

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Form N-CSR

November 25, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-07920

Western Asset High Income Opportunity Fund Inc.

(Exact name of registrant as specified in charter)

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

(Address of principal executive offices) (Zip code)

Robert I. Frenkel, Esq.

Legg Mason & Co., LLC

100 First Stamford Place

Stamford, CT 06902

(Name and address of agent for service)

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

Date of fiscal year end: September 30

Date of reporting period: September 30, 2014

ITEM 1. REPORT TO STOCKHOLDERS.

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

Annual Report

September 30, 2014

WESTERN ASSET
HIGH INCOME
OPPORTUNITY FUND
INC. (HIO)

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

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Fund objective

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

Letter from the chairman

Dear Shareholder,

We are pleased to provide the annual report of Western Asset High Income Opportunity Fund Inc. for the twelve-month reporting period ended September 30, 2014. Please read on for a detailed look at prevailing economic and market conditions during the Fund's reporting period and to learn how those conditions have affected Fund performance.

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

Fund prices and performance,

Market insights and commentaries from our portfolio managers, and

A host of educational resources.

We look forward to helping you meet your financial goals.

Sincerely,

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Kenneth D. Fuller

Chairman, President and Chief Executive Officer

October 31, 2014

II Western Asset High Income Opportunity Fund Inc.

Investment commentary

Economic review

Since the end of the Great Recession, the U.S. economy has expanded at a slower than usual pace, compared to recent history. U.S. gross domestic product (GDP) growth, as reported by the U.S. Department of Commerce's revised figures, was 4.5% during the third quarter of 2013, its best reading since the fourth quarter of 2011. During the twelve months ended September 30, 2014 (the reporting period), the severe winter weather of January and February played a key role in a sharp reversal in the economy, a 2.1% contraction during the first quarter of 2014. This was the first negative GDP report in three years. Negative contributions were widespread: private inventory investment, exports, state and local government spending, nonresidential and residential fixed investment. Thankfully, this setback was very brief, as second quarter GDP growth was 4.6%, suggesting the recovery has some resilience and continues to recover from the severe consequences of the Great Recession. The second quarter rebound in GDP growth was driven by several factors, including an acceleration in personal consumption expenditures (PCE), increased private inventory investment and exports, as well as an upturn in state and local government spending. After the reporting period ended, the Department of Commerce's initial estimate for third quarter GDP growth was 3.5%, driven by contributions from PCE, exports, nonresidential fixed investment and government spending.

The U.S. manufacturing sector continued to support the economy during the reporting period. Based on figures for the Institute for Supply Management's Purchasing Managers' Index (PMI), U.S. manufacturing expanded during all twelve months of the reporting period (a reading below 50 indicates a contraction, whereas a reading above 50 indicates an expansion). After readings of 56.6 and 57.0 in October and November 2013, respectively, the PMI was 56.5 in December. The PMI then fell to 51.3 in January 2014, its weakest reading since May 2013. PMI peaked in August 2014, with a reading of 59.0, representing its highest reading since March 2011. While PMI dipped to 56.6 in September, fifteen of the eighteen industries within the PMI expanded during the month.

The U.S. job market improved during the reporting period. When the period began, unemployment, as reported by the U.S. Department of Labor, was 7.2%. Unemployment fell to 7.0% in November 2013 and generally declined over the next several months, reaching a low of 5.9% in September 2014. This represented the lowest level since July 2008. Falling unemployment during the period was partially due to a decline in the workforce participation rate, which was 62.7% in September 2014, its lowest level since 1978.

The Federal Reserve Board (Fed) took a number of actions as it sought to meet its dual mandate of fostering maximum employment and price stability. As has been the case since December 2008, the Fed kept the federal funds rate^{iv} at a historically low range between zero and 0.25%. At its meeting in December 2012, prior to the beginning of the reporting period, the Fed announced that it would continue purchasing \$40 billion per month of agency mortgage-backed securities (MBS), as well as initially purchasing \$45 billion per month of longer-term Treasuries. Following the meeting that concluded on December 18, 2013, the Fed announced

Investment commentary (cont d)

that it would begin reducing its monthly asset purchases, saying Beginning in January 2014, the Committee will add to its holdings of agency MBS at a pace of \$35 billion per month rather than \$40 billion per month, and will add to its holdings of longer-term Treasury securities at a pace of \$40 billion per month rather than \$45 billion per month. At each of the Fed's next six meetings (January, March, April, June, July and September 2014), it announced further \$10 billion tapering of its asset purchases. Finally at its meeting that ended on October 29, 2014, after the reporting period ended, the Fed announced that its asset purchase program had concluded. The Fed also said that it currently anticipates that, even after employment and inflation are near mandate-consistent levels, economic conditions may, for some time, warrant keeping the target federal funds rate below levels the Committee views as normal in the longer run.

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

Sincerely,

Kenneth D. Fuller

Chairman, President and Chief Executive Officer

October 31, 2014

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

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

ⁱⁱ The Institute for Supply Management's PMI is based on a survey of purchasing executives who buy the raw materials for manufacturing at more than 350 companies. It offers an early reading on the health of the U.S. manufacturing sector.

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

^{iv} The federal funds rate is the rate charged by one depository institution on an overnight sale of immediately available funds (balances at the Federal Reserve) to another depository institution; the rate may vary from depository institution to depository institution and from day to day.

Fund overview

Q. What is the Fund's investment strategy?

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

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

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

At Western Asset Management Company (Western Asset), the Fund's subadviser, we utilize a fixed-income team approach, with decisions derived from interaction among various investment management sector specialists. The sector teams are comprised of Western Asset's senior portfolio management personnel, research analysts and an in-house economist. Under this team approach, management of client fixed-income portfolios will reflect a consensus of interdisciplinary views within the Western Asset organization. The individuals responsible for development of investment strategy, day-to-day portfolio management, oversight and coordination of the Fund are S. Kenneth Leech, Michael C. Buchanan, and Christopher F. Kilpatrick. Mr. Leech joined the Fund's portfolio management team on March 31, 2014. Mr. Leech has been employed by Western Asset as an investment professional for more than 20 years.

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

A. Most spread sectors (non-Treasuries) generated positive results and outperformed equal-durationⁱ Treasuries over the twelve months ended September 30, 2014. Risk aversion was prevalent at times given mixed economic data, questions surrounding the outlook for global growth, shifting monetary policy by the Federal Reserve Board (Fed), and several geopolitical issues. However, these factors were generally overshadowed by solid demand from investors looking to generate incremental yield in the low interest rate environment.

Short-term Treasury yields moved higher, whereas longer-term Treasury yields declined during the twelve months ended September 30, 2014. Two-year Treasury yields rose from 0.33% at the beginning of the period to 0.58% at the end of the period. Their peak of 0.59% occurred in mid-September 2014 and they were as low as 0.28% in late November and early December 2013. Ten-year Treasury yields

Fund overview (cont d)

were 2.64% at the beginning of the period and reached a low of 2.34% on August 15 and August 28, 2014. Their peak of 3.04% occurred on December 31, 2013 and they ended the reporting period at 2.52%.

All told, the Barclays U.S. Aggregate Indexⁱⁱⁱ, gained 3.96% for the twelve months ended September 30, 2014. For comparison purposes, high-yield bonds produced strong results. High-yield spreads narrowed given generally strong investor demand and continued low defaults. Over the fiscal year, the Barclays U.S. Corporate High Yield 2% Issuer Cap Index (the Index^{ix}) returned 7.19%. During this period, as measured by the Index, lower-quality CCC-rated bonds modestly lagged higher-quality BB-rated securities, as they returned 7.30% and 7.73%, respectively.

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

A. A number of adjustments were made to the Fund's portfolio during the reporting period. We increased the overall quality of the portfolio. In particular, we reduced the Fund's allocation to B-rated securities and increased our allocation to BB-rated securities, while maintaining our overweight to CCC-rated securities. From a sector perspective, we reduced the Fund's underweight allocation to Communications and decreased our Basic Industry¹ and Transportation² exposures from overweights to underweights in an effort to become more defensive. We remained positive on Financials during the reporting period, adding to our overweight position due to their improved balance sheets and outlook for stable fundamental performance. Finally, we increased our Energy exposure from a material underweight to a market weight as valuations became more compelling. Additionally, we actively participated in the new issuance market by selectively purchasing securities that we felt were attractively valued.

We continued to emphasize credit risk over interest rate risk during the reporting period. In terms of duration, we ended the period at roughly 3.55 years versus the Index which ended at 4.39 years, making the Fund less sensitive to changes in interest rates. The Fund employed U.S. Treasury futures to manage its yield curve positioning and duration. The use of these instruments were a small detractor to the Fund's performance. High yield index swaps (CDX) were used to manage our high-yield exposure. Overall, they were a small negative for performance and proved unnecessary with high yield ultimately posting positive results during the period. Finally, currency forwards were employed to hedge the Fund's euro currency exposure back to U.S. dollars. Overall, these hedges contributed to results as the dollar strengthened versus the euro as the European economy and outlook for growth remained challenged.

