

Western Asset Mortgage Defined Opportunity Fund Inc.
Form N-Q
November 25, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number **811-22369**

**Western Asset Mortgage Defined
Opportunity Fund Inc.**

(Exact name of registrant as specified in charter)

620 Eighth Avenue, 49th Floor, New York, NY 10018

(Address of principal executive offices) (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: **December 31**

Date of reporting period: **September 30, 2013**

ITEM 1. SCHEDULE OF INVESTMENTS

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

FORM N-Q

SEPTEMBER 30, 2013

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited)

September 30, 2013

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
RESIDENTIAL MORTGAGE-BACKED SECURITIES - 126.0%				
ABFS Mortgage Loan Trust, 2002-3 M1	5.902%	9/15/33	\$ 1,348,333	\$ 1,065,133
ABN Amro Mortgage Corp., 2003-9 B3	4.516%	8/25/18	104,072	87,327 ^(a)
Accredited Mortgage Loan Trust, 2003-3 A1	5.210%	1/25/34	1,531,981	1,460,733
ACE Securities Corp., 2003-NC1 M2	3.029%	7/25/33	375,586	182,344 ^(b)
AFC Home Equity Loan Trust, 2003-3 1A	0.929%	10/25/30	2,659,444	2,234,289 ^{(a)(b)}
American Home Mortgage Assets, 2005-2 2A1A	3.283%	1/25/36	2,133,465	1,457,713 ^{(b)(c)}
American Home Mortgage Assets, 2006-4 1A12	0.389%	10/25/46	2,952,028	1,872,808 ^{(b)(c)}
American Home Mortgage Investment Trust, 2005-1 6A	2.373%	6/25/45	144,178	134,026 ^{(b)(c)}
American Home Mortgage Investment Trust, 2005-SD1 1A1	0.629%	9/25/35	397,619	250,158 ^{(a)(b)(c)}
American Home Mortgage Investment Trust, 2007-1 GA1C	0.369%	5/25/47	1,953,431	1,271,205 ^{(b)(c)}
American Home Mortgage Investment Trust, 2007-2 11A1	0.409%	3/25/47	1,559,821	929,182 ^{(b)(c)}
American Home Mortgage Investment Trust, 2007-2 2A	0.979%	3/25/47	13,732,880	2,127,546 ^(b)
American Home Mortgage Investment Trust, 2007-A 4A	0.629%	7/25/46	2,852,699	651,736 ^{(a)(b)}
Ameriquest Mortgage Securities Inc., 2002-4 M3	5.434%	2/25/33	1,425,768	1,234,531 ^(b)
Ameriquest Mortgage Securities Inc., 2005-R9 A2B	0.409%	11/25/35	19,373	19,400 ^(b)
Argent Securities Inc., 2005-W5 A2D	0.499%	1/25/36	4,761,341	3,516,198 ^(b)
Argent Securities Inc., 2006-M2 A2B	0.289%	9/25/36	3,091,123	1,286,456 ^(b)
Argent Securities Inc., 2006-M2 A2C	0.329%	9/25/36	2,733,999	1,145,062 ^(b)
Argent Securities Inc., 2006-M2 A2D	0.419%	9/25/36	721,583	305,349 ^(b)
Argent Securities Inc., 2006-M3 A2C	0.339%	10/25/36	4,491,948	1,923,758 ^(b)
ARM Trust, 2005-05 1A1	2.769%	9/25/35	383,124	301,312 ^{(b)(c)}
ARM Trust, 2005-07 2A21	2.709%	10/25/35	1,040,000	880,758 ^{(b)(c)}
ARM Trust, 2005-10 1A21	2.716%	1/25/36	533,834	450,685 ^{(b)(c)}
ARM Trust, 2005-12 5A1	0.429%	3/25/36	473,847	306,301 ^{(b)(c)}
Asset-Backed Funding Certificates, 2005-HE1 M2	0.839%	3/25/35	2,730,567	1,987,566 ^(b)
Banc of America Funding Corp., 2004-B 6A1	2.442%	12/20/34	740,700	481,398 ^{(b)(c)}
Banc of America Funding Corp., 2004-C 3A1	3.104%	12/20/34	1,078,442	983,380 ^{(b)(c)}
Banc of America Funding Corp., 2006-D 2A1	2.750%	5/20/36	148,606	104,279 ^{(b)(c)}
Banc of America Funding Corp., 2006-D 6A1	5.068%	5/20/36	1,990,362	1,666,043 ^{(b)(c)}
Banc of America Funding Corp., 2006-F 1A1	2.726%	7/20/36	867,710	831,410 ^{(b)(c)}
Banc of America Funding Corp., 2006-H 3A1	2.867%	9/20/46	222,819	174,640 ^{(b)(c)}
Banc of America Funding Corp., 2007-A 2A1	0.340%	2/20/47	419,129	354,938 ^{(b)(c)}
Bayview Financial Acquisition Trust, 2007-A 2A	0.534%	5/28/37	2,084,440	1,440,014 ^{(b)(c)}
Bayview Financial Asset Trust, 2007-SR1A M1	0.979%	3/25/37	4,835,407	3,566,113 ^{(a)(b)(c)}
Bayview Financial Asset Trust, 2007-SR1A M2	1.079%	3/25/37	5,234,521	3,664,164 ^{(a)(b)}
Bayview Financial Asset Trust, 2007-SR1A M3	1.329%	3/25/37	2,321,763	1,462,711 ^{(a)(b)}
Bayview Financial Asset Trust, 2007-SR1A M4	1.679%	3/25/37	307,010	174,996 ^{(a)(b)}
BCAP LLC Trust, 2009-RR4 8A2	2.934%	9/26/35	2,530,357	1,699,332 ^{(a)(b)(c)}
BCAP LLC Trust, 2010-RR06 4A13	2.934%	9/26/35	2,069,731	1,413,274 ^{(a)(b)(c)}
BCAP LLC Trust, 2010-RR10 2A7	2.627%	12/27/34	5,054,762	3,160,055 ^{(a)(b)(c)}
Bear Stearns Adjustable Rate Mortgage Trust, 2004-1 23A1	5.409%	4/25/34	131,448	128,704 ^{(b)(c)}
Bear Stearns Alt-A Trust, 2005-2 2A4	2.827%	4/25/35	242,244	210,277 ^{(b)(c)}
Bear Stearns Alt-A Trust, 2005-3 4A3	2.484%	4/25/35	483,860	441,023 ^{(b)(c)}
Bear Stearns Alt-A Trust, 2005-9 25A1	2.590%	11/25/35	596,791	464,092 ^{(b)(c)}
Bear Stearns Alt-A Trust, 2006-2 23A1	2.750%	3/25/36	2,093,572	1,409,512 ^{(b)(c)}
Bear Stearns Asset-Backed Securities Trust, 2003-SD2 1A	3.712%	6/25/43	93,977	94,131 ^(b)
Bear Stearns Asset-Backed Securities Trust, 2005-CL1 A1	0.679%	9/25/34	178,365	160,751 ^(b)

