

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Form N-Q

February 26, 2018

**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, 2017**

**ITEM 1. SCHEDULE OF INVESTMENTS.**

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

FORM N-Q

DECEMBER 31, 2017

## WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

## Schedule of investments (unaudited)

December 31, 2017

| SECURITY   | RATE    | MATURITY DATE | FACE AMOUNT | VALUE                             |
|--|---------|---------------|-------------|-----------------------------------|
| <b>CORPORATE BONDS &amp; NOTES - 80.0%</b>   |         |               |             |                                   |
| <b>CONSUMER DISCRETIONARY - 14.6%</b>  |         |               |             |                                   |
| <b>Auto Components - 1.3%</b>  |         |               |             |                                   |
| Adient Global Holdings Ltd., Senior Notes  | 4.875%  | 8/15/26       | 4,290,000   | \$ 4,429,425 <sup>(a)</sup>       |
| Delphi Technologies PLC, Senior Notes  | 5.000%  | 10/1/25       | 1,090,000   | 1,106,350 <sup>(a)</sup>          |
| IHO Verwaltungs GmbH, Senior Secured Bonds (4.750% Cash or 5.500% PIK)                       | 4.750%  | 9/15/26       | 1,310,000   | 1,332,925 <sup>(a)(b)</sup>       |
| ZF North America Capital Inc., Senior Notes  | 4.750%  | 4/29/25       | 2,730,000   | 2,900,625 <sup>(a)</sup>          |
| <i>Total Auto Components</i>   |         |               |             | 9,769,325                         |
| <b>Diversified Consumer Services - 0.9%</b>  |         |               |             |                                   |
| Prime Security Services Borrower LLC/Prime Finance Inc., Secured Notes                       | 9.250%  | 5/15/23       | 3,630,000   | 4,038,375 <sup>(a)</sup>          |
| Service Corp. International, Senior Notes  | 7.500%  | 4/1/27        | 1,975,000   | 2,389,750                         |
| <i>Total Diversified Consumer Services</i>   |         |               |             | 6,428,125                         |
| <b>Hotels, Restaurants &amp; Leisure - 3.0%</b>  |         |               |             |                                   |
| 1011778 BC ULC/New Red Finance Inc., Secured Notes   | 5.000%  | 10/15/25      | 1,040,000   | 1,053,000 <sup>(a)</sup>          |
| Aramark Services Inc., Senior Notes  | 5.000%  | 4/1/25        | 1,190,000   | 1,259,972 <sup>(a)</sup>          |
| Bossier Casino Venture Holdco Inc., Senior Secured Bonds (14.000% PIK)                       | 14.000% | 2/9/18        | 1,982,084   | 1,982,084 <sup>(a)(b)(c)(d)</sup> |
| Brinker International Inc., Senior Notes   | 5.000%  | 10/1/24       | 1,760,000   | 1,782,000 <sup>(a)</sup>          |
| Carrols Restaurant Group Inc., Secured Notes   | 8.000%  | 5/1/22        | 2,820,000   | 2,982,150                         |
| Fontainebleau Las Vegas Holdings LLC, Senior Secured Notes                                   | 10.250% | 6/15/15       | 715,000     | 72 <sup>*(a)(e)</sup>             |
| GLP Capital LP/GLP Financing II Inc., Senior Notes   | 5.375%  | 4/15/26       | 1,840,000   | 1,978,000                         |
| Hilton Worldwide Finance LLC/Hilton Worldwide Finance Corp., Senior Notes                    | 4.625%  | 4/1/25        | 2,170,000   | 2,235,100                         |
| Hilton Worldwide Finance LLC/Hilton Worldwide Finance Corp., Senior Notes                    | 4.875%  | 4/1/27        | 1,530,000   | 1,604,587                         |
| Scientific Games International Inc., Senior Secured Notes                                    | 7.000%  | 1/1/22        | 1,310,000   | 1,383,688 <sup>(a)</sup>          |
| Silversea Cruise Finance Ltd., Senior Secured Notes  | 7.250%  | 2/1/25        | 1,538,000   | 1,664,885 <sup>(a)</sup>          |
| Sugarhouse HSP Gaming Prop Mezz LP/Sugarhouse HSP Gaming Finance Corp., Senior Secured Notes | 5.875%  | 5/15/25       | 820,000     | 781,050 <sup>(a)</sup>            |
| Viking Cruises Ltd., Senior Notes  | 5.875%  | 9/15/27       | 2,680,000   | 2,733,600 <sup>(a)</sup>          |
| <i>Total Hotels, Restaurants &amp; Leisure</i>   |         |               |             | 21,440,188                        |
| <b>Household Durables - 0.5%</b>   |         |               |             |                                   |
| Lennar Corp., Senior Notes   | 4.750%  | 11/29/27      | 2,370,000   | 2,452,476 <sup>(a)</sup>          |
| Weekley Homes LLC/Weekley Finance Corp., Senior Notes  | 6.625%  | 8/15/25       | 880,000     | 880,000 <sup>(a)</sup>            |
| <i>Total Household Durables</i>  |         |               |             | 3,332,476                         |
| <b>Media - 7.5%</b>  |         |               |             |                                   |
| Carmike Cinemas Inc., Secured Notes  | 6.000%  | 6/15/23       | 840,000     | 882,000 <sup>(a)</sup>            |
| CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes                                    | 5.750%  | 2/15/26       | 1,170,000   | 1,218,263 <sup>(a)</sup>          |
|  | 4.908%  | 7/23/25       | 6,850,000   | 7,294,018                         |

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|  |        |          |           |           |
|--|--------|----------|-----------|-----------|
| Charter Communications Operating LLC/Charter Communications<br>Operating Capital Corp., Senior Secured Notes |        |          |           |           |
| Charter Communications Operating LLC/Charter Communications<br>Operating Capital Corp., Senior Secured Notes | 6.484% | 10/23/45 | 1,220,000 | 1,427,342 |
| DISH DBS Corp., Senior Notes   | 7.875% | 9/1/19   | 380,000   | 407,550   |
| DISH DBS Corp., Senior Notes   | 5.875% | 7/15/22  | 1,100,000 | 1,109,625 |