Performance review

For the twelve months ended September 30, 2014, Western Asset High Income Opportunity Fund Inc. returned 6.17% based on its net asset value (NAV) and 4.28% based on its New York Stock Exchange (NYSE) market price per share. The Fund's unmanaged benchmark, the Barclays U.S.

¹ Basic Industry consists of the following industries: Chemicals, Metals & Mining and Paper.

² Transportation consists of the following industries: Airlines, Railroads and other transportation-related services.

Corporate High Yield 2% Issuer Cap Index, returned 7.19% for the same period. The Lipper High Yield Closed-End Funds Category Average returned 7.08% over the same time frame. Please note that Lipper performance returns are based on each fund's NAV.

During the twelve-month period, the Fund made distributions to shareholders totaling \$0.44 per share*. The performance table shows the Fund's twelve-month total return based on its NAV and market price as of September 30, 2014. **Past performance is no guarantee of future results.**

Performance Snapshot as of September 30, 2014

Price Per Share	12-Month Total Return**
\$6.31 (NAV)	6.17%
\$5.79 (Market Price)	4.28%

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

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

Total return assumes the reinvestment of all distributions at NAV.

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

Q. What were the leading contributors to performance?

A. We would not characterize the positioning of the Fund as index-like. However, on a gross basis, the Fund posted a positive total return that was roughly in line with the Index during the reporting period. The largest contributor to the Fund's relative performance during the reporting period was our security selection. A number of individual high-yield bonds were positive for performance, including our overweight exposures to Sprint Nextel Corp., First Data Corp. and Wind Acquisition Finance. Bonds issued by Sprint Nextel Corp. (and Sprint Capital Corp.) rallied given their improved fundamental performance and investors continued to appreciate the new ownership structure at the company. In July 2013, Japan's investment grade rated wireless operator SoftBank acquired the company. First Data Corp. is a global payment processing company. The company underwent a management change last year and has been improving its fundamental results. Additionally, the company received an equity injection of \$3.5 billion. This was partially used to pay down high interest debt, a sign that management is making progress and focused on reducing leverage and improving the company's capital structure. Wind Acquisition Finance is the third largest wireless provider and the second largest wireline provider in Italy. Our high coupon CCC-rated Wind Acquisition Finance exposure performed well, with the company also receiving an equity injection from their parent company, BB-rated Vimplecom. Furthermore, Wind Acquisition Finance was

* For the tax character of distributions paid during the fiscal year ended September 30, 2014, please refer to page 45 of this report.

Fund overview (cont'd)

able to access debt markets in order to refinance at lower rates.

In terms of sectors, an overweight to Utilities was additive for results, as it was the top performing sector in the Index. An overweight to Transportation was also rewarded given its outperformance versus the Index.

From a ratings perspective, all three rating categories posted positive total returns for the quarter. Maintaining our overweight to CCC-rated securities was rewarded, as they slightly outperformed the Index during the reporting period.

Q. What were the leading detractors from performance?

A. Our ratings and duration biases detracted from our results during the reporting period. As previously discussed, we reduced both our underweight to BB-rated securities and our overweight to B-rated securities. However, our efforts proved to be too little too late, as longer duration higher quality bonds remained in favor as rates ultimately rallied during the latter portion of the period.

In terms of sectors, we were premature in increasing our Energy exposure to a market weight. Energy bonds underperformed significantly during, as well as after the reporting period concluded, as fears of increased supply, the ongoing Russian conflict, rumors of hedge funds caught in levered long oil positions and questions surrounding the global growth outlook took center stage. Collectively, this sent oil prices sharply lower, along with several of the Fund's positions in the Energy sector.

Elsewhere, from an issuer perspective, overweight positions in Midwest Vanadium Pty Ltd. and Gymboree Corp. detracted from performance. Midwest Vanadium Pty Ltd. engages in the exploration, production and processing of vanadium in Australia. Its vanadium is used to strengthen steel and titanium. The company defaulted in February 2014, following a fire at its Windimurra plant. It has subsequently secured a loan to rebuild the plant and bondholders have agreed to postpone the company's debt obligations through December 15, 2014. Our exposure to secured and unsecured debt of the children's retail clothing chain Gymboree Corp. underperformed during the reporting period. A 2010 leverage buyout left little room for error and poor weather and uninspired demand negatively impacted Gymboree Corp.'s fundamental results during the reporting period. We began reducing our unsecured exposure in the first quarter of 2014, which proved beneficial as the bonds have continued to decline following our sales.

Looking for additional information?

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

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

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

Sincerely,

Western Asset Management Company

October 21, 2014

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

Portfolio holdings and breakdowns are as of September 30, 2014 and are subject to change and may not be representative of the portfolio managers' current or future investments. Please refer to pages 10 through 26 for a list and percentage breakdown of the Fund's holdings.

The mention of sector breakdowns is for informational purposes only and should not be construed as a recommendation to purchase or sell any securities. The information provided regarding such sectors is not a sufficient basis upon which to make an investment decision. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies discussed should consult their financial professional. The Fund's top five sector holdings (as a percentage of net assets) as of September 30, 2014 were: Consumer Discretionary (17.9%), Energy (15.8%), Industrials (14.9%), Financials (12.7%) and Materials (9.7%). The Fund's portfolio composition is subject to change at any time.

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

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

Fund overview (cont d)

- ⁱ Duration is the measure of the price sensitivity of a fixed-income security to an interest rate change of 100 basis points. Calculation is based on the weighted average of the present values for all cash flows.

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

- ⁱⁱⁱ The Barclays U.S. Aggregate Index is a broad-based bond index comprised of government, corporate, mortgage- and asset-backed issues, rated investment grade or higher, and having at least one year to maturity.

- ^{iv} The Barclays U.S. Corporate High Yield 2% Issuer Cap Index is an index of the 2% Issuer Cap component of the Barclays U.S. Corporate High Yield Index, which covers the U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bond market.

- ^v Net asset value (NAV) is calculated by subtracting total liabilities, including liabilities associated with financial leverage (if any), from the closing value of all securities held by the Fund (plus all other assets) and dividing the result (total net assets) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the Fund has invested. However, the price at which an investor may buy or sell shares of the Fund is the Fund's market price as determined by supply of and demand for the Fund's shares.

- ^{vi} Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the twelve-month period ended September 30, 2014, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 7 funds in the Fund's Lipper category.

Fund at a glance (unaudited)

Investment breakdown (%) as a percent of total investments

The bar graph above represents the composition of the Fund's investments as of September 30, 2014 and September 30, 2013 and does not include derivatives, such as futures contracts and forward foreign currency contracts. The Fund is actively managed. As a result, the composition of the Fund's investments is subject to change at any time.

Spread duration (unaudited)

Economic exposure September 30, 2014

Total Spread Duration

HIO 3.72 years

Benchmark 4.42 years

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

Benchmark Barclays U.S. Corporate High Yield 2% Issuer Cap Index

EM Emerging Markets

HIO Western Asset High Income Opportunity Fund Inc.

HY High Yield

IG Credit Investment Grade Credit

Effective duration (unaudited)

