

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.
Form N-CSR
November 30, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES
Investment Company Act file number 811-07920

Western Asset High Income Opportunity Fund Inc.
(Exact name of registrant as specified in charter)

620 Eighth Avenue, 49th Floor, New York, NY 10018
(Address of principal executive offices) (Zip code)

Robert I. Frenkel, Esq.

Legg Mason & Co., LLC

100 First Stamford Place

Stamford, CT 06902

(Name and address of agent for service)

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

Date of fiscal year end: September 30

Date of reporting period: September 30, 2018

ITEM 1. REPORT TO STOCKHOLDERS.

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

Annual Report

September 30, 2018

WESTERN ASSET

HIGH INCOME OPPORTUNITY FUND INC. (HIO)

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

What's inside	
Letter from the chairman	II
Investment commentary	III
Fund overview	1
Fund at a glance	6
Spread duration	7
Effective duration	8
Schedule of investments	9
Statement of assets and liabilities	25
Statement of operations	26
Statements of changes in net assets	27
Financial highlights	28
Notes to financial statements	29
Report of independent registered public accounting firm	43
Additional information	44
Annual chief executive officer and principal financial officer certifications	50
Other shareholder communications regarding accounting matters	51
Dividend reinvestment plan	52
Important tax information	54
Fund objectives	

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.

Letter from the chairman

Dear Shareholder,

We are pleased to provide the annual report of Western Asset High Income Opportunity Fund Inc. for the twelve-month reporting period ended September 30, 2018. Please read on for a detailed look at prevailing economic and market conditions during the Fund's reporting period and to learn how those conditions have affected Fund performance.

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

Fund prices and performance,

Market insights and commentaries from our portfolio managers, and

A host of educational resources.

We look forward to helping you meet your financial goals.

Sincerely,

Jane Trust, CFA

Chairman, President and Chief Executive Officer

October 31, 2018

II Western Asset High Income Opportunity Fund Inc.

Investment commentary

Economic review

Economic activity in the U.S. was mixed during the twelve months ended September 30, 2018 (the reporting period). Looking back, the U.S. Department of Commerce reported that fourth quarter 2017 and first quarter 2018 U.S. gross domestic product (GDP) growth was 2.3% and 2.2%, respectively. GDP growth then accelerated to 4.2% during the second quarter of 2018—the strongest reading since the third quarter of 2014. Finally, the U.S. Department of Commerce's initial reading for third quarter 2018 GDP growth—released after the reporting period ended—was 3.5%. The deceleration in GDP growth in the third quarter of 2018 reflected a downturn in exports and a deceleration in nonresidential fixed investment. Imports increased in the third quarter after decreasing in the second. These movements were partly offset by an upturn in private inventory investment.

Job growth in the U.S. was solid overall and supported the economy during the reporting period. As reported by the U.S. Department of Labor, when the reporting period ended on September 30, 2018, the unemployment rate was 3.7%, versus 4.1% when the period began. September 2018's reading was the lowest unemployment rate since 1969. The percentage of longer-term unemployed also declined during the reporting period. In September 2018, 22.9% of Americans looking for a job had been out of work for more than six months, versus 24.8% when the period began.

Looking back, at its meeting that concluded on September 20, 2017, the Federal Reserve Board (the Fed) kept the federal funds rateⁱⁱⁱ on hold, but reiterated its intention to begin reducing its balance sheet, saying, "In October, the Committee will initiate the balance sheet normalization program." At its meeting that ended on December 13, 2017, the Fed raised rates to a range between 1.25% and 1.50%. As expected, the Fed kept rates on hold at its meeting that concluded on January 31, 2018. However, at its meeting that ended on March 21, 2018, the Fed again raised the federal funds rate, moving it to a range between 1.50% and 1.75%. At its meeting that concluded on June 13, 2018, the Fed raised the federal funds rate to a range between 1.75% and 2.00%. Finally, at its meeting that ended on September 26, 2018, the Fed raised the federal funds rate to a range between 2.00% and 2.25%.

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

Sincerely,

Jane Trust, CFA

Chairman, President and Chief Executive Officer

October 31, 2018

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

Investment commentary (cont d)

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

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

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

IV Western Asset High Income Opportunity Fund Inc.

Fund overview

Q. What is the Fund's investment strategy?

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

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

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

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

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

A. The overall fixed income market generated weak results over the twelve-month reporting period ended September 30, 2018. The spread sectors (non-Treasuries) experienced periods of volatility as they were impacted by a number of factors, including the December 2017 signing of the U.S. tax reform bill, improving growth in the U.S., four interest rate hikes by the Federal Reserve Board (the Fed), concerns over a global trade war and several geopolitical issues.

Both short- and long-term Treasury yields moved higher during the reporting period. The yield for the two-year Treasury note began the reporting period at 1.47% equaling its low for the period and ended the period at 2.81%. The high for the period of 2.83% occurred from September 24 to September 27, 2018. The yield for the ten-year Treasury began the reporting period at 2.33% and ended the period at 3.05%. The low for the period of 2.28% occurred on October 13, 2017, and the peak for the period of 3.11% took place on May 17, 2018.

Fund overview (cont'd)

All told, the Bloomberg Barclays U.S. Aggregate Indexⁱⁱ, returned -1.22% for the reporting period. For comparison purposes, riskier fixed-income securities, including the high-yield bond market, produced stronger results. Over the Fund's fiscal year, the Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Cap Index (the Indexⁱⁱⁱ) returned 3.05%. Lower quality issuers outperformed, with the Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Cap Index Caa Component^{iv}, returning 7.08% over the same timeframe.

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

A. A number of adjustments were made to the Fund's portfolio during the reporting period. We increased the overall quality of the portfolio by reducing the Fund's allocations to lower rated B and CCC securities. Meanwhile, we increased the Fund's exposures to securities rated BBB and BB. Our strategy to reduce the Fund's risk exposure was not driven by a concern that the current credit cycle is turning negative, but rather that valuations have compressed to the point where, in our view, maintaining an elevated level of risk was unwarranted. From a sector perspective, we reduced the Fund's exposures to the Consumer Cyclical^v and Consumer Non-Cyclicals² sectors. Conversely, we increased the Fund's positions in the Capital Goods³ and Energy sectors. Elsewhere, we increased the Fund's allocation to emerging markets debt during the reporting period.

Currency forwards, which were used to manage the Fund's currency exposure, did not meaningfully impact results.

Finally, toward the end of the reporting period, rates moved higher in the U.S. as the Fed continued to increase front-end rates and deliver hawkish forward guidance. Volatility increased and we were able to add income across our closed-end funds. In addition, we felt discounts widened across fixed income closed-end funds as retail investors looked to reduce exposure creating an opportunity. Both before and after the end of the reporting period, we purchased shares of the Fund in the open market.

