

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Form N-Q

February 28, 2019

**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, 49<sup>th</sup> Floor, New York, NY 10018**

**(Address of principal executive offices) (Zip code)**

**Robert I. Frenkel, Esq.**

**Legg Mason & Co., LLC**

**100 First Stamford Place**

**Stamford, CT 06902**

**(Name and address of agent for service)**

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

Date of fiscal year end: **September 30**

Date of reporting period: **December 31, 2018**

**ITEM 1. SCHEDULE OF INVESTMENTS.**

**WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.**

FORM N-Q

DECEMBER 31, 2018

**WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.****Schedule of investments (unaudited)****December 31, 2018**

| <b>SECURITY</b>   | <b>RATE</b> | <b>MATURITY DATE</b> | <b>FACE AMOUNT</b> | <b>VALUE</b>                |
|---|-------------|----------------------|--------------------|-----------------------------|
| <b>CORPORATE BONDS &amp; NOTES - 83.2%</b>                      |             |                      |                    |                             |
| <b>COMMUNICATION SERVICES - 20.4%</b>                           |             |                      |                    |                             |
| <b>Diversified Telecommunication Services - 3.0%</b>            |             |                      |                    |                             |
| Cogent Communications Group Inc., Senior Secured Notes          | 5.375%      | 3/1/22               | 1,170,000          | \$ 1,167,075 <sup>(a)</sup> |
| Intelsat Jackson Holdings SA, Senior Notes                      | 5.500%      | 8/1/23               | 750,000            | 656,250                     |
| Intelsat Jackson Holdings SA, Senior Secured Notes              | 8.000%      | 2/15/24              | 2,910,000          | 3,004,575 <sup>(a)</sup>    |
| Telecom Italia Capital SA, Senior Notes                         | 6.000%      | 9/30/34              | 2,800,000          | 2,436,000                   |
| Telecom Italia SpA, Senior Notes                                | 5.303%      | 5/30/24              | 790,000            | 753,463 <sup>(a)</sup>      |
| UPCB Finance IV Ltd., Senior Secured Notes                      | 5.375%      | 1/15/25              | 1,515,000          | 1,420,494 <sup>(a)</sup>    |
| Windstream Services LLC/Windstream Finance Corp., Secured Notes | 10.500%     | 6/30/24              | 13,170,000         | 10,075,050 <sup>(a)</sup>   |
| <i>Total Diversified Telecommunication Services</i>             |             |                      |                    | <i>19,512,907</i>           |
| <b>Entertainment - 0.5%</b>                                     |             |                      |                    |                             |
| Netflix Inc., Senior Notes                                      | 5.875%      | 11/15/28             | 1,883,000          | 1,834,419 <sup>(a)</sup>    |
| Netflix Inc., Senior Notes                                      | 6.375%      | 5/15/29              | 1,875,000          | 1,853,906 <sup>(a)</sup>    |
| <i>Total Entertainment</i>                                      |             |                      |                    | <i>3,688,325</i>            |
| <b>Interactive Media &amp; Services - 0.2%</b>                  |             |                      |                    |                             |
| Match Group Inc., Senior Notes                                  | 6.375%      | 6/1/24               | 940,000            | 959,975                     |
| Match Group Inc., Senior Notes                                  | 5.000%      | 12/15/27             | 135,000            | 124,537 <sup>(a)</sup>      |
| <i>Total Interactive Media &amp; Services</i>                   |             |                      |                    | <i>1,084,512</i>            |
| <b>Media - 11.4%</b>  |             |                      |                    |                             |
| Altice France SA, Senior Secured Notes                          | 7.375%      | 5/1/26               | 4,559,000          | 4,194,280 <sup>(a)</sup>    |
| Altice France SA, Senior Secured Notes                          | 8.125%      | 2/1/27               | 14,503,000         | 13,705,335 <sup>(a)</sup>   |
| Altice Luxembourg SA, Senior Notes                              | 7.750%      | 5/15/22              | 12,355,000         | 11,289,381 <sup>(a)</sup>   |
| Altice Luxembourg SA, Senior Notes                              | 7.625%      | 2/15/25              | 2,730,000          | 2,050,913 <sup>(a)</sup>    |
| CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes       | 5.750%      | 2/15/26              | 1,170,000          | 1,149,525 <sup>(a)</sup>    |
| CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes       | 5.125%      | 5/1/27               | 3,321,000          | 3,101,482 <sup>(a)</sup>    |
| CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes       | 5.000%      | 2/1/28               | 14,609,000         | 13,476,802 <sup>(a)</sup>   |
| DISH DBS Corp., Senior Notes                                    | 5.875%      | 11/15/24             | 10,620,000         | 8,588,925                   |
| DISH DBS Corp., Senior Notes                                    | 7.750%      | 7/1/26               | 9,466,000          | 7,856,780                   |
| UPC Holding BV, Senior Secured Notes                            | 5.500%      | 1/15/28              | 290,000            | 261,000 <sup>(a)</sup>      |

|  |        |          |           |                          |
|--|--------|----------|-----------|--------------------------|
| Virgin Media Finance PLC, Senior Notes | 6.000% | 10/15/24 | 2,545,000 | 2,454,016 <sup>(a)</sup> |
|--|--------|----------|-----------|--------------------------|

**See Notes to Schedule of Investments.**

**WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.****Schedule of investments (unaudited) (cont d)****December 31, 2018**

| SECURITY  | RATE    | MATURITY<br>DATE | FACE<br>AMOUNT | VALUE                       |
|---|---------|------------------|----------------|-----------------------------|
| <b>Media - (continued)</b>  |         |                  |                |                             |
| Virgin Media Secured Finance PLC, Senior Secured Notes                | 5.250%  | 1/15/26          | 3,220,000      | \$ 2,962,400 <sup>(a)</sup> |
| Virgin Media Secured Finance PLC, Senior Secured Notes                | 5.500%  | 8/15/26          | 3,830,000      | 3,551,751 <sup>(a)</sup>    |
| <i>Total Media</i>  |         |                  |                | <i>74,642,590</i>           |
| <b>Wireless Telecommunication Services - 5.3%</b>                     |         |                  |                |                             |
| CSC Holdings LLC, Senior Notes  | 10.125% | 1/15/23          | 665,000        | 717,369 <sup>(a)</sup>      |
| CSC Holdings LLC, Senior Notes  | 6.625%  | 10/15/25         | 2,130,000      | 2,161,950 <sup>(a)</sup>    |
| CSC Holdings LLC, Senior Notes  | 10.875% | 10/15/25         | 1,899,000      | 2,138,749 <sup>(a)</sup>    |
| CSC Holdings LLC, Senior Notes  | 5.375%  | 2/1/28           | 2,620,000      | 2,416,111 <sup>(a)</sup>    |
| Sprint Capital Corp., Senior Notes                                    | 6.875%  | 11/15/28         | 3,690,000      | 3,496,275                   |
| Sprint Capital Corp., Senior Notes                                    | 8.750%  | 3/15/32          | 6,120,000      | 6,471,900                   |
| Sprint Communications Inc., Senior Notes                              | 7.000%  | 8/15/20          | 1,820,000      | 1,867,866                   |
| Sprint Communications Inc., Senior Notes                              | 11.500% | 11/15/21         | 3,770,000      | 4,288,375                   |
| Sprint Corp., Senior Notes  | 7.250%  | 9/15/21          | 2,800,000      | 2,872,800                   |
| Sprint Corp., Senior Notes  | 7.875%  | 9/15/23          | 360,000        | 370,350                     |
| T-Mobile USA Inc., Senior Notes                                       | 6.000%  | 3/1/23           | 1,080,000      | 1,087,808                   |
| T-Mobile USA Inc., Senior Notes                                       | 6.500%  | 1/15/26          | 910,000        | 930,475                     |
| VEON Holdings BV, Senior Notes  | 7.504%  | 3/1/22           | 1,530,000      | 1,667,042 <sup>(b)</sup>    |
| VEON Holdings BV, Senior Notes  | 7.504%  | 3/1/22           | 940,000        | 1,024,196 <sup>(a)</sup>    |
| Vimpel Communications Via VIP Finance Ireland Ltd. OJSC, Senior Notes | 7.748%  | 2/2/21           | 3,170,000      | 3,432,007 <sup>(a)</sup>    |
| <i>Total Wireless Telecommunication Services</i>                      |         |                  |                | <i>34,943,273</i>           |
| <b>TOTAL COMMUNICATION SERVICES</b>                                   |         |                  |                | <b>133,871,607</b>          |
| <b>CONSUMER DISCRETIONARY - 8.0%</b>                                  |         |                  |                |                             |
| <b>Auto Components - 1.5%</b>   |         |                  |                |                             |
| Adient Global Holdings Ltd., Senior Notes                             | 4.875%  | 8/15/26          | 5,569,000      | 4,288,130 <sup>(a)</sup>    |
| American Axle & Manufacturing Inc., Senior Notes                      | 6.250%  | 4/1/25           | 717,000        | 655,159                     |
| American Axle & Manufacturing Inc., Senior Notes                      | 6.250%  | 3/15/26          | 500,000        | 451,250                     |
| American Axle & Manufacturing Inc., Senior Notes                      | 6.500%  | 4/1/27           | 3,023,000      | 2,716,921                   |
| JB Poindexter & Co. Inc., Senior Notes                                | 7.125%  | 4/15/26          | 1,730,000      | 1,626,200 <sup>(a)</sup>    |
| <i>Total Auto Components</i>  |         |                  |                | <i>9,737,660</i>            |
| <b>Diversified Consumer Services - 2.0%</b>                           |         |                  |                |                             |

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|                                      |        |         |           |                          |
|--------------------------------------|--------|---------|-----------|--------------------------|
| Carriage Services Inc., Senior Notes | 6.625% | 6/1/26  | 5,907,000 | 5,818,395 <sup>(a)</sup> |
| Frontdoor Inc., Senior Notes         | 6.750% | 8/15/26 | 3,202,000 | 3,049,905 <sup>(a)</sup> |

