

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Form N-CSRS

May 22, 2015

**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: March 31, 2015**

ITEM 1. REPORT TO STOCKHOLDERS.

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

Semi-Annual Report

March 31, 2015

WESTERN ASSET  
HIGH INCOME  
OPPORTUNITY FUND  
INC. (HIO)

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

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**Fund objective**

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

## Letter from the chairman

**Dear Shareholder,**

We are pleased to provide the semi-annual report of Western Asset High Income Opportunity Fund Inc. for the six-month reporting period ended March 31, 2015. Please read on for Fund performance information and a detailed look at prevailing economic and market conditions during the Fund's reporting period.

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,

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,

Kenneth D. Fuller

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Chairman, President and Chief Executive Officer

April 24, 2015

II Western Asset High Income Opportunity Fund Inc.

## Investment commentary

### Economic review

The U.S. economy continued to expand, but the pace sharply decelerated during the six months ended March 31, 2015 (the reporting period). The U.S. Department of Commerce reported that third quarter 2014 U.S. gross domestic product (GDP) growth was 5.0%, its strongest reading since the third quarter of 2003. This was driven by contributions from personal consumption expenditures (PCE), exports, nonresidential fixed investment and government spending. However, fourth quarter 2014 GDP growth was a modest 2.2%. The deceleration in growth primarily reflected an upturn in imports, a downturn in federal government spending and moderating nonresidential fixed investment. After the reporting period ended, the U.S. Department of Commerce reported that its initial estimate for first quarter 2015 GDP growth was 0.2%. Slower growth was attributed to a number of factors, including a deceleration in PCE and downturns in exports, nonresidential fixed investment and state and local government spending.

Activity in the U.S. manufacturing sector also moderated during the reporting period. Based on the Institute for Supply Management's Purchasing Managers Index (PMI), U.S. manufacturing expanded during all six months of the reporting period (a reading below 50 indicates a contraction, whereas a reading above 50 indicates an expansion). After a reading of 57.9 in October 2014, the PMI generally decelerated over much of the reporting period and the PMI was 51.5 in March 2015.

The labor market was largely 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. After ticking up to 5.8% in November 2014, unemployment generally declined during the remainder of the reporting period and was 5.5% in March 2015, equaling its lowest level since May 2008.

## Investment commentary (cont d)

### Market review

#### Q. How did the Federal Reserve Board ( Fed<sup>ii</sup>) respond to the economic environment?

A. The Fed took a number of actions as it sought to meet its dual mandate of fostering maximum employment and price stability. As it has since December 2008, the Fed kept the federal funds rate<sup>iv</sup> at a historically low range between zero and 0.25%. The Fed also 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. Finally, at its meeting that ended on April 29, 2015, after the reporting period ended, the Fed said, economic growth slowed during the winter months, in part reflecting transitory factors. 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.

#### Q. Did Treasury yields trend higher or lower during the six months ended March 31, 2015?

A. Both short- and long-term Treasury yields declined during the reporting period. When the reporting period began, the yield on the two-year Treasury was 0.58%. It was as high as 0.73% on several occasions in December 2014 and again on March 6, 2015, and fell as low as 0.34% on October 15, 2014, before ending the period at 0.56%. The yield on the ten-year Treasury began the period at 2.52%, its peak for the six months ended March 31, 2015. The yield on the ten-year Treasury was as low as 1.68% in late January/early February 2015 and concluded the period at 1.94%.

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

A. The spread sectors largely posted positive returns during the reporting period. Performance fluctuated with investor sentiment given uncertainties regarding future Fed monetary policy, concerns over global growth and geopolitical issues. The overall bond market, as measured by the Barclays U.S. Aggregate Index<sup>v</sup>, gained 3.43% during the six months ended March 31, 2015.

#### Q. How did the high-yield bond market perform over the six months ended March 31, 2015?

A. The U.S. high-yield bond market, as measured by the Barclays U.S. Corporate High Yield 2% Issuer Cap Index<sup>x</sup>, returned 1.50% for the six months ended March 31, 2015. High yield bonds were volatile during the reporting period, and posted positive returns in October 2014, as well as in January and February 2015, while declining in November and December 2014, and March 2015. While the underlying fundamentals in the high-yield market remained generally solid and defaults were well below their long-term average, the asset class was dragged down primarily due to sharply falling oil prices.

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

A. The JPMorgan Emerging Markets Bond Index Global ( EMBI Global<sup>ii</sup>) returned 0.38% during the six months ended March 31, 2015. While the asset class rose during much of the reporting period, those gains were largely offset by a sharp decline in December 2014. This setback was triggered by a number of factors, including

expectations for future Fed rate hikes, concerns over global growth, declining oil prices and weak investor demand.

**Performance review**

For the six months ended March 31, 2015, Western Asset High Income Opportunity Fund Inc. returned -1.02% based on its net asset value (NAV<sup>iii</sup>) and -4.50% 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 1.50% for the same period. The Lipper High Yield Closed-End Funds Category Average<sup>ix</sup> returned -0.65% over the same time frame. Please note that Lipper performance returns are based on each fund's NAV.

During this six-month period, the Fund made distributions to shareholders totaling \$0.21 per share. As of March 31, 2015, the Fund estimates that all of the distributions were sourced from net investment income.\* The performance table shows the Fund's six-month total return based on its NAV and market price as of March 31, 2015. **Past performance is no guarantee of future results.**

**Performance Snapshot** as of March 31, 2015  
(unaudited)

	6-Month Total Return**
Price Per Share	
\$6.03 (NAV)	-1.02%
\$5.32 (Market Price)	-4.50%

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

**\*\* Total returns are based on changes in NAV or market price, respectively. 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, including returns of capital, if any, at NAV.**

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

**Looking for additional information?**

The Fund is traded under the symbol 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.

\*These estimates are not for tax purposes. The Fund will issue a Form 1099 with final composition of the distributions for tax purposes after year-end. A return of capital is not taxable and results in a reduction in the tax basis of a shareholder's investment. For more information about a distribution's composition, please refer to the Fund's distribution press release or, if applicable, the Section 19 notice located in the press release section of our website, [www.lmcef.com](http://www.lmcef.com).

## Investment commentary (cont d)

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,

Kenneth D. Fuller

Chairman, President and Chief Executive Officer

April 24, 2015

***RISKS:** The Fund's investments are subject to credit risk, inflation risk and interest rate risk. The Fund invests in high-yield debt securities, which are subject to greater risks than investments in higher-rated bonds, such as the increased risk of default and greater volatility because of the lower credit quality of the issues. Fixed-income investments are subject to interest rate risk. 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.*

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

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

VI Western Asset High Income Opportunity Fund Inc.

- <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 Institute for Supply Management's PMI is based on a survey of purchasing executives who buy the raw materials for manufacturing at more than 350 companies. It offers an early reading on the health of the U.S. manufacturing sector.
- <sup>iii</sup> The Federal Reserve Board ( Fed ) is responsible for the formulation of policies designed to promote economic growth, full employment, stable prices and a sustainable pattern of international trade and payments.
- <sup>iv</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.
- <sup>v</sup> 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.
- <sup>vi</sup> 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.
- <sup>vii</sup> The JPMorgan Emerging Markets Bond Index Global ( EMBI Global ) tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds and local market instruments.
- <sup>viii</sup> 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.
- <sup>ix</sup> Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the six-month period ended March 31, 2015, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 7 funds in the Fund's Lipper category.

## Fund at a glance (unaudited)

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

The bar graph above represents the composition of the Fund's investments as of March 31, 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.

## Spread duration (unaudited)

Economic exposure March 31, 2015

### Total Spread Duration

HIO 3.65 years

Benchmark 4.24 years

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

ABS	Asset-Backed Securities
Benchmark	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

