

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 Downey Savings & Loan Association Mortgage Loan | 0.279% | 8/25/37 | 577,835 | 396,548 ^{(b)(c)} |
| Trust, 2005-AR1 2A1B Downey Savings & Loan Association Mortgage Loan Trust, | 0.501% | 3/19/45 | 844,936 | 273,477 ^(b) |
| 2005-AR2 2A1A EMC Mortgage Loan Trust, 2002-AA A1 | 0.391% | 3/19/45 | 610,890 | 517,382 ^{(b)(c)} |