

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Form N-Q

August 24, 2016

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED

MANAGEMENT INVESTMENT COMPANY

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

Western Asset High Income 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: **September 30**

Date of reporting period: **June 30, 2016**

ITEM 1. SCHEDULE OF INVESTMENTS.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

FORM N-Q

JUNE 30, 2016

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited)

June 30, 2016

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|---------|---------------|-------------|-----------------------------------|
| CORPORATE BONDS & NOTES - 84.1% | | | | |
| CONSUMER DISCRETIONARY - 17.5% | | | | |
| Auto Components - 0.5% | | | | |
| Goodyear Tire & Rubber Co., Senior Notes | 5.000% | 5/31/26 | 680,000 | \$ 694,450 |
| ZF North America Capital Inc., Senior Notes | 4.750% | 4/29/25 | 1,670,000 | 1,698,173 ^(a) |
| <i>Total Auto Components</i> | | | | 2,392,623 |
| Diversified Consumer Services - 1.2% | | | | |
| Cengage Learning Inc., Senior Notes | 9.500% | 6/15/24 | 960,000 | 979,200 ^(a) |
| Prime Security Services Borrower LLC/Prime Finance Inc., Secured Notes | 9.250% | 5/15/23 | 1,700,000 | 1,806,250 ^(a) |
| Service Corp. International, Senior Notes | 7.500% | 4/1/27 | 1,280,000 | 1,491,200 |
| StoneMor Partners LP/Cornerstone Family Services of WV, Senior Notes | 7.875% | 6/1/21 | 920,000 | 915,400 |
| <i>Total Diversified Consumer Services</i> | | | | 5,192,050 |
| Hotels, Restaurants & Leisure - 3.7% | | | | |
| Bossier Casino Venture Holdco Inc., Senior Secured Bonds | 14.000% | 2/9/18 | 1,329,034 | 1,329,034 ^{(a)(b)(c)(d)} |
| Carrols Restaurant Group Inc., Secured Notes | 8.000% | 5/1/22 | 1,000,000 | 1,082,500 |
| CCM Merger Inc., Senior Notes | 9.125% | 5/1/19 | 1,710,000 | 1,794,760 ^(a) |
| CEC Entertainment Inc., Senior Notes | 8.000% | 2/15/22 | 2,090,000 | 2,032,525 |
| Downstream Development Authority of the Quapaw Tribe of Oklahoma, Senior Secured Notes | 10.500% | 7/1/19 | 1,320,000 | 1,278,750 ^(a) |
| Fontainebleau Las Vegas Holdings LLC, Senior Secured Notes | 10.250% | 6/15/15 | 445,000 | 879 ^{*(a)(e)} |
| GLP Capital LP/GLP Financing II Inc., Senior Notes | 5.375% | 4/15/26 | 1,190,000 | 1,228,675 |
| Greektown Holdings LLC/Greektown Mothership Corp., Senior Secured Notes | 8.875% | 3/15/19 | 620,000 | 646,350 ^(a) |
| Landry's Holdings II Inc., Senior Notes | 10.250% | 1/1/18 | 750,000 | 759,375 ^(a) |
| Landry's Inc., Senior Notes | 9.375% | 5/1/20 | 3,598,000 | 3,782,397 ^(a) |
| MGM Growth Properties Operating Partnership LP/MGP Escrow Co.-Issuer Inc., Senior Notes | 5.625% | 5/1/24 | 600,000 | 636,000 ^(a) |
| Viking Cruises Ltd., Senior Notes | 8.500% | 10/15/22 | 2,540,000 | 2,178,050 ^(a) |
| <i>Total Hotels, Restaurants & Leisure</i> | | | | 16,749,295 |
| Household Durables - 1.6% | | | | |
| Century Intermediate Holding Co. 2, Senior Notes | 9.750% | 2/15/19 | 1,980,000 | 2,012,175 ^{(a)(b)} |
| Shea Homes LP/Shea Homes Funding Corp., Senior Notes | 6.125% | 4/1/25 | 1,650,000 | 1,650,000 ^(a) |
| William Lyon Homes Inc., Senior Notes | 8.500% | 11/15/20 | 1,520,000 | 1,569,400 |
| William Lyon Homes Inc., Senior Notes | 7.000% | 8/15/22 | 310,000 | 308,450 |
| Woodside Homes Co., LLC/Woodside Homes Finance Inc., Senior Notes | 6.750% | 12/15/21 | 1,920,000 | 1,785,600 ^(a) |
| <i>Total Household Durables</i> | | | | 7,325,625 |
| Leisure Products - 0.2% | | | | |
| Gibson Brands Inc., Senior Secured Notes | 8.875% | 8/1/18 | 1,300,000 | 728,000 ^(a) |

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Media - 7.6%

| | | | | |
|---|---------|----------|-----------|--------------------------|
| CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes | 5.750% | 2/15/26 | 2,510,000 | 2,591,575 ^(a) |
| Charter Communications Operating LLC/Charter Communications Operating Capital Corp., Senior Secured Notes | 4.908% | 7/23/25 | 1,940,000 | 2,124,826 ^(a) |
| Charter Communications Operating LLC/Charter Communications Operating Capital Corp., Senior Secured Notes | 6.484% | 10/23/45 | 790,000 | 946,644 ^(a) |
| DISH DBS Corp., Senior Notes | 5.875% | 7/15/22 | 710,000 | 692,250 |
| DISH DBS Corp., Senior Notes | 5.875% | 11/15/24 | 480,000 | 448,200 |
| DISH DBS Corp., Senior Notes | 7.750% | 7/1/26 | 3,350,000 | 3,458,875 ^(a) |
| Gray Television Inc., Senior Notes | 5.875% | 7/15/26 | 440,000 | 442,200 ^(a) |
| iHeartCommunications Inc., Senior Notes | 14.000% | 2/1/21 | 1,878,600 | 680,992 ^(b) |
| MDC Partners Inc., Senior Notes | 6.500% | 5/1/24 | 1,620,000 | 1,615,950 ^(a) |

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2016

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|---------|---------------|--------------------------|--------------------------------|
| Media - (continued) | | | | |
| New Cotai LLC/New Cotai Capital Corp., Senior Secured Notes | 10.625% | 5/1/19 | 1,889,382 | \$ 1,176,140 ^{(a)(b)} |
| SFR Group SA, Senior Secured Bonds | 6.250% | 5/15/24 | 3,190,000 | 3,062,400 ^(a) |
| SFR Group SA, Senior Secured Notes | 7.375% | 5/1/26 | 3,080,000 | 3,049,200 ^(a) |
| Time Warner Cable Inc., Senior Notes | 8.750% | 2/14/19 | 1,490,000 | 1,740,773 |
| Time Warner Cable Inc., Senior Notes | 8.250% | 4/1/19 | 678,000 | 787,786 |
| Tribune Media Co., Senior Notes | 5.875% | 7/15/22 | 760,000 | 760,000 |
| Univision Communications Inc., Senior Secured Notes | 6.750% | 9/15/22 | 217,000 | 230,020 ^(a) |
| Univision Communications Inc., Senior Secured Notes | 5.125% | 2/15/25 | 1,240,000 | 1,230,700 ^(a) |
| UPC Holding BV, Junior Secured Subordinated Notes | 6.375% | 9/15/22 | 2,030,000 ^{EUR} | 2,392,015 ^(a) |
| Viacom Inc., Senior Notes | 4.375% | 3/15/43 | 2,140,000 | 1,734,830 |
| Virgin Media Finance PLC, Senior Notes | 6.375% | 4/15/23 | 2,890,000 | 2,904,450 ^(a) |
| Virgin Media Finance PLC, Senior Notes | 6.000% | 10/15/24 | 2,000,000 | 1,970,000 ^(a) |
| <i>Total Media</i> | | | | 34,039,826 |
| Multiline Retail - 0.7% | | | | |
| Dollar Tree Inc., Senior Notes | 5.750% | 3/1/23 | 1,180,000 | 1,259,650 ^(a) |
| Neiman Marcus Group LLC, Senior Secured Notes | 7.125% | 6/1/28 | 330,000 | 300,300 |
| Neiman Marcus Group Ltd. LLC, Senior Notes | 8.000% | 10/15/21 | 680,000 | 557,600 ^(a) |
| Neiman Marcus Group Ltd. LLC, Senior Notes | 8.750% | 10/15/21 | 1,060,000 | 810,900 ^{(a)(b)} |
| <i>Total Multiline Retail</i> | | | | 2,928,450 |
| Specialty Retail - 2.0% | | | | |
| American Greetings Corp., Senior Notes | 7.375% | 12/1/21 | 1,220,000 | 1,270,325 |
| GameStop Corp., Senior Notes | 6.750% | 3/15/21 | 920,000 | 910,800 ^(a) |
| Guitar Center Inc., Senior Secured Bonds | 6.500% | 4/15/19 | 3,600,000 | 3,114,000 ^(a) |
| Hot Topic Inc., Senior Secured Notes | 9.250% | 6/15/21 | 730,000 | 742,775 ^(a) |
| L Brands Inc., Debentures | 6.950% | 3/1/33 | 470,000 | 468,825 |
| L Brands Inc., Senior Notes | 6.875% | 11/1/35 | 1,290,000 | 1,312,575 |
| Sally Holdings LLC/Sally Capital Inc., Senior Notes | 5.625% | 12/1/25 | 1,180,000 | 1,241,950 |
| <i>Total Specialty Retail</i> | | | | 9,061,250 |
| TOTAL CONSUMER DISCRETIONARY | | | | 78,417,119 |
| CONSUMER STAPLES - 3.7% | | | | |
| Beverages - 0.8% | | | | |
| Carolina Beverage Group LLC/Carolina Beverage Group Finance Inc., Secured Notes | 10.625% | 8/1/18 | 1,370,000 | 1,311,775 ^(a) |
| Cott Beverages Inc., Senior Notes | 6.750% | 1/1/20 | 1,120,000 | 1,171,800 |
| DS Services of America Inc., Secured Notes | 10.000% | 9/1/21 | 1,230,000 | 1,386,825 ^(a) |
| <i>Total Beverages</i> | | | | 3,870,400 |
| Food & Staples Retailing - 0.4% | | | | |
| Beverages & More Inc., Senior Secured Notes | 10.000% | 11/15/18 | 1,900,000 | 1,726,625 ^(a) |

