b)
Tenet Healthcare Corp., Senior Secured Notes	8.875%	7/1/19	962,000	1,082,250(b)
US Oncology Inc. Escrow			150,000	3,000*
Vanguard Health Holdings Co., II LLC, Senior Notes	8.000%	2/1/18	360,000	375,750(b)
Total Health Care Providers & Services				16,153,432
Pharmaceuticals 0.8%				
ConvaTec Healthcare E SA, Senior Notes	10.875%	12/15/18	1,460,000EUR	2,126,661(a)
Rottapharm Ltd., Senior Notes	6.125%	11/15/19	250,000EUR	331,640(a)
Valeant Pharmaceuticals International, Senior Notes	6.375%	10/15/20	540,000	575,100(a)
VPI Escrow Corp., Senior Notes	6.375%	10/15/20	300,000	320,250(a)
Total Pharmaceuticals				3,353,651
Total Health Care				21,302,502
Industrials 12.6%				
Aerospace & Defense 1.0%				
Ducommun Inc., Senior Notes	9.750%	7/15/18	550,000	587,125(b)
Kratos Defense & Security Solutions Inc., Senior Secured Notes	10.000%	6/1/17	1,450,000	1,587,750(b)
Triumph Group Inc., Senior Notes	8.625%	7/15/18	460,000	515,200
Wyle Services Corp., Senior Subordinated Notes	10.500%	4/1/18	1,550,000	1,681,750(a)
Total Aerospace & Defense				4,371,825
Airlines 1.2%				
American Airlines Pass-Through Trust, Secured Notes	7.000%	1/31/18	375,794	387,067(a)(b)
Continental Airlines Inc., Pass-Through Certificates	7.373%	12/15/15	143,599	153,464(b)

See Notes to Financial Statements.

Western Asset Global High Income Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Airlines continued				
Continental Airlines Inc., Pass-Through Certificates, Subordinated Secured Notes	7.339%	4/19/14	371,847	\$ 386,721(b)
Continental Airlines Inc., Senior Secured Notes	6.750%	9/15/15	10,000	10,538(a)
DAE Aviation Holdings Inc., Senior Notes	11.250%	8/1/15	890,000	918,925(a)
Delta Air Lines, Secured Notes	6.375%	1/2/16	260,000	270,400(a)(b)
Delta Air Lines Inc., Pass-Through Certificates	8.954%	8/10/14	61,593	64,131
Delta Air Lines Inc., Pass-Through Certificates, Secured Notes	8.021%	8/10/22	393,382	430,241(b)
Heathrow Finance PLC, Senior Secured Notes	7.125%	3/1/17	900,000GBP	1,564,466
United Air Lines Inc., Senior Secured Notes	9.875%	8/1/13	944,000	959,340(a)(b)
Total Airlines				5,145,293
Building Products 0.5%				
Ashton Woods USA LLC/Ashton Woods Finance Co., Senior Subordinated Notes	11.000%	6/30/15	689,000	682,110(a)(d)
Rearden G Holdings EINS GmbH, Senior Notes	7.875%	3/30/20	360,000	392,400(a)(b)
Spie BondCo 3 SCA, Secured Notes	11.000%	8/15/19	613,000EUR	853,044(a)
Total Building Products				1,927,554
Commercial Services & Supplies 1.8%				
Altegrity Inc., Senior Subordinated Notes	10.500%	11/1/15	1,900,000	1,691,000(a)
Altegrity Inc., Senior Subordinated Notes	11.750%	5/1/16	1,700,000	1,300,500(a)
American Reprographics Co., Senior Notes	10.500%	12/15/16	1,170,000	1,164,150
JM Huber Corp., Senior Notes	9.875%	11/1/19	460,000	515,200(a)(b)
Monitronics International Inc., Senior Notes	9.125%	4/1/20	1,440,000	1,483,200
RSC Equipment Rental Inc./RSC Holdings III LLC, Senior Notes	8.250%	2/1/21	430,000	483,750(b)
Taylor Morrison Communities Inc./Monarch Communities Inc., Senior Notes	7.750%	4/15/20	890,000	938,950(a)(b)
Taylor Morrison Communities Inc./Monarch Communities Inc., Senior Notes	7.750%	4/15/20	210,000	221,550(a)
Total Commercial Services & Supplies				7,798,300
Construction & Engineering 1.0%				
Abengoa Finance SAU, Senior Notes	8.875%	11/1/17	770,000	689,150(a)(b)
Odebrecht Finance Ltd.	6.000%	4/5/23	450,000	519,750(a)
Odebrecht Finance Ltd., Senior Notes	6.000%	4/5/23	2,310,000	2,668,050(a)(b)
PH Holding LLC, Secured Notes	9.750%	12/31/17	550,000	543,909(c)(d)
Total Construction & Engineering				4,420,859
Electrical Equipment 1.1%				
313 Group Inc., Senior Secured Notes	6.375%	12/1/19	700,000	693,000(a)
International Wire Group Holdings Inc., Senior Secured Notes	8.500%	10/15/17	560,000	564,200(a)
NES Rentals Holdings Inc., Senior Secured Notes	12.250%	4/15/15	1,960,000	2,013,900(a)

See Notes to Financial Statements.

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

Schedule of investments (unaudited) (cont d)

November 30, 2012

Western Asset Global High Income Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Electrical Equipment continued				
Telenet Finance III Luxembourg S.C.A., Senior Secured Notes	6.625%	2/15/21	1,100,000EUR \$	1,513,581(a)
Total Electrical Equipment				4,784,681
Industrial Conglomerates 0.4%				
Leucadia National Corp., Senior Notes	8.125%	9/15/15	540,000	612,900(b)
Sinochem Overseas Capital Co., Ltd., Senior Notes	4.500%	11/12/20	780,000	843,353(a)(b)
Total Industrial Conglomerates				1,456,253
Machinery 1.2%				
Dematic SA, Senior Secured Notes	8.750%	5/1/16	1,200,000	1,284,000(a)(b)
Global Brass and Copper Inc., Senior Secured Notes	9.500%	6/1/19	680,000	736,100(a)(b)
Mirror PIK SA, Senior Notes	9.000%	11/1/16	2,690,000	2,730,350(a)(f)
SPL Logistics Escrow LLC, Senior Secured Notes	8.875%	8/1/20	480,000	516,000(a)
Total Machinery				5,266,450
Marine 0.7%				
Horizon Lines LLC, Secured Notes	13.000%	10/15/16	788,870	792,814
Horizon Lines LLC, Senior Secured Notes	11.000%	10/15/16	514,000	508,860
Navios Maritime Acquisition Corp./Navios Acquisition Finance U.S. Inc., Senior Secured Notes	8.625%	11/1/17	1,580,000	1,493,100(b)
Total Marine				2,794,774
Professional Services 0.6%				
ISS Financing PLC, Senior Secured Bonds	11.000%	6/15/14	2,000,000EUR	2,692,140(a)
Road & Rail 1.3%				
Florida East Coast Holdings Corp., Senior Notes	10.500%	8/1/17	1,603,923	1,599,913(f)
Gategroup Finance Luxembourg SA, Senior Notes	6.750%	3/1/19	1,200,000EUR	1,638,694(a)
Gategroup Finance Luxembourg SA, Senior Notes	6.750%	3/1/19	210,000EUR	286,772(a)
Kansas City Southern de Mexico, Senior Notes	12.500%	4/1/16	760,000	840,750(b)
Quality Distribution LLC/QD Capital Corp., Secured Notes	9.875%	11/1/18	1,090,000	1,182,650(b)
Total Road & Rail				5,548,779
Trading Companies & Distributors 0.5%				
H&E Equipment Services Inc., Senior Notes	7.000%	9/1/22	760,000	805,600(a)(b)
UR Financing Escrow Corp., Secured Notes	5.750%	7/15/18	22,000	23,788(a)
UR Financing Escrow Corp., Senior Notes	7.625%	4/15/22	948,000	1,053,465(a)(b)
Total Trading Companies & Distributors				1,882,853
Transportation 1.2%				
CMA CGM, Senior Notes	8.500%	4/15/17	910,000	718,900(a)
CMA CGM, Senior Notes	8.875%	4/15/19	1,500,000EUR	1,531,399(a)

See Notes to Financial Statements.