**See Notes to Schedule of Investments.**

**WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.****Schedule of investments (unaudited) (cont d)****December 31, 2018**

| <b>SECURITY</b>  | <b>RATE</b> | <b>MATURITY DATE</b> | <b>FACE AMOUNT</b> | <b>VALUE</b>                      |
|--|-------------|----------------------|--------------------|-----------------------------------|
| <b>Diversified Consumer Services - (continued)</b>                                     |             |                      |                    |                                   |
| Prime Security Services Borrower LLC/Prime Finance Inc., Secured Notes                 | 9.250%      | 5/15/23              | 1,943,000          | \$ 2,008,576 <sup>(a)</sup>       |
| Service Corp. International, Senior Notes  | 7.500%      | 4/1/27               | 1,975,000          | 2,142,875                         |
| <i>Total Diversified Consumer Services</i>   |             |                      |                    | <i>13,019,751</i>                 |
| <b>Hotels, Restaurants &amp; Leisure - 2.6%</b>  |             |                      |                    |                                   |
| 1011778 BC ULC/New Red Finance Inc., Senior Secured Notes                              | 4.250%      | 5/15/24              | 2,750,000          | 2,536,875 <sup>(a)</sup>          |
| Bossier Casino Venture Holdco Inc., Senior Secured Notes (14.000% PIK)                 | 14.000%     | 2/9/23               | 2,360,287          | 2,360,287 <sup>(a)(c)(d)(e)</sup> |
| Carrols Restaurant Group Inc., Secured Notes   | 8.000%      | 5/1/22               | 1,540,000          | 1,545,775                         |
| Downstream Development Authority of the Quapaw Tribe of Oklahoma, Senior Secured Notes | 10.500%     | 2/15/23              | 490,000            | 485,100 <sup>(a)</sup>            |
| Silversea Cruise Finance Ltd., Senior Secured Notes                                    | 7.250%      | 2/1/25               | 1,438,000          | 1,527,444 <sup>(a)</sup>          |
| Viking Cruises Ltd., Senior Notes  | 6.250%      | 5/15/25              | 3,190,000          | 3,158,100 <sup>(a)</sup>          |
| Viking Cruises Ltd., Senior Notes  | 5.875%      | 9/15/27              | 821,000            | 767,635 <sup>(a)</sup>            |
| VOC Escrow Ltd., Senior Secured Notes  | 5.000%      | 2/15/28              | 4,590,000          | 4,257,225 <sup>(a)</sup>          |
| <i>Total Hotels, Restaurants &amp; Leisure</i>   |             |                      |                    | <i>16,638,441</i>                 |
| <b>Household Durables - 0.5%</b>   |             |                      |                    |                                   |
| Lennar Corp., Senior Notes   | 5.000%      | 6/15/27              | 3,700,000          | 3,390,125                         |
| <b>Specialty Retail - 1.3%</b>   |             |                      |                    |                                   |
| Hertz Corp., Senior Notes  | 5.875%      | 10/15/20             | 2,030,000          | 1,976,712                         |
| Party City Holdings Inc., Senior Notes   | 6.625%      | 8/1/26               | 5,360,000          | 4,891,000 <sup>(a)</sup>          |
| Sally Holdings LLC/Sally Capital Inc., Senior Notes                                    | 5.625%      | 12/1/25              | 1,900,000          | 1,755,125                         |
| <i>Total Specialty Retail</i>  |             |                      |                    | <i>8,622,837</i>                  |
| <b>Textiles, Apparel &amp; Luxury Goods - 0.1%</b>                                     |             |                      |                    |                                   |
| Hanesbrands Inc., Senior Notes   | 4.875%      | 5/15/26              | 856,000            | 775,750 <sup>(a)</sup>            |
| <b>TOTAL CONSUMER DISCRETIONARY</b>  |             |                      |                    | <b>52,184,564</b>                 |
| <b>CONSUMER STAPLES - 1.7%</b>   |             |                      |                    |                                   |



**Food Products - 1.0%**

|   |        |         |           |                          |
|---|--------|---------|-----------|--------------------------|
| Lamb Weston Holdings Inc., Senior Notes | 4.875% | 11/1/26 | 1,400,000 | 1,351,000 <sup>(a)</sup> |
| Pilgrim s Pride Corp., Senior Notes     | 5.750% | 3/15/25 | 720,000   | 678,600 <sup>(a)</sup>   |
| Pilgrim s Pride Corp., Senior Notes     | 5.875% | 9/30/27 | 5,000,000 | 4,550,000 <sup>(a)</sup> |
| <i>Total Food Products</i>              |        |         |           | 6,579,600                |

**Household Products - 0.7%**

|  |        |          |         |         |
|--|--------|----------|---------|---------|
| Central Garden & Pet Co., Senior Notes | 6.125% | 11/15/23 | 400,000 | 401,000 |
| Spectrum Brands Inc., Senior Notes     | 6.625% | 11/15/22 | 940,000 | 954,100 |

**See Notes to Schedule of Investments.**

**WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.****Schedule of investments (unaudited) (cont d)****December 31, 2018**

| <b>SECURITY</b>  | <b>RATE</b> | <b>MATURITY<br/>DATE</b> | <b>FACE<br/>AMOUNT</b> | <b>VALUE</b>             |
|--|-------------|--------------------------|------------------------|--------------------------|
| <b>Household Products - (continued)</b>                            |             |                          |                        |                          |
| Spectrum Brands Inc., Senior Notes                                 | 6.125%      | 12/15/24                 | 810,000                | \$ 783,675               |
| Spectrum Brands Inc., Senior Notes                                 | 5.750%      | 7/15/25                  | 2,680,000              | 2,558,596                |
| <i>Total Household Products</i>                                    |             |                          |                        | 4,697,371                |
| <b>TOTAL CONSUMER STAPLES</b>                                      |             |                          |                        | 11,276,971               |
| <b>ENERGY - 15.9%</b>  |             |                          |                        |                          |
| <b>Energy Equipment &amp; Services - 1.0%</b>                      |             |                          |                        |                          |
| KCA Deutag UK Finance PLC, Senior Secured Notes                    | 9.875%      | 4/1/22                   | 2,320,000              | 1,914,000 <sup>(a)</sup> |
| Pride International LLC, Senior Notes                              | 7.875%      | 8/15/40                  | 1,000,000              | 745,000                  |
| Transocean Guardian Ltd., Senior Secured Notes                     | 5.875%      | 1/15/24                  | 1,010,000              | 972,125 <sup>(a)</sup>   |
| Transocean Inc., Senior Notes                                      | 9.000%      | 7/15/23                  | 2,090,000              | 2,087,387 <sup>(a)</sup> |
| Transocean Inc., Senior Notes                                      | 6.800%      | 3/15/38                  | 970,000                | 649,900                  |
| <i>Total Energy Equipment &amp; Services</i>                       |             |                          |                        | 6,368,412                |
| <b>Oil, Gas &amp; Consumable Fuels - 14.9%</b>                     |             |                          |                        |                          |
| Andeavor Logistics LP/Tesoro Logistics Finance Corp., Senior Notes | 6.375%      | 5/1/24                   | 650,000                | 673,563                  |
| Berry Petroleum Co. Escrow   |             |                          | 1,230,000              | 0 <sup>*(c)(d)(f)</sup>  |
| Berry Petroleum Co. Escrow   |             |                          | 3,484,000              | 0 <sup>*(c)(d)(f)</sup>  |
| Blue Racer Midstream LLC/Blue Racer Finance Corp., Senior Notes    | 6.125%      | 11/15/22                 | 1,840,000              | 1,784,800 <sup>(a)</sup> |
| Blue Racer Midstream LLC/Blue Racer Finance Corp., Senior Notes    | 6.625%      | 7/15/26                  | 425,000                | 397,375 <sup>(a)</sup>   |
| Cheniere Corpus Christi Holdings LLC, Senior Secured Notes         | 5.875%      | 3/31/25                  | 810,000                | 807,975                  |
| Chesapeake Energy Corp., Senior Notes                              | 6.875%      | 11/15/20                 | 5,200,000              | 5,070,000                |
| Chesapeake Energy Corp., Senior Notes                              | 5.375%      | 6/15/21                  | 1,655,000              | 1,522,600                |
| Chesapeake Energy Corp., Senior Notes                              | 5.750%      | 3/15/23                  | 600,000                | 520,500                  |
| Chesapeake Energy Corp., Senior Notes                              | 8.000%      | 1/15/25                  | 1,510,000              | 1,340,125                |
| Chesapeake Energy Corp., Senior Notes                              | 8.000%      | 6/15/27                  | 730,000                | 616,850                  |
| Continental Resources Inc., Senior Notes                           | 4.900%      | 6/1/44                   | 2,640,000              | 2,344,617                |
| Ecopetrol SA, Senior Notes   | 5.375%      | 6/26/26                  | 1,500,000              | 1,513,125                |
| Ecopetrol SA, Senior Notes   | 7.375%      | 9/18/43                  | 1,900,000              | 2,099,500                |
| Genesis Energy LP/Genesis Energy Finance Corp., Senior Notes       | 6.750%      | 8/1/22                   | 1,320,000              | 1,293,600                |
|  | 5.625%      | 6/15/24                  | 680,000                | 586,500                  |

Genesis Energy LP/Genesis Energy Finance Corp.,  
Senior Notes

Genesis Energy LP/Genesis Energy Finance Corp.,  
Senior Notes

|        |         |           |           |
|--------|---------|-----------|-----------|
| 6.250% | 5/15/26 | 1,420,000 | 1,224,750 |
| 7.750% | 1/15/32 | 6,920,000 | 8,301,170 |