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Food Products - 1.1%

| | | | | |
|--|--------|---------|-----------|--------------------------|
| Dole Food Co. Inc., Senior Secured Notes | 7.250% | 5/1/19 | 790,000 | 790,000 ^(a) |
| Pilgrim s Pride Corp., Senior Notes | 5.750% | 3/15/25 | 1,630,000 | 1,634,075 ^(a) |
| Simmons Foods Inc., Secured Notes | 7.875% | 10/1/21 | 2,630,000 | 2,399,875 ^(a) |

Total Food Products 4,823,950

Household Products - 1.0%

| | | | | |
|--|--------|----------|-----------|--------------------------|
| Central Garden & Pet Co., Senior Notes | 6.125% | 11/15/23 | 700,000 | 731,500 |
| Spectrum Brands Inc., Senior Notes | 6.625% | 11/15/22 | 580,000 | 618,425 |
| Spectrum Brands Inc., Senior Notes | 6.125% | 12/15/24 | 440,000 | 466,400 |
| Spectrum Brands Inc., Senior Notes | 5.750% | 7/15/25 | 790,000 | 826,538 |
| Sun Products Corp., Senior Notes | 7.750% | 3/15/21 | 1,690,000 | 1,759,712 ^(a) |

Total Household Products 4,402,575

Tobacco - 0.4%

| | | | | |
|--|--------|---------|-----------|-----------|
| Alliance One International Inc., Secured Notes | 9.875% | 7/15/21 | 2,370,000 | 2,008,575 |
|--|--------|---------|-----------|-----------|

TOTAL CONSUMER STAPLES 16,832,125

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2016

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|---------|---------------|-------------|----------------------------|
| ENERGY - 13.1% | | | | |
| Energy Equipment & Services - 1.3% | | | | |
| CGG, Senior Notes | 6.500% | 6/1/21 | 1,470,000 | \$ 654,150 |
| CGG, Senior Notes | 6.875% | 1/15/22 | 200,000 | 88,000 |
| EnSCO PLC, Senior Notes | 4.700% | 3/15/21 | 230,000 | 191,399 |
| EnSCO PLC, Senior Notes | 5.750% | 10/1/44 | 1,390,000 | 835,738 |
| KCA Deutag UK Finance PLC, Senior Secured Notes | 7.250% | 5/15/21 | 510,000 | 385,050 ^(a) |
| Pride International Inc., Senior Notes | 6.875% | 8/15/20 | 340,000 | 324,921 |
| Pride International Inc., Senior Notes | 7.875% | 8/15/40 | 1,200,000 | 843,115 |
| SESI LLC, Senior Notes | 6.375% | 5/1/19 | 1,320,000 | 1,277,100 |
| Sierra Hamilton LLC/Sierra Hamilton Finance Inc., Senior Secured Notes | 12.250% | 12/15/18 | 1,390,000 | 1,084,200 ^(a) |
| Weatherford International Ltd., Senior Notes | 7.750% | 6/15/21 | 190,000 | 185,725 |
| <i>Total Energy Equipment & Services</i> | | | | 5,869,398 |
| Oil, Gas & Consumable Fuels - 11.8% | | | | |
| Berry Petroleum Co., Senior Notes | 6.750% | 11/1/20 | 800,000 | 280,000 ^{*(f)} |
| Berry Petroleum Co., Senior Notes | 6.375% | 9/15/22 | 2,209,000 | 773,150 ^{*(f)} |
| Blue Racer Midstream LLC/Blue Racer Finance Corp., Senior Notes | 6.125% | 11/15/22 | 1,130,000 | 1,076,325 ^(a) |
| California Resources Corp., Senior Notes | 5.500% | 9/15/21 | 2,860,000 | 1,458,600 |
| Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Secured Notes | 11.500% | 1/15/21 | 1,060,000 | 1,195,150 ^(a) |
| Carrizo Oil & Gas Inc., Senior Notes | 7.500% | 9/15/20 | 960,000 | 976,800 |
| Chesapeake Energy Corp., Senior Notes | 6.875% | 11/15/20 | 3,360,000 | 2,352,000 |
| Chesapeake Energy Corp., Senior Notes | 5.375% | 6/15/21 | 1,095,000 | 711,750 |
| Chesapeake Energy Corp., Senior Notes | 5.750% | 3/15/23 | 380,000 | 245,100 |
| Continental Resources Inc., Senior Notes | 5.000% | 9/15/22 | 890,000 | 874,425 |
| Continental Resources Inc., Senior Notes | 3.800% | 6/1/24 | 290,000 | 254,475 |
| Continental Resources Inc., Senior Notes | 4.900% | 6/1/44 | 1,370,000 | 1,137,100 |
| Crestwood Midstream Partners LP/Crestwood Midstream Finance Corp., Senior Notes | 6.125% | 3/1/22 | 1,570,000 | 1,460,100 |
| Enterprise Products Operating LLC, Junior Subordinated Notes | 8.375% | 8/1/66 | 680,000 | 599,964 ^(g) |
| EP Energy LLC/Everest Acquisition Finance Inc., Senior Notes | 9.375% | 5/1/20 | 1,050,000 | 748,125 |
| EP Energy LLC/Everest Acquisition Finance Inc., Senior Notes | 6.375% | 6/15/23 | 710,000 | 429,550 |
| Freeport-McMoRan Oil & Gas LLC/FCX Oil & Gas Inc., Senior Notes | 6.125% | 6/15/19 | 330,000 | 334,950 |
| Freeport-McMoRan Oil & Gas LLC/FCX Oil & Gas Inc., Senior Notes | 6.750% | 2/1/22 | 542,000 | 534,040 |
| Freeport-McMoRan Oil & Gas LLC/FCX Oil & Gas Inc., Senior Notes | 6.875% | 2/15/23 | 2,010,000 | 1,949,700 |
| Genesis Energy LP/Genesis Energy Finance Corp., Senior Notes | 6.750% | 8/1/22 | 850,000 | 828,750 |
| Globe Luxembourg SCA, Senior Secured Notes | 9.625% | 5/1/18 | 3,430,000 | 2,870,481 ^(a) |
| Kinder Morgan Inc., Medium-Term Notes | 7.750% | 1/15/32 | 4,290,000 | 4,840,823 |
| Laredo Petroleum Inc., Senior Notes | 7.375% | 5/1/22 | 510,000 | 513,825 |
| Magnum Hunter Resources Corp. Escrow | | | 4,340,000 | 0 ^{*(c)(d)(h)} |
| MEG Energy Corp., Senior Notes | 6.500% | 3/15/21 | 1,700,000 | 1,326,000 ^(a) |
| MEG Energy Corp., Senior Notes | 6.375% | 1/30/23 | 330,000 | 245,850 ^(a) |
| MEG Energy Corp., Senior Notes | 7.000% | 3/31/24 | 1,070,000 | 829,250 ^(a) |
| Milagro Oil & Gas Inc., Secured Notes | 10.500% | 5/15/16 | 1,690,000 | 612,625 ^{*(c)(e)} |
| Murray Energy Corp., Senior Secured Notes | 11.250% | 4/15/21 | 4,660,000 | 1,328,100 ^(a) |
| NGPL PipeCo LLC, Senior Secured Notes | 7.768% | 12/15/37 | 990,000 | 965,250 ^(a) |
| Oasis Petroleum Inc., Senior Notes | 7.250% | 2/1/19 | 1,240,000 | 1,193,500 |
| Oasis Petroleum Inc., Senior Notes | 6.500% | 11/1/21 | 1,770,000 | 1,623,975 |

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| | | | | |
|---|--------|---------|-----------|-----------|
| Oasis Petroleum Inc., Senior Notes | 6.875% | 1/15/23 | 920,000 | 841,800 |
| Petrobras Global Finance BV, Senior Notes | 6.750% | 1/27/41 | 1,850,000 | 1,493,875 |

