

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Form N-Q

August 28, 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, 49th Floor, New York, NY 10018

(Address of principal executive offices) (Zip code)

Robert I. Frenkel, Esq.

Legg Mason & Co., LLC

100 First Stamford Place

Stamford, CT 06902

(Name and address of agent for service)

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

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

Date of reporting period: **June 30, 2018**

ITEM 1. SCHEDULE OF INVESTMENTS.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

FORM N-Q

JUNE 30, 2018

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited)

June 30, 2018

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|---------|---------------|-------------|-----------------------------------|
| CORPORATE BONDS & NOTES - 79.2% | | | | |
| CONSUMER DISCRETIONARY - 17.6% | | | | |
| Auto Components - 1.0% | | | | |
| Adient Global Holdings, Ltd., Senior Notes | 4.875% | 8/15/26 | 1,360,000 | \$ 1,227,400 ^(a) |
| IHO Verwaltungs GmbH, Senior Secured Notes, (4.750% Cash or 5.500% PIK) | 4.750% | 9/15/26 | 1,310,000 | 1,236,313 ^{(a)(b)} |
| JB Poindexter & Co. Inc., Senior Notes | 7.125% | 4/15/26 | 1,730,000 | 1,781,900 ^(a) |
| ZF North America Capital Inc., Senior Notes | 4.750% | 4/29/25 | 2,730,000 | 2,733,582 ^(a) |
| <i>Total Auto Components</i> | | | | 6,979,195 |
| Diversified Consumer Services - 1.2% | | | | |
| Carriage Services Inc., Senior Notes | 6.625% | 6/1/26 | 3,010,000 | 3,066,437 ^(a) |
| Prime Security Services Borrower LLC/Prime Finance Inc., Secured Notes | 9.250% | 5/15/23 | 2,943,000 | 3,140,770 ^(a) |
| Service Corp. International, Senior Notes | 7.500% | 4/1/27 | 1,975,000 | 2,234,219 |
| <i>Total Diversified Consumer Services</i> | | | | 8,441,426 |
| Hotels, Restaurants & Leisure - 2.6% | | | | |
| Bossier Casino Venture Holdco Inc., Senior Secured Bonds (14.000% PIK) | 14.000% | 2/9/23 | 2,200,047 | 2,200,047 ^{(a)(b)(c)(d)} |
| Carrols Restaurant Group Inc., Secured Notes | 8.000% | 5/1/22 | 2,820,000 | 2,946,900 |
| Downstream Development Authority of the Quapaw Tribe of Oklahoma, Senior Secured Notes | 10.500% | 2/15/23 | 1,050,000 | 1,076,250 ^(a) |
| Hilton Domestic Operating Co. Inc., Senior Notes | 5.125% | 5/1/26 | 4,870,000 | 4,809,125 ^(a) |
| Silversea Cruise Finance Ltd., Senior Secured Notes | 7.250% | 2/1/25 | 1,538,000 | 1,668,884 ^(a) |
| VOC Escrow Ltd., Senior Secured Notes | 5.000% | 2/15/28 | 5,601,000 | 5,319,325 ^(a) |
| <i>Total Hotels, Restaurants & Leisure</i> | | | | 18,020,531 |
| Household Durables - 0.8% | | | | |
| Lennar Corp., Senior Notes | 4.500% | 4/30/24 | 590,000 | 570,117 |
| Lennar Corp., Senior Notes | 4.750% | 5/30/25 | 1,780,000 | 1,728,825 |
| LGI Homes Inc., Senior Notes | 6.875% | 7/15/26 | 1,740,000 | 1,740,000 ^(a) |
| TopBuild Corp., Senior Notes | 5.625% | 5/1/26 | 1,260,000 | 1,212,750 ^(a) |
| <i>Total Household Durables</i> | | | | 5,251,692 |

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2018

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|---------|---------------|-------------|-----------------------------|
| Media - 11.2% | | | | |
| Altice France SA, Senior Secured Bonds | 6.250% | 5/15/24 | 4,430,000 | \$ 4,319,250 ^(a) |
| Altice France SA, Senior Secured Notes | 6.000% | 5/15/22 | 1,400,000 | 1,406,720 ^(a) |
| Altice France SA, Senior Secured Notes | 7.375% | 5/1/26 | 12,232,000 | 12,005,096 ^(a) |
| Altice Luxembourg SA, Senior Secured Notes | 7.750% | 5/15/22 | 13,585,000 | 13,194,431 ^(a) |
| CCO Holdings LLC / CCO Holdings Capital Corp., Senior Notes | 5.750% | 2/15/26 | 1,170,000 | 1,152,450 ^(a) |
| CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes | 5.125% | 5/1/27 | 671,000 | 629,482 ^(a) |
| CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes | 5.000% | 2/1/28 | 13,109,000 | 12,060,280 ^(a) |
| DISH DBS Corp., Senior Notes | 5.875% | 11/15/24 | 7,818,000 | 6,645,300 |
| DISH DBS Corp., Senior Notes | 7.750% | 7/1/26 | 11,268,000 | 9,915,840 |
| DISH Network Corp., Senior Notes | 2.375% | 3/15/24 | 3,365,000 | 2,975,865 |
| Time Warner Cable LLC, Senior Secured Notes | 8.750% | 2/14/19 | 2,311,000 | 2,388,472 |
| Time Warner Cable LLC, Senior Secured Notes | 8.250% | 4/1/19 | 1,039,000 | 1,077,886 |
| UPC Holding BV, Senior Secured Notes | 5.500% | 1/15/28 | 5,630,000 | 5,081,075 ^(a) |
| Virgin Media Finance PLC, Senior Notes | 6.375% | 4/15/23 | 4,400,000 | 4,422,000 ^(a) |
| Virgin Media Secured Finance PLC, Senior Secured Notes | 5.500% | 8/15/26 | 430,000 | 403,598 ^(a) |
| <i>Total Media</i> | | | | 77,677,745 |
| Specialty Retail - 0.3% | | | | |
| Hertz Corp., Senior Notes | 5.875% | 10/15/20 | 2,030,000 | 1,994,475 |
| Textiles, Apparel & Luxury Goods - 0.5% | | | | |
| Hanesbrands Inc., Senior Notes | 4.625% | 5/15/24 | 3,736,000 | 3,661,280 ^(a) |
| Hanesbrands Inc., Senior Notes | 4.875% | 5/15/26 | 136,000 | 131,920 ^(a) |
| <i>Total Textiles, Apparel & Luxury Goods</i> | | | | 3,793,200 |
| TOTAL CONSUMER DISCRETIONARY | | | | 122,158,264 |
| CONSUMER STAPLES - 0.8% | | | | |
| Food & Staples Retailing - 0.1% | | | | |
| Beverages & More Inc., Senior Secured Notes | 11.500% | 6/15/22 | 660,000 | 570,900 ^(a) |

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2018

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|--------|---------------|-------------|-----------------------------|
| Food Products - 0.3% | | | | |
| Lamb Weston Holdings Inc., Senior Notes | 4.875% | 11/1/26 | 1,400,000 | \$ 1,365,000 ^(a) |
| Pilgrim s Pride Corp., Senior Notes | 5.875% | 9/30/27 | 920,000 | 855,600 ^(a) |
| <i>Total Food Products</i> | | | | 2,220,600 |
| Household Products - 0.4% | | | | |
| Central Garden & Pet Co., Senior Notes | 6.125% | 11/15/23 | 1,080,000 | 1,121,850 |
| Spectrum Brands Inc., Senior Notes | 6.625% | 11/15/22 | 940,000 | 972,900 |
| Spectrum Brands Inc., Senior Notes | 6.125% | 12/15/24 | 650,000 | 659,750 |
| <i>Total Household Products</i> | | | | 2,754,500 |
| TOTAL CONSUMER STAPLES | | | | 5,546,000 |
| ENERGY - 14.5% | | | | |
| Energy Equipment & Services - 0.9% | | | | |
| KCA Deutag UK Finance PLC, Senior Secured Notes | 9.875% | 4/1/22 | 2,320,000 | 2,409,297 ^(a) |
| Pride International Inc., Senior Notes | 7.875% | 8/15/40 | 1,000,000 | 902,500 |
| Transocean Guardian Ltd., Senior Secured Notes | 5.875% | 1/15/24 | 1,010,000 | 1,007,475 ^(a) |
| Transocean Inc., Senior Notes | 9.000% | 7/15/23 | 830,000 | 896,400 ^(a) |
| Transocean, Inc., Senior Notes | 6.800% | 3/15/38 | 970,000 | 792,975 |
| <i>Total Energy Equipment & Services</i> | | | | 6,008,647 |
| Oil, Gas & Consumable Fuels - 13.6% | | | | |
| Berry Petroleum Co. Escrow | | | 1,230,000 | 0 ^{*(c)(d)(e)} |
| Berry Petroleum Co. Escrow | | | 3,484,000 | 0 ^{*(c)(d)(e)} |
| Blue Racer Midstream LLC/Blue Racer Finance Corp., Senior Notes | 6.125% | 11/15/22 | 2,840,000 | 2,882,600 ^(a) |
| Cheniere Corpus Christi Holdings LLC, Senior Secured Notes | 5.875% | 3/31/25 | 2,120,000 | 2,212,750 |
| Chesapeake Energy Corp., Senior Notes | 6.875% | 11/15/20 | 5,200,000 | 5,395,000 |
| Chesapeake Energy Corp., Senior Notes | 5.375% | 6/15/21 | 1,655,000 | 1,630,175 |
| Chesapeake Energy Corp., Senior Notes | 5.750% | 3/15/23 | 600,000 | 570,000 |
| Chesapeake Energy Corp., Senior Notes | 8.000% | 6/15/27 | 680,000 | 693,600 |
| Continental Resources Inc., Senior Notes | 3.800% | 6/1/24 | 5,560,000 | 5,431,101 |
| Continental Resources Inc., Senior Notes | 4.900% | 6/1/44 | 2,640,000 | 2,594,941 |

