

Answers CORP  
Form S-3  
June 15, 2009

As filed with the Securities and Exchange Commission on June 15, 2009

Registration No. 333-

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

[Missing Graphic Reference] Washington, DC 20549

FORM S-3

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Answers Corporation

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction  
of incorporation or organization)

98-0202855  
(I.R.S. Employer  
Identification No.)

237 West 35th Street

Suite 1101  
New York, New York 10001  
(646) 502-4777

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Robert S. Rosenschein  
Chief Executive Officer, President and Chairman of the Board

237 West 35th Street  
Suite 1101  
New York, New York 10001

Edgar Filing: Answers CORP - Form S-3

(646) 502-4777

(Name, address including zip code, and telephone number, including area code, of agent for service)

With copies to:

Jeffrey J. Fessler, Esq.  
Sichenzia Ross Friedman Ference LLP

61 Broadway, 32nd Floor  
New York, New York 10006  
(212) 930-9700  
(212) 930-9725 - Facsimile

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement, as determined by market conditions and other factors.

---

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definition of “large accelerated filer”, “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer       Accelerated filer       Non-accelerated filer       Smaller reporting company   
 (do not check if smaller reporting company)

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price Per Security(6)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, \$.001 par value per share	1,272,727(2)	\$5.50	\$6,999,999	\$391
Common Stock, \$.001 par value per share	636,364(3)	\$6.05	\$3,850,002	\$215
Common Stock, \$.001 par value per share	517,192(4)	\$4.50	\$2,327,364	\$130

Edgar Filing: Answers CORP - Form S-3

Common Stock, \$.001 par value per share	441,784(5)	\$5.50	\$2,429,812	\$136
			\$15,607,177	\$872

(1) An indeterminate number of additional shares of common stock shall be issuable pursuant to Rule 416 to prevent dilution resulting from stock splits, stock dividends or similar transactions and in such an event the number of shares registered shall be automatically be increased to cover the additional shares in accordance with Rule 416 under the Securities Act.

(2) Represents shares of common stock issuable upon conversion of Series B Convertible Preferred Stock issued by us upon exercise of a warrant issued in connection with a private placement that took place in June 2008 (the "Unit Warrant").

(3) Represents shares of common stock issuable upon exercise of a warrant issued by us upon exercise of the Unit Warrant.

(4) Represents shares of common stock that may be issued as dividends pursuant to the terms of the Series A Convertible Preferred Stock.

(5) Represents shares of common stock that may be issued as dividends pursuant to the terms of the Series B Convertible Preferred Stock.

(6) Pursuant to Rule 457(g) under the Securities Act, the maximum offering price per security represents the exercise price of the applicable preferred stock or warrants.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment that specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. The securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JUNE 15, 2009

PROSPECTUS

ANSWERS CORPORATION

2,868,067 Shares of Common Stock

This prospectus relates to 2,868,067 shares of our common stock, par value \$0.001 per share, for resale from time to time by the selling stockholders identified in this prospectus and any of their pledges, donees, transferees or other successors-in-interest.

We will not receive any proceeds from the sale of shares of our common stock by the selling stockholders. However, we may receive payments upon the cash exercise of any of the warrants, which are exercisable for up to 636,364 shares of our common stock at an exercise price of \$6.05 per share. We will bear all expenses in connection with the registration of the shares, other than underwriting discounts and selling commissions.

Our common stock currently trades on The NASDAQ Capital Market under the symbol "ANSW." On June 12, 2009, the last reported sale price for our common stock on The NASDAQ Capital Market was \$8.16 per share.

The securities offered in this prospectus involve a high degree of risk. See "Risk Factors" beginning on page 8 of this prospectus to read about factors you should consider before buying shares of our common stock.

The selling stockholders are offering these shares of common stock. The selling stockholders or their pledges, donees, transferees or other successor-in-interest may sell all or a portion of these shares from time to time in market transactions through any market on which our common stock is then traded, in negotiated transactions or otherwise, and at prices and on terms that will be determined by the then prevailing market price or at negotiated prices directly or through a broker or brokers, who may act as agent or as principal or by a combination of such methods of sale. The selling stockholders will receive all proceeds from the sale of the common stock. For additional information on the methods of sale, you should refer to the section entitled "Plan of Distribution."

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined whether this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is \_\_\_\_\_, 2009



## TABLE OF CONTENTS

	Page
Where You Can Find More Information	4
Incorporation of Documents By Reference	4
Summary	5
Risk Factors	8
Special Note Regarding Forward-Looking Statements	20
Use of Proceeds	21
Selling Stockholders	21
Plan of Distribution	22
Legal Matters	24
Experts	24

---

You may only rely on the information contained in this prospectus or that we have referred you to. We have not authorized anyone to provide you with different information. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the common stock offered by this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any common stock in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this prospectus nor any sale made in connection with this prospectus shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information contained by reference to this prospectus is correct as of any time after its date.

## WHERE YOU CAN FIND MORE INFORMATION

This prospectus constitutes a part of a registration statement on Form S-3 filed under the Securities Act. As permitted by the SEC's rules, this prospectus and any prospectus supplement, which form a part of the registration statement, do not contain all the information that is included in the registration statement. You will find additional information about us in the registration statement. Any statements made in this prospectus or any prospectus supplement concerning legal documents are not necessarily complete and you should read the documents that are filed as exhibits to the registration statement or otherwise filed with the SEC for a more complete understanding of the document or matter.

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read, without charge, and copy the documents we file at the SEC's public reference rooms in Washington, D.C. at 100 F Street, NE, Room 1580, Washington, DC 20549, or in New York, New York and Chicago, Illinois. You can request copies of these documents by writing to the SEC and paying a fee for the copying cost. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Our SEC filings are also available to the public at no cost from the SEC's website at <http://www.sec.gov>.

## INCORPORATION OF DOCUMENTS BY REFERENCE

We incorporate by reference the filed documents listed below, except as superseded, supplemented or modified by this prospectus, and any future filings we will make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"):

Edgar Filing: Answers CORP - Form S-3

- our Annual Report on Form 10-K for the fiscal year ended December 31, 2008;
- our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009;
- our Current Reports on Form 8-K filed on January 12, 2009, February 19, 2009 and May 5, 2009; and

the description of our common stock contained in Item 1 of our Registration Statement on Form 8-A, filed with the SEC on August 1, 2005.

The reports and other documents that we file after the date of this prospectus pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act will update, supplement and supersede the information in this prospectus. You may request and obtain a copy of any of the filings incorporated herein by reference, at no cost, by writing or telephoning us at the following address or phone number:

Answers Corporation  
237 West 35th Street  
Suite 1101  
New York, New York 10001  
Attn.: Corporate Secretary  
Tel: (646) 502-4777  
[www.answers.com](http://www.answers.com)



## SUMMARY

You should read the following summary together with the more detailed information concerning our company, the common stock being sold in this offering and in the documents incorporated by reference in this prospectus, including our financial statements. Because this is only a summary, you should read the rest of this prospectus, including all documents incorporated by reference, before you invest in our common stock. Read this entire prospectus carefully, especially the risks described under “Risk Factors” and the financial statements and related notes, before making an investment decision.