Western Asset Global High Income Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Transportation continued				
Hapag-Lloyd AG, Senior Notes	9.750%	10/15/17	910,000	\$ 900,900(a)(b)
Syncreon Global Ireland Ltd./Syncreon Global Finance US Inc., Senior Notes	9.500%	5/1/18	1,640,000	1,697,400(a)(b)
Syncreon Global Ireland Ltd./Syncreon Global Finance US Inc., Senior Notes	9.500%	5/1/18	100,000	103,500(a)
Total Transportation				4,952,099
Transportation Infrastructure 0.1%				
Aguila 3 SA, Senior Secured Notes	7.875%	1/31/18	430,000	457,950(a)
Total Industrials				53,499,810
Information Technology 1.8%				
Communications Equipment 0.1%				
CyrusOne LP/CyrusOne Finance Corp., Senior Notes	6.375%	11/15/22	620,000	644,800(a)
Computers & Peripherals 0.6%				
Hewlett-Packard Co., Senior Notes	4.650%	12/9/21	2,500,000	2,422,850(b)
Electronic Equipment, Instruments & Components 0.1%				
Techem GmbH, Senior Secured Notes	6.125%	10/1/19	350,000EUR	483,642(a)
Internet Software & Services 0.1%				
Zayo Group LLC/Zayo Capital Inc., Senior Secured Notes	8.125%	1/1/20	540,000	592,650
IT Services 0.5%				
First Data Corp., Secured Notes	8.250%	1/15/21	170,000	170,425(a)
First Data Corp., Senior Notes	10.550%	9/24/15	917,229	947,039
First Data Corp., Senior Notes	11.250%	3/31/16	340,000	337,450
First Data Corp., Senior Secured Notes	6.750%	11/1/20	670,000	678,375(a)
Total IT Services				2,133,289
Semiconductors & Semiconductor Equipment 0.3%				
Freescall Semiconductor Inc., Senior Subordinated Notes	10.125%	12/15/16	602,000	622,318
STATS ChipPAC Ltd., Senior Notes	7.500%	8/12/15	530,000	567,100(a)(b)
Total Semiconductors & Semiconductor Equipment				1,189,418
Software 0.1%				
Legend Acquisition Sub Inc., Senior Notes	10.750%	8/15/20	310,000	296,050(a)
Total Information Technology				7,762,699
Materials 12.3%				
Chemicals 1.3%				
Braskem Finance Ltd., Senior Notes	7.000%	5/7/20	890,000	1,007,925(a)
Ineos Finance PLC, Senior Secured Notes	9.000%	5/15/15	670,000	717,704(a)(b)
Kerling PLC, Senior Secured Notes	10.625%	2/1/17	792,000EUR	984,972(a)
Kloekner Pentaplast GmbH & Co. KG, Senior Secured Notes	11.625%	7/15/17	370,000EUR	519,700(a)

See Notes to Financial Statements.

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Schedule of investments (unaudited) (cont d)

November 30, 2012

Western Asset Global High Income Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Chemicals continued				
Kloekner Pentaplast GmbH & Co. KG, Senior Secured Notes	11.625%	7/15/17	290,000EUR \$	407,332(a)
Mexichem SAB de CV, Senior Notes	4.875%	9/19/22	250,000	265,000(a)
Styrolution GmbH, Senior Secured Notes	7.625%	5/15/16	1,000,000EUR	1,307,054(a)
Styrolution Group GmbH, Senior Secured Notes	7.625%	5/15/16	370,000EUR	483,610(a)
Total Chemicals				5,693,297
Construction Materials 0.4%				
Cemex Finance LLC, Senior Secured Notes	9.375%	10/12/22	550,000	595,375(a)
Cemex SAB de CV, Senior Secured Notes	9.000%	1/11/18	1,170,000	1,243,125(a)
Total Construction Materials				1,838,500
Containers & Packaging 2.6%				
Ardagh Packaging Finance PLC, Senior Notes	9.250%	10/15/20	1,700,000EUR	2,371,229(a)
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	9.125%	10/15/20	1,080,000	1,166,400(a)
Beverage Packaging Holdings Luxembourg II SA, Senior Notes	9.500%	6/15/17	2,000,000EUR	2,653,124(a)
Longview Fibre Paper & Packaging Inc., Senior Secured Notes	8.000%	6/1/16	660,000	694,650(a)(b)
Pretium Packaging LLC/Pretium Finance Inc., Senior Secured Notes	11.500%	4/1/16	1,210,000	1,255,375
Reynolds Group Issuer Inc./Reynolds Group Issuer LLC/Reynolds Group Issuer (Luxembourg) SA, Senior Notes	9.000%	4/15/19	540,000	558,900
Suzano Trading Ltd., Senior Notes	5.875%	1/23/21	850,000	867,850(a)(b)
Viskase Cos. Inc., Senior Secured Notes	9.875%	1/15/18	1,330,000	1,376,550(a)(b)
Total Containers & Packaging				10,944,078
Metals & Mining 6.8%				
ArcelorMittal, Senior Notes	5.000%	2/25/17	500,000	503,783
ArcelorMittal, Senior Notes	6.000%	3/1/21	760,000	759,867
Cliffs Natural Resources Inc., Senior Notes	4.875%	4/1/21	2,290,000	2,258,146(b)
CSN Resources SA, Senior Bonds	6.500%	7/21/20	452,000	503,302(a)
CSN Resources SA, Senior Bonds	6.500%	7/21/20	450,000	501,075(a)
Evrax Group SA, Notes	8.250%	11/10/15	230,000	254,005(a)
Evrax Group SA, Notes	6.750%	4/27/18	2,040,000	2,044,937(a)(b)
Evrax Group SA, Senior Notes	9.500%	4/24/18	940,000	1,053,759(a)
FMG Resources (August 2006) Pty Ltd., Senior Notes	7.000%	11/1/15	850,000	871,250(a)(b)
FMG Resources (August 2006) Pty Ltd., Senior Notes	6.375%	2/1/16	450,000	455,625(a)
FMG Resources (August 2006) Pty Ltd., Senior Notes	8.250%	11/1/19	1,120,000	1,150,800(a)(b)

See Notes to Financial Statements.

Western Asset Global High Income Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Metals & Mining continued</i>				
JW Aluminum Co., Senior Secured Notes	11.500%	11/15/17	1,060,000	\$ 1,041,450(a)
Midwest Vanadium Pty Ltd., Senior Secured Notes	11.500%	2/15/18	1,990,000	1,253,700(a)(d)
Mirabela Nickel Ltd., Senior Notes	8.750%	4/15/18	480,000	405,600(a)
Molycorp Inc., Senior Secured Notes	10.000%	6/1/20	730,000	660,650(a)(b)
Novelis Inc., Senior Notes	8.750%	12/15/20	90,000	101,250
Optima Specialty Steel Inc., Senior Secured Notes	12.500%	12/15/16	850,000	892,500(a)(b)
Ryerson Inc./Joseph T Ryerson & Son Inc., Senior Notes	11.250%	10/15/18	280,000	267,050(a)
Ryerson Inc./Joseph T Ryerson & Son Inc., Senior Secured Notes	9.000%	10/15/17	540,000	536,625(a)
Samarco Mineracao SA, Senior Notes	4.125%	11/1/22	670,000	671,675(a)
Southern Copper Corp., Senior Notes	5.375%	4/16/20	360,000	416,977
Southern Copper Corp., Senior Notes	6.750%	4/16/40	1,150,000	1,365,371(b)
Southern Copper Corp., Senior Notes	5.250%	11/8/42	760,000	748,045
Steel Dynamics Inc., Senior Notes	6.125%	8/15/19	370,000	388,500(a)
Tempel Steel Co., Senior Secured Notes	12.000%	8/15/16	500,000	457,500(a)(b)
Thompson Creek Metals Co. Inc., Senior Notes	12.500%	5/1/19	920,000	832,600
Thompson Creek Metals Co. Inc., Senior Secured Notes	9.750%	12/1/17	750,000	783,750
Vale Overseas Ltd., Notes	8.250%	1/17/34	2,983,000	4,094,528(b)
Vale Overseas Ltd., Notes	6.875%	11/21/36	819,000	1,017,581(b)
Vedanta Resources PLC, Senior Notes	8.750%	1/15/14	1,290,000	1,364,820(a)(b)
Vedanta Resources PLC, Senior Notes	6.750%	6/7/16	830,000	870,255(a)(b)
Vedanta Resources PLC, Senior Notes	9.500%	7/18/18	160,000	182,800(a)
<i>Total Metals & Mining</i>				28,709,776
<i>Paper & Forest Products 1.2%</i>				
Ainsworth Lumber Co. Ltd., Senior Secured Notes	7.500%	12/15/17	230,000	237,763(a)
Appleton Papers Inc., Senior Secured Notes	10.500%	6/15/15	1,060,000	1,131,550(a)(b)
Appleton Papers Inc., Senior Secured Notes	11.250%	12/15/15	914,000	977,980
Celulosa Arauco y Constitucion SA, Senior Notes	7.250%	7/29/19	202,000	243,530(b)
Celulosa Arauco y Constitucion SA, Senior Notes	4.750%	1/11/22	245,000	262,699
Fibria Overseas Finance Ltd., Senior Notes	7.500%	5/4/20	440,000	487,300(a)
Fibria Overseas Finance Ltd., Senior Notes	6.750%	3/3/21	280,000	308,000(a)(b)
Inversiones CMPC SA, Notes	4.750%	1/19/18	460,000	494,534(a)(b)
Inversiones CMPC SA, Senior Notes	4.500%	4/25/22	310,000	321,472(a)
Verso Paper Holdings LLC/Verso Paper Inc., Senior Secured Notes	11.750%	1/15/19	640,000	662,400(a)(b)
Verso Paper Holdings LLC/Verso Paper Inc., Senior Secured Notes	11.750%	1/15/19	117,000	75,465(a)