## Effective duration (unaudited)

Interest rate exposure March 31, 2015

### Total Effective Duration

HIO 3.71 years

Benchmark 4.20 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

## Schedule of investments (unaudited)

March 31, 2015

### Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<b>Corporate Bonds &amp; Notes</b> 90.5%				
<b>Consumer Discretionary</b> 15.6%				
<i>Automobiles</i> 0.3%				
Chrysler Group LLC/CG Co.-Issuer Inc., Secured Notes	8.250%	6/15/21	1,140,000	\$ 1,270,085
<i>Diversified Consumer Services</i> 0.5%				
Service Corp. International, Senior Notes	7.500%	4/1/27	1,280,000	1,504,000
StoneMor Partners LP/Cornerstone Family Services of WV, Senior Bonds	7.875%	6/1/21	920,000	970,600
<i>Total Diversified Consumer Services</i>				2,474,600
<i>Hotels, Restaurants &amp; Leisure</i> 3.5%				
24 Hour Holdings III LLC, Senior Notes	8.000%	6/1/22	980,000	837,900 (a)
Bossier Casino Venture Holdco Inc.	11.000%	2/9/18	277,730	284,673 (b)(c)
Bossier Casino Venture Holdco Inc., Senior Secured Bonds	14.000%	2/9/18	1,692,952	1,459,663 (a)(b)(c)(d)
Boyd Gaming Corp., Senior Notes	9.125%	12/1/18	260,000	272,350
Carlson Travel Holdings Inc., Senior Notes	7.500%	8/15/19	520,000	527,800 (a)(d)
Carrols Restaurant Group Inc., Senior Secured Notes	11.250%	5/15/18	1,400,000	1,496,250
CCM Merger Inc., Senior Notes	9.125%	5/1/19	1,710,000	1,872,450 (a)
CEC Entertainment Inc., Senior Notes	8.000%	2/15/22	1,960,000	1,945,300
Cleopatra Finance Ltd., Senior Secured Notes	6.500%	2/15/25	1,350,000	1,306,125 (a)
Downstream Development Quapaw, Senior Secured Notes	10.500%	7/1/19	1,320,000	1,171,500 (a)
Fontainebleau Las Vegas Holdings LLC/Fontainebleau Las Vegas Capital Corp., Senior Secured Notes	10.250%	6/15/15	445,000	1,691 (a)(e)
Greektown Holdings LLC/Greektown Mothership Corp., Senior Secured Notes	8.875%	3/15/19	1,200,000	1,272,000 (a)
Landry's Holdings II Inc., Senior Notes	10.250%	1/1/18	750,000	781,875 (a)
Landry's Inc., Senior Notes	9.375%	5/1/20	3,598,000	3,876,845 (a)
Nathan's Famous Inc., Senior Secured Notes	10.000%	3/15/20	390,000	411,450 (a)
Rivers Pittsburgh Borrower LP/Rivers Pittsburgh Finance Corp., Senior Secured Notes	9.500%	6/15/19	267,000	282,353 (a)
<i>Total Hotels, Restaurants &amp; Leisure</i>				17,800,225
<i>Household Durables</i> 1.9%				
Century Intermediate Holding Co. 2, Senior Notes	9.750%	2/15/19	1,980,000	2,113,650 (a)(d)
Shea Homes LP/Shea Homes Funding Corp., Senior Notes	5.875%	4/1/23	1,040,000	1,063,400 (a)
Shea Homes LP/Shea Homes Funding Corp., Senior Notes	6.125%	4/1/25	1,650,000	1,670,625 (a)
William Lyon Homes Inc., Senior Notes	8.500%	11/15/20	1,520,000	1,653,000
William Lyon Homes Inc., Senior Notes	7.000%	8/15/22	1,190,000	1,233,137
Woodside Homes Co., LLC/Woodside Homes Finance Inc., Senior Notes	6.750%	12/15/21	2,020,000	1,944,250 (a)
<i>Total Household Durables</i>				9,678,062

See Notes to Financial Statements.

## Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Media 7.3%</i>				
Altice SA, Senior Secured Notes	7.750%	5/15/22	840,000	\$ 856,275 <sup>(a)</sup>
Carmike Cinemas Inc., Secured Notes	7.375%	5/15/19	530,000	564,450
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	8.125%	4/30/20	3,000,000	3,142,500
Clear Channel Worldwide Holdings Inc., Senior Notes	6.500%	11/15/22	450,000	469,125
CSC Holdings LLC, Senior Notes	6.750%	11/15/21	500,000	556,875
DISH DBS Corp., Senior Notes	7.875%	9/1/19	1,085,000	1,215,200
DISH DBS Corp., Senior Notes	6.750%	6/1/21	2,020,000	2,156,350
DISH DBS Corp., Senior Notes	5.000%	3/15/23	70,000	68,236
DISH DBS Corp., Senior Notes	5.875%	11/15/24	2,860,000	2,870,725
Gibson Brands Inc., Senior Secured Notes	8.875%	8/1/18	1,380,000	1,388,625 <sup>(a)</sup>
iHeartCommunications Inc., Senior Notes	10.000%	1/15/18	1,570,000	1,340,388
MDC Partners Inc., Senior Notes	6.750%	4/1/20	250,000	264,375 <sup>(a)</sup>
New Cotai LLC/New Cotai Capital Corp., Senior Secured Notes	10.625%	5/1/19	1,617,634	1,625,318 <sup>(a)(d)</sup>
Numericable-SFR, Senior Secured Bonds	6.000%	5/15/22	2,710,000	2,747,262 <sup>(a)</sup>
Numericable-SFR, Senior Secured Bonds	6.250%	5/15/24	2,330,000	2,362,037 <sup>(a)</sup>
Time Warner Cable Inc., Senior Notes	8.750%	2/14/19	1,490,000	1,840,886
Time Warner Cable Inc., Senior Notes	8.250%	4/1/19	678,000	830,013
Univision Communications Inc., Senior Notes	8.500%	5/15/21	1,320,000	1,415,700 <sup>(a)</sup>
Univision Communications Inc., Senior Secured Notes	7.875%	11/1/20	770,000	824,863 <sup>(a)</sup>
Univision Communications Inc., Senior Secured Notes	6.750%	9/15/22	217,000	233,546 <sup>(a)</sup>
UPC Holding BV, Junior Secured Subordinated Notes	6.375%	9/15/22	2,030,000 <sup>EUR</sup>	2,357,379 <sup>(a)</sup>
UPCB Finance II Ltd., Senior Notes	6.375%	7/1/20	633,000 <sup>EUR</sup>	710,411 <sup>(f)</sup>
Virgin Media Finance PLC, Senior Notes	6.375%	4/15/23	2,890,000	3,092,300 <sup>(a)</sup>
Virgin Media Finance PLC, Senior Notes	6.000%	10/15/24	2,000,000	2,107,500 <sup>(a)</sup>
Virgin Media Finance PLC, Senior Notes	5.750%	1/15/25	200,000	208,060 <sup>(a)</sup>
WMG Acquisition Corp., Senior Notes	6.750%	4/15/22	1,620,000	1,543,050 <sup>(a)</sup>
<i>Total Media</i>				<i>36,791,449</i>
<i>Multiline Retail 0.4%</i>				
Neiman Marcus Group LLC, Senior Secured Notes	7.125%	6/1/28	330,000	338,250
Neiman Marcus Group Ltd. LLC, Senior Notes	8.750%	10/15/21	1,530,000	1,629,450 <sup>(a)(d)</sup>
<i>Total Multiline Retail</i>				<i>1,967,700</i>
<i>Specialty Retail 1.4%</i>				
American Greetings Corp., Senior Notes	7.375%	12/1/21	1,220,000	1,308,450
Guitar Center Inc., Senior Secured Bonds	6.500%	4/15/19	3,530,000	3,097,575 <sup>(a)</sup>
Hot Topic Inc., Senior Secured Notes	9.250%	6/15/21	730,000	793,875 <sup>(a)</sup>
Spencer Spirit Holdings Inc., Senior Notes	9.000%	5/1/18	1,710,000	1,737,788 <sup>(a)(d)</sup>
<i>Total Specialty Retail</i>				<i>6,937,688</i>

See Notes to Financial Statements.

## Schedule of investments (unaudited) (cont d)

March 31, 2015

### Western Asset High Income Opportunity Fund Inc.

	Rate	Maturity Date	Face Amount	Value
Security				
<i>Textiles, Apparel &amp; Luxury Goods 0.3%</i>				
Chinos Intermediate Holdings A Inc., Senior Notes	7.750%	5/1/19	1,090,000	\$ 959,200 <sup>(a)(d)</sup>
Empire Today LLC/Empire Today Finance Corp., Senior Secured Notes	11.375%	2/1/17	810,000	656,100 <sup>(a)</sup>
<i>Total Textiles, Apparel &amp; Luxury Goods</i>				<i>1,615,300</i>
<b>Total Consumer Discretionary</b>				<b>78,535,109</b>
<i>Consumer Staples 3.6%</i>				
<i>Beverages 0.7%</i>				
Carolina Beverage Group LLC/Carolina Beverage Group Finance Inc., Secured Notes	10.625%	8/1/18	1,140,000	1,122,900 <sup>(a)</sup>
Cott Beverages Inc., Senior Notes	6.750%	1/1/20	1,120,000	1,162,000 <sup>(a)</sup>
DS Services of America Inc., Secured Notes	10.000%	9/1/21	1,230,000	1,451,400 <sup>(a)</sup>
<i>Total Beverages</i>				<i>3,736,300</i>
<i>Food &amp; Staples Retailing 0.5%</i>				
Beverages & More Inc., Senior Secured Notes	10.000%	11/15/18	1,640,000	1,564,150 <sup>(a)</sup>
Family Tree Escrow LLC, Senior Notes	5.750%	3/1/23	1,180,000	1,247,850 <sup>(a)</sup>
<i>Total Food &amp; Staples Retailing</i>				<i>2,812,000</i>
<i>Food Products 1.8%</i>				
Dole Food Co. Inc., Senior Secured Notes	7.250%	5/1/19	1,570,000	1,597,475 <sup>(a)</sup>
Hearthside Group Holdings LLC/Hearthside Finance Co., Senior Notes	6.500%	5/1/22	1,510,000	1,506,225 <sup>(a)</sup>
Pilgrim s Pride Corp., Senior Notes	5.750%	3/15/25	1,630,000	1,670,750 <sup>(a)</sup>
Simmons Foods Inc., Secured Notes	7.875%	10/1/21	1,910,000	1,890,900 <sup>(a)</sup>
Sun Merger Sub Inc., Senior Notes	5.875%	8/1/21	1,380,000	1,450,725 <sup>(a)</sup>
Wells Enterprises Inc., Senior Secured Notes	6.750%	2/1/20	813,000	829,260 <sup>(a)</sup>
<i>Total Food Products</i>				<i>8,945,335</i>
<i>Household Products 0.3%</i>				
Spectrum Brands Inc., Senior Notes	6.625%	11/15/22	580,000	623,500
Spectrum Brands Inc., Senior Notes	6.125%	12/15/24	440,000	471,900 <sup>(a)</sup>
Sun Products Corp., Senior Notes	7.750%	3/15/21	300,000	264,000 <sup>(a)</sup>
<i>Total Household Products</i>				<i>1,359,400</i>
<i>Tobacco 0.3%</i>				
Alliance One International Inc., Secured Notes	9.875%	7/15/21	1,500,000	1,327,500
<b>Total Consumer Staples</b>				<b>18,180,535</b>
<i>Energy 14.2%</i>				
<i>Energy Equipment &amp; Services 2.1%</i>				
Atwood Oceanics Inc., Senior Notes	6.500%	2/1/20	1,340,000	1,293,100
CGG, Senior Notes	7.750%	5/15/17	138,000	131,790
CGG, Senior Notes	6.500%	6/1/21	1,470,000	1,179,675

See Notes to Financial Statements.

## Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Energy Equipment &amp; Services continued</i>				
CGG, Senior Notes	6.875%	1/15/22	200,000	\$ 160,000
Exterran Partners LP/EXLP Finance Corp., Senior Notes	6.000%	10/1/22	490,000	450,800
FTS International Inc., Senior Secured Notes	6.250%	5/1/22	1,130,000	836,200 (a)
Gulfmark Offshore Inc., Senior Notes	6.375%	3/15/22	1,240,000	982,700
Hercules Offshore Inc., Senior Notes	7.500%	10/1/21	1,100,000	313,500 (a)(c)
Hercules Offshore Inc., Senior Notes	6.750%	4/1/22	2,470,000	679,250 (a)(c)
KCA Deutag UK Finance PLC, Senior Secured Notes	7.250%	5/15/21	530,000	421,350 (a)
Key Energy Services Inc., Senior Notes	6.750%	3/1/21	520,000	338,000
Parker Drilling Co., Senior Notes	7.500%	8/1/20	1,680,000	1,373,400
SESI LLC, Senior Notes	7.125%	12/15/21	1,320,000	1,339,800
Sierra Hamilton LLC/Sierra Hamilton Finance Inc., Senior Secured Notes	12.250%	12/15/18	1,390,000	1,077,250 (a)
<i>Total Energy Equipment &amp; Services</i>				<i>10,576,815</i>
<i>Oil, Gas &amp; Consumable Fuels 12.1%</i>				
Approach Resources Inc., Senior Notes	7.000%	6/15/21	340,000	306,000
Arch Coal Inc., Senior Notes	7.250%	6/15/21	1,880,000	446,500
Atlas Pipeline Partners LP/Atlas Pipeline Finance Corp., Senior Notes	6.625%	10/1/20	470,000	486,450
Berry Petroleum Co., Senior Notes	6.375%	9/15/22	2,230,000	1,744,975
Blue Racer Midstream LLC/Blue Racer Finance Corp., Senior Notes	6.125%	11/15/22	890,000	916,700 (a)
California Resources Corp., Senior Notes	5.500%	9/15/21	990,000	883,278 (a)
California Resources Corp., Senior Notes	6.000%	11/15/24	3,010,000	2,656,325 (a)
Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes	6.500%	4/15/21	2,310,000	2,252,250 (a)
Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes	7.625%	1/15/22	360,000	365,400
Carrizo Oil & Gas Inc., Senior Notes	7.500%	9/15/20	960,000	991,200
Chesapeake Energy Corp., Senior Notes	6.875%	11/15/20	550,000	577,500
Chesapeake Energy Corp., Senior Notes	6.125%	2/15/21	1,360,000	1,383,800
Comstock Resources Inc., Senior Notes	7.750%	4/1/19	1,710,000	726,750
Comstock Resources Inc., Senior Notes	9.500%	6/15/20	1,120,000	492,800
Crestwood Midstream Partners LP, Senior Notes	6.125%	3/1/22	1,570,000	1,589,625
CrownRock LP/CrownRock Finance Inc., Senior Notes	7.750%	2/15/23	1,130,000	1,146,950 (a)
El Paso Corp., Medium-Term Notes	7.800%	8/1/31	1,040,000	1,277,048
Enterprise Products Operating LLC, Junior Subordinated Notes	8.375%	8/1/66	680,000	716,775 (g)
Globe Luxembourg SCA, Senior Secured Notes	9.625%	5/1/18	3,240,000	2,948,400 (a)
Halcon Resources Corp., Senior Notes	9.750%	7/15/20	3,150,000	2,236,500
Halcon Resources Corp., Senior Notes	8.875%	5/15/21	3,330,000	2,331,000

See Notes to Financial Statements.

## Schedule of investments (unaudited) (cont d)

March 31, 2015

### Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Oil, Gas &amp; Consumable Fuels continued</i>				
Lonestar Resources America Inc., Senior Notes	8.750%	4/15/19	550,000	\$ 426,250 <sup>(a)</sup>
LUKOIL International Finance BV, Bonds	6.356%	6/7/17	140,000	144,873 <sup>(f)</sup>
Magnum Hunter Resources Corp., Senior Notes	9.750%	5/15/20	3,710,000	3,320,450
MarkWest Energy Partners LP/MarkWest Energy Finance Corp., Senior Notes	6.500%	8/15/21	182,000	191,555
MEG Energy Corp., Senior Notes	6.375%	1/30/23	2,620,000	2,423,500 <sup>(a)</sup>
Milagro Oil & Gas Inc., Secured Notes	10.500%	5/15/16	1,690,000	988,650 <sup>(e)</sup>
Murray Energy Corp., Senior Secured Notes	9.500%	12/5/20	1,080,000	1,215,000 <sup>(a)</sup>
Murray Energy Corp., Senior Secured Notes	8.625%	6/15/21	900,000	945,000 <sup>(a)</sup>
Natural Resource Partners LP/Natural Resource Partners Finance Corp., Senior Notes	9.125%	10/1/18	1,150,000	1,109,750
Natural Resource Partners LP/Natural Resource Partners Finance Corp., Senior Notes	9.125%	10/1/18	420,000	405,300 <sup>(a)</sup>
New Gulf Resources LLC/NGR Finance Corp., Senior Secured Notes	11.750%	5/15/19	1,490,000	1,124,950
Parsley Energy LLC/Parsley Finance Corp., Senior Notes	7.500%	2/15/22	2,110,000	2,141,650 <sup>(a)</sup>
Petrobras Global Finance BV, Senior Notes	7.250%	3/17/44	1,300,000	1,227,174
Plains Exploration & Production Co., Senior Notes	6.750%	2/1/22	162,000	172,125
Quicksilver Resources Inc., Senior Notes	11.000%	7/1/21	930,000	160,425 <sup>(e)</sup>
Rice Energy Inc., Senior Notes	6.250%	5/1/22	1,250,000	1,225,000
Rice Energy Inc., Senior Notes	7.250%	5/1/23	320,000	320,400 <sup>(a)</sup>
RSP Permian Inc., Senior Notes	6.625%	10/1/22	2,730,000	2,757,300 <sup>(a)</sup>
Sabine Pass Liquefaction LLC, Senior Secured Notes	5.750%	5/15/24	1,270,000	1,282,700
Samson Investment Co., Senior Notes	9.750%	2/15/20	1,440,000	403,200
Sanchez Energy Corp., Senior Notes	6.125%	1/15/23	5,200,000	4,699,500
Shelf Drilling Holdings Ltd., Senior Secured Notes	8.625%	11/1/18	930,000	769,575 <sup>(a)</sup>
Summit Midstream Holdings LLC/Summit Midstream Finance Corp., Senior Notes	7.500%	7/1/21	630,000	658,350
Teine Energy Ltd., Senior Notes	6.875%	9/30/22	580,000	530,700 <sup>(a)</sup>
Tennessee Gas Pipeline Co., Senior Notes	8.375%	6/15/32	3,270,000	4,240,085
Whiting Canadian Holding Co. ULC, Senior Notes	8.125%	12/1/19	1,390,000	1,462,975
<i>Total Oil, Gas &amp; Consumable Fuels</i>				<i>60,822,663</i>
<b>Total Energy</b>				<b>71,399,478</b>
<b>Financials 11.7%</b>				
<i>Banks 5.1%</i>				
Bank of America Corp., Junior Subordinated Notes	6.500%	10/23/24	810,000	858,600 <sup>(g)(h)</sup>
Barclays Bank PLC, Subordinated Notes	10.179%	6/12/21	1,930,000	2,646,655 <sup>(a)</sup>
Barclays Bank PLC, Subordinated Notes	7.625%	11/21/22	2,000,000	2,345,000
Barclays PLC, Junior Subordinated Bonds	8.250%	12/15/18	420,000	450,835 <sup>(g)(h)</sup>

See Notes to Financial Statements.

## Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Banks continued</i>				
Citigroup Inc., Junior Subordinated Bonds	6.300%	5/15/24	650,000	\$ 665,437 <sup>(g)(h)</sup>
Credit Agricole SA, Junior Subordinated Notes	7.875%	1/23/24	700,000	743,519 <sup>(a)(g)(h)</sup>
Credit Agricole SA, Subordinated Notes	8.375%	10/13/19	1,660,000	1,970,586 <sup>(a)(g)(h)</sup>
HSBC Holdings PLC, Junior Subordinated Bonds	6.375%	9/17/24	790,000	807,775 <sup>(g)(h)</sup>
HSBC Holdings PLC, Junior Subordinated Bonds	6.375%	3/30/25	1,070,000	1,096,750 <sup>(g)(h)</sup>
Intesa Sanpaolo SpA, Senior Notes	3.625%	8/12/15	2,680,000	2,705,431 <sup>(a)</sup>
JPMorgan Chase & Co., Junior Subordinated Bonds	6.000%	8/1/23	630,000	641,025 <sup>(g)(h)</sup>
JPMorgan Chase & Co., Junior Subordinated Notes	6.100%	10/1/24	800,000	826,000 <sup>(g)(h)</sup>
M&T Bank Corp., Junior Subordinated Bonds	6.875%	6/15/16	1,790,000	1,852,650 <sup>(h)</sup>
Novo Banco SA, Senior Notes	5.875%	11/9/15	500,000 <sup>EUR</sup>	542,598 <sup>(f)</sup>
Royal Bank of Scotland Group PLC, Junior Subordinated Bonds	7.648%	9/30/31	1,210,000	1,530,650 <sup>(g)(h)</sup>
Royal Bank of Scotland Group PLC, Subordinated Notes	6.100%	6/10/23	1,470,000	1,637,389
Royal Bank of Scotland NV, Subordinated Notes	7.750%	5/15/23	390,000	473,685
Royal Bank of Scotland PLC, Subordinated Notes	13.125%	3/19/22	2,480,000 <sup>AUD</sup>	2,201,925 <sup>(f)(g)</sup>
Santander Issuances SAU, Notes	5.911%	6/20/16	1,100,000	1,151,355 <sup>(a)</sup>
Wells Fargo & Co., Junior Subordinated Bonds	5.875%	6/15/25	580,000	614,916 <sup>(g)(h)</sup>
<i>Total Banks</i>				<i>5,762,781</i>
<i>Capital Markets 1.1%</i>				
Credit Suisse Group AG, Junior Subordinated Notes	6.250%	12/18/24	4,000,000	3,942,000 <sup>(a)(g)(h)</sup>
Goldman Sachs Group Inc., Subordinated Notes	6.750%	10/1/37	1,210,000	1,591,881
<i>Total Capital Markets</i>				<i>5,533,881</i>
<i>Consumer Finance 1.1%</i>				
Ally Financial Inc., Senior Notes	8.000%	3/15/20	1,133,000	1,353,935
GMAC International Finance BV, Senior Bonds	7.500%	4/21/15	830,000 <sup>EUR</sup>	895,787 <sup>(f)</sup>
SLM Corp., Medium-Term Notes, Senior Notes	8.450%	6/15/18	1,110,000	1,234,875
SLM Corp., Medium-Term Notes, Senior Notes	8.000%	3/25/20	1,150,000	1,279,490
Stearns Holdings Inc., Senior Secured Notes	9.375%	8/15/20	640,000	633,600 <sup>(a)</sup>
TMX Finance LLC/TitleMax Finance Corp., Senior Secured Notes	8.500%	9/15/18	570,000	407,550 <sup>(a)</sup>
<i>Total Consumer Finance</i>				<i>5,805,237</i>
<i>Diversified Financial Services 2.3%</i>				
Argos Merger Sub Inc., Senior Notes	7.125%	3/15/23	2,530,000	2,628,037 <sup>(a)</sup>
International Lease Finance Corp., Senior Notes	8.625%	9/15/15	820,000	844,600
International Lease Finance Corp., Senior Notes	8.750%	3/15/17	100,000	110,750
International Lease Finance Corp., Senior Notes	8.875%	9/1/17	4,200,000	4,756,500
International Lease Finance Corp., Senior Notes	8.250%	12/15/20	1,860,000	2,269,200
ZFS Finance USA Trust II, Bonds	6.450%	12/15/65	1,000,000	1,055,000 <sup>(a)(g)</sup>
<i>Total Diversified Financial Services</i>				<i>11,664,087</i>

See Notes to Financial Statements.

## Schedule of investments (unaudited) (cont d)

March 31, 2015

### Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Insurance 0.6%</i>				
Fidelity & Guaranty Life Holdings Inc., Senior Notes	6.375%	4/1/21	850,000	\$ 896,750 <sup>(a)</sup>
Liberty Mutual Group Inc., Junior Subordinated Bonds	7.800%	3/15/37	900,000	1,104,750 <sup>(a)</sup>
MetLife Capital Trust IV, Junior Subordinated Notes	7.875%	12/15/37	650,000	864,500 <sup>(a)</sup>
<i>Total Insurance</i>				<i>2,866,000</i>
<i>Real Estate Management &amp; Development 1.5%</i>				
Caesars Entertainment Resort Properties LLC, Secured Notes	11.000%	10/1/21	800,000	704,000
Caesars Entertainment Resort Properties LLC, Senior Secured Notes	8.000%	10/1/20	2,870,000	2,862,825
Greystar Real Estate Partners LLC, Senior Secured Notes	8.250%	12/1/22	1,610,000	1,694,525 <sup>(a)</sup>
Howard Hughes Corp., Senior Notes	6.875%	10/1/21	2,130,000	2,241,825 <sup>(a)</sup>
<i>Total Real Estate Management &amp; Development</i>				<i>7,503,175</i>
<b>Total Financials</b>				<b>59,135,161</b>
<i>Health Care 6.9%</i>				
<i>Health Care Equipment &amp; Supplies 0.7%</i>				
ConvaTec Finance International SA, Senior Notes	8.250%	1/15/19	830,000	840,894 <sup>(a)(d)</sup>
Lantheus Medical Imaging Inc., Senior Notes	9.750%	5/15/17	2,970,000	2,921,737
<i>Total Health Care Equipment &amp; Supplies</i>				<i>3,762,631</i>
<i>Health Care Providers &amp; Services 5.0%</i>				
Acadia Healthcare Co. Inc., Senior Notes	12.875%	11/1/18	864,000	972,000
Acadia Healthcare Co. Inc., Senior Notes	6.125%	3/15/21	720,000	750,600
CHS/Community Health Systems Inc., Senior Notes	8.000%	11/15/19	2,390,000	2,545,350
DJO Finance LLC/DJO Finance Corp., Senior Notes	7.750%	4/15/18	400,000	408,000 <sup>(c)</sup>
DJO Finance LLC/DJO Finance Corp., Senior Notes	9.875%	4/15/18	2,330,000	2,434,850 <sup>(c)</sup>
DJO Finance LLC/DJO Finance Corp., Senior Subordinated Notes	9.750%	10/15/17	290,000	298,700 <sup>(c)</sup>
ExamWorks Group Inc., Senior Notes	9.000%	7/15/19	2,050,000	2,178,125
Fresenius Medical Care U.S. Finance Inc., Senior Notes	6.500%	9/15/18	280,000	313,600 <sup>(a)</sup>
Fresenius U.S. Finance II Inc., Senior Notes	9.000%	7/15/15	2,060,000	2,111,500 <sup>(a)</sup>
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	2,689,650
Jaguar Holding Co. II/Jaguar Merger Sub Inc., Senior Notes	9.500%	12/1/19	530,000	571,737 <sup>(a)</sup>
Kindred Healthcare Inc., Senior Secured Notes	8.750%	1/15/23	400,000	440,000 <sup>(a)</sup>
Surgical Care Affiliates Inc., Senior Notes	6.000%	4/1/23	820,000	830,250 <sup>(a)</sup>
Tenet Healthcare Corp., Senior Notes	8.125%	4/1/22	1,480,000	1,635,400
Tenet Healthcare Corp., Senior Secured Notes	6.000%	10/1/20	1,330,000	1,413,125
Universal Hospital Services Inc., Secured Notes	7.625%	8/15/20	2,160,000	1,900,800
<i>Total Health Care Providers &amp; Services</i>				<i>25,394,087</i>

See Notes to Financial Statements.

## Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Pharmaceuticals 1.2%</i>				
JLL/Delta Dutch Newco BV, Senior Notes	7.500%	2/1/22	1,450,000	\$ 1,513,438 (a)
Valeant Pharmaceuticals International Inc., Senior Notes	5.500%	3/1/23	950,000	961,875 (a)
Valeant Pharmaceuticals International Inc., Senior Notes	6.125%	4/15/25	3,310,000	3,434,125 (a)
<i>Total Pharmaceuticals</i>				
				<i>5,909,438</i>
<b>Total Health Care</b>				
<b>Industrials 13.5%</b>				
<i>Aerospace &amp; Defense 1.1%</i>				
CBC Ammo LLC/CBC FinCo Inc., Senior Notes	7.250%	11/15/21	2,100,000	1,795,500 (a)
Ducommun Inc., Senior Notes	9.750%	7/15/18	1,010,000	1,073,125
Erickson Inc., Secured Notes	8.250%	5/1/20	1,713,000	1,390,956
GenCorp Inc., Secured Notes	7.125%	3/15/21	760,000	817,000
LMI Aerospace Inc., Secured Notes	7.375%	7/15/19	710,000	718,875 (a)
<i>Total Aerospace &amp; Defense</i>				
				<i>5,795,456</i>
<i>Air Freight &amp; Logistics 0.4%</i>				
XPO Logistics Inc., Senior Notes	7.875%	9/1/19	1,910,000	2,029,375 (a)
<i>Airlines 0.5%</i>				
Air Canada, Pass-Through Trust, Secured Notes	6.625%	5/15/18	560,000	589,092 (a)
American Airlines, Pass-Through Trust, Secured Notes	7.000%	1/31/18	558,148	605,590 (a)
Delta Air Lines Inc., Pass-Through Certificates, Secured Notes	8.021%	8/10/22	585,603	679,300
Delta Air Lines Inc., Pass-Through Certificates, Subordinated Secured Notes	9.750%	12/17/16	302,297	337,061
United Airlines Inc., Pass-Through Certificates, Notes	5.500%	10/29/20	416,751	442,799
United Airlines Inc., Pass-Through Certificates, Secured Notes	9.250%	5/10/17	95,947	105,542
<i>Total Airlines</i>				
				<i>2,759,384</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	1,332,250 (a)
Building Materials Corp. of America, Senior Notes	6.750%	5/1/21	600,000	639,000 (a)
Rearden G Holdings EINS GmbH, Senior Notes	7.875%	3/30/20	100,000	89,000 (a)
<i>Total Building Products</i>				
				<i>2,060,250</i>
<i>Commercial Services &amp; Supplies 2.3%</i>				
Garda World Security Corp., Senior Notes	7.250%	11/15/21	800,000	790,000 (a)
JM Huber Corp., Senior Notes	9.875%	11/1/19	860,000	934,175 (a)
Monitronics International Inc., Senior Notes	9.125%	4/1/20	3,280,000	3,226,700
RSC Equipment Rental Inc./RSC Holdings III LLC, Senior Notes	8.250%	2/1/21	810,000	878,850
Taylor Morrison Communities Inc./Monarch Communities Inc., Senior Notes	7.750%	4/15/20	1,423,000	1,515,495 (a)
Taylor Morrison Communities Inc./Monarch Communities Inc., Senior Notes	7.750%	4/15/20	891,000	948,915 (a)

See Notes to Financial Statements.

## Schedule of investments (unaudited) (cont d)

March 31, 2015

## Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Commercial Services &amp; Supplies continued</i>				
United Rentals North America Inc., Senior Notes	7.625%	4/15/22	2,608,000	\$ 2,866,192
West Corp., Senior Notes	5.375%	7/15/22	600,000	588,000 <sup>(a)</sup>
<i>Total Commercial Services &amp; Supplies</i>				<i>11,748,327</i>
<i>Construction &amp; Engineering 1.4%</i>				
Ausdrill Finance Pty Ltd., Senior Notes	6.875%	11/1/19	1,240,000	948,600 <sup>(a)</sup>
Brundage-Bone Concrete Pumping Inc., Senior Secured Notes	10.375%	9/1/21	1,250,000	1,298,438 <sup>(a)</sup>
Michael Baker Holdings LLC/Michael Baker Finance Corp., Senior Notes	8.875%	4/15/19	1,580,000	1,485,200 <sup>(a)(d)</sup>
Michael Baker International LLC/CDL Acquisition Co. Inc., Senior Secured Notes	8.250%	10/15/18	1,870,000	1,846,625 <sup>(a)</sup>
Modular Space Corp., Secured Notes	10.250%	1/31/19	1,510,000	1,208,000 <sup>(a)</sup>
Odebrecht Finance Ltd., Senior Notes	4.375%	4/25/25	260,000	217,750 <sup>(a)</sup>
<i>Total Construction &amp; Engineering</i>				<i>7,004,613</i>
<i>Electrical Equipment 0.4%</i>				
International Wire Group Holdings Inc., Senior Secured Notes	8.500%	10/15/17	1,020,000	1,060,800 <sup>(a)</sup>
NES Rentals Holdings Inc., Senior Secured Notes	7.875%	5/1/18	930,000	943,950 <sup>(a)</sup>
<i>Total Electrical Equipment</i>				<i>2,004,750</i>
<i>Industrial Conglomerates 0.3%</i>				
Leucadia National Corp., Senior Notes	8.125%	9/15/15	1,290,000	1,329,422
<i>Machinery 1.4%</i>				
CTP Transportation Products LLC/CTP Finance Inc., Senior Secured Notes	8.250%	12/15/19	610,000	631,350 <sup>(a)</sup>
Dematic SA/DH Services Luxembourg Sarl, Senior Notes	7.750%	12/15/20	2,820,000	2,961,000 <sup>(a)</sup>
Gardner Denver Inc., Senior Notes	6.875%	8/15/21	550,000	497,750 <sup>(a)</sup>
Global Brass and Copper Inc., Senior Secured Notes	9.500%	6/1/19	1,260,000	1,357,650
SIG Combibloc Holdings SCA, Senior Bonds	7.750%	2/15/23	570,000 <sup>EUR</sup>	649,421 <sup>(a)</sup>
SPL Logistics Escrow LLC/SPL Logistics Finance Corp., Senior Secured Notes	8.875%	8/1/20	890,000	941,175 <sup>(a)</sup>
<i>Total Machinery</i>				<i>7,038,346</i>
<i>Marine 0.9%</i>				
Horizon Lines LLC, Senior Secured Notes	11.000%	10/15/16	938,000	942,690 <sup>(c)</sup>
Navios Maritime Acquisition Corp./Navios Acquisition Finance U.S. Inc., Senior Secured Notes	8.125%	11/15/21	2,170,000	2,191,700 <sup>(a)</sup>
Ultrapetrol Bahamas Ltd., Senior Secured Notes	8.875%	6/15/21	1,240,000	1,181,100
<i>Total Marine</i>				<i>4,315,490</i>
<i>Road &amp; Rail 2.0%</i>				
Flexi-Van Leasing Inc., Senior Notes	7.875%	8/15/18	1,290,000	1,315,800 <sup>(a)</sup>
Florida East Coast Holdings Corp., Senior Notes	9.750%	5/1/20	1,770,000	1,730,175 <sup>(a)</sup>
Florida East Coast Holdings Corp., Senior Secured Notes	6.750%	5/1/19	950,000	959,500 <sup>(a)</sup>

See Notes to Financial Statements.

## Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Road &amp; Rail continued</i>				
Jack Cooper Holdings Corp., Senior Secured Notes	9.250%	6/1/20	2,450,000	\$ 2,541,875 <sup>(a)</sup>
Jurassic Holdings III Inc., Secured Notes	6.875%	2/15/21	1,280,000	1,120,000 <sup>(a)</sup>
Quality Distribution LLC/QD Capital Corp., Secured Notes	9.875%	11/1/18	2,173,000	2,287,082
<i>Total Road &amp; Rail</i>				<i>9,954,432</i>
<i>Trading Companies &amp; Distributors 0.6%</i>				
Ashtead Capital Inc., Senior Secured Notes	6.500%	7/15/22	1,340,000	1,433,800 <sup>(a)</sup>
H&E Equipment Services Inc., Senior Notes	7.000%	9/1/22	1,620,000	1,676,700
<i>Total Trading Companies &amp; Distributors</i>				<i>3,110,500</i>
<i>Transportation 1.6%</i>				
CMA CGM, Senior Notes	8.500%	4/15/17	2,810,000	2,873,225 <sup>(a)</sup>
Hapag-Lloyd AG, Senior Notes	9.750%	10/15/17	1,700,000	1,785,000 <sup>(a)</sup>
Neovia Logistics Intermediate Holdings LLC/Logistics Intermediate Finance Corp., Senior Notes	10.000%	2/15/18	1,980,000	1,999,800 <sup>(a)(d)</sup>
Syncreon Group BV/Syncreon Global Finance U.S. Inc., Senior Notes	8.625%	11/1/21	1,750,000	1,505,000 <sup>(a)</sup>
<i>Total Transportation</i>				<i>8,163,025</i>
<i>Transportation Infrastructure 0.2%</i>				
Aguila 3 SA, Senior Secured Notes	7.875%	1/31/18	870,000	872,175 <sup>(a)</sup>
<b>Total Industrials</b>				<b>68,185,545</b>
<i>Information Technology 2.7%</i>				
<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	1,340,000	1,353,400
<i>Internet Software &amp; Services 0.6%</i>				
Ancestry.com Inc., Senior Notes	9.625%	10/15/18	710,000	718,875 <sup>(a)(d)</sup>
Ancestry.com Inc., Senior Notes	11.000%	12/15/20	1,070,000	1,193,050
Zayo Group LLC/Zayo Capital Inc., Senior Secured Notes	8.125%	1/1/20	891,000	942,790
<i>Total Internet Software &amp; Services</i>				<i>2,854,715</i>
<i>IT Services 1.5%</i>				
Compiler Finance Subordinated Inc., Senior Notes	7.000%	5/1/21	1,900,000	1,467,750 <sup>(a)</sup>
First Data Corp., Secured Notes	8.250%	1/15/21	860,000	924,500 <sup>(a)</sup>
First Data Corp., Senior Notes	12.625%	1/15/21	2,310,000	2,743,125
First Data Corp., Senior Subordinated Notes	11.750%	8/15/21	1,545,000	1,794,131
Interactive Data Corp., Senior Notes	5.875%	4/15/19	830,000	842,450 <sup>(a)</sup>
<i>Total IT Services</i>				<i>7,771,956</i>
<i>Semiconductors &amp; Semiconductor Equipment 0.2%</i>				
Micron Technology Inc., Senior Notes	5.250%	8/1/23	990,000	1,009,800 <sup>(a)</sup>

See Notes to Financial Statements.