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

September 30, 2013

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
RESIDENTIAL MORTGAGE-BACKED				
SECURITIES - continued				
Bear Stearns Asset-Backed Securities Trust, 2007-HE2 1A2	0.349%	3/25/37	\$ 2,828,132	\$ 2,129,994 ^(b)
Bear Stearns Mortgage Funding Trust, 2007-AR5 2A1	0.359%	6/25/37	2,584,195	1,981,186 ^{(b)(c)}
Chase Mortgage Finance Corp., 2005-A2 1A5	2.787%	1/25/36	2,683,018	2,337,974 ^{(b)(c)}
Chase Mortgage Finance Corp., 2006-S3 2A1	5.500%	11/25/21	379,290	339,886 ^(c)
Chevy Chase Mortgage Funding Corp., 2004-4A A2	0.469%	10/25/35	1,625,258	1,376,387 ^{(a)(b)(c)}
Chevy Chase Mortgage Funding Corp., 2005-2A A1	0.359%	5/25/36	2,425,156	1,948,241 ^{(a)(b)(c)}
Chevy Chase Mortgage Funding Corp., 2006-2A A1	0.309%	4/25/47	309,046	191,867 ^{(a)(b)(c)}
Citigroup Mortgage Loan Trust Inc., 2003-HE4 A	0.589%	12/25/33	118,629	118,287 ^{(a)(b)}
Citigroup Mortgage Loan Trust Inc., 2004-HYB3 1A	2.686%	9/25/34	264,453	262,445 ^{(b)(c)}
Citigroup Mortgage Loan Trust Inc., 2004-UST1 A2	1.408%	8/25/34	145,831	147,413 ^{(b)(c)}
Citigroup Mortgage Loan Trust Inc., 2005-05	1.622%	8/25/35	295,012	219,368 ^{(b)(c)}
Citigroup Mortgage Loan Trust Inc., 2005-10 1A1A	3.026%	12/25/35	437,739	324,001 ^{(b)(c)}
Citigroup Mortgage Loan Trust Inc., 2006-AR5 2A1A	2.698%	7/25/36	730,045	455,479 ^{(b)(c)}
Citigroup Mortgage Loan Trust Inc., 2007-06 1A1A	2.310%	3/25/37	601,517	360,780 ^{(b)(c)}
Citigroup Mortgage Loan Trust Inc., 2007-AR8 1A1A	2.740%	8/25/47	616,906	479,480 ^{(b)(c)}
Countrywide Alternative Loan Trust, 2004-J5 M1	0.779%	8/25/34	4,500,000	3,309,754 ^{(b)(c)}
Countrywide Alternative Loan Trust, 2005-14 3A1	2.505%	5/25/35	527,136	330,917 ^{(b)(c)}
Countrywide Alternative Loan Trust, 2005-27 2A1	1.508%	8/25/35	3,796,962	2,784,893 ^{(b)(c)}
Countrywide Alternative Loan Trust, 2005-27 2A3	1.718%	8/25/35	3,052,387	2,457,272 ^{(b)(c)}
Countrywide Alternative Loan Trust, 2005-36 4A1	2.634%	8/25/35	1,325,566	1,102,877 ^{(b)(c)}
Countrywide Alternative Loan Trust, 2005-3CB 1A6, IO	6.971%	3/25/35	1,112,334	231,616 ^(b)
Countrywide Alternative Loan Trust, 2005-7CB 1A3, IO	6.421%	4/25/35	3,002,854	332,044 ^(b)
Countrywide Alternative Loan Trust, 2005-J10 1A1	0.679%	10/25/35	341,959	257,879 ^{(b)(c)}
Countrywide Alternative Loan Trust, 2006-HY10 1A1	2.263%	5/25/36	1,017,360	750,804 ^{(b)(c)}
Countrywide Alternative Loan Trust, 2006-J8 A5	6.000%	2/25/37	200,963	146,523 ^(c)
Countrywide Alternative Loan Trust, 2007-23CB A4, IO	6.321%	9/25/37	14,449,474	3,135,485 ^(b)
Countrywide Alternative Loan Trust, 2007-3T1 2A1	6.000%	3/25/27	1,116,773	1,032,004 ^(c)
Countrywide Asset-Backed Certificates, 2005-13 3AV4	0.519%	4/25/36	814,320	681,489 ^(b)
Countrywide Asset-Backed Certificates, 2006-S3 A2	6.085%	6/25/21	299,085	287,034 ^(c)
Countrywide Asset-Backed Certificates, 2006-S7 A3	5.712%	11/25/35	707,864	679,232 ^{(b)(c)}
Countrywide Asset-Backed Certificates, 2006-S9 A3	5.728%	8/25/36	320,817	307,325 ^{(b)(c)}
Countrywide Asset-Backed Certificates, 2007-8 M1	0.449%	11/25/37	9,000,000	237,942 ^(b)
Countrywide Asset-Backed Certificates, 2007-SE1 1A1	0.729%	5/25/47	1,285,058	646,455 ^{(a)(b)}
Countrywide Home Equity Loan Trust, 2004-L 2A	0.462%	2/15/34	174,026	124,520 ^{(b)(c)}
Countrywide Home Equity Loan Trust, 2005-E 2A	0.402%	11/15/35	238,493	187,590 ^{(b)(c)}
Countrywide Home Loans, 2004-16 1A3A	0.939%	9/25/34	1,712,277	1,516,853 ^{(b)(c)}
Countrywide Home Loans, 2005-11 3A3	2.691%	4/25/35	994,336	697,192 ^{(b)(c)}
Countrywide Home Loans, 2005-11 6A1	0.479%	3/25/35	105,019	90,569 ^{(b)(c)}
Countrywide Home Loans, 2005-18 A7	19.033%	10/25/35	58,761	73,514 ^{(b)(c)}
Countrywide Home Loans, 2005-HYB7 1A1	2.882%	11/20/35	1,178,117	905,717 ^{(b)(c)}
Countrywide Home Loans, 2005-HYB9 1A1	2.423%	2/20/36	401,909	314,778 ^{(b)(c)}
Countrywide Home Loans, 2005-R2 1AF2	0.519%	6/25/35	1,656,571	1,149,816 ^{(a)(b)}
Countrywide Home Loans, 2006-HYB4 3B	2.698%	6/20/36	1,963,592	1,475,475 ^{(b)(c)}

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

September 30, 2013

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
RESIDENTIAL MORTGAGE-BACKED				
SECURITIES - continued				
Countrywide Home Loans Mortgage Pass-Through				
Trust, 2004-23 A Countrywide Home Loans Mortgage Pass-Through	2.465%	11/25/34	\$ 400,198	\$ 302,956 ^{(b)(c)}
Trust, 2005-02 2A1 Countrywide Home Loans Mortgage Pass-Through	0.499%	3/25/35	169,933	136,813 ^{(b)(c)}
Trust, 2005-07 2A1 Countrywide Home Loans Mortgage Pass-Through	0.489%	3/25/35	380,667	319,372 ^{(b)(c)}
Trust, 2005-09 1A1 Countrywide Home Loans Mortgage Pass-Through	0.479%	5/25/35	214,721	180,322 ^{(b)(c)}
Trust, 2005-HY10 1A1 Countrywide Home Loans Mortgage Pass-Through	3.301%	2/20/36	377,387	323,249 ^{(b)(c)}
Trust, 2005-HYB6 1A1 Countrywide Home Loans Mortgage Pass-Through	2.489%	10/20/35	1,336,142	965,860 ^{(b)(c)}
Trust, 2005-J2 3A10 Countrywide Home Loans Mortgage Pass-Through	48.633%	8/25/35	83,592	146,694 ^{(b)(c)}
Trust, 2005-R1 1AF1 Countrywide Home Loans Mortgage Pass-Through	0.539%	3/25/35	885,681	778,167 ^{(a)(b)(c)}
Trust, 2005-R2 2A3 Countrywide Home Loans Mortgage Pass-Through	8.000%	6/25/35	190,112	202,238 ^{(a)(c)}
Trust, 2006-3 2A1 Credit Suisse First Boston Mortgage Securities	0.429%	3/25/36	780,128	629,874 ^{(b)(c)}
Corp., 2005-10 03A3	5.500%	11/25/35	971,886	832,647 ^(c)
Credit Suisse Mortgage Capital Certificates, 2006-8 2A1	5.500%	10/25/21	1,617,002	1,559,675 ^(c)
Credit Suisse Mortgage Capital Certificates, 2009-5R 2A3	2.418%	7/26/49	4,000,000	2,997,604 ^{(a)(b)(c)}
Credit-Based Asset Servicing and Securitization LLC, 2003-RP1 M1 Credit-Based Asset Servicing and Securitization	1.729%	3/25/33	2,734,941	1,980,748 ^{(a)(b)}
LLC, 2005-CB4 M1	0.599%	7/25/35	2,000,000	1,685,092 ^(b)
Credit-Based Asset Servicing and Securitization LLC, 2006-SL1 A3	0.619%	9/25/36	5,004,730	1,203,287 ^{(a)(b)}
Credit-Based Asset Servicing and Securitization LLC, 2007-SP1 A4	6.020%	12/25/37	2,587,000	2,720,437 ^{(a)(e)}
Deutsche ALT-A Securities Inc. Mortgage Loan				
Trust, 2005-AR2 3A1	2.567%	10/25/35	1,968,387	1,372,375 ^{(b)(c)}
Deutsche ALT-A Securities Inc. Mortgage Loan	2.969%	2/25/36	417,271	302,750 ^{(b)(c)}