Kinder Morgan Inc., Senior Notes

**See Notes to Schedule of Investments.**

**WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.****Schedule of investments (unaudited) (cont d)****December 31, 2018**

| <b>SECURITY</b>  | <b>RATE</b> | <b>MATURITY<br/>DATE</b> | <b>FACE<br/>AMOUNT</b> | <b>VALUE</b>              |
|--|-------------|--------------------------|------------------------|---------------------------|
| <b>Oil, Gas &amp; Consumable Fuels - (continued)</b>                             |             |                          |                        |                           |
| Lukoil International Finance BV, Senior Notes                                    | 4.750%      | 11/2/26                  | 1,000,000              | \$ 969,625 <sup>(a)</sup> |
| Magnum Hunter Resources Corp. Escrow   |             |                          | 6,700,000              | 0 <sup>*(d)(f)</sup>      |
| MEG Energy Corp., Senior Notes   | 6.375%      | 1/30/23                  | 4,200,000              | 3,984,750 <sup>(a)</sup>  |
| MEG Energy Corp., Senior Notes   | 7.000%      | 3/31/24                  | 2,450,000              | 2,352,000 <sup>(a)</sup>  |
| NGL Energy Partners LP/NGL Energy Finance Corp., Senior Notes                    | 7.500%      | 11/1/23                  | 1,000,000              | 965,000                   |
| NGPL PipeCo LLC, Senior Notes  | 7.768%      | 12/15/37                 | 1,520,000              | 1,740,400 <sup>(a)</sup>  |
| Oasis Petroleum Inc., Senior Notes   | 6.500%      | 11/1/21                  | 2,730,000              | 2,716,350                 |
| Oasis Petroleum Inc., Senior Notes   | 6.875%      | 1/15/23                  | 2,420,000              | 2,241,525                 |
| Petrobras Global Finance BV, Senior Notes  | 5.999%      | 1/27/28                  | 2,650,000              | 2,501,626                 |
| Petrobras Global Finance BV, Senior Notes  | 5.750%      | 2/1/29                   | 12,240,000             | 11,352,600                |
| Petrobras Global Finance BV, Senior Notes  | 6.750%      | 1/27/41                  | 5,120,000              | 4,841,600                 |
| Range Resources Corp., Senior Notes  | 5.000%      | 3/15/23                  | 4,800,000              | 4,242,000                 |
| Range Resources Corp., Senior Notes  | 4.875%      | 5/15/25                  | 110,000                | 90,750                    |
| Rockies Express Pipeline LLC, Senior Notes                                       | 7.500%      | 7/15/38                  | 1,080,000              | 1,225,800 <sup>(a)</sup>  |
| Rockies Express Pipeline LLC, Senior Notes                                       | 6.875%      | 4/15/40                  | 1,140,000              | 1,197,000 <sup>(a)</sup>  |
| Shelf Drilling Holdings Ltd., Senior Notes                                       | 8.250%      | 2/15/25                  | 1,250,000              | 1,073,438 <sup>(a)</sup>  |
| Targa Resources Partners LP/Targa Resources Partners Finance Corp., Senior Notes | 5.875%      | 4/15/26                  | 1,170,000              | 1,143,675 <sup>(a)</sup>  |
| Targa Resources Partners LP/Targa Resources Partners Finance Corp., Senior Notes | 5.000%      | 1/15/28                  | 8,725,000              | 7,917,937                 |
| Transportadora de Gas del Sur SA, Senior Notes                                   | 6.750%      | 5/2/25                   | 4,860,000              | 4,440,874 <sup>(a)</sup>  |
| Whiting Petroleum Corp., Senior Notes  | 6.250%      | 4/1/23                   | 2,130,000              | 1,948,950                 |
| Whiting Petroleum Corp., Senior Notes  | 6.625%      | 1/15/26                  | 2,020,000              | 1,742,250                 |
| Williams Cos. Inc., Senior Notes   | 3.700%      | 1/15/23                  | 820,000                | 800,955                   |
| Williams Cos. Inc., Senior Notes   | 4.550%      | 6/24/24                  | 1,530,000              | 1,546,638                 |
| Williams Cos. Inc., Senior Notes   | 7.500%      | 1/15/31                  | 620,000                | 742,558                   |
| Williams Cos. Inc., Senior Notes   | 5.750%      | 6/24/44                  | 3,190,000              | 3,216,650                 |
| WPX Energy Inc., Senior Notes  | 8.250%      | 8/1/23                   | 810,000                | 850,500                   |
| YPF SA, Senior Notes   | 6.950%      | 7/21/27                  | 2,530,000              | 2,071,437 <sup>(a)</sup>  |
| <i>Total Oil, Gas &amp; Consumable Fuels</i>                                     |             |                          |                        | <i>98,013,938</i>         |
| <b>TOTAL ENERGY</b>  |             |                          |                        | <b>104,382,350</b>        |

**See Notes to Schedule of Investments.**



**WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.****Schedule of investments (unaudited) (cont d)****December 31, 2018**

| SECURITY  | RATE    | MATURITY<br>DATE | FACE<br>AMOUNT | VALUE                          |
|---|---------|------------------|----------------|--------------------------------|
| <b>FINANCIALS - 11.3%</b>   |         |                  |                |                                |
| <b>Banks - 7.6%</b>   |         |                  |                |                                |
| Bank of America Corp., Junior Subordinated Notes<br>(6.500% to 10/23/24 then 3 mo. USD LIBOR +<br>4.174%)           | 6.500%  | 10/23/24         | 2,160,000      | \$ 2,189,700 <sup>(g)(h)</sup> |
| Barclays Bank PLC, Subordinated Notes   | 10.179% | 6/12/21          | 2,990,000      | 3,363,040 <sup>(a)</sup>       |
| Barclays Bank PLC, Subordinated Notes   | 7.625%  | 11/21/22         | 3,400,000      | 3,529,625                      |
| BBVA Bancomer SA, Subordinated Notes (5.125%<br>to 1/18/28 then 5 year Treasury Constant Maturity<br>Rate + 2.650%) | 5.125%  | 1/18/33          | 2,000,000      | 1,742,500 <sup>(a)(g)(h)</sup> |
| BNP Paribas SA, Junior Subordinated Notes<br>(7.375% to 8/19/25 then USD 5 year Swap Rate +<br>5.150%)              | 7.375%  | 8/19/25          | 1,470,000      | 1,468,163 <sup>(a)(g)(h)</sup> |
| CIT Group Inc., Senior Notes  | 5.000%  | 8/15/22          | 1,000,000      | 988,750                        |
| CIT Group Inc., Senior Notes  | 5.000%  | 8/1/23           | 3,270,000      | 3,212,775                      |
| Citigroup Inc., Junior Subordinated Notes (5.950%<br>to 5/15/25 then 3 mo. USD LIBOR + 3.905%)                      | 5.950%  | 5/15/25          | 2,750,000      | 2,492,188 <sup>(g)(h)</sup>    |
| Citigroup Inc., Junior Subordinated Notes (6.300%<br>to 5/15/24 then 3 mo. USD LIBOR + 3.423%)                      | 6.300%  | 5/15/24          | 5,810,000      | 5,366,987 <sup>(g)(h)</sup>    |
| Credit Agricole SA, Junior Subordinated Notes<br>(8.125% to 12/23/25 then USD 5 year Swap Rate +<br>6.185%)         | 8.125%  | 12/23/25         | 2,290,000      | 2,361,563 <sup>(a)(g)(h)</sup> |
| Credit Agricole SA, Junior Subordinated Notes<br>(8.375% to 10/13/19 then 3 mo. USD LIBOR +<br>6.982%)              | 8.375%  | 10/13/19         | 1,370,000      | 1,407,675 <sup>(a)(g)(h)</sup> |
| HSBC Holdings PLC, Junior Subordinated Notes<br>(6.000% to 5/22/27 then USD 5 year ICE Swap<br>Rate + 3.746%)       | 6.000%  | 5/22/27          | 1,180,000      | 1,065,516 <sup>(g)(h)</sup>    |
| HSBC Holdings PLC, Junior Subordinated Notes<br>(6.500% to 3/23/28 then USD 5 year ICE Swap<br>Rate + 3.606%)       | 6.500%  | 3/23/28          | 3,560,000      | 3,239,600 <sup>(g)(h)</sup>    |
| Intesa Sanpaolo SpA, Subordinated Notes   | 5.017%  | 6/26/24          | 4,380,000      | 3,976,773 <sup>(a)</sup>       |
| Intesa Sanpaolo SpA, Subordinated Notes   | 5.710%  | 1/15/26          | 5,530,000      | 5,076,361 <sup>(a)</sup>       |
| JPMorgan Chase & Co., Junior Subordinated Notes<br>(6.000% to 8/1/23 then 3 mo. USD LIBOR +<br>3.300%)              | 6.000%  | 8/1/23           | 1,390,000      | 1,362,200 <sup>(g)(h)</sup>    |
| JPMorgan Chase & Co., Junior Subordinated Notes<br>(6.100% to 10/1/24 then 3 mo. USD LIBOR +<br>3.330%)             | 6.100%  | 10/1/24          | 1,170,000      | 1,164,150 <sup>(g)(h)</sup>    |
| NatWest Markets NV, Subordinated Notes  | 7.750%  | 5/15/23          | 620,000        | 679,300                        |

**See Notes to Schedule of Investments.**

**WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.****Schedule of investments (unaudited) (cont d)****December 31, 2018**

