

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Form N-CSR

November 24, 2015

[Table of Contents](#)

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM N-CSR**

**CERTIFIED SHAREHOLDER REPORT OF REGISTERED**

**MANAGEMENT INVESTMENT COMPANIES**

**Investment Company Act file number 811-07920**

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

**(Exact name of registrant as specified in charter)**

**620 Eighth Avenue, 49<sup>th</sup> 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: September 30**

**Date of reporting period: September 30, 2015**

**Table of Contents**

ITEM 1. REPORT TO STOCKHOLDERS.

The Annual Report to Stockholders is filed herewith.

**Table of Contents**

Annual Report                      September 30, 2015

WESTERN ASSET  
HIGH INCOME  
OPPORTUNITY FUND  
INC. (HIO)

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

## Table of Contents

<b>What's inside</b>	
<a href="#">Letter from the chairman</a>	II
<a href="#">Investment commentary</a>	III
<a href="#">Fund overview</a>	1
<a href="#">Fund at a glance</a>	7
<a href="#">Spread duration</a>	8
<a href="#">Effective duration</a>	9
<a href="#">Schedule of investments</a>	10
<a href="#">Statement of assets and liabilities</a>	27
<a href="#">Statement of operations</a>	28
<a href="#">Statements of changes in net assets</a>	29
<a href="#">Financial highlights</a>	30
<a href="#">Notes to financial statements</a>	31
<a href="#">Report of independent registered public accounting firm</a>	45
<a href="#">Additional information</a>	46
<a href="#">Important tax information</a>	52
<a href="#">Annual chief executive officer and principal financial officer certifications</a>	53
<a href="#">Other shareholder communications regarding accounting matters</a>	54
<a href="#">Dividend reinvestment plan</a>	55

## Fund objective

The Fund seeks high current income. Capital appreciation is a secondary objective.

In seeking to fulfill its investment objectives, the Fund invests, under normal market conditions, at least 80% of its net assets in high-yield securities and up to 20% in common stock equivalents, including options, warrants and rights.

## Letter from the chairman

### Dear Shareholder,

We are pleased to provide the annual report of Western Asset High Income Opportunity Fund Inc. for the twelve-month reporting period ended September 30, 2015. Please read on for a detailed look at prevailing economic and market conditions during the Fund's reporting period and to learn how those conditions have affected Fund performance.

I am pleased to introduce myself as the new Chairman, President and Chief Executive Officer of the Fund, succeeding Kenneth D. Fuller. I am honored to have been appointed to my new role. During my 27 year career with Legg Mason, I have seen the investment management industry evolve and expand. Throughout these changes, maintaining an unwavering focus on our shareholders and their needs has remained paramount.

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

Fund prices and performance,

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Market insights and commentaries from our portfolio managers, and

A host of educational resources.

We look forward to helping you meet your financial goals.

Sincerely,

Jane Trust, CFA

Chairman, President and Chief Executive Officer

October 30, 2015

II Western Asset High Income Opportunity Fund Inc.

**Table of Contents**

## Investment commentary

### Economic review

The pace of U.S. economic activity was mixed during the twelve months ended September 30, 2015 (the reporting period). Looking back, the U.S. Department of Commerce's revised figures showed that fourth quarter 2014 U.S. gross domestic product (GDP) growth was 2.1%. First quarter 2015 GDP growth then moderated to 0.6%. This was attributed to a number of factors, including a deceleration in personal consumption expenditures (PCE), along with negative contributions from exports, nonresidential fixed investment, and state and local government spending. Economic activity then accelerated, as second quarter GDP growth was 3.9%. The upturn was driven by increasing exports, accelerating PCE, declining imports, expanding state and local government spending, and rising nonresidential fixed investment. The U.S. Department of Commerce's initial reading for third quarter 2015 GDP growth released after the reporting period ended was 1.5%. Decelerating growth was primarily due to a downturn in private inventory investment and decelerations in exports, nonresidential fixed investment, PCE, state and local government spending, and residential fixed investment.

The labor market was a tailwind for the economy during the reporting period. When the period began, unemployment was 5.7%, as reported by the U.S. Department of Labor. By September 2015, unemployment was 5.1%, equaling its lowest level since April 2008.

The Federal Reserve Board (Fed) took a number of actions as it sought to meet its dual mandate of fostering maximum employment and price stability. As it has since December 2008, the Fed maintained the federal funds rate<sup>iii</sup> at a historically low range between zero and 0.25% during the twelve months ended September 30, 2015. However, in October 2014 the Fed ended its asset purchase program that was announced in December 2012. In December 2014, the Fed said that it can be patient in beginning to normalize the stance of monetary policy. At its meeting that concluded on July 29, 2015, the Fed said "The Committee currently anticipates that, even after employment and inflation are near mandate-consistent levels, economic conditions may, for some time, warrant keeping the target federal funds rate below levels the Committee views as normal in the longer run." At its meeting that ended on September 17, 2015, the Fed decided to maintain the target between zero and 0.25%. Finally, at its meeting that concluded on October 28, 2015, after the close of the reporting period, the Fed said, "In determining whether it will be appropriate to raise the target range at its next meeting, the Committee will assess progress both realized and expected toward its objectives of maximum employment and 2 percent inflation."

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

Sincerely,

Jane Trust, CFA

Chairman, President and Chief Executive Officer

October 30, 2015

All investments are subject to risk including the possible loss of principal. Past performance is no guarantee of future results.

**Table of Contents**

**Investment commentary (cont d)**

<sup>i</sup> Gross domestic product ( GDP ) is the market value of all final goods and services produced within a country in a given period of time.

<sup>ii</sup> The Federal Reserve Board ( Fed ) is responsible for the formulation of U.S. policies designed to promote economic growth, full employment, stable prices and a sustainable pattern of international trade and payments.

<sup>iii</sup> The federal funds rate is the rate charged by one depository institution on an overnight sale of immediately available funds (balances at the Federal Reserve) to another depository institution; the rate may vary from depository institution to depository institution and from day to day.

IV Western Asset High Income Opportunity Fund Inc.



## **Table of Contents**

# Fund overview

### **Q. What is the Fund's investment strategy?**

**A.** The Fund seeks high current income. Capital appreciation is a secondary objective. In seeking to fulfill its investment objectives, the Fund invests, under normal market conditions, at least 80% of its net assets in high-yield securities and up to 20% in common stock equivalents, including options, warrants and rights.

We employ an actively managed approach that is risk-aware and incorporates top-down macroeconomic views with industry sector insights and bottom-up credit research to derive the general framework for the Fund's predominantly non-investment grade credit mandate. This framework provides the foundation for how the portfolio is positioned with respect to risk (aggressive, neutral, conservative), as well as sector overweights and underweights.

Risk and weightings are reviewed on a regular basis. Our bottom-up process provides the basis for populating the targeted industry weightings through individual credit selection. Analysts work closely with investment professionals to determine which securities provide the best risk/reward relationship within their respective sectors. The research team focuses on key fundamental measures such as leverage, cash flow adequacy, liquidity, amortization schedule, underlying asset value and management integrity/track record.

At Western Asset Management Company (Western Asset), the Fund's subadviser, we utilize a fixed-income team approach, with decisions derived from interaction among various investment management sector specialists. The sector teams are comprised of Western Asset's senior portfolio management personnel, research analysts and an in-house economist. Under this team approach, management of client fixed-income portfolios will reflect a consensus of interdisciplinary views within the Western Asset organization. The individuals responsible for development of investment strategy, day-to-day portfolio management, oversight and coordination of the Fund are S. Kenneth Leech, Michael C. Buchanan, and Christopher F. Kilpatrick.

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

**A.** The spread sectors (non-Treasuries) generated mixed results during the reporting period. The fixed income market was volatile at times given mixed global economic data, uncertainties regarding future Federal Reserve Board (Fed) monetary policy and a number of geopolitical issues. Assuming greater risk was generally not rewarded during the reporting period.

Regarding the U.S. high-yield bond market for the one year period ended September 30, 2015, we began the period with energy over-supply concerns and weak commodity prices. Against this backdrop, market prices were moving to better reflect slowing global growth concerns. Winds shifted during the first half of 2015 and energy prices and the high-yield market stabilized and then rallied. However, the reporting period ended with another shift to heightened volatility, falling commodity prices, fears over global growth, reduced liquidity and uncertainty surrounding Fed interest rate policy. As we write this, post the end of the reporting period, sentiment has once again shifted to a more risk-on environment as investors seem energized by more compelling valuations.

**Table of Contents****Fund overview (cont d)**

Short-term Treasury yields moved higher, whereas long-term Treasury yields declined during the twelve months ended September 30, 2015. Two-year Treasury yields rose from 0.57% at the beginning of the period to 0.63% at the end of the period. Their peak of 0.81% occurred on September 16, 2015, and they were as low as 0.31% on October 15, 2014. Ten-year Treasury yields were 2.49% at the beginning of the period and ended the period at 2.04%. Their peak occurred at the beginning of the period and they reached a low of 1.64% at the end of January 2015.

All told, the Barclays U.S. Aggregate Index<sup>ii</sup> returned 2.94% during the twelve months ended September 30, 2015. For comparison purposes, riskier fixed-income securities, including emerging market debt and high yield bonds, produced weaker results. Over the reporting period the Fund's benchmark, the Barclays U.S. Corporate High Yield 2% Issuer Cap Index (the Index) returned -3.40%. Lower quality issuers underperformed with the Barclays U.S. Corporate High Yield 2% Issuer Cap Index Caa Component, returning -8.68% over the same timeframe.

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

**A.** Overall, we maintained our main theme of an unlevered Fund focusing on primarily U.S. domiciled below investment grade corporate bond opportunities. As we experienced the previously discussed headwinds in the high-yield market, we moved to increase the credit quality in the Fund. In particular, we raised our allocation to higher quality BB-rated securities and increased our exposure to cash. Additionally, we moved to reduce our overweight allocation to CCC-rated issuers.

