

ClearBridge Energy MLP Opportunity Fund Inc.

Form N-CSR

February 01, 2016

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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 811-22546

ClearBridge Energy MLP Opportunity Fund Inc.

(Exact name of registrant as specified in charter)

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

(Address of principal executive offices) (Zip code)

Robert I. Frenkel, Esq.

Legg Mason & Co., LLC

100 First Stamford Place

Stamford, CT 06902

(Name and address of agent for service)

Registrant's telephone number, including area code: (888)777-0102

Date of fiscal year end: November 30

Date of reporting period: November 30, 2015

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ITEM 1. REPORT TO STOCKHOLDERS.

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

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Annual Report

November 30, 2015

CLEARBRIDGE

ENERGY MLP

OPPORTUNITY FUND

INC. (EMO)

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

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Fund objective

The Fund's investment objective is to provide long-term investors a high level of total return with an emphasis on cash distributions.

The Fund seeks to achieve its objective by investing primarily in master limited partnerships (MLPs) in the energy sector.

Letter from the chairman

Dear Shareholder,

We are pleased to provide the annual report of ClearBridge Energy MLP Opportunity Fund Inc. for the twelve-month reporting period ended November 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. 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

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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

December 31, 2015

II ClearBridge Energy MLP Opportunity Fund Inc.

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Investment commentary

Economic review

The pace of U.S. economic activity was mixed during the twelve months ended November 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 2015 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 final reading for third quarter 2015 GDP growth released after the reporting period ended was 2.0%. Decelerating growth was primarily due to a downturn in private inventory investment and decelerations in exports, PCE, nonresidential fixed investment, state and local government spending, and residential fixed investment.

The labor market significantly improved and was a tailwind for the economy during the reporting period. When the period began, unemployment was 5.6%, as reported by the U.S. Department of Labor. By November 2015, unemployment was 5.0%, equaling its lowest level since April 2008.

The Federal Reserve Board (Fed) maintained the federal funds rateⁱⁱⁱ at a historically low range between zero and 0.25% during the twelve months ended November 30, 2015. However, at its meeting that ended on December 16, 2015, after the reporting period ended, the Fed raised the federal funds rate for the first time since 2006. In particular, the U.S. central bank raised the federal funds rate to a range between 0.25% and 0.50%. At its meeting that concluded on October 28, 2015, 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." However, in its official statement after the December meeting, the Fed said, "The stance of monetary policy remains accommodative after this increase, thereby supporting further improvement in labor market conditions and a return to 2 percent inflation." The Committee expects that economic conditions will evolve in a manner that will warrant only gradual increases in the federal funds rate; the federal funds rate is likely to remain, for some time, below levels that are expected to prevail in the longer run.

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

Sincerely,

Jane Trust, CFA

Chairman, President and Chief Executive Officer

December 31, 2015

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

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Investment commentary (cont d)

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

ii 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.

iii 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 ClearBridge Energy MLP Opportunity Fund Inc.

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Fund overview

Q. What is the Fund's investment strategy?

A. The Fund's investment objective is to provide long-term investors a high level of total return with an emphasis on cash distributions. The Fund seeks to achieve its objective by investing primarily in master limited partnerships (MLPs) in the Energy sector. The Fund considers an entity to be within the Energy sector if it derives at least 50% of its revenues from the business of exploring, developing, producing, gathering, transporting, processing, storing, refining, distributing, mining or marketing natural gas, natural gas liquids (including propane), crude oil, refined petroleum products or coal.

We currently focus primarily on investments in MLPs with operations in crude oil, natural gas liquids and refined products infrastructure. We believe that the increased supply of domestic oil and natural gas liquids due primarily to recent shale gas discoveries makes MLPs focused on these liquid products well positioned for long-term growth.

However, should macroeconomic energy, political, regulatory or tax considerations evolve, and other types of MLPs become more attractive, we may look to invest in these new opportunities.

ClearBridge Investments, LLC is the Fund's subadviser. The portfolio managers primarily responsible for overseeing the day-to-day management of the Fund are Richard A. Freeman, Michael Clarfeld, CFA, Chris Eades, and Peter Vanderlee, CFA.

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

A. The major U.S. broad indices posted positive returns for the reporting year ending November 30, 2015, as the NASDAQ Composite Indexⁱ gained 8.0% while the S&P 500 Indexⁱⁱ and Dow Jones Industrial Average (DJIAⁱⁱⁱ) trailed, up 2.75% and 1.87%, respectively. The MLP sector, as represented by the Alerian MLP Index^{iv}, was down 34.03%. Throughout the reporting period, investors focused on the Federal Reserve Board's (Fed's) strategy, mixed U.S. economic reports, generally weak foreign economic reports, declining commodity prices, and the strengthening dollar, as well as a wave of mergers and acquisitions (M&A) announcements.

The broad market appreciated through the first half of the year, but the third quarter of 2015 saw sharp declines erase gains. The selling was broad-based and the Chicago Board Options Exchange Volatility Index^{vi}, commonly referred to as the VIX, spiked to the highest level since the U.S. lost its AAA credit rating in late 2011. Over the last several years the market has appreciated significantly and has experienced very little volatility. Until late August, the broad averages had not seen a 10% correction in over three years rare from a historical perspective. Growing concern for global growth, particularly in China, combined with declining commodity prices appeared to drive the volatility.

The International Monetary Fund (IMF) twice lowered its global growth projections for 2015, most recently forecasting a 3.1% expansion. Crude oil prices slid throughout the reporting period on oversupply concerns, dropping below \$40 per barrel in mid-August and closing at roughly \$42 at the end of November 2015. For the year, crude oil was down 41% percent and natural gas was down 46%. The U.S. dollar strengthened 13% against a broad basket of foreign

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Fund overview (cont d)

currencies over the past twelve months, driving material foreign exchange headwinds to U.S. corporate earnings.

After seven years of keeping target rates unchanged, questions regarding a Fed lift-off weighed heavily on the markets all year. While early in the year many observers expected the Fed to finally raise rates, Fed officials pointed to tepid inflation and a weak dollar as reasons to hold-off. After years of effective Fed communication, 2015 was a year where the Fed confused markets several times. Early in the year investors expected the Fed to raise rates and it didn't and later in the year investors expected the Fed to stand pat only to have the Fed insist that they would raise rates by year end.

U.S. gross domestic product (GDPⁱⁱ) growth reports were mixed all year. First quarter of 2015 saw a disappointing 0.6% annualized rate of expansion while GDP growth was higher in second quarter 2015 and third quarter 2015. Notably the economy expanded 3.9% in the second quarter of 2015 and 2.1% in the third quarter of 2015. Meanwhile, U.S. employers added 2.6 million jobs throughout the reporting year and the unemployment rate fell to 5.0% by the end of November 2015 from 5.8% a year ago.

In spite of increased volatility in the markets, corporations continued to take advantage of low borrowing rates and M&A activity was robust during the year. Dealogic, a provider of Global Investment Banking analysis and systems, reports that U.S. targeted M&A volumes reached \$2 trillion in the first eleven months of 2015, up 55% from 2014's total volume.

Q. What were the overall market conditions for the MLP sector during the Fund's reporting period?

A. MLP stocks have experienced extreme declines over the past year as commodity prices have fallen precipitously. MLP fundamentals, however, have held up far better than one would suspect if one were just looking at the share prices. While the Alerian Index was down 34.03% during the year, distributions for the sector actually grew by double digits each quarter of the year. As share prices declined and distributions grew, the yield on MLPs expanded dramatically from 5.7% at the beginning of the year to 8.4% at the end of the year.

The declines in these stocks were driven by three factors in our view. The first driver was investor concern over the fundamental outlook for MLPs. Given the meaningful declines in commodity prices and drilling activities, investors feared that MLP cash flows would be at risk. While this is a legitimate fear, in our view, the reality is not likely to be as scary as the nightmarish stock performance would seem to portend. Again, in spite of the massive decline in commodity prices and drilling activity, MLP distributions and cash flow were up during the year.