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2016

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|---------|---------------|--------------------------|--------------------------------|
| Oil, Gas & Consumable Fuels - (continued) | | | | |
| Rice Energy Inc., Senior Notes | 7.250% | 5/1/23 | 1,460,000 | \$ 1,489,200 |
| Rockies Express Pipeline LLC, Senior Notes | 7.500% | 7/15/38 | 700,000 | 693,000 ^(a) |
| Rockies Express Pipeline LLC, Senior Notes | 6.875% | 4/15/40 | 740,000 | 708,550 ^(a) |
| Sanchez Energy Corp., Senior Notes | 7.750% | 6/15/21 | 1,280,000 | 1,091,200 |
| Sanchez Energy Corp., Senior Notes | 6.125% | 1/15/23 | 5,810,000 | 4,517,275 |
| Shelf Drilling Holdings Ltd., Senior Secured Notes | 8.625% | 11/1/18 | 930,000 | 688,200 ^(a) |
| Targa Resources Partners LP/Targa Resources Partners Finance Corp., Senior Bonds | 6.625% | 10/1/20 | 470,000 | 481,750 |
| Tesoro Logistics LP/Tesoro Logistics Finance Corp., Senior Notes | 6.125% | 10/15/21 | 150,000 | 156,000 |
| Tesoro Logistics LP/Tesoro Logistics Finance Corp., Senior Notes | 6.375% | 5/1/24 | 420,000 | 442,050 |
| Whiting Petroleum Corp., Senior Notes | 5.000% | 3/15/19 | 950,000 | 878,750 |
| Whiting Petroleum Corp., Senior Notes | 6.250% | 4/1/23 | 920,000 | 828,000 |
| Williams Cos. Inc., Debentures | 7.500% | 1/15/31 | 400,000 | 404,000 |
| Williams Cos. Inc., Senior Notes | 3.700% | 1/15/23 | 530,000 | 471,700 |
| Williams Cos. Inc., Senior Notes | 4.550% | 6/24/24 | 670,000 | 618,745 |
| Williams Cos. Inc., Senior Notes | 5.750% | 6/24/44 | 1,930,000 | 1,654,975 |
| WPX Energy Inc., Senior Notes | 7.500% | 8/1/20 | 340,000 | 341,061 |
| WPX Energy Inc., Senior Notes | 8.250% | 8/1/23 | 530,000 | 533,975 |
| <i>Total Oil, Gas & Consumable Fuels</i> | | | | 52,903,839 |
| TOTAL ENERGY | | | | 58,773,237 |
| FINANCIALS - 11.4% | | | | |
| Banks - 4.9% | | | | |
| Bank of America Corp., Junior Subordinated Notes | 6.500% | 10/23/24 | 1,400,000 | 1,492,750 ^{(g)(i)} |
| Barclays Bank PLC, Subordinated Notes | 10.179% | 6/12/21 | 1,930,000 | 2,432,365 ^(a) |
| Barclays Bank PLC, Subordinated Notes | 7.625% | 11/21/22 | 2,200,000 | 2,371,875 |
| Barclays PLC, Junior Subordinated Bonds | 8.250% | 12/15/18 | 420,000 | 412,398 ^{(g)(i)} |
| BNP Paribas SA, Junior Subordinated Notes | 7.375% | 8/19/25 | 950,000 | 931,237 ^{(a)(g)(i)} |
| CIT Group Inc., Senior Notes | 5.375% | 5/15/20 | 370,000 | 386,650 |
| CIT Group Inc., Senior Notes | 5.000% | 8/15/22 | 650,000 | 663,000 |
| CIT Group Inc., Senior Notes | 5.000% | 8/1/23 | 2,240,000 | 2,262,400 |
| Citigroup Inc., Junior Subordinated Bonds | 6.300% | 5/15/24 | 1,290,000 | 1,285,033 ^{(g)(i)} |
| Credit Agricole SA, Junior Subordinated Notes | 8.375% | 10/13/19 | 1,660,000 | 1,861,607 ^{(a)(g)(i)} |
| Credit Agricole SA, Junior Subordinated Notes | 8.125% | 12/23/25 | 1,600,000 | 1,597,269 ^{(a)(g)(i)} |
| HSBC Holdings PLC, Junior Subordinated Bonds | 6.375% | 9/17/24 | 790,000 | 747,538 ^{(g)(i)} |
| JPMorgan Chase & Co., Junior Subordinated Bonds | 6.000% | 8/1/23 | 630,000 | 644,963 ^{(g)(i)} |
| JPMorgan Chase & Co., Junior Subordinated Notes | 6.100% | 10/1/24 | 800,000 | 826,000 ^{(g)(i)} |
| M&T Bank Corp., Junior Subordinated Bonds | 6.875% | 8/1/16 | 170,000 | 170,850 ⁽ⁱ⁾ |
| Royal Bank of Scotland Group PLC, Junior Subordinated Bonds | 7.648% | 9/30/31 | 1,210,000 | 1,433,850 ^{(g)(i)} |
| Royal Bank of Scotland NV, Subordinated Bonds | 7.750% | 5/15/23 | 390,000 | 437,294 |
| Royal Bank of Scotland PLC, Subordinated Notes | 13.125% | 3/19/22 | 2,480,000 ^{AUD} | 1,956,142 ^{(g)(i)} |
| <i>Total Banks</i> | | | | 21,913,221 |
| Capital Markets - 1.0% | | | | |
| Credit Suisse Group AG, Junior Subordinated Notes | 6.250% | 12/18/24 | 1,800,000 | 1,701,970 ^{(a)(g)(i)} |
| Goldman Sachs Group Inc., Subordinated Notes | 6.750% | 10/1/37 | 1,210,000 | 1,497,156 |

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| | | | | |
|--|--------|---------|-----------|--------------------------|
| Goldman Sachs Group Inc., Subordinated Notes | 5.150% | 5/22/45 | 1,320,000 | 1,382,368 |
| <i>Total Capital Markets</i> | | | | <i>4,581,494</i> |
| Consumer Finance - 1.0% | | | | |
| Ally Financial Inc., Senior Notes | 8.000% | 3/15/20 | 1,133,000 | 1,277,458 |
| Navient Corp., Medium-Term Notes, Senior Notes | 8.450% | 6/15/18 | 1,110,000 | 1,204,350 |
| Navient Corp., Medium-Term Notes, Senior Notes | 8.000% | 3/25/20 | 1,150,000 | 1,178,037 |
| TMX Finance LLC/TitleMax Finance Corp., Senior Secured Notes | 8.500% | 9/15/18 | 1,400,000 | 1,127,000 ^(a) |
| <i>Total Consumer Finance</i> | | | | <i>4,786,845</i> |

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2016

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|---------|---------------|-------------|-----------------------------|
| Diversified Financial Services - 2.3% | | | | |
| AerCap Ireland Capital Ltd./AerCap Global Aviation Trust, Senior Bonds | 4.625% | 7/1/22 | 1,010,000 | \$ 1,038,108 |
| AerCap Ireland Capital Ltd./AerCap Global Aviation Trust, Senior Notes | 4.625% | 10/30/20 | 500,000 | 520,250 |
| AerCap Ireland Capital Ltd./AerCap Global Aviation Trust, Senior Notes | 5.000% | 10/1/21 | 370,000 | 385,725 |
| Argos Merger Sub Inc., Senior Notes | 7.125% | 3/15/23 | 790,000 | 815,675 ^(a) |
| International Lease Finance Corp., Senior Notes | 8.750% | 3/15/17 | 100,000 | 104,578 |
| International Lease Finance Corp., Senior Notes | 8.875% | 9/1/17 | 4,200,000 | 4,488,750 |
| International Lease Finance Corp., Senior Notes | 6.250% | 5/15/19 | 160,000 | 171,800 |
| International Lease Finance Corp., Senior Notes | 8.250% | 12/15/20 | 1,860,000 | 2,206,090 |
| International Lease Finance Corp., Senior Notes | 8.625% | 1/15/22 | 150,000 | 183,188 |
| International Lease Finance Corp., Senior Notes | 5.875% | 8/15/22 | 390,000 | 423,637 |
| <i>Total Diversified Financial Services</i> | | | | <i>10,337,801</i> |
| Insurance - 0.5% | | | | |
| Fidelity & Guaranty Life Holdings Inc., Senior Notes | 6.375% | 4/1/21 | 850,000 | 854,250 ^(a) |
| Genworth Holdings Inc., Senior Notes | 4.900% | 8/15/23 | 940,000 | 712,050 |
| MetLife Capital Trust IV, Junior Subordinated Notes | 7.875% | 12/15/37 | 650,000 | 778,375 ^(a) |
| <i>Total Insurance</i> | | | | <i>2,344,675</i> |
| Real Estate Investment Trusts (REITs) - 0.6% | | | | |
| Communications Sales & Leasing Inc., Senior Secured Notes | 6.000% | 4/15/23 | 1,010,000 | 1,030,200 ^(a) |
| GEO Group Inc., Senior Notes | 6.000% | 4/15/26 | 1,000,000 | 1,012,500 |
| MPT Operating Partnership LP/MPT Finance Corp., Senior Notes | 6.375% | 3/1/24 | 530,000 | 567,100 |
| <i>Total Real Estate Investment Trusts (REITs)</i> | | | | <i>2,609,800</i> |
| Real Estate Management & Development - 1.1% | | | | |
| Caesars Entertainment Resort Properties LLC, Senior Secured Notes | 8.000% | 10/1/20 | 3,130,000 | 3,153,475 |
| Greystar Real Estate Partners LLC, Senior Secured Notes | 8.250% | 12/1/22 | 1,610,000 | 1,666,350 ^(a) |
| <i>Total Real Estate Management & Development</i> | | | | <i>4,819,825</i> |
| TOTAL FINANCIALS | | | | 51,393,661 |
| HEALTH CARE - 6.6% | | | | |
| Biotechnology - 0.1% | | | | |
| AMAG Pharmaceuticals Inc., Senior Notes | 7.875% | 9/1/23 | 800,000 | 720,000 ^(a) |
| Health Care Equipment & Supplies - 1.5% | | | | |
| ConvaTec Finance International SA, Senior Notes | 8.250% | 1/15/19 | 2,330,000 | 2,289,225 ^{(a)(b)} |
| DJO Finance LLC/DJO Finance Corp., Secured Notes | 10.750% | 4/15/20 | 820,000 | 668,300 ^(a) |
| DJO Finco Inc./DJO Finance LLC/DJO Finance Corp., Secured Notes | 8.125% | 6/15/21 | 930,000 | 809,100 ^(a) |
| Greatbatch Ltd., Senior Notes | 9.125% | 11/1/23 | 950,000 | 948,812 ^(a) |
| Immucor Inc., Senior Notes | 11.125% | 8/15/19 | 1,110,000 | 1,015,650 |