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Schedule of investments (unaudited) (cont d)

November 30, 2012

Western Asset Global High Income Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Paper & Forest Products continued				
Verso Paper Holdings LLC/Verso Paper Inc., Senior Subordinated Notes	11.375%	8/1/16	144,000	\$ 46,800
Total Paper & Forest Products				5,249,493
Total Materials				
Telecommunication Services 10.5%				
Diversified Telecommunication Services 7.1%				
AT&T Inc., Senior Notes	6.400%	5/15/38	220,000	287,154
Axtel SAB de CV, Senior Notes	7.625%	2/1/17	2,886,000	1,255,410(a)
Axtel SAB de CV, Senior Notes	7.625%	2/1/17	944,000	410,640(a)
Axtel SAB de CV, Senior Notes	9.000%	9/22/19	637,000	277,095(a)
British Telecommunications PLC, Bonds	9.625%	12/15/30	240,000	386,480(b)
Cogent Communications Group Inc., Senior Secured Notes	8.375%	2/15/18	900,000	981,000(a)(b)
Inmarsat Finance PLC, Senior Notes	7.375%	12/1/17	230,000	246,100(a)(b)
Intelsat Jackson Holdings SA, Senior Notes	7.500%	4/1/21	1,920,000	2,064,000(b)
Intelsat Luxembourg SA, Senior Notes	11.250%	2/4/17	1,700,000	1,808,375
Koninklijke KPN NV, Senior Notes	8.375%	10/1/30	190,000	256,415(b)
Level 3 Financing Inc., Senior Notes	8.625%	7/15/20	1,320,000	1,440,450
Qtel International Finance Ltd., Senior Notes	4.750%	2/16/21	400,000	449,000(a)(b)
Telefonica Emisiones SAU, Senior Notes	5.134%	4/27/20	3,000,000	3,015,000(b)
Telemar Norte Leste SA, Senior Notes	5.500%	10/23/20	690,000	717,600(a)(b)
TW Telecom Holdings Inc., Senior Notes	8.000%	3/1/18	500,000	552,500(b)
TW Telecom Holdings Inc., Senior Notes	5.375%	10/1/22	640,000	664,800(a)
UBS Luxembourg SA for OJSC Vimpel Communications, Loan Participation Notes	8.250%	5/23/16	358,000	398,612(a)
Unitymedia GmbH, Senior Secured Bonds	8.125%	12/1/17	1,000,000EUR	1,414,349(a)
Unitymedia GmbH, Senior Secured Notes	9.500%	3/15/21	1,250,000EUR	1,869,704(a)
Unitymedia GmbH, Senior Secured Notes	9.500%	3/15/21	400,000EUR	598,305(a)
Unitymedia GmbH, Senior Subordinated Notes	9.625%	12/1/19	913,000EUR	1,332,979(a)
Vimpel Communications, Loan Participation Notes	8.375%	4/30/13	430,000	442,449(a)(b)
VIP Finance Ireland Ltd. for OJSC Vimpel Communications, Loan Participation Notes, Secured Notes	8.375%	4/30/13	1,535,000	1,579,438(a)
West Corp., Senior Notes	8.625%	10/1/18	460,000	477,250(b)
West Corp., Senior Subordinated Notes	11.000%	10/15/16	670,000	701,825
Wind Acquisition Holdings Finance SpA, Senior Notes	12.250%	7/15/17	2,718,163EUR	3,411,380(a)(f)
Windstream Corp., Senior Notes	7.500%	4/1/23	3,170,000	3,288,875
Total Diversified Telecommunication Services				30,327,185

See Notes to Financial Statements.

Western Asset Global High Income Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Wireless Telecommunication Services 3.4%				
America Movil SAB de CV, Senior Notes	5.625%	11/15/17	504,000 \$	614,630(b)
Indosat Palapa Co. BV, Senior Notes	7.375%	7/29/20	900,000	1,021,500(a)(b)
Matterhorn Midco & Cy SCA, Senior Notes	7.750%	2/15/20	760,000EUR	995,832(a)
MetroPCS Wireless Inc., Senior Notes	6.625%	11/15/20	1,100,000	1,167,375(b)
Oi S.A., Senior Notes	5.750%	2/10/22	450,000	466,875(a)
Phones4u Finance PLC, Senior Secured Notes	9.500%	4/1/18	1,080,000GBP	1,790,884(a)
Phones4u Finance PLC, Senior Secured Notes	9.500%	4/1/18	150,000GBP	248,734(a)
Sprint Capital Corp., Senior Notes	6.875%	11/15/28	1,190,000	1,231,650(b)
Sprint Capital Corp., Senior Notes	8.750%	3/15/32	3,140,000	3,744,450(b)
Sprint Nextel Corp., Senior Notes	9.000%	11/15/18	1,780,000	2,198,300(a)(b)
Syniverse Holdings Inc., Senior Notes	9.125%	1/15/19	875,000	938,437
Total Wireless Telecommunication Services				14,418,667
Total Telecommunication Services				44,745,852
Utilities 4.9%				
Electric Utilities 1.6%				
AES Ironwood LLC, Secured Notes	8.857%	11/30/25	482,661	567,127(b)
AES Red Oak LLC, Secured Notes	9.200%	11/30/29	1,180,000	1,289,150
Centrais Eletricas Brasileiras SA, Senior Notes	6.875%	7/30/19	380,000	445,550(a)
DPL Inc., Senior Notes	7.250%	10/15/21	470,000	498,200
FirstEnergy Corp., Notes	7.375%	11/15/31	270,000	355,256
GenOn REMA LLC, Pass-Through Certificates	9.237%	7/2/17	329,067	359,505(b)
GenOn REMA LLC, Pass-Through Certificates	9.681%	7/2/26	2,040,000	2,182,800(b)
Majapahit Holding BV, Senior Notes	7.750%	1/20/20	370,000	466,200(a)
Midwest Generation LLC, Pass-Through Certificates	8.560%	1/2/16	483,705	454,682(b)
Total Electric Utilities				6,618,470
Gas Utilities 0.2%				
Transportadora de Gas Internacional SA ESP, Senior Notes	5.700%	3/20/22	770,000	854,700(a)
Independent Power Producers & Energy Traders 3.0%				
AES Gener SA, Notes	5.250%	8/15/21	450,000	502,406(a)(b)
Atlantic Power Corp., Senior Notes	9.000%	11/15/18	640,000	675,200
Calpine Corp., Senior Secured Notes	7.875%	7/31/20	162,000	180,630(a)
Calpine Corp., Senior Secured Notes	7.875%	1/15/23	891,000	997,920(a)(b)
Colbun SA, Senior Notes	6.000%	1/21/20	750,000	846,136(a)
Energy Future Intermediate Holding Co. LLC/EFIH Finance Inc., Secured Notes	11.750%	3/1/22	1,390,000	1,421,275(a)
Energy Future Intermediate Holding Co. LLC/EFIH Finance Inc., Senior Secured Notes	6.875%	8/15/17	2,270,000	2,338,100(a)
Energy Future Intermediate Holding Co. LLC/EFIH Finance Inc., Senior Secured Notes	10.000%	12/1/20	480,000	537,600

See Notes to Financial Statements.

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Schedule of investments (unaudited) (cont d)