The investment case for MLPs relies in large part on one's outlook for energy production. As the primary movers, processors and storers of oil and gas, MLP fundamentals rely most significantly on the volume of oil and gas produced. In spite of the recent downturn in the Energy sector, we expect oil and gas production volumes in the U.S. to grow over the long term.

It is important to remember that while oil dominates the headlines, it is not the only

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game in town. In fact, natural gas is actually the more important commodity for U.S. oil and gas producers, as gas constitutes 55% of total oil and gas production, compared to 37% for crude oil and 8% for natural gas liquids (NGLs), a resource that is found alongside oil and gas.

While today's low oil prices have sparked concern about the outlook for the U.S. oil industry, it is precisely the advent of low-cost shale gas that makes the outlook for natural gas so robust. As the price of natural gas has declined, it has become cost competitive with coal as a fuel source for generating electricity. With competitive costs and a far better environmental profile than coal, natural gas has taken significant market share. Given America's tremendous supply of low-cost natural gas and the environmental benefits of gas compared to coal, we expect this trend to continue.

In addition to coal-to-gas switching, low-cost gas is driving renewed manufacturing activity and increased petrochemical production, which further increases the demand for gas. And in a development that was unimaginable just a few years ago, shale gas has positioned the U.S. to become an exporter of natural gas in the form of liquefied natural gas (LNG). The first LNG export facility is set to come on line at the end of 2015 and others are expected to follow in the years ahead. The combination of all of these demand drivers results in a robust outlook for natural gas production regardless of the price of oil. In our opinion, this should also create strong growth for MLPs for years to come. Thus, for natural gas, lower prices are actually driving increased demand for gas. Increased demand requires increased production and increased production means more infrastructure which will in turn drive growth for the midstream MLPs.

When considering the long-term outlook for oil prices, it is important to keep the global cost curve in mind. In previous periods of market surplus, Saudi Arabia, the world's largest and lowest-cost oil producer, has reduced its production to maintain balance in the markets and thereby support oil prices. This time, the Saudis have maintained production levels, letting prices drop knowing that current low oil prices will drive higher-cost, less-profitable producers out of the market. Over time, the market will return to balance as these higher-cost producers are forced to shut down. In our view, current spot prices are unsustainable. At \$40 per barrel, less than half of all the oil production in the world is breaking even. Over time, as producers respond to the decline in prices by cutting back on exploration and production (E&P) spending, supply will shrink and the market will come back into balance. In our view, in order to meet global demand, prices will eventually have to increase towards the marginal cost of production, a level far in excess of current prices.

Taking a look at the cost curve within U.S. basins, several high-quality shale plays are still economical in a lower commodity price environment, which should help offset declining activity in the conventional plays that have fallen off the curve. U.S. drillers will be high-grading in this environment, focusing their money and their activity on their highest-return and most efficient acreage, while drastically reducing activity in their higher cost basins. This should help to partially maintain production levels as growth in their best areas offsets declines in other areas. That said, in our opinion, it

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Fund overview (cont d)

seems likely that overall oil production in the U.S. will be down in 2016.

The second driver for the sell-off in MLPs was concern over the MLP structure. MLPs generally pay out the vast majority of their cash flows to investors as distributions. This is one of the key attractions of MLPs, but in times of turmoil this attribute becomes a vulnerability. Because MLPs pay out such a high proportion of their cash flow in distributions, they retain very little earnings. This presents two challenges in times of uncertainty. First, while we expect MLP cash flows to hold up relatively well there is little room for error from a distribution perspective. Those MLPs with particularly skinny distribution coverage can see their distributions threatened by declines in cash flows that would not be so worrisome for companies with lower payout ratios. Second, because MLPs retain very little cash flow, they are dependent upon the capital markets to fund their growth spending. As stock prices go down and yields go up, the cost of equity capital rises. As the cost of capital rises, the projected returns from new projects decline. Thus, in a reflexive process the declining share prices impact the fundamentals and create a vicious cycle.

The third driver for the sell-off is a technical one. Given the large decline in MLP prices, there was a lot of tax-loss selling as investors harvested losses in MLPs to offset gains in other places in their portfolio, and thereby lower their overall tax bill.

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

A. The sell-off in the sector was broad-based. There was not a lot of differentiation in individual stock performance an ebb tide lowers all boats.

We have always focused on midstream infrastructure, and we retained that focus during the year. The midstream MLPs that we focus on generally operate with fee-based businesses with relatively limited direct commodity exposure. We initiated a handful of new positions and exited a few others but there was not a wholesale repositioning of the portfolio. The consistency that we maintained in the portfolio reflects two factors. First, coming into the downturn we had always tried to focus on high quality entities with solid balance sheets and sustainable and growing distributions. It goes without saying that we believe this focus is more important than ever given the turbulent state of the sector these days. Second, because of the highly correlated performance of all MLPs, there was little ability to meaningfully reposition the portfolio by selling stocks that we believed had unjustifiably outperformed the group to buy stocks that conversely had unjustifiably underperformed the group. On the margin we certainly did some high-grading of the holdings and took advantage of dislocations in individual stocks but these individual moves are not overly large in the context of the overall portfolio or the performance of the sector.

We continue to focus on cash flows and believe in time, infrastructure MLP stocks will discount cash flow fundamentals in a way that supports materially higher stock prices. In contrast to traditional energy stocks, we expect cash flows for infrastructure MLPs to remain relatively stable. We estimate infrastructure MLP cash flows will be up 14% year-over-year in 2015 while E&P cash flows are expected to be down 44%. Despite these contrasting cash flow profiles, E&P stocks and MLP stocks

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are down roughly similar amounts in 2015. In our view, this disconnect between cash flows and stock price performance is not rational and is likely to correct at some point.

Distribution growth has been strong over the past year. Infrastructure MLP average distribution growth was 12% in first quarter 2015, 12% in second quarter 2015 and 11% in third quarter 2015, according to our analysis. Looking forward, we expect further distribution growth in 2016 from infrastructure MLPs in aggregate albeit at a significantly slower growth rate than in 2015.

Performance review

For the twelve months ended November 30, 2015, ClearBridge Energy MLP Opportunity Fund Inc. returned -36.35% based on its net asset value (NAVⁱⁱⁱ) and -32.14% based on its New York Stock Exchange (NYSE) market price per share. The Lipper Energy MLP Closed-End Funds Category Average^{ix} returned -41.74% 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 \$1.51 per share, all of which will be treated for tax purposes as a return of capital. The performance table shows the Fund's twelve-month total return based on its NAV and market price as of November 30, 2015. **Past performance is no guarantee of future results.**

Performance Snapshot as of November 30, 2015

Price Per Share	12-Month Total Return*
\$15.25 (NAV)	-36.35%
\$14.71 (Market Price)	-32.14%

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, including returns of capital at NAV.

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

Q. What were the leading contributors to performance?

A. In terms of individual Fund holdings, the contributors to performance for the period were Holly Energy Partners LP, Sunoco LP and a private placement in Rice Midstream Partners LP.

Q. What were the leading detractors from performance?

A. The Diversified Energy Infrastructure, Gathering/Processing and Liquids Transportation & Storage sub-sectors detracted meaningfully from absolute performance during the period. In terms of individual Fund holdings, leading detractors from performance for the period included positions in Targa Resources Partners LP, Kinder Morgan, Plains All American Pipeline LP, Williams Partners LP and Enterprise Products Partners LP.

Q. Were there any significant changes to the Fund during the reporting period?

A. During the reporting period, we established several new Fund positions, including Rice Midstream Partners LP, Tallgrass Energy GP LP, Columbia Pipeline Partners LP and a private placement in Rice

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Fund overview (cont d)

Midstream Partners LP. Notable exited positions included Oiltanking Partners LP, EQT Midstream Partners LP and Shell Midstream Partners LP, while Regency Energy Partners LP and Crestwood Midstream Partners LP were acquired by Energy Transfer Partners LP and Crestwood Equity Partners LP, respectively.

Looking for additional information?

The Fund is traded under the symbol EMO and its closing market price is available in most newspapers under the NYSE listings. The daily NAV is available on-line under the symbol XEMOX 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.