Interest rate exposure September 30, 2014

Total Effective Duration

HIO 3.55 years

Benchmark 4.39 years

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

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

Schedule of investments

September 30, 2014

Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Corporate Bonds & Notes 91.1%				
Consumer Discretionary 16.9%				
<i>Automobiles</i> 0.2%				
Chrysler Group LLC/CG Co.-Issuer Inc., Secured Notes	8.250%	6/15/21	1,140,000	\$ 1,248,300
<i>Diversified Consumer Services</i> 0.7%				
Ceridian LLC/Comdata Inc., Senior Notes	8.125%	11/15/17	1,190,000	1,194,463 ^(a)
Service Corp. International, Senior Notes	7.500%	4/1/27	1,280,000	1,424,000
StoneMor Partners LP/Cornerstone Family Services of WV, Senior Notes	7.875%	6/1/21	920,000	952,200 ^(a)
<i>Total Diversified Consumer Services</i>				3,570,663
<i>Hotels, Restaurants & Leisure</i> 4.3%				
24 Hour Holdings III LLC, Senior Notes	8.000%	6/1/22	980,000	911,400 ^(a)
Bossier Casino Venture Holdco Inc.	11.000%	2/9/18	274,920	282,892 ^{(b)(c)}
Bossier Casino Venture Holdco Inc., Senior Secured Bonds	14.000%	2/9/18	1,634,475	1,485,248 ^{(a)(b)(c)(d)}
Boyd Gaming Corp., Senior Notes	9.125%	12/1/18	260,000	272,350
Burger King Capital Holdings LLC/Burger King Capital Finance Inc., Senior Notes, Step Bond	0.000%	4/15/19	440,000	411,400 ^(a)
Caesars Entertainment Operating Co. Inc., Senior Secured Notes	11.250%	6/1/17	740,000	578,125
Caesars Entertainment Operating Co. Inc., Senior Secured Notes	9.000%	2/15/20	2,490,000	1,917,300
Caesars Entertainment Resort Properties LLC, Secured Notes	11.000%	10/1/21	510,000	480,675 ^(a)
Carlson Travel Holdings Inc., Senior Notes	7.500%	8/15/19	520,000	526,500 ^{(a)(d)}
Carrols Restaurant Group Inc., Senior Secured Notes	11.250%	5/15/18	1,400,000	1,529,500
CCM Merger Inc., Senior Notes	9.125%	5/1/19	1,710,000	1,812,600 ^(a)
CEC Entertainment Inc., Senior Notes	8.000%	2/15/22	760,000	714,400 ^(a)
Downstream Development Quapaw, Senior Secured Notes	10.500%	7/1/19	1,320,000	1,399,200 ^(a)
Fontainebleau Las Vegas Holdings LLC/Fontainebleau Las Vegas Capital Corp., Senior Secured Notes	10.250%	6/15/15	445,000	5,785 ^{(a)(e)}
Greektown Holdings LLC/Greektown Mothership Corp., Senior Secured Notes	8.875%	3/15/19	1,010,000	1,010,000 ^(a)
Landry's Holdings II Inc., Senior Notes	10.250%	1/1/18	750,000	776,250 ^(a)
Landry's Inc., Senior Notes	9.375%	5/1/20	3,598,000	3,822,875 ^(a)
Mohegan Tribal Gaming Authority, Senior Notes	9.750%	9/1/21	480,000	490,200
Paris Las Vegas Holding LLC/Harrah's Las Vegas LLC/Flamingo Las Vegas Holding LLC, Senior Secured Notes	8.000%	10/1/20	1,710,000	1,692,900 ^(a)
Rivers Pittsburgh Borrower LP/Rivers Pittsburgh Finance Corp., Senior Secured Notes	9.500%	6/15/19	267,000	287,025 ^(a)
Seven Seas Cruises S de RL LLC, Senior Secured Notes	9.125%	5/15/19	1,960,000	2,097,200
<i>Total Hotels, Restaurants & Leisure</i>				22,503,825

See Notes to Financial Statements.

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Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Household Durables 1.5%</i>				
Century Intermediate Holding Co. 2, Senior Notes	9.750%	2/15/19	1,980,000	\$ 2,093,850 (a)(d)
Standard Pacific Corp., Senior Notes	6.250%	12/15/21	1,330,000	1,361,587
William Lyon Homes Inc., Senior Notes	8.500%	11/15/20	1,520,000	1,649,200
William Lyon Homes PNW Finance Corp., Senior Notes	7.000%	8/15/22	1,190,000	1,210,825 (a)
Woodside Homes Co. LLC/Woodside Homes Finance Inc., Senior Notes	6.750%	12/15/21	1,800,000	1,791,000 (a)
<i>Total Household Durables</i>				
<i>8,106,462</i>				
<i>Media 7.9%</i>				
Altice SA, Senior Secured Notes	7.750%	5/15/22	2,490,000	2,577,150 (a)
Carmike Cinemas Inc., Secured Notes	7.375%	5/15/19	530,000	564,450
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	8.125%	4/30/20	3,000,000	3,176,250
Clear Channel Worldwide Holdings Inc., Senior Notes	6.500%	11/15/22	450,000	457,875
CSC Holdings LLC, Senior Notes	6.750%	11/15/21	500,000	534,475
DISH DBS Corp., Senior Notes	6.625%	10/1/14	20,000	20,000
DISH DBS Corp., Senior Notes	7.875%	9/1/19	1,085,000	1,228,763
DISH DBS Corp., Senior Notes	6.750%	6/1/21	2,020,000	2,176,550
DISH DBS Corp., Senior Notes	5.000%	3/15/23	70,000	67,331
Gibson Brands Inc., Senior Secured Notes	8.875%	8/1/18	1,380,000	1,355,850 (a)
iHeartCommunications Inc., Senior Notes	10.000%	1/15/18	1,110,000	934,376
MDC Partners Inc., Senior Notes	6.750%	4/1/20	250,000	258,750 (a)
Nara Cable Funding Ltd., Senior Secured Notes	8.875%	12/1/18	2,000,000	2,107,500 (a)
New Cotai LLC/New Cotai Capital Corp., Senior Secured Notes	10.625%	5/1/19	1,536,033	1,774,118 (a)(d)
Numericable Group SA, Senior Secured Bonds	6.000%	5/15/22	2,130,000	2,148,637 (a)
Ono Finance II PLC, Senior Bonds	10.875%	7/15/19	2,760,000	2,980,800 (a)
Time Warner Cable Inc., Senior Notes	8.750%	2/14/19	1,490,000	1,877,391
Time Warner Cable Inc., Senior Notes	8.250%	4/1/19	678,000	845,250
Univision Communications Inc., Senior Notes	8.500%	5/15/21	1,320,000	1,402,500 (a)
Univision Communications Inc., Senior Secured Notes	6.875%	5/15/19	1,430,000	1,494,350 (a)
Univision Communications Inc., Senior Secured Notes	7.875%	11/1/20	770,000	828,713 (a)
Univision Communications Inc., Senior Secured Notes	6.750%	9/15/22	217,000	233,275 (a)
UPC Holding BV, Junior Secured Subordinated Notes	6.375%	9/15/22	2,030,000 EUR	2,770,291 (a)
UPCB Finance II Ltd., Senior Notes	6.375%	7/1/20	2,500,000 EUR	3,332,085 (f)
Virgin Media Finance PLC, Senior Notes	6.375%	4/15/23	2,890,000	2,998,375 (a)
Virgin Media Finance PLC, Senior Notes	6.000%	10/15/24	2,000,000	2,010,000 (a)
WMG Acquisition Corp., Senior Notes	6.750%	4/15/22	1,620,000	1,559,250 (a)
<i>Total Media</i>				
<i>41,714,355</i>				
<i>Multiline Retail 0.4%</i>				
Neiman Marcus Group LLC, Senior Secured Notes	7.125%	6/1/28	330,000	330,000

See Notes to Financial Statements.

Schedule of investments (cont d)

September 30, 2014

Western Asset High Income Opportunity Fund Inc.

	Rate	Maturity Date	Face Amount	Value
Security				
<i>Multiline Retail continued</i>				
Neiman Marcus Group Ltd. LLC, Senior Notes	8.750%	10/15/21	1,530,000	\$ 1,617,975 ^{(a)(d)}
<i>Total Multiline Retail</i>				<i>1,947,975</i>
<i>Specialty Retail 1.6%</i>				
American Greetings Corp., Senior Notes	7.375%	12/1/21	1,220,000	1,277,950
Edcon Pty Ltd., Senior Secured Notes	9.500%	3/1/18	2,180,000	1,798,500 ^(a)
Guitar Center Inc., Senior Bonds	9.625%	4/15/20	3,530,000	2,718,100 ^(a)
Hot Topic Inc., Senior Secured Notes	9.250%	6/15/21	730,000	784,750 ^(a)
Spencer Spirit Holdings Inc., Senior Notes	9.000%	5/1/18	1,710,000	1,731,375 ^{(a)(d)}
<i>Total Specialty Retail</i>				<i>8,310,675</i>
<i>Textiles, Apparel & Luxury Goods 0.3%</i>				
Chinos Intermediate Holdings A Inc., Senior Notes	7.750%	5/1/19	1,090,000	1,035,500 ^{(a)(d)}
Empire Today LLC/Empire Today Finance Corp., Senior Secured Notes	11.375%	2/1/17	810,000	818,100 ^(a)
<i>Total Textiles, Apparel & Luxury Goods</i>				<i>1,853,600</i>
Total Consumer Discretionary				89,255,855
<i>Consumer Staples 3.5%</i>				
<i>Beverages 0.5%</i>				
Carolina Beverage Group LLC/Carolina Beverage Group Finance Inc., Secured Notes	10.625%	8/1/18	1,140,000	1,182,750 ^(a)
Crestview DS Merger Subordinated II Inc., Secured Notes	10.000%	9/1/21	1,230,000	1,365,300
<i>Total Beverages</i>				<i>2,548,050</i>
<i>Food & Staples Retailing 0.3%</i>				
Beverages & More Inc., Senior Secured Notes	10.000%	11/15/18	1,640,000	1,547,750 ^(a)
<i>Food Products 2.3%</i>				
Chiquita Brands International Inc./Chiquita Brands LLC, Senior Secured Notes	7.875%	2/1/21	1,395,000	1,511,831
Dole Food Co. Inc., Senior Secured Notes	7.250%	5/1/19	1,570,000	1,560,188 ^(a)
Hearthside Group Holdings LLC/Hearthside Finance Co., Senior Notes	6.500%	5/1/22	1,510,000	1,476,025 ^(a)
Simmons Foods Inc., Secured Notes	7.875%	10/1/21	1,910,000	1,895,675 ^(a)
Simmons Foods Inc., Senior Secured Notes	10.500%	11/1/17	3,190,000	3,389,375 ^(a)
Sun Merger Sub Inc., Senior Notes	5.875%	8/1/21	1,380,000	1,400,700 ^(a)
Wells Enterprises Inc., Senior Secured Notes	6.750%	2/1/20	813,000	837,390 ^(a)
<i>Total Food Products</i>				<i>12,071,184</i>
<i>Household Products 0.1%</i>				
Spectrum Brands Inc., Senior Notes	6.625%	11/15/22	580,000	609,725
<i>Media 0.1%</i>				
SiTV LLC/SiTV Finance Inc., Senior Secured Notes	10.375%	7/1/19	330,000	327,525 ^(a)

See Notes to Financial Statements.