**See Notes to Schedule of Investments.**

## WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

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

December 31, 2017

| SECURITY  | RATE    | MATURITY DATE | FACE AMOUNT | VALUE                    |
|---|---------|---------------|-------------|--------------------------|
| <b>Media - (continued)</b>  |         |               |             |                          |
| DISH DBS Corp., Senior Notes  | 5.875%  | 11/15/24      | 750,000     | \$ 733,125               |
| DISH DBS Corp., Senior Notes  | 7.750%  | 7/1/26        | 5,560,000   | 5,865,800                |
| EW Scripps Co., Senior Notes  | 5.125%  | 5/15/25       | 1,210,000   | 1,206,975 <sup>(a)</sup> |
| Lions Gate Entertainment Corp., Senior Notes                                    | 5.875%  | 11/1/24       | 720,000     | 764,100 <sup>(a)</sup>   |
| SFR Group SA, Senior Secured Bonds  | 6.250%  | 5/15/24       | 5,410,000   | 5,443,812 <sup>(a)</sup> |
| SFR Group SA, Senior Secured Notes  | 7.375%  | 5/1/26        | 9,370,000   | 9,651,100 <sup>(a)</sup> |
| Time Warner Cable LLC, Senior Notes   | 8.750%  | 2/14/19       | 2,311,000   | 2,464,713                |
| Time Warner Cable LLC, Senior Notes   | 8.250%  | 4/1/19        | 1,039,000   | 1,110,802                |
| UPC Holding BV, Senior Secured Notes  | 5.500%  | 1/15/28       | 5,280,000   | 5,121,600 <sup>(a)</sup> |
| Virgin Media Finance PLC, Senior Notes  | 6.375%  | 4/15/23       | 4,400,000   | 4,559,500 <sup>(a)</sup> |
| Virgin Media Finance PLC, Senior Notes  | 6.000%  | 10/15/24      | 1,530,000   | 1,575,900 <sup>(a)</sup> |
| Virgin Media Secured Finance PLC, Senior Secured Bonds                          | 5.500%  | 1/15/25       | 1,400,000   | 1,440,250 <sup>(a)</sup> |
| Ziggo Secured Finance BV, Senior Secured Notes                                  | 5.500%  | 1/15/27       | 2,340,000   | 2,328,300 <sup>(a)</sup> |
| <i>Total Media</i>  |         |               |             | 54,604,775               |
| <b>Specialty Retail - 1.0%</b>  |         |               |             |                          |
| American Greetings Corp., Senior Notes  | 7.875%  | 2/15/25       | 2,350,000   | 2,549,750 <sup>(a)</sup> |
| Hertz Corp., Senior Notes   | 5.875%  | 10/15/20      | 2,030,000   | 2,045,225                |
| PetSmart Inc., Senior Notes   | 8.875%  | 6/1/25        | 1,180,000   | 716,850 <sup>(a)</sup>   |
| ServiceMaster Co., LLC, Senior Notes  | 5.125%  | 11/15/24      | 1,960,000   | 1,989,400 <sup>(a)</sup> |
| <i>Total Specialty Retail</i>   |         |               |             | 7,301,225                |
| <b>Textiles, Apparel &amp; Luxury Goods - 0.4%</b>                              |         |               |             |                          |
| Hanesbrands Inc., Senior Notes  | 4.875%  | 5/15/26       | 2,700,000   | 2,781,000 <sup>(a)</sup> |
| <b>TOTAL CONSUMER DISCRETIONARY</b>   |         |               |             | 105,657,114              |
| <b>CONSUMER STAPLES - 2.2%</b>  |         |               |             |                          |
| <b>Beverages - 0.4%</b>   |         |               |             |                          |
| Carolina Beverage Group LLC/Carolina Beverage Group Finance Inc., Secured Notes | 10.625% | 8/1/18        | 1,500,000   | 1,513,125 <sup>(a)</sup> |
| DS Services of America Inc., Secured Notes                                      | 10.000% | 9/1/21        | 1,357,000   | 1,424,852 <sup>(a)</sup> |
| <i>Total Beverages</i>  |         |               |             | 2,937,977                |
| <b>Food &amp; Staples Retailing - 0.1%</b>                                      |         |               |             |                          |
| Beverages & More Inc., Senior Secured Notes                                     | 11.500% | 6/15/22       | 1,060,000   | 977,850 <sup>(a)</sup>   |
| <b>Food Products - 0.8%</b>   |         |               |             |                          |
| Lamb Weston Holdings Inc., Senior Notes   | 4.625%  | 11/1/24       | 1,400,000   | 1,449,000 <sup>(a)</sup> |
| Lamb Weston Holdings Inc., Senior Notes   | 4.875%  | 11/1/26       | 420,000     | 439,950 <sup>(a)</sup>   |
| Marfrig Holding Europe BV, Senior Notes   | 8.000%  | 6/8/23        | 3,000,000   | 3,138,750 <sup>(a)</sup> |
| Pilgrim's Pride Corp., Senior Notes   | 5.875%  | 9/30/27       | 920,000     | 949,900 <sup>(a)</sup>   |
| <i>Total Food Products</i>  |         |               |             | 5,977,600                |

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**Household Products - 0.7%**

|  |        |          |           |           |
|--|--------|----------|-----------|-----------|
| Central Garden & Pet Co., Senior Notes | 6.125% | 11/15/23 | 1,080,000 | 1,147,500 |
| Central Garden & Pet Co., Senior Notes | 5.125% | 2/1/28   | 1,120,000 | 1,122,800 |
| Spectrum Brands Inc., Senior Notes     | 6.625% | 11/15/22 | 940,000   | 975,250   |
| Spectrum Brands Inc., Senior Notes     | 6.125% | 12/15/24 | 650,000   | 691,437   |
| Spectrum Brands Inc., Senior Notes     | 5.750% | 7/15/25  | 1,220,000 | 1,290,150 |

*Total Household Products*

5,227,137

**See Notes to Schedule of Investments.**

## WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

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

December 31, 2017

| SECURITY   | RATE    | MATURITY DATE | FACE AMOUNT | VALUE                    |
|--|---------|---------------|-------------|--------------------------|
| <b>Tobacco - 0.2%</b>  |         |               |             |                          |
| Alliance One International Inc., Secured Notes                                     | 9.875%  | 7/15/21       | 1,290,000   | \$ 1,191,638             |
| <b>TOTAL CONSUMER STAPLES</b>  |         |               |             | 16,312,202               |
| <b>ENERGY - 14.0%</b>  |         |               |             |                          |
| <b>Energy Equipment &amp; Services - 1.1%</b>                                      |         |               |             |                          |
| KCA Deutag UK Finance PLC, Senior Secured Notes                                    | 9.875%  | 4/1/22        | 2,320,000   | 2,470,800 <sup>(a)</sup> |
| Precision Drilling Corp., Senior Notes   | 7.125%  | 1/15/26       | 1,220,000   | 1,247,450 <sup>(a)</sup> |
| Pride International Inc., Senior Notes   | 7.875%  | 8/15/40       | 1,000,000   | 835,000                  |
| Transocean Inc., Senior Notes  | 9.000%  | 7/15/23       | 830,000     | 900,550 <sup>(a)</sup>   |
| Transocean Inc., Senior Notes  | 7.500%  | 1/15/26       | 1,290,000   | 1,324,250 <sup>(a)</sup> |
| Transocean Inc., Senior Notes  | 6.800%  | 3/15/38       | 1,770,000   | 1,429,275                |
| <i>Total Energy Equipment &amp; Services</i>                                       |         |               |             | 8,207,325                |
| <b>Oil, Gas &amp; Consumable Fuels - 12.9%</b>                                     |         |               |             |                          |
| Andeavor Logistics LP/Tesoro Logistics Finance Corp., Senior Notes                 | 6.375%  | 5/1/24        | 650,000     | 706,063                  |
| Andeavor Logistics LP/Tesoro Logistics Finance Corp., Senior Notes                 | 5.250%  | 1/15/25       | 1,530,000   | 1,611,013                |
| Berry Petroleum Co. Escrow   |         |               | 3,484,000   | 0 <sup>*(c)(d)(f)</sup>  |
| Berry Petroleum Co. Escrow   |         |               | 1,230,000   | 0 <sup>*(c)(d)(f)</sup>  |
| Blue Racer Midstream LLC/Blue Racer Finance Corp., Senior Notes                    | 6.125%  | 11/15/22      | 2,840,000   | 2,974,900 <sup>(a)</sup> |
| Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Secured Notes | 11.500% | 1/15/21       | 1,740,000   | 1,979,250 <sup>(a)</sup> |
| Centennial Resource Production LLC, Senior Notes                                   | 5.375%  | 1/15/26       | 1,090,000   | 1,113,163 <sup>(a)</sup> |
| Cheniere Corpus Christi Holdings LLC, Senior Secured Notes                         | 5.875%  | 3/31/25       | 2,120,000   | 2,301,525                |
| Chesapeake Energy Corp., Senior Notes  | 6.875%  | 11/15/20      | 5,200,000   | 5,434,000                |
| Chesapeake Energy Corp., Senior Notes  | 5.375%  | 6/15/21       | 1,655,000   | 1,605,350                |
| Chesapeake Energy Corp., Senior Notes  | 5.750%  | 3/15/23       | 600,000     | 558,000                  |
| Chesapeake Energy Corp., Senior Notes  | 8.000%  | 6/15/27       | 680,000     | 654,500 <sup>(a)</sup>   |
| Continental Resources Inc., Senior Notes   | 3.800%  | 6/1/24        | 3,010,000   | 2,987,425                |
| Continental Resources Inc., Senior Notes   | 4.900%  | 6/1/44        | 2,640,000   | 2,534,400                |
| Ecopetrol SA, Senior Notes   | 7.375%  | 9/18/43       | 1,900,000   | 2,290,925                |
| Endeavor Energy Resources LP/EER Finance Inc., Senior Notes                        | 5.500%  | 1/30/26       | 560,000     | 571,200 <sup>(a)</sup>   |
| Endeavor Energy Resources LP/EER Finance Inc., Senior Notes                        | 5.750%  | 1/30/28       | 900,000     | 927,675 <sup>(a)</sup>   |
| Genesis Energy LP/Genesis Energy Finance Corp., Senior Bonds                       | 5.625%  | 6/15/24       | 2,100,000   | 2,058,000                |
| Genesis Energy LP/Genesis Energy Finance Corp., Senior Notes                       | 6.750%  | 8/1/22        | 1,320,000   | 1,376,100                |
| Kinder Morgan Inc., Medium-Term Notes  | 7.750%  | 1/15/32       | 6,920,000   | 8,956,840                |
| Magnum Hunter Resources Corp. Escrow   |         |               | 6,700,000   | 0 <sup>*(c)(d)(f)</sup>  |
| MEG Energy Corp., Senior Notes   | 7.000%  | 3/31/24       | 2,900,000   | 2,461,375 <sup>(a)</sup> |
| NGPL PipeCo LLC, Senior Bonds  | 4.875%  | 8/15/27       | 1,510,000   | 1,572,288 <sup>(a)</sup> |
| NGPL PipeCo LLC, Senior Notes  | 4.375%  | 8/15/22       | 1,010,000   | 1,030,831 <sup>(a)</sup> |
| NGPL PipeCo LLC, Senior Secured Notes  | 7.768%  | 12/15/37      | 1,520,000   | 1,881,000 <sup>(a)</sup> |
| Oasis Petroleum Inc., Senior Notes   | 7.250%  | 2/1/19        | 1,910,000   | 1,919,550                |
| Oasis Petroleum Inc., Senior Notes   | 6.500%  | 11/1/21       | 2,730,000   | 2,794,837                |
| Oasis Petroleum Inc., Senior Notes   | 6.875%  | 1/15/23       | 1,420,000   | 1,457,275                |