## Schedule of investments (unaudited) (cont'd)

March 31, 2015

### Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Software 0.1%</i>				
Audatex North America Inc., Senior Notes	6.000%	6/15/21	720,000	\$ 765,000 (a)
<b>Total Information Technology</b>				<b>13,754,871</b>
<i>Materials 8.6%</i>				
<i>Chemicals 0.7%</i>				
Eco Services Operations LLC/Eco Finance Corp., Senior Notes	8.500%	11/1/22	780,000	791,700 (a)
Hexion Inc., Senior Secured Notes	8.875%	2/1/18	180,000	159,300
HIG BBC Intermediate Holdings LLC/HIG BBC Holdings Corp., Senior Notes	10.500%	9/15/18	770,000	714,175 (a)(d)
Kerling PLC, Senior Secured Notes	10.625%	2/1/17	1,048,000 EUR	1,150,808 (a)
KP Germany Erste GmbH, Senior Secured Notes	11.625%	7/15/17	420,000 EUR	489,992 (a)
KP Germany Erste GmbH, Senior Secured Notes	11.625%	7/15/17	320,000 EUR	373,327 (f)
<i>Total Chemicals</i>				<i>3,679,302</i>
<i>Construction Materials 0.3%</i>				
Hardwoods Acquisition Inc., Senior Secured Notes	7.500%	8/1/21	1,290,000	1,238,400 (a)
NWH Escrow Corp., Senior Secured Notes	7.500%	8/1/21	470,000	444,150 (a)
<i>Total Construction Materials</i>				<i>1,682,550</i>
<i>Containers &amp; Packaging 3.1%</i>				
Ardagh Finance Holdings SA, Senior Notes	8.625%	6/15/19	1,294,366	1,355,046 (a)(d)
Ardagh Packaging Finance PLC, Senior Notes	9.125%	10/15/20	1,130,000	1,214,750 (a)
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	6.250%	1/31/19	480,000	483,600 (a)
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	9.125%	10/15/20	2,170,000	2,321,900 (a)
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	7.000%	11/15/20	254,118	255,706 (a)
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	6.750%	1/31/21	1,520,000	1,542,800 (a)
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	6.000%	6/30/21	680,000	669,800 (a)
BWAY Holding Co., Senior Notes	9.125%	8/15/21	1,610,000	1,682,450 (a)
Coveris Holdings SA, Senior Notes	7.875%	11/1/19	1,780,000	1,828,950 (a)
Pactiv LLC, Senior Bonds	8.375%	4/15/27	2,560,000	2,656,000
PaperWorks Industries Inc., Senior Secured Notes	9.500%	8/15/19	1,030,000	1,059,612 (a)
Reynolds Group Issuer Inc./Reynolds Group Issuer LLC/Reynolds Group Issuer (Luxembourg) SA, Senior Notes	8.500%	5/15/18	280,000	288,750
<i>Total Containers &amp; Packaging</i>				<i>15,359,364</i>
<i>Metals &amp; Mining 3.5%</i>				
ArcelorMittal, Senior Notes	7.000%	2/25/22	340,000	374,000
Barmarco Finance Pty Ltd., Senior Notes	9.000%	6/1/18	1,300,000	1,265,875 (a)

See Notes to Financial Statements.

## Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Metals &amp; Mining continued</i>				
Coeur Mining Inc., Senior Notes	7.875%	2/1/21	1,850,000	\$ 1,586,375
Evrz Group SA, Notes	9.500%	4/24/18	100,000	102,662 <sup>(a)</sup>
Evrz Group SA, Senior Notes	9.500%	4/24/18	100,000	102,662 <sup>(f)</sup>
FMG Resources (August 2006) Pty Ltd., Senior Notes	8.250%	11/1/19	440,000	380,050 <sup>(a)</sup>
FMG Resources (August 2006) Pty Ltd., Senior Notes	6.875%	4/1/22	1,970,000	1,462,725 <sup>(a)</sup>
Midwest Vanadium Pty Ltd., Senior Secured Notes	11.500%	2/15/18	1,570,000	117,750 <sup>(a)(c)(e)</sup>
Mirabela Nickel Ltd., Subordinated Notes	1.000%	9/10/44	16,962	0 <sup>(b)(c)(i)</sup>
Prince Mineral Holding Corp., Senior Secured Notes	11.500%	12/15/19	1,280,000	1,244,800 <sup>(a)</sup>
Rain CII Carbon LLC/CII Carbon Corp., Senior Secured Notes	8.250%	1/15/21	2,260,000	2,118,750 <sup>(a)</sup>
Ryerson Inc./Joseph T. Ryerson & Son Inc., Senior Secured Notes	9.000%	10/15/17	2,040,000	2,065,500
Schaeffler Holding Finance BV, Senior Secured Bonds	6.875%	8/15/18	880,000	922,900 <sup>(a)(d)</sup>
Schaeffler Holding Finance BV, Senior Secured Notes	6.875%	8/15/18	1,050,000 <sup>EUR</sup>	1,185,811 <sup>(a)(d)</sup>
Schaeffler Holding Finance BV, Senior Secured Notes	6.750%	11/15/22	1,730,000	1,877,050 <sup>(a)(d)</sup>
St. Barbara Ltd., Senior Secured Notes	8.875%	4/15/18	810,000	694,575 <sup>(a)</sup>
Thompson Creek Metals Co. Inc., Senior Notes	12.500%	5/1/19	1,050,000	908,250
Thompson Creek Metals Co. Inc., Senior Secured Notes	9.750%	12/1/17	990,000	1,024,650
Vedanta Resources PLC, Senior Notes	6.750%	6/7/16	200,000	200,100 <sup>(a)</sup>
<i>Total Metals &amp; Mining</i>				<i>17,634,485</i>
<i>Paper &amp; Forest Products 1.0%</i>				
Appvion Inc., Secured Notes	9.000%	6/1/20	3,480,000	2,305,500 <sup>(a)</sup>
Resolute Forest Products Inc., Senior Notes	5.875%	5/15/23	1,060,000	1,023,960
Verso Paper Holdings LLC/Verso Paper Inc., Senior Secured Bonds	11.750%	1/15/19	480,000	448,800
Verso Paper Holdings LLC/Verso Paper Inc., Senior Secured Notes	11.750%	1/15/19	1,070,000	1,003,125
Verso Paper Holdings LLC/Verso Paper Inc., Senior Secured Notes	11.750%	1/15/19	232,000	170,520
<i>Total Paper &amp; Forest Products</i>				<i>4,951,905</i>
<b>Total Materials</b>				
<b>Telecommunication Services 10.4%</b>				
<i>Diversified Telecommunication Services 5.0%</i>				
Axtel SAB de CV, Senior Secured Notes	9.000%	1/31/20	129,000	115,932 <sup>(a)</sup>
CCOH Safari LLC, Senior Bonds	5.500%	12/1/22	180,000	184,500
CCOH Safari LLC, Senior Bonds	5.750%	12/1/24	290,000	299,425
CenturyLink Inc., Senior Notes	5.800%	3/15/22	2,350,000	2,458,687
CenturyLink Inc., Senior Notes	5.625%	4/1/25	1,220,000	1,230,675 <sup>(a)</sup>
Intelsat Jackson Holdings SA, Senior Bonds	5.500%	8/1/23	3,380,000	3,202,550
Intelsat Jackson Holdings SA, Senior Notes	7.250%	10/15/20	2,750,000	2,839,375

See Notes to Financial Statements.

