

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Form N-Q

February 25, 2015

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, N.Y. 10018

(Address of principal executive offices) (Zip code)

Robert I. Frenkel, Esq.

Legg Mason & Co., LLC

100 First Stamford Place

Stamford, CT 06902

(Name and address of agent for service)

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

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

Date of reporting period: **December 31, 2014**

ITEM 1. SCHEDULE OF INVESTMENTS.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

FORM N-Q

DECEMBER 31, 2014

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited)

December 31, 2014

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
CORPORATE BONDS & NOTES - 89.3%				
CONSUMER DISCRETIONARY - 17.4%				
Automobiles - 0.2%				
Chrysler Group LLC/CG Co.-Issuer Inc., Secured Notes	8.250%	6/15/21	1,140,000	\$ 1,268,250
Diversified Consumer Services - 0.5%				
Service Corp. International, Senior Notes	7.500%	4/1/27	1,280,000	1,446,400
StoneMor Partners LP/Cornerstone Family Services of WV, Senior Bonds	7.875%	6/1/21	920,000	943,000 ^(a)
<i>Total Diversified Consumer Services</i>				2,389,400
Hotels, Restaurants & Leisure - 4.3%				
24 Hour Holdings III LLC, Senior Notes	8.000%	6/1/22	980,000	788,900 ^(a)
Bossier Casino Venture Holdco Inc.	11.000%	2/9/18	274,920	268,184 ^{(b)(c)}
Bossier Casino Venture Holdco Inc., Senior Secured Bonds	14.000%	2/9/18	1,692,952	1,440,533 ^{(a)(b)(c)(d)}
Boyd Gaming Corp., Senior Notes	9.125%	12/1/18	260,000	267,800
Caesars Entertainment Operating Co. Inc., Senior Secured Notes	11.250%	6/1/17	740,000	546,120
Caesars Entertainment Operating Co. Inc., Senior Secured Notes	9.000%	2/15/20	2,490,000	1,855,050
Caesars Entertainment Resort Properties LLC, Secured Notes	11.000%	10/1/21	800,000	732,000 ^(a)
Carlson Travel Holdings Inc., Senior Notes	7.500%	8/15/19	520,000	525,200 ^{(a)(d)}
Carrols Restaurant Group Inc., Senior Secured Notes	11.250%	5/15/18	1,400,000	1,512,000
CCM Merger Inc., Senior Notes	9.125%	5/1/19	1,710,000	1,804,050 ^(a)
CEC Entertainment Inc., Senior Notes	8.000%	2/15/22	1,960,000	1,911,000 ^(a)
Downstream Development Quapaw, Senior Secured Notes	10.500%	7/1/19	1,320,000	1,234,200 ^(a)
Fontainebleau Las Vegas Holdings LLC/Fontainebleau Las Vegas Capital Corp., Senior Secured Notes	10.250%	6/15/15	445,000	5,585 ^{(a)(e)}
Greektown Holdings LLC/Greektown Mothership Corp., Senior Secured Notes	8.875%	3/15/19	1,010,000	1,012,525 ^(a)
Landry's Holdings II Inc., Senior Notes	10.250%	1/1/18	750,000	776,250 ^(a)
Landry's Inc., Senior Notes	9.375%	5/1/20	3,598,000	3,831,870 ^(a)
Paris Las Vegas Holding LLC/Harrah's Las Vegas LLC/Flamingo Las Vegas Holding LLC, Senior Secured Notes	8.000%	10/1/20	2,870,000	2,826,950 ^(a)
Rivers Pittsburgh Borrower LP/Rivers Pittsburgh Finance Corp., Senior Secured Notes	9.500%	6/15/19	267,000	284,355 ^(a)
<i>Total Hotels, Restaurants & Leisure</i>				21,622,572
Household Durables - 1.4%				
Century Intermediate Holding Co. 2, Senior Notes	9.750%	2/15/19	1,980,000	2,088,900 ^{(a)(d)}
William Lyon Homes Inc., Senior Notes	8.500%	11/15/20	1,520,000	1,645,400
William Lyon Homes PNW Finance Corp., Senior Notes	7.000%	8/15/22	1,190,000	1,201,900 ^(a)
Woodside Homes Co., LLC/Woodside Homes Finance Inc., Senior Notes	6.750%	12/15/21	2,020,000	2,020,000 ^(a)