### Overview

As a leading online answer engine, we own and operate Web properties known as WikiAnswers.com and Answers.com, which are dedicated to providing useful answers in thousands of categories. WikiAnswers.com is a community-generated social knowledge Q&A platform, leveraging wiki-based technologies. Through the contributions of WikiAnswers' large and growing community, answers are constantly improved and updated over time. WikiAnswers.com was ranked by comScore, a global Internet information provider, as the fastest growing domain of the top 200 in the U.S. in terms of unique monthly visitors in 2008. The award-winning reference site Answers.com includes content on millions of topics from over 250 licensed sources created by leading publishers, including Houghton Mifflin Company, Barron's and Encyclopedia Britannica.

According to comScore, our combined Web properties –WikiAnswers.com and Answers.com – had approximately 29.1 million unique visitors in April 2009, which ranked Answers Corporation number 25 in the top U.S. Web properties. Our goal is to become the premier online provider of and leading destination for answers to questions.

According to our internal estimates, our Web properties had approximately 700 million page views during the first quarter of 2009. During the same period, approximately 81% of our traffic was generated by search engines; 15% from direct traffic, which consists of traffic resulting from a direct type-in of our URL, a bookmarked Favorite, a direct link from other Web properties, a downloaded toolbar, or other software or utilities we make available; and 5% by the definition link appearing on Google's Website result pages.

We believe our valuable content and overall user experience drives traffic to our Web properties, which in turn drives advertising revenue. Our revenue is derived primarily from third party ad networks, primarily Google AdSense, which aggregate Web properties looking to monetize their Web traffic and advertisers seeking to advertise on the Internet.

### Corporate Information

We were incorporated as a Texas corporation in December 1998 and reorganized as a Delaware corporation in April 1999. In October 2005, we changed our name from GuruNet Corporation to Answers Corporation. Our principal executive offices are located at 237 West 35th Street, Suite 1101, New York, NY 10001 and our telephone and fax numbers at this location are 646-502-4777 and 646-502-4778, respectively. In addition, we have an office in Israel located at Jerusalem Technology Park, the Tower, Jerusalem 91481 Israel, and our telephone and fax numbers at this location are +972 649-5000 and +972 649-5001, respectively. Our corporate website address is [www.answers.com](http://www.answers.com). The information contained on our Web properties or that can be accessed through our Web properties is not part of this prospectus, and investors should not rely on any such information in deciding whether to purchase our common stock.

## Redpoint Financing

On June 16, 2008, we entered into a securities purchase agreement (the “Series A Purchase Agreement”) with Redpoint Omega, L.P. and Redpoint Omega Associates, LLC (collectively, “Redpoint Ventures”) for the purchase of \$6,000,000 of Series A Convertible Preferred Stock, initially convertible into 1,333,334 shares of common stock at a conversion price of \$4.50 per share, and Series A Common Stock Purchase Warrants exercisable for 666,667 shares of common stock at an exercise price of \$4.95 per share. The Series A Common Stock Purchase Warrants are exercisable from the date of issuance until June 16, 2014. The sale and purchase of such securities in the private placement was completed on June 16, 2008.

In connection with the private placement, we entered into a registration rights agreement with the investors, pursuant to which we agreed to register with the Securities and Exchange Commission, for resale, the common stock underlying the Series A Convertible Preferred Stock, the Series A Common Stock Purchase Warrants and any accrued dividends which could potentially be paid in kind by us. The registration statement registering the common stock underlying the Series A Convertible Preferred Stock and the Series A Common Stock Purchase Warrants was declared effective by the Securities and Exchange Commission on September 16, 2008.

In addition, on June 16, 2008, we entered into a Warrant Agreement (the “Series B Warrant Agreement”) with the investors for the purchase of Unit Warrants exercisable for up to \$7,000,000 of Series B Convertible Preferred Stock and Series B Common Stock Purchase Warrants exercisable for 636,364 shares of common stock. The Series B Preferred Stock is initially convertible into 1,272,727 shares of common stock at a conversion price of \$5.50 per share. The Series B Purchase Warrants have an exercise price of \$6.05 per share and will be exercisable for a period of 6 years from their date of issuance. On June 10, 2009, the investors exercised the Unit Warrants in full and we issued an aggregate 70,000 shares of Series B Preferred Stock and Series B Common Stock Purchase Warrants exercisable for 636,364 shares of common stock.

A summary of certain of the terms of the Series B Convertible Preferred Stock and Series B Common Stock Purchase Warrants that are convertible into or exercisable for the shares of our common stock to which this prospectus relates are set forth below:

### Ranking

The Series B Convertible Preferred Stock ranks senior to our junior securities, including without limitation, our common stock.

### Conversion

Each share of Series B Convertible Preferred Stock has a stated value of \$100 per share (any accrued but unpaid dividends may increase the stated value) and is initially convertible into common stock at a conversion price of \$5.50 per share, such that the Series B Convertible Preferred Stock is initially convertible into an aggregate of 1,272,727 shares of common stock. If we, at any time while the Series B Convertible Preferred Stock is outstanding, shall sell or grant any option to purchase or otherwise dispose of or issue any common stock or common stock equivalents entitling any person to acquire shares of common stock, at an effective price per share less than the then effective conversion price of the Series B Convertible Preferred Stock, then, the conversion price shall be adjusted on a weighted average basis.

### Forced Conversion

Beginning December 10, 2010, provided certain conditions are satisfied, if the closing price of the common stock equals an average of at least \$16.50 (subject to adjustment for stock splits, reclassifications, combinations and similar adjustments) per share for the 45 consecutive trading days, and the average daily volume of the common stock on The

NASDAQ Capital Market is at least \$1,000,000 during such measurement period, unless the investors are prohibited from converting the Series B Preferred Stock pursuant to the limitations set forth in the Certificate of Designations, Number, Voting Powers, Preferences and Rights of Series B Convertible Preferred Stock, we shall have the right exercisable within 3 business days of such conditions being met, to force the investors to convert any portion of their shares of Series B Convertible Preferred Stock into shares of common stock at the then-effective conversion price.

#### Redemption Rights

At any time on or after June 16, 2014, upon written request by the holders of a majority of the Series B Convertible Preferred Stock, we shall redeem all or any portion of the then outstanding Series B Convertible Preferred Stock for an amount in cash equal to the sum of (i) 100% of the aggregate stated value of the Series B Convertible Preferred Stock then outstanding and (ii) accrued but unpaid dividends (to the extent not already included in stated value) and (iii) all liquidated damages and other amounts due in respect of the Series B Convertible Preferred Stock.

### Right to Participate in Future Financings

At any time while Series B Convertible Preferred Stock is outstanding (or the common stock issued or issuable upon conversion thereof) and the investors collectively hold a majority of the outstanding Series B Convertible Preferred Stock (or the common stock issuable or issued upon conversion thereof) purchased by the investors, each investor shall have a right to participate pro rata with respect to the issuance or possible issuance by us of any future equity or equity-linked securities or debt which is convertible into or exercisable or exchangeable for equity or in which there is an equity component on the same terms and conditions as offered by us to the other purchasers of such securities.