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2018

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|--------|---------------|-------------|--------------------------|
| Oil, Gas & Consumable Fuels - (continued) | | | | |
| Ecopetrol SA, Senior Notes | 7.375% | 9/18/43 | 1,900,000 | \$ 2,099,975 |
| Genesis Energy LP / Genesis Energy Finance Corp., Senior Notes | 6.750% | 8/1/22 | 1,320,000 | 1,339,800 |
| Genesis Energy LP / Genesis Energy Finance Corp., Senior Notes | 5.625% | 6/15/24 | 490,000 | 460,600 |
| Genesis Energy LP / Genesis Energy Finance Corp., Senior Notes | 6.500% | 10/1/25 | 680,000 | 656,200 |
| Genesis Energy LP / Genesis Energy Finance Corp., Senior Notes | 6.250% | 5/15/26 | 930,000 | 878,850 |
| Kinder Morgan Inc., Senior Notes | 7.750% | 1/15/32 | 6,920,000 | 8,469,372 |
| Magnum Hunter Resources Corp. Escrow | | | 6,700,000 | 0 ^{*(c)(d)(e)} |
| MEG Energy Corp., Senior Notes | 6.375% | 1/30/23 | 3,310,000 | 3,094,850 ^(a) |
| MEG Energy Corp., Senior Notes | 7.000% | 3/31/24 | 3,040,000 | 2,850,000 ^(a) |
| NGPL PipeCo LLC, Senior Notes | 7.768% | 12/15/37 | 1,520,000 | 1,793,600 ^(a) |
| Oasis Petroleum Inc., Senior Notes | 6.500% | 11/1/21 | 2,730,000 | 2,791,425 |
| Oasis Petroleum Inc., Senior Notes | 6.875% | 1/15/23 | 1,420,000 | 1,446,625 |
| Oasis Petroleum Inc., Senior Notes | 6.250% | 5/1/26 | 1,670,000 | 1,688,787 ^(a) |
| Petrobras Global Finance BV, Senior Notes | 7.375% | 1/17/27 | 1,650,000 | 1,652,063 |
| Petrobras Global Finance BV, Senior Notes | 5.999% | 1/27/28 | 760,000 | 689,130 ^(a) |
| Petrobras Global Finance BV, Senior Notes | 5.750% | 2/1/29 | 8,780,000 | 7,731,931 |
| Petrobras Global Finance BV, Senior Notes | 6.750% | 1/27/41 | 5,120,000 | 4,600,832 |
| Rockies Express Pipeline LLC, Senior Notes | 7.500% | 7/15/38 | 1,080,000 | 1,279,800 ^(a) |
| Rockies Express Pipeline LLC, Senior Notes | 6.875% | 4/15/40 | 1,140,000 | 1,305,300 ^(a) |
| Shelf Drilling Holdings Ltd., Senior Notes | 8.250% | 2/15/25 | 2,260,000 | 2,285,425 ^(a) |
| Targa Resources Partners LP / Targa Resources Partners Finance Corp., Senior Notes | 5.125% | 2/1/25 | 3,580,000 | 3,544,200 |
| Targa Resources Partners LP/Targa Resources Partners Finance Corp., Senior Notes | 5.875% | 4/15/26 | 1,670,000 | 1,684,613 ^(a) |
| Targa Resources Partners LP/Targa Resources Partners Finance Corp., Senior Notes | 5.000% | 1/15/28 | 8,295,000 | 7,735,087 ^(a) |
| Tesoro Logistics LP / Tesoro Logistics Finance Corp. | 6.375% | 5/1/24 | 650,000 | 695,500 |
| Transportadora de Gas del Sur SA, Senior Notes | 6.750% | 5/2/25 | 3,450,000 | 3,174,000 ^(a) |
| 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 | 740,497 |
| Williams Cos. Inc., Senior Notes | 3.700% | 1/15/23 | 1,980,000 | 1,925,550 |
| Williams Cos. Inc., Senior Notes | 4.550% | 6/24/24 | 1,770,000 | 1,778,850 |
| Williams Cos. Inc., Senior Notes | 5.750% | 6/24/44 | 3,190,000 | 3,313,612 |
| WPX Energy Inc., Senior Notes | 8.250% | 8/1/23 | 860,000 | 978,250 |
| <i>Total Oil, Gas & Consumable Fuels</i> | | | | <i>94,834,691</i> |
| TOTAL ENERGY | | | | 100,843,338 |

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2018

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|---------|---------------|------------------------|--------------------------------|
| FINANCIALS - 12.0% | | | | |
| Banks - 5.8% | | | | |
| 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 | \$ 2,297,700 ^{(f)(g)} |
| Barclays Bank PLC, Subordinated Notes | 10.179% | 6/12/21 | 2,990,000 | 3,452,207 ^(a) |
| Barclays Bank PLC, Subordinated Notes | 7.625% | 11/21/22 | 3,400,000 | 3,666,475 |
| Barclays PLC, Junior Subordinated Notes (8.250% to 12/15/18 then USD 5 year swap rate + 6.705%) | 8.250% | 12/15/18 | 650,000 | 661,565 ^{(f)(g)} |
| 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 | 1,504,912 ^{(a)(g)} |
| CIT Group Inc., Senior Notes | 5.375% | 5/15/20 | 640,000 | 658,400 |
| CIT Group Inc., Senior Notes | 4.125% | 3/9/21 | 760,000 | 757,150 |
| CIT Group Inc., Senior Notes | 5.000% | 8/15/22 | 1,000,000 | 1,013,750 |
| CIT Group Inc., Senior Notes | 5.000% | 8/1/23 | 3,470,000 | 3,518,927 |
| CIT Group Inc., Senior Notes | 5.250% | 3/7/25 | 1,050,000 | 1,060,500 |
| 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 | 2,093,290 ^{(f)(g)} |
| 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 | 2,194,500 ^{(a)(f)(g)} |
| 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 | 2,430,262 ^{(a)(g)} |
| Intesa Sanpaolo SpA, Junior Subordinated Notes | 7.000% | 1/19/21 | 750,000 ^{EUR} | 896,556 ^{(g)(h)} |
| Intesa Sanpaolo SpA, Subordinated Notes | 5.017% | 6/26/24 | 5,660,000 | 5,143,843 ^(a) |
| Intesa Sanpaolo SpA, Subordinated Notes | 5.710% | 1/15/26 | 765,000 | 700,527 ^(a) |
| JPMorgan Chase & Co., Junior Subordinated Notes (6.000% to 8/1/23 then 3 mo. USD LIBOR + 3.300%) | 6.000% | 8/1/23 | 1,390,000 | 1,423,012 ^{(f)(g)} |
| 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 | 1,209,605 ^{(f)(g)} |
| NatWest Markets NV, Subordinated Notes | 7.750% | 5/15/23 | 620,000 | 685,454 |
| 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 | 1,299,605 ^{(f)(g)} |
| Royal Bank of Scotland Group PLC, Junior Subordinated Notes (7.648% to 9/30/31 then 3 mo. USD LIBOR + 2.500%) | 7.648% | 9/30/31 | 1,880,000 | 2,364,100 ^{(f)(g)} |
| Royal Bank of Scotland Group PLC, Subordinated Notes | 5.125% | 5/28/24 | 1,000,000 | 1,009,947 |
| <i>Total Banks</i> | | | | <i>40,042,287</i> |