Performance review

For the twelve months ended September 30, 2018, Western Asset High Income Opportunity Fund Inc. returned 2.15% based on its net asset value (NAV) and -0.84% based on its New York Stock Exchange (NYSE) market price per share. The Fund's unmanaged benchmark, the Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Cap Index, returned 3.05% for the same period. The Lipper High Yield Closed-End Funds Category Average^{vi} returned 3.15% over the same time frame. Please note that Lipper performance returns are based on each fund's NAV.

During the twelve-month period, the Fund made distributions to shareholders totaling \$0.33 per share*. The performance table shows the Fund's twelve-month total return

¹ Consumer Cyclical consists of the following industries: Automotive, Entertainment, Gaming, Home Construction, Lodging, Retailers, Restaurants, Textiles and other consumer services.

² Consumer Non-Cyclicals consists of the following industries: Consumer Products, Food/Beverage, Health Care, Pharmaceuticals, Supermarkets and Tobacco.

³ Capital Goods consists of the following industries: Aerospace & Defense, Building Materials, Diversified Manufacturing, Construction Machines, Packaging and Environmental.

* For the tax character of distributions paid during the fiscal year ended September 30, 2018, please refer to page 41 of this report.

based on its NAV and market price as of September 30, 2018. **Past performance is no guarantee of future results.**

Performance Snapshot as of September 30, 2018

Price Per Share

\$5.44 (NAV)

\$4.76 (Market Price)

12-Month

Total Return**

2.15%

-0.84%

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

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

Total return assumes the reinvestment of all distributions at NAV.

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

Q. What were the leading contributors to performance?

A. The largest contributor to the Fund's relative performance during the reporting period was our issuer selection. In particular, overweight positions in Berry Petroleum Co. and Bausch Health Companies Inc. (formerly Valeant Pharmaceuticals) were the most additive for returns. Berry Petroleum Corp. was the beneficiary of rising oil prices. Bausch Health Companies Inc. continued to execute on its plan to sell assets, reduce debt and stabilize its fundamental performance, all of which helped send its bonds higher. Elsewhere, the Fund's overweight exposure to government bonds issued by Poland was rewarded. These bonds performed well due to continued strong growth in the country. In addition, Poland's economy remains competitive and diversified, and the government maintains a strong record of fiscal prudence.

Sector positioning, overall, contributed to performance. More specifically, an overweight to the Energy sector versus the benchmark was a positive, as it was one of the top performing sectors during the reporting period. An underweight to the Information Technology sector was also additive to results as the sector lagged the benchmark. Elsewhere, an opportunistic allocation to bank loans was rewarded as they outperformed the overall high-yield corporate bond market.

Finally, our quality biases modestly contributed to results. In particular, on average having an overall overweight to lower quality CCC-rated credits was additive for returns as they outperformed their higher rated counterparts during the reporting period. As mentioned, we pared the Fund's allocation to CCC-rated securities as the reporting period progressed.

Q. What were the leading detractors from performance?

A. The largest detractor from the Fund's relative performance during the reporting period was its asset class positioning. In particular, an allocation to emerging markets debt detracted from results, as the asset class underperformed U.S. high-yield bonds. We felt positive global growth momentum and commodity stabilization would benefit the Fund's emerging markets positioning. Examples of detractors from results were the Fund's positions in Argentina and Brazil. An opportunistic allocation to investment-grade corporate bonds was also a headwind for results, as lower quality bonds outperformed

Fund overview (cont d)

their higher quality counterparts during the reporting period.

Duration^{vii} positioning was also negative for returns. More specifically, having a long duration stance was not rewarded as interest rates moved higher across the yield curve^{viii} during the reporting period. The Fund's long duration strategy was one among many that we employed in constructing a well-diversified portfolio.

An example of an individual holding that detracted from performance was an overweight position in Blue Ridge Mountain Resources Inc. We own the equity of this oil and gas company, which we received in a restructuring. The company's shares performed poorly, partially driven by an abundance of forced sellers in the market. Finally, from a sector positioning perspective, an overweight to the Consumer Non-Cyclicals sector and an overweight to the banking industry were negative for results during the reporting period.

Looking for additional information?

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

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

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

Sincerely,

Western Asset Management Company, LLC

October 22, 2018

***RISKS:** The Fund is a diversified closed-end management investment company designed primarily as a long-term investment and not as a trading vehicle. The Fund is not intended to be a complete investment program and, due to the uncertainty inherent in all investments, there can be no assurance that the Fund will achieve its investment objectives. The Fund's common stock is traded on the New York Stock Exchange. Similar to stocks, the Fund's share price will fluctuate with market conditions and, at the time of sale, may be worth more or less than the original investment. Shares of closed-end funds often trade at a discount to their net asset value. Diversification does not assure against market loss. The Fund's investments are subject to a number of risks, such as credit risk, inflation risk and interest rate risk. The Fund may invest in lower-rated high-yield bonds, commonly known as junk bonds, which are subject to greater credit risk (risk of default) and liquidity risk than higher-rated obligations. The Fund is also permitted purchases of equity securities. Equity securities generally have greater price volatility than fixed-income securities. As interest rates rise, bond prices fall, reducing the value of the Fund's holdings. The Fund may use derivatives, such as options and futures, which can be illiquid, may disproportionately*

increase losses, and have a potentially large impact on Fund performance. In addition, the Fund may invest in foreign securities, which are subject to certain risks of overseas investing, including currency fluctuations and changes in political, social and economic conditions, which could result in significant fluctuations. These risks are magnified in emerging markets.

Portfolio holdings and breakdowns are as of September 30, 2018 and are subject to change and may not be representative of the portfolio managers' current or future investments. Please refer to pages 9 through 24 for a list and percentage breakdown of the Fund's holdings.

The mention of sector breakdowns is for informational purposes only and should not be construed as a recommendation to purchase or sell any securities. The information provided regarding such sectors is not a sufficient basis upon which to make an investment decision. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies discussed should consult their financial professional. The Fund's top five sector holdings (as a percentage of net assets) as of September 30, 2018 were: Communication Services (22.6%), Energy (17.9%), Financials (12.9%), Consumer Discretionary (10.2%) and Health Care (8.5%). The Fund's portfolio composition is subject to change at any time.

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

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

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

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

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

^{iv} The Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Cap Index Caa Component is an index of the 2% Issuer Cap component of the broader Bloomberg Barclays U.S. Corporate High Yield Index and is comprised of Caa-rated securities included in this index.

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

^{vi} Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the twelve-month period ended September 30, 2018, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 9 funds in the Fund's Lipper category.

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

^{viii} The yield curve is the graphical depiction of the relationship between the yield on bonds of the same credit quality but different maturities.