See Notes to Schedule of Investments.





## WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

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

December 31, 2017

| SECURITY  | RATE    | MATURITY DATE | FACE AMOUNT | VALUE                          |
|---|---------|---------------|-------------|--------------------------------|
| <b>Oil, Gas &amp; Consumable Fuels - (continued)</b>  |         |               |             |                                |
| Petrobras Global Finance BV, Senior Notes   | 7.375%  | 1/17/27       | 2,550,000   | \$ 2,812,650                   |
| Petrobras Global Finance BV, Senior Notes   | 6.750%  | 1/27/41       | 5,120,000   | 5,132,076                      |
| Rockies Express Pipeline LLC, Senior Notes  | 7.500%  | 7/15/38       | 1,080,000   | 1,254,150 <sup>(a)</sup>       |
| Rockies Express Pipeline LLC, Senior Notes  | 6.875%  | 4/15/40       | 1,140,000   | 1,288,200 <sup>(a)</sup>       |
| Sabine Pass Liquefaction LLC, Senior Secured Notes  | 5.750%  | 5/15/24       | 1,340,000   | 1,491,322                      |
| Sanchez Energy Corp., Senior Notes  | 7.750%  | 6/15/21       | 1,960,000   | 1,852,200                      |
| Sanchez Energy Corp., Senior Notes  | 6.125%  | 1/15/23       | 8,970,000   | 7,624,500                      |
| Shelf Drilling Holdings Ltd., Secured Notes   | 9.500%  | 11/2/20       | 1,422,438   | 1,456,221 <sup>(a)</sup>       |
| Targa Resources Partners LP/Targa Resources Partners Finance Corp., Senior Bonds                      | 5.125%  | 2/1/25        | 1,480,000   | 1,520,700                      |
| Targa Resources Partners LP/Targa Resources Partners Finance Corp., Senior Bonds                      | 5.375%  | 2/1/27        | 3,110,000   | 3,203,300                      |
| Targa Resources Partners LP/Targa Resources Partners Finance Corp., Senior Notes                      | 4.250%  | 11/15/23      | 1,700,000   | 1,687,250                      |
| Whiting Petroleum Corp., Senior Notes   | 5.000%  | 3/15/19       | 1,720,000   | 1,766,010                      |
| Whiting Petroleum Corp., Senior Notes   | 6.250%  | 4/1/23        | 720,000     | 739,800                        |
| Williams Cos. Inc., Debentures  | 7.500%  | 1/15/31       | 620,000     | 761,050                        |
| Williams Cos. Inc., Senior Notes  | 3.700%  | 1/15/23       | 820,000     | 820,000                        |
| Williams Cos. Inc., Senior Notes  | 4.550%  | 6/24/24       | 1,030,000   | 1,073,775                      |
| Williams Cos. Inc., Senior Notes  | 5.750%  | 6/24/44       | 3,190,000   | 3,421,275                      |
| WPX Energy Inc., Senior Notes   | 7.500%  | 8/1/20        | 530,000     | 576,375                        |
| WPX Energy Inc., Senior Notes   | 8.250%  | 8/1/23        | 860,000     | 980,400                        |
| <i>Total Oil, Gas &amp; Consumable Fuels</i>  |         |               |             | 93,218,739                     |
| <b>TOTAL ENERGY</b>   |         |               |             | 101,426,064                    |
| <b>FINANCIALS - 12.6%</b>   |         |               |             |                                |
| <b>Banks - 5.1%</b>   |         |               |             |                                |
| Bank of America Corp., Junior Subordinated Notes (6.500% to 10/23/24 then 3 mo. USD LIBOR + 4.174%)   | 6.500%  | 10/23/24      | 2,160,000   | 2,457,000 <sup>(g)(h)</sup>    |
| Barclays Bank PLC, Subordinated Notes   | 10.179% | 6/12/21       | 2,990,000   | 3,646,734 <sup>(a)</sup>       |
| Barclays Bank PLC, Subordinated Notes   | 7.625%  | 11/21/22      | 3,400,000   | 3,856,875                      |
| Barclays PLC, Junior Subordinated Bonds (8.250% to 12/15/18 then USD 5 year Swap Rate + 6.705%)       | 8.250%  | 12/15/18      | 650,000     | 682,744 <sup>(g)(h)</sup>      |
| BNP Paribas SA, Junior Subordinated Notes (7.375% to 8/19/25 then USD 5 year Swap Rate + 5.150%)      | 7.375%  | 8/19/25       | 1,470,000   | 1,699,687 <sup>(a)(g)(h)</sup> |
| CIT Group Inc., Senior Notes  | 5.375%  | 5/15/20       | 640,000     | 677,600                        |
| CIT Group Inc., Senior Notes  | 5.000%  | 8/15/22       | 1,000,000   | 1,062,500                      |
| CIT Group Inc., Senior Notes  | 5.000%  | 8/1/23        | 3,470,000   | 3,704,225                      |
| Citigroup Inc., Junior Subordinated Bonds (6.300% to 5/15/24 then 3 mo. USD LIBOR + 3.423%)           | 6.300%  | 5/15/24       | 2,060,000   | 2,209,350 <sup>(g)(h)</sup>    |
| Credit Agricole SA, Junior Subordinated Notes (8.375% to 10/13/19 then 3 mo. USD LIBOR + 6.982%)      | 8.375%  | 10/13/19      | 2,100,000   | 2,299,500 <sup>(a)(g)(h)</sup> |
| Credit Agricole SA, Junior Subordinated Notes (8.125% to 12/23/25 then USD 5 year Swap Rate + 6.185%) | 8.125%  | 12/23/25      | 2,290,000   | 2,752,250 <sup>(a)(g)(h)</sup> |

See Notes to Schedule of Investments.



## WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

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

December 31, 2017

| SECURITY   | RATE    | MATURITY DATE | FACE AMOUNT | VALUE                          |
|--|---------|---------------|-------------|--------------------------------|
| <b>Banks - (continued)</b>   |         |               |             |                                |
| Intesa Sanpaolo SpA, Senior Notes  | 3.125%  | 7/14/22       | 4,475,000   | \$ 4,447,386 <sup>(a)</sup>    |
| JPMorgan Chase & Co., Junior Subordinated Bonds (6.000% to 8/1/23 then 3 mo. USD LIBOR + 3.300%)                   | 6.000%  | 8/1/23        | 1,390,000   | 1,497,795 <sup>(g)(h)</sup>    |
| JPMorgan Chase & Co., Junior Subordinated Notes (6.100% to 10/1/24 then 3 mo. USD LIBOR + 3.330%)                  | 6.100%  | 10/1/24       | 1,170,000   | 1,287,059 <sup>(g)(h)</sup>    |
| Royal Bank of Scotland Group PLC, Junior Subordinated Bonds (7.648% to 9/30/31 then 3 mo. USD LIBOR + 2.500%)      | 7.648%  | 9/30/31       | 1,880,000   | 2,462,800 <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   | 1,377,075 <sup>(g)(h)</sup>    |
| Royal Bank of Scotland NV, Subordinated Bonds  | 7.750%  | 5/15/23       | 620,000     | 736,390                        |
| <i>Total Banks</i>   |         |               |             | <i>36,856,970</i>              |
| <b>Capital Markets - 1.3%</b>  |         |               |             |                                |
| Credit Suisse Group AG, Junior Subordinated Notes (6.250% to 12/18/24 then USD 5 year Swap Rate + 3.455%)          | 6.250%  | 12/18/24      | 2,750,000   | 2,988,453 <sup>(a)(g)(h)</sup> |
| Donnelley Financial Solutions Inc., Senior Notes   | 8.250%  | 10/15/24      | 1,680,000   | 1,801,800                      |
| Goldman Sachs Group Inc., Subordinated Notes   | 6.750%  | 10/1/37       | 1,880,000   | 2,521,234                      |
| Goldman Sachs Group Inc., Subordinated Notes   | 5.150%  | 5/22/45       | 2,030,000   | 2,359,577                      |
| <i>Total Capital Markets</i>   |         |               |             | <i>9,671,064</i>               |
| <b>Consumer Finance - 1.2%</b>   |         |               |             |                                |
| Ally Financial Inc., Senior Notes  | 8.000%  | 3/15/20       | 1,744,000   | 1,927,120                      |
| FirstCash Inc., Senior Notes   | 5.375%  | 6/1/24        | 1,520,000   | 1,592,200 <sup>(a)</sup>       |
| Navient Corp., Medium-Term Notes, Senior Notes   | 8.450%  | 6/15/18       | 1,730,000   | 1,778,440                      |
| Navient Corp., Medium-Term Notes, Senior Notes   | 8.000%  | 3/25/20       | 1,510,000   | 1,636,462                      |
| TMX Finance LLC/TitleMax Finance Corp., Senior Secured Notes   | 8.500%  | 9/15/18       | 2,160,000   | 1,987,200 <sup>(a)</sup>       |
| <i>Total Consumer Finance</i>  |         |               |             | <i>8,921,422</i>               |
| <b>Diversified Financial Services - 4.4%</b>   |         |               |             |                                |
| AerCap Ireland Capital DAC/AerCap Global Aviation Trust, Senior Bonds  | 4.625%  | 7/1/22        | 1,210,000   | 1,283,162                      |
| AerCap Ireland Capital DAC/AerCap Global Aviation Trust, Senior Notes  | 4.625%  | 10/30/20      | 650,000     | 681,835                        |
| ASP AMC Merger Subordinated Inc., Senior Notes   | 8.000%  | 5/15/25       | 2,160,000   | 2,084,400 <sup>(a)</sup>       |
| DAE Funding LLC, Senior Notes  | 4.500%  | 8/1/22        | 743,000     | 731,855 <sup>(a)</sup>         |
| DAE Funding LLC, Senior Notes  | 5.000%  | 8/1/24        | 8,130,000   | 8,048,700 <sup>(a)</sup>       |
| GE Capital International Funding Co., Unlimited Co., Senior Notes  | 3.373%  | 11/15/25      | 1,500,000   | 1,527,172                      |
| Interface Special Holdings Inc., Senior Notes (19.000% PIK)  | 19.000% | 11/1/23       | 1,566,739   | 1,574,573 <sup>(a)(b)</sup>    |
| International Lease Finance Corp., Senior Notes  | 6.250%  | 5/15/19       | 250,000     | 262,062                        |
| International Lease Finance Corp., Senior Notes  | 8.250%  | 12/15/20      | 3,675,000   | 4,230,489                      |
| International Lease Finance Corp., Senior Notes  | 8.625%  | 1/15/22       | 170,000     | 204,915                        |
| International Lease Finance Corp., Senior Notes  | 5.875%  | 8/15/22       | 600,000     | 666,220                        |
| Ladder Capital Finance Holdings LLLP/Ladder Capital Finance Corp., Senior Notes                                    | 5.250%  | 10/1/25       | 910,000     | 907,725 <sup>(a)</sup>         |
| Nielsen Co. (Luxembourg) Sarl, Senior Notes  | 5.000%  | 2/1/25        | 1,080,000   | 1,123,200 <sup>(a)</sup>       |
| Park Aerospace Holdings Ltd., Senior Notes   | 5.250%  | 8/15/22       | 1,540,000   | 1,536,150 <sup>(a)</sup>       |
| Park Aerospace Holdings Ltd., Senior Notes   | 4.500%  | 3/15/23       | 3,570,000   | 3,418,275 <sup>(a)</sup>       |

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|   |        |         |           |                          |
|---|--------|---------|-----------|--------------------------|
| Park Aerospace Holdings Ltd., Senior Notes  | 5.500% | 2/15/24 | 3,800,000 | 3,781,000 <sup>(a)</sup> |
| <i>Total Diversified Financial Services</i> |        |         |           | <i>32,061,733</i>        |