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2018

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|---------|---------------|-------------|-----------------------------------|
| Capital Markets - 1.2% | | | | |
| 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 | \$ 2,695,149 ^{(a)(f)(g)} |
| Donnelley Financial Solutions, Inc., Senior Notes | 8.250% | 10/15/24 | 1,680,000 | 1,764,000 |
| Goldman Sachs Group Inc., Subordinated Notes | 6.750% | 10/1/37 | 1,880,000 | 2,235,098 |
| Goldman Sachs Group Inc., Subordinated Notes | 5.150% | 5/22/45 | 2,030,000 | 2,024,683 |
| <i>Total Capital Markets</i> | | | | 8,718,930 |
| Consumer Finance - 1.0% | | | | |
| Ally Financial Inc., Senior Notes | 8.000% | 3/15/20 | 1,744,000 | 1,868,260 |
| FirstCash Inc., Senior Notes | 5.375% | 6/1/24 | 1,520,000 | 1,523,800 ^(a) |
| Navient Corp., Medium-Term Notes, Senior Notes | 8.000% | 3/25/20 | 1,510,000 | 1,596,825 |
| Navient Corp., Senior Notes | 6.750% | 6/15/26 | 1,980,000 | 1,939,806 |
| <i>Total Consumer Finance</i> | | | | 6,928,691 |
| Diversified Financial Services - 3.7% | | | | |
| AerCap Ireland Capital DAC / AerCap Global Aviation Trust, Senior Notes | 4.625% | 10/30/20 | 650,000 | 662,590 |
| AerCap Ireland Capital DAC/AerCap Global Aviation Trust, Senior Bonds | 4.625% | 7/1/22 | 1,210,000 | 1,235,014 |
| ASP AMC Merger Subordinated Inc., Senior Notes | 8.000% | 5/15/25 | 3,390,000 | 2,830,650 ^(a) |
| DAE Funding LLC, Senior Notes | 5.000% | 8/1/24 | 12,053,000 | 11,607,039 ^(a) |
| Interface Special Holdings Inc., Senior Notes (19.000% PIK) | 19.000% | 11/1/23 | 1,719,114 | 988,491 ^{(a)(b)} |
| International Lease Finance Corp., Senior Notes | 6.250% | 5/15/19 | 250,000 | 256,372 |
| International Lease Finance Corp., Senior Notes | 8.250% | 12/15/20 | 3,675,000 | 4,054,448 |
| International Lease Finance Corp., Senior Notes | 8.625% | 1/15/22 | 170,000 | 195,186 |
| International Lease Finance Corp., Senior Notes | 5.875% | 8/15/22 | 600,000 | 637,803 |
| Park Aerospace Holdings Ltd., Senior Notes | 5.500% | 2/15/24 | 1,340,000 | 1,326,319 ^(a) |
| Travelport Corporate Finance PLC, Senior Secured Notes | 6.000% | 3/15/26 | 1,860,000 | 1,878,600 ^(a) |
| <i>Total Diversified Financial Services</i> | | | | 25,672,512 |

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2018

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|--------|---------------|-------------|--------------------------------|
| Insurance - 0.3% | | | | |
| Fidelity & Guaranty Life Holdings Inc., Senior Notes | 5.500% | 5/1/25 | 1,040,000 | \$ 1,016,600 ^(a) |
| MetLife Capital Trust IV, Junior Subordinated Notes | 7.875% | 12/15/37 | 1,010,000 | 1,257,369 ^(a) |
| <i>Total Insurance</i> | | | | 2,273,969 |
| TOTAL FINANCIALS | | | | 83,636,389 |
| HEALTH CARE - 9.2% | | | | |
| Health Care Providers & Services - 3.5% | | | | |
| Air Medical Group Holdings Inc., Senior Notes | 6.375% | 5/15/23 | 1,140,000 | 1,065,900 ^(a) |
| BioScrip Inc., First Lien Notes (1 mo. USD LIBOR + 7.000%) | 8.224% | 6/30/22 | 2,575,000 | 2,690,875 ^{(d)(g)(i)} |
| Centene Corp., Senior Notes | 5.625% | 2/15/21 | 1,160,000 | 1,187,405 |
| Centene Corp., Senior Notes | 6.125% | 2/15/24 | 710,000 | 749,938 |
| Centene Corp., Senior Notes | 4.750% | 1/15/25 | 5,320,000 | 5,306,700 |
| DaVita HealthCare Partners, Senior Notes | 5.750% | 8/15/22 | 1,740,000 | 1,770,459 |
| HCA Inc., Debentures | 7.500% | 11/15/95 | 6,265,000 | 6,061,387 |
| HCA Inc., Senior Notes | 7.690% | 6/15/25 | 490,000 | 534,100 |
| HCA Inc., Senior Secured Notes | 5.250% | 6/15/26 | 4,870,000 | 4,849,059 |
| <i>Total Health Care Providers & Services</i> | | | | 24,215,823 |
| Pharmaceuticals - 5.7% | | | | |
| Endo Finance LLC/Endo Finco Inc., Senior Notes | 7.250% | 1/15/22 | 1,040,000 | 962,000 ^(a) |
| Endo Finance LLC/Endo Finco Inc., Senior Notes | 5.375% | 1/15/23 | 1,020,000 | 821,100 ^(a) |
| Teva Pharmaceutical Finance Co. BV, Senior Notes | 3.650% | 11/10/21 | 270,000 | 258,780 |
| Teva Pharmaceutical Finance Netherlands III BV, Senior Notes | 2.200% | 7/21/21 | 18,320,000 | 17,004,779 |
| Valeant Pharmaceuticals International, Senior Notes | 6.375% | 10/15/20 | 266,000 | 270,240 ^(a) |
| Valeant Pharmaceuticals International, Senior Notes | 6.750% | 8/15/21 | 1,470,000 | 1,486,537 ^(a) |
| Valeant Pharmaceuticals International Inc., Senior Notes | 5.375% | 3/15/20 | 1,490,000 | 1,510,026 ^(a) |
| Valeant Pharmaceuticals International Inc., Senior Notes | 7.500% | 7/15/21 | 3,010,000 | 3,062,675 ^(a) |
| Valeant Pharmaceuticals International Inc., Senior Notes | 7.250% | 7/15/22 | 3,520,000 | 3,605,043 ^(a) |
| Valeant Pharmaceuticals International Inc., Senior Notes | 5.875% | 5/15/23 | 1,330,000 | 1,254,356 ^(a) |
| Valeant Pharmaceuticals International Inc., Senior Notes | 6.125% | 4/15/25 | 7,140,000 | 6,604,500 ^(a) |
| Valeant Pharmaceuticals International Inc., Senior Notes | 9.000% | 12/15/25 | 2,200,000 | 2,287,890 ^(a) |
| Valeant Pharmaceuticals International Inc., Senior Secured Notes | 7.000% | 3/15/24 | 700,000 | 736,540 ^(a) |
| <i>Total Pharmaceuticals</i> | | | | 39,864,466 |
| TOTAL HEALTH CARE | | | | 64,080,289 |

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2018

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|---------|---------------|-------------|-----------------------------|
| INDUSTRIALS - 5.2% | | | | |
| Aerospace & Defense - 0.5% | | | | |
| BBA US Holdings Inc., Senior Notes | 5.375% | 5/1/26 | 1,910,000 | \$ 1,921,957 ^(a) |
| BWX Technologies Inc., Senior Notes | 5.375% | 7/15/26 | 1,290,000 | 1,309,350 ^(a) |
| <i>Total Aerospace & Defense</i> | | | | 3,231,307 |
| Air Freight & Logistics - 0.2% | | | | |
| XPO Logistics Inc., Senior Notes | 6.500% | 6/15/22 | 1,040,000 | 1,067,300 ^(a) |
| Airlines - 0.1% | | | | |
| Delta Air Lines 2007-1 Class B Pass Through Trust, Senior Secured Notes | 8.021% | 8/10/22 | 529,107 | 582,145 |
| Building Products - 0.5% | | | | |
| Standard Industries Inc., Senior Notes | 5.375% | 11/15/24 | 630,000 | 625,275 ^(a) |
| Standard Industries Inc., Senior Notes | 4.750% | 1/15/28 | 3,470,000 | 3,201,075 ^(a) |
| <i>Total Building Products</i> | | | | 3,826,350 |
| Commercial Services & Supplies - 0.4% | | | | |
| Brink's Co., Senior Notes | 4.625% | 10/15/27 | 1,660,000 | 1,556,250 ^(a) |
| United Rentals North America Inc., Senior Notes | 4.625% | 10/15/25 | 910,000 | 869,050 |
| United Rentals North America Inc., Senior Notes | 4.875% | 1/15/28 | 690,000 | 640,631 |
| <i>Total Commercial Services & Supplies</i> | | | | 3,065,931 |
| Construction & Engineering - 0.3% | | | | |
| Brundage-Bone Concrete Pumping Inc., Senior Secured Notes | 10.375% | 9/1/23 | 1,930,000 | 2,060,275 ^(a) |
| Containers & Packaging - 0.2% | | | | |
| Berry Global Inc. | 4.500% | 2/15/26 | 1,460,000 | 1,365,100 ^(a) |
| Industrial Conglomerates - 0.1% | | | | |
| General Electric Co., Senior Notes | 6.875% | 1/10/39 | 600,000 | 761,182 |