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 ClearBridge Energy MLP 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,

Michael Clarfeld, CFA

Portfolio Manager

ClearBridge Investments, LLC

Chris Eades

Portfolio Manager

ClearBridge Investments, LLC

Richard A. Freeman

Portfolio Manager

ClearBridge Investments, LLC

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Peter Vanderlee, CFA

Portfolio Manager

ClearBridge Investments, LLC

December 16, 2015

***RISKS:** All investments are subject to risk, including the risk of loss. MLP distributions are not guaranteed and there is no assurance that all distributions will be tax deferred. Investments in MLP securities are subject to unique risks. The Fund's concentration of investments in energy-related MLPs subjects it to the risks of MLPs and the energy sector, including the risks of declines in energy or commodity prices, decreases in energy demand, adverse weather conditions, natural or other disasters, changes in government regulation, and changes in tax laws. Leverage may result in greater volatility of NAV and the market price of common shares, and increases a shareholder's risk of loss. The Fund may make significant investments in derivative instruments. Derivative instruments can be illiquid, may disproportionately increase losses, and have a potentially large impact on Fund performance. The Fund may invest in*

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small-capitalization or illiquid securities, which can increase the risk and volatility of the Fund.

Portfolio holdings and breakdowns are as of November 30, 2015 and are subject to change and may not be representative of the portfolio managers' current or future investments. The Fund's top ten holdings (as a percentage of net assets) as of November 30, 2015 were: Enterprise Products Partners LP (15.2%), Magellan Midstream Partners LP (11.3%), MarkWest Energy Partners LP (11.2%), Buckeye Partners LP (10.4%), Kinder Morgan Inc. (9.6%), Energy Transfer Partners LP (9.5%), Energy Transfer Equity LP (9.3%), Enbridge Energy Partners LP (8.7%), Plains All American Pipeline LP (7.6%) and Williams Partners LP (6.6%). Please refer to pages 9 through 10 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 November 30, 2015 were: Liquids Transportation & Storage (52.6%), Diversified Energy Infrastructure (46.9%), Gathering/Processing (37.3%), Oil, Gas & Consumable Fuels (11.8%) and Natural Gas Transportation & Storage (10.4%). 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 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. Forecasts and predictions are inherently limited and should not be relied upon as an indication of actual or future performance.

- ⁱ The NASDAQ Composite Index is a market-value weighted index, which measures all securities listed on the NASDAQ stock market.
- ⁱⁱ The S&P 500 Index is an unmanaged index of 500 stocks and is generally representative of the performance of larger companies in the U.S.
- ⁱⁱⁱ The Dow Jones Industrial Average (DJIA) is a widely followed measurement of the stock market. The average is comprised of thirty stocks that represent leading companies in major industries. These stocks, widely held by both individual and institutional investors, are considered to be all blue-chip companies.
- ^{iv} The Alerian MLP Index is a composite of the fifty most prominent energy master limited partnerships (MLPs) and is calculated using a float-adjusted, capitalization-weighted methodology.
- ^v 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.
- ^{vi} The Chicago Board Options Exchange Volatility Index (VIX) reflects a market estimate of future volatility, based on the weighted average of the implied volatilities for a wide range of strikes.
- ^{vii} Gross domestic product (GDP) is the market value of all final goods and services produced within a country in a given period of time.
- ^{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.

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^{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 November 30, 2015, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 23 funds in the Funds Lipper category.

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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 November 30, 2015 and November 30, 2014. The Fund is actively managed. As a result, the composition of the Fund's investments is subject to change at any time.

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Schedule of investments

November 30, 2015

ClearBridge Energy MLP Opportunity Fund Inc.

	Shares/ Units	Value
<i>Security</i>		
Master Limited Partnerships 160.5%		
<i>Diversified Energy Infrastructure 46.9%</i>		
Energy Transfer Equity LP	2,321,140	\$ 43,962,392
Energy Transfer Partners LP	1,182,317	45,176,332
Enterprise Products Partners LP	2,828,797	71,823,156
Genesis Energy LP	767,400	30,197,190
ONEOK Partners LP	848,730	25,657,108
Plains GP Holdings LP, Class A Shares	416,150	5,101,999
<i>Total Diversified Energy Infrastructure</i>		<i>221,918,177</i>
<i>Gathering/Processing 37.3%</i>		
Antero Midstream Partners LP	438,000	9,819,960
DCP Midstream Partners LP	1,179,659	29,963,339
Enable Midstream Partners LP	352,480	3,313,312
EnLink Midstream Partners LP	1,054,250	15,729,410
MarkWest Energy Partners LP	1,109,190	53,241,120
NGL Energy Partners LP	384,100	6,740,955
Rice Midstream Partners LP	912,400	12,700,608
Rice Midstream Partners LP	384,000	5,056,239 ^{*(a)(b)(c)}
Targa Resources Partners LP	1,213,280	27,711,315
Western Gas Partners LP	257,040	12,343,061
<i>Total Gathering/Processing</i>		<i>176,619,319</i>
<i>General Partner 2.3%</i>		
Crestwood Equity Partners LP	180,331	3,377,599
Tallgrass Energy GP LP	346,630	7,611,995
<i>Total General Partner</i>		<i>10,989,594</i>
<i>Liquids Transportation & Storage 52.6%</i>		
Buckeye Partners LP	728,136	49,287,526
Delek Logistics Partners LP	328,530	11,994,630
Enbridge Energy Partners LP	1,659,734	41,244,390
Global Partners LP	203,670	5,063,236
Holly Energy Partners LP	321,110	10,696,174
Magellan Midstream Partners LP	856,840	53,578,205
PBF Logistics LP	575,000	11,344,750
Plains All American Pipeline LP	1,449,900	35,928,522
Sunoco Logistics Partners LP	472,210	13,160,493
Tesoro Logistics LP	176,490	8,815,676
TransMontaigne Partners LP	51,949	1,249,893
World Point Terminals LP	501,400	6,613,466
<i>Total Liquids Transportation & Storage</i>		<i>248,976,961</i>

See Notes to Financial Statements.

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Schedule of investments (cont d)

November 30, 2015

ClearBridge Energy MLP Opportunity Fund Inc.

	Shares/ Units	Value
Security		
<i>Natural Gas Transportation & Storage 10.4%</i>		
Columbia Pipeline Partners LP	460,670	\$ 6,928,477
TC Pipelines LP	230,630	11,406,960
Williams Partners LP	1,134,387	31,104,891
Total Natural Gas Transportation & Storage		49,440,328
<i>Oil/Refined Products 3.6%</i>		
JP Energy Partners LP	428,000	2,944,640
Rose Rock Midstream LP	684,519	14,326,983
Total Oil/Refined Products		17,271,623
<i>Propane 2.1%</i>		
AmeriGas Partners LP	250,690	9,829,555
<i>Refining 0.8%</i>		
Western Refining Logistics LP	157,115	3,679,633
<i>Shipping 4.5%</i>		
KNOT Offshore Partners LP	330,971	5,262,439
Teekay LNG Partners LP	113,870	2,584,849
Teekay Offshore Partners LP	994,312	13,214,406
Total Shipping		21,061,694
Total Master Limited Partnerships (Cost \$688,483,432)		759,786,884
Shares		
Common Stocks 11.8%		
Energy 11.8%		
<i>Oil, Gas & Consumable Fuels 11.8%</i>		
Kinder Morgan Inc.	1,931,383	45,522,697
Williams Cos. Inc.	275,760	10,081,786
Total Common Stocks (Cost \$66,171,712)		55,604,483
Total Investments** 172.3% (Cost \$754,655,144#)		815,391,367
Mandatory Redeemable Preferred Stock, at Liquidation Value (14.8)%		(70,000,000)
Liabilities in Excess of Other Assets (57.5)%		(272,069,474)
Total Net Assets Applicable to Common Shareholders 100.0%		\$ 473,321,893

* Non-income producing security.

** The entire portfolio is subject to lien, granted to the lender and Senior Note holders, to the extent of the borrowing outstanding and any additional expenses.

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

(b) Illiquid security (unaudited).

(c) Restricted security (See Note 10).