Western Asset High Income Opportunity Fund Inc.

	Rate	Maturity Date	Face Amount	Value
Security				
<i>Tobacco 0.2%</i>				
Alliance One International Inc., Secured Notes	9.875%	7/15/21	1,500,000	\$ 1,470,000
Total Consumer Staples				18,574,234
<i>Energy 15.0%</i>				
<i>Energy Equipment & Services 2.5%</i>				
Atwood Oceanics Inc., Senior Notes	6.500%	2/1/20	760,000	782,800
CGG, Senior Notes	7.750%	5/15/17	138,000	139,035
Exterran Partners LP/EXLP Finance Corp., Senior Notes	6.000%	10/1/22	490,000	478,975 (a)
FTS International Inc., Senior Secured Notes	6.250%	5/1/22	1,130,000	1,115,875 (a)
Gulfmark Offshore Inc., Senior Notes	6.375%	3/15/22	1,240,000	1,202,800
Hercules Offshore Inc., Senior Notes	10.250%	4/1/19	840,000	804,300 (a)
Hercules Offshore Inc., Senior Notes	8.750%	7/15/21	990,000	866,250 (a)
Hercules Offshore Inc., Senior Notes	7.500%	10/1/21	190,000	153,900 (a)
Hercules Offshore Inc., Senior Notes	6.750%	4/1/22	1,550,000	1,214,812 (a)
KCA Deutag UK Finance PLC, Senior Secured Notes	7.250%	5/15/21	1,090,000	1,040,950 (a)
Parker Drilling Co., Senior Notes	6.750%	7/15/22	1,290,000	1,302,900 (a)
Petroleum Geo-Services ASA, Senior Notes	7.375%	12/15/18	1,030,000	1,035,150 (a)
SESI LLC, Senior Notes	7.125%	12/15/21	1,320,000	1,465,200
Sierra Hamilton LLC/Sierra Hamilton Finance Inc., Senior Secured Notes	12.250%	12/15/18	1,390,000	1,459,500 (a)
<i>Total Energy Equipment & Services</i>				<i>13,062,447</i>
<i>Oil, Gas & Consumable Fuels 12.5%</i>				
Arch Coal Inc., Senior Notes	7.000%	6/15/19	1,880,000	1,008,150
Atlas Pipeline Partners LP/Atlas Pipeline Finance Corp., Senior Notes	6.625%	10/1/20	470,000	482,925
Berry Petroleum Co., Senior Notes	6.375%	9/15/22	1,430,000	1,394,250
California Resources Corp., Senior Notes	6.000%	11/15/24	1,880,000	1,936,400 (a)
Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes	6.500%	4/15/21	2,310,000	2,206,050 (a)
Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes	7.625%	1/15/22	360,000	367,200
Carrizo Oil & Gas Inc., Senior Notes	7.500%	9/15/20	770,000	804,650
Chesapeake Energy Corp., Senior Notes	6.875%	11/15/20	550,000	616,000
Chesapeake Energy Corp., Senior Notes	6.125%	2/15/21	1,360,000	1,485,800
Comstock Resources Inc., Senior Notes	9.500%	6/15/20	1,120,000	1,232,000
CONSOL Energy Inc., Senior Notes	8.250%	4/1/20	1,550,000	1,625,562
Corral Petroleum Holdings AB, Senior Notes	15.000%	12/31/17	2,517,176	2,216,688 (a)(d)
Dynagas LNG Partners LP/Dynagas Finance Inc., Senior Notes	6.250%	10/30/19	490,000	492,450
El Paso Corp., Medium-Term Notes	7.800%	8/1/31	1,040,000	1,263,600
Enterprise Products Operating LLC, Junior Subordinated Notes	8.375%	8/1/66	680,000	748,321 (g)

See Notes to Financial Statements.

Schedule of investments (cont d)

September 30, 2014

Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Oil, Gas & Consumable Fuels continued</i>				
EXCO Resources Inc., Senior Notes	8.500%	4/15/22	980,000	\$ 933,450
Globe Luxembourg SCA, Senior Secured Notes	9.625%	5/1/18	2,180,000	2,321,700 ^(a)
Halcon Resources Corp., Senior Notes	9.750%	7/15/20	1,520,000	1,554,200
Halcon Resources Corp., Senior Notes	8.875%	5/15/21	2,030,000	2,009,700
Jupiter Resources Inc., Senior Notes	8.500%	10/1/22	590,000	525,100 ^(a)
Kodiak Oil & Gas Corp., Senior Notes	8.125%	12/1/19	1,390,000	1,497,725
Linn Energy LLC/Linn Energy Finance Corp., Senior Notes	6.500%	9/15/21	800,000	784,000
Lonestar Resources America Inc., Senior Notes	8.750%	4/15/19	550,000	547,938 ^(a)
LUKOIL International Finance BV, Bonds	6.356%	6/7/17	140,000	146,518 ^(f)
Magnum Hunter Resources Corp., Senior Notes	9.750%	5/15/20	2,300,000	2,443,750
MarkWest Energy Partners LP/MarkWest Energy Finance Corp., Senior Notes	6.500%	8/15/21	182,000	192,465
MEG Energy Corp., Senior Notes	7.000%	3/31/24	2,620,000	2,718,250 ^(a)
Milagro Oil & Gas Inc., Secured Notes	10.500%	5/15/16	1,690,000	1,343,550 ^(e)
Murray Energy Corp., Senior Secured Notes	9.500%	12/5/20	1,080,000	1,193,400 ^(a)
Murray Energy Corp., Senior Secured Notes	8.625%	6/15/21	900,000	936,000 ^(a)
Natural Resource Partners LP/Natural Resource Partners Finance Corp., Senior Notes	9.125%	10/1/18	1,150,000	1,187,375
New Gulf Resources LLC/NGR Finance Corp., Senior Secured Notes	11.750%	5/15/19	1,490,000	1,516,075
Parsley Energy LLC/Parsley Finance Corp., Senior Notes	7.500%	2/15/22	1,540,000	1,595,825 ^(a)
Petrobras Global Finance BV, Senior Notes	6.250%	3/17/24	710,000	745,592
Petrobras International Finance Co., Senior Notes	6.875%	1/20/40	55,000	57,356
Petrobras International Finance Co., Senior Notes	6.750%	1/27/41	1,220,000	1,259,040
Plains Exploration & Production Co., Senior Notes	8.625%	10/15/19	1,310,000	1,374,021
Plains Exploration & Production Co., Senior Notes	6.750%	2/1/22	162,000	179,820
PT Adaro Indonesia, Senior Notes	7.625%	10/22/19	400,000	417,900 ^(a)
Quicksilver Resources Inc., Senior Notes	11.000%	7/1/21	1,790,000	1,190,350
Rex Energy Corp., Senior Notes	6.250%	8/1/22	260,000	251,875 ^(a)
Rice Energy Inc., Senior Notes	6.250%	5/1/22	1,250,000	1,225,000 ^(a)
RSP Permian Inc., Senior Notes	6.625%	10/1/22	850,000	856,375 ^(a)
Sabine Pass Liquefaction LLC, Senior Secured Notes	5.750%	5/15/24	1,270,000	1,293,813 ^(a)
Samson Investment Co., Senior Notes	9.750%	2/15/20	3,360,000	3,066,000
Sanchez Energy Corp., Senior Notes	7.750%	6/15/21	1,970,000	2,117,750
Sanchez Energy Corp., Senior Notes	6.125%	1/15/23	1,630,000	1,618,264 ^(a)
SandRidge Energy Inc., Senior Notes	7.500%	2/15/23	170,000	165,963
Shelf Drilling Holdings Ltd., Senior Secured Notes	8.625%	11/1/18	930,000	981,150 ^(a)
Sidewinder Drilling Inc., Senior Notes	9.750%	11/15/19	860,000	868,600 ^(a)

See Notes to Financial Statements.