### Voting and Right to Appoint a Director

The Series B Convertible Preferred Stock votes on an as converted basis with our common stock, subject to certain limitations. Additionally, so long as any shares of Series B Convertible Preferred Stock are outstanding, we shall not, without the affirmative vote of the holders of a majority of the shares of the Series B Convertible Preferred Stock then outstanding, (a) alter or change adversely the powers, preferences or rights given to the Series B Convertible Preferred Stock or alter or amend the Certificate of Designations, Number, Voting Powers, Preferences and Rights of Series B Convertible Preferred Stock (whether by merger, consolidation or otherwise), (b) authorize or create any class of stock, including securities exercisable for or convertible into such stock, ranking as to dividends, redemption or distribution of assets upon a liquidation senior to or otherwise pari passu with the Series B Convertible Preferred Stock, except for any series of Preferred Stock issued to the investors, (c) amend its certificate of incorporation or other charter documents (whether by merger, consolidation or otherwise) so as to affect adversely any rights of the investors, (d) increase or decrease the authorized number of shares of Series B Convertible Preferred Stock, or (e) enter into any agreement with respect to the foregoing.

Additionally, so long as the investors hold a beneficial ownership interest percentage of at least 19%, the holders of a majority of the outstanding Series B Convertible Preferred Stock have the right to appoint an individual to serve as a voting member of our board of directors.

### Dividends

The Series B Convertible Preferred Stock will accrue cumulative dividends at a rate of 6% per annum whether or not dividends have been declared by the board of directors and whether or not there are profits, surplus or other funds available for the payment of such dividends. Such dividends are in preference to all other classes of stock junior in rank to the Series B Convertible Preferred Stock, including our common stock. Dividends may be payable in kind at the option of the company upon satisfaction of certain conditions. After the payment of these dividends on the Series B Convertible Preferred Stock, the holders of such shares are entitled to participate on an as converted basis in the payment of any dividends on the common stock.

### Liquidation Preference

Upon any liquidation, dissolution or winding-up of the company, whether voluntary or involuntary, the holders of Series B Convertible Preferred Stock shall be entitled to receive out of our assets, whether such assets are capital or surplus, for each share of Series B Convertible Preferred Stock an amount equal to greater of (i) the stated value for the Series B Convertible Preferred Stock per share plus any accrued and unpaid dividends thereon and any other fees or liquidated damages owing thereon before any distribution or payment shall be made to the holders of any junior securities (including, without limitation, the common stock) or (ii) such amount per share as would have been payable had all shares of Series B Convertible Preferred Stock been upon any such liquidation converted to common stock immediately prior to such liquidation, in any case, and if our assets shall be insufficient to pay in full such amounts, then the entire assets to be distributed to the investors shall be distributed among the holders of Series B Convertible Preferred Stock ratably in accordance with the respective amounts that would be payable on such shares if all amounts

payable thereon were paid in full.

Terms of the Series B Common Stock Purchase Warrants

The Series B Common Stock Purchase Warrants are exercisable from the date of issuance until June 10, 2015 for 636,364 shares of common stock at an exercise price of \$6.05 per share, subject to weighted-average anti-dilution. The holders of the Series B Common Stock Purchase Warrants have the option to exercise the warrants on a “net share” or cashless basis, in which warrant shares are forfeited in lieu of paying the cash exercise price, in which case we would receive no additional proceeds upon their exercise (but fewer shares would be issued).

## RISK FACTORS

You should carefully consider the risks described below before making an investment decision. The risks described below are not the only ones we face. Additional risks we are not presently aware of or that we currently believe are immaterial may also impair our business operations. Our business could be harmed by any of these risks. The trading price of our common stock could decline due to any of these risks, and you may lose all or part of your investment. In assessing these risks, you should also refer to the other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, including our financial statements and related notes.

### Risks Relating to our Business

If search engines alter their algorithms or methods or otherwise restrict the flow of users visiting our Web properties, our business and financial results could suffer.

Search engines serve as the primary Web entry point for most users in search of information, and our topic and answer pages often appear as one of the top links on the pages returned by search engines in response to users' search queries. As a result, we rely heavily on search engines for the overwhelming share of users visiting our Web properties. According to our internal estimates, traffic to our Web properties originating from search engines during the fourth quarter of 2008, excluding Google-directed definition link traffic, was approximately 80% of the overall traffic to our Web properties, the majority of which originated from Google and, to a lesser but still significant extent, Yahoo!. WikiAnswers.com search engine traffic during the same period was even more significant, amounting to approximately 90% of its overall traffic. If our traffic from search engines declines for any reason, we would suffer a significant decline in overall traffic and revenue. For example, in July 2007, a search engine algorithm adjustment by Google led to a drop in Google directed traffic to Answers.com. This adjustment reduced our overall traffic by approximately 28% based on the average traffic directed to Answers.com from Google for the week prior to the adjustment as compared to the week after. As a result, our revenue declined proportionately. In September 2007, Yahoo! dropped our content from its search index, which led to a drop in our Yahoo! directed traffic. This action was reversed within a week. Search engines, at any time and for any reason, could change their algorithms that direct search queries to our Web properties or could restrict the flow of users visiting our Web properties specifically. In fact, as illustrated above, on occasion our Web properties – which both rely so heavily on search engine traffic – have experienced decreases in traffic, and consequently in revenue, due to these search engine actions. We cannot guarantee that we will successfully react to these actions in the future and recover the lost traffic. Accordingly, a change in algorithms that search engines use to identify Web pages towards which traffic will ultimately be directed, or a restriction on users visiting our Web properties from the search engines, could cause a significant decrease in traffic and revenues, which could adversely affect our business and financial results.

If our Google Service Agreement, or GSA, is terminated by Google, we would have to seek an alternative provider of listings and advertisements, which could adversely affect our business and financial results.

Our business is dependent on the GSA, under which we obtain most of the advertisements displayed on our Web properties and earn most of our ad revenues. Google may terminate the GSA with no advance notice if we:

- take certain prohibited actions including, among other things:
  - editing or modifying the order of search results,
  - redirecting end users, producing or distributing any software which prevents the display of ads by Google,

- modifying, adapting or otherwise attempting to obtain source code from Google technology, content, software and documentation or
- engaging in any action or practice that reflects poorly on Google or otherwise disparaging or devaluing Google's reputation or goodwill;
- breach the grant of a license to us by Google of certain trade names, trademarks, service marks, logos, domain names and other distinctive brand features of Google;
  - breach the confidentiality provisions of the GSA;
  - breach the exclusivity provisions of the GSA; or
- materially breach the GSA more than two times, irrespective of any cure to such breaches.

The GSA is scheduled to expire on January 31, 2010, unless renewed upon mutual written consent.

Google's termination of the GSA would result in our need to replace this relationship and obtain listings and advertisements from alternative providers, and we may not succeed in receiving equally favorable terms as those provided in the GSA. Termination of the GSA and our failure to replace it on equally favorable terms could result in a material reduction in our ad revenues and could adversely affect our business and financial results.

A downturn in the United States and global economic conditions could adversely affect the profitability of our business.

The U.S. and global economies are currently experiencing a significant contraction, and it is expected that we will see further economic downturn in the immediate and near future. This may result in fewer page views that result in commercial activities by our users, and may cause advertisers to reduce the amount they spend on online advertising, thus having a significant negative impact on the RPMs of both our Web properties in 2009 and beyond. A drop in RPM may result in a material reduction in our ad revenues which would adversely affect our business and financial results.

The failure of WikiAnswers to grow in accordance with our expectations could have an adverse impact on our business and financial results.

WikiAnswers.com is currently our primary growth driver, and it exceeds Answers.com in both traffic and revenue. Our projections assume that the 2009 growth of WikiAnswers.com will continue to be greater than that of Answers.com. If, for whatever reason, WikiAnswers.com fails to perform as well as we anticipate, and the growth we are experiencing decelerates significantly, falters or ceases, our business and financial results could be adversely affected.