| <b>SECURITY</b>  | <b>RATE</b> | <b>MATURITY<br/>DATE</b> | <b>FACE<br/>AMOUNT</b> | <b>VALUE</b>                   |
|--|-------------|--------------------------|------------------------|--------------------------------|
| <b>Banks - (continued)</b>   |             |                          |                        |                                |
| Royal Bank of Scotland Group PLC, Junior Subordinated Notes (7.648% to 9/30/31 then 3 mo. USD LIBOR + 2.500%)      | 7.648%      | 9/30/31                  | 1,880,000              | \$ 2,324,150 <sup>(g)(h)</sup> |
| Royal Bank of Scotland Group PLC, Junior Subordinated Notes (8.625% to 8/15/21 then USD 5 year Swap Rate + 7.598%) | 8.625%      | 8/15/21                  | 1,220,000              | 1,265,750 <sup>(g)(h)</sup>    |
| TC Ziraat Bankasi AS, Senior Notes   | 5.125%      | 9/29/23                  | 2,040,000              | 1,809,872 <sup>(a)</sup>       |
| <i>Total Banks</i>   |             |                          |                        | 50,086,638                     |
| <b>Capital Markets - 0.9%</b>  |             |                          |                        |                                |
| Credit Suisse Group AG, Junior Subordinated Notes (7.250% to 9/12/25 then USD 5 year Swap Rate + 4.332%)           | 7.250%      | 9/12/25                  | 1,870,000              | 1,768,740 <sup>(a)(g)(h)</sup> |
| Donnelley Financial Solutions Inc., Senior Notes   | 8.250%      | 10/15/24                 | 1,680,000              | 1,671,600                      |
| Goldman Sachs Group Inc., Subordinated Notes   | 6.750%      | 10/1/37                  | 1,880,000              | 2,126,584                      |
| <i>Total Capital Markets</i>   |             |                          |                        | 5,566,924                      |
| <b>Consumer Finance - 0.5%</b>   |             |                          |                        |                                |
| Ally Financial Inc., Senior Notes  | 8.000%      | 3/15/20                  | 1,744,000              | 1,809,400                      |
| Navient Corp., Senior Notes  | 5.875%      | 10/25/24                 | 1,080,000              | 907,200                        |
| Navient Corp., Senior Notes  | 6.750%      | 6/15/26                  | 900,000                | 749,250                        |
| <i>Total Consumer Finance</i>  |             |                          |                        | 3,465,850                      |
| <b>Diversified Financial Services - 2.1%</b>   |             |                          |                        |                                |
| AerCap Ireland Capital DAC/AerCap Global Aviation Trust, Senior Notes  | 4.625%      | 10/30/20                 | 650,000                | 654,820                        |
| AerCap Ireland Capital DAC/AerCap Global Aviation Trust, Senior Notes  | 4.625%      | 7/1/22                   | 560,000                | 562,395                        |
| ASP AMC Merger Sub Inc., Senior Notes  | 8.000%      | 5/15/25                  | 2,800,000              | 1,498,000 <sup>(a)</sup>       |
| DAE Funding LLC, Senior Notes  | 5.750%      | 11/15/23                 | 3,663,000              | 3,635,527 <sup>(a)</sup>       |
| GE Capital International Funding Co. Unlimited Co., Senior Notes   | 3.373%      | 11/15/25                 | 600,000                | 533,781                        |
| International Lease Finance Corp., Senior Notes  | 6.250%      | 5/15/19                  | 250,000                | 252,235                        |
| International Lease Finance Corp., Senior Notes  | 8.250%      | 12/15/20                 | 3,675,000              | 3,955,292                      |
| International Lease Finance Corp., Senior Notes  | 8.625%      | 1/15/22                  | 170,000                | 189,125                        |
| International Lease Finance Corp., Senior Notes  | 5.875%      | 8/15/22                  | 600,000                | 628,984                        |



**See Notes to Schedule of Investments.**

**WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.****Schedule of investments (unaudited) (cont d)****December 31, 2018**

| <b>SECURITY</b>  | <b>RATE</b> | <b>MATURITY DATE</b> | <b>FACE AMOUNT</b> | <b>VALUE</b>                   |
|--|-------------|----------------------|--------------------|--------------------------------|
| <b>Diversified Financial Services - (continued)</b>                |             |                      |                    |                                |
| Park Aerospace Holdings Ltd., Senior Notes                         | 5.500%      | 2/15/24              | 450,000            | \$ 435,375 <sup>(a)</sup>      |
| Travelport Corporate Finance PLC, Senior Secured Notes             | 6.000%      | 3/15/26              | 1,596,000          | 1,615,950 <sup>(a)</sup>       |
| <i>Total Diversified Financial Services</i>                        |             |                      |                    | <i>13,961,484</i>              |
| <b>Insurance - 0.2%</b>  |             |                      |                    |                                |
| MetLife Capital Trust IV, Junior Subordinated Notes                | 7.875%      | 12/15/37             | 1,010,000          | 1,148,875 <sup>(a)</sup>       |
| <b>TOTAL FINANCIALS</b>  |             |                      |                    | <b>74,229,771</b>              |
| <b>HEALTH CARE - 8.0%</b>  |             |                      |                    |                                |
| <b>Health Care Providers &amp; Services - 4.7%</b>                 |             |                      |                    |                                |
| Air Medical Group Holdings Inc., Senior Notes                      | 6.375%      | 5/15/23              | 1,810,000          | 1,538,500 <sup>(a)</sup>       |
| BioScrip Inc., First Lien Notes (1 mo. USD LIBOR + 7.000%)         | 8.224%      | 6/30/22              | 2,575,000          | 2,697,312 <sup>(c)(d)(i)</sup> |
| Centene Corp., Senior Notes  | 5.625%      | 2/15/21              | 1,160,000          | 1,165,800                      |
| Centene Corp., Senior Notes  | 6.125%      | 2/15/24              | 710,000            | 728,638                        |
| Centene Corp., Senior Notes  | 4.750%      | 1/15/25              | 3,600,000          | 3,447,000                      |
| DaVita Inc., Senior Notes  | 5.125%      | 7/15/24              | 3,020,000          | 2,838,800                      |
| DaVita Inc., Senior Notes  | 5.000%      | 5/1/25               | 2,480,000          | 2,259,900                      |
| HCA Inc., Senior Notes   | 7.690%      | 6/15/25              | 490,000            | 523,075                        |
| HCA Inc., Senior Notes   | 7.500%      | 11/15/95             | 6,265,000          | 6,108,375                      |
| HCA Inc., Senior Secured Notes                                     | 5.250%      | 6/15/26              | 4,870,000          | 4,845,650                      |
| RegionalCare Hospital Partners Holdings Inc., Senior Secured Notes | 8.250%      | 5/1/23               | 1,560,000          | 1,581,450 <sup>(a)</sup>       |
| Tenet Healthcare Corp., Secured Notes                              | 5.125%      | 5/1/25               | 3,500,000          | 3,272,500                      |
| <i>Total Health Care Providers &amp; Services</i>                  |             |                      |                    | <i>31,007,000</i>              |
| <b>Pharmaceuticals - 3.3%</b>                                      |             |                      |                    |                                |
| Bausch Health Cos. Inc., Senior Notes                              | 5.875%      | 5/15/23              | 1,330,000          | 1,235,238 <sup>(a)</sup>       |
| Bausch Health Cos. Inc., Senior Notes                              | 6.125%      | 4/15/25              | 7,140,000          | 6,247,500 <sup>(a)</sup>       |
| Bausch Health Cos. Inc., Senior Notes                              | 9.000%      | 12/15/25             | 2,200,000          | 2,197,250 <sup>(a)</sup>       |
| Bausch Health Cos. Inc., Senior Secured Notes                      | 7.000%      | 3/15/24              | 700,000            | 708,750 <sup>(a)</sup>         |
| Endo Finance LLC/Endo Finco Inc., Senior Notes                     | 5.375%      | 1/15/23              | 470,000            | 359,550 <sup>(a)</sup>         |
| Teva Pharmaceutical Finance Co. BV, Senior Notes                   | 3.650%      | 11/10/21             | 130,000            | 123,252                        |

**See Notes to Schedule of Investments.**

**WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.****Schedule of investments (unaudited) (cont d)****December 31, 2018**

| <b>SECURITY</b>  | <b>RATE</b> | <b>MATURITY<br/>DATE</b> | <b>FACE<br/>AMOUNT</b> | <b>VALUE</b>             |
|--|-------------|--------------------------|------------------------|--------------------------|
| <b>Pharmaceuticals - (continued)</b>                         |             |                          |                        |                          |
| Teva Pharmaceutical Finance Co. BV, Senior Notes             | 2.950%      | 12/18/22                 | 4,690,000              | \$ 4,151,421             |
| Teva Pharmaceutical Finance Netherlands III BV, Senior Notes | 2.200%      | 7/21/21                  | 7,200,000              | 6,622,337                |
| <i>Total Pharmaceuticals</i>                                 |             |                          |                        | 21,645,298               |
| <b>TOTAL HEALTH CARE</b>                                     |             |                          |                        | 52,652,298               |
| <b>INDUSTRIALS - 5.1%</b>                                    |             |                          |                        |                          |
| <b>Air Freight &amp; Logistics - 0.1%</b>                    |             |                          |                        |                          |
| XPO Logistics Inc., Senior Notes                             | 6.500%      | 6/15/22                  | 776,000                | 772,120 <sup>(a)</sup>   |
| <b>Airlines - 0.1%</b>                                       |             |                          |                        |                          |
| Delta Air Lines Inc., Pass-Through Certificates Trust        | 8.021%      | 8/10/22                  | 484,088                | 527,341                  |
| <b>Building Products - 1.0%</b>                              |             |                          |                        |                          |
| Standard Industries Inc., Senior Notes                       | 5.000%      | 2/15/27                  | 4,650,000              | 4,080,375 <sup>(a)</sup> |
| Standard Industries Inc., Senior Notes                       | 4.750%      | 1/15/28                  | 3,286,000              | 2,772,562 <sup>(a)</sup> |
| <i>Total Building Products</i>                               |             |                          |                        | 6,852,937                |
| <b>Commercial Services &amp; Supplies - 2.1%</b>             |             |                          |                        |                          |
| GFL Environmental Inc., Senior Notes                         | 5.375%      | 3/1/23                   | 1,420,000              | 1,249,600 <sup>(a)</sup> |
| United Rentals North America Inc., Senior Notes              | 6.500%      | 12/15/26                 | 7,500,000              | 7,406,250                |
| United Rentals North America Inc., Senior Notes              | 5.500%      | 5/15/27                  | 320,000                | 297,600                  |
| United Rentals North America Inc., Senior Notes              | 4.875%      | 1/15/28                  | 5,155,000              | 4,536,400                |
| <i>Total Commercial Services &amp; Supplies</i>              |             |                          |                        | 13,489,850               |
| <b>Electrical Equipment - 0.1%</b>                           |             |                          |                        |                          |
| Resideo Funding Inc., Senior Notes                           | 6.125%      | 11/1/26                  | 500,000                | 493,750 <sup>(a)</sup>   |
| <b>Machinery - 0.8%</b>                                      |             |                          |                        |                          |
| Allison Transmission Inc., Senior Notes                      | 5.000%      | 10/1/24                  | 1,240,000              | 1,195,050 <sup>(a)</sup> |
| Allison Transmission Inc., Senior Notes                      | 4.750%      | 10/1/27                  | 2,105,000              | 1,883,975 <sup>(a)</sup> |
| Cleaver-Brooks Inc., Senior Secured Notes                    | 7.875%      | 3/1/23                   | 1,410,000              | 1,364,175 <sup>(a)</sup> |
| Park-Ohio Industries Inc., Senior Notes                      | 6.625%      | 4/15/27                  | 587,000                | 560,585                  |
| <i>Total Machinery</i>                                       |             |                          |                        | 5,003,785                |