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Trust, 2006-AR1 2A1				
Deutsche ALT-A Securities Inc. Mortgage Loan Trust, 2007-1 2A1	0.279%	8/25/37	577,835	396,548 ^{(b)(c)}
Downey Savings & Loan Association Mortgage Loan				
Trust, 2005-AR1 2A1B	0.501%	3/19/45	844,936	273,477 ^(b)
Downey Savings & Loan Association Mortgage Loan Trust,				
2005-AR2 2A1A	0.391%	3/19/45	610,890	517,382 ^{(b)(c)}
EMC Mortgage Loan Trust, 2002-AA A1	0.649%	5/25/39	204,525	192,738 ^{(a)(b)}
EMC Mortgage Loan Trust, 2006-A A1	0.629%	12/25/42	1,447,524	1,289,191 ^{(a)(b)}
Federal National Mortgage Association (FNMA), 2012-134, IO	5.971%	12/25/42	7,135,606	1,608,870 ^{(b)(c)}
First Horizon Alternative Mortgage Securities, 2005-AA6 3A1	2.277%	8/25/35	1,581,334	1,399,037 ^{(b)(c)}
First Horizon Alternative Mortgage Securities, 2006-FA6 2A1, PAC-11	6.250%	11/25/36	240,044	200,457 ^(c)
First Horizon Alternative Mortgage Securities, 2006-FA8 1A8	0.549%	2/25/37	556,466	352,154 ^{(b)(c)}
First Horizon Mortgage Pass-Through Trust, 2005-AR4 2A1	2.597%	10/25/35	947,568	816,579 ^{(b)(c)}
First Republic Mortgage Loan Trust, 2000-FRB2 A1	0.682%	11/15/30	327,993	330,422 ^{(b)(c)}
Fremont Home Loan Trust, 2006-B 2A2	0.279%	8/25/36	878,269	336,686 ^(b)
Fremont Home Loan Trust, 2006-B 2A4	0.419%	8/25/36	1,061,300	417,378 ^(b)
Greenpoint Mortgage Funding Trust, 2005-AR4 A1	0.439%	10/25/45	672,627	562,943 ^{(b)(c)}

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

September 30, 2013

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
RESIDENTIAL MORTGAGE-BACKED				
SECURITIES - continued				
Greenpoint Mortgage Funding Trust, 2006-AR3 4A1	0.389%	4/25/36	\$ 4,471,919	\$ 3,137,905 ^{(b)(c)}
GreenPoint Mortgage Funding Trust, 2006-AR6 A4	0.519%	10/25/46	6,236,140	2,107,048 ^(b)
GSAMP Trust, 2004-SEA2 M2	1.429%	3/25/34	6,200,000	4,681,756 ^(b)
GSAMP Trust, 2005-AHL2 A2C	0.419%	12/25/35	3,845,017	3,154,190 ^(b)
GSAMP Trust, 2007-FM1 A2C	0.349%	12/25/36	2,268,245	1,131,326 ^{(b)(c)}
GSAMP Trust, 2007-FM1 A2D	0.429%	12/25/36	3,745,898	1,903,684 ^{(b)(c)}
GSMPS Mortgage Loan Trust, 2001-2 A	7.500%	6/19/32	837,566	887,461 ^{(a)(b)(c)}
GSMPS Mortgage Loan Trust, 2004-4 2A1	3.437%	6/25/34	333,805	303,296 ^{(a)(b)(c)}
GSMPS Mortgage Loan Trust, 2005-LT1 A1	0.639%	2/25/35	266,638	205,978 ^{(a)(b)(c)(d)}
GSMPS Mortgage Loan Trust, 2005-RP1 1A3	8.000%	1/25/35	191,181	204,322 ^{(a)(c)}
GSMPS Mortgage Loan Trust, 2005-RP1 1A4	8.500%	1/25/35	134,460	146,650 ^{(a)(c)}
GSMPS Mortgage Loan Trust, 2005-RP1 1AF	0.529%	1/25/35	401,249	339,171 ^{(a)(b)(c)}
GSMPS Mortgage Loan Trust, 2006-RP1 1A2	7.500%	1/25/36	732,890	741,115 ^(a)
GSMPS Mortgage Loan Trust, 2006-RP1 1A3	8.000%	1/25/36	135,778	141,950 ^{(a)(c)}
GSR Mortgage Loan Trust, 2005-AR4 2A1	2.838%	7/25/35	525,566	428,418 ^{(b)(c)}
GSR Mortgage Loan Trust, 2005-AR5 1A1	2.817%	10/25/35	219,314	189,668 ^{(b)(c)}
GSR Mortgage Loan Trust, 2006-09F 5A2, IO	6.371%	10/25/36	1,200,040	246,496 ^(b)
GSR Mortgage Loan Trust, 2006-10F 4A2, IO	6.471%	1/25/37	2,064,512	582,648 ^(b)
GSRPM Mortgage Loan Trust, 2007-1 A	0.579%	10/25/46	2,710,769	1,942,911 ^{(a)(b)}
Harborview Mortgage Loan Trust, 2006-02	2.786%	2/25/36	72,534	56,488 ^{(b)(c)}
Home Equity Mortgage Trust, 2006-1 A3	0.679%	5/25/36	3,500,000	354,728 ^(b)
Homestar Mortgage Acceptance Corp., 2004-1 M1	0.974%	3/25/34	2,668,018	1,568,595 ^{(b)(c)}
Homestar Mortgage Acceptance Corp., 2004-3 M3	1.779%	7/25/34	683,956	496,429 ^(b)
Homestar Mortgage Acceptance Corp., 2004-6 M4	1.379%	1/25/35	2,448,000	1,738,129 ^{(b)(c)}
HSI Asset Loan Obligation Trust, 2007-AR1 4A1	5.235%	1/25/37	480,699	406,014 ^{(b)(c)}
IMC Home Equity Loan Trust, 1998-1 A5	7.450%	6/20/29	1,505,160	1,536,198 ^(e)
IMPAC CMB Trust, 2005-4 1M1	0.824%	5/25/35	1,043,833	676,631 ^{(b)(c)}
IMPAC Secured Assets Corp., 2004-4 M1	0.689%	2/25/35	2,340,000	2,038,049 ^{(b)(c)}
IMPAC Secured Assets Corp., 2007-1 A2	0.339%	3/25/37	903,094	660,254 ^{(b)(c)}
Indymac Home Equity Loan Asset-Backed Trust, 2001-A	0.439%	3/25/31	115,825	93,984 ^(b)
Indymac INDA Mortgage Loan Trust, 2005-AR2 1A1	2.568%	1/25/36	243,392	224,767 ^{(b)(c)}
Indymac INDB Mortgage Loan Trust, 2005-1 A1	0.479%	11/25/35	2,214,792	1,292,841 ^(b)
Indymac Index Mortgage Loan Trust, 2004-AR02 2A1	0.799%	6/25/34	1,589,929	1,459,708 ^{(b)(c)}
Indymac Index Mortgage Loan Trust, 2004-AR13 1A1	2.452%	1/25/35	168,450	148,930 ^{(b)(c)}
Indymac Index Mortgage Loan Trust, 2004-AR15 1A1	2.559%	2/25/35	224,213	189,530 ^{(b)(c)}
Indymac Index Mortgage Loan Trust, 2005-AR15 A2	4.656%	9/25/35	177,881	157,714 ^{(b)(c)}
Indymac Index Mortgage Loan Trust, 2006-AR07 5A1	2.775%	5/25/36	706,411	548,248 ^{(b)(c)}
Indymac Index Mortgage Loan Trust, 2006-AR09 3A3	4.646%	6/25/36	1,070,997	990,888 ^{(b)(c)}
Indymac Index Mortgage Loan Trust, 2006-AR11 1A1	2.752%	6/25/36	697,886	503,412 ^{(b)(c)}
Indymac Index Mortgage Loan Trust, 2006-AR25 4A3	2.726%	9/25/36	2,710,492	1,525,595 ^{(b)(c)}
Indymac Index Mortgage Loan Trust, 2007-AR05 2A1	2.743%	5/25/37	3,159,038	2,248,060 ^{(b)(c)}
Indymac Index Mortgage Loan Trust, 2007-AR07 1A1	3.065%	11/25/37	45,419	41,007 ^{(b)(c)}
Indymac Index Mortgage Loan Trust, 2007-AR07 2A1	2.177%	6/25/37	371,431	268,932 ^{(b)(c)}
Indymac Index Mortgage Loan Trust, 2007-AR15 2A1	4.548%	8/25/37	406,452	337,949 ^{(b)(c)}