## Schedule of investments (unaudited) (cont d)

March 31, 2015

## Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Diversified Telecommunication Services continued</i>				
Intelsat Jackson Holdings SA, Senior Notes	7.500%	4/1/21	670,000	\$ 691,775
Level 3 Financing Inc., Senior Notes	7.000%	6/1/20	130,000	139,425
Level 3 Financing Inc., Senior Notes	8.625%	7/15/20	2,350,000	2,558,562
Level 3 Financing Inc., Senior Notes	6.125%	1/15/21	630,000	663,863
Level 3 Financing Inc., Senior Notes	5.625%	2/1/23	1,350,000	1,393,875 (a)
Verizon Communications Inc., Senior Notes	5.150%	9/15/23	1,830,000	2,099,526
Windstream Corp., Senior Notes	7.750%	10/1/21	1,070,000	1,072,675
Windstream Corp., Senior Notes	7.500%	4/1/23	4,330,000	4,156,800
Windstream Corp., Senior Notes	6.375%	8/1/23	1,840,000	1,658,300
Ziggo Bond Finance BV, Senior Notes	5.875%	1/15/25	510,000	536,138 (a)
<i>Total Diversified Telecommunication Services</i>				<i>25,302,083</i>
<i>Wireless Telecommunication Services 5.4%</i>				
Altice Financing SA, Senior Secured Notes	5.250%	2/15/23	180,000 EUR	205,400 (a)
Altice Financing SA, Senior Secured Notes	6.625%	2/15/23	3,260,000	3,374,100 (a)
Altice Finco SA, Senior Notes	7.625%	2/15/25	560,000	576,800 (a)
Sprint Capital Corp., Senior Notes	6.875%	11/15/28	2,900,000	2,675,250
Sprint Capital Corp., Senior Notes	8.750%	3/15/32	5,335,000	5,535,062
Sprint Communications Inc., Senior Notes	6.000%	12/1/16	200,000	209,175
Sprint Communications Inc., Senior Notes	9.000%	11/15/18	2,770,000	3,185,500 (a)
Sprint Corp., Senior Notes	7.875%	9/15/23	2,860,000	2,931,500
Sprint Corp., Senior Notes	7.625%	2/15/25	20,000	20,000
Syniverse Holdings Inc., Senior Notes	9.125%	1/15/19	1,455,000	1,440,450
T-Mobile USA Inc., Senior Notes	6.542%	4/28/20	560,000	591,500
T-Mobile USA Inc., Senior Notes	6.000%	3/1/23	2,550,000	2,619,334
Vimpel Communications Via VIP Finance Ireland Ltd. OJSC, Senior Notes	9.125%	4/30/18	130,000	137,691 (f)
Vimpel Communications Via VIP Finance Ireland Ltd. OJSC, Senior Notes	7.748%	2/2/21	2,010,000	1,997,337 (a)
VimpelCom Holdings BV, Senior Notes	7.504%	3/1/22	1,000,000	953,750 (f)
VimpelCom Holdings BV, Senior Notes	7.504%	3/1/22	590,000	562,713 (a)
<i>Total Wireless Telecommunication Services</i>				<i>27,015,562</i>
<b>Total Telecommunication Services</b>				<b>52,317,645</b>
<i>Utilities 3.3%</i>				
<i>Electric Utilities 1.7%</i>				
AES Red Oak LLC, Secured Notes	9.200%	11/30/29	4,200,000	4,662,000
GenOn REMA LLC, Pass-Through Certificates	9.237%	7/2/17	453,761	480,987
GenOn REMA LLC, Pass-Through Certificates	9.681%	7/2/26	2,820,000	3,045,600
Midwest Generation LLC, Pass-Through Certificates	8.560%	1/2/16	221,549	223,211
<i>Total Electric Utilities</i>				<i>8,411,798</i>

See Notes to Financial Statements.

## Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Gas Utilities 0.0%</i>				
Southern Natural Gas Co., Senior Notes	8.000%	3/1/32	60,000	\$ 74,817
<i>Independent Power and Renewable Electricity Producers 1.6%</i>				
Calpine Corp., Senior Secured Notes	7.875%	1/15/23	1,139,000	1,264,518 (a)
Foresight Energy LLC/Foresight Energy Corp., Senior Notes	7.875%	8/15/21	2,320,000	2,325,800 (a)
Mirant Mid Atlantic LLC, Pass-Through Certificates	9.125%	6/30/17	95,124	100,355
Mirant Mid Atlantic LLC, Pass-Through Certificates	10.060%	12/30/28	3,303,832	3,621,826
TerraForm Power Operating LLC, Senior Notes	5.875%	2/1/23	1,040,000	1,081,600 (a)
<i>Total Independent Power and Renewable Electricity Producers</i>				<i>8,394,099</i>
<b>Total Utilities</b>				<b>16,880,714</b>
<b>Total Corporate Bonds &amp; Notes (Cost \$457,861,072)</b>				<b>456,762,820</b>
<i>Asset-Backed Securities 0.3%</i>				
Dryden Senior Loan Fund, 2013-26A E	4.753%	7/15/25	500,000	445,500 (a)(g)
Treman Park CLO LLC, 2015-1A E	6.461%	4/20/27	1,250,000	1,206,250 (a)(b)(g)
<b>Total Asset-Backed Securities (Cost \$1,667,610)</b>				<b>1,651,750</b>
<i>Collateralized Mortgage Obligations 0.1%</i>				
Countrywide Home Loan Mortgage Pass-Through Trust, 2004-HYB5 7A1 (Cost \$506,638)	2.389%	4/20/35	719,812	609,965 (g)
<b>Convertible Bonds &amp; Notes 0.3%</b>				
<i>Materials 0.3%</i>				
<i>Chemicals 0.1%</i>				
Hercules Inc., Junior Subordinated Bonds	6.500%	6/30/29	420,000	385,088
<i>Metals &amp; Mining 0.2%</i>				
Mirabela Nickel Ltd., Senior Secured Bonds	9.500%	6/24/19	1,130,252	830,735 (a)(c)(d)
<b>Total Convertible Bonds &amp; Notes (Cost \$1,516,505)</b>				<b>1,215,823</b>
<b>Senior Loans 2.1%</b>				
<b>Consumer Discretionary 0.5%</b>				
<i>Hotels, Restaurants &amp; Leisure 0.3%</i>				
Equinox Holdings Inc., Second Lien Term Loan	9.750%	7/31/20	1,290,000	1,309,350 (j)(k)
<i>Specialty Retail 0.1%</i>				
Gymboree Corp., Initial Term Loan	5.000%	2/23/18	620,000	473,913 (j)(k)
<i>Textiles, Apparel &amp; Luxury Goods 0.1%</i>				
TOMS Shoes LLC, Term Loan B	6.500%	10/28/20	830,000	770,516 (j)(k)
<b>Total Consumer Discretionary</b>				<b>2,553,779</b>
<b>Consumer Staples 0.1%</b>				
<i>Food Products 0.1%</i>				
AdvancePierre Foods Inc., Second Lien Term Loan	9.500%	10/10/17	550,000	554,125 (j)(k)
<b>Energy 0.2%</b>				
<i>Oil, Gas &amp; Consumable Fuels 0.2%</i>				
Westmoreland Coal Co., Term Loan B	7.500%	12/16/20	1,067,325	1,068,659 (j)(k)

See Notes to Financial Statements.

## Schedule of investments (unaudited) (cont d)

March 31, 2015

## Western Asset High Income Opportunity Fund Inc.

	Rate	Maturity Date	Face Amount	Value
Security				
<b>Health Care 0.5%</b>				
<i>Health Care Providers &amp; Services 0.5%</i>				
Physiotherapy Associates Holdings Inc., Exit Term Loan	11.000%	1/2/17	1,170,000	\$ 1,169,269 (c)(j)(k)
Radnet Management Inc., Second Lien Term Loan	8.000%	3/25/21	1,350,000	1,338,187 (j)(k)
<b>Total Health Care</b>				<b>2,507,456</b>
<b>Materials 0.2%</b>				
<i>Chemicals 0.2%</i>				
Kronos Inc., Second Lien Term Loan	9.750%	4/30/20	979,232	<b>1,006,161</b> (j)(k)
<b>Utilities 0.6%</b>				
<i>Electric Utilities 0.2%</i>				
Panda Temple Power LLC, 2015 Term Loan B		3/4/22	1,220,000	1,207,800 (l)
<i>Independent Power and Renewable Electricity Producers 0.4%</i>				
Energy Future Intermediate Holding Co., LLC, DIP Term Loan	4.250%	6/19/16	1,790,831	1,800,532 (j)(k)
<b>Total Utilities</b>				<b>3,008,332</b>
<b>Total Senior Loans (Cost \$10,703,829)</b>				<b>10,698,512</b>
<b>Sovereign Bonds 0.1%</b>				
<i>Colombia 0.0%</i>				
Republic of Colombia, Senior Notes	7.375%	3/18/19	100,000	118,650
<i>Turkey 0.1%</i>				
Republic of Turkey, Senior Notes	7.000%	6/5/20	12,000	13,890
Republic of Turkey, Senior Notes	6.875%	3/17/36	377,000	468,336
<i>Total Turkey</i>				482,226
<b>Total Sovereign Bonds (Cost \$483,473)</b>				<b>600,876</b>
			Shares	
<b>Common Stocks 2.5%</b>				
<b>Consumer Discretionary 0.3%</b>				
<i>Automobiles 0.3%</i>				
Ford Motor Co.			88,227	1,423,984
General Motors Co.			10,315	386,812
<i>Total Automobiles</i>				1,810,796
<i>Hotels, Restaurants &amp; Leisure 0.0%</i>				
Bossier Casino Venture Holdco Inc.			86,730	0 *(b)(c)(i)
<b>Total Consumer Discretionary</b>				<b>1,810,796</b>
<b>Energy 0.5%</b>				
<i>Energy Equipment &amp; Services 0.5%</i>				
KCAD Holdings I Ltd.			275,927,431	<b>2,398,085</b> *(b)(c)

See Notes to Financial Statements.