**Marine - 0.3%**

Navios Maritime Acquisition Corp./Navios Acquisition  
Finance U.S. Inc., Senior Secured Notes

8.125%      11/15/21      2,850,000      2,151,750<sup>(a)</sup>

**Trading Companies & Distributors - 0.4%**

Beacon Roofing Supply Inc., Senior Notes

4.875%      11/1/25      3,345,000      2,951,963<sup>(a)</sup>

**See Notes to Schedule of Investments.**

**WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.****Schedule of investments (unaudited) (cont d)****December 31, 2018**

| <b>SECURITY</b>   | <b>RATE</b> | <b>MATURITY DATE</b> | <b>FACE AMOUNT</b> | <b>VALUE</b>                |
|---|-------------|----------------------|--------------------|-----------------------------|
| <b>Transportation Infrastructure - 0.2%</b>                                     |             |                      |                    |                             |
| Neovia Logistics Services LLC/SPL Logistics Finance Corp., Senior Secured Notes | 8.875%      | 8/1/20               | 1,160,000          | \$ 1,015,000 <sup>(a)</sup> |
| <b>TOTAL INDUSTRIALS</b>  |             |                      |                    | 33,258,496                  |
| <b>INFORMATION TECHNOLOGY - 1.6%</b>  |             |                      |                    |                             |
| <b>Software - 0.3%</b>  |             |                      |                    |                             |
| CDK Global Inc., Senior Notes   | 5.875%      | 6/15/26              | 1,110,000          | 1,115,883                   |
| Interface Special Holdings Inc., Senior Notes (19.000% PIK)                     | 19.000%     | 11/1/23              | 1,886,307          | 131,476 <sup>(a)(e)</sup>   |
| j2 Cloud Services LLC/j2 Global Co-Obligor Inc., Senior Notes                   | 6.000%      | 7/15/25              | 1,140,000          | 1,118,625 <sup>(a)</sup>    |
| <i>Total Software</i>   |             |                      |                    | 2,365,984                   |
| <b>Technology Hardware, Storage &amp; Peripherals - 1.3%</b>                    |             |                      |                    |                             |
| Dell International LLC/EMC Corp., Senior Notes                                  | 7.125%      | 6/15/24              | 740,000            | 753,519 <sup>(a)</sup>      |
| Seagate HDD Cayman, Senior Notes  | 4.750%      | 6/1/23               | 1,370,000          | 1,282,240                   |
| Seagate HDD Cayman, Senior Notes  | 4.750%      | 1/1/25               | 670,000            | 594,969                     |
| Seagate HDD Cayman, Senior Notes  | 4.875%      | 6/1/27               | 400,000            | 340,037                     |
| Western Digital Corp., Senior Notes   | 4.750%      | 2/15/26              | 6,219,000          | 5,418,304                   |
| <i>Total Technology Hardware, Storage &amp; Peripherals</i>                     |             |                      |                    | 8,389,069                   |
| <b>TOTAL INFORMATION TECHNOLOGY</b>   |             |                      |                    | 10,755,053                  |
| <b>MATERIALS - 9.1%</b>   |             |                      |                    |                             |
| <b>Chemicals - 0.0%</b>   |             |                      |                    |                             |
| Valvoline Inc., Senior Notes  | 5.500%      | 7/15/24              | 30,000             | 29,400                      |
| <b>Containers &amp; Packaging - 2.3%</b>  |             |                      |                    |                             |
| ARD Securities Finance SARL, Senior Secured Notes (8.750% PIK)                  | 8.750%      | 1/31/23              | 258,436            | 219,671 <sup>(a)(e)</sup>   |
| Ardagh Packaging Finance PLC/Ardagh Holdings USA Inc., Senior Notes             | 7.250%      | 5/15/24              | 1,670,000          | 1,672,087 <sup>(a)</sup>    |
| Ardagh Packaging Finance PLC/Ardagh Holdings USA Inc., Senior Notes             | 6.000%      | 2/15/25              | 6,185,000          | 5,724,960 <sup>(a)</sup>    |
| Berry Global Inc., Secured Notes  | 4.500%      | 2/15/26              | 2,760,000          | 2,532,300 <sup>(a)</sup>    |
| Pactiv LLC, Senior Notes  | 8.375%      | 4/15/27              | 5,070,000          | 5,044,650                   |

*Total Containers & Packaging*

15,193,668

**Metals & Mining - 5.9%**

|   |        |          |           |                          |
|---|--------|----------|-----------|--------------------------|
| Alcoa Nederland Holding BV, Senior Notes  | 6.750% | 9/30/24  | 950,000   | 969,000 <sup>(a)</sup>   |
| Alcoa Nederland Holding BV, Senior Notes  | 7.000% | 9/30/26  | 1,970,000 | 2,019,250 <sup>(a)</sup> |
| Alcoa Nederland Holding BV, Senior Notes  | 6.125% | 5/15/28  | 1,390,000 | 1,334,400 <sup>(a)</sup> |
| ArcelorMittal, Senior Notes               | 7.000% | 10/15/39 | 2,960,000 | 3,124,568                |
| First Quantum Minerals Ltd., Senior Notes | 7.000% | 2/15/21  | 7,390,000 | 7,108,256 <sup>(a)</sup> |
| Freeport-McMoRan Inc., Senior Notes       | 3.100% | 3/15/20  | 30,000    | 29,400                   |

**See Notes to Schedule of Investments.**

**WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.****Schedule of investments (unaudited) (cont d)****December 31, 2018**

| <b>SECURITY</b>   | <b>RATE</b> | <b>MATURITY DATE</b> | <b>FACE AMOUNT</b> | <b>VALUE</b>             |
|---|-------------|----------------------|--------------------|--------------------------|
| <b>Metals &amp; Mining - (continued)</b>                      |             |                      |                    |                          |
| Freeport-McMoRan Inc., Senior Notes                           | 4.000%      | 11/14/21             | 780,000            | \$ 761,475               |
| Freeport-McMoRan Inc., Senior Notes                           | 3.550%      | 3/1/22               | 550,000            | 521,812                  |
| Freeport-McMoRan Inc., Senior Notes                           | 6.875%      | 2/15/23              | 2,050,000          | 2,121,750                |
| Freeport-McMoRan Inc., Senior Notes                           | 3.875%      | 3/15/23              | 730,000            | 677,075                  |
| Freeport-McMoRan Inc., Senior Notes                           | 4.550%      | 11/14/24             | 3,720,000          | 3,445,650                |
| Freeport-McMoRan Inc., Senior Notes                           | 5.400%      | 11/14/34             | 1,430,000          | 1,133,275                |
| Freeport-McMoRan Inc., Senior Notes                           | 5.450%      | 3/15/43              | 5,660,000          | 4,336,975                |
| Hudbay Minerals Inc., Senior Notes                            | 7.250%      | 1/15/23              | 950,000            | 942,875 <sup>(a)</sup>   |
| Hudbay Minerals Inc., Senior Notes                            | 7.625%      | 1/15/25              | 1,420,000          | 1,395,150 <sup>(a)</sup> |
| Midwest Vanadium Pty Ltd., Senior Secured Notes               | 11.500%     | 2/15/18              | 2,265,466          | 8,583 <sup>*(a)(j)</sup> |
| Northwest Acquisitions ULC/Dominion Finco Inc., Secured Notes | 7.125%      | 11/1/22              | 810,000            | 802,143 <sup>(a)</sup>   |
| Teck Resources Ltd., Senior Notes                             | 8.500%      | 6/1/24               | 2,140,000          | 2,297,825 <sup>(a)</sup> |
| Teck Resources Ltd., Senior Notes                             | 6.250%      | 7/15/41              | 1,050,000          | 1,000,125                |
| Vale Overseas Ltd., Senior Notes                              | 6.875%      | 11/21/36             | 2,320,000          | 2,664,520                |
| Vale Overseas Ltd., Senior Notes                              | 6.875%      | 11/10/39             | 1,500,000          | 1,740,000                |
| <i>Total Metals &amp; Mining</i>                              |             |                      |                    | <i>38,434,107</i>        |
| <b>Paper &amp; Forest Products - 0.9%</b>                     |             |                      |                    |                          |
| Mercer International Inc., Senior Notes                       | 6.500%      | 2/1/24               | 1,520,000          | 1,493,400                |
| Mercer International Inc., Senior Notes                       | 7.375%      | 1/15/25              | 3,240,000          | 3,240,000 <sup>(a)</sup> |
| Schweitzer-Mauduit International Inc., Senior Notes           | 6.875%      | 10/1/26              | 1,420,000          | 1,338,350 <sup>(a)</sup> |
| <i>Total Paper &amp; Forest Products</i>                      |             |                      |                    | <i>6,071,750</i>         |
| <b>TOTAL MATERIALS</b>  |             |                      |                    | <b>59,728,925</b>        |
| <b>REAL ESTATE - 1.2%</b>                                     |             |                      |                    |                          |
| <b>Equity Real Estate Investment Trusts (REITs) - 0.9%</b>    |             |                      |                    |                          |
| CoreCivic Inc., Senior Notes                                  | 4.125%      | 4/1/20               | 90,000             | 88,200                   |
| CoreCivic Inc., Senior Notes                                  | 5.000%      | 10/15/22             | 1,360,000          | 1,307,300                |
| CoreCivic Inc., Senior Notes                                  | 4.625%      | 5/1/23               | 170,000            | 157,888                  |
| CoreCivic Inc., Senior Notes                                  | 4.750%      | 10/15/27             | 400,000            | 332,500                  |
| MPT Operating Partnership LP/MPT Finance Corp., Senior Notes  | 6.375%      | 3/1/24               | 820,000            | 844,600                  |
| MPT Operating Partnership LP/MPT Finance Corp., Senior Notes  | 5.250%      | 8/1/26               | 1,990,000          | 1,885,525                |
| MPT Operating Partnership LP/MPT Finance Corp., Senior Notes  | 5.000%      | 10/15/27             | 1,350,000          | 1,237,781                |