In terms of sector positioning, we increased the Fund's allocations to Financials and Communications. Additionally, we maintained exposure to Energy. We remained positive on Financials during the reporting period and therefore modestly increased the Fund's overweight position. In particular, we continued to favor large global money-center banks, such as JPMorgan, Barclays and Citigroup. Financials continued to post consistent fundamental results, along with increased capital ratios. Furthermore, these banks are still constrained by regulators from returning excessive amounts of capital to shareholders – a positive for fixed income investors. The Communications sector has historically been made up of various defensive businesses with consistent monthly cash flows from consumers. Due to consolidation, this sector tends to consist of issuers with larger, more liquid capital structures. Therefore, they were disproportionately punished during the latter part of the reporting period when we felt exchange traded funds (ETFs), open-end mutual funds, hedge funds and other levered investors were forced to sell whatever they could. We moved to reduce our Communications underweight as we saw better value. While we entered the third and fourth quarters of 2014 with what proved to be too much lower-quality Energy exposure, we did add more B-rated and BB-rated Energy securities. These additions appeared to be attractive entry points as energy prices stabilized and then moved higher during the first half of 2015. However, the sector retraced during the latter portion of the reporting period and remains challenged as

<sup>1</sup> Communications consists of the following industries: Media - Cable, Media - Non-Cable and Telecommunications.

**Table of Contents**

we write this. Within Energy, we added both senior secured and unsecured positions, as management teams within the sector looked to improve their liquidity position and cut their capital expenditure budgets. With these purchases, we feel we added both income for shareholders and an opportunity for longer-term capital appreciation. We ended the period with roughly 13.7% Energy exposure, which compares to roughly 13% in the Index.

We continued to emphasize credit risk over interest rate risk. However, we increased the duration<sup>v</sup> of the portfolio during the reporting period, as it became apparent that low developed market sovereign yields were making U.S. government bonds appear relatively attractive. In addition, we felt rates would continue to rally during periods of heightened volatility. The Fund ended the reporting period with an effective duration<sup>vi</sup> of roughly 3.9 years, an increase of 0.4 years.

At various times, we employed U.S. Treasury futures to manage the duration of the Fund. These contracts were a small negative for performance. Currency forwards were used to hedge the Fund's euro- and pound-denominated bonds back to U.S. dollars. These currency hedges had a minor positive impact to performance. The U.S. dollar strengthened versus the euro during the reporting period and we anticipated that the European Central Bank<sup>vii</sup> would embark on a U.S.-inspired quantitative easing program. Overall, the use of derivative instruments had a small positive impact on the Fund's performance during the reporting period.

**Performance review**

For the twelve months ended September 30, 2015, Western Asset High Income Opportunity Fund Inc. returned -6.90% based on its net asset value (NAV<sup>iii</sup>) and -12.21% based on its New York Stock Exchange (NYSE) market price per share. The Fund's unmanaged benchmark, the Barclays U.S. Corporate High Yield 2% Issuer Cap Index, returned -3.40% for the same period. The Lipper High Yield Closed-End Funds Category Average<sup>ix</sup> returned -5.82% over the same time frame. Please note that Lipper performance returns are based on each fund's NAV.

During the twelve-month period, the Fund made distributions to shareholders totaling \$0.43 per share\*. The performance table shows the Fund's twelve-month total return based on its NAV and market price as of September 30, 2015. **Past performance is no guarantee of future results.**

**Performance Snapshot as of September 30, 2015**

Price Per Share	12-Month
\$5.47 (NAV)	Total Return**
\$4.69 (Market Price)	-6.90%
	-12.21%

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

**\*\* Total returns are based on changes in NAV or market price, respectively. Returns reflect the deduction of all Fund expenses, including management fees, operating expenses, and other Fund expenses. Returns do not reflect the deduction of brokerage commissions or taxes that investors may pay on distributions or the sale of shares.**

**Total return assumes the reinvestment of all distributions at NAV.**

\*For the tax character of distributions paid during the fiscal year ended September 30, 2015, please refer to page 43 of this report.

## **Table of Contents**

### Fund overview (cont d)

**Total return assumes the reinvestment of all distributions in additional shares in accordance with the Fund's Dividend Reinvestment Plan.**

#### **Q. What were the leading contributors to performance?**

**A.** The Fund's overall allocations to investment grade corporate bonds and BB-rated securities were beneficial to results during the reporting period. In general, these allocations were seen as relatively defensive and outperformed the Index.

A number of the Fund's high-yield corporate bonds were positive for results during the reporting period. Examples of holdings that contributed to performance were overweights in Physiotherapy Associates Holdings and Tenet Healthcare Corp. Physiotherapy Associates Holdings is a national provider of outpatient rehabilitation and orthotics and prosthetics services. The company experienced headwinds due to both billing and accounting issues and, in May 2013, restructured its balance sheet as bondholders led the reorganization of the credit. In doing so, Western Asset Management received equity in exchange for our original bond position and participated in the new financing of a secured loan. Health care valuations in general have improved since the workout took place and its management continues to make operational improvements. We remain positive regarding the prospects for further recovery and believe the company, which includes more than 500 outpatient rehabilitation clinics in 34 states, is well positioned. We participated in a small merger and acquisition ( M&A ) financing transaction for a U.S. hospital operator, Tenet Healthcare Corp. These bonds were seen as defensive and our position was rewarded during the reporting period.

#### **Q. What were the leading detractors from performance?**

**A.** Select positions with the Fund's high-yield corporate bond exposure were negative for absolute performance during the reporting period. Falling oil and commodity prices, due to an increase in supply, coupled with fears of lower global demand and slowing global growth, sent several of our positions lower. In particular, overweight positions in specific energy issuers, including Hercules Offshore Inc., Halcon Resources Corp and Murray Energy Corp., were negative for results. We recently agreed to equitize our Hercules Offshore Inc. positions to improve the company's balance sheet and liquidity position. We are currently working with management as they prepare the company to exit bankruptcy with a significantly stronger balance sheet and potential upside from industry consolidation. Overweight to lower quality non-conventional energy company Halcon Resources was not rewarded during the period. Lower oil prices sent the price of its bonds lower. Coal company Murray Energy Corp. recently posted underwhelming fundamental results despite being the industry's low-cost producer. In addition, most commodity-related issuers were met with poor demand from investors and our overweight position detracted from performance during the reporting period.

Our ratings biases detracted from performance. We believed the U.S. economy would continue to grow, albeit at a modest pace, and U.S. corporations would continue to post consistent fundamental performance. We therefore felt an overweight to CCC-rated securities and an underweight to BB-rated

## **Table of Contents**

U.S. issuers was warranted. Although we took actions to move closer in line with that of the Index during the first and second quarters of 2015, ultimately this positioning was not rewarded.

This has been a challenging environment for many investors. We believe increased market volatility will ultimately be beneficial for long-term shareholders as we look to add income and capital appreciation opportunities to the Fund.

### **Looking for additional information?**

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

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

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

Sincerely,

Western Asset Management Company

October 20, 2015

***RISKS:** The Fund's investments are subject to credit risk, inflation risk and interest rate risk. The Fund may invest in lower-rated high-yield bonds, commonly known as junk bonds, which are subject to greater credit risk (risk of default) than higher-rated obligations. As interest rates rise, bond prices fall, reducing the value of the Fund's holdings. The Fund may use derivatives, such as options and futures, which can be illiquid, may disproportionately increase losses, and have a potentially large impact on Fund performance. In addition, the Fund may invest in foreign securities, which are subject to certain risks of overseas investing, including currency fluctuations and changes in political and economic conditions, which could result in significant fluctuations. These risks are magnified in emerging markets.*

Portfolio holdings and breakdowns are as of September 30, 2015 and are subject to change and may not be representative of the portfolio managers' current or future investments. Please refer to pages 10 through 26 for a list and percentage breakdown of the Fund's holdings.

The mention of sector breakdowns is for informational purposes only and should not be construed as a recommendation to purchase or sell any securities. The information provided regarding such sectors is not a sufficient basis upon which to make an investment decision. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies discussed should consult their financial professional. The Fund's top five sector holdings (as a percentage of net assets) as of September 30, 2015 were: Financials (15.6%), Consumer Discretionary (14.9%), Energy (13.8%), Industrials (13.0%) and Telecommunication Services (11.1%). The Fund's portfolio composition is subject to change at any time.

All investments are subject to risk including the possible loss of principal. Past performance is no guarantee of future results. All index performance

## Table of Contents

### Fund overview (cont d)

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

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

- i The Federal Reserve Board ( Fed ) is responsible for the formulation of U.S. policies designed to promote economic growth, full employment, stable prices, and a sustainable pattern of international trade and payments.
- ii The Barclays U.S. Aggregate Index is a broad-based bond index comprised of government, corporate, mortgage- and asset-backed issues, rated investment grade or higher, and having at least one year to maturity.
- iii The Barclays U.S. Corporate High Yield 2% Issuer Cap Index is an index of the 2% Issuer Cap component of the Barclays U.S. Corporate High Yield Index, which covers the U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bond market.
- iv The Barclays U.S. Corporate High Yield 2% Issuer Cap Index Caa Component is comprised of Caa-rated securities included in the broader Barclays U.S. Corporate High Yield 2% Issuer Cap Index.
- v Duration is the measure of the price sensitivity of a fixed-income security to an interest rate change of 100 basis points. Calculation is based on the weighted average of the present values for all cash flows.
- vi Effective duration is a duration calculation for bonds with embedded options. Effective duration takes into account that expected cash flows will fluctuate as interest rates change. Please note, duration measures the sensitivity of price (the value of principal) of a fixed-income investment to a change in interest rates. Funds that employ leverage calculate effective duration based off of net assets.
- vii The European Central Bank ( ECB ) is responsible for the monetary system of the European Union and the euro currency.
- viii Net asset value ( NAV ) is calculated by subtracting total liabilities, including liabilities associated with financial leverage (if any), from the closing value of all securities held by the Fund (plus all other assets) and dividing the result (total net assets) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the Fund has invested. However, the price at which an investor may buy or sell shares of the Fund is the Fund's market price as determined by supply of and demand for the Fund's shares.
- ix Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the twelve-month period ended September 30, 2015, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 6 funds in the Fund's Lipper category.