If Internet users do not interact with WikiAnswers.com frequently or if we fail to attract new users to the service, our business and financial results will suffer.

The success of WikiAnswers.com is largely dependent upon users constantly visiting the site by asking questions, posting answers and improving upon both. We have seen a very high correlation between growth in questions and answers and growth in the site's page views. We need to attract users to visit the Web property frequently and spend increasing amounts of time on the Web property when they visit. If we are unable to encourage users to interact more frequently with WikiAnswers.com and to increase the amount of user generated content they provide, our ability to attract new users to the Web property and increase the number of loyal users will be diminished and adversely affected. As a result, our business and financial results will suffer, and we will not be able to grow our business as planned.

If we are unable to improve and maintain the quality of content being contributed to WikiAnswers.com and if we fail to fight vandalism the site has been experiencing, the Web property will become less valuable to the users, less popular as a destination for obtaining answers to questions and its growth will be negatively affected, which in turn could adversely impact our financial results.

It is critical that we ensure that the quality of content being posted on WikiAnswers, both questions and answers, is maintained and improved over time. The better the quality of the content generated on the Web property, the more valuable the Web property will be for users in search of answers, as well as for search engines indexing the content to continue featuring it in their search engine result pages. Improved quality content should lead to stronger growth in the community size and will lessen the risk of a search engine's algorithm and/or policy makers downgrading the rank of WikiAnswers.com. In addition, it is critical that we ward off vandals and eliminate vandalism on the Web property to the greatest extent possible. If we fail to maintain and improve the quality of the Web property's content, the appeal of WikiAnswers.com to users and search engines may diminish and the growth of the Web property may be negatively affected, which in turn could cause our financial results to suffer.

If, in the interest of improving user experience and user satisfaction, we decide to decrease the number of ad elements displayed on our Web properties, our advertising revenues will decline and our financial results will be adversely impacted.



We closely monitor the ratio between ad elements and actual content appearing on our Web pages. In the future we may decide that in order to enhance the user-experience and increase user satisfaction, our pages should display fewer ad elements. Displaying less ad-intensive Web pages is likely to result in faster page-load and offering more content per-page is likely to appeal more to the user. A better user experience may result in more stickiness on our Web properties and a higher rate of user-retention and return visits. However, there is no assurance that reducing advertising on our Web properties will result in better user-retention and return visits and there can be no guarantee that the short term rele

border="0" cellspacing="0" cellpadding="0" width="100%" style="border-collapse: collapse; width: 100.0%;">

Western Asset Global High Income Fund Inc. 2011 Annual Report

7

**Spread duration (unaudited)**

**Economic Exposure May 31, 2011**

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.

---

1/3 BC Aggregate, 1/3 JPM EMBI Global,  
1/3 BC High Yield 2% Issuer Cap

ABS  
EHI  
EM  
HY  
IG Credit  
MBS  
Non-\$

1/3 Barclays Capital 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  
Asset Backed Securities  
Western Asset Global High Income Fund Inc.  
Emerging Markets  
High Yield  
Investment Grade Credit  
Mortgage Backed Securities  
Non-U.S. Dollar

Western Asset Global High Income Fund Inc. 2011 Annual Report

8

**Effective duration (unaudited)**

**Interest Rate Exposure May 31, 2011**

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.

---

1/3 BC Aggregate, 1/3 JPM EMBI Global,  
1/3 BC High Yield 2% Issuer Cap

1/3 Barclays Capital 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

Edgar Filing: Answers CORP - Form S-3

EHI  
EM  
HY  
IG Credit  
MBS  
Non-\$

Western Asset Global High Income Fund Inc.  
Emerging Markets  
High Yield  
Investment Grade Credit  
Mortgage Backed Securities  
Non-U.S. Dollar

**Schedule of investments**

May 31, 2011

**Western Asset Global High Income Fund Inc.**

<b>Security</b>	<b>Rate</b>	<b>Maturity Date</b>	<b>Face Amount</b>	<b>Value</b>
<b>Corporate Bonds &amp; Notes 77.7%</b>				
<b>Consumer Discretionary 14.8%</b>				
<b>Auto Components 0.3%</b>				
Europcar Groupe SA, Senior Notes	9.375%	4/15/18	1,075,000EUR	<b>\$1,605,046</b> (a)
<b>Automobiles 0.5%</b>				
Escrow GCB General Motors	8.250%	7/15/23	300,000	10,500(a)(b)(f)
Escrow GCB General Motors	8.375%	7/15/33	3,500,000	122,500(a)(b)(f)
Ford Motor Credit Co., LLC, Senior Notes	9.875%	8/10/11	115,000	116,643
Ford Motor Credit Co., LLC, Senior Notes	7.500%	8/1/12	1,930,000	2,045,383(c)
<b>Total Automobiles</b>				<b>2,295,026</b>
<b>Diversified Consumer Services 0.8%</b>				
Odeon & UCI Finco PLC, Senior Secured Notes	9.000%	8/1/18	1,060,000GBP	1,752,839(a)
Service Corp. International, Senior Notes	7.625%	10/1/18	185,000	205,119
Service Corp. International, Senior Notes	7.500%	4/1/27	620,000	604,500(c)
Sotheby's, Senior Notes	7.750%	6/15/15	910,000	1,016,925(c)
Stonemor Operating LLC/Cornerstone Family Services of WV/Osiris Holding, Senior Notes	10.250%	12/1/17	460,000	475,525(c)
<b>Total Diversified Consumer Services</b>				<b>4,054,908</b>
<b>Hotels, Restaurants &amp; Leisure 4.1%</b>				
Boyd Gaming Corp., Senior Notes	9.125%	12/1/18	160,000	166,600(a)
Caesars Entertainment Operating Co. Inc., Senior Notes	10.750%	2/1/16	1,640,000	1,656,400
Caesars Entertainment Operating Co. Inc., Senior Secured Notes	11.250%	6/1/17	1,280,000	1,446,400(c)
Caesars Entertainment Operating Co. Inc., Senior Secured Notes	10.000%	12/15/15	210,000	215,513
CCM Merger Inc., Notes	8.000%	8/1/13	550,000	552,750(a)
Choctaw Resort Development Enterprise, Senior Notes	7.250%	11/15/19	503,000	386,053(a)(c)
CityCenter Holdings LLC/CityCenter Finance Corp., Senior Secured Notes	10.750%	1/15/17	1,220,000	1,369,450(a)(d)
El Pollo Loco Inc., Senior Notes	11.750%	11/15/13	1,375,000	1,254,687
El Pollo Loco Inc., Senior Secured Notes	11.750%	12/1/12	180,000	186,525
Enterprise Inns PLC, Senior Secured Bonds	6.500%	12/6/18	1,095,000GBP	1,626,145
Hoa Restaurant Group LLC/Hoa Finance Corp., Senior Secured Notes	11.250%	4/1/17	610,000	626,775(a)(c)
Inn of the Mountain Gods Resort & Casino, Senior Secured Notes	8.750%	11/30/20	519,000	519,000(a)
Landry's Holdings Inc., Senior Secured Notes	11.500%	6/1/14	800,000	804,000(a)
Landry's Restaurants Inc., Senior Secured Notes	11.625%	12/1/15	565,000	615,850(c)
Landry's Restaurants Inc., Senior Secured Notes	11.625%	12/1/15	190,000	207,100(a)

See Notes to Financial Statements.