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2018

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|---------|---------------|-------------|-----------------------------|
| Machinery - 1.6% | | | | |
| Allison Transmission Inc., Senior Notes | 4.750% | 10/1/27 | 6,975,000 | \$ 6,521,625 ^(a) |
| Blueline Rental Finance Corp. / Blueline Rental LLC, Senior Secured Notes | 9.250% | 3/15/24 | 2,220,000 | 2,367,408 ^(a) |
| Cleaver-Brooks Inc., Senior Secured Notes | 7.875% | 3/1/23 | 1,410,000 | 1,455,825 ^(a) |
| Park-Ohio Industries Inc., Senior Notes | 6.625% | 4/15/27 | 587,000 | 597,272 |
| <i>Total Machinery</i> | | | | <i>10,942,130</i> |
| Marine - 0.3% | | | | |
| Navios Maritime Acquisition Corp./Navios Acquisition Finance U.S. Inc., Senior Secured Notes | 8.125% | 11/15/21 | 2,850,000 | 2,344,125 ^(a) |
| Trading Companies & Distributors - 0.9% | | | | |
| Ashtead Capital Inc., Secured Notes | 4.125% | 8/15/25 | 2,420,000 | 2,268,750 ^(a) |
| Ashtead Capital Inc., Secured Notes | 4.375% | 8/15/27 | 3,990,000 | 3,720,675 ^(a) |
| <i>Total Trading Companies & Distributors</i> | | | | <i>5,989,425</i> |
| Transportation Infrastructure - 0.1% | | | | |
| Neovia Logistics Services LLC/Neovia Logistics Intermediate Finance Corp., Senior Notes (10.000% Cash or 10.750% PIK) | 10.000% | 4/1/20 | 1,308,435 | 745,808 ^{(a)(b)} |
| Neovia Logistics Services LLC/SPL Logistics Finance Corp., Senior Secured Notes | 8.875% | 8/1/20 | 180,000 | 153,900 ^(a) |
| <i>Total Transportation Infrastructure</i> | | | | <i>899,708</i> |
| TOTAL INDUSTRIALS | | | | 36,134,978 |
| INFORMATION TECHNOLOGY - 2.3% | | | | |
| Internet Software & Services - 0.9% | | | | |
| Match Group Inc., Senior Notes | 5.000% | 12/15/27 | 5,235,000 | 4,881,638 ^(a) |
| Match Group, Inc., Senior Notes | 6.375% | 6/1/24 | 940,000 | 992,875 |
| <i>Total Internet Software & Services</i> | | | | <i>5,874,513</i> |
| Software - 0.8% | | | | |
| CDK Global Inc., Senior Notes | 5.875% | 6/15/26 | 4,000,000 | 4,086,000 |
| j2 Cloud Services LLC/j2 Global Co.-Obligor Inc., Senior Notes | 6.000% | 7/15/25 | 1,630,000 | 1,658,525 ^(a) |
| <i>Total Software</i> | | | | <i>5,744,525</i> |

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2018

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|--------|---------------|-------------|-----------------------------|
| Technology Hardware, Storage & Peripherals - 0.6% | | | | |
| Dell International LLC/EMC Corp., Senior Notes | 5.875% | 6/15/21 | 970,000 | \$ 985,638 ^(a) |
| Dell International LLC/EMC Corp., Senior Notes | 7.125% | 6/15/24 | 740,000 | 784,651 ^(a) |
| Seagate HDD Cayman, Senior Notes | 4.750% | 6/1/23 | 1,370,000 | 1,359,538 |
| Seagate HDD Cayman, Senior Notes | 4.750% | 1/1/25 | 670,000 | 643,449 |
| Seagate HDD Cayman, Senior Notes | 4.875% | 6/1/27 | 400,000 | 372,441 |
| <i>Total Technology Hardware, Storage & Peripherals</i> | | | | 4,145,717 |
| TOTAL INFORMATION TECHNOLOGY | | | | 15,764,755 |
| MATERIALS - 6.2% | | | | |
| Chemicals - 0.2% | | | | |
| Valvoline Inc., Senior Notes | 5.500% | 7/15/24 | 250,000 | 253,125 |
| Valvoline Inc., Senior Notes | 4.375% | 8/15/25 | 1,500,000 | 1,396,875 |
| <i>Total Chemicals</i> | | | | 1,650,000 |
| Containers & Packaging - 1.7% | | | | |
| ARD Securities Finance SARL, Senior Secured Notes, (8.75% PIK) | 8.750% | 1/31/23 | 1,060,000 | 1,083,850 ^{(a)(b)} |
| Ardagh Packaging Finance PLC/Ardagh Holdings USA Inc., Senior Notes | 7.250% | 5/15/24 | 1,670,000 | 1,743,062 ^(a) |
| Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes | 6.000% | 2/15/25 | 1,860,000 | 1,815,825 ^(a) |
| Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Secured Notes | 4.625% | 5/15/23 | 1,390,000 | 1,377,838 ^(a) |
| Pactiv LLC, Senior Bonds | 8.375% | 4/15/27 | 5,070,000 | 5,653,050 |
| <i>Total Containers & Packaging</i> | | | | 11,673,625 |
| Metals & Mining - 4.0% | | | | |
| Alcoa Nederland Holding BV, Senior Notes | 6.750% | 9/30/24 | 950,000 | 1,006,610 ^(a) |
| Alcoa Nederland Holding BV, Senior Notes | 7.000% | 9/30/26 | 1,970,000 | 2,107,900 ^(a) |
| Alcoa Nederland Holding BV, Senior Notes | 6.125% | 5/15/28 | 740,000 | 746,475 ^(a) |
| ArcelorMittal, Senior Notes | 7.000% | 10/15/39 | 2,960,000 | 3,413,472 |
| Freeport-McMoRan Inc., Senior Notes | 3.100% | 3/15/20 | 30,000 | 29,513 |
| Freeport-McMoRan Inc., Senior Notes | 4.000% | 11/14/21 | 780,000 | 764,400 |
| Freeport-McMoRan Inc., Senior Notes | 3.550% | 3/1/22 | 550,000 | 523,875 |
| Freeport-McMoRan Inc., Senior Notes | 6.875% | 2/15/23 | 3,160,000 | 3,345,492 |