*Total Equity Real Estate Investment Trusts (REITs)*

5,853,794

**See Notes to Schedule of Investments.**

**WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.****Schedule of investments (unaudited) (cont d)****December 31, 2018**

| <b>SECURITY</b>  | <b>RATE</b> | <b>MATURITY DATE</b> | <b>FACE AMOUNT</b> | <b>VALUE</b>                      |
|--|-------------|----------------------|--------------------|-----------------------------------|
| <b>Real Estate Management &amp; Development - 0.3%</b>                   |             |                      |                    |                                   |
| WeWork Cos. Inc., Senior Notes   | 7.875%      | 5/1/25               | 1,830,000          | \$ 1,633,275 <sup>(a)</sup>       |
| <b>TOTAL REAL ESTATE</b>   |             |                      |                    | 7,487,069                         |
| <b>UTILITIES - 0.9%</b>  |             |                      |                    |                                   |
| <b>Electric Utilities - 0.4%</b>   |             |                      |                    |                                   |
| Pampa Energia SA, Senior Notes   | 7.375%      | 7/21/23              | 1,710,000          | 1,544,472 <sup>(b)</sup>          |
| Red Oak Power LLC, Senior Secured Notes                                  | 9.200%      | 11/30/29             | 540,000            | 676,350                           |
| <i>Total Electric Utilities</i>  |             |                      |                    | 2,220,822                         |
| <b>Gas Utilities - 0.5%</b>  |             |                      |                    |                                   |
| Suburban Propane Partners LP/Suburban Energy Finance Corp., Senior Notes | 5.875%      | 3/1/27               | 3,750,000          | 3,337,500                         |
| <b>TOTAL UTILITIES</b>   |             |                      |                    | 5,558,322                         |
| <b>TOTAL CORPORATE BONDS &amp; NOTES</b><br>(Cost - \$540,471,649)       |             |                      |                    | 545,385,426                       |
| <b>SENIOR LOANS - 6.4%</b>   |             |                      |                    |                                   |
| <b>COMMUNICATION SERVICES - 0.7%</b>                                     |             |                      |                    |                                   |
| <b>Media - 0.7%</b>  |             |                      |                    |                                   |
| American Media Inc., Term Loan (3 mo. LIBOR + 8.000%)                    | 10.522%     | 1/7/19               | 1,216,917          | 1,230,000 <sup>(d)(h)(k)(l)</sup> |
| Charter Communications Operating LLC, Term B Loan (1 mo. LIBOR + 2.000%) | 4.530%      | 4/30/25              | 2,950,369          | 2,836,780 <sup>(h)(k)(l)</sup>    |
| Lamar Media Corp., Term Loan B (1 mo. LIBOR + 1.750%)                    | 4.313%      | 3/14/25              | 714,600            | 695,842 <sup>(h)(k)(l)</sup>      |
| <b>TOTAL COMMUNICATION SERVICES</b>                                      |             |                      |                    | 4,762,622                         |
| <b>CONSUMER DISCRETIONARY - 2.9%</b>                                     |             |                      |                    |                                   |
| <b>Hotels, Restaurants &amp; Leisure - 1.0%</b>                          |             |                      |                    |                                   |
| Aramark Services Inc., Term Loan B3 (1 mo. LIBOR + 1.750%)               | 4.272%      | 3/11/25              | 5,161,876          | 5,011,278 <sup>(h)(k)(l)</sup>    |
| Hilton Worldwide Finance LLC, Term Loan B2 (1 mo. LIBOR + 1.750%)        | 4.256%      | 10/25/23             | 1,659,743          | 1,601,652 <sup>(h)(k)(l)</sup>    |

|  |        |          |            |                                   |
|--|--------|----------|------------|-----------------------------------|
| <i>Total Hotels, Restaurants &amp; Leisure</i>           |        |          |            | 6,612,930                         |
| <b>Specialty Retail - 1.8%</b>                           |        |          |            |                                   |
| PetSmart Inc., Term Loan B2 (1 mo. LIBOR + 3.000%)       | 5.380% | 3/11/22  | 13,754,845 | 10,900,714 <sup>(h)(k)(l)</sup>   |
| Sally Holdings LLC, Term Loan B1 (1 mo. LIBOR + 2.250%)  | 4.780% | 7/5/24   | 1,056,576  | 1,009,031 <sup>(d)(h)(k)(l)</sup> |
| <i>Total Specialty Retail</i>                            |        |          |            | 11,909,745                        |
| <b>Textiles, Apparel &amp; Luxury Goods - 0.1%</b>       |        |          |            |                                   |
| TOMS Shoes LLC, Initial Term Loan (3 mo. LIBOR + 5.500%) | 8.300% | 10/30/20 | 435,695    | 346,377 <sup>(h)(k)(l)</sup>      |
| <b>TOTAL CONSUMER DISCRETIONARY</b>                      |        |          |            | 18,869,052                        |

**See Notes to Schedule of Investments.**

**WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.**

Schedule of investments (unaudited) (cont d)

December 31, 2018

| SECURITY   | RATE   | MATURITY DATE | FACE AMOUNT | VALUE                             |
|--|--------|---------------|-------------|-----------------------------------|
| <b>FINANCIALS - 0.2%</b>   |        |               |             |                                   |
| <b>Diversified Financial Services - 0.2%</b>                                   |        |               |             |                                   |
| Travelport Finance (Luxembourg) SARL, Initial Term Loan (3 mo. LIBOR + 2.500%) | 5.116% | 3/17/25       | 1,483,928   | \$ 1,461,670 <sup>(h)(k)(l)</sup> |
| <b>INDUSTRIALS - 1.3%</b>  |        |               |             |                                   |
| <b>Air Freight &amp; Logistics - 0.6%</b>                                      |        |               |             |                                   |
| Avolon TLB Borrower 1 (US) LLC, Term Loan B3 (1 mo. LIBOR + 2.000%)            | 4.470% | 1/15/25       | 4,079,746   | 3,937,881 <sup>(h)(k)(l)</sup>    |
| <b>Professional Services - 0.5%</b>  |        |               |             |                                   |
| TransUnion LLC, 2017 Replacement Term Loan B3 (1 mo. LIBOR + 2.000%)           | 4.522% | 4/9/23        | 2,871,883   | 2,773,521 <sup>(h)(k)(l)</sup>    |
| <b>Trading Companies &amp; Distributors - 0.2%</b>                             |        |               |             |                                   |
| Beacon Roofing Supply Inc., Initial Term Loan (1 mo. LIBOR + 2.250%)           | 4.682% | 1/2/25        | 1,481,269   | 1,412,760 <sup>(h)(k)(l)</sup>    |
| <b>TOTAL INDUSTRIALS</b>   |        |               |             | 8,124,162                         |
| <b>INFORMATION TECHNOLOGY - 0.3%</b>   |        |               |             |                                   |
| <b>IT Services - 0.3%</b>  |        |               |             |                                   |
| First Data Corp., 2024 Term Loan A (1 mo. LIBOR + 2.000%)                      | 4.504% | 4/26/24       | 1,845,862   | 1,768,566 <sup>(h)(k)(l)</sup>    |
| <b>MATERIALS - 0.5%</b>  |        |               |             |                                   |
| <b>Containers &amp; Packaging - 0.5%</b>                                       |        |               |             |                                   |
| Berry Global Inc., Term Loan Q (1 mo. LIBOR + 2.000%)                          | 4.387% | 10/1/22       | 2,256,802   | 2,201,793 <sup>(h)(k)(l)</sup>    |
| Reynolds Group Holdings Inc., Incremental Term Loan (1 mo. LIBOR + 2.750%)     | 5.272% | 2/5/23        | 989,899     | 947,828 <sup>(h)(k)(l)</sup>      |
| <b>TOTAL MATERIALS</b>   |        |               |             | 3,149,621                         |
| <b>REAL ESTATE - 0.4%</b>  |        |               |             |                                   |
| <b>Equity Real Estate Investment Trusts (REITs) - 0.4%</b>                     |        |               |             |                                   |

|  |         |         |                           |                                    |
|--|---------|---------|---------------------------|------------------------------------|
| Iron Mountain Information Management LLC, Term Loan B (1 mo. LIBOR + 1.750%)               | 4.272%  | 1/2/26  | 2,977,500                 | 2,821,181 <sup>(h)(k)(l)</sup>     |
| <b>UTILITIES - 0.1%</b>  |         |         |                           |                                    |
| <b>Electric Utilities - 0.1%</b>   |         |         |                           |                                    |
| Panda Temple Power LLC, Second Lien Term Loan (1 mo. LIBOR + 8.000% PIK)                   | 10.455% | 2/7/23  | 677,507                   | 677,507 <sup>(d)(e)(h)(k)(l)</sup> |
| <b>TOTAL SENIOR LOANS</b><br>(Cost - \$44,466,720)   |         |         |                           | 41,634,381                         |
| <b>SOVEREIGN BONDS - 4.6%</b>  |         |         |                           |                                    |
| <b>Argentina - 1.1%</b>  |         |         |                           |                                    |
| Argentina POM Politica Monetaria, Bonds (Argentina Central Bank 7 Day Repo Reference Rate) | 59.031% | 6/21/20 | 89,190,000 <sup>ARS</sup> | 2,534,386 <sup>(h)</sup>           |