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Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Oil, Gas & Consumable Fuels continued</i>				
Summit Midstream Holdings LLC/Summit Midstream Finance Corp., Senior Notes	7.500%	7/1/21	630,000	\$ 677,250
Teine Energy Ltd., Senior Notes	6.875%	9/30/22	580,000	572,025 (a)
Tennessee Gas Pipeline Co., Senior Notes	8.375%	6/15/32	3,270,000	4,339,113
Triangle USA Petroleum Corp., Senior Notes	6.750%	7/15/22	570,000	559,313 (a)
Westmoreland Coal Co./Westmoreland Partners, Senior Secured Notes	10.750%	2/1/18	850,000	894,625 (a)
<i>Total Oil, Gas & Consumable Fuels</i>				66,038,262
Total Energy				79,100,709
Financials 10.1%				
<i>Banks 4.9%</i>				
Banco Espirito Santo SA, Senior Notes	5.875%	11/9/15	600,000 ^{EUR}	753,121 (f)
Banco Espirito Santo SA, Senior Notes	4.750%	1/15/18	400,000 ^{EUR}	471,118 (f)
Banco Espirito Santo SA, Senior Notes	4.000%	1/21/19	100,000 ^{EUR}	114,306 (f)
Barclays Bank PLC, Subordinated Notes	10.179%	6/12/21	1,930,000	2,635,023 (a)
Barclays Bank PLC, Subordinated Notes	7.625%	11/21/22	2,000,000	2,153,000
Citigroup Inc., Junior Subordinated Bonds	6.300%	5/15/24	650,000	644,627 (g)(h)
Credit Agricole SA, Subordinated Notes	8.375%	10/13/19	1,660,000	1,929,750 (a)(g)(h)
Intesa Sanpaolo SpA, Senior Notes	3.625%	8/12/15	2,680,000	2,738,665 (a)
JPMorgan Chase & Co., Junior Subordinated Bonds	6.000%	8/1/23	630,000	622,913 (g)(h)
JPMorgan Chase & Co., Junior Subordinated Notes	6.100%	10/1/24	800,000	794,394 (g)(h)
M&T Bank Corp., Junior Subordinated Bonds	6.875%	6/15/16	1,790,000	1,831,741 (h)
Royal Bank of Scotland Group PLC, Junior Subordinated Bonds	7.648%	9/30/31	1,210,000	1,421,750 (g)(h)
Royal Bank of Scotland Group PLC, Subordinated Notes	5.000%	10/1/14	950,000	950,000
Royal Bank of Scotland Group PLC, Subordinated Notes	6.100%	6/10/23	1,470,000	1,554,787
Royal Bank of Scotland Group PLC, Subordinated Notes	5.125%	5/28/24	1,160,000	1,141,914
Royal Bank of Scotland NV, Subordinated Notes	7.750%	5/15/23	390,000	448,779
Royal Bank of Scotland PLC, Subordinated Notes	13.125%	3/19/22	2,480,000 ^{AUD}	2,560,692 (f)(g)
Santander Issuances SAU, Notes	5.911%	6/20/16	1,100,000	1,167,619 (a)
Wells Fargo & Co., Junior Subordinated Bonds	5.900%	6/15/24	1,820,000	1,860,950 (g)(h)
<i>Total Banks</i>				25,795,149
<i>Capital Markets 1.0%</i>				
Credit Suisse Group AG, Junior Subordinated Notes	6.250%	12/18/24	4,000,000	3,882,000 (a)(g)(h)
Goldman Sachs Group Inc., Subordinated Notes	6.750%	10/1/37	1,210,000	1,447,211
<i>Total Capital Markets</i>				5,329,211
<i>Consumer Finance 1.2%</i>				
Ally Financial Inc., Senior Notes	8.000%	3/15/20	1,410,000	1,646,175
GMAC International Finance BV, Senior Bonds	7.500%	4/21/15	830,000 ^{EUR}	1,084,342 (f)

See Notes to Financial Statements.

Schedule of investments (cont d)

September 30, 2014

Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Consumer Finance continued</i>				
SLM Corp., Medium-Term Notes, Senior Notes	8.450%	6/15/18	1,110,000	\$ 1,251,525
SLM Corp., Medium-Term Notes, Senior Notes	8.000%	3/25/20	1,150,000	1,292,312
Stearns Holdings Inc., Senior Secured Notes	9.375%	8/15/20	640,000	659,200 (a)
TMX Finance LLC/TitleMax Finance Corp., Senior Secured Notes	8.500%	9/15/18	570,000	570,000 (a)
<i>Total Consumer Finance</i>				<i>6,503,554</i>
<i>Diversified Financial Services 1.7%</i>				
International Lease Finance Corp., Senior Notes	8.625%	9/15/15	820,000	868,257
International Lease Finance Corp., Senior Notes	8.750%	3/15/17	100,000	111,750
International Lease Finance Corp., Senior Notes	8.875%	9/1/17	4,200,000	4,777,500
International Lease Finance Corp., Senior Notes	8.250%	12/15/20	1,860,000	2,201,775
ZFS Finance USA Trust II, Bonds	6.450%	12/15/65	1,000,000	1,075,000 (a)(g)
<i>Total Diversified Financial Services</i>				<i>9,034,282</i>
<i>Insurance 0.9%</i>				
American International Group Inc., Senior Notes	8.250%	8/15/18	1,565,000	1,913,205
Fidelity & Guaranty Life Holdings Inc., Senior Notes	6.375%	4/1/21	850,000	894,625 (a)
Liberty Mutual Group Inc., Junior Subordinated Bonds	7.800%	3/15/37	900,000	1,063,125 (a)
MetLife Capital Trust IV, Junior Subordinated Notes	7.875%	12/15/37	650,000	835,250 (a)
<i>Total Insurance</i>				<i>4,706,205</i>
<i>Real Estate Management & Development 0.4%</i>				
Howard Hughes Corp., Senior Notes	6.875%	10/1/21	2,130,000	2,209,875 (a)
Total Financials				53,578,276
<i>Health Care 5.6%</i>				
<i>Health Care Equipment & Supplies 1.1%</i>				
Alere Inc., Senior Subordinated Notes	6.500%	6/15/20	1,710,000	1,714,275
ConvaTec Finance International SA, Senior Notes	8.250%	1/15/19	830,000	845,044 (a)(d)
Lantheus Medical Imaging Inc., Senior Notes	9.750%	5/15/17	2,970,000	2,958,862
<i>Total Health Care Equipment & Supplies</i>				<i>5,518,181</i>
<i>Health Care Providers & Services 4.1%</i>				
Acadia Healthcare Co. Inc., Senior Notes	12.875%	11/1/18	864,000	997,920
Acadia Healthcare Co. Inc., Senior Notes	6.125%	3/15/21	720,000	745,200
CHS/Community Health Systems Inc., Senior Notes	8.000%	11/15/19	2,390,000	2,557,778
DJO Finance LLC/DJO Finance Corp., Senior Notes	9.875%	4/15/18	1,330,000	1,399,825
ExamWorks Group Inc., Senior Notes	9.000%	7/15/19	2,050,000	2,203,750
Fresenius Medical Care U.S. Finance Inc., Senior Notes	6.500%	9/15/18	280,000	308,700 (a)
Fresenius U.S. Finance II Inc., Senior Notes	9.000%	7/15/15	2,060,000	2,188,750 (a)
HCA Inc., Debentures	7.500%	11/15/95	3,920,000	3,724,000
IASIS Healthcare LLC/IASIS Capital Corp., Senior Notes	8.375%	5/15/19	2,580,000	2,709,000

See Notes to Financial Statements.

Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Health Care Providers & Services continued</i>				
Jaguar Holding Co. II/Jaguar Merger Sub Inc., Senior Notes	9.500%	12/1/19	530,000	\$ 570,413 (a)
Tenet Healthcare Corp., Senior Notes	8.125%	4/1/22	1,480,000	1,628,000
Tenet Healthcare Corp., Senior Secured Notes	6.000%	10/1/20	1,330,000	1,409,800
Universal Hospital Services Inc., Secured Notes	7.625%	8/15/20	1,470,000	1,389,150
<i>Total Health Care Providers & Services</i>				<i>21,832,286</i>
<i>Pharmaceuticals 0.4%</i>				
JLL/Delta Dutch Newco BV, Senior Notes	7.500%	2/1/22	1,450,000	1,469,756 (a)
Salix Pharmaceuticals Ltd., Senior Notes	6.000%	1/15/21	810,000	878,850 (a)
<i>Total Pharmaceuticals</i>				<i>2,348,606</i>
Total Health Care				29,699,073
<i>Industrials 14.3%</i>				
<i>Aerospace & Defense 1.8%</i>				
CBC Ammo LLC/CBC FinCo Inc., Senior Notes	7.250%	11/15/21	2,100,000	2,107,875 (a)
Ducommun Inc., Senior Notes	9.750%	7/15/18	1,010,000	1,097,112
Erickson Inc., Secured Notes	8.250%	5/1/20	2,483,000	2,371,265
GenCorp Inc., Secured Notes	7.125%	3/15/21	760,000	822,700
LMI Aerospace Inc., Secured Notes	7.375%	7/15/19	710,000	713,550 (a)
TransDigm Inc., Senior Subordinated Notes	6.000%	7/15/22	2,460,000	2,432,325 (a)
<i>Total Aerospace & Defense</i>				<i>9,544,827</i>
<i>Air Freight & Logistics 0.2%</i>				
XPO Logistics Inc., Senior Notes	7.875%	9/1/19	1,050,000	1,089,375 (a)
<i>Airlines 0.7%</i>				
Air Canada, Pass-Through Trust, Secured Notes	6.625%	5/15/18	560,000	586,404 (a)
American Airlines, Pass-Through Trust, Secured Notes	7.000%	1/31/18	586,663	627,729 (a)
Delta Air Lines Inc., Pass-Through Certificates, Secured Notes	8.021%	8/10/22	617,690	721,153
Delta Air Lines Inc., Pass-Through Certificates, Subordinated Secured Notes	9.750%	12/17/16	315,355	354,774
United Airlines Inc., Pass-Through Certificates, Notes	5.500%	10/29/20	437,507	461,570
United Airlines Inc., Pass-Through Certificates, Secured Notes	9.250%	5/10/17	107,440	119,259
United Airlines Inc., Pass-Through Certificates, Senior Secured Notes	6.125%	4/29/18	740,000	784,400
<i>Total Airlines</i>				<i>3,655,289</i>
<i>Building Products 0.5%</i>				
Ashton Woods USA LLC/Ashton Woods Finance Co., Senior Notes	6.875%	2/15/21	1,460,000	1,397,950 (a)
Building Materials Corp. of America, Senior Notes	6.750%	5/1/21	600,000	630,000 (a)
Building Materials Corp. of America, Senior Secured Notes	7.500%	3/15/20	550,000	577,500 (a)
Rearden G Holdings EINS GmbH, Senior Notes	7.875%	3/30/20	100,000	105,500 (a)
<i>Total Building Products</i>				<i>2,710,950</i>

See Notes to Financial Statements.

Schedule of investments (cont d)

September 30, 2014

Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Commercial Services & Supplies 2.2%</i>				
Garda World Security Corp., Senior Notes	7.250%	11/15/21	390,000	\$ 390,000 ^(a)
JM Huber Corp., Senior Notes	9.875%	11/1/19	860,000	967,500 ^(a)
Monitronics International Inc., Senior Notes	9.125%	4/1/20	3,280,000	3,394,800
RSC Equipment Rental Inc./RSC Holdings III LLC, Senior Notes	8.250%	2/1/21	810,000	880,875
Taylor Morrison Communities Inc./Monarch Communities Inc., Senior Notes	7.750%	4/15/20	1,423,000	1,529,725 ^(a)
Taylor Morrison Communities Inc./Monarch Communities Inc., Senior Notes	7.750%	4/15/20	891,000	957,825 ^(a)
United Rentals North America Inc., Senior Notes	7.625%	4/15/22	2,608,000	2,849,240
West Corp., Senior Notes	5.375%	7/15/22	600,000	555,000 ^(a)
<i>Total Commercial Services & Supplies</i>				<i>11,524,965</i>
<i>Construction & Engineering 1.4%</i>				
Ausdrill Finance Pty Ltd., Senior Notes	6.875%	11/1/19	1,240,000	1,150,100 ^(a)
Brundage-Bone Concrete Pumping Inc., Senior Secured Notes	10.375%	9/1/21	1,050,000	1,085,438 ^(a)
Michael Baker Holdings LLC/Micahel Baker Finance Corp., Senior Notes	8.875%	4/15/19	1,580,000	1,572,100 ^{(a)(d)}
Michael Baker International LLC/CDL Acquisition Co. Inc., Senior Secured Notes	8.250%	10/15/18	1,870,000	1,898,050 ^(a)
Modular Space Corp., Secured Notes	10.250%	1/31/19	1,510,000	1,528,875 ^(a)
Odebrecht Finance Ltd., Senior Notes	4.375%	4/25/25	260,000	245,050 ^(a)
<i>Total Construction & Engineering</i>				<i>7,479,613</i>
<i>Electrical Equipment 0.4%</i>				
International Wire Group Holdings Inc., Senior Secured Notes	8.500%	10/15/17	1,020,000	1,099,050 ^(a)
NES Rentals Holdings Inc., Senior Secured Notes	7.875%	5/1/18	930,000	976,500 ^(a)
<i>Total Electrical Equipment</i>				<i>2,075,550</i>
<i>Industrial Conglomerates 0.3%</i>				
Leucadia National Corp., Senior Notes	8.125%	9/15/15	1,290,000	<i>1,376,108</i>
<i>Machinery 1.2%</i>				
CTP Transportation Products LLC/CTP Finance Inc., Senior Secured Notes	8.250%	12/15/19	610,000	652,700 ^(a)
Dematic SA/DH Services Luxembourg Sarl, Senior Notes	7.750%	12/15/20	2,820,000	2,975,100 ^(a)
Gardner Denver Inc., Senior Notes	6.875%	8/15/21	550,000	554,125 ^(a)
Global Brass and Copper Inc., Senior Secured Notes	9.500%	6/1/19	1,260,000	1,404,900
SPL Logistics Escrow LLC/SPL Logistics Finance Corp., Senior Secured Notes	8.875%	8/1/20	890,000	972,325 ^(a)
<i>Total Machinery</i>				<i>6,559,150</i>
<i>Marine 1.0%</i>				
Horizon Lines LLC, Secured Notes	13.000%	10/15/16	1,844,724	1,555,541 ^(d)
Horizon Lines LLC, Senior Secured Notes	11.000%	10/15/16	943,000	948,894

See Notes to Financial Statements.

Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Marine continued</i>				
Navios Maritime Acquisition Corp./Navios Acquisition Finance U.S. Inc., Senior Secured Notes	8.125%	11/15/21	1,510,000	\$ 1,464,700 ^(a)
Ultrapetrol Bahamas Ltd., Senior Secured Notes	8.875%	6/15/21	1,240,000	1,314,400
<i>Total Marine</i>				5,283,535
<i>Road & Rail 1.9%</i>				
Flexi-Van Leasing Inc., Senior Notes	7.875%	8/15/18	1,290,000	1,351,275 ^(a)
Florida East Coast Holdings Corp., Senior Notes	9.750%	5/1/20	1,910,000	1,948,200 ^(a)
Florida East Coast Holdings Corp., Senior Secured Notes	6.750%	5/1/19	950,000	971,375 ^(a)
Jack Cooper Holdings Corp., Senior Secured Notes	9.250%	6/1/20	2,450,000	2,642,937 ^(a)
Jurassic Holdings III Inc., Secured Notes	6.875%	2/15/21	860,000	862,150 ^(a)
Quality Distribution LLC/QD Capital Corp., Secured Notes	9.875%	11/1/18	2,301,000	2,427,555
<i>Total Road & Rail</i>				10,203,492
<i>Trading Companies & Distributors 0.6%</i>				
Ashtead Capital Inc., Senior Secured Notes	6.500%	7/15/22	1,340,000	1,427,100 ^(a)
H&E Equipment Services Inc., Senior Notes	7.000%	9/1/22	1,620,000	1,737,450
<i>Total Trading Companies & Distributors</i>				3,164,550
<i>Transportation 1.9%</i>				
CMA CGM, Senior Notes	8.500%	4/15/17	2,810,000	2,908,350 ^(a)
Hapag-Lloyd AG, Senior Notes	9.750%	10/15/17	1,700,000	1,785,000 ^(a)
Neovia Logistics Intermediate Holdings LLC/Logistics Intermediate Finance Corp., Senior Notes	10.000%	2/15/18	1,980,000	2,019,600 ^{(a)(d)}
Syncreon Group BV/Syncreon Global Finance US Inc., Senior Notes	8.625%	11/1/21	1,750,000	1,741,250 ^(a)
Watco Cos., LLC/Watco Finance Corp., Senior Notes	6.375%	4/1/23	1,320,000	1,333,200 ^(a)
<i>Total Transportation</i>				9,787,400
<i>Transportation Infrastructure 0.2%</i>				
Aguila 3 SA, Senior Secured Notes	7.875%	1/31/18	870,000	893,925 ^(a)
Total Industrials				75,348,729
Information Technology 3.1%				
<i>Electronic Equipment, Instruments & Components 0.4%</i>				
Interface Security Systems Holdings Inc./Interface Security Systems LLC, Senior Secured Notes	9.250%	1/15/18	1,240,000	1,277,200
Zebra Technologies Corp., Senior Notes	7.250%	10/15/22	910,000	910,000 ^(a)
<i>Total Electronic Equipment, Instruments & Components</i>				2,187,200
<i>Internet Software & Services 0.6%</i>				
Ancestry.com Inc., Senior Notes	9.625%	10/15/18	710,000	713,550 ^{(a)(d)}
Ancestry.com Inc., Senior Notes	11.000%	12/15/20	1,070,000	1,225,150
Zayo Group LLC/Zayo Capital Inc., Senior Secured Notes	8.125%	1/1/20	990,000	1,065,487
<i>Total Internet Software & Services</i>				3,004,187

See Notes to Financial Statements.