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| | | | | |
|--|--------|----------|-----------|------------------------|
| Kinetic Concepts Inc./KCI USA Inc., Senior Secured Notes | 7.875% | 2/15/21 | 890,000 | 948,402 ^(a) |
| <i>Total Health Care Equipment & Supplies</i> | | | | 6,679,489 |
| Health Care Providers & Services - 3.9% | | | | |
| BioScrip Inc., Senior Notes | 8.875% | 2/15/21 | 860,000 | 799,800 |
| Centene Corp., Senior Notes | 5.625% | 2/15/21 | 740,000 | 773,300 ^(a) |
| Centene Corp., Senior Notes | 4.750% | 5/15/22 | 520,000 | 533,000 |
| Centene Corp., Senior Notes | 6.125% | 2/15/24 | 460,000 | 490,188 ^(a) |
| HCA Inc., Debentures | 7.500% | 11/15/95 | 3,920,000 | 3,841,600 |

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2016

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|--------|---------------|------------------------|---------------------------|
| Health Care Providers & Services - (continued) | | | | |
| HCA Inc., Senior Secured Notes | 5.250% | 6/15/26 | 560,000 | \$ 582,750 |
| IASIS Healthcare LLC/IASIS Capital Corp., Senior Notes | 8.375% | 5/15/19 | 2,580,000 | 2,491,312 |
| MPH Acquisition Holdings LLC, Senior Notes | 7.125% | 6/1/24 | 1,300,000 | 1,368,250 ^(a) |
| Synlab Unsecured Bondco PLC, Senior Bonds | 8.250% | 7/1/23 | 590,000 ^{EUR} | 669,648 ^(j) |
| Tenet Healthcare Corp., Senior Notes | 8.125% | 4/1/22 | 2,330,000 | 2,399,434 |
| Tenet Healthcare Corp., Senior Secured Notes | 6.000% | 10/1/20 | 1,330,000 | 1,409,800 |
| Universal Hospital Services Inc., Secured Notes | 7.625% | 8/15/20 | 2,160,000 | 1,995,300 |
| <i>Total Health Care Providers & Services</i> | | | | <i>17,354,382</i> |
| Pharmaceuticals - 1.1% | | | | |
| JLL/Delta Dutch Pledgeco BV, Senior Notes | 8.750% | 5/1/20 | 860,000 | 862,150 ^{(a)(b)} |
| Mallinckrodt International Finance SA, Senior Notes | 5.750% | 8/1/22 | 1,010,000 | 964,550 ^(a) |
| Valeant Pharmaceuticals International Inc., Senior Notes | 5.375% | 3/15/20 | 960,000 | 825,000 ^(a) |
| Valeant Pharmaceuticals International Inc., Senior Notes | 7.500% | 7/15/21 | 2,090,000 | 1,853,569 ^(a) |
| Valeant Pharmaceuticals International Inc., Senior Notes | 6.125% | 4/15/25 | 330,000 | 265,650 ^(a) |
| <i>Total Pharmaceuticals</i> | | | | <i>4,770,919</i> |
| TOTAL HEALTH CARE | | | | 29,524,790 |
| INDUSTRIALS - 9.6% | | | | |
| Aerospace & Defense - 0.8% | | | | |
| Aerojet Rocketdyne Holdings Inc., Secured Notes | 7.125% | 3/15/21 | 760,000 | 801,990 |
| CBC Ammo LLC/CBC FinCo Inc., Senior Notes | 7.250% | 11/15/21 | 2,330,000 | 1,980,500 ^(a) |
| LMI Aerospace Inc., Secured Notes | 7.375% | 7/15/19 | 910,000 | 921,375 |
| <i>Total Aerospace & Defense</i> | | | | <i>3,703,865</i> |
| Air Freight & Logistics - 0.3% | | | | |
| XPO Logistics Inc., Senior Notes | 7.875% | 9/1/19 | 460,000 | 470,350 ^(a) |
| XPO Logistics Inc., Senior Notes | 6.500% | 6/15/22 | 680,000 | 651,950 ^(a) |
| <i>Total Air Freight & Logistics</i> | | | | <i>1,122,300</i> |
| Airlines - 0.3% | | | | |
| American Airlines, Pass-Through Trust, Secured Notes | 7.000% | 1/31/18 | 501,424 | 523,361 ^(a) |
| Continental Airlines Inc., Pass-Through Certificates, Secured Notes | 9.250% | 5/10/17 | 61,398 | 64,929 |
| Delta Air Lines Inc., Pass-Through Certificates, Secured Notes | 8.021% | 8/10/22 | 521,670 | 597,965 |
| Delta Air Lines Inc., Pass-Through Certificates, Subordinated Secured Notes | 9.750% | 12/17/16 | 255,817 | 266,369 |
| <i>Total Airlines</i> | | | | <i>1,452,624</i> |
| Building Products - 0.5% | | | | |
| Ashton Woods USA LLC/Ashton Woods Finance Co., Senior Notes | 6.875% | 2/15/21 | 1,460,000 | 1,317,650 ^(a) |
| Standard Industries Inc., Senior Notes | 5.125% | 2/15/21 | 450,000 | 464,625 ^(a) |

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| | | | | |
|--|--------|----------|-----------|--------------------------|
| Standard Industries Inc., Senior Notes | 5.500% | 2/15/23 | 660,000 | 678,150 ^(a) |
| <i>Total Building Products</i> | | | | <i>2,460,425</i> |
| Commercial Services & Supplies - 1.8% | | | | |
| Garda World Security Corp., Senior Notes | 7.250% | 11/15/21 | 660,000 | 536,250 ^(a) |
| GFL Environmental Inc., Senior Notes | 9.875% | 2/1/21 | 1,240,000 | 1,326,800 ^(a) |
| Monitronics International Inc., Senior Notes | 9.125% | 4/1/20 | 1,110,000 | 926,850 |
| United Rentals North America Inc., Senior Notes | 7.625% | 4/15/22 | 2,608,000 | 2,797,080 |
| West Corp., Senior Notes | 5.375% | 7/15/22 | 2,450,000 | 2,287,687 ^(a) |
| <i>Total Commercial Services & Supplies</i> | | | | <i>7,874,667</i> |

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2016

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|---------|---------------|-------------|-----------------------------|
| Construction & Engineering - 1.1% | | | | |
| Ausdrill Finance Pty Ltd., Senior Notes | 6.875% | 11/1/19 | 1,040,000 | \$ 949,000 ^(a) |
| Brundage-Bone Concrete Pumping Inc., Senior Secured Notes | 10.375% | 9/1/21 | 1,250,000 | 1,268,750 ^(a) |
| Michael Baker Holdings LLC/Michael Baker Finance Corp., Senior Notes | 8.875% | 4/15/19 | 1,245,733 | 1,009,044 ^{(a)(b)} |
| Michael Baker International LLC/CDL Acquisition Co. Inc., Senior Secured Notes | 8.250% | 10/15/18 | 1,060,000 | 1,033,500 ^(a) |
| Modular Space Corp., Secured Notes | 10.250% | 1/31/19 | 1,420,000 | 688,700 ^(a) |
| <i>Total Construction & Engineering</i> | | | | 4,948,994 |
| Electrical Equipment - 0.8% | | | | |
| Interface Grand Master Holdings Inc., Senior Notes | 17.000% | 8/15/19 | 860,311 | 838,803 ^{(b)(d)} |
| International Wire Group Holdings Inc., Senior Secured Notes | 8.500% | 10/15/17 | 1,020,000 | 1,013,625 ^(a) |
| NES Rentals Holdings Inc., Senior Secured Notes | 7.875% | 5/1/18 | 810,000 | 773,550 ^(a) |
| WESCO Distribution Inc., Senior Notes | 5.375% | 6/15/24 | 900,000 | 902,250 ^(a) |
| <i>Total Electrical Equipment</i> | | | | 3,528,228 |
| Machinery - 1.1% | | | | |
| CTP Transportation Products LLC/CTP Finance Inc., Senior Secured Notes | 8.250% | 12/15/19 | 610,000 | 539,850 ^(a) |
| DH Services Luxembourg Sarl, Senior Notes | 7.750% | 12/15/20 | 2,820,000 | 2,968,050 ^(a) |
| Global Brass and Copper Inc., Senior Secured Notes | 9.500% | 6/1/19 | 1,260,000 | 1,322,685 |
| SPL Logistics Escrow LLC/SPL Logistics Finance Corp., Senior Secured Notes | 8.875% | 8/1/20 | 190,000 | 147,250 ^(a) |
| <i>Total Machinery</i> | | | | 4,977,835 |
| Marine - 0.4% | | | | |
| Navios Maritime Acquisition Corp./Navios Acquisition Finance U.S. Inc., Senior Secured Notes | 8.125% | 11/15/21 | 2,170,000 | 1,714,300 ^(a) |
| Ultrapetrol Bahamas Ltd., Senior Secured Notes | 8.875% | 6/15/21 | 1,240,000 | 254,200 ^{*(c)(f)} |
| <i>Total Marine</i> | | | | 1,968,500 |
| Road & Rail - 1.3% | | | | |
| Flexi-Van Leasing Inc., Senior Notes | 7.875% | 8/15/18 | 1,580,000 | 1,540,500 ^(a) |
| Florida East Coast Holdings Corp., Senior Notes | 9.750% | 5/1/20 | 260,000 | 222,300 ^(a) |
| Florida East Coast Holdings Corp., Senior Secured Notes | 6.750% | 5/1/19 | 3,280,000 | 3,280,000 ^(a) |
| Jack Cooper Holdings Corp., Senior Secured Notes | 9.250% | 6/1/20 | 940,000 | 608,650 |
| <i>Total Road & Rail</i> | | | | 5,651,450 |
| Trading Companies & Distributors - 1.0% | | | | |
| Ashtead Capital Inc., Senior Secured Notes | 6.500% | 7/15/22 | 1,340,000 | 1,401,131 ^(a) |
| H&E Equipment Services Inc., Senior Notes | 7.000% | 9/1/22 | 2,300,000 | 2,392,000 |
| HD Supply Inc., Senior Notes | 5.750% | 4/15/24 | 770,000 | 802,725 ^(a) |