**See Notes to Schedule of Investments.**

**WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.****Schedule of investments (unaudited) (cont d)****December 31, 2018**

| <b>SECURITY</b>  | <b>RATE</b> | <b>MATURITY DATE</b> | <b>FACE AMOUNT</b>         | <b>VALUE</b>             |
|--|-------------|----------------------|----------------------------|--------------------------|
| <b>Argentina - (continued)</b>                                 |             |                      |                            |                          |
| Argentine Republic Government International Bond, Senior Notes | 5.875%      | 1/11/28              | 5,250,000                  | \$ 3,793,125             |
| Provincia de Buenos Aires, Senior Notes                        | 9.125%      | 3/16/24              | 1,000,000                  | 832,500 <sup>(a)</sup>   |
| <i>Total Argentina</i>   |             |                      |                            | <i>7,160,011</i>         |
| <b>Brazil - 0.9%</b>   |             |                      |                            |                          |
| Brazil Notas do Tesouro Nacional Serie F, Notes                | 10.000%     | 1/1/21               | 844,000 <sup>BRL</sup>     | 227,777                  |
| Brazil Notas do Tesouro Nacional Serie F, Notes                | 10.000%     | 1/1/23               | 20,900,000 <sup>BRL</sup>  | 5,649,611                |
| <i>Total Brazil</i>  |             |                      |                            | <i>5,877,388</i>         |
| <b>Ecuador - 0.8%</b>  |             |                      |                            |                          |
| Ecuador Government International Bond, Senior Notes            | 10.750%     | 3/28/22              | 680,000                    | 689,350 <sup>(a)</sup>   |
| Ecuador Government International Bond, Senior Notes            | 9.650%      | 12/13/26             | 4,980,000                  | 4,550,475 <sup>(a)</sup> |
| <i>Total Ecuador</i>   |             |                      |                            | <i>5,239,825</i>         |
| <b>Mexico - 0.2%</b>   |             |                      |                            |                          |
| Mexican Bonos, Bonds   | 6.500%      | 6/9/22               | 34,040,000 <sup>MXN</sup>  | 1,627,331                |
| <b>Russia - 1.0%</b>   |             |                      |                            |                          |
| Russian Federal Bond-OFZ, Bonds                                | 7.750%      | 9/16/26              | 450,640,000 <sup>RUB</sup> | 6,218,735                |
| <b>Ukraine - 0.2%</b>  |             |                      |                            |                          |
| Ukraine Government International Bond, Senior Notes            | 7.375%      | 9/25/32              | 1,250,000                  | 996,274 <sup>(a)</sup>   |
| <b>Uruguay - 0.4%</b>  |             |                      |                            |                          |
| Uruguay Government International Bond, Senior Notes            | 9.875%      | 6/20/22              | 89,410,000 <sup>UYU</sup>  | 2,732,432 <sup>(b)</sup> |
| <b>TOTAL SOVEREIGN BONDS</b>                                   |             |                      |                            |                          |
| (Cost - \$31,642,210)  |             |                      |                            | 29,851,996               |

**SHARES**

**COMMON STOCKS - 1.3%**

**CONSUMER DISCRETIONARY - 0.2%**

**Hotels, Restaurants & Leisure - 0.2%**

|                                    |         |                  |
|------------------------------------|---------|------------------|
| Bossier Casino Venture Holdco Inc. | 133,649 | 1,681,304*(c)(d) |
|------------------------------------|---------|------------------|

**ENERGY - 0.9%**

**Energy Equipment & Services - 0.2%**

|                                 |        |               |
|---------------------------------|--------|---------------|
| Hercules Offshore Inc. (Escrow) | 87,452 | 79,297*(c)(d) |
|---------------------------------|--------|---------------|

|                      |             |                |
|----------------------|-------------|----------------|
| KCAD Holdings I Ltd. | 427,421,041 | 961,270*(c)(d) |
|----------------------|-------------|----------------|

|  |  |                  |
|--|--|------------------|
| <i>Total Energy Equipment &amp; Services</i> |  | <i>1,040,567</i> |
|--|--|------------------|

**Oil, Gas & Consumable Fuels - 0.7%**

|                     |         |               |
|---------------------|---------|---------------|
| Berry Petroleum Co. | 391,651 | 3,390,609*(c) |
|---------------------|---------|---------------|

**See Notes to Schedule of Investments.**

**WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.****Schedule of investments (unaudited) (cont d)****December 31, 2018**

| <b>SECURITY</b>                                      | <b>SHARES</b> | <b>VALUE</b>                    |
|--|---------------|---------------------------------|
| <b>Oil, Gas &amp; Consumable Fuels - (continued)</b> |               |                                 |
| Blue Ridge Mountain Resources Inc.                   | 345,384       | \$ 1,381,536 <sup>*(c)(d)</sup> |
| MWO Holdings LLC                                     | 848           | 0 <sup>*(c)(d)(f)</sup>         |
| <i>Total Oil, Gas &amp; Consumable Fuels</i>         |               | <i>4,772,145</i>                |
| <b>TOTAL ENERGY</b>                                  |               | <b>5,812,712</b>                |
| <b>INDUSTRIALS - 0.0%</b>                            |               |                                 |
| <b>Marine - 0.0%</b>                                 |               |                                 |
| Tricer HoldCo, S.C.A.                                | 86,802        | 97 <sup>*(c)(d)</sup>           |
| <b>UTILITIES - 0.2%</b>                              |               |                                 |
| <b>Electric Utilities - 0.2%</b>                     |               |                                 |
| Panda Temple Power LLC                               | 46,332        | 1,065,636*                      |
| <b>TOTAL COMMON STOCKS</b>                           |               |                                 |
| (Cost - \$21,873,635)                                |               | 8,559,749                       |

|  | <b>RATE</b> | <b>MATURITY<br/>DATE</b> | <b>FACE<br/>AMOUNT</b> |           |
|--|-------------|--------------------------|------------------------|-----------|
| <b>U.S. GOVERNMENT &amp; AGENCY OBLIGATIONS -<br/>1.1%</b> |             |                          |                        |           |
| <b>U.S. Government Obligations - 1.1%</b>                  |             |                          |                        |           |
| U.S. Treasury Notes  | 2.500%      | 3/31/23                  | 1,250,000              | 1,250,415 |
| U.S. Treasury Notes  | 1.625%      | 5/31/23                  | 3,000,000              | 2,891,016 |
| U.S. Treasury Notes  | 2.750%      | 8/31/23                  | 1,120,000              | 1,132,753 |
| U.S. Treasury Notes  | 2.125%      | 3/31/24                  | 2,100,000              | 2,059,107 |
| <b>TOTAL U.S. GOVERNMENT &amp; AGENCY OBLIGATIONS</b>      |             |                          |                        |           |
| (Cost - \$7,195,220)                                       |             |                          |                        | 7,333,291 |
| <b>CONVERTIBLE BONDS &amp; NOTES - 0.7%</b>                |             |                          |                        |           |
| <b>COMMUNICATION SERVICES - 0.7%</b>                       |             |                          |                        |           |
| <b>Interactive Media &amp; Services - 0.1%</b>             |             |                          |                        |           |
| Twitter Inc., Senior Notes                                 | 1.000%      | 9/15/21                  | 910,000                | 832,224   |
| <b>Media - 0.6%</b>  |             |                          |                        |           |
| DISH Network Corp., Senior Notes                           | 2.375%      | 3/15/24                  | 3,365,000              | 2,691,717 |



|  |        |         |           |           |
|--|--------|---------|-----------|-----------|
| DISH Network Corp., Senior Notes           | 3.375% | 8/15/26 | 1,300,000 | 1,053,021 |
| <i>Total Media</i>                         |        |         |           | 3,744,738 |
| <b>TOTAL CONVERTIBLE BONDS &amp; NOTES</b> |        |         |           |           |
| (Cost - \$4,863,666)                       |        |         |           | 4,576,962 |

**SHARES**

**PREFERRED STOCKS - 0.5%**

**FINANCIALS - 0.5%**

**Banks - 0.5%**

|   |        |  |         |                          |
|---|--------|--|---------|--------------------------|
| GMAC Capital Trust I (3 mo. USD LIBOR + 5.785%) | 8.401% |  | 130,709 | 3,313,473 <sup>(h)</sup> |
|---|--------|--|---------|--------------------------|

**See Notes to Schedule of Investments.**

**WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.**

| <b>Schedule of investments (unaudited) (cont d)</b>        |             |               |              | <b>December 31, 2018</b>    |
|--|-------------|---------------|--------------|-----------------------------|
| <b>SECURITY</b>  | <b>RATE</b> | <b>SHARES</b> | <b>VALUE</b> |                             |
| <b>INDUSTRIALS - 0.0%</b>                                  |             |               |              |                             |
| <b>Marine - 0.0%</b>                                       |             |               |              |                             |
| Tricer Tracking Preferred Equity Certificates (8.000% PIK) | 8.000%      | 41,662,564    | \$           | 33,247 <sup>(c)(d)(e)</sup> |
| <b>TOTAL PREFERRED STOCKS</b>                              |             |               |              |                             |
| (Cost - \$6,440,365)                                       |             |               |              | 3,346,720                   |
| <b>TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENTS</b>     |             |               |              |                             |
| (Cost - \$656,953,465)                                     |             |               |              | 640,688,525                 |
| <b>SHORT-TERM INVESTMENTS - 0.4%</b>                       |             |               |              |                             |
| Dreyfus Government Cash Management, Institutional Shares   |             |               |              |                             |
| (Cost - \$2,520,338)                                       | 2.471%      | 2,520,338     |              | 2,520,338                   |
| <b>TOTAL INVESTMENTS - 98.2%</b>                           |             |               |              |                             |
| (Cost - \$659,473,803)                                     |             |               |              | 643,208,863                 |
| Other Assets in Excess of Liabilities - 1.8%               |             |               |              | 11,956,459                  |
| <b>TOTAL NET ASSETS - 100.0%</b>                           |             |               |              | <b>\$ 655,165,322</b>       |

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

\* Non-income producing security.

- (a) Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. This security has been deemed liquid pursuant to guidelines approved by the Board of Directors.
- (b) 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.
- (c) Security is valued in good faith in accordance with procedures approved by the Board of Directors (Note 1).

- (d) Security is valued using significant unobservable inputs (Note 1).
- (e) Payment-in-kind security for which the issuer has the option at each interest payment date of making interest payments in cash or additional securities.
- (f) Value is less than \$1.
- (g) Security has no maturity date. The date shown represents the next call date.
- (h) Variable rate security. Interest rate disclosed is as of the most recent information available. Certain variable rate securities are not based on a published reference rate and spread but are determined by the issuer or agent and are based on current market conditions. These securities do not indicate a reference rate and spread in their description above.
- (i) Restricted security (Note 2).
- (j) The maturity principal is currently in default as of December 31, 2018.
- (k) Senior loans may be considered restricted in that the Fund ordinarily is contractually obligated to receive approval from the agent bank and/or borrower prior to the disposition of a senior loan.
- (l) Interest rates disclosed represent the effective rates on senior loans. Ranges in interest rates are attributable to multiple contracts under the same loan.