**Table of Contents**

**Fund at a glance** (unaudited)

**Investment breakdown** (%) as a percent of total investments

The bar graph above represents the composition of the Fund's investments as of September 30, 2015 and September 30, 2014 and does not include derivatives, such as futures contracts and forward foreign currency contracts. The Fund is actively managed. As a result, the composition of the Fund's investments is subject to change at any time.

**Table of Contents**

**Spread duration (unaudited)**

**Economic exposure** September 30, 2015

**Total Spread Duration**

HIO 3.66 years  
 Benchmark 4.44 years

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

Benchmark Barclays U.S. Corporate High Yield 2% Issuer Cap Index  
 EM Emerging Markets  
 HIO Western Asset High Income Opportunity Fund Inc.  
 HY High Yield  
 IG Credit Investment Grade Credit  
 MBS Mortgage-Backed Securities



**Table of Contents**

**Effective duration** (unaudited)

**Interest rate exposure** September 30, 2015

**Total Effective Duration**

HIO 3.89 years

Benchmark 4.39 years

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

Benchmark	Barclays U.S. Corporate High Yield 2% Issuer Cap Index
EM	Emerging Markets
HIO	Western Asset High Income Opportunity Fund Inc.
HY	High Yield
IG Credit	Investment Grade Credit
MBS	Mortgage-Backed Securities

**Table of Contents****Schedule of investments**

September 30, 2015

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

Security	Rate	Maturity Date	Face Amount	Value
<b>Corporate Bonds &amp; Notes</b> 86.8%				
<b>Consumer Discretionary</b> 13.9%				
<i>Automobiles</i> 0.3%				
Chrysler Group LLC/CG Co.-Issuer Inc., Secured Notes	8.250%	6/15/21	1,140,000	\$ 1,212,618
<i>Diversified Consumer Services</i> 0.5%				
Service Corp. International, Senior Notes	7.500%	4/1/27	1,280,000	1,452,800
StoneMor Partners LP/Cornerstone Family Services of WV, Senior Bonds	7.875%	6/1/21	920,000	949,900
<i>Total Diversified Consumer Services</i>				2,402,700
<i>Hotels, Restaurants &amp; Leisure</i> 2.9%				
Bossier Casino Venture Holdco Inc., Senior Secured Bonds	14.000%	2/9/18	1,262,613	1,141,402 (a)(b)(c)(d)
Carrols Restaurant Group Inc., Secured Notes	8.000%	5/1/22	1,000,000	1,057,500
CCM Merger Inc., Senior Notes	9.125%	5/1/19	1,710,000	1,814,908 (a)
CEC Entertainment Inc., Senior Notes	8.000%	2/15/22	2,090,000	2,069,100
Downstream Development Authority of the Quapaw Tribe of Oklahoma, Senior Secured Notes	10.500%	7/1/19	1,320,000	1,382,700 (a)
Fontainebleau Las Vegas Holdings LLC, Senior Secured Notes	10.250%	6/15/15	445,000	56 *(a)(e)
Greektown Holdings LLC/Greektown Mothership Corp., Senior Secured Notes	8.875%	3/15/19	1,200,000	1,236,000 (a)
Landry s Holdings II Inc., Senior Notes	10.250%	1/1/18	750,000	770,625 (a)
Landry s Inc., Senior Notes	9.375%	5/1/20	3,598,000	3,858,855 (a)
<i>Total Hotels, Restaurants &amp; Leisure</i>				13,331,146
<i>Household Durables</i> 1.9%				
Century Intermediate Holding Co. 2, Senior Notes	9.750%	2/15/19	1,980,000	2,041,875 (a)(b)
Shea Homes LP/Shea Homes Funding Corp., Senior Notes	6.125%	4/1/25	1,650,000	1,695,375 (a)
William Lyon Homes Inc., Senior Notes	8.500%	11/15/20	1,520,000	1,637,800
William Lyon Homes Inc., Senior Notes	7.000%	8/15/22	1,190,000	1,228,675
Woodside Homes Co., LLC/Woodside Homes Finance Inc., Senior Notes	6.750%	12/15/21	2,020,000	1,868,500 (a)
<i>Total Household Durables</i>				8,472,225
<i>Media</i> 6.7%				
AMC Entertainment Inc., Senior Subordinated Notes	5.750%	6/15/25	1,020,000	994,500
CCO Safari II LLC, Senior Secured Notes	4.908%	7/23/25	1,940,000	1,933,670 (a)
CCO Safari II LLC, Senior Secured Notes	6.484%	10/23/45	790,000	799,091 (a)
CSC Holdings LLC, Senior Notes	6.750%	11/15/21	500,000	448,750
DISH DBS Corp., Senior Notes	7.875%	9/1/19	1,085,000	1,140,151
DISH DBS Corp., Senior Notes	6.750%	6/1/21	2,020,000	1,950,552
DISH DBS Corp., Senior Notes	5.875%	7/15/22	3,090,000	2,742,375
Gibson Brands Inc., Senior Secured Notes	8.875%	8/1/18	1,380,000	1,224,750 (a)

See Notes to Financial Statements.

**Table of Contents****Western Asset High Income Opportunity Fund Inc.**

Security	Rate	Maturity Date	Face Amount	Value
<i>Media continued</i>				
iHeartCommunications Inc., Senior Notes	14.000%	2/1/21	1,860,000	\$ 780,038 <sup>(b)</sup>
New Cotai LLC/New Cotai Capital Corp., Senior Secured Notes	10.625%	5/1/19	1,703,570	1,405,445 <sup>(a)(b)</sup>
Numericable-SFR SAS, Senior Secured Bonds	6.000%	5/15/22	2,710,000	2,618,537 <sup>(a)</sup>
Numericable-SFR SAS, Senior Secured Bonds	6.250%	5/15/24	2,330,000	2,248,450 <sup>(a)</sup>
Time Warner Cable Inc., Senior Notes	8.750%	2/14/19	1,490,000	1,751,099
Time Warner Cable Inc., Senior Notes	8.250%	4/1/19	678,000	790,665
Tribune Media Co., Senior Notes	5.875%	7/15/22	760,000	739,100 <sup>(a)</sup>
Univision Communications Inc., Senior Notes	8.500%	5/15/21	1,320,000	1,377,750 <sup>(a)</sup>
Univision Communications Inc., Senior Secured Notes	6.750%	9/15/22	217,000	225,409 <sup>(a)</sup>
UPC Holding BV, Junior Secured Subordinated Notes	6.375%	9/15/22	2,030,000 EUR	2,423,849 <sup>(a)</sup>
Virgin Media Finance PLC, Senior Notes	6.375%	4/15/23	2,890,000	2,886,387 <sup>(a)</sup>
Virgin Media Finance PLC, Senior Notes	6.000%	10/15/24	2,000,000	1,932,500 <sup>(a)</sup>
Virgin Media Finance PLC, Senior Notes	5.750%	1/15/25	200,000	188,500 <sup>(a)</sup>
<i>Total Media</i>				<i>30,601,568</i>
<i>Multiline Retail 0.4%</i>				
Neiman Marcus Group LLC, Senior Secured Notes	7.125%	6/1/28	330,000	328,350
Neiman Marcus Group Ltd. LLC, Senior Notes	8.750%	10/15/21	1,530,000	1,583,550 <sup>(a)(b)</sup>
<i>Total Multiline Retail</i>				<i>1,911,900</i>
<i>Specialty Retail 1.1%</i>				
American Greetings Corp., Senior Notes	7.375%	12/1/21	1,220,000	1,273,375
Guitar Center Inc., Senior Secured Bonds	6.500%	4/15/19	3,530,000	3,265,250 <sup>(a)</sup>
Hot Topic Inc., Senior Secured Notes	9.250%	6/15/21	730,000	704,450 <sup>(a)</sup>
<i>Total Specialty Retail</i>				<i>5,243,075</i>
<i>Textiles, Apparel &amp; Luxury Goods 0.1%</i>				
Empire Today LLC/Empire Today Finance Corp., Senior Secured Notes	11.375%	2/1/17	420,000	396,900 <sup>(a)</sup>
<b>Total Consumer Discretionary</b>				<b>63,572,132</b>
<b>Consumer Staples 4.1%</b>				
<i>Beverages 0.8%</i>				
Carolina Beverage Group LLC/Carolina Beverage Group Finance Inc., Secured Notes	10.625%	8/1/18	1,370,000	1,376,850 <sup>(a)</sup>
Cott Beverages Inc., Senior Notes	6.750%	1/1/20	1,120,000	1,153,600
DS Services of America Inc., Secured Notes	10.000%	9/1/21	1,230,000	1,419,112 <sup>(a)</sup>
<i>Total Beverages</i>				<i>3,949,562</i>
<i>Food &amp; Staples Retailing 0.7%</i>				
Beverages & More Inc., Senior Secured Notes	10.000%	11/15/18	1,900,000	1,831,125 <sup>(a)</sup>
Dollar Tree Inc., Senior Notes	5.750%	3/1/23	1,180,000	1,230,150 <sup>(a)</sup>
<i>Total Food &amp; Staples Retailing</i>				<i>3,061,275</i>

See Notes to Financial Statements.