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| | | | | |
|---|---------|----------|-----------|-----------------------------|
| <i>Total Trading Companies & Distributors</i> | | | | 4,595,856 |
| Transportation - 0.2% | | | | |
| Neovia Logistics Intermediate Holdings LLC/Logistics Intermediate Finance Corp., Senior Notes | 10.000% | 2/15/18 | 1,980,000 | 1,009,800 ^{(a)(b)} |
| TOTAL INDUSTRIALS | | | | 43,294,544 |
| INFORMATION TECHNOLOGY - 2.2% | | | | |
| Electronic Equipment, Instruments & Components - 0.2% | | | | |
| Interface Security Systems Holdings Inc./Interface Security Systems LLC, Senior Secured Notes | 9.250% | 1/15/18 | 750,000 | 723,113 |
| Internet Software & Services - 0.5% | | | | |
| Ancestry.com Holdings LLC, Senior Notes | 9.625% | 10/15/18 | 710,000 | 721,537 ^{(a)(b)} |
| Ancestry.com Inc., Senior Notes | 11.000% | 12/15/20 | 1,070,000 | 1,150,250 |
| Match Group Inc., Senior Notes | 6.375% | 6/1/24 | 610,000 | 635,925 ^(a) |
| <i>Total Internet Software & Services</i> | | | | 2,507,712 |

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2016

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|---------|---------------|-------------|------------------------------|
| IT Services - 0.8% | | | | |
| Compiler Finance Subordinated Inc., Senior Notes | 7.000% | 5/1/21 | 640,000 | \$ 272,000 ^{(a)(c)} |
| First Data Corp., Senior Secured Notes | 5.000% | 1/15/24 | 3,400,000 | 3,421,250 ^(a) |
| <i>Total IT Services</i> | | | | 3,693,250 |
| Technology Hardware, Storage & Peripherals - 0.7% | | | | |
| Diamond 1 Finance Corp./Diamond 2 Finance Corp., Senior Notes | 5.875% | 6/15/21 | 1,110,000 | 1,132,935 ^(a) |
| Diamond 1 Finance Corp./Diamond 2 Finance Corp., Senior Notes | 7.125% | 6/15/24 | 640,000 | 669,236 ^(a) |
| Seagate HDD Cayman, Senior Bonds | 4.750% | 6/1/23 | 890,000 | 752,820 |
| Seagate HDD Cayman, Senior Bonds | 4.750% | 1/1/25 | 430,000 | 340,506 |
| Seagate HDD Cayman, Senior Bonds | 4.875% | 6/1/27 | 260,000 | 188,825 |
| <i>Total Technology Hardware, Storage & Peripherals</i> | | | | 3,084,322 |
| TOTAL INFORMATION TECHNOLOGY | | | | 10,008,397 |
| MATERIALS - 7.5% | | | | |
| Chemicals - 0.9% | | | | |
| Eco Services Operations LLC/Eco Finance Corp., Senior Notes | 8.500% | 11/1/22 | 620,000 | 623,100 ^(a) |
| HIG BBC Intermediate Holdings LLC/HIG BBC Holdings Corp., Senior Notes | 10.500% | 9/15/18 | 813,312 | 711,648 ^{(a)(b)} |
| PQ Corp., Senior Secured Notes | 6.750% | 11/15/22 | 430,000 | 449,350 ^(a) |
| Rain CII Carbon LLC/CII Carbon Corp., Senior Secured Notes | 8.000% | 12/1/18 | 2,260,000 | 1,966,200 ^(a) |
| <i>Total Chemicals</i> | | | | 3,750,298 |
| Construction Materials - 0.3% | | | | |
| Hardwoods Acquisition Inc., Senior Secured Notes | 7.500% | 8/1/21 | 1,290,000 | 986,850 ^(a) |
| NWH Escrow Corp., Senior Secured Notes | 7.500% | 8/1/21 | 470,000 | 350,150 ^(a) |
| <i>Total Construction Materials</i> | | | | 1,337,000 |
| Containers & Packaging - 3.0% | | | | |
| Ardagh Finance Holdings SA, Senior Notes | 8.625% | 6/15/19 | 1,469,148 | 1,491,185 ^{(a)(b)} |
| Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes | 7.250% | 5/15/24 | 2,190,000 | 2,246,119 ^(a) |
| Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Secured Notes | 4.625% | 5/15/23 | 1,220,000 | 1,207,800 ^(a) |
| BWAY Holding Co., Senior Notes | 9.125% | 8/15/21 | 2,150,000 | 2,069,375 ^(a) |
| Coveris Holdings SA, Senior Notes | 7.875% | 11/1/19 | 840,000 | 820,050 ^(a) |
| Pactiv LLC, Senior Bonds | 8.375% | 4/15/27 | 3,280,000 | 3,460,400 |
| PaperWorks Industries Inc., Senior Secured Notes | 9.500% | 8/15/19 | 1,030,000 | 952,750 ^(a) |
| Reynolds Group Issuer Inc./Reynolds Group Issuer LLC/Reynolds Group Issuer (Luxembourg) SA, Senior Notes | 7.000% | 7/15/24 | 420,000 | 433,178 ^(a) |
| Reynolds Group Issuer Inc./Reynolds Group Issuer LLC/Reynolds Group Issuer (Luxembourg) SA, Senior Secured Notes | 5.125% | 7/15/23 | 790,000 | 800,862 ^(a) |
| <i>Total Containers & Packaging</i> | | | | 13,481,719 |

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Metals & Mining - 3.3%

| | | | | |
|---|---------|----------|-----------|-------------------------------|
| Anglo American Capital PLC, Senior Notes | 3.625% | 5/14/20 | 1,210,000 | 1,172,187 ^(a) |
| Anglo American Capital PLC, Senior Notes | 4.125% | 4/15/21 | 510,000 | 485,775 ^(a) |
| Anglo American Capital PLC, Senior Notes | 4.125% | 9/27/22 | 210,000 | 196,350 ^(a) |
| Anglo American Capital PLC, Senior Notes | 4.875% | 5/14/25 | 1,060,000 | 1,017,600 ^(a) |
| ArcelorMittal SA, Senior Notes | 8.000% | 10/15/39 | 1,850,000 | 1,803,750 |
| Barrick Gold Corp., Senior Notes | 9.000% | 6/1/18 | 430,000 | 384,850 ^(a) |
| Coeur Mining Inc., Senior Notes | 7.875% | 2/1/21 | 1,020,000 | 986,850 |
| Freeport-McMoRan Inc., Senior Notes | 3.100% | 3/15/20 | 20,000 | 19,000 |
| Freeport-McMoRan Inc., Senior Notes | 4.000% | 11/14/21 | 500,000 | 454,219 |
| Freeport-McMoRan Inc., Senior Notes | 3.550% | 3/1/22 | 350,000 | 309,750 |
| Freeport-McMoRan Inc., Senior Notes | 3.875% | 3/15/23 | 470,000 | 413,600 |
| Freeport-McMoRan Inc., Senior Notes | 5.450% | 3/15/43 | 660,000 | 532,950 |
| Midwest Vanadium Pty Ltd., Senior Secured Notes | 11.500% | 2/15/18 | 1,570,000 | 133,450 ^{*(a)(c)(f)} |