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WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

September 30, 2013

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
RESIDENTIAL MORTGAGE-BACKED				
SECURITIES - continued				
Indymac Residential Asset-Backed Trust, 2006-H4 A1	0.319%	3/25/37	\$ 2,342,342	\$ 1,793,062 ^{(b)(c)}
Irwin Home Equity, 2005-C 1M4	6.750%	4/25/30	608,152	62,181
Jefferies & Co., 2009-R2 5A	3.311%	1/26/36	1,736,245	1,642,644 ^{(a)(b)(c)}
Jefferies & Co., 2009-R3 2A2	3.186%	11/26/34	4,040,045	2,929,033 ^{(a)(b)(c)(d)}
Jefferies & Co., 2009-R6 6A2	2.641%	10/26/35	2,981,788	1,843,687 ^{(a)(b)(c)}
JPMorgan Alternative Loan Trust, 2006-A4 A7	3.873%	9/25/36	1,098,557	616,740 ^{(b)(c)}
JPMorgan Alternative Loan Trust, 2006-S1 3A4	6.180%	3/25/36	1,443,527	851,812 ^{(b)(c)}
JPMorgan Alternative Loan Trust, 2007-A1 3A1	5.436%	3/25/37	951,065	693,878 ^(b)
JPMorgan Mortgage Acquisition Corp., 2007-CH3 M3	0.549%	3/25/37	2,540,000	167,419 ^(b)
JPMorgan Mortgage Trust, 2005-A6 3A3	2.785%	9/25/35	1,100,000	938,235 ^{(b)(c)}
JPMorgan Mortgage Trust, 2005-S3 1A1	6.500%	1/25/36	1,728,814	1,552,580 ^(c)
JPMorgan Mortgage Trust, 2007-S2 3A2	6.000%	6/25/37	246,739	227,151 ^(c)
JPMorgan Mortgage Trust, 2007-S2 3A3	6.500%	6/25/37	85,302	80,107 ^(c)
Lehman ABS Corp. Home Equity Loan Trust, 2004-2 A	0.619%	6/25/34	316,244	295,939 ^(b)
Lehman Mortgage Trust, 2006-3 2A1	0.539%	7/25/36	4,687,390	1,765,421 ^(b)
Lehman Mortgage Trust, 2006-3 2A2, IO	6.961%	7/25/36	5,292,773	1,392,206 ^(b)
Lehman Mortgage Trust, 2006-7 1A3, IO	5.166%	11/25/36	13,125,423	2,355,055 ^(b)
Lehman Mortgage Trust, 2007-1 2A3, IO	6.451%	2/25/37	14,241,273	3,754,042 ^(b)
Lehman XS Trust, 2005-9N 1A1	0.449%	2/25/36	1,799,512	1,448,396 ^{(b)(c)}
Lehman XS Trust, 2006-14N 1A1B	0.389%	9/25/46	2,619,618	1,768,976 ^{(b)(c)}
Lehman XS Trust, 2006-14N 3A2	0.299%	8/25/36	364,048	241,392 ^{(b)(c)}
Lehman XS Trust, 2006-19 A4	0.349%	12/25/36	1,543,010	999,583 ^{(b)(c)}
Lehman XS Trust, 2007-4N 1A2A	0.339%	3/25/47	4,676,529	3,127,284 ^{(b)(c)}
Lehman XS Trust, 2007-8H A1	0.309%	6/25/37	152,870	122,639 ^{(b)(c)}
MASTR Adjustable Rate Mortgages Trust, 2004-12 5A1	3.118%	10/25/34	263,613	246,669 ^{(b)(c)}
MASTR Adjustable Rate Mortgages Trust, 2004-15 1A1	3.352%	12/25/34	114,235	112,011 ^{(b)(c)}
MASTR Adjustable Rate Mortgages Trust, 2006-0A1 1A1	0.389%	4/25/46	471,999	337,574 ^{(b)(c)}
MASTR Adjustable Rate Mortgages Trust, 2006-2 4A1	2.650%	2/25/36	162,733	156,139 ^{(b)(c)}
MASTR Alternative Loans Trust, 2006-2 2A4, IO	6.960%	3/25/36	2,263,643	726,741 ^(b)
MASTR Asset-Backed Securities Trust, 2005-AB1 A5A	5.712%	11/25/35	3,360,000	2,130,801
MASTR Asset-Backed Securities Trust, 2006-HE4 A3	0.329%	11/25/36	4,111,391	1,725,419 ^(b)
MASTR Reperforming Loan Trust, 2005-1 1A2	6.500%	8/25/34	1,130,526	1,175,454 ^{(a)(c)}
MASTR Reperforming Loan Trust, 2005-1 1A3	7.000%	8/25/34	297,046	309,264 ^{(a)(c)}
MASTR Reperforming Loan Trust, 2005-1 1A4	7.500%	8/25/34	122,032	127,285 ^(a)
MASTR Reperforming Loan Trust, 2005-2 1A3	7.500%	5/25/35	19,042	17,508 ^{(a)(c)}
MASTR Reperforming Loan Trust, 2006-2 1A1	4.894%	5/25/36	2,220,517	2,100,167 ^{(a)(b)(c)}
Merrill Lynch Alternative Note Asset Trust, 2007-OAR1 A1	0.349%	2/25/37	3,322,386	2,889,825 ^{(b)(c)}
Merrill Lynch Mortgage Investors Trust, 2005-1 2A2	2.153%	4/25/35	188,716	187,190 ^{(b)(c)}
Merrill Lynch Mortgage Investors Trust, 2005-A2 A3	2.534%	2/25/35	355,079	321,384 ^{(b)(c)}
Merrill Lynch Mortgage Investors Trust, 2005-A2 A5	2.534%	2/25/35	650,000	637,176 ^{(b)(c)}
Merrill Lynch Mortgage Investors Trust, 2006-A1 2A1	3.019%	3/25/36	113,701	80,217 ^{(b)(c)}
Morgan Stanley Capital Inc., 2003-NC10 M2	2.879%	10/25/33	811,061	690,398 ^(b)
Morgan Stanley Mortgage Loan Trust, 2004-6AR 2A2	2.971%	8/25/34	670,911	663,638 ^{(b)(c)}
Morgan Stanley Mortgage Loan Trust, 2005-5AR 4A1	5.270%	9/25/35	4,782,475	3,721,139 ^{(b)(c)}
Morgan Stanley Mortgage Loan Trust, 2006-1AR 1AX, IO	3.740%	2/25/36	15,379,546	1,784,281 ^(b)