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2018

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|---------|---------------|-------------|---------------------------|
| Metals & Mining - (continued) | | | | |
| Freeport-McMoRan Inc., Senior Notes | 3.875% | 3/15/23 | 730,000 | \$ 691,675 |
| Freeport-McMoRan Inc., Senior Notes | 5.450% | 3/15/43 | 4,220,000 | 3,722,884 |
| Hudbay Minerals Inc., Senior Notes | 7.250% | 1/15/23 | 950,000 | 983,250 ^(a) |
| Hudbay Minerals Inc., Senior Notes | 7.625% | 1/15/25 | 1,420,000 | 1,494,550 ^(a) |
| Midwest Vanadium Pty Ltd., Senior Secured Notes | 11.500% | 2/15/18 | 2,265,465 | 25,486 ^{*(a)(i)} |
| Northwest Acquisitions ULC/Dominion Finco Inc., Secured Notes | 7.125% | 11/1/22 | 1,080,000 | 1,080,000 ^(a) |
| Teck Resources Ltd., Senior Notes | 8.500% | 6/1/24 | 2,140,000 | 2,351,325 ^(a) |
| Teck Resources Ltd., Senior Notes | 6.250% | 7/15/41 | 1,050,000 | 1,050,000 |
| Vale Overseas Ltd., Senior Notes | 6.875% | 11/21/36 | 2,320,000 | 2,616,264 |
| Vale Overseas Ltd., Senior Notes | 6.875% | 11/10/39 | 1,500,000 | 1,706,250 |
| <i>Total Metals & Mining</i> | | | | 27,659,421 |
| Paper & Forest Products - 0.3% | | | | |
| Mercer International Inc., Senior Notes | 6.500% | 2/1/24 | 2,020,000 | 2,050,300 |
| TOTAL MATERIALS | | | | 43,033,346 |
| REAL ESTATE - 1.2% | | | | |
| Equity Real Estate Investment Trusts (REITs) - 1.0% | | | | |
| CoreCivic Inc., Senior Notes | 4.125% | 4/1/20 | 90,000 | 90,225 |
| CoreCivic Inc., Senior Notes | 5.000% | 10/15/22 | 1,360,000 | 1,366,800 |
| CoreCivic Inc., Senior Notes | 4.625% | 5/1/23 | 200,000 | 195,000 |
| CoreCivic Inc., Senior Notes | 4.750% | 10/15/27 | 480,000 | 436,800 |
| CTR Partnership LP/CareTrust Capital Corp., Senior Notes | 5.250% | 6/1/25 | 670,000 | 648,225 |
| MGM Growth Properties Operating Partnership LP/MGP Finance Co-Issuer Inc., Senior Notes | 4.500% | 1/15/28 | 1,500,000 | 1,368,750 |
| MPT Operating Partnership LP / MPT Finance Corp., Senior Notes | 6.375% | 3/1/24 | 820,000 | 863,050 |
| MPT Operating Partnership LP / MPT Finance Corp., Senior Notes | 5.250% | 8/1/26 | 1,990,000 | 1,960,150 |
| <i>Total Equity Real Estate Investment Trusts (REITs)</i> | | | | 6,929,000 |
| Real Estate Management & Development - 0.2% | | | | |
| WeWork Cos. Inc., Senior Notes | 7.875% | 5/1/25 | 1,830,000 | 1,761,375 ^(a) |
| TOTAL REAL ESTATE | | | | 8,690,375 |

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2018

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|---------|---------------|-------------|-----------------------------|
| TELECOMMUNICATION SERVICES - 8.9% | | | | |
| Diversified Telecommunication Services - 3.5% | | | | |
| Cogent Communications Group Inc., Senior Secured Notes | 5.375% | 3/1/22 | 2,370,000 | \$ 2,441,100 ^(a) |
| Intelsat Jackson Holdings SA, Senior Secured Notes | 8.000% | 2/15/24 | 2,910,000 | 3,062,775 ^(a) |
| Telecom Italia SpA, Senior Notes | 5.303% | 5/30/24 | 5,300,000 | 5,247,000 ^(a) |
| UPCB Finance IV Ltd., Senior Secured Notes | 5.375% | 1/15/25 | 1,185,000 | 1,131,793 ^(a) |
| Wind Tre SpA, Senior Secured Notes | 5.000% | 1/20/26 | 250,000 | 199,428 ^(a) |
| Windstream Services LLC/Windstream Finance Corp., Senior Notes | 7.750% | 10/15/20 | 13,170,000 | 11,885,925 |
| <i>Total Diversified Telecommunication Services</i> | | | | 23,968,021 |
| Wireless Telecommunication Services - 5.4% | | | | |
| CSC Holdings LLC, Senior Notes | 10.125% | 1/15/23 | 665,000 | 734,825 ^(a) |
| CSC Holdings LLC, Senior Notes | 6.625% | 10/15/25 | 4,000,000 | 4,105,000 ^(a) |
| CSC Holdings LLC, Senior Notes | 10.875% | 10/15/25 | 1,899,000 | 2,193,915 ^(a) |
| Sprint Capital Corp., Senior Notes | 6.875% | 11/15/28 | 2,190,000 | 2,102,400 |
| Sprint Capital Corp., Senior Notes | 8.750% | 3/15/32 | 6,120,000 | 6,563,700 |
| Sprint Communications Inc., Senior Notes | 9.000% | 11/15/18 | 4,250,000 | 4,340,312 ^(a) |
| Sprint Communications Inc., Senior Notes | 7.000% | 8/15/20 | 1,820,000 | 1,888,250 |
| Sprint Communications Inc., Senior Notes | 11.500% | 11/15/21 | 3,770,000 | 4,467,450 |
| Sprint Corp., Senior Notes | 7.250% | 9/15/21 | 2,800,000 | 2,919,000 |
| Sprint Corp., Senior Notes | 7.875% | 9/15/23 | 360,000 | 374,175 |
| T-Mobile USA Inc., Senior Notes | 6.000% | 3/1/23 | 1,080,000 | 1,118,340 |
| T-Mobile USA Inc., Senior Notes | 6.500% | 1/15/26 | 910,000 | 940,712 |
| VEON Holdings BV, Senior Notes | 7.504% | 3/1/22 | 1,530,000 | 1,636,335 ^(h) |
| VEON Holdings BV, Senior Notes | 7.504% | 3/1/22 | 940,000 | 1,005,330 ^(a) |
| Vimpel Communications Via VIP Finance Ireland Ltd. OJSC, Senior Notes | 7.748% | 2/2/21 | 3,170,000 | 3,402,726 ^(a) |
| <i>Total Wireless Telecommunication Services</i> | | | | 37,792,470 |
| TOTAL TELECOMMUNICATION SERVICES | | | | 61,760,491 |

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2018

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|--------------|---------------|-------------|-----------------------------------|
| UTILITIES - 1.3% | | | | |
| Electric Utilities - 0.8% | | | | |
| NRG REMA LLC, Pass-Through Certificates, Senior Secured Bonds | 9.681% | 7/2/26 | 3,820,000 | \$ 2,750,400 |
| Pampa Energia SA, Senior Notes | 7.500% | 1/24/27 | 2,170,000 | 1,963,850 ^(a) |
| Red Oak Power LLC, Senior Secured Notes | 9.200% | 11/30/29 | 540,000 | 619,650 |
| <i>Total Electric Utilities</i> | | | | 5,333,900 |
| Gas Utilities - 0.5% | | | | |
| Suburban Propane Partners LP/Suburban Energy Finance Corp., Senior Notes | 5.750% | 3/1/25 | 2,370,000 | 2,285,569 |
| Suburban Propane Partners LP/Suburban Energy Finance Corp., Senior Notes | 5.875% | 3/1/27 | 1,380,000 | 1,297,200 |
| <i>Total Gas Utilities</i> | | | | 3,582,769 |
| TOTAL UTILITIES | | | | 8,916,669 |
| TOTAL CORPORATE BONDS & NOTES (Cost - \$528,961,788) | | | | 550,564,894 |
| SENIOR LOANS - 9.4% | | | | |
| CONSUMER DISCRETIONARY - 5.1% | | | | |
| Auto Components - 0.8% | | | | |
| American Axle & Manufacturing Inc., Term Loan B (1 mo. LIBOR + 2.250%) | 4.350% | 4/6/24 | 4,419,193 | 4,409,250 ^{(g)(k)(l)} |
| American Media Inc., Term Loan | | 9/30/18 | 1,230,000 | 1,206,169 ^(m) |
| <i>Total Auto Components</i> | | | | 5,615,419 |
| Diversified Financial Services - 0.2% | | | | |
| Weight Watchers International Inc., Term Loan (1 mo. LIBOR + 4.750%) | 6.760-7.060% | 11/29/24 | 1,706,250 | 1,723,579 ^{(g)(k)(l)} |
| Hotels, Restaurants & Leisure - 1.3% | | | | |
| Aramark Services Inc., Term Loan B3 | | 3/11/25 | 3,520,723 | 3,522,923 ^(m) |
| Hilton Worldwide Finance LLC, Term Loan B2 | | 10/25/23 | 2,569,371 | 2,570,843 ^(m) |
| Wyndham Hotels & Resorts Inc., Term Loan B | | 5/30/25 | 2,700,000 | 2,701,968 ^(m) |
| <i>Total Hotels, Restaurants & Leisure</i> | | | | 8,795,734 |
| Media - 0.8% | | | | |
| Charter Communications Operating, LLC, Term Loan B (1 mo. LIBOR + 2.000%) | 4.100% | 4/30/25 | 4,969,042 | 4,970,170 ^{(g)(k)(l)(m)} |
| Lamar Media Corp., Term Loan B | | 3/14/25 | 718,200 | 718,200 ^(m) |
| <i>Total Media</i> | | | | 5,688,370 |