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Aggregate cost for federal income tax purposes is \$624,531,582.

[See Notes to Financial Statements.](#)

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Statement of assets and liabilities

November 30, 2015

Assets:	
Investments, at value (Cost \$754,655,144)	\$ 815,391,367
Cash	6,397,361
Receivable for securities sold	273,077
Prepaid expenses	46,254
Current tax receivable	141,510
Total Assets	822,249,569
Liabilities:	
Senior Secured Notes (net of deferred debt issuance and offering costs of \$1,007,388) (Note 6)	173,992,612
Mandatory Redeemable Preferred Stock (\$100,000 liquidation value per share; 700 shares issued and outstanding) (net of deferred offering costs of \$847,710) (Note 7)	69,152,290
Loan payable (Note 5)	60,000,000
Deferred tax liability (Note 11)	42,606,800
Interest payable	2,022,476
Investment management fee payable	660,845
Audit and tax fees payable	269,400
Distributions payable to Mandatory Redeemable Preferred Stockholders	124,290
Directors' fees payable	9,173
Accrued expenses	89,790
Total Liabilities	348,927,676
Total Net Assets Applicable to Common Shareholders	\$ 473,321,893
Net Assets Applicable to Common Shareholders:	
Common stock par value (\$0.001 par value, 31,040,832 shares issued and outstanding; 100,000,000 shares authorized)	\$ 31,041
Paid-in capital in excess of par value	424,128,884
Accumulated net investment loss, net of income taxes	(32,140,965)
Accumulated net realized gain on investments, net of income taxes	42,978,377
Net unrealized appreciation on investments, net of income taxes	38,324,556
Total Net Assets Applicable to Common Shareholders	\$ 473,321,893
Common Shares Outstanding	31,040,832
Net Asset Value Per Common Share	\$15.25

See Notes to Financial Statements.

Table of Contents**Statement of operations**

For the Year Ended November 30, 2015

Investment Income:	
Dividends and distributions	\$ 69,061,798
Return of capital (Note 1(f))	(58,487,976)
Net Dividends and Distributions	10,573,822
Total Investment Income	10,573,822
Expenses:	
Investment management fee (Note 2)	9,643,295
Interest expense (Notes 5 and 6)	6,817,367
Distributions to Mandatory Redeemable Preferred Stockholders (Notes 1 and 7)	1,967,638
Audit and tax fees	308,600
Directors' fees	143,562
Amortization of debt issuance and offering costs (Note 6)	123,530
Legal fees	112,325
Transfer agent fees	95,305
Amortization of preferred stock offering costs (Note 7)	86,464
Commitment fees (Note 5)	68,056
Fund accounting fees	62,381
Shareholder reports	54,917
Stock exchange listing fees	29,459
Franchise taxes	24,758
Insurance	13,918
Rating agency fees	13,311
Custody fees	6,674
Miscellaneous expenses	37,668
Total Expenses	19,609,228
Net Investment Loss, before income taxes	(9,035,406)
Deferred tax benefit (Note 11)	3,384,928
Net Investment Loss, net of income taxes	(5,650,478)
Realized and Unrealized Gain (Loss) on Investments (Notes 1, 3 and 11):	
Net Realized Gain (Loss) From:	
Investment transactions	36,322,762
Deferred tax expense (Note 11)	(13,403,100)
Net Realized Gain, net of income taxes	22,919,662
Change in Net Unrealized Appreciation (Depreciation) From:	
Investments	(470,435,583)
Deferred tax benefit (Note 11)	173,590,730
Change in Net Unrealized Appreciation (Depreciation), net of income taxes	(296,844,853)
Net Loss on Investments, net of income taxes	(273,925,191)
Decrease in Net Assets From Operations Applicable to Common Shareholders	\$ (279,575,669)

See Notes to Financial Statements.

Table of Contents**Statements of changes in net assets**

For the Years Ended November 30,	2015	2014
Operations:		
Net investment loss, net of income taxes	\$ (5,650,478)	\$ (9,095,256)
Net realized gain, net of income taxes	22,919,662	10,173,185
Change in net unrealized appreciation (depreciation), net of income taxes	(296,844,853)	112,357,969
<i>Increase (Decrease) in Net Assets From Operations Applicable to Common Shareholders</i>	<i>(279,575,669)</i>	<i>113,435,898</i>
Distributions to Common Shareholders From (Note 1):		
Return of capital	(46,535,927)	(43,134,630)
<i>Decrease in Net Assets From Distributions to Common Shareholders</i>	<i>(46,535,927)</i>	<i>(43,134,630)</i>
Fund Share Transactions:		
Reinvestment of distributions (119,950 and 0 shares issued, respectively)	1,778,547	
Shelf registration offering costs (Note 8)	(102,197)	(159,246)
<i>Increase (Decrease) in Net Assets From Fund Share Transactions</i>	<i>1,676,350</i>	<i>(159,246)</i>
<i>Increase (Decrease) in Net Assets Applicable to Common Shareholders</i>	<i>(324,435,246)</i>	<i>70,142,022</i>
Net Assets Applicable to Common Shareholders:		
Beginning of year	797,757,139	727,615,117
End of year*	\$ 473,321,893	\$ 797,757,139
*Includes accumulated net investment loss, net of income taxes, of:	\$(32,140,965)	\$(26,490,487)

See Notes to Financial Statements.

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Statement of cash flows

For the Year Ended November 30, 2015

Increase (Decrease) in Cash:

Cash Provided (Used) by Operating Activities:

Net decrease in net assets applicable to common shareholders resulting from operations	\$ (279,575,669)
Adjustments to reconcile net decrease in net assets resulting from operations to net cash provided (used) by operating activities:	
Purchases of portfolio securities	(148,884,074)
Sales of portfolio securities	91,959,126
Increase in distributions payable for Mandatory Redeemable Preferred Stockholders	124,290
Return of capital	58,487,976
Increase in receivable for securities sold	(273,077)
Increase in prepaid expenses	(18,667)
Decrease in investment management fee payable	(221,863)
Increase in Directors' fees payable	2,306
Increase in interest payable	182,071
Decrease in audit and tax fees payable	(1,600)
Decrease in accrued expenses	(53,832)
Decrease in deferred tax liability	(163,572,558)
Net realized gain on investments	(36,322,762)
Change in unrealized depreciation of investments	470,435,583
<i>Net Cash Used in Operating Activities*</i>	<i>(7,732,750)</i>

Cash Flows from Financing Activities:

Distributions paid on Common Stock	(44,757,380)
Proceeds from offering of Senior Secured Notes	25,000,000
Decrease in loan payable	(40,000,000)
Proceeds from offering of Mandatory Redeemable Preferred Stock	70,000,000
Increase in deferred debt issuance and offering costs	(115,764)
Deferred preferred stock offering costs	(847,710)
Shelf registration offering costs	(102,197)
<i>Net Cash Provided by Financing Activities</i>	<i>9,176,949</i>
Net Increase in Cash	1,444,199
Cash at Beginning of Year	4,953,162
Cash at End of Year	\$ 6,397,361

Non-Cash Financing Activities:

Proceeds from reinvestment of distributions	\$ 1,778,547
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* Included in operating expenses is cash of \$6,683,799 paid for interest and commitment fees on borrowings.

See Notes to Financial Statements.