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Western Asset Global High Income Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Independent Power Producers & Energy Traders				
<i>continued</i>				
First Wind Holdings Inc., Senior Secured Notes	10.250%	6/1/18	940,000	\$ 963,500(a)(b)
Foresight Energy LLC/Foresight Energy Corp., Senior Notes	9.625%	8/15/17	1,360,000	1,421,200(a)
Mirant Americas Generation LLC, Senior Notes	9.125%	5/1/31	2,320,000	2,459,200(b)
Mirant Mid Atlantic LLC, Pass-Through Certificates	9.125%	6/30/17	142,895	156,113
Mirant Mid Atlantic LLC, Pass-Through Certificates	10.060%	12/30/28	282,545	313,625
Total Independent Power Producers & Energy Traders				12,812,905
Multi-Utilities 0.1%				
Empresas Publicas de Medellin ESP, Senior Notes	7.625%	7/29/19	410,000	519,470(a)
Total Utilities				20,805,545
Total Corporate Bonds & Notes (Cost \$374,647,249)				396,351,134
Asset-Backed Securities 0.3%				
Finance America Net Interest Margin Trust, 2004-1 A	5.250%	6/27/34	110,125	1(a)(d)(g)
Greenpoint Manufactured Housing, 1999-2 A2	2.978%	3/18/29	425,000	365,253(h)
Greenpoint Manufactured Housing, 1999-3 2A2	3.609%	6/19/29	200,000	174,549(h)
Greenpoint Manufactured Housing, 1999-4 A2	3.711%	2/20/30	200,000	172,657(h)
Greenpoint Manufactured Housing, 2001-2 IA2	3.719%	2/20/32	350,000	281,457(h)
Greenpoint Manufactured Housing, 2001-2 IIA2	3.714%	3/13/32	475,000	398,531(h)
SAIL Net Interest Margin Notes, 2003-6A A	7.000%	7/27/33	14,101	0(a)(d)(e)(g)
SAIL Net Interest Margin Notes, 2003-7A A	7.000%	7/27/33	42,974	0(a)(d)(e)(g)
Total Asset-Backed Securities (Cost \$1,557,088)				1,392,448
Collateralized Senior Loans 1.8%				
Consumer Discretionary 0.6%				
Hotels, Restaurants & Leisure 0.6%				
El Pollo Loco Inc., First Lien Term Loan	9.250%	7/14/17	256,750	267,662(j)
Equinox Fitness Clubs, 2nd Lien Term Loan		5/16/20	710,000	711,775(k)
Stockbridge/SBE Holdings LLC, Term Loan B	13.000%	5/2/17	1,450,000	1,439,125(j)
Total Consumer Discretionary				2,418,562
Consumer Staples 0.1%				
Food Products 0.1%				
AdvancePierre Foods Inc., 2nd Lien Term Loan	9.500%	10/10/17	310,000	317,169(j)
Energy 0.1%				
Oil, Gas & Consumable Fuels 0.1%				
Chesapeake Energy Corp., New Term Loan	5.750%	12/1/17	540,000	531,948(j)
Industrials 0.3%				
Machinery 0.2%				
Intelligrated Inc., Second Lien Term Loan	10.500%	12/31/19	1,190,000	1,204,875(j)

See Notes to Financial Statements.

Western Asset Global High Income Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Marine 0.1%				
Trico Shipping AS, New Term Loan A	10.000%	5/13/14	120,253	\$ 120,253(d)(j)
Trico Shipping AS, New Term Loan B		5/13/14	211,724	211,724(d)(k)
Total Marine				331,977
Total Industrials 1,536,852				
Information Technology 0.3%				
IT Services 0.3%				
CompuCom Systems Inc., 2nd Lien Term Loan	10.250%	10/2/19	680,000	673,200(j)
First Data Corp., Extended Term Loan B	4.208%	3/23/18	636,236	607,152(j)
Total Information Technology				1,280,352
Materials 0.2%				
Chemicals 0.2%				
Kerling PLC, Term Loan	10.000%	6/30/16	400,000EUR	489,007(j)
Kronos Inc., 2nd Lien New Term Loan	9.750%	4/24/20	540,000	541,350(j)
Total Materials				1,030,357
Telecommunication Services 0.2%				
Wireless Telecommunication Services 0.2%				
Vodafone Americas Finance 2 Inc., PIK Term Loan	6.875%	8/11/15	684,194	701,299(j)
Total Collateralized Senior Loans (Cost \$7,709,510)				7,816,539
Convertible Bonds & Notes 0.1%				
Materials 0.1%				
Hercules Inc. (Cost \$206,476)	6.500%	6/30/29	240,000	198,300
Sovereign Bonds 24.7%				
Argentina 0.2%				
Republic of Argentina	7.820%	12/31/33	847,486EUR	601,800
Republic of Argentina, Senior Bonds	2.260%	12/31/38	162,096EUR	64,193
Republic of Argentina, Senior Notes	8.750%	6/2/17	231,998	185,598
Total Argentina				851,591
Brazil 2.7%				
Brazil Nota do Tesouro Nacional, Notes	10.000%	1/1/14	1,164,000BRL	559,847
Brazil Nota do Tesouro Nacional, Notes	10.000%	1/1/17	13,633,000BRL	6,690,059
Brazil Nota do Tesouro Nacional, Notes	10.000%	1/1/21	703,000BRL	344,064
Federative Republic of Brazil	7.125%	1/20/37	2,450,500	3,810,527
Total Brazil				11,404,497
Chile 0.6%				
Corporacion Nacional del Cobre de Chile, Senior Notes	3.750%	11/4/20	360,000	390,005(a)(b)
Corporacion Nacional del Cobre de Chile, Senior Notes	3.875%	11/3/21	1,000,000	1,092,862(a)(b)
Republic of Chile, Senior Notes	3.875%	8/5/20	765,000	870,187
Total Chile				2,353,054

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Schedule of investments (unaudited) (cont d)

November 30, 2012

Western Asset Global High Income Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Colombia 1.3%				
Republic of Colombia	11.750%	2/25/20	544,000	\$ 883,456
Republic of Colombia	7.375%	9/18/37	2,392,000	3,744,676
Republic of Colombia, Senior Bonds	6.125%	1/18/41	330,000	457,050
Republic of Colombia, Senior Notes	7.375%	3/18/19	498,000	659,103
Total Colombia				5,744,285
India 0.3%				
ICICI Bank Ltd., Junior Subordinated Bonds	6.375%	4/30/22	254,000	255,270(a)(b)(h)
ICICI Bank Ltd., Subordinated Bonds	6.375%	4/30/22	1,085,000	1,090,425(a)(h)
Total India				1,345,695
Indonesia 3.0%				
Republic of Indonesia, Notes	3.750%	4/25/22	2,090,000	2,251,975(a)
Republic of Indonesia, Notes	5.250%	1/17/42	6,290,000	7,414,338(a)
Republic of Indonesia, Senior Bonds	6.875%	1/17/18	165,000	202,331(a)
Republic of Indonesia, Senior Bonds	10.250%	7/15/22	3,111,000,000IDR	438,065
Republic of Indonesia, Senior Bonds	11.000%	9/15/25	9,912,000,000IDR	1,517,778
Republic of Indonesia, Senior Bonds	6.625%	2/17/37	170,000	231,625(a)
Republic of Indonesia, Senior Bonds	9.750%	5/15/37	3,821,000,000IDR	561,174
Total Indonesia				12,617,286
Malaysia 0.6%				
Government of Malaysia, Senior Bonds	3.835%	8/12/15	7,755,000MYR	2,598,506
Government of Malaysia, Senior Bonds	4.262%	9/15/16	250,000MYR	85,391
Total Malaysia				2,683,897
Mexico 2.4%				
Mexican Bonos, Bonds	8.000%	6/11/20	47,832,800MXN	4,334,145
Mexican Bonos, Bonds	6.500%	6/9/22	5,498,900MXN	458,773
Mexican Bonos, Bonds	8.500%	11/18/38	11,620,000MXN	1,116,219
United Mexican States, Bonds	10.000%	12/5/24	8,750,000MXN	940,873
United Mexican States, Medium-Term Notes	5.625%	1/15/17	4,000	4,680
United Mexican States, Medium-Term Notes	6.050%	1/11/40	124,000	168,144(b)
United Mexican States, Senior Notes	5.125%	1/15/20	360,000	432,720(b)
United Mexican States, Senior Notes	3.625%	3/15/22	1,840,000	2,030,900(b)
United Mexican States, Senior Notes	4.750%	3/8/44	770,000	882,420
Total Mexico				10,368,874
Panama 0.4%				
Republic of Panama	9.375%	4/1/29	975,000	1,669,687
Republic of Panama	6.700%	1/26/36	39,000	55,809
Total Panama				1,725,496
Peru 2.0%				
Republic of Peru	8.750%	11/21/33	2,644,000	4,652,118

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Republic of Peru, Bonds

7.840%

8/12/20

3,692,000PEN

1,781,580

See Notes to Financial Statements.