10 Western Asset Global High Income Fund Inc. 2011 Annual Report

**Schedule of investments (cont d)**

May 31, 2011

**Western Asset Global High Income Fund Inc.**

<b>Security</b>	<b>Rate</b>	<b>Maturity Date</b>	<b>Face Amount</b>	<b>Value</b>
<b>Hotels, Restaurants &amp; Leisure continued</b>				
MGM Resorts International, Senior Secured Notes	10.375%	5/15/14	475,000	\$ 551,000
MGM Resorts International, Senior Secured Notes	11.125%	11/15/17	1,135,000	1,322,275
Mohegan Tribal Gaming Authority, Senior Subordinated Notes	8.000%	4/1/12	1,510,000	1,328,800
Mohegan Tribal Gaming Authority, Senior Subordinated Notes	7.125%	8/15/14	675,000	496,125
Mohegan Tribal Gaming Authority, Senior Subordinated Notes	6.875%	2/15/15	625,000	442,188
NCL Corp. Ltd., Senior Notes	9.500%	11/15/18	1,770,000	1,911,600(a)
NCL Corp. Ltd., Senior Secured Notes	11.750%	11/15/16	200,000	234,750
Pinnacle Entertainment Inc., Senior Subordinated Notes	7.500%	6/15/15	190,000	195,225
Pinnacle Entertainment Inc., Senior Subordinated Notes	8.750%	5/15/20	140,000	151,550
Seven Seas Cruises S de RL LLC, Senior Secured Notes	9.125%	5/15/19	800,000	826,000(a)
Snoqualmie Entertainment Authority, Senior Secured Notes	4.204%	2/1/14	150,000	137,625(a)(e)
Station Casinos Inc., Senior Notes	6.000%	4/1/12	110,000	11(b)(f)
Station Casinos Inc., Senior Notes	7.750%	8/15/16	760,000	76(b)(f)
Sugarhouse HSP Gaming Prop Mezz LP/ Sugarhouse HSP Gaming Finance Corp., Secured Notes	8.625%	4/15/16	750,000	778,125(a)
Thomas Cook Group PLC, Senior Notes	7.750%	6/22/17	548,000GBP	890,191
<b>Total Hotels, Restaurants &amp; Leisure</b>				<b>20,898,789</b>
<b>Household Durables 0.4%</b>				
DFS Furniture Holdings PLC, Senior Secured Notes	9.750%	7/15/17	676,000GBP	1,103,679(a)
DirectBuy Holdings Inc., Senior Secured Notes	12.000%	2/1/17	490,000	218,050(a)
Standard Pacific Corp., Senior Notes	8.375%	1/15/21	610,000	614,575
<b>Total Household Durables</b>				<b>1,936,304</b>
<b>Internet &amp; Catalog Retail 0.3%</b>				
Netflix Inc., Senior Notes	8.500%	11/15/17	780,000	883,350(c)
QVC Inc., Senior Secured Notes	7.375%	10/15/20	480,000	517,200(a)(c)
<b>Total Internet &amp; Catalog Retail</b>				<b>1,400,550</b>
<b>Media 5.8%</b>				
Affinity Group LLC, Senior Secured Notes	11.500%	12/1/16	800,000	852,000(a)(c)
CCH II LLC/CCH II Capital Corp., Senior Notes	13.500%	11/30/16	611,751	731,044(c)
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	7.875%	4/30/18	1,790,000	1,906,350(c)

See Notes to Financial Statements.

**Western Asset Global High Income Fund Inc.**

<b>Security</b>	<b>Rate</b>	<b>Maturity Date</b>	<b>Face Amount</b>	<b>Value</b>
<b>Media continued</b>				
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	8.125%	4/30/20	2,180,000	\$ 2,368,025(c)
Cengage Learning Acquisitions Inc., Senior Notes	10.500%	1/15/15	2,560,000	2,444,800(a)
Cengage Learning Acquisitions Inc., Senior Subordinated Notes	13.250%	7/15/15	710,000	678,050(a)
Charter Communications Inc., Senior Notes	6.500%	4/30/21	760,000	752,400
CMP Susquehanna Corp.	3.443%	5/15/14	46,000	34,926(a)(b)(e)
CSC Holdings Inc., Senior Debentures	7.875%	2/15/18	1,500,000	1,650,000(c)
DISH DBS Corp., Senior Notes	7.875%	9/1/19	1,080,000	1,181,250(c)
DISH DBS Corp., Senior Notes	6.750%	6/1/21	180,000	182,700(a)
Grupo Televisa SA, Senior Bonds	6.625%	1/15/40	1,300,000	1,420,770(c)
ITV PLC, Senior Notes	10.000%	6/30/14	2,000,000EUR	3,302,762
LBI Media Inc., Senior Secured Notes	9.250%	4/15/19	760,000	773,300(a)
Musketeer GmbH, Senior Secured Notes	9.500%	3/15/21	1,250,000EUR	1,965,270(a)
NET Servicos de Comunicacao SA, Bonds	7.500%	1/27/20	480,000	553,200
Nielsen Finance LLC/Nielsen Finance Co., Senior Notes	7.750%	10/15/18	630,000	678,825(a)(c)
Ono Finance II PLC, Senior Bonds	11.125%	7/15/19	890,000EUR	1,386,464(a)
Seat Pagine Gialle SpA, Senior Secured Notes	10.500%	1/31/17	366,000EUR	496,425(a)(g)
Time Warner Inc.	6.500%	11/15/36	160,000	172,982
TVN Finance Corp. III AB, Senior Notes	7.875%	11/15/18	225,000EUR	331,892(a)
Univision Communications Inc., Senior Notes	8.500%	5/15/21	540,000	558,900(a)
Univision Communications Inc., Senior Secured Notes	6.875%	5/15/19	840,000	844,200(a)(c)
Univision Communications Inc., Senior Secured Notes	7.875%	11/1/20	820,000	873,300(a)(c)
UPC Holding BV, Senior Notes	9.875%	4/15/18	330,000	371,250(a)
UPCB Finance III Ltd., Senior Secured Notes	6.625%	7/1/20	520,000	521,300(a)
Virgin Media Finance PLC, Senior Notes	9.125%	8/15/16	315,000	333,112
Ziggo Bond Co. BV, Senior Notes	8.000%	5/15/18	1,450,000EUR	2,183,204(a)
<b>Total Media</b>				<b>29,548,701</b>
<b>Multiline Retail 0.5%</b>				
Neiman Marcus Group Inc., Senior Secured Notes	7.125%	6/1/28	2,490,000	2,390,400(c)
<b>Specialty Retail 1.5%</b>				
American Greetings Corp., Senior Notes	7.375%	6/1/16	1,770,000	1,831,950(c)
American Greetings Corp., Senior Notes	7.375%	6/1/16	120,000	119,400
American Greetings Corp., Senior Notes	7.375%	6/1/16	110,000	109,450
Edcon Proprietary Ltd., Senior Secured Notes	9.500%	3/1/18	1,825,000EUR	2,560,698(a)

See Notes to Financial Statements.