**Table of Contents****Schedule of investments (cont d)**

September 30, 2015

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

Security	Rate	Maturity Date	Face Amount	Value
<i>Food Products 1.4%</i>				
Dole Food Co. Inc., Senior Secured Notes	7.250%	5/1/19	1,290,000	\$ 1,290,000 (a)
Hearthside Group Holdings LLC/Hearthside Finance Co., Senior Notes	6.500%	5/1/22	1,010,000	939,300 (a)
Pilgrims Pride Corp., Senior Notes	5.750%	3/15/25	1,630,000	1,605,550 (a)
Simmons Foods Inc., Secured Notes	7.875%	10/1/21	2,630,000	2,436,037 (a)
<i>Total Food Products</i>				<i>6,270,887</i>
<i>Household Products 0.8%</i>				
Kronos Acquisition Holdings Inc., Senior Notes	9.000%	8/15/23	380,000	342,000 (a)
Spectrum Brands Inc., Senior Notes	6.625%	11/15/22	580,000	616,250
Spectrum Brands Inc., Senior Notes	6.125%	12/15/24	440,000	455,400 (a)
Spectrum Brands Inc., Senior Notes	5.750%	7/15/25	1,530,000	1,568,250 (a)
Sun Products Corp., Senior Notes	7.750%	3/15/21	670,000	574,525 (a)
<i>Total Household Products</i>				<i>3,556,425</i>
<i>Tobacco 0.4%</i>				
Alliance One International Inc., Secured Notes	9.875%	7/15/21	2,370,000	2,035,238
<b>Total Consumer Staples</b>				<b>18,873,387</b>
<i>Energy 12.5%</i>				
<i>Energy Equipment &amp; Services 1.6%</i>				
Atwood Oceanics Inc., Senior Notes	6.500%	2/1/20	1,020,000	823,650
CGG, Senior Notes	7.750%	5/15/17	138,000	108,330
CGG, Senior Notes	6.500%	6/1/21	1,470,000	848,190
CGG, Senior Notes	6.875%	1/15/22	200,000	112,000
FTS International Inc., Senior Secured Bonds	6.250%	5/1/22	1,130,000	355,950
Gulfmark Offshore Inc., Senior Notes	6.375%	3/15/22	600,000	361,500
Hercules Offshore Inc., Senior Notes	7.500%	10/1/21	1,100,000	225,500 *(a)(f)
Hercules Offshore Inc., Senior Notes	6.750%	4/1/22	2,470,000	506,350 *(a)(f)
McDermott International Inc., Secured Notes	8.000%	5/1/21	530,000	445,200 (a)
Parker Drilling Co., Senior Notes	7.500%	8/1/20	1,680,000	1,386,000
SESI LLC, Senior Notes	7.125%	12/15/21	1,320,000	1,301,850
Sierra Hamilton LLC/Sierra Hamilton Finance Inc., Senior Secured Notes	12.250%	12/15/18	1,390,000	917,400 (a)
<i>Total Energy Equipment &amp; Services</i>				<i>7,391,920</i>
<i>Oil, Gas &amp; Consumable Fuels 10.9%</i>				
American Energy-Permian Basin LLC/AEPB Finance Corp., Secured Notes	8.000%	6/15/20	1,040,000	941,200 (a)
Approach Resources Inc., Senior Notes	7.000%	6/15/21	1,090,000	659,450
Arch Coal Inc., Senior Notes	7.250%	6/15/21	1,880,000	122,200
Berry Petroleum Co., Senior Notes	6.750%	11/1/20	800,000	284,000
California Resources Corp., Senior Notes	5.500%	9/15/21	5,000,000	3,075,000

See Notes to Financial Statements.

**Table of Contents****Western Asset High Income Opportunity Fund Inc.**

Security	Rate	Maturity Date	Face Amount	Value
<i>Oil, Gas &amp; Consumable Fuels continued</i>				
Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes	6.500%	4/15/21	2,310,000	\$ 2,090,550
Carrizo Oil & Gas Inc., Senior Notes	7.500%	9/15/20	960,000	902,400
Chesapeake Energy Corp., Senior Notes	6.625%	8/15/20	250,000	187,030
Chesapeake Energy Corp., Senior Notes	6.125%	2/15/21	2,240,000	1,572,200
Comstock Resources Inc., Senior Notes	9.500%	6/15/20	1,310,000	366,800
Crestwood Midstream Partners LP/Crestwood Midstream Finance Corp., Senior Notes	6.125%	3/1/22	1,570,000	1,366,999
Endeavor Energy Resources LP/EER Finance Inc., Senior Notes	8.125%	9/15/23	600,000	579,000 <sup>(a)</sup>
Enterprise Products Operating LLC, Junior Subordinated Notes	8.375%	8/1/66	680,000	670,650 <sup>(g)</sup>
EP Energy LLC/Everest Acquisition Finance Inc., Senior Notes	9.375%	5/1/20	1,450,000	1,254,250
EV Energy Partners LP/EV Energy Finance Corp., Senior Notes	8.000%	4/15/19	360,000	246,600
Freeport-McMoran Oil & Gas LLC/FCX Oil & Gas Inc., Senior Notes	6.750%	2/1/22	162,000	142,600
Genesis Energy LP/Genesis Energy Finance Corp., Senior Notes	6.750%	8/1/22	850,000	801,975
Globe Luxembourg SCA, Senior Secured Notes	9.625%	5/1/18	3,940,000	3,309,600 <sup>(a)</sup>
Halcon Resources Corp., Secured Notes	8.625%	2/1/20	1,230,000	1,027,050 <sup>(a)</sup>
Halcon Resources Corp., Senior Notes	9.750%	7/15/20	3,150,000	1,086,750
Halcon Resources Corp., Senior Notes	8.875%	5/15/21	3,330,000	1,015,650
Kinder Morgan Inc., Medium-Term Notes	7.800%	8/1/31	1,040,000	1,065,884
Linn Energy LLC/Linn Energy Finance Corp., Senior Notes	6.250%	11/1/19	2,500,000	650,000
Lonestar Resources America Inc., Senior Notes	8.750%	4/15/19	550,000	365,750 <sup>(a)</sup>
Magnum Hunter Resources Corp., Senior Notes	9.750%	5/15/20	3,710,000	1,688,050
MEG Energy Corp., Senior Notes	6.375%	1/30/23	330,000	259,875 <sup>(a)</sup>
MEG Energy Corp., Senior Notes	7.000%	3/31/24	2,760,000	2,208,000 <sup>(a)</sup>
Milagro Oil & Gas Inc., Secured Notes	10.500%	5/15/16	1,690,000	523,900 <sup>*(d)(f)</sup>
Murray Energy Corp., Senior Secured Notes	11.250%	4/15/21	4,660,000	2,469,800 <sup>(a)</sup>
Natural Resource Partners LP/Natural Resource Partners Finance Corp., Senior Notes	9.125%	10/1/18	1,570,000	1,106,850
Oasis Petroleum Inc., Senior Notes	6.500%	11/1/21	520,000	413,400
Oasis Petroleum Inc., Senior Notes	6.875%	3/15/22	1,540,000	1,227,842
Petrobras Global Finance BV, Senior Notes	6.750%	1/27/41	1,850,000	1,216,375
Quicksilver Resources Inc., Senior Notes	11.000%	7/1/21	930,000	51,150 <sup>*(f)</sup>
Rice Energy Inc., Senior Notes	7.250%	5/1/23	1,460,000	1,376,050 <sup>(a)</sup>
RSP Permian Inc., Senior Notes	6.625%	10/1/22	2,730,000	2,634,450
Samson Investment Co., Senior Notes	9.750%	2/15/20	1,440,000	25,200 <sup>*(f)</sup>
Sanchez Energy Corp., Senior Notes	7.750%	6/15/21	5,200,000	3,874,000
Shelf Drilling Holdings Ltd., Senior Secured Notes	8.625%	11/1/18	930,000	730,050 <sup>(a)</sup>

See Notes to Financial Statements.