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Total Household Durables

6,956,200

Media - 8.6%

Altice SA, Senior Secured Notes	7.750%	5/15/22	840,000	843,675 ^(a)
Carmike Cinemas Inc., Secured Notes	7.375%	5/15/19	530,000	565,775
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	8.125%	4/30/20	3,000,000	3,165,000
Clear Channel Worldwide Holdings Inc., Senior Notes	6.500%	11/15/22	450,000	460,125
CSC Holdings LLC, Senior Notes	6.750%	11/15/21	500,000	554,375
DISH DBS Corp., Senior Notes	7.875%	9/1/19	1,085,000	1,234,188
DISH DBS Corp., Senior Notes	6.750%	6/1/21	2,020,000	2,176,550

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2014

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Media - (continued)				
DISH DBS Corp., Senior Notes	5.000%	3/15/23	70,000	\$ 67,900
DISH DBS Corp., Senior Notes	5.875%	11/15/24	2,860,000	2,881,450 ^(a)
Gibson Brands Inc., Senior Secured Notes	8.875%	8/1/18	1,380,000	1,331,700 ^(a)
iHeartCommunications Inc., Senior Notes	10.000%	1/15/18	1,110,000	955,988
MDC Partners Inc., Senior Notes	6.750%	4/1/20	250,000	258,438 ^(a)
New Cotai LLC/New Cotai Capital Corp., Senior Secured Notes	10.625%	5/1/19	1,617,634	1,722,780 ^{(a)(d)}
Numericable-SFR, Senior Secured Bonds	6.000%	5/15/22	2,710,000	2,728,292 ^(a)
Numericable-SFR, Senior Secured Bonds	6.250%	5/15/24	2,330,000	2,350,387 ^(a)
Ono Finance II PLC, Senior Bonds	10.875%	7/15/19	2,760,000	2,929,050 ^(a)
Time Warner Cable Inc., Senior Notes	8.750%	2/14/19	1,490,000	1,846,043
Time Warner Cable Inc., Senior Notes	8.250%	4/1/19	678,000	830,733
Univision Communications Inc., Senior Notes	8.500%	5/15/21	1,320,000	1,412,400 ^(a)
Univision Communications Inc., Senior Secured Notes	6.875%	5/15/19	1,430,000	1,492,562 ^(a)
Univision Communications Inc., Senior Secured Notes	7.875%	11/1/20	770,000	823,900 ^(a)
Univision Communications Inc., Senior Secured Notes	6.750%	9/15/22	217,000	233,275 ^(a)
UPC Holding BV, Junior Secured Subordinated Notes	6.375%	9/15/22	2,030,000 ^{EUR}	2,665,196 ^(a)
UPCB Finance II Ltd., Senior Notes	6.375%	7/1/20	2,500,000 ^{EUR}	3,180,163 ^(f)
Virgin Media Finance PLC, Senior Notes	6.375%	4/15/23	2,890,000	3,041,725 ^(a)
Virgin Media Finance PLC, Senior Notes	6.000%	10/15/24	2,000,000	2,100,000 ^(a)
WMG Acquisition Corp., Senior Notes	6.750%	4/15/22	1,620,000	1,482,300 ^(a)
<i>Total Media</i>				43,333,970
Multiline Retail - 0.4%				
Neiman Marcus Group LLC, Senior Secured Notes	7.125%	6/1/28	330,000	331,650
Neiman Marcus Group Ltd. LLC, Senior Notes	8.750%	10/15/21	1,530,000	1,629,450 ^{(a)(d)}
<i>Total Multiline Retail</i>				1,961,100
Specialty Retail - 1.7%				
American Greetings Corp., Senior Notes	7.375%	12/1/21	1,220,000	1,281,000
Edcon Pty Ltd., Senior Secured Notes	9.500%	3/1/18	2,180,000	1,711,300 ^(a)
Guitar Center Inc., Senior Secured Bonds	6.500%	4/15/19	3,530,000	3,053,450 ^(a)
Hot Topic Inc., Senior Secured Notes	9.250%	6/15/21	730,000	784,750 ^(a)
Spencer Spirit Holdings Inc., Senior Notes	9.000%	5/1/18	1,710,000	1,731,375 ^{(a)(d)}
<i>Total Specialty Retail</i>				8,561,875
Textiles, Apparel & Luxury Goods - 0.3%				
Chinos Intermediate Holdings A Inc., Senior Notes	7.750%	5/1/19	1,090,000	967,375 ^{(a)(d)}
Empire Today LLC/Empire Today Finance Corp., Senior Secured Notes	11.375%	2/1/17	810,000	607,500 ^(a)
<i>Total Textiles, Apparel & Luxury Goods</i>				1,574,875
TOTAL CONSUMER DISCRETIONARY				87,668,242