12 Western Asset Global High Income Fund Inc. 2011 Annual Report

**Schedule of investments (cont d)**

May 31, 2011

**Western Asset Global High Income Fund Inc.**

<b>Security</b>	<b>Rate</b>	<b>Maturity Date</b>	<b>Face Amount</b>	<b>Value</b>
<b>Specialty Retail continued</b>				
Michaels Stores Inc., Senior Subordinated Notes, step bond	0.000%	11/1/16	2,490,000	\$ 2,602,050
Spencer Spirit Holdings Inc./Spencer Gifts LLC/ Spirit Halloween Superstores, Senior Notes	11.000%	5/1/17	490,000	507,150(a)
<b>Total Specialty Retail</b>				<b>7,730,698</b>
<b>Textiles, Apparel &amp; Luxury Goods 0.6%</b>				
Burlington Coat Factory Warehouse Corp., Senior Notes	10.000%	2/15/19	510,000	513,825(a)
Empire Today LLC/Empire Today Finance Corp., Senior Secured Notes	11.375%	2/1/17	350,000	374,500(a)
Giraffe Acquisition Corp., Senior Notes	9.125%	12/1/18	1,030,000	965,625(a)
Oxford Industries Inc., Senior Secured Notes	11.375%	7/15/15	1,115,000	1,276,675(c)
<b>Total Textiles, Apparel &amp; Luxury Goods</b>				<b>3,130,625</b>
<b>Total Consumer Discretionary 74,991,047</b>				
<b>Consumer Staples 1.2%</b>				
<b>Beverages 0.2%</b>				
Constellation Brands Inc., Senior Notes	8.375%	12/15/14	785,000	903,731(c)
<b>Food Products 0.8%</b>				
Blue Merger Sub Inc., Senior Notes	7.625%	2/15/19	1,220,000	1,251,262(a)(c)
Bumble Bee Acquisition Co., Senior Secured Notes	9.000%	12/15/17	470,000	485,275(a)(c)
Foodcorp Ltd., Senior Secured Notes	8.750%	3/1/18	650,000EUR	935,415(a)
Harmony Foods Corp., Senior Secured Notes	10.000%	5/1/16	340,000	351,900(a)
Simmons Foods Inc., Senior Secured Notes	10.500%	11/1/17	1,180,000	1,268,500(a)
<b>Total Food Products</b>				<b>4,292,352</b>
<b>Personal Products 0.1%</b>				
Hypermarcas SA, Notes	6.500%	4/20/21	480,000	481,200(a)
<b>Tobacco 0.1%</b>				
Alliance One International Inc., Senior Notes	10.000%	7/15/16	460,000	465,750(c)
<b>Total Consumer Staples</b>				<b>6,143,033</b>
<b>Energy 12.1%</b>				
<b>Energy Equipment &amp; Services 1.0%</b>				
Complete Production Services Inc., Senior Notes	8.000%	12/15/16	560,000	592,200(c)
GulfMark Offshore Inc., Senior Subordinated Notes	7.750%	7/15/14	270,000	275,400(c)
Hercules Offshore LLC, Senior Secured Notes	10.500%	10/15/17	995,000	1,062,163(a)
Parker Drilling Co., Senior Notes	9.125%	4/1/18	720,000	788,400(c)
Transocean Inc., Senior Notes	5.250%	3/15/13	390,000	414,990
Vantage Drilling Co., Senior Secured Notes	11.500%	8/1/15	1,780,000	1,971,350(c)
<b>Total Energy Equipment &amp; Services</b>				<b>5,104,503</b>

See Notes to Financial Statements.



**Western Asset Global High Income Fund Inc.**

<b>Security</b>	<b>Rate</b>	<b>Maturity Date</b>	<b>Face Amount</b>	<b>Value</b>
<b><i>Oil, Gas &amp; Consumable Fuels 11.1%</i></b>				
Anadarko Petroleum Corp., Senior Notes	6.450%	9/15/36	50,000	\$ 53,412
Apache Corp., Senior Notes	6.000%	1/15/37	280,000	312,988(c)
Berry Petroleum Co., Senior Notes	10.250%	6/1/14	670,000	777,200(c)
Calumet Specialty Products Partners LP/ Calumet Finance Corp., Senior Notes	9.375%	5/1/19	580,000	612,263(a)
Chesapeake Energy Corp., Senior Notes	7.250%	12/15/18	1,100,000	1,232,000(c)
Colorado Interstate Gas Co., Senior Notes	6.800%	11/15/15	160,000	188,218
Compagnie Generale de Geophysique-Veritas, Senior Notes	9.500%	5/15/16	230,000	255,875
CONSOL Energy Inc., Senior Notes	8.250%	4/1/20	790,000	880,850(c)
Corral Petroleum Holdings AB, Senior Bonds	2.000%	9/18/11	390,423	372,854(a)(d)(g)
Devon Energy Corp., Debentures	7.950%	4/15/32	230,000	311,203(c)
Dolphin Energy Ltd., Senior Secured Bonds	5.888%	6/15/19	1,208,999	1,320,243(a)
Ecopetrol SA, Senior Notes	7.625%	7/23/19	1,900,000	2,263,375(c)
El Paso Corp., Medium-Term Notes	7.375%	12/15/12	1,059,000	1,142,051(c)
El Paso Corp., Medium-Term Notes	7.750%	1/15/32	1,260,000	1,541,083(c)
El Paso Natural Gas Co., Bonds	8.375%	6/15/32	70,000	91,008
Enterprise Products Operating LLP, Junior Subordinated Notes	8.375%	8/1/66	980,000	1,069,324(c)(e)
Enterprise Products Operating LLP, Senior Bonds	6.300%	9/15/17	550,000	639,389(c)
EXCO Resources Inc., Senior Notes	7.500%	9/15/18	1,500,000	1,515,000(c)
James River Escrow Inc., Senior Notes	7.875%	4/1/19	260,000	266,500(a)
KazMunaiGaz Finance Sub BV, Senior Notes	8.375%	7/2/13	2,640,000	2,944,550(a)(c)
Kerr-McGee Corp., Notes	6.950%	7/1/24	920,000	1,065,160
Kinder Morgan Energy Partners LP, Medium-Term Notes	6.950%	1/15/38	330,000	375,962(c)
LUKOIL International Finance BV, Bonds	6.356%	6/7/17	1,542,000	1,698,513(a)(c)
LUKOIL International Finance BV, Bonds	6.656%	6/7/22	946,000	1,012,220(a)
MarkWest Energy Partners LP/ MarkWest Energy Finance Corp., Senior Notes	6.750%	11/1/20	710,000	734,850(c)
Milagro Oil & Gas Inc., Secured Notes	10.500%	5/15/16	670,000	643,200(a)
Novatek Finance Ltd., Notes	6.604%	2/3/21	820,000	872,890(a)
Offshore Group Investments Ltd., Senior Secured Notes	11.500%	8/1/15	330,000	364,650(a)
Overseas Shipholding Group Inc., Senior Notes	8.125%	3/30/18	1,680,000	1,633,800(c)
Pan American Energy LLC, Senior Notes	7.875%	5/7/21	850,000	911,285(a)
Pan American Energy LLC, Senior Notes	7.875%	5/7/21	462,000	495,310(a)
Peabody Energy Corp., Senior Notes	7.875%	11/1/26	1,040,000	1,180,400(c)
Pemex Project Funding Master Trust, Senior Bonds	6.625%	6/15/35	3,387,000	3,549,518(c)
Petrobras International Finance Co., Senior Notes	6.875%	1/20/40	1,620,000	1,758,470(c)

See Notes to Financial Statements.