## Western Asset High Income Opportunity Fund Inc.

	Rate	Shares	Value
Security			
<b>Financials 0.9%</b>			
<i>Banks 0.9%</i>			
Citigroup Inc.		64,503	\$ 3,323,195
JPMorgan Chase & Co.		24,776	1,500,930
<b>Total Financials</b>			<b>4,824,125</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> *(b)(c)
<b>Industrials 0.4%</b>			
<i>Marine 0.4%</i>			
DeepOcean Group Holding AS		106,322	1,426,522 *(b)(c)
Horizon Lines Inc., Class A Shares		758,779	493,207 *(c)
<b>Total Industrials</b>			<b>1,919,729</b>
<b>Materials 0.1%</b>			
<i>Metals &amp; Mining 0.1%</i>			
Mirabela Nickel Ltd.		3,464,533	<b>367,875</b> *(b)
<b>Total Common Stocks (Cost \$14,952,495)</b>			<b>12,656,910</b>
<b>Convertible Preferred Stocks 0.2%</b>			
<b>Energy 0.2%</b>			
<i>Oil, Gas &amp; Consumable Fuels 0.2%</i>			
Rex Energy Corp.	6.000%	9,400	418,112
SandRidge Energy Inc.	8.500%	12,000	483,000
<b>Total Convertible Preferred Stocks (Cost \$2,101,000)</b>			<b>901,112</b>
<b>Preferred Stocks 1.6%</b>			
<b>Financials 1.6%</b>			
<i>Consumer Finance 1.1%</i>			
GMAC Capital Trust I	8.125%	216,388	5,680,185 (g)
<i>Diversified Financial Services 0.5%</i>			
Citigroup Capital XIII	7.875%	92,250	2,446,470 (g)
<b>Total Preferred Stocks (Cost \$7,794,546)</b>			<b>8,126,655</b>
	Expiration Date	Warrants	
<b>Warrants 0.1%</b>			
Jack Cooper Holdings Corp.	12/15/17	2,184	152,880 *(a)
Jack Cooper Holdings Corp.	5/6/18	1,018	71,260 *(a)
<b>Total Warrants (Cost \$55,657)</b>			<b>224,140</b>
<b>Total Investments 97.8% (Cost \$497,642,825#)</b>			<b>493,448,563</b>
Other Assets in Excess of Liabilities 2.2%			11,181,450
<b>Total Net Assets 100.0%</b>			<b>\$ 504,630,013</b>

See Notes to Financial Statements.

## Schedule of investments (unaudited) (cont d)

March 31, 2015

### Western Asset High Income Opportunity Fund Inc.

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

\* Non-income producing security.

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

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

(c) Illiquid security.

(d) Payment-in-kind security for which the issuer has the option at each interest payment date of making interest payments in cash or additional debt securities.

(e) The coupon payment on these securities is currently in default as of March 31, 2015.

(f) Security is exempt from registration under Regulation S of the Securities Act of 1933. Regulation S applies to securities offerings that are made outside of the United States and do not involve direct selling efforts in the United States. This security has been deemed liquid pursuant to guidelines approved by the Board of Directors, unless otherwise noted.

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

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

(i) Value is less than \$1.

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

(k) Senior loans may be considered restricted in that the Fund ordinarily is contractually obligated to receive approval from the agent bank and/or borrower prior to the disposition of a senior loan.

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<sup>(1)</sup> All or a portion of this loan is unfunded as of March 31, 2015. The interest rate for fully unfunded term loans is to be determined.

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

### Abbreviations used in this schedule:

AUD	Australian Dollar
CLO	Collateralized Loan Obligation
DIP	Debtor-in-Possession
EUR	Euro
OJSC	Open Joint Stock Company

[See Notes to Financial Statements.](#)

20 Western Asset High Income Opportunity Fund Inc. 2015 Semi-Annual Report

## Statement of assets and liabilities (unaudited)

March 31, 2015

<b>Assets:</b>	
Investments, at value (Cost \$497,642,825)	\$ 493,448,563
Foreign currency, at value (Cost \$330,350)	327,376
Cash	1,540,832
Interest receivable	10,631,898
Receivable for securities sold	1,274,552
Unrealized appreciation on forward foreign currency contracts	499,364
Deposits with brokers for open futures contracts	49,989
Deposits with brokers for centrally cleared swap contracts	3,066
Prepaid expenses	74,491
<b>Total Assets</b>	<b>507,850,131</b>
<b>Liabilities:</b>	
Payable for securities purchased	2,804,424
Investment management fee payable	342,548
Payable to broker variation margin on open futures contracts	10,313
Directors fees payable	8,563
Accrued expenses	54,270
<b>Total Liabilities</b>	<b>3,220,118</b>
<b>Total Net Assets</b>	<b>\$ 504,630,013</b>
<b>Net Assets:</b>	
Par value (\$0.001 par value; 83,688,580 shares issued and outstanding; 500,000,000 shares authorized)	\$ 83,689
Paid-in capital in excess of par value	597,820,171
Overdistributed net investment income	(306,595)
Accumulated net realized loss on investments, futures contracts and foreign currency transactions	(89,196,854)
Net unrealized depreciation on investments, futures contracts and foreign currencies	(3,770,398)
<b>Total Net Assets</b>	<b>\$ 504,630,013</b>
<b>Shares Outstanding</b>	<b>83,688,580</b>
<b>Net Asset Value</b>	<b>\$6.03</b>

See Notes to Financial Statements.

## Statement of operations (unaudited)

For the Six Months Ended March 31, 2015

<b>Investment Income:</b>	
Interest	\$ 19,397,181
Dividends	435,617
<i>Total Investment Income</i>	<i>19,832,798</i>
<b>Expenses:</b>	
Investment management fee (Note 2)	2,034,554
Stock exchange listing fees	49,087
Transfer agent fees	46,923
Directors' fees	38,282
Legal fees	31,181
Audit and tax fees	28,466
Shareholder reports	20,384
Insurance	4,877
Custody fees	3,055
Miscellaneous expenses	5,593
<i>Total Expenses</i>	<i>2,262,402</i>
<b>Net Investment Income</b>	<b>17,570,396</b>
<b>Realized and Unrealized Gain (Loss) on Investments, Futures Contracts and Foreign Currency Transactions (Notes 1, 3 and 4):</b>	
Net Realized Gain (Loss) From:	
Investment transactions	(7,424,557)
Futures contracts	(530,448)
Foreign currency transactions	1,243,203
<i>Net Realized Loss</i>	<i>(6,711,802)</i>
Change in Net Unrealized Appreciation (Depreciation) From:	
Investments	(16,152,310)
Futures contracts	(230,827)
Foreign currencies	(22,033)
<i>Change in Net Unrealized Appreciation (Depreciation)</i>	<i>(16,405,170)</i>
<b>Net Loss on Investments, Futures Contracts and Foreign Currency Transactions</b>	<b>(23,116,972)</b>
<b>Decrease in Net Assets from Operations</b>	<b>\$ (5,546,576)</b>

See Notes to Financial Statements.

## Statements of changes in net assets

For the Six Months Ended March 31, 2015 (unaudited)  
and the Year Ended September 30, 2014

	2015	2014
<b>Operations:</b>		
Net investment income	\$ 17,570,396	\$ 36,223,962
Net realized gain (loss)	(6,711,802)	2,047,899
Change in net unrealized appreciation (depreciation)	(16,405,170)	(5,710,809)
<i>Increase (Decrease) in Net Assets from Operations</i>	<i>(5,546,576)</i>	<i>32,561,052</i>
<b>Distributions to Shareholders From (Note 1):</b>		
Net investment income	(17,825,668)	(36,739,288)
<i>Decrease in Net Assets from Distributions to Shareholders</i>	<i>(17,825,668)</i>	<i>(36,739,288)</i>
<i>Decrease in Net Assets</i>	<i>(23,372,244)</i>	<i>(4,178,236)</i>
<b>Net Assets:</b>		
Beginning of period	528,002,257	532,180,493
<b>End of period*</b>	<b>\$ 504,630,013</b>	<b>\$ 528,002,257</b>
*Includes overdistributed net investment income of:	\$(306,595)	\$(51,323)

See Notes to Financial Statements.

## Financial highlights

For a share of capital stock outstanding throughout each year ended September 30, unless otherwise noted:

	2015 <sup>1,2</sup>	2014 <sup>1</sup>	2013 <sup>1</sup>	2012 <sup>1</sup>	2011 <sup>1</sup>	2010 <sup>1</sup>
Net asset value, beginning of period	\$6.31	\$6.36	\$6.26	\$5.76	\$6.10	\$5.70
<b>Income (loss) from operations:</b>						
Net investment income	0.21	0.43	0.45	0.49	0.50	0.56
Net realized and unrealized gain (loss)	(0.28)	(0.04)	0.13	0.52	(0.31)	0.45
<i>Total income (loss) from operations</i>	<i>(0.07)</i>	<i>0.39</i>	<i>0.58</i>	<i>1.01</i>	<i>0.19</i>	