**See Notes to Schedule of Investments.**

## WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

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

December 31, 2017

| SECURITY   | RATE   | MATURITY DATE | FACE AMOUNT | VALUE                             |
|--|--------|---------------|-------------|-----------------------------------|
| <b>Insurance - 0.6%</b>  |        |               |             |                                   |
| Fidelity & Guaranty Life Holdings Inc., Senior Notes             | 6.375% | 4/1/21        | 1,310,000   | \$ 1,342,750 <sup>(a)</sup>       |
| Genworth Holdings Inc., Senior Notes                             | 4.900% | 8/15/23       | 1,450,000   | 1,243,375                         |
| MetLife Capital Trust IV, Junior Subordinated Notes              | 7.875% | 12/15/37      | 1,010,000   | 1,350,875 <sup>(a)</sup>          |
| <i>Total Insurance</i>   |        |               |             | 3,937,000                         |
| <b>TOTAL FINANCIALS</b>  |        |               |             | 91,448,189                        |
| <b>HEALTH CARE - 7.4%</b>  |        |               |             |                                   |
| <b>Biotechnology - 0.2%</b>                                      |        |               |             |                                   |
| AMAG Pharmaceuticals Inc., Senior Notes                          | 7.875% | 9/1/23        | 1,240,000   | 1,213,650 <sup>(a)</sup>          |
| <b>Health Care Providers &amp; Services - 4.6%</b>               |        |               |             |                                   |
| Air Medical Group Holdings Inc., Senior Notes                    | 6.375% | 5/15/23       | 520,000     | 501,800 <sup>(a)</sup>            |
| BioScrip Inc., First Lien Notes (1 mo. USD LIBOR + 7.000%)       | 8.224% | 6/30/22       | 2,575,000   | 2,573,198 <sup>(c)(d)(g)(i)</sup> |
| BioScrip Inc., Senior Notes                                      | 8.875% | 2/15/21       | 960,000     | 873,600                           |
| Centene Corp., Senior Notes                                      | 5.625% | 2/15/21       | 1,160,000   | 1,194,800                         |
| Centene Corp., Senior Notes                                      | 4.750% | 5/15/22       | 790,000     | 823,575                           |
| Centene Corp., Senior Notes                                      | 6.125% | 2/15/24       | 710,000     | 752,600                           |
| Centene Corp., Senior Notes                                      | 4.750% | 1/15/25       | 4,320,000   | 4,406,400                         |
| CHS/Community Health Systems Inc., Senior Notes                  | 8.000% | 11/15/19      | 7,830,000   | 6,635,925                         |
| DaVita Inc., Senior Notes  | 5.750% | 8/15/22       | 1,740,000   | 1,791,113                         |
| DaVita Inc., Senior Notes  | 5.125% | 7/15/24       | 1,510,000   | 1,527,931                         |
| DaVita Inc., Senior Notes  | 5.000% | 5/1/25        | 4,150,000   | 4,159,130                         |
| HCA Inc., Debentures   | 7.500% | 11/15/95      | 6,265,000   | 6,437,287                         |
| HCA Inc., Notes  | 7.690% | 6/15/25       | 490,000     | 557,375                           |
| HCA Inc., Senior Secured Notes                                   | 5.250% | 6/15/26       | 870,000     | 924,375                           |
| <i>Total Health Care Providers &amp; Services</i>                |        |               |             | 33,159,109                        |
| <b>Pharmaceuticals - 2.6%</b>                                    |        |               |             |                                   |
| Valeant Pharmaceuticals International Inc., Senior Notes         | 5.375% | 3/15/20       | 1,490,000   | 1,497,450 <sup>(a)</sup>          |
| Valeant Pharmaceuticals International Inc., Senior Notes         | 7.000% | 10/1/20       | 610,000     | 616,863 <sup>(a)</sup>            |
| Valeant Pharmaceuticals International Inc., Senior Notes         | 6.375% | 10/15/20      | 540,000     | 546,750 <sup>(a)</sup>            |
| Valeant Pharmaceuticals International Inc., Senior Notes         | 7.500% | 7/15/21       | 3,010,000   | 3,070,200 <sup>(a)</sup>          |
| Valeant Pharmaceuticals International Inc., Senior Notes         | 6.750% | 8/15/21       | 1,470,000   | 1,484,700 <sup>(a)</sup>          |
| Valeant Pharmaceuticals International Inc., Senior Notes         | 7.250% | 7/15/22       | 3,520,000   | 3,572,800 <sup>(a)</sup>          |
| Valeant Pharmaceuticals International Inc., Senior Notes         | 5.875% | 5/15/23       | 1,330,000   | 1,236,900 <sup>(a)</sup>          |
| Valeant Pharmaceuticals International Inc., Senior Notes         | 6.125% | 4/15/25       | 6,350,000   | 5,834,062 <sup>(a)</sup>          |
| Valeant Pharmaceuticals International Inc., Senior Secured Notes | 7.000% | 3/15/24       | 1,300,000   | 1,394,250 <sup>(a)</sup>          |
| <i>Total Pharmaceuticals</i>                                     |        |               |             | 19,253,975                        |
| <b>TOTAL HEALTH CARE</b>   |        |               |             | 53,626,734                        |
| <b>INDUSTRIALS - 5.4%</b>  |        |               |             |                                   |
| <b>Air Freight &amp; Logistics - 0.2%</b>                        |        |               |             |                                   |
| XPO Logistics Inc., Senior Notes                                 | 6.500% | 6/15/22       | 1,040,000   | 1,089,400 <sup>(a)</sup>          |

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**Airlines - 0.2%**

|  |        |         |         |                           |
|--|--------|---------|---------|---------------------------|
| American Airlines, Pass-Through Trust, Secured Notes           | 7.000% | 1/31/18 | 642,890 | 646,104 <sup>(a)(c)</sup> |
| Delta Air Lines Inc., Pass-Through Certificates, Secured Notes | 8.021% | 8/10/22 | 574,126 | 645,433                   |
| <i>Total Airlines</i>  |        |         |         | <i>1,291,537</i>          |

**See Notes to Schedule of Investments.**

## WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

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

December 31, 2017

| SECURITY   | RATE    | MATURITY DATE | FACE AMOUNT | VALUE                       |
|--|---------|---------------|-------------|-----------------------------|
| <b>Building Products - 0.7%</b>  |         |               |             |                             |
| Jeld-Wen Inc., Senior Notes  | 4.625%  | 12/15/25      | 1,000,000   | \$ 1,010,000 <sup>(a)</sup> |
| Jeld-Wen Inc., Senior Notes  | 4.875%  | 12/15/27      | 1,370,000   | 1,387,125 <sup>(a)</sup>    |
| Standard Industries Inc., Senior Notes   | 5.500%  | 2/15/23       | 1,020,000   | 1,065,900 <sup>(a)</sup>    |
| Standard Industries Inc., Senior Notes   | 4.750%  | 1/15/28       | 1,800,000   | 1,813,158 <sup>(a)</sup>    |
| <i>Total Building Products</i>   |         |               |             | 5,276,183                   |
| <b>Commercial Services &amp; Supplies - 1.2%</b>   |         |               |             |                             |
| ACCO Brands Corp., Senior Notes  | 5.250%  | 12/15/24      | 1,270,000   | 1,308,100 <sup>(a)</sup>    |
| Brink's Co., Senior Notes  | 4.625%  | 10/15/27      | 2,330,000   | 2,289,225 <sup>(a)</sup>    |
| Garda World Security Corp., Senior Notes   | 7.250%  | 11/15/21      | 270,000     | 276,750 <sup>(a)</sup>      |
| GFL Environmental Inc., Senior Notes   | 9.875%  | 2/1/21        | 1,910,000   | 2,017,438 <sup>(a)</sup>    |
| United Rentals North America Inc., Senior Notes  | 4.625%  | 10/15/25      | 550,000     | 555,500                     |
| United Rentals North America Inc., Senior Notes  | 5.500%  | 5/15/27       | 910,000     | 960,050                     |
| United Rentals North America Inc., Senior Notes  | 4.875%  | 1/15/28       | 1,290,000   | 1,299,675                   |
| <i>Total Commercial Services &amp; Supplies</i>  |         |               |             | 8,706,738                   |
| <b>Construction &amp; Engineering - 0.3%</b>   |         |               |             |                             |
| Brundage-Bone Concrete Pumping Inc., Senior Secured Notes  | 10.375% | 9/1/23        | 1,930,000   | 2,055,450 <sup>(a)</sup>    |
| <b>Machinery - 1.2%</b>  |         |               |             |                             |
| Allison Transmission Inc., Senior Bonds  | 5.000%  | 10/1/24       | 3,650,000   | 3,773,187 <sup>(a)</sup>    |
| Allison Transmission Inc., Senior Notes  | 4.750%  | 10/1/27       | 770,000     | 776,737 <sup>(a)</sup>      |
| BlueLine Rental Finance Corp./BlueLine Rental LLC, Senior Secured Notes  | 9.250%  | 3/15/24       | 2,220,000   | 2,375,400 <sup>(a)</sup>    |
| Cleaver-Brooks Inc., Senior Secured Notes  | 7.875%  | 3/1/23        | 1,410,000   | 1,448,775 <sup>(a)</sup>    |
| Park-Ohio Industries Inc., Senior Notes  | 6.625%  | 4/15/27       | 587,000     | 635,428                     |
| <i>Total Machinery</i>   |         |               |             | 9,009,527                   |
| <b>Marine - 0.3%</b>   |         |               |             |                             |
| Navios Maritime Acquisition Corp./Navios Acquisition Finance U.S. Inc., Senior Secured Notes                   | 8.125%  | 11/15/21      | 2,850,000   | 2,429,625 <sup>(a)</sup>    |
| <b>Road &amp; Rail - 0.6%</b>  |         |               |             |                             |
| Flexi-Van Leasing Inc., Senior Notes   | 7.875%  | 8/15/18       | 4,400,000   | 4,400,000 <sup>(a)</sup>    |
| <b>Trading Companies &amp; Distributors - 0.6%</b>   |         |               |             |                             |
| Ashtead Capital Inc., Secured Notes  | 4.125%  | 8/15/25       | 640,000     | 647,200 <sup>(a)</sup>      |
| Ashtead Capital Inc., Secured Notes  | 4.375%  | 8/15/27       | 1,500,000   | 1,526,250 <sup>(a)</sup>    |
| Beacon Escrow Corp., Senior Notes  | 4.875%  | 11/1/25       | 1,780,000   | 1,795,575 <sup>(a)</sup>    |
| <i>Total Trading Companies &amp; Distributors</i>  |         |               |             | 3,969,025                   |
| <b>Transportation - 0.1%</b>   |         |               |             |                             |
| Neovia Logistics Services LLC/Logistics Intermediate Finance Corp., Senior Notes (10.000% Cash or 10.750% PIK) | 10.000% | 4/1/20        | 1,554,862   | 660,816 <sup>(a)(b)</sup>   |