**Schedule of investments (cont d)**

May 31, 2011

**Western Asset Global High Income Fund Inc.**

<b>Security</b>	<b>Rate</b>	<b>Maturity Date</b>	<b>Face Amount</b>	<b>Value</b>
<b><i>Oil, Gas &amp; Consumable Fuels continued</i></b>				
Petrobras International Finance Co., Senior Notes	6.750%	1/27/41	710,000	\$ 759,011(c)
Petroleos Mexicanos, Notes	8.000%	5/3/19	2,150,000	2,644,500(c)
Petroleos Mexicanos, Senior Notes	5.500%	1/21/21	970,000	1,013,312(c)
Petroleum Co. of Trinidad & Tobago Ltd., Senior Notes	9.750%	8/14/19	870,000	1,058,355(a)
Petronas Capital Ltd.	5.250%	8/12/19	2,385,000	2,600,048(a)(c)
Petronas Capital Ltd., Senior Notes	5.250%	8/12/19	560,000	608,445(a)
Petroplus Finance Ltd., Senior Notes	6.750%	5/1/14	690,000	679,650(a)
Petroplus Finance Ltd., Senior Notes	7.000%	5/1/17	410,000	391,550(a)
Plains Exploration & Production Co., Senior Notes	10.000%	3/1/16	585,000	663,975(c)
Plains Exploration & Production Co., Senior Notes	8.625%	10/15/19	515,000	571,650(c)
PT Pertamina Persero, Notes	5.250%	5/23/21	1,040,000	1,029,600(a)
Quicksilver Resources Inc., Senior Notes	11.750%	1/1/16	1,515,000	1,764,975(c)
Range Resources Corp., Senior Subordinated Notes	8.000%	5/15/19	460,000	504,850(c)
Ras Laffan Liquefied Natural Gas Co., Ltd. III, Senior Secured Bonds	6.750%	9/30/19	1,007,000	1,155,851(a)
Reliance Holdings USA Inc., Senior Notes	4.500%	10/19/20	970,000	925,254(a)(c)
SandRidge Energy Inc., Senior Notes	7.500%	3/15/21	660,000	683,925(a)(c)
Teekay Corp., Senior Notes	8.500%	1/15/20	930,000	1,020,675
TNK-BP Finance SA	6.625%	3/20/17	550,000	598,840(a)
TNK-BP Finance SA, Senior Notes	7.500%	7/18/16	240,000	273,492(a)
TNK-BP Finance SA, Senior Notes	7.875%	3/13/18	1,490,000	1,732,125(a)(c)
Williams Cos. Inc., Senior Notes	8.750%	3/15/32	785,000	1,086,212
Xinergy Ltd., Senior Secured Notes	9.250%	5/15/19	790,000	801,850(a)
<b><i>Total Oil, Gas &amp; Consumable Fuels</i></b>				<b>56,653,759</b>
<b>Total Energy</b>				<b>61,758,262</b>
<b>Financials 10.1%</b>				
<b><i>Capital Markets 1.4%</i></b>				
Boparan Holdings Ltd., Senior Notes	9.875%	4/30/18	900,000GBP	1,482,350(a)
Goldman Sachs Group Inc., Senior Notes	6.150%	4/1/18	330,000	362,298(c)
Goldman Sachs Group Inc., Senior Notes	7.500%	2/15/19	1,430,000	1,678,723(c)
Goldman Sachs Group Inc., Subordinated Notes	6.750%	10/1/37	2,500,000	2,519,693(c)
Merrill Lynch & Co. Inc., Notes	6.875%	4/25/18	390,000	445,049(c)
Morgan Stanley, Medium-Term Notes	6.625%	4/1/18	470,000	529,749(c)
<b>Total Capital Markets</b>				<b>7,017,862</b>

See Notes to Financial Statements.

**Western Asset Global High Income Fund Inc.**

<b>Security</b>	<b>Rate</b>	<b>Maturity Date</b>	<b>Face Amount</b>	<b>Value</b>
<b>Commercial Banks 1.2%</b>				
Banco Mercantil del Norte SA, Subordinated Bonds	6.135%	10/13/16	1,050,000	\$ 1,057,875(a)(e)
BankAmerica Institutional Capital B, Junior Subordinated Bonds	7.700%	12/31/26	900,000	925,875(a)
CIT Group Inc., Senior Secured Bonds	7.000%	5/1/16	3,060,000	3,079,125(c)
Credit Agricole SA, Subordinated Notes	8.375%	10/13/19	490,000	531,037(a)(c)(e)(h)
Matalan Finance Ltd., Senior Notes	9.625%	3/31/17	84,000GBP	131,962(a)
Royal Bank of Scotland Group PLC, Junior Subordinated Bonds	7.648%	9/30/31	460,000	438,150(e)(h)
<b>Total Commercial Banks</b>				<b>6,164,024</b>
<b>Consumer Finance 1.3%</b>				
Ally Financial Inc., Senior Bonds	0.000%	12/1/12	1,330,000	1,263,210
Ally Financial Inc., Senior Notes	8.000%	11/1/31	1,957,000	2,177,163(c)
American Express Co., Notes	7.000%	3/19/18	260,000	312,646(c)
GMAC International Finance BV, Senior Bonds	7.500%	4/21/15	910,000EUR	1,388,155
HSBC Finance Corp., Senior Subordinated Notes	6.676%	1/15/21	970,000	1,040,967(a)(c)
SLM Corp., Medium-Term Notes	8.000%	3/25/20	280,000	309,280
<b>Total Consumer Finance</b>				<b>6,491,421</b>
<b>Diversified Financial Services 4.6%</b>				
Bank of America Corp., Senior Notes	5.650%	5/1/18	490,000	524,161(c)
Bank of America Corp., Senior Notes	7.625%	6/1/19	1,480,000	1,761,897(c)
Bankrate Inc., Senior Secured Notes	11.750%	7/15/15	440,000	503,250(a)(c)
Boats Investments (Netherlands) BV, Secured Notes	8.710%	12/15/15	1,271,159EUR	1,472,607(d)(e)
Citigroup Inc., Senior Notes	6.125%	11/21/17	490,000	552,517(c)
Citigroup Inc., Senior Notes	8.500%	5/22/19	2,000,000	2,515,434(c)
Citigroup Inc., Senior Notes	6.875%	3/5/38	250,000	290,622(c)
General Electric Capital Corp., Senior Notes	5.625%	5/1/18	650,000	719,718(c)
General Electric Capital Corp., Senior Notes	4.625%	1/7/21	2,090,000	2,124,882(c)
International Lease Finance Corp., Senior Notes	8.750%	3/15/17	1,620,000	1,838,700
International Lease Finance Corp., Senior Notes	8.250%	12/15/20	2,360,000	2,655,000
ISS Financing PLC, Senior Secured Bonds	11.000%	6/15/14	2,000,000EUR	3,151,628(a)
LBI Escrow Corp., Senior Secured Notes	8.000%	11/1/17	795,998EUR	1,271,527(a)
Polish Television Holding BV, Senior Secured Bonds	11.250%	5/15/17	675,000EUR	1,039,390(a)(g)
Residential Capital LLC, Junior Secured Notes	9.625%	5/15/15	680,000	697,000
Sinochem Overseas Capital Co., Ltd., Senior Notes	4.500%	11/12/20	780,000	745,252(a)
Telenet Finance III Luxembourg S.C.A., Senior Secured Notes	6.625%	2/15/21	1,100,000EUR	1,545,413(a)
<b>Total Diversified Financial Services</b>				<b>23,408,998</b>

See Notes to Financial Statements.