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2016

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|---------|---------------|------------------------|------------------------------|
| Metals & Mining - (continued) | | | | |
| Mirabela Nickel Ltd., Subordinated Notes | 1.000% | 9/10/44 | 17,132 | \$ 0 ^{(b)(c)(d)(h)} |
| Schaeffler Holding Finance BV, Senior Secured Bonds | 6.875% | 8/15/18 | 380,000 | 388,550 ^{(a)(b)} |
| Schaeffler Holding Finance BV, Senior Secured Notes | 6.875% | 8/15/18 | 371,188 ^{EUR} | 422,078 ^{(a)(b)} |
| Schaeffler Holding Finance BV, Senior Secured Notes | 6.750% | 11/15/22 | 1,129,560 | 1,248,164 ^{(a)(b)} |
| Teck Resources Ltd., Senior Notes | 3.000% | 3/1/19 | 1,010,000 | 954,450 |
| Teck Resources Ltd., Senior Notes | 8.000% | 6/1/21 | 1,140,000 | 1,177,050 ^(a) |
| Teck Resources Ltd., Senior Notes | 8.500% | 6/1/24 | 1,390,000 | 1,445,600 ^(a) |
| Vale Overseas Ltd., Senior Notes | 6.875% | 11/21/36 | 1,500,000 | 1,372,500 |
| <i>Total Metals & Mining</i> | | | | <i>14,918,723</i> |
| Paper & Forest Products - 0.0% | | | | |
| Resolute Forest Products Inc., Senior Notes | 5.875% | 5/15/23 | 190,000 | 150,575 |
| TOTAL MATERIALS | | | | 33,638,315 |
| TELECOMMUNICATION SERVICES - 10.0% | | | | |
| Diversified Telecommunication Services - 4.1% | | | | |
| CenturyLink Inc., Senior Notes | 6.750% | 12/1/23 | 1,760,000 | 1,735,800 |
| CenturyLink Inc., Senior Notes | 7.650% | 3/15/42 | 1,360,000 | 1,156,000 |
| Frontier Communications Corp., Senior Notes | 11.000% | 9/15/25 | 2,440,000 | 2,534,550 |
| Intelsat Jackson Holdings SA, Senior Notes | 7.500% | 4/1/21 | 2,480,000 | 1,723,600 |
| Intelsat Jackson Holdings SA, Senior Secured Notes | 8.000% | 2/15/24 | 1,880,000 | 1,861,200 ^(a) |
| Level 3 Financing Inc., Senior Notes | 6.125% | 1/15/21 | 630,000 | 658,029 |
| Level 3 Financing Inc., Senior Notes | 5.625% | 2/1/23 | 1,350,000 | 1,367,725 |
| Level 3 Financing Inc., Senior Notes | 5.250% | 3/15/26 | 20,000 | 19,650 ^(a) |
| Oi Brasil Holdings Cooperatief U.A., Senior Notes | 5.750% | 2/10/22 | 2,410,000 | 391,625 ^{*(a)(f)} |
| Telecom Italia SpA, Senior Notes | 5.303% | 5/30/24 | 1,960,000 | 1,962,450 ^(a) |
| Windstream Services LLC, Senior Notes | 7.750% | 10/15/20 | 3,450,000 | 3,398,250 |
| Windstream Services LLC, Senior Notes | 7.750% | 10/1/21 | 1,700,000 | 1,610,750 |
| Windstream Services LLC, Senior Notes | 6.375% | 8/1/23 | 130,000 | 109,850 |
| <i>Total Diversified Telecommunication Services</i> | | | | <i>18,529,479</i> |
| Wireless Telecommunication Services - 5.9% | | | | |
| Altice Financing SA, Senior Secured Bonds | 7.500% | 5/15/26 | 3,260,000 | 3,202,950 ^(a) |
| Neptune Finco Corp., Senior Notes | 10.125% | 1/15/23 | 310,000 | 347,975 ^(a) |
| Neptune Finco Corp., Senior Notes | 6.625% | 10/15/25 | 1,410,000 | 1,484,025 ^(a) |
| Neptune Finco Corp., Senior Notes | 10.875% | 10/15/25 | 1,360,000 | 1,558,043 ^(a) |
| Sprint Capital Corp., Senior Notes | 6.875% | 11/15/28 | 2,110,000 | 1,666,900 |
| Sprint Capital Corp., Senior Notes | 8.750% | 3/15/32 | 3,130,000 | 2,691,800 |
| Sprint Communications Inc., Senior Notes | 6.000% | 12/1/16 | 200,000 | 201,750 |
| Sprint Communications Inc., Senior Notes | 9.000% | 11/15/18 | 2,770,000 | 2,960,437 ^(a) |
| Sprint Communications Inc., Senior Notes | 7.000% | 8/15/20 | 1,180,000 | 1,056,100 |
| Sprint Communications Inc., Senior Notes | 11.500% | 11/15/21 | 2,625,000 | 2,606,625 |
| Sprint Corp., Senior Notes | 7.250% | 9/15/21 | 1,820,000 | 1,560,650 |

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| | | | | |
|--|--------|---------|-----------|--------------------------|
| Sprint Corp., Senior Notes | 7.875% | 9/15/23 | 230,000 | 189,175 |
| T-Mobile USA Inc., Senior Notes | 6.542% | 4/28/20 | 560,000 | 577,506 |
| T-Mobile USA Inc., Senior Notes | 6.000% | 3/1/23 | 1,350,000 | 1,402,313 |
| T-Mobile USA Inc., Senior Notes | 6.500% | 1/15/26 | 590,000 | 624,663 |
| Vimpel Communications Via VIP Finance Ireland Ltd. OJSC, Senior Notes | 9.125% | 4/30/18 | 130,000 | 143,963 ⁽ⁱ⁾ |
| Vimpel Communications Via VIP Finance Ireland Ltd. OJSC, Senior Notes | 7.748% | 2/2/21 | 2,010,000 | 2,227,976 ^(a) |
| VimpelCom Holdings BV, Senior Notes | 7.504% | 3/1/22 | 1,000,000 | 1,092,500 ⁽ⁱ⁾ |
| VimpelCom Holdings BV, Senior Notes | 7.504% | 3/1/22 | 590,000 | 644,575 ^(a) |
| <i>Total Wireless Telecommunication Services</i> | | | | 26,239,926 |
| TOTAL TELECOMMUNICATION SERVICES | | | | 44,769,405 |

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2016

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|---------|---------------|-------------|------------------------------|
| UTILITIES - 2.5% | | | | |
| Electric Utilities - 1.6% | | | | |
| NRG REMA LLC, Pass-Through Certificates, Senior Secured Bonds | 9.681% | 7/2/26 | 2,820,000 | \$ 2,710,725 |
| Red Oak Power LLC, Secured Notes | 9.200% | 11/30/29 | 4,200,000 | 4,368,000 |
| <i>Total Electric Utilities</i> | | | | 7,078,725 |
| Gas Utilities - 0.0% | | | | |
| Southern Natural Gas Co., LLC, Senior Notes | 8.000% | 3/1/32 | 60,000 | 66,680 |
| Independent Power and Renewable Electricity | | | | |
| Producers - 0.9% | | | | |
| Calpine Corp., Senior Secured Notes | 7.875% | 1/15/23 | 940,000 | 996,400 ^(a) |
| Mirant Mid Atlantic LLC, Pass-Through Certificates, Secured Bonds | 10.060% | 12/30/28 | 3,303,832 | 3,126,251 |
| <i>Total Independent Power and Renewable Electricity Producers</i> | | | | 4,122,651 |
| TOTAL UTILITIES | | | | 11,268,056 |
| TOTAL CORPORATE BONDS & NOTES (Cost - \$381,214,973) | | | | 377,919,649 |
| COLLATERALIZED MORTGAGE OBLIGATIONS - 0.4% | | | | |
| Commercial Mortgage Trust, 2015-LC21 E | 3.250% | 7/10/48 | 1,100,000 | 577,410 ^(a) |
| JPMBB Commercial Mortgage Securities Trust, 2015-C31 E | 4.772% | 8/15/48 | 900,000 | 583,668 ^{(a)(g)} |
| Wells Fargo Commercial Mortgage Trust, 2015-C28 E | 3.000% | 5/15/48 | 1,000,000 | 506,880 ^(a) |
| TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS (Cost - \$1,975,524) | | | | 1,667,958 |
| CONVERTIBLE BONDS & NOTES - 0.2% | | | | |
| MATERIALS - 0.2% | | | | |
| Chemicals - 0.1% | | | | |
| Hercules Inc., Junior Subordinated Bonds | 6.500% | 6/30/29 | 420,000 | 350,700 |
| Metals & Mining - 0.1% | | | | |
| Mirabela Nickel Ltd., Senior Secured Bonds | 9.500% | 6/24/19 | 1,299,084 | 454,679 ^{(a)(b)(c)} |
| TOTAL CONVERTIBLE BONDS & NOTES (Cost - \$1,687,100) | | | | 805,379 |
| SENIOR LOANS - 2.0% | | | | |
| CONSUMER DISCRETIONARY - 0.6% | | | | |
| Hotels, Restaurants & Leisure - 0.3% | | | | |
| Equinox Holdings Inc., Second Lien Term Loan | 9.750% | 7/31/20 | 1,290,000 | 1,291,075 ^{(k)(l)} |

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Specialty Retail - 0.2%

| | | | | |
|--|--------|---------|-----------|---------------------------|
| Spencer Gifts LLC, Second Lien Term Loan | 9.250% | 6/29/22 | 1,100,000 | 907,500 ^{(k)(l)} |
|--|--------|---------|-----------|---------------------------|

Textiles, Apparel & Luxury Goods - 0.1%

| | | | | |
|-----------------------------|--------|----------|---------|---------------------------|
| TOMS Shoes LLC, Term Loan B | 6.500% | 10/28/20 | 819,625 | 536,854 ^{(k)(l)} |
|-----------------------------|--------|----------|---------|---------------------------|