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Financial highlights

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

	2015 ¹	2014 ¹	2013 ¹	2012 ¹	2011 ^{1,2}
Net asset value, beginning of year	\$25.80	\$23.53	\$20.04	\$19.07	\$19.06 ³
Income (loss) from operations:					
Net investment loss	(0.18)	(0.29)	(0.31)	(0.17)	(0.09)
Net realized and unrealized gain (loss)	(8.86)	3.96	5.17	2.48	0.76
<i>Total income (loss) from operations</i>	<i>(9.04)</i>	<i>3.67</i>	<i>4.86</i>	<i>2.31</i>	<i>0.67</i>
Less distributions to common shareholders from:					
Dividends			(0.78)		
Return of capital	(1.51)	(1.40)	(0.59)	(1.34)	(0.66)
<i>Total distributions to common shareholders</i>	<i>(1.51)</i>	<i>(1.40)</i>	<i>(1.37)</i>	<i>(1.34)</i>	<i>(0.66)</i>
Net asset value, end of year	\$15.25	\$25.80	\$23.53	\$20.04	\$19.07
Market price, end of year	\$14.71	\$23.55	\$23.02	\$20.37	\$18.80
<i>Total return, based on NAV^{4,5}</i>	<i>(36.35)%</i>	<i>15.64%</i>	<i>24.56%</i>	<i>12.29%</i>	<i>3.66%</i>
<i>Total return, based on Market Price⁶</i>	<i>(32.14)%</i>	<i>8.38%</i>	<i>19.98%</i>	<i>16.03%</i>	<i>(2.64)%</i>
Net assets applicable to common shareholders, end of year (millions)	\$473	\$798	\$728	\$613	\$576
Ratios to average net assets:					
Management fees	1.44	1.27	1.29	1.30	1.22 ⁷
Other expenses	1.49	0.93	0.99	0.38	0.46 ⁷
<i>Subtotal</i>	<i>2.93</i>	<i>2.20</i>	<i>2.28</i>	<i>1.68</i>	<i>1.68</i>
Income tax expense	⁸	8.20	12.59	6.91	4.63 ⁷
<i>Total expenses</i>	<i>2.93</i>	<i>10.40</i>	<i>14.87</i>	<i>8.59</i>	<i>6.31⁹</i>
Net investment loss, net of income taxes	(0.84)	(1.15)	(1.38)	(0.85)	(1.04) ⁷
Portfolio turnover rate	8%	10%	25%	12%	9%
Supplemental data:					
Loan and Debt Issuance Outstanding, End of Year (000s)	\$235,000	\$250,000	\$210,000	\$189,000	\$166,000
Asset Coverage Ratio for Loan and Debt Issuance Outstanding ¹⁰	331%	419%	446%	424%	447%
Asset Coverage, per \$1,000 Principal Amount of Loan and Debt Issuance Outstanding ¹⁰	\$3,312	\$4,191 ¹¹	\$4,465 ¹¹	\$4,243 ¹¹	\$4,470 ¹¹
Weighted Average Loan and Debt Issuance (000s)	\$247,384	\$217,260	\$202,800	\$180,101	\$118,636
Weighted Average Interest Rate on Loan and Debt Issuance	2.76%	2.90%	2.65%	0.91%	0.90%
Mandatory Redeemable Preferred Stock at Liquidation Value, End of Year (000s)	\$70,000				
Asset Coverage Ratio for Mandatory Redeemable Preferred Stock ¹²	255%				
Asset Coverage, per \$100,000 Liquidation Value per Share of Mandatory Redeemable Preferred Stock ¹²	\$255,188				

See Notes to Financial Statements.

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Financial highlights (cont d)

¹ Per share amounts have been calculated using the average shares method.

² For the period June 10, 2011 (commencement of operations) to November 30, 2011.

³ Initial public offering price of \$20.00 per share less offering costs and sales load totaling \$0.94 per share.

⁴ Performance figures may reflect compensating balance arrangements, fee waivers and/or expense reimbursements. In the absence of compensating balance arrangements, fee waivers and/or expense reimbursements, the total return would have been lower. Past performance is no guarantee of future results. Total returns for periods of less than one year are not annualized.

⁵ The total return calculation assumes that distributions are reinvested at NAV. Prior to January 1, 2012, the total return calculation assumed the reinvestment of all distributions in accordance with the Fund's dividend reinvestment plan. Past performance is no guarantee of future results. Total returns for periods of less than one year are not annualized.

⁶ The total return calculation assumes that distributions are reinvested in accordance with the Fund's dividend reinvestment plan. Past performance is no guarantee of future results. Total returns for periods of less than one year are not annualized.

⁷ Annualized.

⁸ For the year ended November 30, 2015, the net income tax benefit was 24.45%. The net income tax benefit is not reflected in the Fund's expense ratios.

⁹ Excludes the impact of reimbursement for organization fees in the amount of 0.02%. Inclusive of the reimbursement the ratio is 6.29%. The investment manager has agreed to reimburse all organization expenses.

¹⁰ Represents value of net assets plus the loan outstanding, debt issuance outstanding and mandatory redeemable preferred stock at the end of the period divided by the loan and debt issuance outstanding at the end of the period.

¹¹ Added to conform to current period presentation.

¹² Represents value of net assets plus the loan outstanding, debt issuance outstanding and mandatory redeemable preferred stock at the end of the period divided by the loan, debt issuance and mandatory redeemable preferred stock outstanding at the end of the period.

[See Notes to Financial Statements.](#)

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Notes to financial statements

1. Organization and significant accounting policies

ClearBridge Energy MLP Opportunity Fund Inc. (the Fund) was incorporated in Maryland on April 5, 2011 and is registered as a non-diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the 1940 Act). The Board of Directors authorized 100 million shares of \$0.001 par value common stock. The Fund's investment objective is to provide long-term investors a high level of total return with an emphasis on cash distributions. The Fund seeks to achieve its objective by investing primarily in master limited partnerships (MLPs) in the energy sector. There can be no assurance that the Fund will achieve its investment objective.

Under normal market conditions, the Fund will invest at least 80% of its Managed Assets in MLPs in the energy sector (the 80% policy). For purposes of the 80% policy, the Fund considers investments in MLPs to include investments that offer economic exposure to public and private MLPs in the form of equity securities of MLPs, securities of entities holding primarily general partner or managing member interests in MLPs, securities that are derivatives of interests in MLPs, including I-Shares, exchange-traded funds that primarily hold MLP interests and debt securities of MLPs. The Fund considers an entity to be within the energy sector if it derives at least 50% of its revenues from the business of exploring, developing, producing, gathering, transporting, processing, storing, refining, distributing, mining or marketing of natural gas, natural gas liquids (including propane), crude oil, refined petroleum products or coal. Managed Assets means net assets plus the amount of any borrowings and assets attributable to any preferred stock of the Fund that may be outstanding.

The following are significant accounting policies consistently followed by the Fund and are in conformity with U.S. generally accepted accounting principles (GAAP). Estimates and assumptions are required to be made regarding assets, liabilities and changes in net assets resulting from operations when financial statements are prepared. Changes in the economic environment, financial markets and any other parameters used in determining these estimates could cause actual results to differ. Subsequent events have been evaluated through the date the financial statements were issued.

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

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Notes to financial statements (cont d)

Fund holds securities or other assets that are denominated in a foreign currency, the Fund will normally use the currency exchange rates as of 4:00 p.m. (Eastern Time). If independent third party pricing services are unable to supply prices for a portfolio investment, or if the prices supplied are deemed by the manager to be unreliable, the market price may be determined by the manager using quotations from one or more broker/dealers or at the transaction price if the security has recently been purchased and no value has yet been obtained from a pricing service or pricing broker. When reliable prices are not readily available, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded, but before the Fund calculates its net asset value, the Fund values these securities as determined in accordance with procedures approved by the Fund's Board of Directors.

The Board of Directors is responsible for the valuation process and has delegated the supervision of the daily valuation process to the Legg Mason North Atlantic Fund Valuation Committee (formerly, Legg Mason North American Fund Valuation Committee) (the Valuation Committee). The Valuation Committee, pursuant to the policies adopted by the Board of Directors, is responsible for making fair value determinations, evaluating the effectiveness of the Fund's pricing policies, and reporting to the Board of Directors. When determining the reliability of third party pricing information for investments owned by the Fund, the Valuation Committee, among other things, conducts due diligence reviews of pricing vendors, monitors the daily change in prices and reviews transactions among market participants.