16 Western Asset Global High Income Fund Inc. 2011 Annual Report

**Schedule of investments (cont d)**

May 31, 2011

**Western Asset Global High Income Fund Inc.**

<b>Security</b>	<b>Rate</b>	<b>Maturity Date</b>	<b>Face Amount</b>	<b>Value</b>
<b>Insurance 1.1%</b>				
American International Group Inc., Senior Notes	8.250%	8/15/18	4,000,000	\$ 4,733,188(c)
Dai-ichi Life Insurance Co., Ltd., Subordinated Notes	7.250%	7/25/21	360,000	367,361(a)(e)(h)
ING Capital Funding Trust III, Junior Subordinated Bonds	3.907%	9/30/11	240,000	232,731(e)(h)
<b>Total Insurance</b>				<b>5,333,280</b>
<b>Real Estate Investment Trusts (REITs) 0.3%</b>				
WEA Finance LLC/WT Finance Aust Pty. Ltd., Senior Notes	6.750%	9/2/19	1,360,000	<b>1,586,617(a)(c)</b>
<b>Real Estate Management &amp; Development 0.2%</b>				
Countrywide Holdings, Senior Secured Notes	10.000%	5/8/18	740,000GBP	<b>1,223,386(a)</b>
<b>Total Financials</b>				<b>51,225,588</b>
<b>Health Care 3.0%</b>				
<b>Health Care Equipment &amp; Supplies 0.5%</b>				
Biomet Inc., Senior Notes	10.000%	10/15/17	370,000	410,700(c)
Biomet Inc., Senior Toggle Notes	10.375%	10/15/17	500,000	557,500(d)
Ontex, Senior Notes	9.000%	4/15/19	640,000EUR	937,142(a)
Ontex IV SA, Senior Notes	9.000%	4/15/19	400,000EUR	585,713(a)
<b>Total Health Care Equipment &amp; Supplies</b>				<b>2,491,055</b>
<b>Health Care Providers &amp; Services 2.0%</b>				
American Renal Holdings, Senior Notes	9.750%	3/1/16	820,000	863,050(a)(d)
American Renal Holdings, Senior Secured Notes	8.375%	5/15/18	670,000	703,500(c)
Community Health Systems Inc., Senior Notes	8.875%	7/15/15	620,000	641,700(c)
CRC Health Corp., Senior Subordinated Notes	10.750%	2/1/16	2,560,000	2,643,200
Fresenius U.S. Finance II Inc., Senior Notes	9.000%	7/15/15	110,000	126,362(a)
HCA Holdings Inc., Senior Notes	7.750%	5/15/21	50,000	52,563(a)
Humana Inc., Senior Notes	7.200%	6/15/18	2,000,000	2,361,958(c)
Labco SAS, Senior Secured Notes	8.500%	1/15/18	500,000EUR	735,740(a)
Tenet Healthcare Corp., Senior Notes	6.875%	11/15/31	10,000	8,450
Tenet Healthcare Corp., Senior Secured Notes	10.000%	5/1/18	215,000	247,250(c)
Tenet Healthcare Corp., Senior Secured Notes	8.875%	7/1/19	962,000	1,075,035(c)
US Oncology Inc.	9.125%	8/15/17	150,000	3,375(b)
Vanguard Health Holdings Co., II LLC, Senior Notes	8.000%	2/1/18	600,000	628,500(c)
<b>Total Health Care Providers &amp; Services</b>				<b>10,090,683</b>
<b>Pharmaceuticals 0.5%</b>				
ConvaTec Healthcare E SA, Senior Notes	10.875%	12/15/18	1,460,000EUR	2,240,282(a)
Giant Funding Corp., Senior Secured Notes	8.250%	2/1/18	410,000	433,575(a)
<b>Total Pharmaceuticals</b>				<b>2,673,857</b>
<b>Total Health Care</b>				<b>15,255,595</b>

See Notes to Financial Statements.



**Western Asset Global High Income Fund Inc.**

<b>Security</b>	<b>Rate</b>	<b>Maturity Date</b>	<b>Face Amount</b>	<b>Value</b>
<b>Industrials 9.5%</b>				
<b>Aerospace &amp; Defense 1.2%</b>				
FGI Operating Co. Inc., Senior Secured Notes	10.250%	8/1/15	955,000	\$ 1,033,788
Kratos Defense & Security Solutions Inc., Senior Secured Notes	10.000%	6/1/17	600,000	663,000(c)
Kratos Defense & Security Solutions Inc., Senior Secured Notes	10.000%	6/1/17	600,000	663,000(a)(c)
Northrop Grumman Corp., Senior Notes	6.875%	3/15/18	440,000	460,900(a)
Northrop Grumman Corp., Senior Notes	7.125%	3/15/21	440,000	461,450(a)
Triumph Group Inc., Senior Notes	8.625%	7/15/18	860,000	955,675
Wyle Services Corp., Senior Subordinated Notes	10.500%	4/1/18	1,550,000	1,662,375(a)
<b>Total Aerospace &amp; Defense</b>				<b>5,900,188</b>
<b>Airlines 1.5%</b>				
American Airlines Pass-Through Trust, Secured Notes	7.000%	1/31/18	420,000	405,300(a)(c)
BAA SH PLC, Senior Secured Notes	7.125%	3/1/17	900,000GBP	1,474,634
Continental Airlines Inc., Pass-Through Certificates	7.373%	12/15/15	350,568	351,900(c)
Continental Airlines Inc., Pass-Through Certificates, Subordinated Secured Notes	7.339%	4/19/14	750,927	750,927(c)
Continental Airlines Inc., Senior Secured Notes	6.750%	9/15/15	1,000,000	1,020,000(a)(c)
DAE Aviation Holdings Inc., Senior Notes	11.250%	8/1/15	890,000	940,062(a)
Delta Air Lines, Secured Notes	6.375%	1/2/16	260,000	248,300(a)(c)
Delta Air Lines Inc., Pass-Through Certificates	8.954%	8/10/14	88,282	91,037
Delta Air Lines Inc., Pass-Through Certificates, Secured Notes	8.021%	8/10/22	767,927	786,203(c)
Delta Air Lines Inc., Senior Secured Notes	9.500%	9/15/14	287,000	310,678(a)(c)
United Air Lines Inc., Senior Secured Notes	9.875%	8/1/13	1,062,000	1,138,995(a)(c)
<b>Total Airlines</b>				<b>7,518,036</b>
<b>Building Products 0.6%</b>				
Ashton Woods USA LLC/Ashton Woods Finance Co., Senior Subordinated Notes, step bond	0.000%	6/30/15	169,000	102,668(a)(b)
Building Materials Corp. of America, Senior Notes	6.750%	5/1/21	1,270,000	1,282,700(a)(c)
GTL Trade Finance Inc., Senior Notes	7.250%	10/20/17	460,000	518,650(a)
Rearden G Holdings EINS GmbH, Senior Notes	7.875%	3/30/20	360,000	396,432(a)
Shea Homes LP, Senior Secured Notes	8.625%	5/15/19	520,000	527,150(a)
<b>Total Building Products</b>				