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

September 30, 2013

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
RESIDENTIAL MORTGAGE-BACKED				
SECURITIES - continued				
Morgan Stanley Mortgage Loan Trust, 2006-3AR 1A3	0.439%	3/25/36	\$ 2,322,138	\$ 1,632,161 ^{(b)(c)}
Morgan Stanley Mortgage Loan Trust, 2006-8AR 1A2	0.249%	6/25/36	378,612	184,233 ^{(b)(c)}
Morgan Stanley Mortgage Loan Trust, 2007-05AX 2A3	0.409%	2/25/37	1,789,393	947,750 ^{(b)(c)}
Morgan Stanley Mortgage Loan Trust, 2007-15AR 4A1	4.556%	11/25/37	1,951,437	1,430,263 ^{(b)(c)}
New Century Home Equity Loan Trust, 2005-C M1	0.609%	12/25/35	5,000,000	2,664,515 ^(b)
New York Mortgage Trust, 2005-3 M1	0.629%	2/25/36	1,738,555	1,508,480 ^{(b)(c)}
Nomura Asset Acceptance Corp., 2004-R3 B2	6.766%	2/25/35	1,352,657	14 ^(a)
Nomura Resecuritization Trust, 2010-4RA 1A2	2.482%	8/26/34	2,900,000	2,026,230 ^{(a)(b)(c)}
Opteum Mortgage Acceptance Corp., 2005-1 M3	0.749%	2/25/35	1,690,000	1,568,715 ^{(b)(c)}
Popular ABS Mortgage Pass-Through Trust, 2004-4 M2	5.010%	9/25/34	1,822,695	1,635,041
Popular ABS Mortgage Pass-Through Trust, 2005-5 MV1	0.619%	11/25/35	2,725,505	2,426,896 ^{(b)(e)}
Popular ABS Mortgage Pass-Through Trust, 2006-D A3	0.439%	11/25/46	2,450,000	1,789,157 ^(b)
Prime Mortgage Trust, 2006-DR1 2A1	5.500%	5/25/35	1,416,484	1,359,731 ^{(a)(c)}
Provident Bank Home Equity Loan Trust, 2000-2 A1	0.719%	8/25/31	1,879,401	1,299,324 ^(b)
RAAC Series, 2006-RP3 A	0.449%	5/25/36	928,825	804,964 ^{(a)(b)}
RAAC Series, 2007-RP2 A	0.529%	2/25/46	1,370,632	1,187,987 ^{(a)(b)}
RAAC Series, 2007-RP3 A	0.559%	10/25/46	2,508,748	1,951,760 ^{(a)(b)}
Renaissance Home Equity Loan Trust, 2002-3 A	0.939%	12/25/32	2,542,120	1,906,892 ^(b)
Renaissance Home Equity Loan Trust, 2006-1 AF5	6.166%	5/25/36	640,000	472,636
Renaissance Home Equity Loan Trust, 2006-2 AV3	0.419%	8/25/36	800,000	432,840 ^(b)
Renaissance Home Equity Loan Trust, 2006-4 AF2	5.285%	1/25/37	1,208,827	661,648
Renaissance Home Equity Loan Trust, 2007-1 AF3	5.612%	4/25/37	2,942,438	1,615,681
Renaissance Home Equity Loan Trust, 2007-2 AF1	5.893%	6/25/37	2,675,873	1,491,103
Renaissance Home Equity Loan Trust, 2007-2 AF2	5.675%	6/25/37	461,133	247,806
Renaissance Home Equity Loan Trust, 2007-2 AF5	6.203%	6/25/37	1,983,368	1,166,212
Renaissance Home Equity Loan Trust, 2007-2 AF6	5.879%	6/25/37	3,336,221	1,854,822
Renaissance Home Equity Loan Trust, 2007-3 AF3	7.238%	9/25/37	1,800,000	1,028,732
Residential Accredit Loans Inc., 2005-QA3 CB4	3.365%	3/25/35	3,593,095	2,363,875 ^{(b)(c)}
Residential Accredit Loans Inc., 2006-QA01 A11	3.381%	1/25/36	944,747	706,418 ^{(b)(c)}
Residential Accredit Loans Inc., 2006-QA01 A31	4.255%	1/25/36	2,705,757	2,078,411 ^{(b)(c)}
Residential Accredit Loans Inc., 2006-QA04 A	0.359%	5/25/36	624,190	468,363 ^{(b)(c)}
Residential Accredit Loans Inc., 2006-QA10 A2	0.359%	12/25/36	1,222,261	851,850 ^{(b)(c)}
Residential Accredit Loans Inc., 2006-QO1 3A1	0.449%	2/25/46	4,400,223	2,966,784 ^{(b)(c)}
Residential Accredit Loans Inc., 2006-QO3 A1	0.389%	4/25/46	5,376,807	2,494,355 ^{(b)(c)}
Residential Accredit Loans Inc., 2006-QO3 A2	0.439%	4/25/46	1,835,679	861,650 ^{(b)(c)}
Residential Accredit Loans Inc., 2006-QO3 A3	0.509%	4/25/46	2,569,511	1,225,806 ^{(b)(c)}
Residential Accredit Loans Inc., 2007-QA2 A1	0.309%	2/25/37	673,043	547,374 ^{(b)(c)}
Residential Asset Mortgage Products Inc., 2002-RS4 AII	0.819%	8/25/32	475,985	392,405 ^(b)
Residential Asset Mortgage Products Inc., 2004-RZ4 M7	2.679%	12/25/34	275,812	223,433 ^{(b)(c)}
Residential Asset Mortgage Products Inc., 2004-SL3 A3	7.500%	12/25/31	1,463,161	1,520,177 ^(c)
Residential Asset Mortgage Products Inc., 2004-SL3 A4	8.500%	12/25/31	146,301	141,181
Residential Asset Mortgage Products Inc., 2005-RZ2 M6	1.429%	5/25/35	2,853,592	448,940 ^(b)
Residential Asset Mortgage Products Inc., 2005-SL2 A5	8.000%	10/25/31	381,776	395,051 ^(c)
Residential Asset Securities Corp., 2003-KS9 A2B	0.819%	11/25/33	1,387,059	1,079,480 ^(b)