|  |        |          |           |                          |
|--|--------|----------|-----------|--------------------------|
| <b>TOTAL INDUSTRIALS</b>                       |        |          |           | 38,888,301               |
| <b>INFORMATION TECHNOLOGY - 2.1%</b>           |        |          |           |                          |
| <b>Internet Software &amp; Services - 0.4%</b> |        |          |           |                          |
| Match Group Inc., Senior Notes                 | 6.375% | 6/1/24   | 940,000   | 1,022,250                |
| Match Group Inc., Senior Notes                 | 5.000% | 12/15/27 | 1,890,000 | 1,923,075 <sup>(a)</sup> |
| <i>Total Internet Software &amp; Services</i>  |        |          |           | 2,945,325                |

See Notes to Schedule of Investments.

## WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

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

December 31, 2017

| SECURITY   | RATE   | MATURITY DATE | FACE AMOUNT | VALUE                       |
|--|--------|---------------|-------------|-----------------------------|
| <b>IT Services - 0.5%</b>  |        |               |             |                             |
| First Data Corp., Senior Secured Notes   | 5.000% | 1/15/24       | 1,870,000   | \$ 1,930,775 <sup>(a)</sup> |
| Vantiv LLC/Vanity Issuer Corp., Senior Notes                                   | 4.375% | 11/15/25      | 1,465,000   | 1,487,239 <sup>(a)</sup>    |
| <i>Total IT Services</i>   |        |               |             | <i>3,418,014</i>            |
| <b>Semiconductors &amp; Semiconductor Equipment - 0.3%</b>                     |        |               |             |                             |
| Broadcom Corp./Broadcom Cayman Finance Ltd., Senior Notes                      | 3.875% | 1/15/27       | 1,500,000   | 1,478,854 <sup>(a)</sup>    |
| Entegris Inc., Senior Notes  | 4.625% | 2/10/26       | 560,000     | 571,200 <sup>(a)</sup>      |
| <i>Total Semiconductors &amp; Semiconductor Equipment</i>                      |        |               |             | <i>2,050,054</i>            |
| <b>Software - 0.2%</b>   |        |               |             |                             |
| j2 Cloud Services LLC/j2 Global Co.-Obligor Inc., Senior Notes                 | 6.000% | 7/15/25       | 1,630,000   | 1,723,725 <sup>(a)</sup>    |
| <b>Technology Hardware, Storage &amp; Peripherals - 0.7%</b>                   |        |               |             |                             |
| Dell International LLC/EMC Corp., Senior Notes                                 | 5.875% | 6/15/21       | 1,220,000   | 1,268,800 <sup>(a)</sup>    |
| Dell International LLC/EMC Corp., Senior Notes                                 | 7.125% | 6/15/24       | 990,000     | 1,084,290 <sup>(a)</sup>    |
| Seagate HDD Cayman, Senior Bonds   | 4.750% | 6/1/23        | 1,370,000   | 1,391,406                   |
| Seagate HDD Cayman, Senior Bonds   | 4.750% | 1/1/25        | 670,000     | 658,377                     |
| Seagate HDD Cayman, Senior Bonds   | 4.875% | 6/1/27        | 400,000     | 383,178                     |
| <i>Total Technology Hardware, Storage &amp; Peripherals</i>                    |        |               |             | <i>4,786,051</i>            |
| <b>TOTAL INFORMATION TECHNOLOGY</b>  |        |               |             | <b>14,923,169</b>           |
| <b>MATERIALS - 7.6%</b>  |        |               |             |                             |
| <b>Chemicals - 0.5%</b>  |        |               |             |                             |
| Valvoline Inc., Senior Notes   | 5.500% | 7/15/24       | 1,750,000   | 1,863,750                   |
| Valvoline Inc., Senior Notes   | 4.375% | 8/15/25       | 140,000     | 141,575                     |
| Venator Finance Sarl/Venator Materials Corp., Senior Notes                     | 5.750% | 7/15/25       | 1,310,000   | 1,388,600 <sup>(a)</sup>    |
| <i>Total Chemicals</i>   |        |               |             | <i>3,393,925</i>            |
| <b>Containers &amp; Packaging - 1.6%</b>                                       |        |               |             |                             |
| Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes         | 7.250% | 5/15/24       | 1,670,000   | 1,824,475 <sup>(a)</sup>    |
| Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes         | 6.000% | 2/15/25       | 1,860,000   | 1,962,300 <sup>(a)</sup>    |
| Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Secured Notes | 4.625% | 5/15/23       | 1,890,000   | 1,935,455 <sup>(a)</sup>    |
| Pactiv LLC, Senior Bonds   | 8.375% | 4/15/27       | 5,070,000   | 5,830,500                   |
| <i>Total Containers &amp; Packaging</i>  |        |               |             | <i>11,552,730</i>           |
| <b>Metals &amp; Mining - 5.1%</b>  |        |               |             |                             |
| Alcoa Nederland Holding BV, Senior Notes                                       | 6.750% | 9/30/24       | 950,000     | 1,040,250 <sup>(a)</sup>    |
| Alcoa Nederland Holding BV, Senior Notes                                       | 7.000% | 9/30/26       | 1,970,000   | 2,221,175 <sup>(a)</sup>    |
| Anglo American Capital PLC, Senior Notes                                       | 3.625% | 5/14/20       | 1,910,000   | 1,945,595 <sup>(a)</sup>    |
| Anglo American Capital PLC, Senior Notes                                       | 4.125% | 4/15/21       | 720,000     | 741,301 <sup>(a)</sup>      |