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2018

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|---------|---------------|-------------|---------------------------------------|
| Specialty Retail - 1.9% | | | | |
| PetSmart Inc., Term Loan B2 (1 mo. LIBOR + 3.000%) | 5.010% | 3/11/22 | 12,823,529 | \$ 10,653,147 ^{(g)(k)(l)(m)} |
| Sally Holdings LLC, Term Loan B1 (1 mo. LIBOR + 2.250%) | 4.350% | 7/5/24 | 1,061,975 | 1,042,063 ^{(d)(g)(k)(l)} |
| Spencer Gifts LLC, Second Lien Term Loan (3 mo. LIBOR + 8.250%) | 10.310% | 6/29/22 | 1,710,000 | 1,282,500 ^{(g)(k)(l)} |
| <i>Total Specialty Retail</i> | | | | <i>12,977,710</i> |
| Textiles, Apparel & Luxury Goods - 0.1% | | | | |
| TOMS Shoes LLC, Term Loan (1 mo. LIBOR + 5.500%) | 7.590% | 10/30/20 | 1,128,967 | 854,252 ^{(g)(k)(l)} |
| TOTAL CONSUMER DISCRETIONARY | | | | 35,655,064 |
| ENERGY - 0.2% | | | | |
| Oil, Gas & Consumable Fuels - 0.2% | | | | |
| Chesapeake Energy Corp., Class A Loan (1 mo. LIBOR + 7.500%) | 9.594% | 8/23/21 | 1,130,000 | 1,184,381 ^{(g)(k)(l)} |
| FINANCIALS - 0.2% | | | | |
| Diversified Financial Services - 0.2% | | | | |
| Travelport Finance (Luxembourg) SARL, Term Loan (3 mo. LIBOR + 2.500%) | 4.830% | 3/17/25 | 1,500,000 | 1,496,718 ^{(g)(k)(l)} |
| INDUSTRIALS - 1.9% | | | | |
| Air Freight & Logistics - 1.0% | | | | |
| Avolon TLB Borrower 1 (US) LLC, Term Loan B3 | | 1/15/25 | 6,839,965 | 6,768,488 ^(m) |
| Professional Services - 0.4% | | | | |
| TransUnion LLC, 2017 Term Loan B3 (1 mo. LIBOR + 2.000%) | 4.094% | 4/7/23 | 2,977,500 | 2,973,034 ^{(g)(k)(l)} |
| Trading Companies & Distributors - 0.5% | | | | |
| Beacon Roofing Supply Inc., Term Loan (1 mo. LIBOR + 2.250%) | 4.280% | 1/2/25 | 2,992,500 | 2,981,745 ^{(g)(k)(l)} |
| TOTAL INDUSTRIALS | | | | 12,723,267 |
| INFORMATION TECHNOLOGY - 0.4% | | | | |
| IT Services - 0.4% | | | | |
| First Data Corp., 2024 USD Term Loan (1 mo. LIBOR + 2.000%) | 4.091% | 4/26/24 | 2,845,862 | 2,832,344 ^{(g)(k)(l)} |
| MATERIALS - 0.7% | | | | |
| Containers & Packaging - 0.7% | | | | |
| Berry Global Inc., Term Loan Q | | 10/1/22 | 4,000,000 | 4,000,000 ^(m) |
| Reynolds Group Holdings Inc., Term Loan (1 mo. LIBOR + 2.750%) | 4.844% | 2/5/23 | 994,950 | 994,811 ^{(g)(k)(l)} |
| TOTAL MATERIALS | | | | 4,994,811 |

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2018

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|---------|---------------|---------------------------|------------------------------------|
| REAL ESTATE - 0.4% | | | | |
| Equity Real Estate Investment Trusts (REITs) - 0.4% | | | | |
| Iron Mountain Information Management LLC, Term Loan B | | 1/2/26 | 2,992,500 | \$ 2,932,650 ^{(d)(m)} |
| TELECOMMUNICATION SERVICES - 0.4% | | | | |
| Diversified Telecommunication Services - 0.4% | | | | |
| UnityMedia Hessen GmbH & Co. KG, Term Loan B (1 mo. LIBOR + 2.250%) | 4.323% | 9/30/25 | 2,480,000 | 2,468,116 ^{(g)(k)(l)} |
| UTILITIES - 0.1% | | | | |
| Electric Utilities - 0.1% | | | | |
| Panda Temple Power LLC, Second Lien Term Loan (1 mo. LIBOR + 8.000%) | 10.046% | 2/7/23 | 674,155 | 687,638 ^{(b)(d)(k)(l)(m)} |
| TOTAL SENIOR LOANS (Cost - \$66,856,745) | | | | 64,974,989 |
| SOVEREIGN BONDS - 4.7% | | | | |
| Argentina - 1.3% | | | | |
| Argentine POM Politica Monetaria, Bonds (Argentina Central Bank 7 Day Repo Reference Rate) | 40.000% | 6/21/20 | 37,190,000 ^{ARS} | 1,331,568 ^(g) |
| Argentine Republic Government International Bond, Senior Notes | 6.875% | 1/26/27 | 2,570,000 | 2,271,238 |
| Argentine Republic Government International Bond, Senior Notes | 5.875% | 1/11/28 | 5,210,000 | 4,249,406 |
| Provincia de Buenos Aires, Senior Notes | 7.875% | 6/15/27 | 1,000,000 | 880,000 ^(a) |
| <i>Total Argentina</i> | | | | 8,732,212 |
| Brazil - 0.8% | | | | |
| Brazil Notas do Tesouro, Series F, Notes | 10.000% | 1/1/21 | 844,000 ^{BRL} | 221,003 |
| Brazil Notas do Tesouro, Series F, Notes | 10.000% | 1/1/23 | 11,300,000 ^{BRL} | 2,849,294 |
| Brazil Notas do Tesouro, Series F, Notes | 10.000% | 1/1/27 | 10,098,000 ^{BRL} | 2,385,197 |
| <i>Total Brazil</i> | | | | 5,455,494 |
| Colombia - 0.2% | | | | |
| Colombia Government International Bond, Senior Notes | 4.000% | 2/26/24 | 1,500,000 | 1,500,375 |

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2018

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|---------|---------------|----------------------------|------------------------------|
| Ecuador - 1.0% | | | | |
| Ecuador Government International Bond, Senior Notes | 10.750% | 3/28/22 | 4,340,000 | \$ 4,472,153 ^(a) |
| Ecuador Government International Bond, Senior Notes | 9.650% | 12/13/26 | 2,930,000 | 2,755,518 ^(a) |
| <i>Total Ecuador</i> | | | | 7,227,671 |
| Russia - 1.0% | | | | |
| Russian Federal Bond, Bonds | 7.050% | 1/19/28 | 453,283,000 ^{RUB} | 6,982,801 |
| Uruguay - 0.4% | | | | |
| Uruguay Government International Bond, Senior Notes | 9.875% | 6/20/22 | 21,970,000 ^{UYU} | 695,801 ^(b) |
| Uruguay Government International Bond, Senior Notes | 8.500% | 3/15/28 | 79,190,000 ^{UYU} | 2,188,786 ^(b) |
| <i>Total Uruguay</i> | | | | 2,884,587 |
| TOTAL SOVEREIGN BONDS | | | | |
| (Cost - \$36,342,005) | | | | |
| | | | | 32,783,140 |
| SHARES | | | | |
| COMMON STOCKS - 1.6% | | | | |
| CONSUMER DISCRETIONARY - 0.4% | | | | |
| Hotels, Restaurants & Leisure - 0.4% | | | | |
| Bossier Casino Venture Holdco Inc. | | | 133,649 | 3,122,041 ^{*(c)(d)} |
| ENERGY - 1.0% | | | | |
| Energy Equipment & Services - 0.3% | | | | |
| Hercules Offshore Inc. (Escrow) | | | 87,452 | 24,661 ^{*(c)(d)} |
| KCAD Holdings I Ltd. | | | 427,421,041 | 2,162,751 ^{*(c)(d)} |
| <i>Total Energy Equipment & Services</i> | | | | 2,187,412 |
| Oil, Gas & Consumable Fuels - 0.7% | | | | |
| Berry Petroleum Co. | | | 185,879 | 2,265,400* |
| Blue Ridge Mountain Resources Inc. | | | 345,384 | 2,227,727 ^{*(c)(d)} |
| MWO Holdings LLC | | | 848 | 0 ^{*(c)(d)(e)} |
| <i>Total Oil, Gas & Consumable Fuels</i> | | | | 4,493,127 |
| TOTAL ENERGY | | | | |
| | | | | 6,680,539 |
| INDUSTRIALS - 0.1% | | | | |
| Marine - 0.1% | | | | |
| Tricer HoldCo, S.C.A. | | | 86,802 | 362,832 ^{*(c)(d)} |

Road & Rail - 0.0%

Jack Cooper Enterprises Inc.