**Table of Contents****Schedule of investments (cont d)**

September 30, 2015

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

	Rate	Maturity Date	Face Amount	Value
<b>Security</b>				
<i>Oil, Gas &amp; Consumable Fuels continued</i>				
Targa Resources Partners LP/Targa Resources Partners Finance Corp., Senior Notes	6.625%	10/1/20	470,000	\$ 460,600 <sup>(a)</sup>
Tennessee Gas Pipeline Co., LLC, Senior Notes	8.375%	6/15/32	3,270,000	3,419,357
Whiting Canadian Holding Co. ULC, Senior Notes	8.125%	12/1/19	1,390,000	1,348,300
WPX Energy Inc., Senior Notes	7.500%	8/1/20	100,000	92,000
WPX Energy Inc., Senior Notes	6.000%	1/15/22	110,000	95,150
WPX Energy Inc., Senior Notes	8.250%	8/1/23	660,000	600,600
<i>Total Oil, Gas &amp; Consumable Fuels</i>				<i>49,604,587</i>
<b>Total Energy</b>				<b>56,996,507</b>
<b>Financials 12.9%</b>				
<i>Banks 5.5%</i>				
Bank of America Corp., Junior Subordinated Notes	6.500%	10/23/24	810,000	827,213 <sup>(g)(h)</sup>
Barclays Bank PLC, Subordinated Notes	10.179%	6/12/21	1,930,000	2,532,803 <sup>(a)</sup>
Barclays Bank PLC, Subordinated Notes	7.625%	11/21/22	2,000,000	2,245,000
Barclays PLC, Junior Subordinated Bonds	8.250%	12/15/18	420,000	438,584 <sup>(g)(h)</sup>
BNP Paribas SA, Junior Subordinated Notes	7.375%	8/19/25	2,700,000	2,720,250 <sup>(a)(g)(h)</sup>
Citigroup Inc., Junior Subordinated Bonds	6.300%	5/15/24	650,000	626,210 <sup>(g)(h)</sup>
Citigroup Inc., Junior Subordinated Bonds	5.950%	5/15/25	640,000	604,000 <sup>(g)(h)</sup>
Credit Agricole SA, Junior Subordinated Notes	8.375%	10/13/19	1,660,000	1,892,732 <sup>(a)(g)(h)</sup>
Credit Agricole SA, Junior Subordinated Notes	7.875%	1/23/24	700,000	698,253 <sup>(a)(g)(h)</sup>
HSBC Holdings PLC, Junior Subordinated Bonds	6.375%	9/17/24	790,000	756,425 <sup>(g)(h)</sup>
HSBC Holdings PLC, Junior Subordinated Bonds	6.375%	3/30/25	1,070,000	1,023,187 <sup>(g)(h)</sup>
JPMorgan Chase & Co., Junior Subordinated Bonds	6.000%	8/1/23	630,000	621,731 <sup>(g)(h)</sup>
JPMorgan Chase & Co., Junior Subordinated Notes	6.100%	10/1/24	800,000	795,800 <sup>(g)(h)</sup>
M&T Bank Corp., Junior Subordinated Bonds	6.875%	6/15/16	1,790,000	1,803,425 <sup>(h)</sup>
Novo Banco SA, Senior Notes	5.875%	11/9/15	500,000 <sup>EUR</sup>	557,342 <sup>(i)</sup>
Royal Bank of Scotland Group PLC, Junior Subordinated Bonds	7.648%	9/30/31	1,210,000	1,512,500 <sup>(g)(h)</sup>
Royal Bank of Scotland Group PLC, Subordinated Notes	6.100%	6/10/23	1,470,000	1,582,011
Royal Bank of Scotland NV, Subordinated Bonds	7.750%	5/15/23	390,000	464,501
Royal Bank of Scotland PLC, Subordinated Notes	13.125%	3/19/22	2,480,000 <sup>AUD</sup>	1,944,235 <sup>(g)(i)</sup>
Santander Issuances SAU, Notes	5.911%	6/20/16	1,100,000	1,126,470 <sup>(a)</sup>
Wells Fargo & Co., Junior Subordinated Bonds	5.875%	6/15/25	580,000	594,500 <sup>(g)(h)</sup>
<i>Total Banks</i>				<i>25,367,172</i>
<i>Capital Markets 1.2%</i>				
Credit Suisse Group AG, Junior Subordinated Notes	6.250%	12/18/24	2,000,000	1,881,150 <sup>(a)(g)(h)</sup>
Goldman Sachs Group Inc., Subordinated Notes	6.750%	10/1/37	1,210,000	1,447,878
Goldman Sachs Group Inc., Subordinated Notes	5.150%	5/22/45	1,320,000	1,300,521

See Notes to Financial Statements.

**Table of Contents****Western Asset High Income Opportunity Fund Inc.**

Security	Rate	Maturity Date	Face Amount	Value
<i>Capital Markets continued</i>				
Pershing Square Holdings Ltd., Senior Notes	5.500%	7/15/22	1,000,000	\$ 977,040 <sup>(a)</sup>
<i>Total Capital Markets</i>				<i>5,606,589</i>
<i>Consumer Finance 0.9%</i>				
Ally Financial Inc., Senior Notes	8.000%	3/15/20	1,133,000	1,305,783
Navient Corp., Medium-Term Notes, Senior Notes	8.450%	6/15/18	1,110,000	1,143,988
Navient Corp., Medium-Term Notes, Senior Notes	8.000%	3/25/20	1,150,000	1,104,000
TMX Finance LLC/TitleMax Finance Corp., Senior Secured Notes	8.500%	9/15/18	720,000	570,600 <sup>(a)</sup>
<i>Total Consumer Finance</i>				<i>4,124,371</i>
<i>Diversified Financial Services 2.3%</i>				
Argos Merger Sub Inc., Senior Notes	7.125%	3/15/23	2,530,000	2,564,787 <sup>(a)</sup>
International Lease Finance Corp., Senior Notes	8.750%	3/15/17	100,000	107,750
International Lease Finance Corp., Senior Notes	8.875%	9/1/17	4,200,000	4,604,250
International Lease Finance Corp., Senior Notes	8.250%	12/15/20	1,860,000	2,180,850
ZFS Finance USA Trust II, Bonds	6.450%	12/15/65	1,000,000	1,015,000 <sup>(a)(g)</sup>
<i>Total Diversified Financial Services</i>				<i>10,472,637</i>
<i>Insurance 1.2%</i>				
CNO Financial Group Inc., Senior Notes	4.500%	5/30/20	210,000	214,725
CNO Financial Group Inc., Senior Notes	5.250%	5/30/25	1,710,000	1,742,063
Fidelity & Guaranty Life Holdings Inc., Senior Notes	6.375%	4/1/21	850,000	888,250 <sup>(a)</sup>
Genworth Holdings Inc., Senior Notes	4.900%	8/15/23	940,000	735,550
Liberty Mutual Group Inc., Junior Subordinated Bonds	7.800%	3/15/37	900,000	1,048,500 <sup>(a)</sup>
MetLife Capital Trust IV, Junior Subordinated Notes	7.875%	12/15/37	650,000	799,500 <sup>(a)</sup>
<i>Total Insurance</i>				<i>5,428,588</i>
<i>Real Estate Management &amp; Development 1.8%</i>				
Caesar s Entertainment Resort Properties LLC, Secured Notes	11.000%	10/1/21	800,000	730,000
Caesar s Entertainment Resort Properties LLC, Senior Secured Notes	8.000%	10/1/20	2,870,000	2,740,850
Communications Sales & Leasing Inc., Senior Secured Notes	6.000%	4/15/23	870,000	776,475 <sup>(a)</sup>
Greystar Real Estate Partners LLC, Senior Secured Notes	8.250%	12/1/22	1,610,000	1,690,500 <sup>(a)</sup>
Howard Hughes Corp., Senior Notes	6.875%	10/1/21	2,130,000	2,174,517 <sup>(a)</sup>
<i>Total Real Estate Management &amp; Development</i>				<i>8,112,342</i>
<b>Total Financials</b>				<b>59,111,699</b>
<i>Health Care 6.4%</i>				
<i>Biotechnology 0.2%</i>				
AMAG Pharmaceuticals Inc., Senior Notes	7.875%	9/1/23	800,000	770,000 <sup>(a)</sup>

See Notes to Financial Statements.

**Table of Contents****Schedule of investments (cont d)**

September 30, 2015

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

Security	Rate	Maturity Date	Face Amount	Value
<i>Health Care Equipment &amp; Supplies 0.9%</i>				
ConvaTec Finance International SA, Senior Notes	8.250%	1/15/19	2,330,000	\$ 2,297,963 (a)(b)
DJO Finance LLC/DJO Finance Corp., Secured Notes	10.750%	4/15/20	290,000	291,450 (a)
DJO Finco Inc./DJO Finance LLC/DJO Finance Corp., Secured Notes	8.125%	6/15/21	1,850,000	1,808,375 (a)
<i>Total Health Care Equipment &amp; Supplies</i>				
<i>Health Care Providers &amp; Services 3.8%</i>				
Acadia Healthcare Co. Inc., Senior Notes	6.125%	3/15/21	720,000	752,400
BioScrip Inc., Senior Notes	8.875%	2/15/21	750,000	580,312
CHS/Community Health Systems Inc., Senior Notes	8.000%	11/15/19	2,390,000	2,493,069
Fresenius Medical Care U.S. Finance Inc., Senior Notes	6.500%	9/15/18	280,000	308,588 (a)
HCA Inc., Debentures	7.500%	11/15/95	3,920,000	3,900,400
IASIS Healthcare LLC/IASIS Capital Corp., Senior Notes	8.375%	5/15/19	2,580,000	2,660,625
Tenet Healthcare Corp., Senior Notes	8.125%	4/1/22	1,480,000	1,576,792
Tenet Healthcare Corp., Senior Notes	6.750%	6/15/23	1,560,000	1,556,100
Tenet Healthcare Corp., Senior Secured Notes	6.000%	10/1/20	1,330,000	1,406,475
Universal Hospital Services Inc., Secured Notes	7.625%	8/15/20	2,160,000	2,035,800
<i>Total Health Care Providers &amp; Services</i>				
<i>Pharmaceuticals 1.5%</i>				
Concordia Healthcare Corp., Senior Notes	7.000%	4/15/23	800,000	702,000 (a)
DPx Holdings BV, Senior Notes	7.500%	2/1/22	980,000	993,475 (a)
JLL/Delta Dutch Pledgeco BV, Senior Notes	8.750%	5/1/20	2,610,000	2,642,625 (a)(b)
Valeant Pharmaceuticals International Inc., Senior Notes	6.125%	4/15/25	2,800,000	2,674,000 (a)
<i>Total Pharmaceuticals</i>				
<i>29,450,449</i>				
<b>Total Health Care</b>				
<i>Industrials 12.4%</i>				
<i>Aerospace &amp; Defense 0.8%</i>				
Aerojet Rocketdyne Holdings Inc., Secured Notes	7.125%	3/15/21	760,000	790,400
CBC Ammo LLC/CBC FinCo Inc., Senior Notes	7.250%	11/15/21	2,330,000	2,143,600 (a)
LMI Aerospace Inc., Secured Notes	7.375%	7/15/19	710,000	688,700
<i>Total Aerospace &amp; Defense</i>				
<i>Air Freight &amp; Logistics 0.8%</i>				
Air Medical Merger Sub Corp., Senior Notes	6.375%	5/15/23	990,000	903,375 (a)
XPO Logistics Inc., Senior Notes	7.875%	9/1/19	1,910,000	1,869,412 (a)
XPO Logistics Inc., Senior Notes	5.750%	6/15/21	190,000 EUR	185,493 (a)
XPO Logistics Inc., Senior Notes	6.500%	6/15/22	1,050,000	891,844 (a)
<i>Total Air Freight &amp; Logistics</i>				
<i>Airlines 0.6%</i>				
Air Canada, Pass-Through Trust, Secured Notes	6.625%	5/15/18	560,000	583,744 (a)

See Notes to Financial Statements.