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|   |        |          |           |                          |
|---|--------|----------|-----------|--------------------------|
| Anglo American Capital PLC, Senior Notes  | 4.125% | 9/27/22  | 420,000   | 435,069 <sup>(a)</sup>   |
| Anglo American Capital PLC, Senior Notes  | 4.875% | 5/14/25  | 1,570,000 | 1,665,737 <sup>(a)</sup> |
| ArcelorMittal SA, Senior Notes            | 8.000% | 10/15/39 | 2,960,000 | 3,803,600                |
| First Quantum Minerals Ltd., Senior Notes | 7.500% | 4/1/25   | 2,460,000 | 2,678,325 <sup>(a)</sup> |
| Freeport-McMoRan Inc., Senior Notes       | 3.100% | 3/15/20  | 30,000    | 29,925                   |

**See Notes to Schedule of Investments.**

## WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

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

December 31, 2017

| SECURITY   | RATE    | MATURITY DATE | FACE AMOUNT | VALUE                     |
|--|---------|---------------|-------------|---------------------------|
| <b>Metals &amp; Mining - (continued)</b>   |         |               |             |                           |
| Freeport-McMoRan Inc., Senior Notes  | 4.000%  | 11/14/21      | 780,000     | \$ 783,900                |
| Freeport-McMoRan Inc., Senior Notes  | 6.750%  | 2/1/22        | 833,000     | 863,717                   |
| Freeport-McMoRan Inc., Senior Notes  | 3.550%  | 3/1/22        | 550,000     | 545,187                   |
| Freeport-McMoRan Inc., Senior Notes  | 6.875%  | 2/15/23       | 3,160,000   | 3,460,200                 |
| Freeport-McMoRan Inc., Senior Notes  | 3.875%  | 3/15/23       | 730,000     | 730,000                   |
| Freeport-McMoRan Inc., Senior Notes  | 5.450%  | 3/15/43       | 4,220,000   | 4,235,825                 |
| HudBay Minerals Inc., Senior Notes   | 7.250%  | 1/15/23       | 950,000     | 1,011,750 <sup>(a)</sup>  |
| HudBay Minerals Inc., Senior Notes   | 7.625%  | 1/15/25       | 1,420,000   | 1,562,000 <sup>(a)</sup>  |
| Midwest Vanadium Pty Ltd., Senior Secured Notes  | 11.500% | 2/15/18       | 2,265,465   | 73,628 <sup>*(a)(j)</sup> |
| Mirabela Nickel Ltd., Subordinated Notes (1.000% PIK)                                    | 1.000%  | 9/10/44       | 26,600      | 0 <sup>(b)(c)(d)(f)</sup> |
| Northwest Acquisitions ULC/Dominion Finco Inc., Secured Notes                            | 7.125%  | 11/1/22       | 1,080,000   | 1,117,800 <sup>(a)</sup>  |
| Teck Resources Ltd., Senior Notes  | 8.500%  | 6/1/24        | 2,140,000   | 2,423,550 <sup>(a)</sup>  |
| Teck Resources Ltd., Senior Notes  | 6.250%  | 7/15/41       | 1,050,000   | 1,207,500                 |
| Vale Overseas Ltd., Senior Notes   | 6.875%  | 11/21/36      | 2,320,000   | 2,853,600                 |
| Vale Overseas Ltd., Senior Notes   | 6.875%  | 11/10/39      | 1,500,000   | 1,846,875                 |
| <i>Total Metals &amp; Mining</i>   |         |               |             | <i>37,276,509</i>         |
| <b>Paper &amp; Forest Products - 0.4%</b>  |         |               |             |                           |
| Mercer International Inc., Senior Notes  | 6.500%  | 2/1/24        | 2,020,000   | 2,151,300                 |
| Mercer International Inc., Senior Notes  | 5.500%  | 1/15/26       | 570,000     | 579,975 <sup>(a)</sup>    |
| <i>Total Paper &amp; Forest Products</i>   |         |               |             | <i>2,731,275</i>          |
| <b>TOTAL MATERIALS</b>   |         |               |             |                           |
|  |         |               |             | 54,954,439                |
| <b>REAL ESTATE - 2.4%</b>  |         |               |             |                           |
| <b>Equity Real Estate Investment Trusts (REITs) - 1.7%</b>                               |         |               |             |                           |
| CoreCivic Inc., Senior Notes   | 4.125%  | 4/1/20        | 90,000      | 91,800                    |
| CoreCivic Inc., Senior Notes   | 5.000%  | 10/15/22      | 1,360,000   | 1,428,000                 |
| CoreCivic Inc., Senior Notes   | 4.625%  | 5/1/23        | 200,000     | 205,500                   |
| CoreCivic Inc., Senior Notes   | 4.750%  | 10/15/27      | 2,450,000   | 2,425,500                 |
| CTR Partnership LP/CareTrust Capital Corp., Senior Notes                                 | 5.250%  | 6/1/25        | 670,000     | 685,075                   |
| GEO Group Inc., Senior Notes   | 6.000%  | 4/15/26       | 1,050,000   | 1,084,125                 |
| MGM Growth Properties Operating Partnership LP/MGP Finance Co.-Issuer Inc., Senior Notes | 4.500%  | 9/1/26        | 1,140,000   | 1,140,000                 |
| MPT Operating Partnership LP/MPT Finance Corp., Senior Notes                             | 6.375%  | 3/1/24        | 820,000     | 871,250                   |
| MPT Operating Partnership LP/MPT Finance Corp., Senior Notes                             | 5.000%  | 10/15/27      | 3,420,000   | 3,492,675                 |
| VICI Properties 1 LLC/VICI FC Inc., Senior Secured Notes (3 mo. USD LIBOR + 3.500%)      | 4.847%  | 10/15/22      | 1,020,000   | 1,025,100 <sup>(g)</sup>  |
| <i>Total Equity Real Estate Investment Trusts (REITs)</i>                                |         |               |             | <i>12,449,025</i>         |
| <b>Real Estate Management &amp; Development - 0.7%</b>                                   |         |               |             |                           |
| Caesars Entertainment Resort Properties LLC, Senior Secured Notes                        | 8.000%  | 10/1/20       | 4,810,000   | 4,930,250                 |
| <b>TOTAL REAL ESTATE</b>   |         |               |             | <b>17,379,275</b>         |