Western Asset Global High Income Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Peru continued				
Republic of Peru, Bonds	6.550%	3/14/37	1,083,000	\$ 1,589,302
Republic of Peru, Global Senior Bonds	7.350%	7/21/25	50,000	73,250
Republic of Peru, Senior Bonds	5.625%	11/18/50	259,000	340,456
Total Peru				8,436,706
Philippines 0.5%				
Republic of the Philippines, Senior Bonds	5.500%	3/30/26	1,640,000	2,091,000(b)
Poland 1.3%				
Republic of Poland, Senior Notes	6.375%	7/15/19	1,660,000	2,081,225(b)
Republic of Poland, Senior Notes	5.125%	4/21/21	890,000	1,057,730(b)
Republic of Poland, Senior Notes	5.000%	3/23/22	2,082,000	2,465,296(b)
Total Poland				5,604,251
Russia 3.6%				
RSHB Capital, Loan Participation Notes, Senior Notes	6.299%	5/15/17	470,000	516,436(a)
RSHB Capital, Loan Participation Notes, Senior Secured Bonds	6.299%	5/15/17	409,000	449,409(a)
RSHB Capital, Loan Participation Notes, Senior Secured Notes	9.000%	6/11/14	340,000	373,555(a)
Russian Federation	5.625%	4/4/42	4,600,000	5,727,000(a)
Russian Foreign Bond-Eurobond, Senior Bonds	7.500%	3/31/30	6,381,738	8,124,590(a)(1)
Total Russia				15,190,990
Turkey 1.3%				
Republic of Turkey, Notes	6.750%	5/30/40	812,000	1,123,605
Republic of Turkey, Senior Bonds	5.625%	3/30/21	500,000	600,150
Republic of Turkey, Senior Notes	7.500%	7/14/17	3,000,000	3,677,250
Total Turkey				5,401,005
Venezuela 4.5%				
Bolivarian Republic of Venezuela	5.750%	2/26/16	14,261,000	13,512,297(a)(b)
Bolivarian Republic of Venezuela	7.650%	4/21/25	475,000	393,062
Bolivarian Republic of Venezuela, Collective Action Securities, Global Senior Bonds	9.375%	1/13/34	1,608,000	1,491,420(b)
Bolivarian Republic of Venezuela, Collective Action Securities, Notes	10.750%	9/19/13	875,000	910,000
Bolivarian Republic of Venezuela, Global Senior Bonds	8.500%	10/8/14	365,000	376,863
Bolivarian Republic of Venezuela, Senior Bonds	9.250%	9/15/27	240,000	226,800
Bolivarian Republic of Venezuela, Senior Notes	7.750%	10/13/19	2,700,000	2,470,500(a)
Total Venezuela				19,380,942
Total Sovereign Bonds (Cost \$92,886,695)				105,199,569

See Notes to Financial Statements.

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

Schedule of investments (unaudited) (cont d)

November 30, 2012

Western Asset Global High Income Fund Inc.

	Shares	Value
Security		
Common Stocks 1.1%		
Consumer Discretionary 0.3%		
<i>Hotels, Restaurants & Leisure 0.0%</i>		
Bossier Casino Venture Holdco Inc.	46,209	\$ 92,418*(c)(d)
<i>Media 0.3%</i>		
Charter Communications Inc., Class A Shares	15,345	1,087,193*(b)
Total Consumer Discretionary		1,179,611
Financials 0.4%		
<i>Real Estate Management & Development 0.4%</i>		
Realogy Holdings Corp.	57,513	2,018,068(c)(d)
Industrials 0.4%		
<i>Marine 0.4%</i>		
DeepOcean Group Holding AS	56,705	1,077,806*(c)(d)
Horizon Lines Inc., Class A Shares	402,515	543,396*
Total Industrials		1,621,202
Total Common Stocks (Cost \$5,034,047)		4,818,881
		Rate
Convertible Preferred Stocks 0.7%		
Financials 0.7%		
<i>Diversified Financial Services 0.7%</i>		
Citigroup Inc. (Cost \$2,940,083)	27,000	7.500% 2,709,450
Preferred Stocks 0.7%		
Financials 0.7%		
<i>Capital Markets 0.1%</i>		
Goldman Sachs Group Inc.	19,384	5.950% 479,560
<i>Consumer Finance 0.6%</i>		
GMAC Capital Trust I	90,029	8.125% 2,345,256(h)
<i>Diversified Financial Services 0.0%</i>		
Citigroup Capital XIII	5,950	7.875% 166,600(h)
Total Preferred Stocks (Cost \$2,822,450)		2,991,416

See Notes to Financial Statements.

Western Asset Global High Income Fund Inc.

Security	Expiration Date	Warrants	Value
Warrants 0.0%			
Bolivarian Republic of Venezuela, Oil-linked payment obligations	4/15/20	2,675	\$ 81,922
Charter Communications Inc.	11/30/14	752	17,108*
Nortek Inc.	12/7/14	1,301	6,505*(c)(d)
SemGroup Corp.	11/30/14	3,390	47,290*
Total Warrants (Cost \$101,017)			152,825
Total Investments 122.5% (Cost \$487,904,615#)			521,630,562
Liabilities in Excess of Other Assets (22.5)%			(95,774,093)
Total Net Assets 100.0%			\$ 425,856,469

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

* Non-income producing security.

(a) Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. This security has been deemed liquid pursuant to guidelines approved by the Board of Directors, unless otherwise noted.

(b) All or a portion of this security is pledged as collateral pursuant to the loan agreement (See Note 5).

(c) Security is valued in good faith in accordance with procedures approved by the Board of Directors (See Note 1).

(d) Illiquid security.

(e) Value is less than \$1.

(f) Payment-in-kind security for which part of the income earned may be paid as additional principal.

(g) The coupon payment on these securities is currently in default as of November 30, 2012.

(h) Variable rate security. Interest rate disclosed is as of the most recent information available.

(i) Security has no maturity date. The date shown represents the next call date.

(j) Interest rates disclosed represent the effective rates on collateralized senior loans. Ranges in interest rates are attributable to multiple contracts under the same loan.

(k) All or a portion of this loan is unfunded as of November 30, 2012. The interest rate for fully unfunded term loans is to be determined.

(l) All or a portion of this security is held by the counterparty as collateral for open reverse repurchase agreements.

Subsequent to November 30, 2012, the issuer filed for bankruptcy.

Aggregate cost for federal income tax purposes is substantially the same.

Abbreviations used in this schedule:

BRL	Brazilian Real
EUR	Euro
GBP	British Pound
IDR	Indonesian Rupiah
MXN	Mexican Peso
MYR	Malaysian Ringgit
OJSC	Open Joint Stock Company
PEN	Peruvian Nuevo Sol

See Notes to Financial Statements.

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

Schedule of investments (unaudited) (cont d)

November 30, 2012

Western Asset Global High Income Fund Inc.**Summary of Investments by Country**

United States	45.9%
Brazil	5.9
Mexico	5.4
Russia	4.8
Luxembourg	3.9
Venezuela	3.7
United Kingdom	3.4
Indonesia	2.9
Colombia	2.0
Germany	1.8
Peru	1.6
Netherlands	1.3
Ireland	1.3
Italy	1.2
Malaysia	1.2
Poland	1.1
Turkey	1.0
Chile	1.0
India	0.9
Spain	0.9
France	0.8
Australia	0.8
South Africa	0.7
Canada	0.7
Cayman Islands	0.6
Panama	0.6
Bermuda	0.5
Kazakhstan	0.5
Philippines	0.4
Norway	0.4
Qatar	0.3
United Arab Emirates	0.3
Argentina	0.3
Jersey	0.3
Marshall Islands	0.3
Belgium	0.3
Trinidad and Tobago	0.2
Mongolia	0.2

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Czech Republic	0.2
China	0.2
Sweden	0.1
Singapore	0.1
	100.0%

As a percentage of total investments. Please note that Fund holdings are as of November 30, 2012 and are subject to change.

See Notes to Financial Statements.

Statement of assets and liabilities (unaudited)

November 30, 2012

Assets:

Investments, at value (Cost \$487,904,615)	\$521,630,562
Foreign currency, at value (Cost \$647,826)	650,180
Cash	1,398,145
Interest receivable	9,764,582
Receivable for securities sold	2,234,398
Deposits with brokers for swap contracts	300,000
Unrealized appreciation on forward foreign currency contracts	35,625
Prepaid expenses	19,752
Other receivables	71,175
Total Assets	536,104,419

Liabilities:

Loan payable (Note 5)	100,000,000
Payable for open reverse repurchase agreements	5,451,830
Payable for securities purchased	2,406,407
Unrealized depreciation on forward foreign currency contracts	835,155
Swaps, at value (net premiums paid \$643,649)	560,273
Payable for open swap contracts	401,082
Investment management fee payable	348,661
Interest payable	62,857
Accrued foreign capital gains tax	62,682
Accrued expenses	119,003
Total Liabilities	110,247,950
Total Net Assets	\$425,856,469

Net Assets:

Par value (\$0.001 par value; 30,959,662 shares issued and outstanding; 100,000,000 shares authorized) (Note 7)	\$ 30,960
Paid-in capital in excess of par value	440,490,787
Undistributed net investment income	13,224,829
Accumulated net realized loss on investments, futures contracts, written options, swap contracts and foreign currency transactions	(59,566,765)
Net unrealized appreciation on investments, swap contracts and foreign currencies	31,676,658
Total Net Assets	\$425,856,469

Shares Outstanding	30,959,662
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Net Asset Value	\$13.76
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See Notes to Financial Statements.