**Table of Contents****Western Asset High Income Opportunity Fund Inc.**

Security	Rate	Maturity Date	Face Amount	Value
<i>Airlines continued</i>				
American Airlines, Pass-Through Trust, Secured Notes	7.000%	1/31/18	530,312	\$ 561,468 <sup>(a)</sup>
Continental Airlines Inc., Pass-Through Certificates, Secured Notes	9.250%	5/10/17	84,457	91,741
Continental Airlines Inc., Pass-Through Certificates, Secured Notes	5.500%	10/29/20	395,998	409,363
Delta Air Lines Inc., Pass-Through Certificates, Secured Notes	8.021%	8/10/22	553,517	626,166
Delta Air Lines Inc., Pass-Through Certificates, Subordinated Secured Notes	9.750%	12/17/16	286,615	309,902
<i>Total Airlines</i>				<i>2,582,384</i>
<i>Building Products 0.4%</i>				
Ashton Woods USA LLC/Ashton Woods Finance Co., Senior Notes	6.875%	2/15/21	1,460,000	1,350,500 <sup>(a)</sup>
Building Materials Corp. of America, Senior Notes	6.750%	5/1/21	600,000	641,250 <sup>(a)</sup>
<i>Total Building Products</i>				<i>1,991,750</i>
<i>Commercial Services &amp; Supplies 2.1%</i>				
Garda World Security Corp., Senior Notes	7.250%	11/15/21	800,000	734,000 <sup>(a)</sup>
JM Huber Corp., Senior Notes	9.875%	11/1/19	860,000	909,648 <sup>(a)</sup>
Monitronics International Inc., Senior Notes	9.125%	4/1/20	3,280,000	2,968,400
United Rentals North America Inc., Senior Notes	8.250%	2/1/21	374,000	395,505
United Rentals North America Inc., Senior Notes	7.625%	4/15/22	2,608,000	2,777,520
West Corp., Senior Notes	5.375%	7/15/22	1,800,000	1,669,500 <sup>(a)</sup>
<i>Total Commercial Services &amp; Supplies</i>				<i>9,454,573</i>
<i>Construction &amp; Engineering 1.5%</i>				
Ausdrill Finance Pty Ltd., Senior Notes	6.875%	11/1/19	1,240,000	880,400 <sup>(a)</sup>
Brundage-Bone Concrete Pumping Inc., Senior Secured Notes	10.375%	9/1/21	1,250,000	1,268,750 <sup>(a)</sup>
Michael Baker Holdings LLC/Michael Baker Finance Corp., Senior Notes	8.875%	4/15/19	1,580,000	1,343,000 <sup>(a)(b)</sup>
Michael Baker International LLC/CDL Acquisition Co. Inc., Senior Secured Notes	8.250%	10/15/18	1,870,000	1,785,850 <sup>(a)</sup>
Modular Space Corp., Secured Notes	10.250%	1/31/19	1,510,000	1,057,000 <sup>(a)</sup>
Odebrecht Finance Ltd., Senior Notes	5.250%	6/27/29	600,000	318,000 <sup>(a)</sup>
<i>Total Construction &amp; Engineering</i>				<i>6,653,000</i>
<i>Electrical Equipment 0.6%</i>				
Interface Grand Master Holdings Inc., Senior Notes	17.000%	8/15/19	851,794	809,204 <sup>(b)</sup>
International Wire Group Holdings Inc., Senior Secured Notes	8.500%	10/15/17	1,020,000	1,032,750 <sup>(a)</sup>
NES Rentals Holdings Inc., Senior Secured Notes	7.875%	5/1/18	930,000	897,450 <sup>(a)</sup>
<i>Total Electrical Equipment</i>				<i>2,739,404</i>
<i>Machinery 1.4%</i>				
CTP Transportation Products LLC/CTP Finance Inc., Senior Secured Notes	8.250%	12/15/19	610,000	651,175 <sup>(a)</sup>

See Notes to Financial Statements.

**Table of Contents****Schedule of investments (cont d)**

September 30, 2015

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

Security	Rate	Maturity Date	Face Amount	Value
<i>Machinery continued</i>				
DH Services Luxembourg Sarl, Senior Notes	7.750%	12/15/20	2,820,000	\$ 2,862,300 (a)
Global Brass and Copper Inc., Senior Secured Notes	9.500%	6/1/19	1,260,000	1,368,675
SIG Combibloc Holdings SCA, Senior Bonds	7.750%	2/15/23	570,000 EUR	654,433 (a)
SPL Logistics Escrow LLC/SPL Logistics Finance Corp., Senior Secured Notes	8.875%	8/1/20	890,000	938,950 (a)
<i>Total Machinery</i>				<i>6,475,533</i>
<i>Marine 0.6%</i>				
Navios Maritime Acquisition Corp./Navios Acquisition Finance U.S. Inc., Senior Secured Notes	8.125%	11/15/21	2,170,000	2,015,388 (a)
Ultrapetrol Bahamas Ltd., Senior Secured Notes	8.875%	6/15/21	1,240,000	793,600
<i>Total Marine</i>				<i>2,808,988</i>
<i>Road &amp; Rail 1.9%</i>				
Flexi-Van Leasing Inc., Senior Notes	7.875%	8/15/18	1,290,000	1,312,575 (a)
Florida East Coast Holdings Corp., Senior Notes	9.750%	5/1/20	260,000	235,300 (a)
Florida East Coast Holdings Corp., Senior Secured Notes	6.750%	5/1/19	3,280,000	3,222,600 (a)
Jack Cooper Holdings Corp., Senior Secured Notes	10.250%	6/1/20	2,110,000	1,909,550 (a)
Quality Distribution LLC/QD Capital Corp., Secured Notes	9.875%	11/1/18	2,173,000	2,243,351
<i>Total Road &amp; Rail</i>				<i>8,923,376</i>
<i>Trading Companies &amp; Distributors 0.7%</i>				
Ashtead Capital Inc., Senior Secured Notes	6.500%	7/15/22	1,340,000	1,407,000 (a)
H&E Equipment Services Inc., Senior Notes	7.000%	9/1/22	1,620,000	1,579,500
<i>Total Trading Companies &amp; Distributors</i>				<i>2,986,500</i>
<i>Transportation 0.8%</i>				
Hapag-Lloyd AG, Senior Notes	9.750%	10/15/17	1,700,000	1,759,500 (a)
Neovia Logistics Intermediate Holdings LLC/Logistics Intermediate Finance Corp., Senior Notes	10.000%	2/15/18	1,980,000	1,975,050 (a)(b)
<i>Total Transportation</i>				<i>3,734,550</i>
<i>Transportation Infrastructure 0.2%</i>				
Aguila 3 SA, Senior Secured Notes	7.875%	1/31/18	870,000	879,788 (a)
<b>Total Industrials</b>				<b>56,702,670</b>
<i>Information Technology 2.6%</i>				
<i>Communications Equipment 0.3%</i>				
CommScope Technologies Finance LLC, Senior Notes	6.000%	6/15/25	1,270,000	1,221,588 (a)
<i>Electronic Equipment, Instruments &amp; Components 0.3%</i>				
Interface Security Systems Holdings Inc./Interface Security Systems LLC, Senior Secured Notes	9.250%	1/15/18	1,400,000	1,424,500
<i>Internet Software &amp; Services 0.4%</i>				
Ancestry.com Holdings LLC, Senior Notes	9.625%	10/15/18	710,000	705,562 (a)(b)
Ancestry.com Inc., Senior Notes	11.000%	12/15/20	1,070,000	1,177,000
<i>Total Internet Software &amp; Services</i>				<i>1,882,562</i>

See Notes to Financial Statements.

**Table of Contents****Western Asset High Income Opportunity Fund Inc.**

Security	Rate	Maturity Date	Face Amount	Value
<i>IT Services 1.4%</i>				
Compiler Finance Subordinated Inc., Senior Notes	7.000%	5/1/21	1,900,000	\$ 1,149,500 <sup>(a)</sup>
First Data Corp., Secured Notes	8.250%	1/15/21	860,000	894,400 <sup>(a)</sup>
First Data Corp., Senior Notes	12.625%	1/15/21	2,310,000	2,630,512
First Data Corp., Senior Subordinated Notes	11.750%	8/15/21	1,545,000	1,718,813
<i>Total IT Services</i>				<i>6,393,225</i>
<i>Software 0.2%</i>				
Audatex North America Inc., Senior Notes	6.000%	6/15/21	720,000	724,133 <sup>(a)</sup>
<b>Total Information Technology</b>				<b>11,646,008</b>
<i>Materials 7.7%</i>				
<i>Chemicals 0.8%</i>				
Eco Services Operations LLC/Eco Finance Corp., Senior Notes	8.500%	11/1/22	470,000	420,650 <sup>(a)</sup>
Hexion Inc., Senior Secured Notes	8.875%	2/1/18	1,180,000	949,900
HIG BBC Intermediate Holdings LLC/HIG BBC Holdings Corp., Senior Notes	10.500%	9/15/18	770,000	756,525 <sup>(a)(b)</sup>
Kerling PLC, Senior Secured Notes	10.625%	2/1/17	1,048,000 <sup>EUR</sup>	1,184,847 <sup>(a)</sup>
Rain CII Carbon LLC/CII Carbon Corp., Senior Secured Notes	8.000%	12/1/18	390,000	322,725 <sup>(a)</sup>
<i>Total Chemicals</i>				<i>3,634,647</i>
<i>Construction Materials 0.4%</i>				
Hardwoods Acquisition Inc., Senior Secured Notes	7.500%	8/1/21	1,290,000	1,212,600 <sup>(a)</sup>
NWH Escrow Corp., Senior Secured Notes	7.500%	8/1/21	470,000	430,050 <sup>(a)</sup>
<i>Total Construction Materials</i>				<i>1,642,650</i>
<i>Containers &amp; Packaging 2.7%</i>				
Ardagh Finance Holdings SA, Senior Notes	8.625%	6/15/19	1,350,185	1,383,939 <sup>(a)(b)</sup>
Ardagh Packaging Finance PLC, Senior Notes	9.125%	10/15/20	1,130,000	1,180,144 <sup>(a)</sup>
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	9.125%	10/15/20	2,170,000	2,266,294 <sup>(a)</sup>
BWAY Holding Co., Senior Notes	9.125%	8/15/21	2,150,000	2,085,500 <sup>(a)</sup>
Coveris Holdings SA, Senior Notes	7.875%	11/1/19	1,380,000	1,314,450 <sup>(a)</sup>
Pactiv LLC, Senior Bonds	8.375%	4/15/27	3,280,000	3,116,000
PaperWorks Industries Inc., Senior Secured Notes	9.500%	8/15/19	1,030,000	999,100 <sup>(a)</sup>
<i>Total Containers &amp; Packaging</i>				<i>12,345,427</i>
<i>Metals &amp; Mining 3.3%</i>				
ArcelorMittal, Senior Notes	7.750%	10/15/39	1,850,000	1,517,000
Barmingo Finance Pty Ltd., Senior Notes	9.000%	6/1/18	1,900,000	1,391,750 <sup>(a)</sup>
Coeur Mining Inc., Senior Notes	7.875%	2/1/21	1,020,000	617,100
Evrax Group SA, Notes	9.500%	4/24/18	100,000	105,053 <sup>(a)</sup>
Evrax Group SA, Senior Notes	9.500%	4/24/18	100,000	105,053 <sup>(i)</sup>
FMG Resources (August 2006) Pty Ltd., Senior Secured Notes	9.750%	3/1/22	2,580,000	2,409,075 <sup>(a)</sup>