The Valuation Committee will consider pricing methodologies it deems relevant and appropriate when making fair value determinations. Examples of possible methodologies include, but are not limited to, multiple of earnings; discount from market of a similar freely traded security; discounted cash-flow analysis; book value or a multiple thereof; risk premium/yield analysis; yield to maturity; and/or fundamental investment analysis. The Valuation Committee will also consider factors it deems relevant and appropriate in light of the facts and circumstances. Examples of possible factors include, but are not limited to, the type of security; the issuer's financial statements; the purchase price of the security; the discount from market value of unrestricted securities of the same class at the time of purchase; analysts' research and observations from financial institutions; information regarding any transactions or offers with respect to the security; the existence of merger proposals or tender offers affecting the security; the price and extent of public trading in similar securities of the issuer or comparable companies; and the existence of a shelf registration for restricted securities.

For each portfolio security that has been fair valued pursuant to the policies adopted by the Board of Directors, the fair value price is compared against the last available and next available market quotations. The Valuation Committee reviews the results of such back testing monthly and fair valuation occurrences are reported to the Board of Directors quarterly.

The Fund uses valuation techniques to measure fair value that are consistent with the market approach and/or income approach, depending on the type of security and the particular circumstance. The market approach uses prices and other relevant information

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generated by market transactions involving identical or comparable securities. The income approach uses valuation techniques to discount estimated future cash flows to present value.

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

Level 1 quoted prices in active markets for identical investments

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

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

The following is a summary of the inputs used in valuing the Fund's assets carried at fair value:

Description	ASSETS			Total
	Quoted Prices (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Long-term investments : Master Limited Partnerships:				
Gathering/Processing	\$ 171,563,080	\$ 5,056,239		\$ 176,619,319
Other Master Limited Partnerships	583,167,565			583,167,565
Common Stocks	55,604,483			55,604,483
Total investments	\$ 810,335,128	\$ 5,056,239		\$ 815,391,367

See Schedule of Investments for additional detailed categorizations.

(b) Repurchase agreements. The Fund may enter into repurchase agreements with institutions that its subadviser has determined are creditworthy. Each repurchase agreement is recorded at cost. Under the terms of a typical repurchase agreement, the Fund acquires a debt security subject to an obligation of the seller to repurchase, and of the Fund to resell, the security at an agreed-upon price and time, thereby determining the yield during the Fund's holding period. When entering into repurchase agreements, it is the Fund's policy that its custodian or a third party custodian, acting on the Fund's behalf, take possession of the underlying collateral securities, the market value of which, at all times, at least equals the principal amount of the repurchase transaction, including accrued interest. To the extent that any repurchase transaction maturity exceeds one business day, the value of the collateral is marked-to-market and measured against the value of the agreement in an effort to ensure the adequacy of the collateral. If the counterparty defaults, the Fund generally has the right to use the collateral to satisfy the terms of the repurchase transaction. However, if the market value of the collateral declines during the period in which the Fund seeks to assert its rights or if

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Notes to financial statements (cont d)

bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited.

(c) Net asset value. The Fund determines the net asset value of its common stock on each day the NYSE is open for business, as of the close of the customary trading session (normally 4:00 p.m. Eastern Time), or any earlier closing time that day. The Fund determines the net asset value per share of common stock by dividing the value of the Fund's securities, cash and other assets (including interest accrued but not collected) less all its liabilities (including accrued expenses, borrowings, interest payables and the aggregate liquidation value (i.e. \$100,000 per outstanding share) of Mandatory Redeemable Preferred Stock), net of income taxes, by the total number of shares of common stock outstanding.

(d) Master limited partnerships. Entities commonly referred to as MLPs are generally organized under state law as limited partnerships or limited liability companies. The Fund intends to primarily invest in MLPs receiving partnership taxation treatment under the Internal Revenue Code of 1986 (the Code), and whose interests or units are traded on securities exchanges like shares of corporate stock. To be treated as a partnership for U.S. federal income tax purposes, an MLP whose units are traded on a securities exchange must receive at least 90% of its income from qualifying sources such as interest, dividends, real estate rents, gain from the sale or disposition of real property, income and gain from mineral or natural resources activities, income and gain from the transportation or storage of certain fuels, and, in certain circumstances, income and gain from commodities or futures, forwards and options with respect to commodities. Mineral or natural resources activities include exploration, development, production, processing, mining, refining, marketing and transportation (including pipelines) of oil and gas, minerals, geothermal energy, fertilizer, timber or industrial source carbon dioxide. An MLP consists of a general partner and limited partners (or in the case of MLPs organized as limited liability companies, a managing member and members). The general partner or managing member typically controls the operations and management of the MLP and has an ownership stake in the partnership. The limited partners or members, through their ownership of limited partner or member interests, provide capital to the entity, are intended to have no role in the operation and management of the entity and receive cash distributions. The MLPs themselves generally do not pay U.S. federal income taxes. Thus, unlike investors in corporate securities, direct MLP investors are generally not subject to double taxation (i.e., corporate level tax and tax on corporate dividends). Currently, most MLPs operate in the energy and/or natural resources sector.

(e) Concentration risk. Concentration in the energy sector may present more risks than if the Fund were broadly diversified over numerous sectors of the economy. A downturn in the energy sector of the economy could have a larger impact on the Fund than on an investment company that does not concentrate in the sector. At times, the performance of securities of companies in the sector may lag the performance of other sectors or the broader market as a whole.

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(f) Return of capital estimates. Distributions received from the Fund's investments in MLPs generally are comprised of income and return of capital. The Fund records investment income and return of capital based on estimates made at the time such distributions are received. Such estimates are based on historical information available from each MLP and other industry sources. These estimates may subsequently be revised based on information received from MLPs after their tax reporting periods are concluded.

For the year ended November 30, 2015, the Fund estimated that approximately 88% of the MLP distributions received would be treated as a return of capital. The Fund recorded as return of capital the amount of \$60,465,069 of dividends and distributions received from its investments.

Additionally, the Fund recorded revisions to the return of capital estimates from the year ended November 30, 2014 in the amount of an \$1,977,093 increase in dividends and distributions received from investments.

(g) Security transactions and investment income. Security transactions are accounted for on a trade date basis. Interest income, adjusted for amortization of premium and accretion of discount, is recorded on the accrual basis. Dividend income is recorded on the ex-dividend date. The cost of investments sold is determined by use of the specific identification method. To the extent any issuer defaults or a credit event occurs that impacts the issuer, the Fund may halt any additional interest income accruals and consider the realizability of interest accrued up to the date of default or credit event.

(h) Distributions to shareholders. Distributions to common shareholders are declared and paid on a quarterly basis and are recorded on the ex-dividend date. The estimated characterization of the distributions paid to common shareholders will be either a dividend (ordinary income) or distribution (return of capital). This estimate is based on the Fund's operating results during the year. The Fund anticipates that 100% of its current year distribution to common shareholders will be treated as return of capital. The actual tax characterization of the common stock distributions made during the current year will not be determined until after the end of the fiscal year when the Fund can determine its earnings and profits and, therefore, may differ from the preliminary estimates.

Distributions to holders of Mandatory Redeemable Preferred Stock (MRPS) are accrued on a daily basis as described in Note 7 and are treated as an operating expense as required by GAAP. For tax purposes, the payments made to the holders of the Fund's MRPS are treated as a dividend (ordinary income) or distribution (return of capital) similar to the treatment of distributions made to common shareholders as described above. The Fund anticipates that 100% of its current year distribution to the MRPS shareholders will be treated as return of capital. The actual tax characterization of the MRPS distributions made during the current year will not be determined until after the end of the fiscal year when the Fund can determine its earnings and profits and, therefore, may differ from the preliminary estimates.

(i) Compensating balance arrangements. The Fund has an arrangement with its custodian bank whereby a portion of the custodian's fees is paid indirectly by credits earned on the Fund's cash on deposit with the bank.

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Notes to financial statements (cont'd)

(j) Partnership accounting policy. The Fund records its pro rata share of the income (loss) and capital gains (losses), to the extent of distributions it has received, allocated from the underlying partnerships and accordingly adjusts the cost basis of the underlying partnerships for return of capital. These amounts are included in the Fund's Statement of Operations.