TOTAL CONSUMER DISCRETIONARY

2,735,429

ENERGY - 0.6%

Energy Equipment & Services - 0.4%

| | | | | |
|---------------------------------------|---------|--------|-----------|--------------------------------|
| Hercules Offshore LLC, Exit Term Loan | 10.500% | 5/6/20 | 1,565,678 | 1,531,755 ^{(c)(k)(l)} |
|---------------------------------------|---------|--------|-----------|--------------------------------|

Oil, Gas & Consumable Fuels - 0.2%

| | | | | |
|--|--------|--------|---------|------------------------------|
| Magnum Hunter Resources Inc., Exit Term Loan | 8.000% | 5/6/19 | 400,000 | 398,000 ^{(c)(k)(l)} |
|--|--------|--------|---------|------------------------------|

| | | | | |
|------------------------------------|--------|----------|---------|---------------------------|
| Westmoreland Coal Co., Term Loan B | 7.500% | 12/16/20 | 819,563 | 629,015 ^{(k)(l)} |
|------------------------------------|--------|----------|---------|---------------------------|

Total Oil, Gas & Consumable Fuels

1,027,015

TOTAL ENERGY

2,558,770

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2016

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|--------|---------------|---------------|------------------------------|
| HEALTH CARE - 0.5% | | | | |
| Health Care Equipment & Supplies - 0.2% | | | | |
| Lantheus Medical Imaging Inc., Term Loan | 7.000% | 6/30/22 | 1,009,800 | \$ 906,296 ^{(k)(l)} |
| Health Care Providers & Services - 0.3% | | | | |
| Radnet Management Inc., Second Lien Term Loan | 8.000% | 3/25/21 | 1,350,000 | 1,312,875 ^{(k)(l)} |
| TOTAL HEALTH CARE | | | | 2,219,171 |
| UTILITIES - 0.3% | | | | |
| Electric Utilities - 0.3% | | | | |
| Panda Temple II Power LLC, New Term Loan B | 7.250% | 4/3/19 | 478,797 | 447,675 ^{(k)(l)} |
| Panda Temple Power LLC, 2015 Term Loan B | 7.250% | 3/4/22 | 1,204,750 | 1,078,251 ^{(k)(l)} |
| TOTAL UTILITIES | | | | 1,525,926 |
| TOTAL SENIOR LOANS | | | | 9,039,296 |
| (Cost - \$9,833,096) | | | | |
| SOVEREIGN BONDS - 0.2% | | | | |
| Argentina - 0.2% | | | | |
| Republic of Argentina, Senior Notes | 6.875% | 4/22/21 | 440,000 | 470,360 ^(a) |
| Republic of Argentina, Senior Notes | 7.500% | 4/22/26 | 400,000 | 433,400 ^(a) |
| Republic of Argentina, Senior Notes | 7.625% | 4/22/46 | 210,000 | 227,325 ^(a) |
| TOTAL SOVEREIGN BONDS | | | | 1,131,085 |
| (Cost - \$1,041,106) | | | | |
| U.S. GOVERNMENT & AGENCY OBLIGATIONS - 5.2% | | | | |
| U.S. Government Obligations - 5.2% | | | | |
| U.S. Treasury Notes | 1.375% | 9/30/20 | 19,060,000 | 19,408,817 |
| U.S. Treasury Notes | 1.625% | 5/15/26 | 3,820,000 | 3,866,856 |
| TOTAL U.S. GOVERNMENT & AGENCY OBLIGATIONS | | | | 23,275,673 |
| (Cost - \$23,083,191) | | | | |
| | | | SHARES | |
| COMMON STOCKS - 2.2% | | | | |
| CONSUMER DISCRETIONARY - 0.2% | | | | |
| Hotels, Restaurants & Leisure - 0.2% | | | | |
| Bossier Casino Venture Holdco Inc. | | | 86,730 | 813,527 ^{*(c)(d)} |
| ENERGY - 1.1% | | | | |
| Energy Equipment & Services - 0.4% | | | | |
| Hercules Offshore Inc. | | | 56,559 | 78,617* |
| KCAD Holdings I Ltd. | | | 275,927,431 | 2,014,270 ^{*(c)(d)} |

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| | | |
|--|---------|----------------------------|
| <i>Total Energy Equipment & Services</i> | | 2,092,887 |
| Oil, Gas & Consumable Fuels - 0.7% | | |
| Magnum Hunter Resources Corp. | 223,003 | 3,038,416 ^{*(c)} |
| TOTAL ENERGY | | 5,131,303 |
| FINANCIALS - 0.7% | | |
| Banks - 0.7% | | |
| Citigroup Inc. | 53,229 | 2,256,377 |
| JPMorgan Chase & Co. | 16,476 | 1,023,819 |
| TOTAL FINANCIALS | | 3,280,196 |
| HEALTH CARE - 0.1% | | |
| Health Care Providers & Services - 0.1% | | |
| Physiotherapy Associates Holdings Inc. (Escrow) | 16,100 | 193,361 ^{*(c)(d)} |
| INDUSTRIALS - 0.1% | | |
| Marine - 0.1% | | |
| DeepOcean Group Holding AS | 106,322 | 576,372 ^{*(c)(d)} |
| Road & Rail - 0.0% | | |
| Jack Cooper Enterprises Inc. | 3,202 | 0 ^{*(c)(d)(h)} |
| TOTAL INDUSTRIALS | | 576,372 |

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2016

| SECURITY | SHARES | VALUE |
|---|------------------|--------------------------|
| MATERIALS - 0.0% | | |
| Metals & Mining - 0.0% | | |
| Mirabela Nickel Ltd. | 3,464,533 | \$ 3*(c)(d) |
| TOTAL COMMON STOCKS | | |
| (Cost - \$15,799,153) | | 9,994,762 |
| | RATE | |
| CONVERTIBLE PREFERRED STOCKS - 0.2% | | |
| HEALTH CARE - 0.2% | | |
| Pharmaceuticals - 0.2% | | |
| Allergan PLC (Cost - \$1,007,659) | 5.500% 1,198 | 998,677 |
| PREFERRED STOCKS - 1.1% | | |
| FINANCIALS - 1.1% | | |
| Consumer Finance - 0.5% | | |
| GMAC Capital Trust I | 6.411% 94,363 | 2,342,090 ^(g) |
| Diversified Financial Services - 0.6% | | |
| Citigroup Capital XIII | 7.008% 92,250 | 2,404,957 ^(g) |
| TOTAL PREFERRED STOCKS | | |
| (Cost - \$4,912,587) | | 4,747,047 |
| TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENTS | | |
| (Cost - \$440,554,389) | | 429,579,526 |
| SHORT-TERM INVESTMENTS - 1.1% | | |
| State Street Institutional U.S. Government Money Market Fund, Premier Class (Cost - \$4,842,930) | 0.238% 4,842,930 | 4,842,930 |
| TOTAL INVESTMENTS - 96.7% | | |
| (Cost - \$445,397,319#) | | 434,422,456 |
| Other Assets in Excess of Liabilities - 3.3% | | 14,918,165 |
| TOTAL NET ASSETS - 100.0% | | \$ 449,340,621 |

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

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- * 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) 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.

- (c) Illiquid security.

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

- (e) The maturity principal is currently in default as of June 30, 2016.

- (f) The coupon payment on these securities is currently in default as of June 30, 2016.

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

- (h) Value is less than \$1.

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

- (j) 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.

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

- (l) 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.

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

Abbreviations used in this schedule:

AUD Australian Dollar

EUR Euro

OJSC Open Joint Stock Company

This Schedule of Investments is unaudited and is intended to provide information about the Fund's portfolio holdings as of the date of the schedule. Other information regarding the Fund is available in the Fund's most recent annual or semi-annual shareholder report.

See Notes to Schedule of Investments.

Notes to Schedule of Investments (unaudited)**1. Organization and significant accounting policies**

Western Asset High Income Opportunity Fund Inc. (the Fund) was incorporated in Maryland and is registered as a diversified, closed-end management investment company under the Investment Company Act of 1940, as amended (the 1940 Act). The Fund seeks high current income. Capital appreciation is a secondary objective. In seeking to fulfill its investment objectives, the Fund invests, under normal market conditions, at least 80% of its net assets in high-yield securities and up to 20% in common stock equivalents, including options, warrants and rights.

The following are significant accounting policies consistently followed by the Fund and are in conformity with U.S. generally accepted accounting principles (GAAP).

(a) Investment valuation. 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. Investments in open-end funds are valued at the closing net asset value per share of each fund on the day of valuation. Futures contracts are valued daily at the settlement price established by the board of trade or exchange on which they are traded. 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. When the 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 (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 generated by market transactions involving identical or comparable securities. The income approach uses valuation techniques to discount estimated future cash flows to present value.