See Notes to Financial Statements.

**Table of Contents****Schedule of investments (cont d)**

September 30, 2015

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

Security	Rate	Maturity Date	Face Amount	Value
<i>Metals &amp; Mining continued</i>				
Joseph T. Ryerson & Son Inc., Senior Secured Notes	9.000%	10/15/17	2,040,000	\$ 1,825,800
Midwest Vanadium Pty Ltd., Senior Secured Notes	11.500%	2/15/18	1,570,000	70,650 <sup>*(a)(d)(f)</sup>
Mirabela Nickel Ltd., Subordinated Notes	1.000%	9/10/44	16,962	0 <sup>(c)(d)(j)</sup>
Prince Mineral Holding Corp., Senior Secured Notes	11.500%	12/15/19	380,000	321,100 <sup>(a)</sup>
Rain CII Carbon LLC/CII Carbon Corp., Senior Secured Notes	8.250%	1/15/21	1,870,000	1,514,700 <sup>(a)</sup>
Schaeffler Holding Finance BV, Senior Secured Bonds	6.875%	8/15/18	880,000	909,700 <sup>(a)(b)</sup>
Schaeffler Holding Finance BV, Senior Secured Notes	6.875%	8/15/18	1,050,000 <sup>EUR</sup>	1,216,047 <sup>(a)(b)</sup>
Schaeffler Holding Finance BV, Senior Secured Notes	6.750%	11/15/22	1,730,000	1,868,400 <sup>(a)(b)</sup>
St. Barbara Ltd., Senior Secured Notes	8.875%	4/15/18	290,000	269,700 <sup>(a)</sup>
Thompson Creek Metals Co. Inc., Senior Notes	12.500%	5/1/19	1,050,000	563,063
Vedanta Resources PLC, Senior Notes	6.750%	6/7/16	200,000	184,508 <sup>(a)</sup>
<i>Total Metals &amp; Mining</i>				<i>14,888,699</i>
<i>Paper &amp; Forest Products 0.5%</i>				
Appvion Inc., Secured Notes	9.000%	6/1/20	3,010,000	1,535,100 <sup>(a)</sup>
Resolute Forest Products Inc., Senior Notes	5.875%	5/15/23	1,060,000	795,000
Verso Paper Holdings LLC/Verso Paper Inc., Senior Secured Bonds	11.750%	1/15/19	290,000	55,100
Verso Paper Holdings LLC/Verso Paper Inc., Senior Secured Notes	11.750%	1/15/19	520,000	119,600
<i>Total Paper &amp; Forest Products</i>				<i>2,504,800</i>
<b>Total Materials</b>				<b>35,016,223</b>
<i>Telecommunication Services 11.1%</i>				
<i>Diversified Telecommunication Services 5.9%</i>				
Axtel SAB de CV, Senior Secured Notes	9.000%	1/31/20	129,000	117,390 <sup>(a)</sup>
CenturyLink Inc., Senior Notes	5.800%	3/15/22	2,190,000	1,880,662
CenturyLink Inc., Senior Notes	7.600%	9/15/39	630,000	480,375
CenturyLink Inc., Senior Notes	7.650%	3/15/42	730,000	562,100
Frontier Communications Corp., Senior Notes	10.500%	9/15/22	1,090,000	1,065,475 <sup>(a)</sup>
Frontier Communications Corp., Senior Notes	11.000%	9/15/25	1,670,000	1,619,900 <sup>(a)</sup>
Intelsat Jackson Holdings SA, Senior Notes	7.250%	10/15/20	5,210,000	4,799,712
Intelsat Jackson Holdings SA, Senior Notes	7.500%	4/1/21	1,630,000	1,509,787
Intelsat Luxembourg SA, Senior Bonds	7.750%	6/1/21	1,370,000	909,338
Level 3 Financing Inc., Senior Notes	7.000%	6/1/20	130,000	134,875
Level 3 Financing Inc., Senior Notes	8.625%	7/15/20	2,350,000	2,461,625
Level 3 Financing Inc., Senior Notes	6.125%	1/15/21	630,000	649,221
Level 3 Financing Inc., Senior Notes	5.625%	2/1/23	1,350,000	1,331,438
Oi SA, Senior Notes	5.750%	2/10/22	2,410,000	1,144,750 <sup>(a)</sup>
Verizon Communications Inc., Senior Notes	5.150%	9/15/23	1,830,000	2,024,910

See Notes to Financial Statements.

**Table of Contents****Western Asset High Income Opportunity Fund Inc.**

Security	Rate	Maturity Date	Face Amount	Value
<i>Diversified Telecommunication Services continued</i>				
Windstream Services LLC, Senior Notes	7.750%	10/1/21	2,830,000	\$ 2,207,400
Windstream Services LLC, Senior Notes	7.500%	6/1/22	4,840,000	3,672,350
Windstream Services LLC, Senior Notes	6.375%	8/1/23	500,000	362,175
<i>Total Diversified Telecommunication Services</i>				26,933,483
<i>Wireless Telecommunication Services 5.2%</i>				
Altice Financing SA, Senior Secured Notes	5.250%	2/15/23	180,000 <sup>EUR</sup>	198,551 <sup>(a)</sup>
Altice Financing SA, Senior Secured Notes	6.625%	2/15/23	3,260,000	3,143,862 <sup>(a)</sup>
Neptune Finco Corp., Senior Notes	10.125%	1/15/23	310,000	314,263 <sup>(a)</sup>
Neptune Finco Corp., Senior Notes	6.625%	10/15/25	1,410,000	1,420,575 <sup>(a)</sup>
Neptune Finco Corp., Senior Notes	10.875%	10/15/25	860,000	870,750 <sup>(a)</sup>
Sprint Capital Corp., Senior Notes	6.875%	11/15/28	2,900,000	2,088,000
Sprint Capital Corp., Senior Notes	8.750%	3/15/32	6,065,000	4,730,700
Sprint Communications Inc., Senior Notes	6.000%	12/1/16	200,000	197,500
Sprint Communications Inc., Senior Notes	9.000%	11/15/18	2,770,000	2,913,486 <sup>(a)</sup>
Sprint Corp., Senior Notes	7.875%	9/15/23	2,130,000	1,729,294
T-Mobile USA Inc., Senior Notes	6.542%	4/28/20	560,000	570,500
T-Mobile USA Inc., Senior Notes	6.000%	3/1/23	2,000,000	1,935,000
Vimpel Communications Via VIP Finance Ireland Ltd. OJSC, Senior Notes	9.125%	4/30/18	130,000	140,725 <sup>(i)</sup>
Vimpel Communications Via VIP Finance Ireland Ltd. OJSC, Senior Notes	7.748%	2/2/21	2,010,000	2,061,512 <sup>(a)</sup>
VimpelCom Holdings BV, Senior Notes	7.504%	3/1/22	1,000,000	1,006,250 <sup>(i)</sup>
VimpelCom Holdings BV, Senior Notes	7.504%	3/1/22	590,000	593,688 <sup>(a)</sup>
<i>Total Wireless Telecommunication Services</i>				23,914,656
<b>Total Telecommunication Services</b>				<b>50,848,139</b>
<b>Utilities 3.2%</b>				
<i>Electric Utilities 1.8%</i>				
Midwest Generation LLC, Pass-Through Certificates, Secured Bonds	8.560%	1/2/16	113,096	113,096
NRG REMA LLC, Pass-Through Certificates, Senior Secured Bonds	9.237%	7/2/17	317,783	326,522
NRG REMA LLC, Pass-Through Certificates, Senior Secured Bonds	9.681%	7/2/26	2,820,000	2,848,200
Red Oak Power LLC, Secured Notes	9.200%	11/30/29	4,200,000	4,683,000
<i>Total Electric Utilities</i>				7,970,818
<i>Gas Utilities 0.0%</i>				
Southern Natural Gas Co., LLC, Senior Notes	8.000%	3/1/32	60,000	65,381
<i>Independent Power and Renewable Electricity Producers 1.4%</i>				
Calpine Corp., Senior Secured Notes	7.875%	1/15/23	1,139,000	1,221,578 <sup>(a)</sup>

See Notes to Financial Statements.