4,958

0^{*(c)(d)}

TOTAL INDUSTRIALS

362,832

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2018

| SECURITY | | SHARES | VALUE |
|---|-------------|----------------------|---------------------------------|
| UTILITIES - 0.1% | | | |
| Electric Utilities - 0.1% | | | |
| Panda Temple Power LLC | | 46,332 | \$ 1,042,470 ^{*(c)(d)} |
| TOTAL COMMON STOCKS | | | 11,207,882 |
| (Cost - \$20,362,148) | | | |
| | RATE | MATURITY DATE | FACE AMOUNT |
| U.S. GOVERNMENT & AGENCY OBLIGATIONS - 1.2% | | | |
| U.S. Government Obligations - 1.2% | | | |
| U.S. Treasury Notes | 2.125% | 8/15/21 | 1,500,000 |
| U.S. Treasury Notes | 1.750% | 11/30/21 | 1,500,000 |
| U.S. Treasury Notes | 2.375% | 1/31/23 | 2,000,000 |
| U.S. Treasury Notes | 1.625% | 5/31/23 | 3,500,000 |
| TOTAL U.S. GOVERNMENT & AGENCY OBLIGATIONS | | | 8,226,855 |
| (Cost - \$8,209,923) | | | |
| | | SHARES | |
| PREFERRED STOCKS - 1.2% | | | |
| FINANCIALS - 1.1% | | | |
| Banks - 0.6% | | | |
| GMAC Capital Trust I (3 mo. USD LIBOR + 5.785%) | 8.128% | 145,709 | 3,832,147 ^(g) |
| Diversified Financial Services - 0.5% | | | |
| Citigroup Capital XIII (3 mo. USD LIBOR + 6.370%) | 8.729% | 138,925 | 3,764,867 ^(g) |
| TOTAL FINANCIALS | | | 7,597,014 |
| INDUSTRIALS - 0.1% | | | |
| Marine - 0.1% | | | |
| Tricer Tracking Preferred Equity Certificates, (8.000% PIK) | 8.000% | 41,662,564 | 416,626 ^{(b)(c)(d)} |
| TOTAL PREFERRED STOCKS | | | 8,013,640 |
| (Cost - \$10,472,872) | | | |
| | | FACE AMOUNT | |
| CONVERTIBLE BONDS & NOTES - 1.0% | | | |
| CONSUMER DISCRETIONARY - 0.7% | | | |
| Media - 0.6% | | | |
| DISH Network Corp., Senior Notes | 3.375% | 8/15/26 | 630,000 |
| GCI Liberty Inc., Senior Notes | 1.750% | 9/30/46 | 1,030,000 |
| | | | 1,064,964 ^(a) |

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| | | | | |
|--|--------|---------|-----------|--------------------------|
| Liberty Media Corp., Senior Notes | 2.125% | 3/31/48 | 1,800,000 | 1,779,424 ^(a) |
| Live Nation Entertainment Inc., Senior Notes | 2.500% | 3/15/23 | 1,090,000 | 1,131,325 ^(a) |
| TOTAL MEDIA | | | | 4,587,504 |

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2018

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|------------------|--------------------|----------------------|--|
| Specialty Retail - 0.1% RH, PO | 0.000% | 6/15/23 | 510,000 | \$ 476,769 ^(a) |
| TOTAL CONSUMER DISCRETIONARY | | | | 5,064,273 |
| ENERGY - 0.0% Oil, Gas & Consumable Fuels - 0.0% Cheniere Energy Inc., Senior Notes | 4.250% | 3/15/45 | 420,000 | 334,614 |
| HEALTH CARE - 0.1% Pharmaceuticals - 0.1% Jazz Investments I Ltd., Senior Notes | 1.500% | 8/15/24 | 430,000 | 449,602 ^(a) |
| INFORMATION TECHNOLOGY - 0.2% Internet Software & Services - 0.2% Twitter Inc., Senior Notes Twitter Inc., Senior Notes | 1.000% 0.250% | 9/15/21 6/15/24 | 1,170,000 260,000 | 1,135,025 269,236 ^(a) |
| TOTAL INFORMATION TECHNOLOGY | | | | 1,404,261 |
| TOTAL CONVERTIBLE BONDS & NOTES (Cost - \$7,248,926) | | | | 7,252,750 |
| | | | SHARES | |
| CONVERTIBLE PREFERRED STOCKS - 0.4% ENERGY - 0.4% Oil, Gas & Consumable Fuels - 0.4% Berry Petroleum Co., (6.000% Cash or 6.000% PIK) Berry Petroleum Co., (6.000% Cash or 6.000% PIK) | 6.000% 6.000% | | 212,665 3,186 | 2,977,310 ^(b) 44,604 ^{(b)(i)} |
| TOTAL CONVERTIBLE PREFERRED STOCKS (Cost - \$1,999,276) | | | | 3,021,914 |
| TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENTS (Cost - \$680,453,683) | | | | 686,046,064 |
| SHORT-TERM INVESTMENTS - 1.2% Dreyfus Government Cash Management, Institutional Shares (Cost - \$8,130,758) | 1.242% | | 8,130,758 | 8,130,758 |
| TOTAL INVESTMENTS - 99.9% (Cost - \$688,584,441) Other Assets in Excess of Liabilities - 0.1% | | | | 694,176,822 812,768 |
| TOTAL NET ASSETS - 100.0% | | | | \$ 694,989,590 |

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2018

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

* Non-income producing security.

- (a) Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. This security has been deemed liquid pursuant to guidelines approved by the Board of Directors.
- (b) Payment-in-kind security for which the issuer has the option at each interest payment date of making interest payments in cash or additional debt securities.
- (c) Security is valued in good faith in accordance with procedures approved by the Board of Directors (Note 1).
- (d) Security is valued using significant unobservable inputs (Note 1).
- (e) Value is less than \$1.
- (f) Security has no maturity date. The date shown represents the next call date.
- (g) Variable rate security. Interest rate disclosed is as of the most recent information available. Certain variable rate securities are not based on a published reference rate and spread but are determined by the issuer or agent and are based on current market conditions. These securities do not indicate a reference rate and spread in their description above.
- (h) Security is exempt from registration under Regulation S of the Securities Act of 1933. Regulation S applies to securities offerings that are made outside of the United States and do not involve direct selling efforts in the United States. This security has been deemed liquid pursuant to guidelines approved by the Board of Directors.
- (i) Restricted security (Note 2).
- (j) The maturity principal is currently in default as of June 30, 2018.
- (k) Senior loans may be considered restricted in that the Fund ordinarily is contractually obligated to receive approval from the agent bank and/or borrower prior to the disposition of a senior loan.

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

(m) All or a portion of this loan is unfunded as of June 30, 2018. The interest rate for fully unfunded term loans is to be determined.

Abbreviations used in this schedule:

| | |
|-------------|--------------------------------|
| ARS | Argentine Peso |
| BRL | Brazilian Real |
| EUR | Euro |
| LIBOR | London Interbank Offered Rate |
| OJSC | Open Joint Stock Company |
| PO | Principal Only |
| RUB | Russian Ruble |
| Second Lien | Subordinate Lien to First Lien |
| UYU | Uruguayan Peso |

At June 30, 2018, the Fund had the following open forward foreign currency contracts:

| | Currency Purchased | Currency Sold | Counterparty | Settlement Date | Unrealized Appreciation |
|-----|-------------------------------|--------------------------|---------------------|----------------------------|------------------------------------|
| USD | 1,056,291 | EUR 850,123 | Barclays Bank PLC | 7/19/18 | \$ 62,048 |

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

June 30, 2018

Abbreviations used in this table:

EUR Euro

USD United States Dollar

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

See Notes to Schedule of Investments.

Notes to Schedule of Investments (unaudited)

1. Organization and significant accounting policies

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

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

(a) Investment valuation. The valuations for fixed income securities (which may include, but are not limited to, corporate, government, municipal, mortgage-backed, collateralized mortgage obligations and asset-backed securities) and certain derivative instruments are typically the prices supplied by independent third party pricing services, which may use market prices or broker/dealer quotations or a variety of valuation techniques and methodologies. The independent third party pricing services use inputs that are observable such as issuer details, interest rates, yield curves, prepayment speeds, credit risks/spreads, default rates and quoted prices for similar securities. Prior to December 1, 2017, short-term fixed income securities that would mature in 60 days or less were valued at amortized cost, unless it was determined that using this method would not reflect an investment's fair value. Investments in open-end funds are valued at the closing net asset value per share of each fund on the day of valuation. Futures contracts are valued daily at the settlement price established by the board of trade or exchange on which they are traded. Equity securities for which market quotations are available are valued at the last reported sales price or official closing price on the primary market or exchange on which they trade. When the Fund holds securities or other assets that are denominated in a foreign currency, the Fund will normally use the currency exchange rates as of 4:00 p.m. (Eastern Time). If independent third party pricing services are unable to supply prices for a portfolio investment, or if the prices supplied are deemed by the manager to be unreliable, the market price may be determined by the manager using quotations from one or more broker/dealers or at the transaction price if the security has recently been purchased and no value has yet been obtained from a pricing service or pricing broker. When reliable prices are not readily available, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded, but before the Fund calculates its net asset value, the Fund values these securities as determined in accordance with procedures approved by the Fund's Board of Directors.