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

September 30, 2013

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
RESIDENTIAL MORTGAGE-BACKED				
SECURITIES - continued				
Residential Asset Securitization Trust, 2005-A13 1A3	0.649%	10/25/35	\$ 309,885	\$ 237,346 ^{(b)(c)}
Residential Asset Securitization Trust, 2005-A5 A1	0.479%	5/25/35	182,705	179,942 ^{(b)(c)}
Residential Asset Securitization Trust, 2006-A1 1A6	0.679%	4/25/36	3,150,359	2,123,185 ^{(b)(c)}
Residential Asset Securitization Trust, 2006-A1 1A7, IO	5.300%	4/25/36	2,170,973	298,270 ^(b)
Residential Asset Securitization Trust, 2007-A2 1A1	6.000%	4/25/37	570,362	505,376 ^(c)
Residential Funding Mortgage Securities I, 2005-SA3 1A	2.854%	8/25/35	4,891,643	3,885,354 ^{(b)(c)}
Residential Funding Mortgage Securities I, 2006-SA2 4A1	5.903%	8/25/36	881,099	797,775 ^{(b)(c)}
Residential Funding Mortgage Securities II, 2005-HI2 M7	5.810%	5/25/35	674,718	638,239 ^(c)
Residential Funding Mortgage Securities II Inc.,				
2004-HS1 AI6	3.640%	3/25/34	301,098	299,399 ^{(b)(c)}
Residential Funding Securities LLC, 2003-RP2 A1	0.629%	6/25/33	5,684	5,647 ^{(a)(b)}
Saxon Asset Securities Trust, 2007-3 2A1	0.399%	9/25/47	1,452,870	1,389,698 ^(b)
Sequoia Mortgage Trust, 2007-1 2A1	2.523%	2/20/47	2,412,497	2,028,200 ^{(b)(c)}
Soundview Home Loan Trust, 2006-EQ1 A3	0.339%	10/25/36	2,991,468	2,315,190 ^(b)
Structured Agency Credit Risk Notes, 2013-DN1 M2	7.334%	7/25/23	1,260,000	1,324,181 ^(b)
Structured ARM Loan Trust, 2004-04 5A	4.848%	4/25/34	106,739	105,627 ^{(b)(c)}
Structured ARM Loan Trust, 2004-07 A3	0.914%	6/25/34	254,848	221,838 ^{(b)(c)}
Structured ARM Loan Trust, 2004-16 1A2	2.604%	11/25/34	824,309	760,165 ^{(b)(c)}
Structured ARM Loan Trust, 2004-18 1A2	2.607%	12/25/34	859,232	791,014 ^{(b)(c)}
Structured ARM Loan Trust, 2005-01 1A1	2.561%	2/25/35	1,775,125	1,637,217 ^{(b)(c)}
Structured ARM Loan Trust, 2005-04 1A1	2.452%	3/25/35	369,125	300,276 ^{(b)(c)}
Structured ARM Loan Trust, 2005-04 3A1	2.568%	3/25/35	134,577	130,091 ^{(b)(c)}
Structured ARM Loan Trust, 2005-04 5A	4.534%	3/25/35	428,444	393,369 ^{(b)(c)}
Structured ARM Loan Trust, 2005-07 1A3	2.527%	4/25/35	190,976	178,378 ^{(b)(c)}
Structured ARM Loan Trust, 2005-12 3A1	2.460%	6/25/35	228,096	216,629 ^{(b)(c)}
Structured ARM Loan Trust, 2005-15 1A1	2.526%	7/25/35	472,164	386,155 ^{(b)(c)}
Structured ARM Loan Trust, 2005-20 4A2	5.403%	10/25/35	2,541,069	229,019 ^(b)
Structured ARM Loan Trust, 2006-4 4A1	5.005%	5/25/36	640,417	489,491 ^{(b)(c)}
Structured ARM Loan Trust, 2006-8 3A5	4.541%	9/25/36	2,316,448	1,787,376 ^{(b)(c)}
Structured ARM Loan Trust, 2007-1 2A3	4.955%	2/25/37	1,600,589	1,128,665 ^{(b)(c)}
Structured ARM Loan Trust, 2007-5 2A2	4.748%	6/25/37	1,156,004	661,512 ^{(b)(c)}
Structured ARM Loan Trust, 2007-7 1A1	0.479%	8/25/37	2,203,513	1,633,874 ^{(b)(c)}
Structured Asset Investment Loan Trust, 2004-8 M7	2.954%	9/25/34	179,490	92,893 ^(b)
Structured Asset Investment Loan Trust, 2004-8 M9	3.929%	9/25/34	318,981	78,423 ^(b)
Structured Asset Mortgage Investments Inc., 2006-AR5 4A1	0.399%	5/25/46	844,597	442,097 ^{(b)(c)}
Structured Asset Mortgage Investments Inc., 2007-AR4 A3	0.399%	9/25/47	7,300,000	4,770,667 ^{(b)(c)}
Structured Asset Securities Corp., 1999-RF1 A	6.543%	10/15/28	1,009,110	968,735 ^{(a)(b)(c)}
Structured Asset Securities Corp., 2004-20 5A1	6.250%	11/25/34	315,188	322,462 ^(c)
Structured Asset Securities Corp., 2004-NP1 A	0.979%	9/25/33	286,016	264,455 ^{(a)(b)(c)}
Structured Asset Securities Corp., 2005-4XS 3A4	4.790%	3/25/35	32,894	32,878 ^(c)
Structured Asset Securities Corp., 2005-4XS 3M3	5.119%	3/25/35	1,792,135	4,660
Structured Asset Securities Corp., 2005-5 2A2	5.500%	4/25/35	500,000	492,913 ^(c)
Structured Asset Securities Corp., 2005-RF1 A	0.529%	3/25/35	119,610	97,820 ^{(a)(b)(c)}
Structured Asset Securities Corp., 2005-RF2 A	0.529%	4/25/35	1,111,725	914,310 ^{(a)(b)(c)}
Structured Asset Securities Corp., 2006-RF3 1A1, PAC-11	6.000%	10/25/36	1,855,510	1,866,537 ^{(a)(e)}
Structured Asset Securities Corp., 2006-RF4 2A2	6.000%	10/25/36	3,108,393	1,027,608 ^(a)

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

September 30, 2013

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
RESIDENTIAL MORTGAGE-BACKED				
SECURITIES - continued				
Thornburg Mortgage Securities Trust, 2007-4 2A1	6.091%	9/25/37	\$ 772,912	\$ 760,688 ^{(b)(c)}
Wachovia Mortgage Loan Trust LLC, 2005-B 2A2	2.737%	10/20/35	91,032	79,060 ^{(b)(c)}
Wachovia Mortgage Loan Trust LLC, 2006-ALT1 A2	0.359%	1/25/37	862,346	556,741 ^{(b)(c)}
WaMu Alternative Mortgage Pass-Through Certificates, 2007-3 A9, IO	6.481%	4/25/37	7,242,744	2,199,531 ^(b)
WaMu Mortgage Pass-Through Certificates, 2004-AR10 A3	0.738%	7/25/44	136,441	126,447 ^{(b)(c)}
WaMu Mortgage Pass-Through Certificates, 2005-09 5A4	34.622%	11/25/35	183,526	255,341 ^{(b)(c)}
WaMu Mortgage Pass-Through Certificates, 2005-10 2A3	1.079%	11/25/35	331,370	222,404 ^{(b)(c)}
WaMu Mortgage Pass-Through Certificates, 2005-AR05 A5	2.411%	5/25/35	458,648	458,086 ^{(b)(c)}
WaMu Mortgage Pass-Through Certificates, 2005-AR05 A6	2.411%	5/25/35	550,000	519,688 ^{(b)(c)}
WaMu Mortgage Pass-Through Certificates, 2005-AR13 A1C3	0.669%	10/25/45	589,818	450,632 ^{(b)(c)}
WaMu Mortgage Pass-Through Certificates, 2006-AR10 A1	0.279%	12/25/36	774,785	468,942 ^{(b)(c)}
WaMu Mortgage Pass-Through Certificates, 2006-AR15 2A1B	2.454%	11/25/46	1,251,337	402,126 ^(b)
WaMu Mortgage Pass-Through Certificates, 2006-AR16 2A2	4.738%	12/25/36	553,938	440,234 ^{(b)(c)}
WaMu Mortgage Pass-Through Certificates, 2006-AR18 1A1	2.072%	1/25/37	65,654	52,532 ^(b)
WaMu Mortgage Pass-Through Certificates, 2007-HY3 1A1	2.300%	3/25/37	1,196,460	946,854 ^{(b)(c)}
WaMu Mortgage Pass-Through Certificates, 2007-HY3 4A1	2.543%	3/25/37	230,275	215,770 ^{(b)(c)}
WaMu Mortgage Pass-Through Certificates, 2007-HY6 1A1	2.221%	6/25/37	3,383,395	2,782,555 ^{(b)(c)}
WaMu Mortgage Pass-Through Certificates, 2007-HY7 1A1	2.504%	7/25/37	244,314	188,986 ^{(b)(c)}
WaMu Mortgage Pass-Through Certificates, 2007-HY7 3A1	4.538%	7/25/37	414,646	358,064 ^{(b)(c)}
WaMu Mortgage Pass-Through Certificates, 2007-OA2 2A	2.204%	3/25/47	298,961	228,122 ^{(b)(c)}
WaMu Mortgage Pass-Through Certificates, 2007-OA3 2A	0.923%	4/25/47	1,494,351	1,158,884 ^{(b)(c)}
Wells Fargo Mortgage Backed Securities Trust, 2005-AR2 2A2	2.680%	3/25/35	247,282	250,044 ^{(b)(c)}
Wells Fargo Mortgage-Backed Securities Trust, 2005-1 B3	4.933%	1/25/20	180,699	168,570 ^{(b)(c)}
Wells Fargo Mortgage-Backed Securities Trust, 2006-AR8 3A2	2.708%	4/25/36	76,734	73,780 ^{(b)(c)}
TOTAL RESIDENTIAL MORTGAGE-BACKED SECURITIES				
(Cost - \$288,048,700)				315,150,190
ASSET-BACKED SECURITIES - 7.2%				
Associates Manufactured Housing Pass-Through Certificates, 1997-1 B1	7.600%	6/15/28	324,862	351,327 ^(b)
BCMCS Trust, 1998-B A	6.530%	10/15/28	1,189,972	1,250,722 ^(b)
BCMCS Trust, 1999-A A3	5.980%	1/15/18	695,102	701,301 ^(b)
BCMCS Trust, 1999-A A4	6.475%	11/15/25	3,722,145	3,829,402 ^(b)
Credit-Based Asset Servicing and Securitization LLC,				
2006-MH1 M1	5.653%	10/25/36	500,000	485,244 ^(a)
Firstfed Corp. Manufactured Housing Contract, 1997-2 B	8.110%	5/15/24	280,000	318,150 ^{(a)(d)}
Greenpoint Manufactured Housing, 1999-3 1A7	7.270%	6/15/29	1,474,849	1,490,569 ^(c)
Greenpoint Manufactured Housing, 1999-3 2A2	3.584%	6/19/29	950,000	807,240 ^{(b)(c)}