(k) Federal and other taxes. The Fund, as a corporation, is obligated to pay federal and state income tax on its taxable income. The Fund invests its assets primarily in MLPs, which generally are treated as partnerships for federal income tax purposes. As a limited partner in the MLPs, the Fund includes its allocable share of the MLP's taxable income in computing its own taxable income. Deferred income taxes reflect (i) taxes on unrealized gains (losses), which are attributable to the temporary difference between fair market value and book basis, (ii) the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes and, as applicable, (iii) the net tax benefit of accumulated net operating losses, capital losses and tax credit carryforwards. To the extent the Fund has a deferred tax asset, consideration is given as to whether or not a valuation allowance is required. The need to establish a valuation allowance for deferred tax assets is assessed periodically by the Fund based on Financial Accounting Standards Board (FASB), Accounting Standards Codification Topic 740, Income Taxes (ASC 740) that it is more likely than not that some portion or all of the deferred tax asset will not be realized. In the assessment for a valuation allowance, consideration is given to all positive and negative evidence related to the realization of the deferred tax asset. This assessment considers, among other matters, the nature, frequency and severity of current and cumulative losses, forecasts of future profitability (which are highly dependent on future allocations of taxable income and future cash distributions from the Fund's MLP holdings), the duration of statutory carryforward periods and the associated risk that net operating losses, capital losses and tax credit carryforwards may expire unused.

For all open tax years and for all major jurisdictions, management of the Fund has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements. Furthermore, management of the Fund is also not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months.

The Fund may rely to some extent on information provided by the MLPs, which may not necessarily be timely, to estimate taxable income allocable to the MLP units held in the portfolio and to estimate the associated deferred tax liability. Such estimates are made in good faith. From time to time, as new information becomes available, the Fund modifies its estimates or assumptions regarding the deferred tax liability.

The Fund's policy is to classify interest and penalties associated with underpayment of federal and state income taxes, if any, as income tax expense on its Statement of Operations. The 2011 through 2014 tax years remain open and subject to examination by tax jurisdictions.

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(1) Reclassification. GAAP requires that certain components of net assets be reclassified to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share. During the year ended November 30, 2015, the Fund had no reclassifications.

2. Investment management agreement and other transactions with affiliates

Legg Mason Partners Fund Advisor, LLC (LMPFA) is the Fund’s investment manager and ClearBridge Investments, LLC (ClearBridge) is the Fund’s subadviser. LMPFA and ClearBridge are wholly-owned subsidiaries of Legg Mason, Inc. (Legg Mason).

Under the investment management agreement, the Fund pays LMPFA an annual fee, paid monthly, in an amount equal to 1.00% of the Fund’s average daily Managed Assets.

LMPFA provides administrative and certain oversight services to the Fund. LMPFA delegates to the subadviser the day-to-day portfolio management of the Fund. For its services, LMPFA pays ClearBridge 70% of the net management fee it receives from the Fund.

During periods in which the Fund utilizes financial leverage, the fees which are payable to LMPFA as a percentage of the Fund’s assets will be higher than if the Fund did not utilize leverage because the fees are calculated as a percentage of the Fund’s assets, including those investments purchased with leverage.

All officers and one Director of the Fund are employees of Legg Mason or its affiliates and do not receive compensation from the Fund.

3. Investments

During the year ended November 30, 2015, the aggregate cost of purchases and proceeds from sales of investments (excluding short-term investments) were as follows:

Purchases	\$ 148,884,074
Sales	91,959,126

4. Derivative instruments and hedging activities

During the year ended November 30, 2015, the Fund did not invest in derivative instruments.

5. Loan

The Fund has a 364-day revolving credit agreement with State Street Bank and Trust Company (State Street), which allows the Fund to borrow up to an aggregate amount of \$125,000,000. Unless renewed, the agreement will terminate on February 4, 2016. The Fund pays a commitment fee on the unutilized portion of the loan commitment amount at an annual rate of 0.25%, except that the commitment fee is 0.15% in the event that the aggregate outstanding principal balance of the loan is equal to or greater than 75% of \$125,000,000. Prior to February 5, 2015, the Fund paid a commitment fee up to an annual rate of 0.15% on the unutilized portion of the loan commitment amount. The interest on the loan is calculated at variable rates based on the LIBOR, plus any applicable margin. Securities held by the Fund are subject to a lien, granted to State Street, to the extent of

Table of Contents**Notes to financial statements (cont d)**

the borrowing outstanding and any additional expenses. State Street and the senior secured note holders have equal access to the lien (See Note 6). The Fund's credit agreement contains customary covenants that, among other things, may limit the Fund's ability to pay distributions in certain circumstances, incur additional debt, change its fundamental investment policies and engage in certain transactions, including mergers and consolidations, and require asset coverage ratios in addition to those required by the 1940 Act. In addition, the credit agreement may be subject to early termination under certain conditions and may contain other provisions that could limit the Fund's ability to utilize borrowing under the agreement. At November 30, 2015, the Fund had \$60,000,000 of borrowings outstanding per the credit agreement. Interest expense related to the loans for the year ended November 30, 2015 was \$935,413. For the year ended November 30, 2015, the Fund incurred \$68,056 in commitment fees. For the year ended November 30, 2015, the average daily loan balance was \$90,808,219 and the weighted average interest rate was 1.03%.

6. Senior secured notes

On February 7, 2013, the Fund completed a private placement of \$150,000,000 of fixed-rate senior secured notes (the Senior Notes). On August 26, 2015, the Fund completed a second private placement of \$25,000,000 of Senior Notes. Net proceeds from such offerings were used to repay outstanding borrowings make new portfolio investments, and for general corporate purposes. At November 30, 2015, the Fund had \$175,000,000 aggregate principal amount of Senior Notes outstanding. Interest expense related to the Senior Notes for the year ended November 30, 2015 was \$5,881,954. Costs incurred by the Fund in connection with the Senior Notes are recorded as a deferred charge which are amortized over the life of the notes. Securities held by the Fund are subject to a lien, granted to the Senior Notes holder, to the extent of the borrowings outstanding and any additional expenses. The Senior Notes holders and the lender have equal access to the lien (See Note 5).

The table below summarizes the key terms of the offering.

Security	Amount	Rate	Maturity	Estimated Fair Value
Senior secured notes:				
Series A	\$ 40,000,000	3.27%	February 7, 2020	\$ 40,234,293
Series B	\$ 50,000,000	3.87%	February 7, 2023	\$ 50,400,000
Series C	\$ 60,000,000	4.02%	February 7, 2025	\$ 60,450,749
Series D	\$ 20,000,000	3.33%	August 26, 2022	\$ 19,505,455
Series E	\$ 5,000,000	3.76%	August 26, 2026	\$ 4,853,583

The Senior Notes are not listed on any exchange or automated quotation system. The estimated fair value of the Senior Notes was calculated, for disclosure purposes, based on estimated market yields and credit spreads for comparable instruments with similar maturity, terms and structure. The Senior Notes are categorized as Level 3 within the fair value hierarchy.

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7. Mandatory redeemable preferred stock

On March 26, 2015, the Fund completed a private placement of \$70,000,000 fixed rate Mandatory Redeemable Preferred Stock (MRPS). Net proceeds from the offering were used to make new portfolio investments and for general corporate purposes. Offering costs incurred by the Fund in connection with the MRPS issuance are being amortized to expense over the respective life of each series of MRPS.

The table below summarizes the key terms of each series of the MRPS at November 30, 2015.

Series	Term Redemption Date	Rate	Shares	Liquidation Preference Per Share	Aggregate Liquidation Value	Estimated Fair Value
Series A	3/26/2020	3.69%	150	\$ 100,000	\$ 15,000,000	\$ 14,829,720
Series B	3/28/2022	4.07%	125	\$ 100,000	\$ 12,500,000	\$ 12,301,419
Series C	3/26/2024	4.26%	425	\$ 100,000	\$ 42,500,000	\$ 41,707,691

The MRPS are not listed on any exchange or automated quotation system. The estimated fair value of the MRPS was calculated, for disclosure purposes, based on estimated market yields and credit spreads for comparable instruments with similar maturity, terms and structure. The MRPS are categorized as Level 3 within the fair value hierarchy.