Schedule of investments (cont d)

September 30, 2014

Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>IT Services 1.4%</i>				
Compiler Finance Subordinated Inc., Senior Notes	7.000%	5/1/21	1,410,000	\$ 1,339,500 ^(a)
First Data Corp., Secured Notes	8.250%	1/15/21	860,000	915,900 ^(a)
First Data Corp., Senior Notes	12.625%	1/15/21	2,310,000	2,772,000
First Data Corp., Senior Subordinated Notes	11.750%	8/15/21	1,545,000	1,796,062
Interactive Data Corp., Senior Notes	5.875%	4/15/19	830,000	831,038 ^(a)
<i>Total IT Services</i>				<i>7,654,500</i>
<i>Software 0.1%</i>				
Audatex North America Inc., Senior Notes	6.000%	6/15/21	720,000	741,600 ^(a)
<i>Technology Hardware, Storage & Peripherals 0.6%</i>				
Hewlett-Packard Co., Senior Notes	4.650%	12/9/21	2,750,000	2,981,418
Total Information Technology				16,568,905
<i>Materials 9.2%</i>				
<i>Chemicals 0.6%</i>				
HIG BBC Intermediate Holdings LLC/HIG BBC Holdings Corp., Senior Notes	10.500%	9/15/18	770,000	779,625 ^{(a)(d)}
Kerling PLC, Senior Secured Notes	10.625%	2/1/17	1,048,000 EUR	1,376,624 ^(a)
KP Germany Erste GmbH, Senior Secured Notes	11.625%	7/15/17	420,000 EUR	587,354 ^(a)
KP Germany Erste GmbH, Senior Secured Notes	11.625%	7/15/17	320,000 EUR	447,508 ^(f)
<i>Total Chemicals</i>				<i>3,191,111</i>
<i>Construction Materials 0.3%</i>				
Hardwoods Acquisition Inc., Senior Secured Notes	7.500%	8/1/21	1,290,000	1,277,100 ^(a)
<i>Containers & Packaging 2.9%</i>				
Ardagh Finance Holdings SA, Senior Notes	8.625%	6/15/19	1,240,000	1,252,400 ^{(a)(d)}
Ardagh Packaging Finance PLC, Senior Notes	9.125%	10/15/20	1,130,000	1,228,875 ^(a)
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	6.250%	1/31/19	480,000	476,400 ^(a)
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	9.125%	10/15/20	2,170,000	2,349,025 ^(a)
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	7.000%	11/15/20	254,118	257,929 ^(a)
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	6.750%	1/31/21	1,520,000	1,523,800 ^(a)
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	6.000%	6/30/21	680,000	654,500 ^(a)
BWAY Holding Co., Senior Notes	9.125%	8/15/21	1,610,000	1,626,100 ^(a)
Coveris Holdings SA, Senior Notes	7.875%	11/1/19	1,780,000	1,869,000 ^(a)
Pactiv LLC, Senior Bonds	8.375%	4/15/27	2,560,000	2,739,200
PaperWorks Industries Inc., Senior Secured Notes	9.500%	8/15/19	1,030,000	1,051,888 ^(a)
Reynolds Group Issuer Inc./Reynolds Group Issuer LLC/Reynolds Group Issuer (Luxembourg) SA, Senior Notes	8.500%	5/15/18	280,000	290,150
<i>Total Containers & Packaging</i>				<i>15,319,267</i>

See Notes to Financial Statements.

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Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Metals & Mining 4.2%</i>				
ArcelorMittal, Senior Notes	6.000%	3/1/21	465,000	\$ 490,575
ArcelorMittal, Senior Notes	6.750%	2/25/22	340,000	366,775
AuRico Gold Inc., Secured Notes	7.750%	4/1/20	1,000,000	1,005,000 (a)
Barmenco Finance Pty Ltd., Senior Notes	9.000%	6/1/18	1,300,000	1,131,000 (a)
Cliffs Natural Resources Inc., Senior Notes	5.900%	3/15/20	1,540,000	1,285,900
Coeur Mining Inc., Senior Notes	7.875%	2/1/21	1,850,000	1,743,625
Evrz Group SA, Notes	9.500%	4/24/18	100,000	104,750 (a)
Evrz Group SA, Senior Notes	9.500%	4/24/18	100,000	104,750 (f)
FMG Resources (August 2006) Pty Ltd., Senior Notes	8.250%	11/1/19	2,210,000	2,292,875 (a)
Midwest Vanadium Pty Ltd., Senior Secured Notes	11.500%	2/15/18	1,570,000	243,350 (a)(b)(e)
Mirabela Nickel Ltd., Subordinated Notes	1.000%	9/10/44	16,961	0 (b)(c)(i)
Prince Mineral Holding Corp., Senior Secured Notes	12.000%	12/15/19	1,280,000	1,440,000 (a)
Rain CII Carbon LLC/CII Carbon Corp., Senior Secured Notes	8.250%	1/15/21	2,260,000	2,361,700 (a)
Ryerson Inc./Joseph T. Ryerson & Son Inc., Senior Secured Notes	9.000%	10/15/17	2,040,000	2,157,300
Schaeffler Holding Finance BV, Senior Secured Bonds	6.875%	8/15/18	880,000	919,600 (a)(d)
Schaeffler Holding Finance BV, Senior Secured Notes	6.875%	8/15/18	1,050,000 EUR	1,393,176 (a)(d)
St. Barbara Ltd., Senior Secured Notes	8.875%	4/15/18	1,980,000	1,673,100 (a)
SunCoke Energy Partners LP/SunCoke Energy Partners Finance Corp., Senior Notes	7.375%	2/1/20	610,000	643,550 (a)
SunCoke Energy Partners LP/SunCoke Energy Partners Finance Corp., Senior Notes	7.375%	2/1/20	270,000	284,850 (a)
Thompson Creek Metals Co. Inc., Senior Notes	12.500%	5/1/19	1,050,000	1,157,625
Thompson Creek Metals Co. Inc., Senior Secured Notes	9.750%	12/1/17	990,000	1,081,575
Vale Overseas Ltd., Notes	8.250%	1/17/34	62,000	78,260
Vale Overseas Ltd., Notes	6.875%	11/21/36	68,000	77,010
Vedanta Resources PLC, Senior Notes	6.750%	6/7/16	200,000	209,770 (a)
<i>Total Metals & Mining</i>				<i>22,246,116</i>
<i>Paper & Forest Products 1.2%</i>				
Appvion Inc., Secured Notes	9.000%	6/1/20	3,480,000	2,927,550 (a)
Resolute Forest Products Inc., Senior Notes	5.875%	5/15/23	2,310,000	2,146,856
Verso Paper Holdings LLC/Verso Paper Inc., Senior Secured Notes	11.750%	1/15/19	1,070,000	1,080,700
Verso Paper Holdings LLC/Verso Paper Inc., Senior Secured Notes	11.750%	1/15/19	232,000	192,560
<i>Total Paper & Forest Products</i>				<i>6,347,666</i>
Total Materials				48,381,260
<i>Telecommunication Services 9.4%</i>				
<i>Diversified Telecommunication Services 5.3%</i>				
Axtel SAB de CV, Senior Secured Notes, Step Bond	8.000%	1/31/20	129,000	129,000 (a)

See Notes to Financial Statements.

Schedule of investments (cont d)