Fund at a glance (unaudited)

Investment breakdown (%) as a percent of total investments

The bar graph above represents the composition of the Fund's investments as of September 30, 2018 and September 30, 2017 and does not include derivatives, such as forward foreign currency contracts. The Fund is actively managed. As a result, the composition of the Fund's investments is subject to change at any time.

* As of September 28, 2018, the Telecommunication Services sector was broadened to include some companies previously classified in the Consumer Discretionary and Information Technology sectors and renamed the Communication Services sector.

Spread duration (unaudited)

Economic exposure September 30, 2018

Total Spread Duration

HIO 4.23 years

Benchmark 3.76 years

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

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

Effective duration (unaudited)

Interest rate exposure September 30, 2018

Total Effective Duration

HIO 4.30 years

Benchmark 3.87 years

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

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

8 Western Asset High Income Opportunity Fund Inc. 2018 Annual Report

Schedule of investments

September 30, 2018

Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Corporate Bonds & Notes 81.2%				
Communication Services 20.8%				
<i>Diversified Telecommunication Services 3.0%</i>				
Cogent Communications Group Inc., Senior Secured Notes	5.375%	3/1/22	2,120,000	\$ 2,162,400 (a)
Intelsat Jackson Holdings SA, Senior Secured Notes	8.000%	2/15/24	2,910,000	3,070,050 (a)
Telecom Italia SpA, Senior Notes	5.303%	5/30/24	2,800,000	2,737,000 (a)
UPCB Finance IV Ltd., Senior Secured Notes	5.375%	1/15/25	1,515,000	1,516,894 (a)
Windstream Services LLC/Windstream Finance Corp., Second Lien Notes	10.500%	6/30/24	13,170,000	11,326,200 (a)
<i>Total Diversified Telecommunication Services</i>				<i>20,812,544</i>
<i>Interactive Media & Services 1.0%</i>				
Match Group Inc., Senior Notes	6.375%	6/1/24	940,000	992,875
Match Group Inc., Senior Notes	5.000%	12/15/27	5,770,000	5,770,577 (a)
<i>Total Interactive Media & Services</i>				<i>6,763,452</i>
<i>Media 11.4%</i>				
Altice France SA, Senior Secured Bonds	6.250%	5/15/24	4,430,000	4,380,162 (a)
Altice France SA, Senior Secured Notes	7.375%	5/1/26	5,632,000	5,653,120 (a)
Altice France SA, Senior Secured Notes	8.125%	2/1/27	9,000,000	9,292,500 (a)
Altice Luxembourg SA, Senior Secured Notes	7.750%	5/15/22	14,585,000	14,220,375 (a)
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	5.750%	2/15/26	1,170,000	1,175,850 (a)
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	5.125%	5/1/27	671,000	637,450 (a)
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	5.000%	2/1/28	14,109,000	13,296,322 (a)
DISH DBS Corp., Senior Notes	5.875%	11/15/24	5,568,000	5,011,200
DISH DBS Corp., Senior Notes	7.750%	7/1/26	14,518,000	13,749,272
Time Warner Cable LLC, Senior Secured Notes	8.250%	4/1/19	1,039,000	1,065,687
UPC Holding BV, Senior Secured Notes	5.500%	1/15/28	2,680,000	2,550,208 (a)
Virgin Media Finance PLC, Senior Notes	6.375%	4/15/23	2,800,000	2,880,500 (a)
Virgin Media Finance PLC, Senior Notes	6.000%	10/15/24	5,745,000	5,770,450 (a)
Virgin Media Finance PLC, Senior Secured Notes	5.500%	8/15/26	430,000	425,700 (a)
<i>Total Media</i>				<i>80,108,796</i>
<i>Wireless Telecommunication Services 5.4%</i>				
CSC Holdings LLC, Senior Notes	10.125%	1/15/23	665,000	729,173 (a)
CSC Holdings LLC, Senior Notes	6.625%	10/15/25	4,000,000	4,225,000 (a)
CSC Holdings LLC, Senior Notes	10.875%	10/15/25	1,899,000	2,212,335 (a)
Sprint Capital Corp., Senior Notes	6.875%	11/15/28	2,190,000	2,206,425
Sprint Capital Corp., Senior Notes	8.750%	3/15/32	6,120,000	6,900,300
Sprint Communications Inc., Senior Notes	9.000%	11/15/18	4,250,000	4,281,663 (a)
Sprint Communications Inc., Senior Notes	7.000%	8/15/20	1,820,000	1,906,450
Sprint Communications Inc., Senior Notes	11.500%	11/15/21	3,770,000	4,439,175

See Notes to Financial Statements.

Schedule of investments (cont d)

September 30, 2018

Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Wireless Telecommunication Services continued</i>				
Sprint Corp., Senior Notes	7.250%	9/15/21	2,800,000	\$ 2,968,000
Sprint Corp., Senior Notes	7.875%	9/15/23	360,000	389,250
T-Mobile USA Inc., Senior Notes	6.000%	3/1/23	1,080,000	1,112,940
T-Mobile USA Inc., Senior Notes	6.500%	1/15/26	910,000	955,682
VEON Holdings BV, Senior Notes	7.504%	3/1/22	1,530,000	1,641,812 (i)
VEON Holdings BV, Senior Notes	7.504%	3/1/22	940,000	1,008,695 (a)
Vimpel Communications Via VIP Finance Ireland Ltd. OJSC, Senior Notes	7.748%	2/2/21	3,170,000	3,388,048 (a)
<i>Total Wireless Telecommunication Services</i>				<i>38,364,948</i>
Total Communication Services				146,049,740
<i>Consumer Discretionary 6.3%</i>				
<i>Auto Components 1.0%</i>				
Adient Global Holdings Ltd., Senior Notes	4.875%	8/15/26	2,139,000	1,911,731 (a)
IHO Verwaltungs GmbH, Senior Secured Notes, (4.750% Cash or 5.500% PIK)	4.750%	9/15/26	580,000	548,100 (a)(b)
JB Poindexter & Co. Inc., Senior Notes	7.125%	4/15/26	1,730,000	1,803,525 (a)
ZF North America Capital Inc., Senior Notes	4.750%	4/29/25	2,580,000	2,582,871 (a)
<i>Total Auto Components</i>				<i>6,846,227</i>
<i>Diversified Consumer Services 2.3%</i>				
Carriage Services Inc., Senior Notes	6.625%	6/1/26	3,157,000	3,243,817 (a)
Frontdoor Inc., Senior Notes	6.750%	8/15/26	570,000	588,525 (a)
Prime Security Services Borrower LLC/Prime Finance Inc., Senior Notes	9.250%	5/15/23	2,943,000	3,154,896 (a)
Service Corp. International, Senior Notes	7.500%	4/1/27	1,975,000	2,228,057
VOC Escrow Ltd., Senior Secured Notes	5.000%	2/15/28	7,351,000	7,101,360 (a)
<i>Total Diversified Consumer Services</i>				<i>16,316,655</i>
<i>Hotels, Restaurants & Leisure 1.5%</i>				
Bossier Casino Venture Holdco Inc., Senior Secured Bonds (14.000% PIK)	14.000%	2/9/23	2,278,759	2,278,759 (a)(b)(c)(d)
Carrols Restaurant Group Inc., Secured Notes	8.000%	5/1/22	1,540,000	1,607,837
Downstream Development Authority of the Quapaw Tribe of Oklahoma, Senior Secured Notes	10.500%	2/15/23	490,000	503,475 (a)
Hilton Domestic Operating Co. Inc., Senior Notes	5.125%	5/1/26	4,870,000	4,870,000 (a)
Silversea Cruise Finance Ltd., Senior Secured Notes	7.250%	2/1/25	1,438,000	1,571,015 (a)
<i>Total Hotels, Restaurants & Leisure</i>				<i>10,831,086</i>
<i>Household Durables 0.3%</i>				
Lennar Corp., Senior Notes	4.500%	4/30/24	590,000	579,203
Lennar Corp., Senior Notes	4.750%	5/30/25	1,780,000	1,742,175
<i>Total Household Durables</i>				<i>2,321,378</i>