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

Statement of operations (unaudited)

For the Six Months Ended November 30, 2012

Investment Income:

Interest	\$20,257,832
Dividends	210,515
Less: Foreign taxes withheld	(25,871)
Total Investment Income	20,442,476

Expenses:

Investment management fee (Note 2)	2,230,320
Interest expense (Notes 3 and 5)	601,269
Custody fees	37,689
Audit and tax	36,836
Transfer agent fees	35,335
Excise tax (Note 1)	35,206
Directors' fees	32,337
Shareholder reports	25,635
Legal fees	21,208
Stock exchange listing fees	12,380
Insurance	4,973
Miscellaneous expenses	4,970
Total Expenses	3,078,158
Less: Fee waivers and/or expense reimbursements (Note 2)	(131,195)
Net Expenses	2,946,963
Net Investment Income	17,495,513

Realized and Unrealized Gain (Loss) on Investments, Futures Contracts, Written Options, Swap Contracts and Foreign Currency Transactions (Notes 1, 3 and 4):

Net Realized Gain (Loss) From:	
Investment transactions	391,244
Futures contracts	(27,587)
Written options	806,384
Swap contracts	(492,041)
Foreign currency transactions	1,380,474
Net Realized Gain	2,058,474
Change in Net Unrealized Appreciation (Depreciation) From:	
Investments	32,887,081
Futures contracts	61,954
Written options	43,161
Swap contracts	(1,582,368)
Foreign currencies	(3,719,916)
Change in Net Unrealized Appreciation (Depreciation)	27,689,912
Net Gain on Investments, Futures Contracts, Written Options, Swap Contracts and Foreign Currency Transactions	29,748,386
Increase in Net Assets from Operations	\$47,243,899

See Notes to Financial Statements.

Statements of changes in net assets**For the Six Months Ended November 30, 2012 (unaudited)
and the Year Ended May 31, 2012**

	November 30	May 31
Operations:		
Net investment income	\$ 17,495,513	\$ 36,601,908
Net realized gain	2,058,474	4,528,276
Change in net unrealized appreciation (depreciation)	27,689,912	(30,611,590)
<i>Increase in Net Assets From Operations</i>	<i>47,243,899</i>	<i>10,518,594</i>
Distributions to Shareholders From (Note 1):		
Net investment income	(17,845,567)	(35,490,043)
<i>Decrease in Net Assets From Distributions to Shareholders</i>	<i>(17,845,567)</i>	<i>(35,490,043)</i>
Fund Share Transactions:		
Reinvestment of distributions (103,522 and 198,433 shares issued, respectively)	1,364,700	2,492,351
<i>Increase in Net Assets From Fund Share Transactions</i>	<i>1,364,700</i>	<i>2,492,351</i>
<i>Increase (Decrease) in Net Assets</i>	<i>30,763,032</i>	<i>(22,479,098)</i>
Net Assets:		
Beginning of period	395,093,437	417,572,535
End of period*	\$425,856,469	\$395,093,437
* Includes undistributed net investment income of:	\$13,224,829	\$13,574,883

See Notes to Financial Statements.

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

Statement of cash flows (unaudited)

For the Six Months Ended November 30, 2012

Increase (Decrease) in Cash:**Cash Provided (Used) by Operating Activities:**

Net increase in net assets resulting from operations	\$ 47,243,899
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided (used) by operating activities:	
Purchases of portfolio securities	(86,892,412)
Proceeds from sales of portfolio securities	93,081,744
Cash paid for purchased options	(336,303)
Net amortization of premium (accretion of discount)	314,132
Payment-in-kind	(617,765)
Increase in receivable for securities sold	(697,870)
Decrease in interest receivable	635,010
Decrease in principal paydown receivable	5,169
Decrease in prepaid expenses	7,440
Increase in other receivable	(22,646)
Decrease in cash collateral with brokers for futures contracts	160,000
Increase in cash collateral with brokers for swap contracts	(300,000)
Upfront premiums paid for swap contracts	(120,588)
Increase in payable for open swap contracts	258,271
Decrease in payable for securities purchased	(5,380,911)
Decrease in investment management fee payable	(1,231)
Decrease in interest payable	(68,285)
Decrease in accrued expenses	(46,877)
Decrease in premiums received from written options	(459,892)
Decrease in payable to broker variation margin on open futures contracts	(8,414)
Net realized loss on investments	(391,244)
Change in unrealized appreciation of investments, written options, swap contracts and forward foreign currency contracts	(27,434,610)
Net Cash Provided by Operating Activities*	18,926,617

Cash Flows from Financing Activities

Distributions paid on common stock	(16,480,867)
Decrease in payable for reverse repurchase agreements	(7,168,047)
Net Cash Used in Financing Activities	(23,648,914)
Net Decrease in Cash	(4,722,297)
Cash at Beginning of Period	6,770,622
Cash at End of Period	\$ 2,048,325

Non-Cash Financing Activities:

Proceeds from reinvestment of distributions	\$ 1,364,700
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* Included in operating expenses is cash of \$669,554 paid for interest on borrowings.

See Notes to Financial Statements.

Financial highlights

For a share of capital stock outstanding throughout each year ended May 31, unless otherwise noted:

	2012 ¹	2011	2010	2009	2008
Net asset value, beginning of period	\$12.80	\$13.62	\$12.08	\$10.23	\$14.67
Income (loss) from operations:					
Net investment income	0.56	1.19	1.19	1.06	0.89
Net realized and unrealized gain (loss)	0.98	(0.85)	1.47	1.83	(1.18)
Total income (loss) from operations	1.54	0.34	2.66	2.89	(0.29)
Less distributions from:					
Net investment income	(0.58)	(1.16)	(1.12)	(1.04)	(1.02)
Total distributions	(0.58)	(1.16)	(1.12)	(1.04)	(1.02)
Net asset value, end of period	\$13.76	\$12.80	\$13.62	\$12.08	\$13.36
Market price, end of period	\$13.77	\$12.85	\$13.38	\$10.73	\$8.83
Total return, based on NAV^{2,3}	12.20%	2.81%	22.75%	28.83%	(15.05)%
Total return, based on Market Price⁴	11.93%	5.32%	36.14%	33.89%	(6.91)%
Net assets, end of period (000s)	\$425,856	\$395,093	\$417,573	\$369,751	\$408,985
Ratios to average net assets:					
Gross expenses	1.48% ⁵	1.56%	1.59%	1.74%	2.80%
Net expenses ^{6,7}	1.41% ⁸	1.50%	1.53%	1.72%	2.80%
Net investment income	8.40%	9.26%	9.03%	8.96%	6.50%
Portfolio turnover rate	17%	33%	75%	85% ⁹	63% ⁹
Supplemental Data:					
Loans Outstanding, End of Period (000s)	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Asset Coverage (000s)	\$525,856	\$495,093	\$517,572	\$469,751	\$508,985
Asset Coverage for Loan Outstanding	526%	495%	518%	470%	509%
Weighted Average Loan (000s)	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Weighted Average Interest Rate on Loans	1.15%	1.10%	1.36%	1.36%	4.87%

¹ For the six months ended November 30, 2012 (unaudited).

² Performance figures may reflect compensating balance arrangements, fee waivers and/or expense reimbursements. In the absence of compensating balance arrangements, 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.

³ The total return calculation assumes that distributions are reinvested at NAV. Past performance is no guarantee of future results. Total returns for periods of less than one year are not annualized.

⁴ 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. Total returns for periods of less than one year are not annualized.

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⁵ Annualized.

⁶ Ratio includes commitment fees incurred on the line of credit, if any.

⁷ The impact of compensating balance arrangements, if any, was less than 0.01%.

⁸ Reflects fee waivers and/or expense reimbursements.

⁹ Excluding mortgage dollar roll transactions. If mortgage dollar roll transactions had been included, the portfolio turnover rate would have been 172%, 341% and 483% for the years ended May 31, 2010, 2009 and 2008, respectively.

See Notes to Financial Statements.

Notes to financial statements (unaudited)

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. Subsequent events have been evaluated through the date the financial statements were issued.

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

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

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

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

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

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

- Level 1 quoted prices in active markets for identical investments

- Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Notes to financial statements (unaudited) (cont d)

- Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

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

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

Description	ASSETS			Total
	Quoted Prices (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Long-term investments :				
Corporate bonds & notes		\$394,818,518	\$1,532,616	\$396,351,134
Asset-backed securities		1,392,448		1,392,448
Collateralized senior loans		7,816,539		7,816,539
Convertible bonds & notes		198,300		198,300
Sovereign bonds		105,199,569		105,199,569
Common stocks:				
Consumer discretionary	\$1,087,193		92,418	1,179,611
Financials			2,018,068	2,018,068
Industrials	543,396		1,077,806	1,621,202
Convertible preferred stocks	2,709,450			2,709,450
Preferred stocks	2,991,416			2,991,416
Warrants		146,320	6,505	152,825
Total investments	\$7,331,455	\$509,571,694	\$4,727,413	\$521,630,562
Other financial instruments:				
Forward foreign currency contracts		\$ 35,625		\$ 35,625
Total	\$7,331,455	\$509,607,319	\$4,727,413	\$521,666,187

Description	LIABILITIES			Total
	Quoted Prices (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Other financial instruments:				
Forward foreign currency contracts		\$ 835,155		\$ 835,155
Credit default swaps on credit indices buy protection		560,273		560,273

Total	\$ 1,395,428	\$ 1,395,428
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See Schedule of Investments for additional detailed categorizations.
Values include any premiums paid or received with respect to swap contracts.