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.**Schedule of investments (unaudited) (cont d)****September 30, 2013**

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
ASSET-BACKED SECURITIES - continued				
Greenpoint Manufactured Housing, 1999-4 A2	3.684%	2/20/30	\$ 1,250,000	\$ 1,055,955 ^{(b)(c)}
Greenpoint Manufactured Housing, 2000-4 A3	2.183%	8/21/31	25,000	22,499 ^{(b)(d)}
Greenpoint Manufactured Housing, 2001-2 IA2	3.685%	2/20/32	1,025,000	920,715 ^(b)
Greenpoint Manufactured Housing, 2001-2 IIA2	3.685%	3/13/32	1,275,000	1,122,264 ^(b)
Origen Manufactured Housing, 2006-A A2	2.493%	10/15/37	2,933,713	2,476,129 ^{(b)(c)}
Origen Manufactured Housing, 2007-A A2	2.307%	4/15/37	3,081,682	2,586,096 ^{(b)(c)}
Vanderbilt Mortgage Finance, 2001-A B2	9.140%	4/7/31	302,266	311,457 ^(b)
Vanderbilt Mortgage Finance, 2001-B B2	8.170%	9/7/31	332,917	327,990 ^(b)
TOTAL ASSET-BACKED SECURITIES				
(Cost - \$16,574,774)				18,057,060
COMMERCIAL MORTGAGE-BACKED SECURITIES - 1.0%				
Federal Home Loan Mortgage Corp. (FHLMC), Multi-Family Structured Pass-Through Certificates, K007 X1, IO	1.391%	4/25/20	9,599,504	569,884 ^{(b)(c)}
Federal Home Loan Mortgage Corp. (FHLMC), Multi-Family Structured Pass-Through Certificates, K008 X1, IO	1.824%	6/25/20	2,415,471	202,016 ^{(b)(c)}
Federal Home Loan Mortgage Corp. (FHLMC), Multi-Family Structured Pass-Through Certificates, K009 X1, IO	1.663%	8/25/20	7,890,339	597,571 ^{(b)(c)}
GS Mortgage Securities Corp., 2010-C1 X, IO	1.661%	8/10/43	16,313,654	1,174,836 ^{(a)(b)(c)}
TOTAL COMMERCIAL MORTGAGE-BACKED SECURITIES				
(Cost - \$2,113,762)				2,544,307
CORPORATE BONDS & NOTES - 11.0%				
CONSUMER DISCRETIONARY - 1.3%				
Household Durables - 1.3%				
William Lyon Homes Inc., Senior Notes	8.500%	11/15/20	3,000,000	3,180,000
CONSUMER STAPLES - 0.3%				
Food & Staples Retailing - 0.3%				
CVS Corp., Pass-Through Trust	9.350%	1/10/23	480,000	572,694 ^{(a)(c)}
ENERGY - 2.1%				
Oil, Gas & Consumable Fuels - 2.1%				
Petroleos de Venezuela SA, Senior Notes	8.500%	11/2/17	5,800,000	5,269,300 ^{(a)(e)}
INDUSTRIALS - 1.5%				
Airlines - 0.9%				
Air 2 US, Notes	8.027%	10/1/19	176,741	180,276 ^{(a)(c)}
American Airlines, Pass-Through Trust, Secured Notes	5.625%	1/15/21	1,210,000	1,164,625 ^{(a)(c)}
United Airlines Inc., Pass-Through Certificates, Notes	5.500%	10/29/20	1,000,000	998,750 ^(c)

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<i>Total Airlines</i>				2,343,651
Trading Companies & Distributors - 0.6%				
Noble Group Ltd., Senior Notes	6.750%	1/29/20	1,400,000	1,456,000 ^{(a)(c)}
TOTAL INDUSTRIALS				3,799,651
MATERIALS - 4.7%				
Construction Materials - 1.1%				
Cemex Finance LLC, Senior Secured Notes	9.375%	10/12/22	2,560,000	2,816,000 ^(a)
Metals & Mining - 3.6%				
Evraz Group SA, Notes	6.750%	4/27/18	2,800,000	2,744,000 ^(a)
Southern Copper Corp., Senior Notes	5.250%	11/8/42	3,000,000	2,434,464 ^(e)
Vale Overseas Ltd., Notes	8.250%	1/17/34	2,100,000	2,434,849 ^(e)

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.**Schedule of investments (unaudited) (cont d)****September 30, 2013**

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Metals & Mining - continued				
Vedanta Resources PLC, Senior Bonds	8.250%	6/7/21	\$ 1,350,000	\$ 1,369,406 ^{(a)(c)}
<i>Total Metals & Mining</i>				8,982,719
TOTAL MATERIALS				11,798,719
TELECOMMUNICATION SERVICES - 1.1%				
Wireless Telecommunication Services - 1.1%				
Digicel Group Ltd., Senior Notes	8.250%	9/30/20	2,650,000	2,756,000 ^{(a)(e)}
TOTAL CORPORATE BONDS & NOTES				
(Cost - \$29,320,050)				27,376,364
SOVEREIGN BONDS - 2.0%				
Venezuela - 2.0%				
Bolivarian Republic of Venezuela, Senior Notes				
(Cost - \$5,751,914)				5,019,000 ^(a)
TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENTS				
(Cost - \$341,809,200)				368,146,921
SHORT-TERM INVESTMENTS - 1.7%				
Repurchase Agreements - 1.7%				
State Street Bank & Trust Co. repurchase agreement dated 9/30/13; Proceeds at maturity - \$4,334,000; (Fully collateralized by U.S. government agency obligations, 2.000% due 1/30/23; Market Value - \$4,424,732) (Cost - \$4,334,000)				
	0.000%	10/1/13	4,334,000	4,334,000
TOTAL INVESTMENTS - 148.9%				
(Cost - \$346,143,200#)				372,480,921
Liabilities in Excess of Other Assets - (48.9)%				(122,349,763)
TOTAL NET ASSETS - 100.0%				\$ 250,131,158

- (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.

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- (b) Variable rate security. Interest rate disclosed is as of the most recent information available.
- (c) All or a portion of this security is pledged as collateral pursuant to the loan agreement.
- (d) Security is valued in good faith in accordance with procedures approved by the Board of Directors (See Note 1).
- (e) All or a portion of this security is held by the counterparty as collateral for open reverse repurchase agreements.

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

Abbreviations used in this schedule:

ARM	Adjustable Rate Mortgage
IO	Interest Only
PAC	Planned Amortization Class

See Notes to Schedule of Investments.

Notes to Schedule of Investments (unaudited)

1. Organization and significant accounting policies

Western Asset Mortgage Defined Opportunity Fund Inc. (the Fund) was incorporated in Maryland on December 11, 2009 and is registered as a non-diversified, limited-term, closed-end management investment company under the Investment Company Act of 1940, as amended (the 1940 Act). The Fund's primary investment objective is to provide current income. As a secondary investment objective, the Fund will seek capital appreciation. The Fund seeks to achieve its investment objective by investing primarily in a diverse portfolio of mortgage-backed securities (MBS), consisting primarily of non-agency residential mortgage-backed securities (RMBS) and commercial mortgage-backed securities (CMBS). The Fund intends to liquidate and distribute substantially all of the Fund's net assets to shareholders on or about March 1, 2022.

The following are significant accounting policies consistently followed by the Fund and are in conformity with U.S. generally accepted accounting principles (GAAP).

(a) Investment valuation. The valuations for fixed income securities (which may include, but are not limited to, corporate, government, municipal, mortgage-backed, collateralized mortgage obligations and asset-backed securities) and certain derivative instruments are typically the prices supplied by independent third party pricing services, which may use market prices or broker/dealer quotations or a variety of valuation techniques and methodologies. The independent third party pricing services use inputs that are observable such as issuer details, interest rates, yield curves, prepayment speeds, credit risks/spreads, default rates and quoted prices for similar securities. Short-term fixed income securities that will mature in 60 days or less are valued at amortized cost, unless it is determined that using this method would not reflect an investment's fair value. Equity securities for which market quotations are available are valued at the last reported sales price or official closing price on the primary market or exchange on which they trade. 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.