Notes to Schedule of Investments (unaudited) (continued)

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 and liabilities 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 : | | | | |
| Corporate Bonds & Notes: | | | | |
| Consumer Discretionary | | \$ 77,088,085 | \$ 1,329,034 | \$ 78,417,119 |
| Energy | | 58,773,237 | 0* | 58,773,237 |
| Industrials | | 42,455,741 | 838,803 | 43,294,544 |
| Materials | | 33,638,315 | 0* | 33,638,315 |
| Other Corporate Bonds & Notes | | 163,796,434 | | 163,796,434 |
| Collateralized Mortgage Obligations | | 1,667,958 | | 1,667,958 |
| Convertible Bonds & Notes | | 805,379 | | 805,379 |
| Senior Loans: | | | | |
| Consumer Discretionary | | 1,291,075 | 1,444,354 | 2,735,429 |
| Energy | | 1,531,755 | 1,027,015 | 2,558,770 |
| Health Care | | 906,296 | 1,312,875 | 2,219,171 |
| Utilities | | | 1,525,926 | 1,525,926 |
| Sovereign Bonds | | 1,131,085 | | 1,131,085 |
| U.S. Government & Agency Obligations | | 23,275,673 | | 23,275,673 |
| Common Stocks: | | | | |
| Consumer Discretionary | | | 813,527 | 813,527 |
| Energy | \$ 78,617 | 3,038,416 | 2,014,270 | 5,131,303 |
| Financials | 3,280,196 | | | 3,280,196 |
| Health Care | | | 193,361 | 193,361 |
| Industrials | | | 576,372 | 576,372 |
| Materials | | | 3 | 3 |
| Convertible Preferred Stocks | 998,677 | | | 998,677 |
| Preferred Stocks | 4,747,047 | | | 4,747,047 |
| Total Long-Term Investments | \$ 9,104,537 | \$ 409,399,449 | \$ 11,075,540 | \$ 429,579,526 |
| Short-Term Investments | \$ 4,842,930 | | | \$ 4,842,930 |

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| | | | | |
|------------------------------------|---------------|----------------|---------------|----------------|
| Total Investments | \$ 13,947,467 | \$ 409,399,449 | \$ 11,075,540 | \$ 434,422,456 |
| Other Financial Instruments: | | | | |
| Futures Contracts | \$ 482,765 | | | \$ 482,765 |
| Forward Foreign Currency Contracts | | \$ 156,966 | | 156,966 |
| Total Other Financial Instruments | \$ 482,765 | \$ 156,966 | | \$ 639,731 |
| Total | \$ 14,430,232 | \$ 409,556,415 | \$ 11,075,540 | \$ 435,062,187 |

LIABILITIES

| DESCRIPTION | QUOTED PRICES (LEVEL 1) | OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2) | SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) | TOTAL |
|------------------------------------|--|--|--|--------------|
| Other Financial Instruments: | | | | |
| Forward Foreign Currency Contracts | | \$ 19,150 | | \$ 19,150 |

See Schedule of Investments for additional detailed categorizations.

* Amount represents less than \$1.

Notes to Schedule of Investments (unaudited) (continued)

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value:

| INVESTMENTS IN SECURITIES | CORPORATE BONDS & NOTES | | | | | CONVERTIBLE BONDS & NOTES |
|---|---------------------------|--------|-------------|-----------|--------------|---------------------------------|
| | CONSUMER DISCRETIONARY | ENERGY | INDUSTRIALS | MATERIALS | UTILITIES | MATERIALS |
| Balance as of September 30, 2015 | \$ 1,141,402 | | | \$ 0* | \$ 2,961,296 | \$ 651,166 |
| Accrued premiums/discounts | 12,674 | | | | | |
| Realized gain (loss) | | | | | (50,775) | |
| Change in unrealized appreciation (depreciation) ¹ | 108,537 | | | (170) | (86,700) | (311,632) |
| Purchases | 90,598 | \$ 0* | | 170 | | 115,145 |
| Sales | (24,177) | | | | (113,096) | |
| Transfers into Level 3 ² | | | \$ 838,803 | | | |
| Transfers out of Level 3 ³ | | | | | (2,710,725) | (454,679) |
| Balance as of June 30, 2016 | \$ 1,329,034 | \$ 0* | \$ 838,803 | \$ 0* | | |
| Net change in unrealized appreciation (depreciation) for investments in securities still held at June 30, 2016 ¹ | \$ 108,537 | | | \$ (170) | | |

| INVESTMENTS IN SECURITIES (cont d) | SENIOR LOANS | | | |
|---|---------------------------|--------------|----------------|--------------|
| | CONSUMER DISCRETIONARY | ENERGY | HEALTH CARE | UTILITIES |
| Balance as of September 30, 2015 | \$ 1,851,507 | \$ 2,660,486 | \$ 966,578 | \$ 1,171,414 |
| Accrued premiums/discounts | 9,300 | 2,748 | 1,097 | 3,014 |
| Realized gain (loss) | 505 | 130 | 88 | 226 |
| Change in unrealized appreciation (depreciation) ¹ | (410,733) | (78,140) | (53,817) | (91,975) |
| Purchases | | 388,000 | | 453,600 |
| Sales | (6,225) | (1,946,209) | (7,650) | (10,353) |
| Transfers into Level 3 ² | | | 1,312,875 | |
| Transfers out of Level 3 ³ | | | (906,296) | |
| Balance as of June 30, 2016 | \$ 1,444,354 | \$ 1,027,015 | \$ 1,312,875 | \$ 1,525,926 |
| Net change in unrealized appreciation (depreciation) for investments in securities still held at June 30, 2016 ¹ | \$ (410,733) | \$ (78,140) | | \$ (91,975) |

| INVESTMENTS IN SECURITIES (cont d) | COMMON STOCKS | | | | | | TOTAL |
|---|---------------------------|--------------|----------------|-------------|------------|------------|---------------|
| | CONSUMER DISCRETIONARY | ENERGY | HEALTH CARE | INDUSTRIALS | MATERIALS | WARRANTS | |
| Balance as of September 30, 2015 | \$ 0* | \$ 2,498,523 | \$ 1,336,300 | \$ 685,351 | \$ 201,836 | \$ 448,280 | \$ 16,574,139 |
| Accrued premiums/discounts | | | | | | | 28,833 |
| Realized gain (loss) | | | 469,904 | | | | 420,078 |
| Change in unrealized appreciation (depreciation) ¹ | 813,527 | (484,253) | 14,657 | (164,668) | (201,833) | (392,623) | (1,339,823) |
| Purchases | | | 129,909 | 55,689 | | 32 | 1,233,143 |
| Sales | | | (1,757,409) | | | (55,689) | (3,920,808) |
| Transfers into Level 3 ² | | | | | | | 2,151,678 |
| Transfers out of Level 3 ³ | | | | | | | (4,071,700) |

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| | | | | | | |
|---|------------|--------------|------------|--------------|--------------|---------------|
| Balance as of June 30, 2016 | \$ 813,527 | \$ 2,014,270 | \$ 193,361 | \$ 576,372 | \$ 3 | \$ 11,075,540 |
| Net change in unrealized appreciation (depreciation) for investments in securities still held at June 30, 2016 ¹ | \$ 813,527 | \$ (484,253) | \$ 63,452 | \$ (164,668) | \$ (201,833) | \$ (446,256) |

The Fund's policy is to recognize transfers between levels as of the end of the reporting period.

* Amount represents less than \$1.

¹ Change in unrealized appreciation (depreciation) includes net unrealized appreciation (depreciation) resulting from changes in investment values during the reporting period and the reversal of previously recorded unrealized appreciation (depreciation) when gains or losses are realized.

² Transferred into Level 3 as a result of the unavailability of a quoted price in an active market for an identical investment or the unavailability of other significant observable inputs.

³ Transferred out of Level 3 as a result of the availability of a quoted price in an active market for an identical investment or the availability of other significant observable inputs.

Notes to Schedule of Investments (unaudited) (continued)**2. Investments**

At June 30, 2016, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows:

| | |
|-------------------------------|-----------------|
| Gross unrealized appreciation | \$ 21,971,047 |
| Gross unrealized depreciation | (32,945,910) |
| Net unrealized depreciation | \$ (10,974,863) |

At June 30, 2016, the Fund had the following open futures contracts:

| | Number of Contracts | Expiration Date | Basis Value | Market Value | Unrealized Appreciation |
|--|------------------------|--------------------|----------------|-----------------|----------------------------|
| Contracts to Buy: | | | | | |
| U.S. Treasury 5-Year Notes | 258 | 9/16 | \$ 31,265,198 | \$ 31,518,328 | \$ 253,130 |
| U.S. Treasury 10-Year Notes | 69 | 9/16 | 8,946,287 | 9,175,922 | 229,635 |
| Net unrealized appreciation on open futures contracts | | | | | \$ 482,765 |

At June 30, 2016, the Fund had the following open forward foreign currency contracts:

| Currency Purchased | Currency Sold | Counterparty | Settlement Date | Unrealized Appreciation (Depreciation) |
|-----------------------|------------------|----------------------|--------------------|--|
| USD 2,699,718 | EUR 2,366,658 | Bank of America N.A. | 7/14/16 | \$ 72,507 |
| EUR 660,000 | USD 741,581 | Citibank, N.A. | 8/12/16 | (8,142) |
| EUR 1,070,000 | USD 1,200,069 | Citibank, N.A. | 8/12/16 | (11,008) |
| USD 2,744,945 | EUR 2,394,091 | Citibank, N.A. | 8/12/16 | 84,459 |
| Total | | | | \$ 137,816 |

Abbreviations used in this table:

EUR Euro
USD United States Dollar

ITEM 2. CONTROLS AND PROCEDURES.

- (a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the disclosure controls and procedures required by Rule 30a-3(b) under the 1940 Act and 15d-15(b) under the Securities Exchange Act of 1934.

- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are likely to materially affect the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940, as amended, are attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Western Asset High Income Opportunity Fund Inc.

By /s/ JANE TRUST
 Jane Trust
 Chief Executive Officer

Date: August 22, 2016

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By /s/ JANE TRUST
 Jane Trust
 Chief Executive Officer

Date: August 22, 2016

By /s/ RICHARD F. SENNETT
 Richard F. Sennett
 Principal Financial Officer

Date: August 22, 2016