**See Notes to Schedule of Investments.**

## WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

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

December 31, 2017

| SECURITY  | RATE    | MATURITY DATE | FACE AMOUNT | VALUE                      |
|---|---------|---------------|-------------|----------------------------|
| <b>TELECOMMUNICATION SERVICES - 10.0%</b>                             |         |               |             |                            |
| <b>Diversified Telecommunication Services - 4.5%</b>                  |         |               |             |                            |
| CenturyLink Inc., Senior Notes  | 6.750%  | 12/1/23       | 1,440,000   | \$ 1,416,600               |
| CenturyLink Inc., Senior Notes  | 7.650%  | 3/15/42       | 2,760,000   | 2,446,050                  |
| Cogent Communications Group Inc., Senior Secured Notes                | 5.375%  | 3/1/22        | 2,020,000   | 2,131,100 <sup>(a)</sup>   |
| Intelsat Jackson Holdings SA, Senior Notes                            | 7.250%  | 10/15/20      | 550,000     | 519,750                    |
| Intelsat Jackson Holdings SA, Senior Notes                            | 7.500%  | 4/1/21        | 790,000     | 722,850                    |
| Intelsat Jackson Holdings SA, Senior Secured Notes                    | 8.000%  | 2/15/24       | 2,910,000   | 3,070,050 <sup>(a)</sup>   |
| Oi Brasil Holdings Cooperatief U.A., Senior Notes                     | 5.750%  | 2/10/22       | 1,060,000   | 479,650 <sup>*(a)(j)</sup> |
| Telecom Italia Capital SpA, Senior Notes                              | 6.000%  | 9/30/34       | 1,123,000   | 1,266,183                  |
| Telecom Italia SpA, Senior Notes                                      | 5.303%  | 5/30/24       | 9,110,000   | 9,759,087 <sup>(a)</sup>   |
| Wind Tre SpA, Senior Secured Notes                                    | 5.000%  | 1/20/26       | 1,120,000   | 1,070,720 <sup>(a)</sup>   |
| Windstream Services LLC, Senior Notes                                 | 7.750%  | 10/15/20      | 11,420,000  | 9,707,000                  |
| <i>Total Diversified Telecommunication Services</i>                   |         |               |             | 32,589,040                 |
| <b>Wireless Telecommunication Services - 5.5%</b>                     |         |               |             |                            |
| Altice Financing SA, Senior Secured Bonds                             | 7.500%  | 5/15/26       | 1,860,000   | 1,985,550 <sup>(a)</sup>   |
| CSC Holdings LLC, Senior Notes  | 10.125% | 1/15/23       | 665,000     | 750,619 <sup>(a)</sup>     |
| CSC Holdings LLC, Senior Notes  | 6.625%  | 10/15/25      | 2,130,000   | 2,311,007 <sup>(a)</sup>   |
| CSC Holdings LLC, Senior Notes  | 10.875% | 10/15/25      | 1,899,000   | 2,264,557 <sup>(a)</sup>   |
| Sprint Capital Corp., Senior Notes                                    | 6.875%  | 11/15/28      | 2,190,000   | 2,209,162                  |
| Sprint Capital Corp., Senior Notes                                    | 8.750%  | 3/15/32       | 6,120,000   | 6,961,500                  |
| Sprint Communications Inc., Senior Notes                              | 9.000%  | 11/15/18      | 4,250,000   | 4,478,862 <sup>(a)</sup>   |
| Sprint Communications Inc., Senior Notes                              | 7.000%  | 8/15/20       | 1,820,000   | 1,933,750                  |
| Sprint Communications Inc., Senior Notes                              | 11.500% | 11/15/21      | 3,770,000   | 4,571,125                  |
| Sprint Corp., Senior Notes  | 7.250%  | 9/15/21       | 2,800,000   | 2,971,500                  |
| Sprint Corp., Senior Notes  | 7.875%  | 9/15/23       | 360,000     | 384,300                    |
| T-Mobile USA Inc., Senior Notes                                       | 6.000%  | 3/1/23        | 1,580,000   | 1,658,210                  |
| T-Mobile USA Inc., Senior Notes                                       | 6.500%  | 1/15/26       | 910,000     | 995,313                    |
| VEON Holdings BV, Senior Notes  | 7.504%  | 3/1/22        | 1,530,000   | 1,741,523 <sup>(k)</sup>   |
| VEON Holdings BV, Senior Notes  | 7.504%  | 3/1/22        | 940,000     | 1,069,955 <sup>(a)</sup>   |
| Vimpel Communications Via VIP Finance Ireland Ltd. OJSC, Senior Notes | 9.125%  | 4/30/18       | 130,000     | 132,804 <sup>(k)</sup>     |
| Vimpel Communications Via VIP Finance Ireland Ltd. OJSC, Senior Notes | 7.748%  | 2/2/21        | 3,170,000   | 3,565,210 <sup>(a)</sup>   |
| <i>Total Wireless Telecommunication Services</i>                      |         |               |             | 39,984,947                 |
| <b>TOTAL TELECOMMUNICATION SERVICES</b>                               |         |               |             | 72,573,987                 |
| <b>UTILITIES - 1.7%</b>   |         |               |             |                            |
| <b>Electric Utilities - 0.7%</b>                                      |         |               |             |                            |
| NRG REMA LLC, Pass-Through Certificates, Senior Secured Bonds         | 9.681%  | 7/2/26        | 3,820,000   | 2,292,000                  |
| Pampa Energia SA, Senior Notes  | 7.500%  | 1/24/27       | 2,170,000   | 2,387,304 <sup>(a)</sup>   |
| Red Oak Power LLC, Secured Notes                                      | 9.200%  | 11/30/29      | 540,000     | 615,600                    |
| <i>Total Electric Utilities</i>                                       |         |               |             | 5,294,904                  |

**Gas Utilities - 0.4%**

|  |        |        |           |           |
|--|--------|--------|-----------|-----------|
| Suburban Propane Partners LP/Suburban Energy Finance Corp., Senior Notes | 5.875% | 3/1/27 | 2,780,000 | 2,731,350 |
|--|--------|--------|-----------|-----------|

**See Notes to Schedule of Investments.**

## WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2017

| SECURITY  | RATE    | MATURITY DATE | FACE AMOUNT | VALUE                    |
|---|---------|---------------|-------------|--------------------------|
| <b>Independent Power and Renewable Electricity Producers - 0.6%</b> |         |               |             |                          |
| Mirant Mid Atlantic LLC, Pass-Through Certificates, Secured Bonds   | 10.060% | 12/30/28      | 4,385,299   | \$ 4,451,078             |
| <b>TOTAL UTILITIES</b>  |         |               |             | 12,477,332               |
| <b>TOTAL CORPORATE BONDS &amp; NOTES</b>                            |         |               |             | 579,666,806              |
| (Cost - \$537,174,078)  |         |               |             |                          |
| <b>CONVERTIBLE BONDS &amp; NOTES - 0.8%</b>                         |         |               |             |                          |
| <b>CONSUMER DISCRETIONARY - 0.2%</b>                                |         |               |             |                          |
| <b>Media - 0.2%</b>   |         |               |             |                          |
| DISH Network Corp., Senior Bonds                                    | 3.375%  | 8/15/26       | 320,000     | 349,000                  |
| DISH Network Corp., Senior Notes                                    | 2.375%  | 3/15/24       | 1,230,000   | 1,184,644 <sup>(a)</sup> |
| <b>TOTAL CONSUMER DISCRETIONARY</b>                                 |         |               |             | 1,533,644                |
| <b>HEALTH CARE - 0.1%</b>   |         |               |             |                          |
| <b>Pharmaceuticals - 0.1%</b>                                       |         |               |             |                          |
| Jazz Investments I Ltd., Senior Notes                               | 1.500%  | 8/15/24       | 430,000     | 407,156 <sup>(a)</sup>   |
| <b>INFORMATION TECHNOLOGY - 0.5%</b>                                |         |               |             |                          |
| <b>Semiconductors &amp; Semiconductor Equipment - 0.1%</b>          |         |               |             |                          |
| ON Semiconductor Corp., Senior Notes                                | 1.625%  | 10/15/23      | 530,000     | 655,544 <sup>(a)</sup>   |
| <b>Software - 0.3%</b>  |         |               |             |                          |
| Verint Systems Inc., Senior Notes                                   | 1.500%  | 6/1/21        | 250,000     | 244,063                  |
| Workday Inc., Senior Notes  | 0.250%  | 10/1/22       | 1,730,000   | 1,714,862 <sup>(a)</sup> |
| <i>Total Software</i>   |         |               |             | 1,958,925                |
| <b>Technology Hardware, Storage &amp; Peripherals - 0.1%</b>        |         |               |             |                          |
| Electronics For Imaging Inc., Senior Bonds                          | 0.750%  | 9/1/19        | 810,000     | 783,168                  |
| <b>TOTAL INFORMATION TECHNOLOGY</b>                                 |         |               |             | 3,397,637                |
| <b>TOTAL CONVERTIBLE BONDS</b>                                      |         |               |             |                          |