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

Investments In Securities	Corporate Bonds & Notes	Common Stocks	Warrants	Total
Balance as of May 31, 2012	\$ 569,844	\$ 92,418	\$ 6,511	\$ 668,773
Accrued premiums/discounts	5,138			5,138
Realized gain (loss)				
Change in unrealized appreciation (depreciation) ¹	16,471	465,217	(6)	481,682
Purchases	570,500	1,552,851		2,123,351
Sales			(0)	(0)
Transfers into Level 3 ²	370,663	1,077,806		1,448,469
Transfers out of Level 3				
Balance as of November 30, 2012	\$1,532,616	\$3,188,292	\$ 6,505	\$4,727,413
Net change in unrealized appreciation (depreciation) for investments in securities still held at November 30, 2012	\$ 16,471	\$ 465,217		\$ 481,688

The Fund's policy is to recognize transfers between levels as of the end of the reporting period.

¹ This amount is included in the change in net unrealized appreciation (depreciation) in the accompanying Statement of Operations. Change in unrealized appreciation (depreciation) includes net unrealized appreciation (depreciation) resulting from changes in investment values during the reporting period and the reversal of previously recorded unrealized appreciation (depreciation) when gains or losses are realized.

² Transferred into Level 3 as a result of the unavailability of a quoted price in an active market for an identical investment or the unavailability of other significant observable inputs.

(b) Repurchase agreements. The Fund may enter into repurchase agreements with institutions that its investment adviser has determined are creditworthy. Each repurchase agreement is recorded at cost. Under the terms of a typical repurchase agreement, the Fund acquires a debt security subject to an obligation of the seller to repurchase, and of the Fund to resell, the security at an agreed-upon price and time, thereby determining the yield during the Fund's holding period. When entering into repurchase agreements, it is the Fund's policy that its custodian or a third party custodian, acting on the Fund's behalf, take possession of the underlying collateral securities, the market value of which, at all times, at least equals the principal amount of the repurchase transaction, including accrued interest. To the extent that any repurchase transaction maturity exceeds one business day, the value of the collateral is marked-to-market and measured against the value of the agreement in an effort to ensure the adequacy of the collateral. If the counterparty defaults, the Fund generally has the right to use the collateral to satisfy the terms of the repurchase transaction. However, if the market value of the collateral declines during the period in which the Fund seeks to assert its rights or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited.

(c) Reverse repurchase agreements. The Fund may enter into reverse repurchase agreements. Under the terms of a typical reverse repurchase agreement, a fund sells a security subject to an obligation to repurchase the security from the buyer at an agreed-upon time and price. In the event the buyer of

Notes to financial statements (unaudited) (cont d)

securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, the Fund's use of the proceeds of the agreement may be restricted pending a determination by the counterparty, or its trustee or receiver, whether to enforce the Fund's obligation to repurchase the securities. In entering into reverse repurchase agreements, the Fund will maintain cash, U.S. government securities or other liquid debt obligations at least equal in value to its obligations with respect to reverse repurchase agreements or will take other actions permitted by law to cover its obligations.

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

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

Futures contracts involve, to varying degrees, risk of loss in excess of the amounts reflected in the financial statements. 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.

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

Forward foreign currency contracts involve elements of market risk in excess of the amounts reflected on 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.

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

The Fund does not isolate that portion of the results of operations resulting from fluctuations 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 values of assets and liabilities, other than investments in securities, on 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.

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

Swap contracts are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation). Gains or losses are realized upon termination of the swap agreement. Collateral, in the form of restricted cash or securities, may be required to be held in segregated accounts with the Fund's custodian in compliance with the terms of the swap contracts. Securities posted as collateral for swap contracts are identified in the Schedule of Investments and restricted cash, if any, is identified on the Statement of Assets and Liabilities. Risks may exceed amounts recorded in the Statement of Assets and Liabilities. These risks include changes in the returns of the underlying instruments, failure of the counterparties to perform under the

Notes to financial statements (unaudited) (cont d)

contracts terms, and the possible lack of liquidity with respect to the swap agreements.

Payments received or made at the beginning of the measurement period are reflected as a premium or deposit, respectively, on the Statement of Assets and Liabilities. These upfront payments are amortized over the life of the swap and are recognized as realized gain or loss in the Statement of Operations. Net periodic payments received or paid by the Fund are recognized as a realized gain or loss in the Statement of Operations.

The Fund's maximum exposure in the event of a defined credit event on a credit default swap to sell protection is the notional amount. As of November 30, 2012, the Fund did not hold any credit default swaps to sell protection.

For average notional amounts of swaps held during the six months ended November 30, 2012, see Note 4.

Credit default swaps

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

Implied spreads are the theoretical prices a lender receives for credit default protection. When spreads rise, market perceived credit risk rises and when spreads fall, market perceived credit risk falls. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to enter into the agreement. Wider

credit spreads and decreasing market values, when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement. Credit spreads utilized in determining the period end market value of credit default swap agreements on corporate or sovereign issues are disclosed in the Notes to Financial Statements and serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for credit derivatives. For credit default swap agreements on asset-backed securities and credit indices, the quoted market prices and resulting values, particularly in relation to the notional amount of the contract as well as the annual payment rate, serve as an indication of the current status of the payment/performance risk.

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

Entering into a CDS agreement involves, to varying degrees, elements of credit, market and documentation risk 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.

(h) Written options. When the Fund writes an option, an amount equal to the premium received by the Fund is recorded as a liability, the value of which is marked-to-market daily to reflect the current market value of the option written. If the option expires, the premium received is recorded as a realized gain. When a written call option is exercised, the difference between the premium received plus the option exercise price and the Fund's basis in the underlying security (in the case of a covered written call option), or the cost to purchase the underlying security (in the case of an uncovered written call option), including brokerage commission, is recognized as a realized gain or loss. When a written put option is exercised, the amount of the premium received is subtracted from the cost of the security purchased by the Fund from the exercise of the written put option to form the Fund's basis in the underlying security purchased. The writer or buyer of an option traded on an exchange can liquidate the position before the exercise of the option by entering into a closing transaction. The cost of a closing transaction is deducted from the original premium received resulting in a realized gain or loss to the Fund.

Notes to financial statements (unaudited) (cont d)

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

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

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

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

Swaptions are marked-to-market daily based upon quotations from market makers. Changes in the value of the swaption are reported as unrealized gains or losses in the Statement of Operations.

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

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

(k) Unfunded loan commitments. The Fund may enter into certain credit agreements all or a portion of which may be unfunded. The Fund is obligated to fund these commitments at the borrower's discretion. The commitments are disclosed in the accompanying Schedule of Investments. At November 30, 2012, the Fund had sufficient cash and/or securities to cover these commitments.

(l) 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.

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

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

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

Notes to financial statements (unaudited) (cont d)

derivatives counterparty could terminate the positions and demand payment or require additional collateral.

As of November 30, 2012, the Fund held forward foreign currency contracts and credit default swaps with credit related contingent features which had a liability position of \$1,395,428. If a contingent feature in the master agreements would have been triggered, the Fund would have been required to pay this amount to its derivatives counterparties. As of November 30, 2012, the Fund had posted with its counterparties cash and/or securities as collateral to cover the net liability of these derivatives amounting to \$300,000, which could be used to reduce the required payment.

(o) 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 or a credit event occurs that impacts the issuer, the Fund may halt any additional interest income accruals and consider the realizability of interest accrued up to the date of default or credit event.

(p) Compensating balance arrangements. The Fund has an arrangement with its custodian bank whereby a portion of the custodian's fees is paid indirectly by credits earned on the Fund's cash on deposit with the bank.

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

(r) 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 (the Code), as amended, applicable to regulated investment companies. Accordingly, the Fund intends to distribute its taxable income and net realized gains, if any, to shareholders in accordance with timing requirements imposed by the Code. Therefore, no federal or state income tax provision is required in the Fund's financial statements. However, due to the timing of when distributions are made by the Fund, the Fund may be subject to an excise tax of 4% of the amount by which 98% of the Fund's annual taxable income and 98.2% of net realized gains exceed the distributions from such taxable income and realized gains for the calendar year. Under the recently

enacted Regulated Investment Company Modernization Act of 2010, the minimum distribution requirement for capital gains that must be met in order to avoid the imposition of excise tax has been raised from 98% to 98.2% for calendar years beginning after December 22, 2010.

Management has analyzed the Fund's tax positions taken on income tax returns for all open tax years and has concluded that as of November 30, 2012, no provision for income tax is 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. Realized gains upon disposition of Indonesian securities held by the Fund are subject to capital gains tax in that country. As of November 30, 2012, there were \$62,682 of accrued capital gains tax liabilities accrued on unrealized gains.