**See Notes to Schedule of Investments.**

**WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.****Schedule of investments (unaudited) (cont d)****December 31, 2018**Abbreviations used in this schedule:

|       |                               |
|-------|-------------------------------|
| ARS   | Argentine Peso                |
| BRL   | Brazilian Real                |
| ICE   | Intercontinental Exchange     |
| LIBOR | London Interbank Offered Rate |
| MXN   | Mexican Peso                  |
| OJSC  | Open Joint Stock Company      |
| PIK   | Payment-In-Kind               |
| RUB   | Russian Ruble                 |
| USD   | United States Dollar          |
| UYU   | Uruguayan Peso                |

At December 31, 2018, the Fund had the following open forward foreign currency contracts:

| <b>Currency</b>  |           | <b>Currency</b> |            | <b>Counterparty</b> | <b>Settlement</b> | <b>Unrealized</b>   |
|------------------|-----------|-----------------|------------|---------------------|-------------------|---------------------|
| <b>Purchased</b> |           | <b>Sold</b>     |            |                     | <b>Date</b>       | <b>Appreciation</b> |
| USD              | 3,744,329 | BRL             | 14,180,000 | Barclays Bank PLC   | 1/18/19           | \$ 90,010           |
| USD              | 23,315    | EUR             | 20,000     | Citibank N.A        | 1/18/19           | 364                 |
| USD              | 35,192    | EUR             | 30,123     | Citibank N.A        | 1/18/19           | 626                 |
| Total            |           |                 |            |                     |                   | \$ 91,000           |

Abbreviations used in this table:

|     |                      |
|-----|----------------------|
| BRL | Brazilian Real       |
| EUR | Euro                 |
| USD | United States Dollar |

This Schedule of Investments is unaudited and is intended to provide information about the Fund's investments 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. Investments in open-end funds are valued at the closing net asset value per share of each fund on the day of 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. 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.

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

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.

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.

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

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

| DESCRIPTION                          | ASSETS                     |   |  | TOTAL          |
|--------------------------------------|----------------------------|---|--|----------------|
|                                      | QUOTED PRICES<br>(LEVEL 1) | OTHER SIGNIFICANT<br>OBSERVABLE INPUTS<br>(LEVEL 2) | SIGNIFICANT<br>UNOBSERVABLE<br>INPUTS<br>(LEVEL 3) |                |
| Long-Term Investments :              |                            |   |  |                |
| Corporate Bonds & Notes:             |                            |   |  |                |
| Consumer Discretionary               |                            | \$ 49,824,277                                       | \$ 2,360,287                                       | \$ 52,184,564  |
| Health Care                          |                            | 49,954,986  | 2,697,312  | 52,652,298     |
| Other Corporate Bonds & Notes        |                            | 440,548,564   |  | 440,548,564    |
| Senior Loans:                        |                            |   |  |                |
| Communication Services               |                            | 3,532,622   | 1,230,000  | 4,762,622      |
| Consumer Discretionary               |                            | 17,860,021  | 1,009,031  | 18,869,052     |
| Utilities                            |                            |   | 677,507  | 677,507        |
| Other Senior Loans                   |                            | 17,325,200  |  | 17,325,200     |
| Sovereign Bonds                      |                            | 29,851,996  |  | 29,851,996     |
| Common Stocks:                       |                            |   |  |                |
| Consumer Discretionary               |                            |   | 1,681,304  | 1,681,304      |
| Energy                               |                            | 3,390,609   | 2,422,103  | 5,812,712      |
| Industrials                          |                            |   | 97   | 97             |
| Utilities                            |                            | 1,065,636   |  | 1,065,636      |
| U.S. Government & Agency Obligations |                            | 7,333,291   |  | 7,333,291      |
| Convertible Bonds & Notes            |                            | 4,576,962   |  | 4,576,962      |
| Preferred Stocks:                    |                            |   |  |                |
| Financials                           | \$ 3,313,473               |   |  | 3,313,473      |
| Industrials                          |                            |   | 33,247   | 33,247         |
| Total Long-Term Investments          | 3,313,473                  | 625,264,164   | 12,110,888   | 640,688,525    |
| Short-Term Investments               | 2,520,338                  |   |  | 2,520,338      |
| Total Investments                    | \$ 5,833,811               | \$ 625,264,164                                      | \$ 12,110,888                                      | \$ 643,208,863 |
| Other Financial Instruments:         |                            |   |  |                |
| Forward Foreign Currency Contracts   |                            | \$ 91,000   |  | \$ 91,000      |
| Total                                | \$ 5,833,811               | \$ 625,355,164                                      | \$ 12,110,888                                      | \$ 643,299,863 |



See Schedule of Investments for additional detailed categorizations.

**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:

| <b>Investments in Securities</b>          | <b>Balance<br/>as of<br/>September 30,<br/>2018</b> | <b>Accrued<br/>premiums/<br/>discounts</b> | <b>Realized<br/>gain<br/>(loss)<sup>1</sup></b>     | <b>Change in<br/>unrealized<br/>appreciation<br/>(depreciation)<sup>2</sup></b> | <b>Purchases</b>  |
|---|---|--|---|---|---|
| Corporate Bonds & Notes:                  |   |  |   |   |   |
| Consumer Discretionary                    | \$ 2,278,759  |  |   |   | \$ 81,528   |
| Energy                                    | 0*  |  |   |   |   |
| Health Care                               | 2,697,312   | \$ 1,164                                   |   | \$ (1,164)  |   |
| Industrials                               | 531,819   | (225)                                      |   | (4,253)   |   |
| Senior Loans:                             |   |  |   |   |   |
| Communication Services                    | 1,208,475   | 23,831                                     |   | (2,306)   |   |
| Consumer Discretionary                    | 1,054,004   | (49)                                       |   | (42,249)  |   |
| Utilities                                 | 696,668   | (8,339)                                    | \$ (6,255)  | 9,408   | 12,471  |
| Common Stocks:                            |   |  |   |   |   |
| Consumer Discretionary                    | 3,108,676   |  |   | (1,427,372)   |   |
| Energy                                    | 3,561,282   |  | 2   | (1,029,805)   |   |
| Industrials                               | 317,695   |  | (86,162)  | (231,386)   |   |
| Utilities                                 | 1,117,759   |  |   | (52,123)  |   |
| Preferred Stocks:                         |   |  |   |   |   |
| Industrials                               | 416,626   |  |   | (383,379)   |   |
| <b>Total</b>                              | <b>\$ 16,989,075</b>                                | <b>\$ 16,382</b>                           | <b>\$ (92,415)</b>                                  | <b>\$ (3,164,629)</b>   | <b>\$ 93,999</b>  |
|   |   |  |   |   | <b>Net change<br/>in unrealized<br/>appreciation<br/>(depreciation)<br/>for<br/>investments<br/>in<br/>securities<br/>still held<br/>at</b> |
| <b>Investments in Securities (cont d)</b> | <b>Sales</b>  | <b>Transfers<br/>into<br/>Level 3</b>      | <b>Transfers<br/>out of<br/>Level 3<sup>3</sup></b> | <b>Balance<br/>as of<br/>December 31,<br/>2018</b>                              | <b>December 31,<br/>2018<sup>2</sup></b>  |
| Corporate Bonds & Notes:                  |   |  |   |   |   |
| Consumer Discretionary                    |   |  |   | \$ 2,360,287  |   |
| Energy                                    |   |  |   | 0*  |   |
| Health Care                               |   |  |   | 2,697,312   | \$ (1,164)  |
| Industrials                               |   |  | \$ (527,341)  |   |   |

Senior Loans:

Communication Services

1,230,000

(2,306)

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

|  |                     |                                       |   | <b>Balance<br/>as of<br/>December 31,<br/>2018</b> | <b>Net change<br/>in<br/>unrealized<br/>appreciation<br/>(depreciation)<br/>for<br/>investments<br/>in securities<br/>still held at<br/>December 31,<br/>2018<sup>2</sup></b> |
|--|---------------------|---------------------------------------|---|--|---|
| <b>Investments in Securities (continued)</b> | <b>Sales</b>        | <b>Transfers<br/>into<br/>Level 3</b> | <b>Transfers<br/>out of<br/>Level 3<sup>3</sup></b> |  |   |
| Consumer Discretionary                       | \$ (2,675)          |                                       |   | \$ 1,009,031                                       | \$ (42,249)   |
| Utilities                                    | (26,446)            |                                       |   | 677,507  | 9,408   |
| Common Stocks:                               |                     |                                       |   |  |   |
| Consumer Discretionary                       |                     |                                       |   | 1,681,304  | (1,427,371)   |
| Energy                                       | (109,376)           |                                       |   | 2,422,103  | (1,029,805)   |
| Industrials                                  | (50)                |                                       |   | 97   | (317,599)   |
| Utilities                                    |                     |                                       | \$ (1,065,636)                                      |  |   |
| Preferred Stocks:                            |                     |                                       |   |  |   |
| Industrials                                  |                     |                                       |   | 33,247   | (383,379)   |
| <b>Total</b>                                 | <b>\$ (138,547)</b> |                                       | <b>\$ (1,592,977)</b>                               | <b>\$ 12,110,888</b>                               | <b>\$ (3,194,465)</b>   |

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

\* Amount represents less than \$1.

<sup>1</sup> This amount is included in net realized gain (loss) from investment transactions in the accompanying Statement of Operations.

<sup>2</sup> 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.

<sup>3</sup> 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. Restricted securities**

The following Fund investments are restricted as to resale.

| <b>SECURITY</b>  | <b>NUMBER OF<br/>SHARES/FACE<br/>AMOUNT</b> | <b>ACQUISITION<br/>DATE</b> | <b>COST</b>  | <b>VALUE<br/>AT 12/31/2018</b> | <b>VALUE PER<br/>UNIT</b> | <b>PERCENT OF<br/>NET ASSETS</b> |
|--|---|-----------------------------|--------------|--------------------------------|---------------------------|----------------------------------|
| Berry Petroleum Co.,<br>Common Stock                       | 391,651                                     | 2/17,3/17,4/18,9/18         | \$ 4,309,380 | \$ 3,390,609 <sup>(a)</sup>    | \$ 8.66                   | 0.52%                            |
| BioScrip Inc., First<br>Lien Notes, 8.224%,<br>due 6/30/22 | \$ 2,575,000                                | 6/17                        | 2,555,861    | 2,697,312 <sup>(a)</sup>       | \$ 104.75                 | 0.41                             |
|  |   |                             | \$ 6,865,241 | \$ 6,087,921                   |                           | 0.93%                            |

<sup>(a)</sup> Security is valued in good faith in accordance with procedures approved by the Board of Directors.

**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: February 25, 2019

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: February 25, 2019

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

Date: February 25, 2019