Notes to Schedule of Investments (unaudited) (continued)

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

Level 1 quoted prices in active markets for identical investments

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

Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)
The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used in valuing the Fund's assets 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 :				
Residential mortgage-backed securities		\$ 315,150,190		\$ 315,150,190
Asset-backed securities		18,057,060		18,057,060
Commercial mortgage-backed securities		2,544,307		2,544,307
Corporate bonds & notes		27,376,364		27,376,364
Sovereign bonds		5,019,000		5,019,000
Total long-term investments		\$ 368,146,921		\$ 368,146,921
Short-term investments		4,334,000		4,334,000
Total investments		\$ 372,480,921		\$ 372,480,921
Other financial instruments:				
Credit default swaps on credit indices - buy protection		\$ 696,504		\$ 696,504
Total		\$ 373,177,425		\$ 373,177,425

See Schedule of Investments for additional detailed categorizations.

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

(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

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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 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.

Notes to Schedule of Investments (unaudited) (continued)

(d) Leverage. The Fund may seek to enhance the level of its current distributions to holders of common stock through the use of leverage. The Fund may use leverage directly at the Fund level through borrowings, including loans from certain financial institutions or through a qualified government sponsored program, the use of reverse repurchase agreements and/or the issuance of debt securities (collectively, Borrowings), and possibly through the issuance of preferred stock (Preferred Stock), in an aggregate amount of up to approximately 33 1/3% of the Fund's Total Assets immediately after such Borrowings and/or issuances of Preferred Stock. Total Assets means net assets of the Fund plus the amount of any Borrowings and assets attributable to Preferred Stock that may be outstanding. Currently, the Fund has no intention to issue notes or debt securities or Preferred Stock. In addition, the Fund may enter into additional reverse repurchase agreements and/or use similar investment management techniques that may provide leverage, but which are not subject to the foregoing 33 1/3% limitation so long as the Fund has covered its commitment with respect to such techniques by segregating liquid assets, entering into offsetting transactions or owning positions covering related obligations.

(e) Mortgage-backed securities. Mortgage-Backed Securities (MBS) include CMBS and RMBS. These securities depend on payments (except for rights or other assets designed to assure the servicing or timely distribution of proceeds to holders of such securities) primarily from the cash flow from secured commercial or residential mortgage loans made to borrowers. Such loans are secured (on a first priority basis or second priority basis, subject to permitted liens, easements and other encumbrances) by commercial or residential real estate, the proceeds of which are used to purchase and or to construct commercial or residential real estate. The value of some mortgage-backed securities may be particularly sensitive to changes in prevailing interest rates. The value of these securities may fluctuate in response to the market's perception of the creditworthiness of the issuers. Additionally, although certain mortgage-related securities are supported by some form of government or private guarantee and/or insurance, there is no assurance that private guarantors or insurers will meet their obligations.

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

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

(g) 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.

(h) 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 agreements are privately negotiated in the over-the-counter market (OTC Swaps) or may be executed on a registered exchange (Centrally Cleared Swaps). Unlike Centrally Cleared Swaps, the Fund has credit exposure to the counterparties of OTC Swaps.

Swap contracts are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation). The daily change in valuation of Centrally Cleared Swaps, if any, is recorded as a receivable or payable for variation margin. Gains or

Notes to Schedule of Investments (unaudited) (continued)

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.

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 September 30, 2013, the Fund did not hold any credit default swaps to sell protection.

For average notional amounts of swaps held during the period ended September 30, 2013, see Note 3.

Credit default swaps

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

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

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

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

(i) Credit and market risk. Investments in securities that are collateralized by residential real estate mortgages are subject to certain credit and liquidity risks. When market conditions result in an increase in default rates of the underlying mortgages and the foreclosure values of underlying real estate properties are materially below the outstanding amount of these underlying mortgages, collection of the full amount of accrued interest and principal on these investments may be doubtful. Such market conditions may significantly impair the value and liquidity of these investments and may result in a lack of correlation between their credit ratings and values.

Notes to Schedule of Investments (unaudited) (continued)

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

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

Collateral requirements differ by type of derivative. Collateral or margin requirements are set by the broker or exchange clearing house for exchange traded derivatives while collateral terms are contract specific for over-the-counter traded derivatives. Securities pledged as collateral, if any, to cover the obligations of the Fund under derivative contracts, are noted in the Schedule of Investments.

As of September 30, 2013, the Fund did not have any open derivative transactions with credit related contingent features in a net liability position.

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

2. Investments

At September 30, 2013, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows:

Gross unrealized appreciation	\$ 34,968,929
Gross unrealized depreciation	(8,631,208)
Net unrealized appreciation	\$ 26,337,721

Transactions in reverse repurchase agreements for the Fund during the period ended September 30, 2013 were as follows:

Average	Weighted	Maximum
Daily	Average	Amount
Balance*	Interest Rate*	Outstanding
\$7,516,734	0.77%	\$14,609,717

* Averages based on the number of days that Fund had reverse repurchase agreements outstanding. Interest rates on reverse repurchase agreements ranged from 0.65% to 1.75% during the period ended September 30, 2013. Interest expense incurred on reverse repurchase agreements totaled \$25,515.

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At September 30, 2013, the Fund had the following open reverse repurchase agreements:

Counterparty	Rate	Effective Date	Maturity Date	Face Amount of Reverse Repurchase Agreements
Credit Suisse	0.65%	6/26/2013	TBD*	\$ 2,095,380
Credit Suisse	0.65%	6/26/2013	TBD*	1,591,875
Credit Suisse	0.75%	6/26/2013	TBD*	1,990,450
Credit Suisse	1.75%	9/24/2013	12/13/2013	1,911,000
Credit Suisse	1.75%	9/24/2013	12/13/2013	1,503,000
Credit Suisse	1.75%	9/24/2013	12/13/2013	1,226,000
Credit Suisse	1.75%	9/24/2013	12/13/2013	1,286,000
Deutsche Bank	0.90%	6/28/2013	TBD*	3,006,012
				\$ 14,609,717

* 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.

Notes to Schedule of Investments (unaudited) (continued)

On September 30, 2013, 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 \$17,354,320.

At September 30, 2013, the Fund held the following open swap contracts:

OTC CREDIT DEFAULT SWAPS ON CREDIT INDICES - BUY PROTECTION ¹						
SWAP COUNTERPARTY (REFERENCE ENTITY)	NOTIONAL AMOUNT ²	TERMINATION DATE	PERIODIC PAYMENTS MADE BY THE FUND	MARKET VALUE ³	UPFRONT PREMIUMS PAID (RECEIVED)	UNREALIZED DEPRECIATION
Barclays Capital Inc. (Markit CMBX.1.2006-1 AAA)	\$ 19,561,330	10/12/52	0.100% monthly	\$ 256,812	\$ 283,906	\$ (27,094)
Barclays Capital Inc. (Markit CMBX.2.2006-2 AAA Index)	19,638,476	3/15/49	0.070% monthly	439,692	493,307	(53,615)
Total	\$ 39,199,806			\$ 696,504	\$ 777,213	\$ (80,709)

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

Percentage shown is an annual percentage rate.

3. Derivative instruments and hedging activities

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

The following is a summary of the Fund's derivative instruments categorized by risk exposure at September 30, 2013.

Primary Underlying Risk	Swap Contracts, at value
Credit Risk	\$ 696,504

During the period ended September 30, 2013, the volume of derivative activity for the Fund was as follows:

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	Average Notional Balance
Credit default swap contracts (to buy protection)	\$ 7,919,981

ITEM 2. CONTROLS AND PROCEDURES.

- (a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the disclosure controls and procedures required by Rule 30a-3(b) under the 1940 Act and 15d-15(b) under the Securities Exchange Act of 1934.

- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are likely to materially affect the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940, as amended, are attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Western Asset Mortgage Defined Opportunity Fund Inc.

By /s/ **KENNETH D. FULLER**
 Kenneth D. Fuller
 Chief Executive Officer

Date: November 25, 2013

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

By /s/ **KENNETH D. FULLER**
 Kenneth D. Fuller
 Chief Executive Officer

Date: November 25, 2013

By /s/ **RICHARD F. SENNETT**
 Richard F. Sennett
 Principal Financial Officer

Date: November 25, 2013