September 30, 2014

Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Diversified Telecommunication Services continued</i>				
CenturyLink Inc., Senior Notes	5.800%	3/15/22	2,350,000	\$ 2,420,500
Cogent Communications Holdings Inc., Senior Secured Notes	8.375%	2/15/18	1,660,000	1,751,300 ^(a)
Intelsat Jackson Holdings SA, Senior Bonds	5.500%	8/1/23	3,380,000	3,240,575
Intelsat Jackson Holdings SA, Senior Notes	7.250%	10/15/20	2,750,000	2,915,000
Intelsat Jackson Holdings SA, Senior Notes	7.500%	4/1/21	670,000	717,737
Level 3 Financing Inc., Senior Notes	7.000%	6/1/20	130,000	137,638
Level 3 Financing Inc., Senior Notes	8.625%	7/15/20	2,350,000	2,555,625
Level 3 Financing Inc., Senior Notes	6.125%	1/15/21	630,000	651,263 ^(a)
TW Telecom Holdings Inc., Senior Notes	5.375%	10/1/22	480,000	517,800
TW Telecom Holdings Inc., Senior Notes	6.375%	9/1/23	2,820,000	3,165,450
UBS Luxembourg SA for OJSC Vimpel Communications, Loan Participation Notes	8.250%	5/23/16	130,000	137,150 ^(f)
Unitymedia Hessen GmbH & Co. KG/Unitymedia NRW GmbH, Senior Secured Notes	7.500%	3/15/19	430,000	456,875 ^(a)
Verizon Communications Inc., Senior Notes	5.150%	9/15/23	1,830,000	2,027,955
Windstream Corp., Senior Notes	7.500%	4/1/23	4,330,000	4,459,900
Windstream Corp., Senior Notes	6.375%	8/1/23	2,910,000	2,819,062
<i>Total Diversified Telecommunication Services</i>				<i>28,102,830</i>
<i>Wireless Telecommunication Services 4.1%</i>				
Sprint Capital Corp., Senior Notes	6.875%	11/15/28	2,900,000	2,784,000
Sprint Capital Corp., Senior Notes	8.750%	3/15/32	5,335,000	5,848,494
Sprint Communications Inc., Senior Notes	6.000%	12/1/16	200,000	210,750
Sprint Communications Inc., Senior Notes	9.000%	11/15/18	2,770,000	3,206,275 ^(a)
Sprint Corp., Senior Notes	7.875%	9/15/23	2,860,000	3,038,750 ^(a)
Syniverse Holdings Inc., Senior Notes	9.125%	1/15/19	1,455,000	1,531,388
T-Mobile USA Inc., Senior Notes	6.542%	4/28/20	560,000	576,100
T-Mobile USA Inc., Senior Notes	6.731%	4/28/22	400,000	410,500
T-Mobile USA Inc., Senior Notes	6.000%	3/1/23	2,550,000	2,553,187
VimpelCom Holdings BV, Senior Notes	7.504%	3/1/22	200,000	204,750 ^(a)
VimpelCom Holdings BV, Senior Notes	5.950%	2/13/23	1,200,000	1,107,000 ^(a)
<i>Total Wireless Telecommunication Services</i>				<i>21,471,194</i>
Total Telecommunication Services				49,574,024
Utilities 4.0%				
<i>Electric Utilities 1.5%</i>				
AES Red Oak LLC, Secured Notes	9.200%	11/30/29	4,200,000	4,641,000
GenOn REMA LLC, Pass-Through Certificates	9.237%	7/2/17	453,761	484,390
GenOn REMA LLC, Pass-Through Certificates	9.681%	7/2/26	2,220,000	2,375,400
Midwest Generation LLC, Pass-Through Certificates	8.560%	1/2/16	393,263	403,094
<i>Total Electric Utilities</i>				<i>7,903,884</i>

See Notes to Financial Statements.

Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Gas Utilities 0.3%</i>				
Southern Natural Gas Co., Senior Notes	8.000%	3/1/32	60,000	\$ 76,538
Suburban Propane Partners LP/Suburban Energy Finance Corp., Senior Notes	7.375%	3/15/20	1,330,000	1,396,500
<i>Total Gas Utilities</i>				<i>1,473,038</i>
<i>Independent Power and Renewable Electricity Producers 2.2%</i>				
Atlantic Power Corp., Senior Notes	9.000%	11/15/18	960,000	974,400
Calpine Corp., Senior Secured Notes	7.875%	1/15/23	1,303,000	1,426,785 (a)
Colbun SA, Senior Notes	6.000%	1/21/20	100,000	110,719 (a)
Dynergy Roseton LLC/Dynergy Danskammer LLC Pass-Through Trust, Escrow Receipt			380,000	0 (b)(c)(e)(i)
First Wind Holdings Inc., Senior Secured Notes	10.250%	6/1/18	2,680,000	2,847,500 (a)
Foresight Energy LLC/Foresight Energy Corp., Senior Notes	7.875%	8/15/21	2,320,000	2,453,400 (a)
Mirant Mid Atlantic LLC, Pass-Through Certificates	9.125%	6/30/17	95,144	102,042
Mirant Mid Atlantic LLC, Pass-Through Certificates	10.060%	12/30/28	3,303,832	3,667,254
<i>Total Independent Power and Renewable Electricity Producers</i>				<i>11,582,100</i>
Total Utilities				20,959,022
Total Corporate Bonds & Notes (Cost \$468,578,142)				481,040,087
<i>Collateralized Mortgage Obligations 0.1%</i>				
Countrywide Home Loan Mortgage Pass-Through Trust, 2004-HYB5 7A1 (Cost \$511,905)	2.375%	4/20/35	734,982	644,732 (g)
Convertible Bonds & Notes 0.3%				
<i>Materials 0.3%</i>				
<i>Chemicals 0.1%</i>				
Hercules Inc., Junior Subordinated Bonds	6.500%	6/30/29	420,000	385,875
<i>Metals & Mining 0.2%</i>				
Mirabela Nickel Ltd., Senior Secured Bonds	9.500%	6/20/19	1,079,000	1,079,000 (a)(b)(c)
Total Convertible Bonds & Notes (Cost \$1,464,591)				1,464,875
Senior Loans 2.3%				
Consumer Discretionary 0.7%				
<i>Hotels, Restaurants & Leisure 0.5%</i>				
Equinox Holdings Inc., Second Lien Term Loan	9.750%	7/31/20	1,290,000	1,309,350 (j)(k)
Stockbridge SBE Holdings LLC, Term Loan B	13.000%	5/2/17	1,335,000	1,448,475 (j)(k)
<i>Total Hotels, Restaurants & Leisure</i>				<i>2,757,825</i>
<i>Household Durables 0.1%</i>				
William Lyon Homes Inc., Bridge Term Loan		8/12/22	463,846	463,846 (c)(l)
<i>Specialty Retail 0.1%</i>				
Gymboree Corp., Initial Term Loan	5.000%	2/23/18	620,000	413,333 (j)(k)
Total Consumer Discretionary				3,635,004

See Notes to Financial Statements.

Schedule of investments (cont d)

September 30, 2014

Western Asset High Income Opportunity Fund Inc.

	Rate	Maturity Date	Face Amount	Value
Security				
Consumer Staples 0.1%				
<i>Food Products 0.1%</i>				
AdvancePierre Foods Inc., Second Lien Term Loan	9.500%	10/10/17	550,000	\$ 547,250 (i)(k)
Health Care 0.7%				
<i>Health Care Providers & Services 0.7%</i>				
CRC Health Corp., Second Lien Term Loan	9.000%	9/28/21	1,090,000	1,090,681 (i)(k)
Physiotherapy Associates Holdings Inc., Exit Term Loan	11.000%	10/10/16	1,170,000	1,164,150 (b)(j)(k)
Radnet Management Inc., Second Lien Term Loan	8.000%	3/25/21	1,350,000	1,355,063 (i)(k)
Total Health Care				3,609,894
Materials 0.2%				
<i>Chemicals 0.2%</i>				
Kronos Inc., Second Lien Term Loan	9.750%	4/30/20	980,000	1,011,850 (i)(k)
Utilities 0.6%				
<i>Independent Power and Renewable Electricity Producers 0.6%</i>				
Energy Future Intermediate Holding Co. LLC, DIP Term Loan	4.250%	6/19/16	3,055,640	3,046,091 (i)(k)
Total Senior Loans (Cost \$11,827,175)				11,850,089
Sovereign Bonds 0.2%				
<i>Colombia 0.0%</i>				
Republic of Colombia, Senior Notes	7.375%	3/18/19	100,000	119,750
<i>Turkey 0.1%</i>				
Republic of Turkey, Senior Notes	7.000%	6/5/20	12,000	13,636
Republic of Turkey, Senior Notes	6.875%	3/17/36	377,000	433,569
<i>Total Turkey</i>				<i>447,205</i>
<i>Venezuela 0.1%</i>				
Bolivarian Republic of Venezuela, Global Senior Bonds	8.500%	10/8/14	12,000	11,874
Bolivarian Republic of Venezuela, Senior Bonds	5.750%	2/26/16	386,000	330,030 (f)
Bolivarian Republic of Venezuela, Senior Bonds	9.375%	1/13/34	53,000	35,245
Bolivarian Republic of Venezuela, Senior Notes	7.650%	4/21/25	16,000	9,920
<i>Total Venezuela</i>				<i>387,069</i>
Total Sovereign Bonds (Cost \$954,643)				954,024
			Shares	
Common Stocks 2.5%				
Consumer Discretionary 0.3%				
<i>Automobiles 0.3%</i>				
Ford Motor Co.			88,227	1,304,877
<i>Hotels, Restaurants & Leisure 0.0%</i>				
Bossier Casino Venture Holdco Inc.			86,730	0 *(b)(c)(i)
Total Consumer Discretionary				1,304,877

See Notes to Financial Statements.

Western Asset High Income Opportunity Fund Inc.

	Shares	Value
Security		
Energy 0.5%		
<i>Energy Equipment & Services 0.5%</i>		
KCAD Holdings I Ltd.	275,927,431	\$ 2,537,705 *(b)(c)
Financials 1.0%		
<i>Banks 0.9%</i>		
Citigroup Inc.		