The Board of Directors is responsible for the valuation process and has delegated the supervision of the daily valuation process to the Legg Mason North Atlantic Fund Valuation Committee (the Valuation Committee). The Valuation Committee, pursuant to the policies adopted by the Board of Directors, is responsible for making fair value determinations,

Notes to Schedule of Investments (unaudited) (continued)

evaluating the effectiveness of the Fund's pricing policies, and reporting to the Board of Directors. When determining the reliability of third party pricing information for investments owned by the Fund, the Valuation Committee, among other things, conducts due diligence reviews of pricing vendors, monitors the daily change in prices and reviews transactions among market participants.

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

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

The Fund uses valuation techniques to measure fair value that are consistent with the market approach and/or income approach, depending on the type of security and the particular circumstance. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable securities. The income approach uses valuation techniques to discount estimated future cash flows to present value.

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

Level 1 quoted prices in active markets for identical investments

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

Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

Notes to Schedule of Investments (unaudited) (continued)

The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

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

| DESCRIPTION | ASSETS | | | TOTAL |
|---|----------------------------|---|--|----------------|
| | QUOTED PRICES (LEVEL 1) | OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2) | SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) | |
| Long-Term Investments : | | | | |
| Corporate Bonds & Notes: | | | | |
| Consumer Discretionary | | \$ 119,958,217 | \$ 2,200,047 | \$ 122,158,264 |
| Energy | | 100,843,338 | 0* | 100,843,338 |
| Health Care | | 61,389,414 | 2,690,875 | 64,080,289 |
| Other Corporate Bonds & Notes | | 263,483,003 | | 263,483,003 |
| Senior Loans: | | | | |
| Consumer Discretionary | | 34,613,001 | 1,042,063 | 35,655,064 |
| Real Estate | | | 2,932,650 | 2,932,650 |
| Utilities | | | 687,638 | 687,638 |
| Other Senior Loans | | 25,699,637 | | 25,699,637 |
| Sovereign Bonds | | 32,783,140 | | 32,783,140 |
| Common Stocks: | | | | |
| Consumer Discretionary | | | 3,122,041 | 3,122,041 |
| Energy | | 2,265,400 | 4,415,139 | 6,680,539 |
| Industrials | | | 362,832 | 362,832 |
| Utilities | | | 1,042,470 | 1,042,470 |
| U.S. Government & Agency Obligations | | 8,226,855 | | 8,226,855 |
| Preferred Stocks: | | | | |
| Financials | \$ 7,597,014 | | | 7,597,014 |
| Industrials | | | 416,626 | 416,626 |
| Convertible Bonds & Notes | | 7,252,750 | | 7,252,750 |
| Convertible Preferred Stocks: | | 3,021,914 | | 3,021,914 |
| Total Long-Term Investments | 7,597,014 | 659,536,669 | 18,912,381 | 686,046,064 |
| Short-Term Investments | 8,130,758 | | | 8,130,758 |
| Total Investments | \$ 15,727,772 | \$ 659,536,669 | \$ 18,912,381 | \$ 694,176,822 |
| Other Financial Instruments: | | | | |
| Forward Foreign Currency Contracts | | 62,048 | | 62,048 |
| Total | \$ 15,727,772 | \$ 659,598,717 | \$ 18,912,381 | \$ 694,238,870 |

See Schedule of Investments for additional detailed categorizations.

* Amount represents less than \$1.

Notes to Schedule of Investments (unaudited) (continued)

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

| INVESTMENTS IN SECURITIES | BALANCE AS OF SEPTEMBER 30, 2017 | ACCRUED PREMIUMS/ DISCOUNTS | REALIZED GAIN (LOSS) | CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION) | PURCHASES |
|---------------------------|---|-----------------------------------|----------------------------|---|------------|
| Common Stocks: | | | | | |
| Consumer Discretionary | \$ 1,075,874 | | | \$ 2,046,167 | |
| Energy | 2,363,593 | | | (176,182) | |
| Industrials | 258,670 | | | 104,162 | |
| Utilities | | | | | |
| Corporate Bonds & Notes: | | | | | |
| Consumer Discretionary | 1,913,619 | \$ 9,849 | | (9,849) | \$ 286,428 |
| Energy | 0* | | | | |
| Health Care | 2,579,120 | 3,240 | | 108,515 | |
| Materials | 0* | | | | |
| Preferred Stocks: | | | | | |
| Industrials | 386,659 | | | (870) | 30,837 |
| Senior Loans: | | | | | |
| Consumer Discretionary | 940,500 | 827 | | 341,173 | |
| Energy | 1,219,529 | (5,981) | \$ (73,119) | 241,494 | |
| Real Estate | | | | | |
| Utilities | | | | | |
| Total | \$ 10,737,564 | \$ 7,935 | \$ (73,119) | \$ 2,654,610 | \$ 317,265 |

| INVESTMENTS IN SECURITIES (CONT'D) | SALES | TRANSFERS INTO LEVEL 3 ¹ | TRANSFERS OUT OF LEVEL 3 ² | BALANCE AS OF JUNE 30, 2018 | NET CHANGE IN UNREALIZED APPRECIATION (DEPRECIATION) FOR INVESTMENTS IN SECURITIES STILL HELD AT JUNE 30, 2018 ³ |
|------------------------------------|-------|---|---|-----------------------------------|--|
| Common Stocks: | | | | | |
| Consumer Discretionary | | | | \$ 3,122,041 | \$ 269,511 |
| Energy | | \$ 2,227,727 | | 4,415,139 | (40,004) |
| Industrials | | | | 362,832 | 22,462 |
| Utilities | | 1,042,470 | | 1,042,470 | |
| Corporate Bonds & Notes: | | | | | |
| Consumer Discretionary | | | | 2,200,047 | (1,196) |
| Energy | | | | 0* | |
| Health Care | | | | 2,690,875 | |
| Materials | | | | | |
| Preferred Stocks: | | | | | |
| Industrials | | | | 416,626 | |
| Senior Loans: | | | | | |
| Consumer Discretionary | | 1,042,063 | \$ 1,282,500 | 1,042,063 | |

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| | | | | | |
|-------------|--------------|--------------|--------------|---------------|------------|
| Energy | \$ 1,381,922 | | | | |
| Real Estate | | 2,932,650 | | 2,932,650 | |
| Utilities | | 687,638 | | 687,638 | |
| Total | \$ 1,381,922 | \$ 7,932,548 | \$ 1,282,500 | \$ 18,912,381 | \$ 250,773 |

Notes to Schedule of Investments (unaudited) (continued)

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

* Amount represents less than \$1.

¹ Transferred into Level 3 as a result of the unavailability of a quoted price in an active market for an identical investment or the unavailability of other significant observable inputs.

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

³ Change in unrealized appreciation (depreciation) includes net unrealized appreciation (depreciation) resulting from changes in investment values during the reporting period and the reversal of previously recorded unrealized appreciation (depreciation) when gains or losses are realized.

2. Restricted securities

The following Portfolio investments are restricted as to resale

| SECURITY | NUMBER OF SHARES/FACE AMOUNT | ACQUISITION DATE | COST | VALUE AT 6/30/2018 | VALUE PER SHARE/UNIT | PERCENT OF NET ASSETS |
|---------------------|------------------------------------|---------------------|-----------|-----------------------|-------------------------|--------------------------|
| Berry Petroleum Co. | 3,186 | 2/17 | \$ 30,465 | \$ 44,604 | \$ 14.00 | 0.00% |
| BioScrip Inc. | \$ 2,575,000 | 6/17 | 2,553,557 | \$ 2,690,875 | 104.50 | 0.39% |

ITEM 2. CONTROLS AND PROCEDURES.

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

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

ITEM 3. EXHIBITS.

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

SIGNATURES

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

Western Asset High Income Opportunity Fund Inc.

By */s/ JANE TRUST*
Jane Trust
Chief Executive Officer

Date: August 22, 2018

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

By */s/ JANE TRUST*
Jane Trust
Chief Executive Officer

Date: August 22, 2018

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

Date: August 22, 2018