**Table of Contents****Schedule of investments (cont d)**

September 30, 2015

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

Security	Rate	Maturity Date	Face Amount	Value
<i>Independent Power and Renewable Electricity Producers continued</i>				
Foresight Energy LLC/Foresight Energy Finance Corp., Senior Notes	7.875%	8/15/21	1,130,000	\$ 892,813 (a)
Mirant Mid Atlantic LLC, Pass-Through Certificates, Secured Bonds	10.060%	12/30/28	3,303,832	3,419,467
Mirant Mid Atlantic LLC, Pass-Through Certificates, Senior Secured Notes	9.125%	6/30/17	71,465	74,055
TerraForm Power Operating LLC, Senior Notes	5.875%	2/1/23	1,040,000	923,000 (a)
<i>Total Independent Power and Renewable Electricity Producers</i>				<i>6,530,913</i>
<b>Total Utilities</b>				<b>14,567,112</b>
<b>Total Corporate Bonds &amp; Notes (Cost \$429,158,174)</b>				<b>396,784,326</b>
<i>Collateralized Mortgage Obligations 0.4%</i>				
Commercial Mortgage Trust, 2015-LC21 E	3.250%	7/10/48	1,100,000	699,963
JPMBB Commercial Mortgage Securities Trust, 2015-C31 E	4.773%	8/15/48	900,000	643,860
Wells Fargo Commercial Mortgage Trust, 2015-C28 E	3.000%	5/15/48	1,000,000	621,756
<b>Total Collateralized Mortgage Obligations (Cost \$1,951,501)</b>				<b>1,965,579</b>
<b>Convertible Bonds &amp; Notes 0.2%</b>				
<i>Materials 0.2%</i>				
<i>Chemicals 0.1%</i>				
Hercules Inc., Junior Subordinated Bonds	6.500%	6/30/29	420,000	370,388
<i>Metals &amp; Mining 0.1%</i>				
Mirabela Nickel Ltd., Senior Secured Bonds	9.500%	6/24/19	1,183,939	651,166 (a)(b)(d)
<b>Total Convertible Bonds &amp; Notes (Cost \$1,570,880)</b>				<b>1,021,554</b>
<i>Senior Loans 2.6%</i>				
<i>Consumer Discretionary 0.7%</i>				
<i>Hotels, Restaurants &amp; Leisure 0.3%</i>				
Equinox Holdings Inc., Second Lien Term Loan	9.750%	7/31/20	1,290,000	1,314,725 (k)(l)
<i>Specialty Retail 0.2%</i>				
Spencer Gifts LLC, Second Lien Term Loan	9.250%	11/12/21	1,100,000	1,116,500 (k)(l)
<i>Textiles, Apparel &amp; Luxury Goods 0.2%</i>				
TOMS Shoes LLC, Term Loan B	6.500%	10/28/20	825,850	735,007 (k)(l)
<b>Total Consumer Discretionary</b>				<b>3,166,232</b>
<i>Consumer Staples 0.1%</i>				
<i>Food Products 0.1%</i>				
AdvancePierre Foods Inc., Second Lien Term Loan	9.500%	10/10/17	550,000	552,406 (k)(l)
<i>Energy 0.6%</i>				
<i>Energy Equipment &amp; Services 0.4%</i>				
Hercules Offshore Inc., Bridge Term Loan		11/6/15	2,000,000	1,940,000 (c)(m)

See Notes to Financial Statements.

**Table of Contents****Western Asset High Income Opportunity Fund Inc.**

	Rate	Maturity Date	Face Amount	Value
Security				
<i>Oil, Gas &amp; Consumable Fuels</i> 0.2%				
Westmoreland Coal Co., Term Loan B	7.500%	12/16/20	825,772	\$ 720,486 (k)(l)
<b>Total Energy</b>				<b>2,660,486</b>
<b>Health Care</b> 0.5%				
<i>Health Care Equipment &amp; Supplies</i> 0.2%				
Lantheus Medical Imaging Inc., Term Loan	7.000%	6/30/22	1,017,450	966,578 (k)(l)
<i>Health Care Providers &amp; Services</i> 0.3%				
Radnet Management Inc., Second Lien Term Loan	8.000%	3/25/21	1,350,000	1,317,937 (k)(l)
<b>Total Health Care</b>				<b>2,284,515</b>
<b>Industrials</b> 0.2%				
<i>Commercial Services &amp; Supplies</i> 0.2%				
Kronos Inc., Second Lien Term Loan	9.750%	4/30/20	979,232	1,005,549 (k)(l)
<b>Materials</b> 0.0%				
<i>Metals &amp; Mining</i> 0.0%				
FMG Resources (August 2006) Pty Ltd., New Term Loan B	3.750%	6/30/19	89,771	73,837 (k)(l)
<b>Utilities</b> 0.5%				
<i>Electric Utilities</i> 0.3%				
Panda Temple Power LLC, 2015 Term Loan B	7.250%	3/6/22	1,213,900	1,171,414 (k)(l)
<i>Independent Power and Renewable Electricity Producers</i> 0.2%				
Energy Future Intermediate Holding Co., LLC, DIP Term Loan	4.250%	6/19/16	1,160,000	1,158,066 (k)(l)
<b>Total Utilities</b>				<b>2,329,480</b>
<b>Total Senior Loans (Cost \$12,167,742)</b>				<b>12,072,505</b>
<b>U.S. Government &amp; Agency Obligations</b> 3.3%				
<i>U.S. Government Obligations</i> 3.3%				
U.S. Treasury Notes (Cost \$14,995,312)	1.375%	9/30/20	15,000,000	14,998,440
			Shares	
<b>Common Stocks</b> 2.6%				
<b>Consumer Discretionary</b> 0.3%				
<i>Automobiles</i> 0.3%				
Ford Motor Co.			88,227	1,197,240
<i>Hotels, Restaurants &amp; Leisure</i> 0.0%				
Bossier Casino Venture Holdco Inc.			86,730	0 *(c)(d)(j)
<b>Total Consumer Discretionary</b>				<b>1,197,240</b>
<b>Energy</b> 0.6%				
<i>Energy Equipment &amp; Services</i> 0.6%				
KCAD Holdings I Ltd.			275,927,431	2,498,523 *(c)(d)

See Notes to Financial Statements.

**Table of Contents****Schedule of investments (cont'd)**

September 30, 2015

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

	Rate	Shares	Value
Security			
<b>Financials 1.0%</b>			
<i>Banks 1.0%</i>			
Citigroup Inc.		64,503	\$ 3,199,994
JPMorgan Chase & Co.		24,776	1,510,593
<b>Total Financials</b>			<b>4,710,587</b>
<b>Health Care 0.3%</b>			
<i>Health Care Providers &amp; Services 0.3%</i>			
Physiotherapy Associates Holdings Inc.		16,100	<b>1,336,300</b> <sup>*(c)(d)</sup>
<b>Industrials 0.4%</b>			
<i>Marine 0.2%</i>			
DeepOcean Group Holding AS		106,322	<i>685,351</i> <sup>*(c)(d)</sup>
<i>Trading Companies &amp; Distributors 0.2%</i>			
H&E Equipment Services Inc.		59,590	<i>996,345</i>
<b>Total Industrials</b>			<b>1,681,696</b>
<b>Materials 0.0%</b>			
<i>Metals &amp; Mining 0.0%</i>			
Mirabela Nickel Ltd.		3,464,533	<b>201,836</b> <sup>*(c)(d)</sup>
<b>Total Common Stocks (Cost \$12,829,378)</b>			<b>11,626,182</b>
<b>Convertible Preferred Stocks 0.1%</b>			
<b>Energy 0.1%</b>			
<i>Oil, Gas &amp; Consumable Fuels 0.1%</i>			
Rex Energy Corp. (Cost \$1,186,250)	6.000%	16,600	<b>556,100</b>
<b>Preferred Stocks 1.7%</b>			
<b>Financials 1.7%</b>			
<i>Consumer Finance 1.2%</i>			
GMAC Capital Trust I	8.125%	216,388	<i>5,524,386</i> <sup>(g)</sup>
<i>Diversified Financial Services 0.5%</i>			
Citigroup Capital XIII	7.875%	92,250	<i>2,369,902</i> <sup>(g)</sup>
<b>Total Preferred Stocks (Cost \$7,794,546)</b>			<b>7,894,288</b>
	Expiration Date	Warrants	
<b>Warrants 0.1%</b>			
Jack Cooper Holdings Corp.	12/15/17	2,184	305,760 <sup>*(a)</sup>
Jack Cooper Holdings Corp.	5/6/18	1,018	142,520 <sup>*(a)</sup>
<b>Total Warrants (Cost \$55,657)</b>			<b>448,280</b>
<b>Total Investments before Short-Term Investments (Cost \$481,709,440)</b>			<b>447,367,254</b>

See Notes to Financial Statements.



**Table of Contents****Western Asset High Income Opportunity Fund Inc.**

	Rate	Maturity Date	Face Amount	Value
Security				
<b>Short-Term Investments</b> 2.0%				
<i>Repurchase Agreements</i> 2.0%				
Barclays Capital Inc. repurchase agreement dated 9/30/15; Proceeds at maturity \$3,000,006; (Fully collateralized by U.S. government obligations, 1.000% due 8/15/18; Market value \$3,060,000)	0.070%	10/1/15	3,000,000	\$ 3,000,000
Deutsche Bank Securities Inc. repurchase agreement dated 9/30/15; Proceeds at maturity \$6,000,012; (Fully collateralized by U.S. government obligations, 0.125% due 4/15/20; Market value \$6,120,000)	0.070%	10/1/15	6,000,000	6,000,000
<b>Total Short-Term Investments (Cost \$9,000,000)</b>				<b>9,000,000</b>
<b>Total Investments 99.8% (Cost \$490,709,440#)</b>				<b>456,367,254</b>
Other Assets in Excess of Liabilities 0.2%				1,033,252
<b>Total Net Assets 100.0%</b>				<b>\$ 457,400,506</b>

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

\* Non-income producing security.

<sup>(a)</sup> 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.