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CONSUMER STAPLES - 3.2%

Beverages - 0.7%

Carolina Beverage Group LLC/Carolina Beverage Group Finance Inc., Secured Notes	10.625%	8/1/18	1,140,000	1,134,300 ^(a)
Cott Beverages Inc., Senior Notes	6.750%	1/1/20	1,120,000	1,122,800 ^(a)
DS Services of America Inc., Secured Notes	10.000%	9/1/21	1,230,000	1,426,800 ^(a)

Total Beverages

3,683,900

Food & Staples Retailing - 0.3%

Beverages & More Inc., Senior Secured Notes	10.000%	11/15/18	1,640,000	1,531,350 ^(a)
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Food Products - 1.6%

Chiquita Brands International Inc./Chiquita Brands LLC, Senior Secured Notes	7.875%	2/1/21	786,000	847,898
Dole Food Co. Inc., Senior Secured Notes	7.250%	5/1/19	1,570,000	1,568,037 ^(a)
Hearthside Group Holdings LLC/Hearthside Finance Co., Senior Notes	6.500%	5/1/22	1,510,000	1,479,800 ^(a)

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2014

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Food Products - (continued)				
Simmons Foods Inc., Secured Notes	7.875%	10/1/21	1,910,000	\$ 1,881,350 ^(a)
Sun Merger Sub Inc., Senior Notes	5.875%	8/1/21	1,380,000	1,411,050 ^(a)
Wells Enterprises Inc., Senior Secured Notes	6.750%	2/1/20	813,000	835,358 ^(a)
<i>Total Food Products</i>				8,023,493
Household Products - 0.2%				
Spectrum Brands Inc., Senior Notes	6.625%	11/15/22	580,000	618,425
Spectrum Brands Inc., Senior Notes	6.125%	12/15/24	440,000	448,800 ^(a)
<i>Total Household Products</i>				1,067,225
Media - 0.1%				
SiTV LLC/SiTV Finance Inc., Senior Secured Notes	10.375%	7/1/19	330,000	307,725 ^(a)
Tobacco - 0.3%				
Alliance One International Inc., Secured Notes	9.875%	7/15/21	1,500,000	1,346,250
TOTAL CONSUMER STAPLES				15,959,943
ENERGY - 14.5%				
Energy Equipment & Services - 2.3%				
Atwood Oceanics Inc., Senior Notes	6.500%	2/1/20	2,610,000	2,401,200
CGG, Senior Notes	7.750%	5/15/17	138,000	119,025
Exterran Partners LP/EXLP Finance Corp., Senior Notes	6.000%	10/1/22	490,000	421,400 ^(a)
FTS International Inc., Senior Secured Notes	6.250%	5/1/22	1,130,000	841,850 ^(a)
Gulfmark Offshore Inc., Senior Notes	6.375%	3/15/22	1,240,000	936,200
Hercules Offshore Inc., Senior Notes	7.500%	10/1/21	1,100,000	489,500 ^(a)
Hercules Offshore Inc., Senior Notes	6.750%	4/1/22	2,470,000	1,074,450 ^(a)
KCA Deutag UK Finance PLC, Senior Secured Notes	7.250%	5/15/21	530,000	380,275 ^(a)
Parker Drilling Co., Senior Notes	7.500%	8/1/20	1,680,000	1,360,800
Petroleum Geo-Services ASA, Senior Notes	7.375%	12/15/18	1,030,000	870,350 ^(a)
SESI LLC, Senior Notes	7.125%	12/15/21	1,320,000	1,273,800
Sierra Hamilton LLC/Sierra Hamilton Finance Inc., Senior Secured Notes	12.250%	12/15/18	1,390,000	1,292,700 ^(a)
<i>Total Energy Equipment & Services</i>				11,461,550
Oil, Gas & Consumable Fuels - 12.2%				
Arch Coal Inc., Senior Notes	7.250%	6/15/21	1,880,000	556,950
Atlas Pipeline Partners LP/Atlas Pipeline Finance Corp., Senior Notes	6.625%	10/1/20	470,000	480,575
Berry Petroleum Co., Senior Notes	6.375%	9/15/22	2,230,000	1,705,950
Blue Racer Midstream LLC/Blue Racer Finance Corp., Senior Notes	6.125%	11/15/22	890,000	861,075 ^(a)
California Resources Corp., Senior Notes	5.500%	9/15/21	990,000	851,400 ^(a)
California Resources Corp., Senior Notes	6.000%	11/15/24	1,370,000	1,164,500 ^(a)
Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes	6.500%	4/15/21	2,310,000	2,073,225 ^(a)