(s) Reclassification. GAAP requires that certain components of net assets be reclassified to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share.

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), Western Asset Management Company Limited (Western Asset Limited) and Western Asset Management Company Pte. Ltd. (Western Singapore) are the Fund's subadvisers. LMPFA, Western Asset, Western Asset Limited and Western Singapore 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 implemented a voluntary investment management fee waiver of 0.05% beginning on March 1, 2010 and then continuing through December 31, 2013, which reduced the annual rate of that fee to 0.80%.

LMPFA delegates to Western Asset the day-to-day portfolio management of the Fund. Western Asset Limited and Western Singapore provide certain advisory services to the Fund relating to currency transactions and investment in non-U.S. dollar denominated securities. Western Asset Limited and Western Singapore do not receive any compensation from the Fund and are

Notes to financial statements (unaudited) (cont d)

compensated 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 and Western Singapore a subadvisory fee of 0.30% on assets managed by each subadviser.

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.

During the six months ended November 30, 2012, fees waived and/or expenses reimbursed amounted to \$131,195.

All 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 six months ended November 30, 2012, the aggregate cost of purchases and proceeds from sales of investments (excluding short-term investments) were as follows:

Purchases	\$86,892,412
Sales	93,081,744

At November 30, 2012, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows:

Gross unrealized appreciation	\$ 49,134,004
Gross unrealized depreciation	(15,408,057)
Net unrealized appreciation	\$ 33,725,947

Transactions in reverse repurchase agreements for the Fund during the six months ended November 30, 2012 were as follows:

Average Daily Balance*	Weighted Average Interest Rate*	Maximum Amount Outstanding
\$7,625,563	0.61%	\$12,619,876

* Averages based on the number of days that Fund had reverse repurchase agreements outstanding.

Interest rates on reverse repurchase agreements ranged from 0.60% to 0.75% during the six months ended November 30, 2012. Interest expense incurred on reverse repurchase agreements totaled \$23,463.

At November 30, 2012, the Fund had the following open reverse repurchase agreements:

Counterparty	Rate	Effective Date	Maturity Date	Face Amount of Reverse Repurchase Agreements
Deutsche Bank Securities Inc.	0.60%	7/18/2012	TBD*	\$5,451,830

* TBD To Be Determined; These reverse repurchase agreements have no maturity dates because they are renewed daily and can be terminated by either the Fund or the counterparty in accordance with the terms of the agreements.

On November 30, 2012, the total market value of underlying collateral (refer to the Schedule of Investments for positions held at the counterparty as collateral for reverse repurchase agreements) for open reverse repurchase agreements was \$5,953,955.

During the six months ended November 30, 2012, written option transactions for the Fund were as follows:

	Number of Contracts	Premiums
Written options, outstanding as of May 31, 2012	34,766,000	\$ 459,892
Options written	87,512,400	346,492
Options bought back	(8,019,000)	(58,539)
Options exercised		
Options expired	(114,259,400)	(747,845)
Written options, outstanding as of November 30, 2012		

At November 30, 2012, the Fund had the following open forward foreign currency contracts:

Foreign Currency	Counterparty	Local Currency	Market Value	Settlement Date	Unrealized Gain (Loss)
Contracts to Buy:					
British Pound	Citibank N.A.	305,581	\$ 489,495	2/15/13	\$ 2,299
Mexican Peso	Morgan Stanley & Co	50,397,085	3,870,472	2/15/13	33,326
					35,625
Contracts to Sell:					
Euro	JPMorgan Chase	1,057,000	1,374,877	12/17/12	(26,674)
British Pound	Credit Suisse	1,583,000	2,535,729	2/15/13	(7,986)
British Pound	UBS AG	2,643,971	4,235,246	2/15/13	(3,516)
Euro	Citibank N.A.	125,000	162,690	2/15/13	(1,885)
Euro	Citibank N.A.	9,991,983	13,004,727	2/15/13	(267,347)
Euro	Credit Suisse	4,060,753	5,285,136	2/15/13	(105,970)
Euro	UBS AG	250,000	325,379	2/15/13	(7,379)

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Euro	UBS AG	24,392,855	31,747,694	2/15/13	(394,338)
Polish Zloty	Citibank N.A.	1,742,895	548,867	2/15/13	(20,060)
					(835,155)
Net unrealized loss on open forward foreign currency contracts					\$(799,530)

Notes to financial statements (unaudited) (cont d)

At November 30, 2012, the Fund held the following open swap contracts:

Swap Counterparty (Reference Entity)	Notional Amount ²	Termination Date	CREDIT DEFAULT SWAPS ON CREDIT INDICES BUY PROTECTION ¹			
			Periodic Payments Made by the Fund	Market Value ³	Upfront Premiums Paid (Received)	Unrealized Appreciation (Depreciation)
BNP Paribas (Markit CDX.NA.HY.17 Index)	\$ 2,544,000	12/20/16	5.000% quarterly	\$ (59,215)	\$ 61,157	\$ (120,372)
BNP Paribas (Markit CDX.NA.HY.17 Index)	1,440,000	12/20/16	5.000% quarterly	(33,518)	36,122	(69,640)
Morgan Stanley & Co. Inc. (Markit CDX.NA.HY.17 Index)	2,880,000	12/20/16	5.000% quarterly	(67,036)	75,254	(142,290)
BNP Paribas (Markit CDX.NA.HY.18 Index)	7,078,500	6/20/17	5.000% quarterly	(85,277)	291,777	(377,054)
Barclays Capital Inc. (Markit CDX.NA.HY.18 Index)	8,019,000	6/20/17	5.000% quarterly	(96,608)	97,838	(194,446)
Bank of America Securities LLC (Markit CDX.NA.HY.18 Index)	11,979,000	6/20/17	5.000% quarterly	(144,314)	52,639	(196,953)
Bank of America Securities LLC (Markit CDX.NA.HY.18 Index)	3,593,700	6/20/17	5.000% quarterly	(43,295)	15,792	(59,087)
Barclays Capital Inc. (Markit CDX.NA.HY.18 Index)	2,574,000	6/20/17	5.000% quarterly	(31,010)	13,070	(44,080)
Total	\$ 40,108,200			\$(560,273)	\$ 643,649	\$(1,203,922)

- 1 If the Fund is a buyer of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) receive from the seller of protection an amount equal to the notional amount of the swap and deliver the referenced obligation or the underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or the underlying securities comprising the referenced index.
- 2 The maximum potential amount the Fund could be required to pay as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.
- 3 The quoted market prices and resulting values for credit default swap agreements on asset-backed securities and credit indices serve as an indicator of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit

derivative should the notional amount of the swap agreement been closed/sold as of the period end. Decreasing market values (sell protection) or increasing market values (buy protection) when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

Percentage shown is an annual percentage rate.

4. Derivative instruments and hedging activities

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

Below is a table, grouped by derivative type, that provides information about the fair value and the location of derivatives within the Statement of Assets and Liabilities at November 30, 2012.

ASSET DERIVATIVES¹

	Foreign Exchange Risk
Forward foreign currency contracts	\$35,625

LIABILITY DERIVATIVES¹

	Foreign Exchange Risk	Credit Risk	Total
Swap contracts ²		\$560,273	\$ 560,273
Forward foreign currency contracts	\$835,155		835,155
Total	\$835,155	\$560,273	\$1,395,428

¹ Generally, the balance sheet location for asset derivatives is receivables/net unrealized appreciation (depreciation) and for liability derivatives is payables/net unrealized appreciation (depreciation).

² Values include premiums paid (received) on swap contracts which are shown separately in the Statement of Assets and Liabilities.

The following tables provide information about the effect of derivatives and hedging activities on the Fund's Statement of Operations for the six months ended November 30, 2012. The first table provides additional detail about the amounts and sources of gains (losses) realized on derivatives during the period. The second table provides additional information about the change in unrealized appreciation (depreciation) resulting from the Fund's derivatives and hedging activities during the period.

AMOUNT OF REALIZED GAIN (LOSS) ON DERIVATIVES RECOGNIZED

	Interest Rate Risk	Foreign Exchange Risk	Credit Risk	Total
Purchased options ¹			\$(1,165,251)	\$(1,165,251)
Written options			806,384	806,384
Futures contracts	\$(27,587)			(27,587)

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Swap contracts			(492,041)	(492,041)
Forward foreign currency contracts		\$1,540,593		1,540,593
Total	\$(27,587)	\$1,540,593	\$ (850,908)	\$ 662,098

1 Net realized gain (loss) from purchased options is reported in net realized gain (loss) from investment transactions in the Statement of Operations.

Notes to financial statements (unaudited) (cont d)

CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION) ON DERIVATIVES RECOGNIZED

	Interest Rate Risk	Foreign Exchange Risk	Credit Risk	Total
Purchased options ¹			\$ 30,477	\$ 30,477
Written options				