See Notes to Financial Statements.

Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Specialty Retail 0.7%</i>				
Hertz Corp., Senior Notes	5.875%	10/15/20	2,030,000	\$ 2,030,000
Party City Holdings Inc., Senior Notes	6.625%	8/1/26	1,630,000	1,654,450 ^(a)
Sally Holdings LLC/Sally Capital Inc., Senior Notes	5.625%	12/1/25	900,000	861,750
<i>Total Specialty Retail</i>				<i>4,546,200</i>
<i>Textiles, Apparel & Luxury Goods 0.5%</i>				
Hanesbrands Inc., Senior Notes	4.625%	5/15/24	3,736,000	3,649,605 ^(a)
Hanesbrands Inc., Senior Notes	4.875%	5/15/26	136,000	130,730 ^(a)
<i>Total Textiles, Apparel & Luxury Goods</i>				<i>3,780,335</i>
Total Consumer Discretionary				44,641,881
<i>Consumer Staples 0.6%</i>				
<i>Food Products 0.2%</i>				
Lamb Weston Holdings Inc., Senior Notes	4.875%	11/1/26	1,400,000	1,377,250 ^(a)
<i>Household Products 0.4%</i>				
Central Garden & Pet Co., Senior Notes	6.125%	11/15/23	1,080,000	1,119,150
Spectrum Brands Inc., Senior Notes	6.625%	11/15/22	940,000	965,850
Spectrum Brands Inc., Senior Notes	6.125%	12/15/24	650,000	666,250
<i>Total Household Products</i>				<i>2,751,250</i>
Total Consumer Staples				4,128,500
<i>Energy 16.4%</i>				
<i>Energy Equipment & Services 0.8%</i>				
KCA Deutag UK Finance PLC, Senior Secured Notes	9.875%	4/1/22	2,320,000	2,320,000 ^(a)
Pride International Inc., Senior Notes	7.875%	8/15/40	1,000,000	955,000
Transocean Guardian Ltd., Senior Secured Notes	5.875%	1/15/24	1,010,000	1,022,625 ^(a)
Transocean Inc., Senior Notes	9.000%	7/15/23	830,000	904,700 ^(a)
Transocean Inc., Senior Notes	6.800%	3/15/38	970,000	843,900
<i>Total Energy Equipment & Services</i>				<i>6,046,225</i>
<i>Oil, Gas & Consumable Fuels 15.6%</i>				
Andeavor Logistics LP/Tesoro Logistics Finance Corp., Senior Notes	6.375%	5/1/24	650,000	690,625
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	2,928,750 ^(a)
Cheniere Corpus Christi Holdings LLC, Senior Secured Notes	5.875%	3/31/25	810,000	853,538
Chesapeake Energy Corp., Senior Notes	6.875%	11/15/20	5,200,000	5,473,000
Chesapeake Energy Corp., Senior Notes	5.375%	6/15/21	1,655,000	1,655,000
Chesapeake Energy Corp., Senior Notes	5.750%	3/15/23	600,000	587,250
Chesapeake Energy Corp., Senior Notes	8.000%	6/15/27	680,000	695,300

See Notes to Financial Statements.

Schedule of investments (cont d)

September 30, 2018

Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Oil, Gas & Consumable Fuels continued</i>				
Continental Resources Inc., Senior Notes	3.800%	6/1/24	3,560,000	\$ 3,495,557
Continental Resources Inc., Senior Notes	4.900%	6/1/44	2,640,000	2,616,346
Ecopetrol SA, Senior Notes	4.125%	1/16/25	1,500,000	1,458,750
Ecopetrol SA, Senior Notes	7.375%	9/18/43	1,900,000	2,166,000
Genesis Energy LP/Genesis Energy Finance Corp., Senior Notes	6.750%	8/1/22	1,320,000	1,353,000
Genesis Energy LP/Genesis Energy Finance Corp., Senior Notes	5.625%	6/15/24	490,000	465,500
Genesis Energy LP/Genesis Energy Finance Corp., Senior Notes	6.500%	10/1/25	680,000	661,300
Genesis Energy LP/Genesis Energy Finance Corp., Senior Notes	6.250%	5/15/26	930,000	888,150
Kinder Morgan Inc., Senior Notes	7.750%	1/15/32	6,920,000	8,763,489
Lukoil International Finance BV, Senior Notes	4.750%	11/2/26	1,000,000	990,595 ^(a)
Magnum Hunter Resources Corp. Escrow			6,700,000	0 ^{*(c)(d)(e)}
MEG Energy Corp., Senior Notes	6.375%	1/30/23	4,200,000	3,843,000 ^(a)
MEG Energy Corp., Senior Notes	7.000%	3/31/24	2,450,000	2,247,875 ^(a)
NGPL PipeCo LLC, Senior Notes	7.768%	12/15/37	1,520,000	1,869,600 ^(a)
Oasis Petroleum Inc., Senior Notes	6.500%	11/1/21	2,730,000	2,770,950
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	1,701,313 ^(a)
Pampa Energia SA, Senior Notes	7.375%	7/21/23	2,910,000	2,713,604 ⁽ⁱ⁾
Petrobras Global Finance BV, Senior Notes	5.999%	1/27/28	2,650,000	2,449,925
Petrobras Global Finance BV, Senior Notes	5.750%	2/1/29	12,240,000	10,946,844
Petrobras Global Finance BV, Senior Notes	6.750%	1/27/41	5,120,000	4,726,400
Range Resources Corp., Senior Notes	4.875%	5/15/25	4,800,000	4,566,000
Rockies Express Pipeline LLC, Senior Notes	7.500%	7/15/38	1,080,000	1,290,600 ^(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	2,339,100 ^(a)
Targa Resources Partners LP/Targa Resources Partners Finance Corp., Senior Notes	5.125%	2/1/25	3,580,000	3,624,750
Targa Resources Partners LP/Targa Resources Partners Finance Corp., Senior Notes	5.875%	4/15/26	1,670,000	1,730,538 ^(a)
Targa Resources Partners LP/Targa Resources Partners Finance Corp., Senior Notes	5.000%	1/15/28	8,295,000	8,108,362 ^(a)
Transportadora de Gas del Sur SA, Senior Notes	6.750%	5/2/25	5,660,000	5,461,900 ^(a)
Whiting Petroleum Corp., Senior Notes	6.250%	4/1/23	720,000	747,000
Williams Cos. Inc., Senior Notes	3.700%	1/15/23	820,000	812,579
Williams Cos. Inc., Senior Notes	4.550%	6/24/24	1,530,000	1,556,330

See Notes to Financial Statements.

Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Oil, Gas & Consumable Fuels continued</i>				
Williams Cos. Inc., Senior Notes	7.500%	1/15/31	620,000	\$ 755,602
Williams Cos. Inc., Senior Notes	5.750%	6/24/44	3,190,000	3,425,507
WPX Energy Inc., Senior Notes	8.250%	8/1/23	860,000	980,400
YPF SA, Senior Notes	6.950%	7/21/27	2,530,000	2,222,479 (a)
<i>Total Oil, Gas & Consumable Fuels</i>				<i>109,384,733</i>
Total Energy				115,430,958
Financials 11.6%				
<i>Banks 5.9%</i>				
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	2,334,420 (f)(g)
Barclays Bank PLC, Subordinated Notes	10.179%	6/12/21	2,990,000	3,408,320 (a)
Barclays Bank PLC, Subordinated Notes	7.625%	11/21/22	4,400,000	4,777,850
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	656,521 (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	1,547,101 (a)(f)(g)
CIT Group Inc., Senior Notes	5.375%	5/15/20	270,000	278,127
CIT Group Inc., Senior Notes	5.000%	8/15/22	1,000,000	1,022,500
CIT Group Inc., Senior Notes	5.000%	8/1/23	3,470,000	3,548,422
CIT Group Inc., Senior Notes	5.250%	3/7/25	1,050,000	1,073,625
Citigroup Inc., Junior Subordinated Notes (6.300% to 5/15/24 then 3 mo. USD LIBOR + 3.423%)	6.300%	5/15/24	2,060,000	2,106,350 (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	2,524,693 (a)(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	1,370,000	1,428,739 (a)(f)(g)
Intesa Sanpaolo SpA, Subordinated Notes	5.017%	6/26/24	8,410,000	7,598,251 (a)
Intesa Sanpaolo SpA, Subordinated Notes	5.710%	1/15/26	765,000	696,918 (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	1,447,337 (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	1,212,413 (f)(g)
NatWest Markets NV, Subordinated Notes	7.750%	5/15/23	620,000	686,442
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	2,361,750 (f)(g)
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	1,309,975 (f)(g)
TC Ziraat Bankasi AS, Senior Notes	5.125%	9/29/23	2,040,000	1,746,165 (a)
<i>Total Banks</i>				<i>41,765,919</i>

See Notes to Financial Statements.

Schedule of investments (cont d)

September 30, 2018

Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Capital Markets 1.2%</i>				
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	\$ 2,719,062 ^{(a)(f)(g)}
Donnelley Financial Solutions Inc., Senior Notes	8.250%	10/15/24	1,680,000	1,777,650
Goldman Sachs Group Inc., Subordinated Notes	6.750%	10/1/37	1,880,000	2,265,435
Goldman Sachs Group Inc., Subordinated Notes	5.150%	5/22/45	2,030,000	2,076,300
<i>Total Capital Markets</i>				<i>8,838,447</i>
<i>Consumer Finance 1.0%</i>				
Ally Financial Inc., Senior Notes	8.000%	3/15/20	1,744,000	1,853,000
FirstCash Inc., Senior Notes	5.375%	6/1/24	1,520,000	1,535,200 ^(a)
Navient Corp., Medium-Term Notes, Senior Notes	8.000%	3/25/20	1,510,000	1,593,050
Navient Corp., Senior Notes	6.750%	6/15/26	1,980,000	1,960,200
<i>Total Consumer Finance</i>				<i>6,941,450</i>
<i>Diversified Financial Services 3.3%</i>				
AerCap Ireland Capital DAC/AerCap Global Aviation Trust, Senior Notes	4.625%	10/30/20	650,000	662,724
AerCap Ireland Capital DAC/AerCap Global Aviation Trust, Senior Notes	4.625%	7/1/22	1,210,000	1,235,649
ASP AMC Merger Sub Inc., Senior Notes	8.000%	5/15/25	4,300,000	3,289,500 ^(a)
DAE Funding LLC, Senior Notes	5.000%	8/1/24	9,533,000	9,354,256 ^(a)
International Lease Finance Corp., Senior Notes	6.250%	5/15/19	250,000	254,901
International Lease Finance Corp., Senior Notes	8.250%	12/15/20	3,675,000	4,017,974
International Lease Finance Corp., Senior Notes	8.625%	1/15/22	170,000	193,351
International Lease Finance Corp., Senior Notes	5.875%	8/15/22	600,000	635,250
Park Aerospace Holdings Ltd., Senior Notes	5.500%	2/15/24	1,340,000	1,376,850 ^(a)
Travelport Corporate Finance PLC, Senior Secured Notes	6.000%	3/15/26	1,860,000	1,893,796 ^(a)
<i>Total Diversified Financial Services</i>				<i>22,914,251</i>
<i>Insurance 0.2%</i>				
MetLife Capital Trust IV, Junior Subordinated Notes	7.875%	12/15/37	1,010,000	1,242,300 ^(a)
Total Financials				81,702,367
<i>Health Care 8.5%</i>				
<i>Health Care Providers & Services 3.9%</i>				
Air Medical Group Holdings Inc., Senior Notes	6.375%	5/15/23	570,000	514,425 ^(a)
BioScrip Inc., First Lien Notes (1 mo. USD LIBOR + 7.000%)	8.224%	6/30/22	2,575,000	2,697,312 ^{(d)(g)(h)}
Centene Corp., Senior Notes	5.625%	2/15/21	1,160,000	1,183,200
Centene Corp., Senior Notes	6.125%	2/15/24	710,000	747,275
Centene Corp., Senior Notes	4.750%	1/15/25	4,580,000	4,580,000
DaVita Inc., Senior Notes	5.750%	8/15/22	1,740,000	1,778,454
DaVita Inc., Senior Notes	5.000%	5/1/25	2,626,000	2,517,678

See Notes to Financial Statements.

Western Asset High Income Opportunity Fund Inc.