Holders of MRPS are entitled to receive quarterly cumulative cash dividends payable on the first business day following each quarterly dividend date (February 15, May 15, August 15 and November 15). In the event of a rating downgrade of any series of the MRPS below A by Fitch Ratings Inc., the applicable dividend rate will increase, according to a predetermined schedule, by 0.5% to 4.0%.

The MRPS rank senior to the Fund's outstanding common stock and on parity with any other preferred stock. The Fund may, at its option, redeem the MRPS, in whole or in part, at the liquidation preference amount plus all accumulated but unpaid dividends plus the make-whole amount equal to the discounted value of the remaining scheduled payments. If the Fund fails to maintain a total leverage (debt and preferred stock) asset coverage ratio of at least 225% or is in default of specified rating agency requirements, the MRPS are subject to mandatory redemption under certain provisions.

The Fund may not declare dividends or make other distributions on shares of its common stock unless the Fund has declared and paid full cumulative dividends on the MRPS, due on or prior to the date of the common stock dividend or distribution, and meets the MRPS asset coverage and rating agency requirements.

The holders of the MRPS have one vote per share and vote together with the holders of common stock of the Fund as a single class except on matters affecting only the holders of MRPS or the holders of common stock. Pursuant to the 1940 Act, holders of the MRPS have the right to elect two Directors of the Fund, voting separately as a class.

MRPS issued and outstanding remained constant during the year ended November 30, 2015.

Table of Contents**Notes to financial statements (cont d)****8. Capital shares**

During the year ended November 30, 2015, the Fund filed a registration statement with the Securities and Exchange Commission authorizing the Fund to issue up to an additional 2,000,000 shares of common stock through an equity shelf offering. Under the equity shelf program, the Fund, subject to market conditions, may raise additional equity capital from time to time in varying amounts and offering methods at a net price at or above the Fund's then-current net asset value per common share. Costs incurred by the Fund in connection with the shelf offering are recorded as a charge to paid-in capital. For the year ended November 30, 2014, there were no shares sold and the Fund incurred offering costs of \$159,246. For the year ended November 30, 2015, there were no shares sold and the Fund incurred offering costs of \$102,197.

9. Stock repurchase program

On November 16, 2015, the Fund announced that the Fund's Board of Directors (the Board) had authorized the Fund to repurchase in the open market up to approximately 10% of the Fund's outstanding common stock when the Fund's shares are trading at a discount to net asset value. The Board has directed management of the Fund to repurchase shares of common stock at such times and in such amounts as management reasonably believes may enhance stockholder value. The Fund is under no obligation to purchase shares at any specific discount levels or in any specific amounts. During the period ended November 30, 2015, the Fund did not repurchase any shares.

10. Restricted securities

The following Fund investment is restricted as to resale and, in the absence of a readily ascertainable market value, is valued in good faith in accordance with procedures approved by the Board of Directors.

Security	Number of Shares	Acquisition Date	Cost	Fair Value at 11/30/2015	Value per Share	Percent of Net Assets	Distributions Received
Rice Midstream Partners LP	384,000	11/15	\$ 5,011,200	\$ 5,056,239	\$ 13.17	1.07%	
			\$ 5,011,200	\$ 5,056,239		1.07%	

11. Income taxes

The Fund's federal and state income tax provision consist of the following:

	Federal	State	Total
Current tax expense (benefit)			
Deferred tax expense (benefit)	\$ (150,842,128)	\$ (12,730,430)	\$ (163,572,558)
Total tax expense (benefit)	\$ (150,842,128)	\$ (12,730,430)	\$ (163,572,558)

Total income taxes have been computed by applying the federal statutory income tax rate of 35% plus a blended state income tax rate of 1.9%. The Fund applied this rate to net investment income (loss) and realized and unrealized gains (losses) on investments before income taxes in computing its total income tax expense (benefit).

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The provision for income taxes differs from the amount derived from applying the statutory income tax rate to net investment income (loss) and realized and unrealized gains (losses) before income taxes as follows:

Provision at statutory rates	35.00%	\$ (155,101,879)
State taxes, net of federal tax benefit	1.90%	(8,419,816)
Non-deductible distributions on MRPS and dividends received deduction	0.01%	(50,863)
Total tax expense (benefit)	36.91%	\$ (163,572,558)

Deferred income taxes reflect (i) taxes on unrealized gains (losses), which are attributable to the difference between fair market value and book basis, (ii) the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and (iii) the net tax benefit of net operating losses and tax credit carryforwards.

Components of the Fund's net deferred tax asset (liability) as of November 30, 2015 are as follows:

Deferred Tax Assets

Federal net operating loss carryforward	\$ 25,968,095
State net operating loss carryforwards	1,512,030
Minimum tax credit and other carryforwards	175,791

Deferred Tax Liabilities

Unrealized gains on investment securities	(22,411,666)
Basis reduction resulting from differences in the book vs. taxable income received from MLPs	(47,851,050)
Total net deferred tax asset (liability)	\$ (42,606,800)

At November 30, 2015 the Fund had federal and state net operating loss carryforwards of \$74,194,556 and \$32,093,487 (net of state apportionment), respectively (net deferred tax asset of \$27,480,125). Several states compute net operating losses before apportionment, therefore the value of the state net operating loss carryforward disclosed may fluctuate for changes in apportionment factors. Realization of the deferred tax assets related to the net operating loss carryforwards are dependent, in part, on generating sufficient taxable income, as well as sufficient taxable income in each respective jurisdiction, prior to expiration of the loss carryforwards. If not utilized, the federal net operating loss carryforward expires in tax years 2030, 2031, 2033 and 2034, and the state net operating loss carryforwards expire in tax years between 2015 and 2034.

At November 30, 2015 the Fund also had a minimum tax credit carryforward of \$157,804, which is available to offset against future regular federal tax liabilities. The minimum tax credit does not carry an expiration.

The amount of net operating loss and tax credit carryforwards differed from the amounts disclosed in the prior year financial statements due to differences between the estimated and actual amounts of taxable income received from the MLPs for the prior year.

Table of Contents**Notes to financial statements (cont'd)**

Although the Fund currently has a net deferred tax liability, it periodically reviews the recoverability of its deferred tax assets based on the weight of available evidence. When assessing the recoverability of its deferred tax assets, significant weight is given to the effects of potential future realized and unrealized gains on investments and the period over which these deferred tax assets can be realized. Based on the Fund's assessment, it has determined that it is more likely than not that its deferred tax assets will be realized through future taxable income of the appropriate character. Accordingly, no valuation allowance has been established on the Fund's deferred tax assets. The Fund will continue to assess the need for a valuation allowance in the future. Significant declines in the fair value of its portfolio of investments may change the Fund's assessment regarding the recoverability of its deferred tax assets and may result in a valuation allowance. If a valuation allowance is required to reduce any deferred tax asset in the future, it could have a material impact on the Fund's net asset value and results of operations in the period it is recorded.

At November 30, 2015, the cost basis of investments for Federal income tax purposes was \$624,531,582. At November 30, 2015, gross unrealized appreciation and depreciation of investments for Federal income tax purposes were as follows:

Gross unrealized appreciation	\$ 259,565,671
Gross unrealized (depreciation)	(68,705,886)
Net unrealized appreciation (depreciation) before tax	\$ 190,859,785
Net unrealized appreciation (depreciation) after tax	\$ 120,432,524

12. Recent accounting pronouncement

The Fund has adopted the disclosure provisions of Financial Accounting Standards Board Accounting Standards Update 2015-03 (ASU 2015-03), *Interest-Imputation of Interest (Subtopic 835-30) - Simplifying the Presentation of Debt Issuance Costs*. ASU 2015-03 requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying amount of the associated debt liability. Prior to the issuance of ASU 2015-03, debt issuance costs were required to be presented in the balance sheet as a deferred charge (i.e., an asset). ASU 2015-03 is limited to simplifying the presentation of debt issuance costs. ASU 2015-03 does not affect the recognition and measurement of debt issuance costs.

13. Distribution to common shareholders subsequent to November 30, 2015

The following distribution to common shareholders has been declared by the Fund's Board

of Directors and is payable subsequent to the period end of this report:

Record Date	Payable Date	Amount
2/19/16		