	Rate	Maturity Date	Face Amount	Value
<i>Security</i>				
<i>Health Care Providers & Services continued</i>				
HCA Inc., Senior Notes	7.690%	6/15/25	490,000	\$ 550,025
HCA Inc., Senior Notes	7.500%	11/15/95	6,265,000	6,265,000
HCA Inc., Senior Secured Notes	5.250%	6/15/26	4,870,000	5,022,187
RegionalCare Hospital Partners Holdings Inc., Senior Secured Notes	8.250%	5/1/23	1,560,000	1,645,800 ^(a)
<i>Total Health Care Providers & Services</i>				<i>27,501,356</i>
<i>Pharmaceuticals 4.6%</i>				
Bausch Health Cos. Inc., Senior Notes	7.500%	7/15/21	3,010,000	3,073,962 ^(a)
Bausch Health Cos. Inc., Senior Notes	5.875%	5/15/23	1,330,000	1,301,738 ^(a)
Bausch Health Cos. Inc., Senior Notes	6.125%	4/15/25	7,140,000	6,800,850 ^(a)
Bausch Health Cos. Inc., Senior Notes	9.000%	12/15/25	2,200,000	2,376,000 ^(a)
Bausch Health Cos. Inc., Senior Secured Notes	7.000%	3/15/24	700,000	741,300 ^(a)
Endo Finance LLC/Endo Finco Inc., Senior Notes	5.375%	1/15/23	1,020,000	902,700 ^(a)
Teva Pharmaceutical Finance Co. BV, Senior Notes	3.650%	11/10/21	270,000	261,715
Teva Pharmaceutical Finance Netherlands III BV, Senior Notes	2.200%	7/21/21	17,810,000	16,747,238
<i>Total Pharmaceuticals</i>				<i>32,205,503</i>
Total Health Care				
Industrials 6.2%				
<i>Aerospace & Defense 0.5%</i>				
BBA US Holdings Inc., Senior Notes	5.375%	5/1/26	1,910,000	1,917,162 ^(a)
BWX Technologies Inc., Senior Notes	5.375%	7/15/26	1,290,000	1,298,063 ^(a)
<i>Total Aerospace & Defense</i>				<i>3,215,225</i>
<i>Air Freight & Logistics 0.1%</i>				
XPO Logistics Inc., Senior Notes	6.500%	6/15/22	776,000	804,130 ^(a)
<i>Airlines 0.1%</i>				
Delta Air Lines 2007-1 Class B Pass Through Trust, Secured Notes	8.021%	8/10/22	484,088	531,819 ^(d)
<i>Building Products 1.2%</i>				
Standard Industries Inc., Senior Notes	5.375%	11/15/24	630,000	631,575 ^(a)
Standard Industries Inc., Senior Notes	5.000%	2/15/27	3,500,000	3,303,125 ^(a)
Standard Industries Inc., Senior Notes	4.750%	1/15/28	5,010,000	4,646,525 ^(a)
<i>Total Building Products</i>				<i>8,581,225</i>
<i>Commercial Services & Supplies 0.4%</i>				
GFL Environmental Inc., Senior Notes	5.375%	3/1/23	1,420,000	1,338,350 ^(a)
United Rentals North America Inc., Senior Notes	4.625%	10/15/25	910,000	884,975
United Rentals North America Inc., Senior Notes	4.875%	1/15/28	690,000	648,600
<i>Total Commercial Services & Supplies</i>				<i>2,871,925</i>

See Notes to Financial Statements.

Schedule of investments (cont d)

September 30, 2018

Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Construction & Engineering 0.3%</i>				
Brundage-Bone Concrete Pumping Inc., Senior Secured Notes	10.375%	9/1/23	1,930,000	\$ 2,060,275 (a)
<i>Containers & Packaging 0.7%</i>				
Berry Global Inc., Secured Notes	4.500%	2/15/26	5,220,000	4,972,050 (a)
<i>Industrial Conglomerates 0.1%</i>				
General Electric Co., Senior Notes	6.875%	1/10/39	600,000	750,749
<i>Machinery 1.6%</i>				
Allison Transmission Inc., Senior Notes	4.750%	10/1/27	6,975,000	6,600,094 (a)
Blueline Rental Finance Corp./Blueline Rental LLC, Senior Secured Notes	9.250%	3/15/24	2,220,000	2,339,325 (a)
Cleaver-Brooks Inc., Senior Secured Notes	7.875%	3/1/23	1,410,000	1,445,250 (a)
Park-Ohio Industries Inc., Senior Notes	6.625%	4/15/27	587,000	604,610
<i>Total Machinery</i>				10,989,279
<i>Marine 0.3%</i>				
Navios Maritime Acquisition Corp./Navios Acquisition Finance US Inc., Senior Secured Notes	8.125%	11/15/21	2,850,000	2,368,350 (a)
<i>Trading Companies & Distributors 0.8%</i>				
Ashtead Capital Inc., Secured Notes	4.125%	8/15/25	2,420,000	2,311,100 (a)
Ashtead Capital Inc., Secured Notes	4.375%	8/15/27	3,220,000	3,067,050 (a)
<i>Total Trading Companies & Distributors</i>				5,378,150
<i>Transportation Infrastructure 0.1%</i>				
Neovia Logistics Services LLC/SPL Logistics Finance Corp., Senior Secured Notes	8.875%	8/1/20	1,160,000	1,055,600 (a)
Total Industrials				43,578,777
<i>Information Technology 1.6%</i>				
<i>Software 1.0%</i>				
CDK Global Inc., Senior Notes	5.875%	6/15/26	4,000,000	4,131,520
Interface Special Holdings Inc., Senior Notes (19.000% PIK)	19.000%	11/1/23	1,800,711	1,035,443 (a)(b)
j2 Cloud Services LLC/j2 Global Co-Obligor Inc., Senior Notes	6.000%	7/15/25	1,630,000	1,680,938 (a)
<i>Total Software</i>				6,847,901
<i>Technology Hardware, Storage & Peripherals 0.6%</i>				
Dell International LLC/EMC Corp., Senior Notes	5.875%	6/15/21	970,000	1,001,502 (a)
Dell International LLC/EMC Corp., Senior Notes	7.125%	6/15/24	740,000	793,934 (a)
Seagate HDD Cayman, Senior Notes	4.750%	6/1/23	1,370,000	1,364,367
Seagate HDD Cayman, Senior Notes	4.750%	1/1/25	670,000	643,269
Seagate HDD Cayman, Senior Notes	4.875%	6/1/27	400,000	374,892
<i>Total Technology Hardware, Storage & Peripherals</i>				4,177,964
Total Information Technology				11,025,865

See Notes to Financial Statements.

Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Materials 6.9%				
<i>Chemicals 0.5%</i>				
Valvoline Inc., Senior Notes	5.500%	7/15/24	250,000	\$ 251,250
Valvoline Inc., Senior Notes	4.375%	8/15/25	3,250,000	3,026,562
<i>Total Chemicals</i>				<i>3,277,812</i>
<i>Containers & Packaging 1.4%</i>				
ARD Securities Finance SARL, Senior Secured Notes (8.750% PIK)	8.750%	1/31/23	1,108,436	1,113,978 ^{(a)(b)}
Ardagh Packaging Finance PLC/Ardagh Holdings USA Inc., Senior Notes	7.250%	5/15/24	1,670,000	1,753,500 ^(a)
Ardagh Packaging Finance PLC/Ardagh Holdings USA Inc., Senior Notes	6.000%	2/15/25	490,000	480,813 ^(a)
Ardagh Packaging Finance PLC/Ardagh Holdings USA Inc., Senior Secured Notes	4.625%	5/15/23	1,390,000	1,379,575 ^(a)
Pactiv LLC, Senior Notes	8.375%	4/15/27	5,070,000	5,500,950
<i>Total Containers & Packaging</i>				<i>10,228,816</i>
<i>Metals & Mining 4.5%</i>				
Alcoa Nederland Holding BV, Senior Notes	6.750%	9/30/24	950,000	1,009,375 ^(a)
Alcoa Nederland Holding BV, Senior Notes	7.000%	9/30/26	1,970,000	2,125,137 ^(a)
Alcoa Nederland Holding BV, Senior Notes	6.125%	5/15/28	740,000	762,200 ^(a)
ArcelorMittal, Senior Notes	7.000%	10/15/39	2,960,000	3,450,634
Freeport-McMoRan Inc., Senior Notes	3.100%	3/15/20	30,000	29,738
Freeport-McMoRan Inc., Senior Notes	4.000%	11/14/21	780,000	777,075
Freeport-McMoRan Inc., Senior Notes	3.550%	3/1/22	550,000	533,500
Freeport-McMoRan Inc., Senior Notes	6.875%	2/15/23	3,160,000	3,381,200
Freeport-McMoRan Inc., Senior Notes	3.875%	3/15/23	2,730,000	2,645,916
Freeport-McMoRan Inc., Senior Notes	4.550%	11/14/24	1,500,000	1,462,500
Freeport-McMoRan Inc., Senior Notes	5.450%	3/15/43	4,220,000	3,861,300
Hudbay Minerals Inc., Senior Notes	7.250%	1/15/23	400,000	413,044 ^(a)
Hudbay Minerals Inc., Senior Notes	7.625%	1/15/25	1,970,000	2,043,875 ^(a)
Midwest Vanadium Pty Ltd., Senior Secured Notes	11.500%	2/15/18	2,265,465	25,574 ^{*(a)(j)}
Northwest Acquisitions ULC/Dominion Finco Inc., Senior Secured Notes	7.125%	11/1/22	1,080,000	1,107,000 ^(a)
Teck Resources Ltd., Senior Notes	8.500%	6/1/24	2,140,000	2,348,650 ^(a)
Teck Resources Ltd., Senior Notes	6.250%	7/15/41	1,050,000	1,107,750
Vale Overseas Ltd., Senior Notes	6.875%	11/21/36	2,320,000	2,705,584
Vale Overseas Ltd., Senior Notes	6.875%	11/10/39	1,500,000	1,764,750
<i>Total Metals & Mining</i>				<i>31,554,802</i>

See Notes to Financial Statements.

Schedule of investments (cont d)

September 30, 2018

Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Paper & Forest Products 0.5%</i>				
Mercer International Inc., Senior Notes	6.500%	2/1/24	2,020,000	\$ 2,070,702
Schweitzer-Mauduit International Inc., Senior Notes	6.875%	10/1/26	1,420,000	1,451,950 ^(a)
<i>Total Paper & Forest Products</i>				3,522,652
Total Materials				48,584,082
<i>Real Estate 1.3%</i>				
<i>Equity Real Estate Investment Trusts (REITs) 1.0%</i>				
CoreCivic Inc., Senior Notes	4.125%	4/1/20	90,000	90,140
CoreCivic Inc., Senior Notes	5.000%	10/15/22	1,360,000	1,349,800
CoreCivic Inc., Senior Notes	4.625%	5/1/23	200,000	193,000
CTR Partnership LP/CareTrust Capital Corp., Senior Notes	5.250%	6/1/25	670,000	654,925
MGM Growth Properties Operating Partnership LP/MGP Finance Co-Issuer Inc., Senior Notes	4.500%	1/15/28	2,270,000	2,088,627
MPT Operating Partnership LP/MPT Finance Corp., Senior Notes	6.375%	3/1/24	820,000	861,000
MPT Operating Partnership LP/MPT Finance Corp., Senior Notes	5.250%	8/1/26	1,990,000	1,987,512
<i>Total Equity Real Estate Investment Trusts (REITs)</i>				<i>7,225,004</i>
<i>Real Estate Management & Development 0.3%</i>				
WeWork Cos. Inc., Senior Notes	7.875%	5/1/25	1,830,000	1,782,658 ^(a)
Total Real Estate				9,007,662
<i>Utilities 1.0%</i>				
<i>Electric Utilities 0.5%</i>				
NRG REMA LLC, Pass-Through Certificates, Senior Secured Bonds	9.681%	7/2/26	3,552,089	2,521,983
Red Oak Power LLC, Senior Secured Notes	9.200%	11/30/29	540,000	616,275
<i>Total Electric Utilities</i>				<i>3,138,258</i>
<i>Gas Utilities 0.5%</i>				
Suburban Propane Partners LP/Suburban Energy Finance Corp., Senior Notes	5.750%	3/1/25	2,720,000	2,652,000
Suburban Propane Partners LP/Suburban Energy Finance Corp., Senior Notes	5.875%	3/1/27	1,030,000	983,650
<i>Total Gas Utilities</i>				<i>3,635,650</i>
Total Utilities				6,773,908
Total Corporate Bonds & Notes (Cost \$541,724,252)				570,630,599
<i>Senior Loans 7.7%</i>				
<i>Communication Services 1.0%</i>				
<i>Media 1.0%</i>				
American Media Inc., Term Loan (3 mo. LIBOR + 8.000%)	10.396%	10/1/18	1,230,000	1,208,475 ^{(d)(g)(k)(l)}
Charter Communications Operating LLC, Term Loan B (1 mo. LIBOR + 2.000%)	4.250%	4/30/25	4,956,557	4,969,231 ^{(g)(k)(l)}

See Notes to Financial Statements.

Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Media continued</i>				
Lamar Media Corp., Term Loan B (1 mo. LIBOR + 1.750%)	3.938%	3/14/25	716,400	\$ 719,833 (g)(k)(l)
Total Communication Services				6,897,539
Consumer Discretionary 3.5%				
<i>Auto Components 0.1%</i>				
American Axle & Manufacturing Inc., Term Loan B (1 mo. LIBOR + 2.250%)	4.450-4.470%	4/6/24	474,328	475,069 (g)(k)(l)
<i>Diversified Consumer Services 0.2%</i>				
Weight Watchers International Inc., Initial Term Loan (1 mo. LIBOR + 4.750%)	6.860-7.090%	11/29/24	1,684,375	1,705,955 (g)(k)(l)
<i>Hotels, Restaurants & Leisure 1.1%</i>				
Aramark Services Inc., Term Loan B3 (3 mo. LIBOR + 1.750%)	4.084%	3/11/25	5,161,875	5,178,652 (g)(k)(l)
Hilton Worldwide Finance LLC, Term Loan B2 (1 mo. LIBOR + 1.750%)	3.966%	10/25/23	2,569,371	2,582,225 (g)(k)(l)
<i>Total Hotels, Restaurants & Leisure</i>				
<i>Specialty Retail 2.0%</i>				
PetSmart Inc., Tranche B-2 Loan (1 mo. LIBOR + 3.000%)	5.120%	3/11/22	13,790,479	12,141,372 (g)(k)(l)(m)
Sally Holdings LLC, Term Loan B1 (1 mo. LIBOR + 2.250%)	4.330%	7/5/24	1,059,300	1,054,004 (d)(g)(k)(l)
Spencer Gifts LLC, Term Loan (Second Lien) (1 mo. LIBOR + 8.250%)	10.410%	6/29/22	1,710,000	1,271,099 (g)(k)(l)
<i>Total Specialty Retail</i>				
<i>Textiles, Apparel & Luxury Goods 0.1%</i>				
TOMS Shoes LLC, Initial Term Loan (3 mo. LIBOR + 5.500%)	7.810%	10/31/20	716,827	569,877 (g)(k)(l)
Total Consumer Discretionary				24,978,253
Financials 0.2%				
<i>Diversified Financial Services 0.2%</i>				
Travelport Finance (Luxembourg) SARL, Initial Term Loan (3 mo. LIBOR + 2.500%)	4.814%	3/17/25	1,491,964	1,494,202 (g)(k)(l)
Industrials 1.7%				
<i>Air Freight & Logistics 0.9%</i>				
Avolon TLB Borrower 1 (US) LLC, Term Loan B3 (1 mo. LIBOR + 2.000%)	4.165%	1/15/25	5,825,366	5,850,863 (g)(k)(l)
<i>Professional Services 0.4%</i>				
TransUnion LLC, 2017 Term Loan B3 (1 mo. LIBOR + 2.000%)	4.242%	4/9/23	2,970,000	2,980,211 (g)(k)(l)

See Notes to Financial Statements.

Schedule of investments (cont d)

September 30, 2018

Western Asset High Income Opportunity Fund Inc.

	Rate	Maturity Date	Face Amount	Value
Security				
<i>Trading Companies & Distributors 0.4%</i>				
Beacon Roofing Supply Inc., Initial Term Loan (1 mo. LIBOR + 2.250%)	4.383%	1/2/25	2,985,000	\$ 2,983,134 (g)(k)(l)
Total Industrials				11,814,208
Information Technology 0.3%				
<i>IT Services 0.3%</i>				
First Data Corp., 2024 USD Term Loan (1 mo. LIBOR + 2.000%)	4.212%	4/26/24	1,845,862	1,849,209 (g)(k)(l)
Materials 0.5%				
<i>Containers & Packaging 0.5%</i>				
Berry Global Inc., Term Loan Q (2 mo. LIBOR + 2.000%)	4.319%	10/1/22	2,256,802	2,262,523 (g)(k)(l)
Reynolds Group Holdings Inc., Term Loan (1 mo. LIBOR + 2.750%)	4.992%	2/5/23	992,424	998,075 (g)(k)(l)
Total Materials				3,260,598
Real Estate 0.4%				
<i>Equity Real Estate Investment Trusts (REITs) 0.4%</i>				
Iron Mountain Information Management LLC, Term Loan B (1 mo. LIBOR + 1.750%)	3.992%	1/2/26	2,985,000	2,953,905 (g)(k)(l)
Utilities 0.1%				
<i>Electric Utilities 0.1%</i>				
Panda Temple Power LLC, Second Lien Term Loan (1 mo. LIBOR + 8.000% PIK)	10.148%	2/7/23	691,481	696,668 (b)(d)(g)(k)(l)
Total Senior Loans (Cost \$54,872,735)				53,944,582
Sovereign Bonds 4.2%				
<i>Argentina 0.9%</i>				
Argentina POM Politica Monetaria, Bonds (Argentina Central Bank 7 Day Repo Reference Rate)	43.077%	6/21/20	37,190,000 ^{ARS}	1,067,332 (g)
Argentine Republic Government International Bond, Senior Notes	5.875%	1/11/28	5,250,000	4,168,500
Provincia de Buenos Aires, Senior Notes	9.125%	3/16/24	1,000,000	925,900 (a)
Total Argentina				6,161,732
<i>Brazil 0.8%</i>				
Brazil Notas do Tesouro Nacional Series F, Notes	10.000%	1/1/21	844,000 ^{BRL}	211,448
Brazil Notas do Tesouro Nacional Series F, Notes	10.000%	1/1/23	20,900,000 ^{BRL}	5,052,376
Total Brazil				5,263,824
<i>Ecuador 0.8%</i>				
Ecuador Government International Bond, Senior Notes	10.750%	3/28/22	680,000	725,050 (a)
Ecuador Government International Bond, Senior Notes	9.650%	12/13/26	4,980,000	4,977,261 (a)
Total Ecuador				5,702,311

See Notes to Financial Statements.

Western Asset High Income Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
<i>Mexico 0.2%</i>				
Mexican Bonos, Bonds	6.500%	6/9/22	34,040,000 ^{MXN}	\$ 1,747,419
<i>Russia 0.9%</i>				
Russian Federal Bond OFZ, Bonds	7.050%	1/19/28	470,158,000 ^{RUB}	6,576,402
<i>Ukraine 0.2%</i>				
Ukraine Government International Bond, Senior Notes	7.750%	9/1/24	1,250,000	1,215,658 ^(a)
<i>Uruguay 0.4%</i>				
Uruguay Government International Bond, Senior Notes	9.875%	6/20/22	21,970,000 ^{UYU}	657,367 ⁽ⁱ⁾
Uruguay Government International Bond, Senior Notes	8.500%	3/15/28	79,190,000 ^{UYU}	2,085,237 ⁽ⁱ⁾
<i>Total Uruguay</i>				2,742,604
Total Sovereign Bonds (Cost \$32,127,439)				29,409,950
			Shares	
Common Stocks 2.1%				