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Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes	7.625%	1/15/22	360,000	334,800
Carrizo Oil & Gas Inc., Senior Notes	7.500%	9/15/20	770,000	743,050
Carrizo Oil & Gas Inc., Senior Notes	7.500%	9/15/20	190,000	183,350 ^(a)
Chesapeake Energy Corp., Senior Notes	6.875%	11/15/20	550,000	594,000
Chesapeake Energy Corp., Senior Notes	6.125%	2/15/21	1,360,000	1,434,800
Comstock Resources Inc., Senior Notes	7.750%	4/1/19	1,710,000	1,222,650
Comstock Resources Inc., Senior Notes	9.500%	6/15/20	1,120,000	767,200
CONSOL Energy Inc., Senior Notes	8.250%	4/1/20	1,550,000	1,613,937
Corral Petroleum Holdings AB, Senior Notes	15.000%	12/31/17	2,490,964	2,213,844 ^{(a)(d)}
Crestwood Midstream Partners LP, Senior Notes	6.125%	3/1/22	1,570,000	1,507,200
Dynagas LNG Partners LP/Dynagas Finance Inc., Senior Notes	6.250%	10/30/19	300,000	280,500
El Paso Corp., Medium-Term Notes	7.800%	8/1/31	1,040,000	1,269,497
Enterprise Products Operating LLC, Junior Subordinated Notes	8.375%	8/1/66	680,000	730,421 ^(g)
Globe Luxembourg SCA, Senior Secured Notes	9.625%	5/1/18	3,240,000	2,543,400 ^(a)

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2014

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Oil, Gas & Consumable Fuels - (continued)				
Halcon Resources Corp., Senior Notes	9.750%	7/15/20	620,000	\$ 468,100
Halcon Resources Corp., Senior Notes	8.875%	5/15/21	5,690,000	4,310,175
Kodiak Oil & Gas Corp., Senior Notes	8.125%	12/1/19	1,390,000	1,421,275
Lonestar Resources America Inc., Senior Notes	8.750%	4/15/19	550,000	415,250 ^(a)
LUKOIL International Finance BV, Bonds	6.356%	6/7/17	140,000	133,083 ^(f)
Magnum Hunter Resources Corp., Senior Notes	9.750%	5/15/20	3,710,000	2,949,450
MarkWest Energy Partners LP/MarkWest Energy Finance Corp., Senior Notes	6.500%	8/15/21	182,000	188,370
MEG Energy Corp., Senior Notes	6.375%	1/30/23	2,620,000	2,351,450 ^(a)
Milagro Oil & Gas Inc., Secured Notes	10.500%	5/15/16	1,690,000	1,259,050 ^(e)
Murray Energy Corp., Senior Secured Notes	9.500%	12/5/20	1,080,000	1,085,400 ^(a)
Murray Energy Corp., Senior Secured Notes	8.625%	6/15/21	900,000	864,000 ^(a)
Natural Resource Partners LP/Natural Resource Partners Finance Corp., Senior Notes	9.125%	10/1/18	1,150,000	1,121,250
New Gulf Resources LLC/NGR Finance Corp., Senior Secured Notes	11.750%	5/15/19	1,490,000	1,095,150
Parsley Energy LLC/Parsley Finance Corp., Senior Notes	7.500%	2/15/22	2,110,000	2,009,775 ^(a)
Petrobras Global Finance BV, Senior Notes	7.250%	3/17/44	1,300,000	1,290,250
Plains Exploration & Production Co., Senior Notes	6.750%	2/1/22	162,000	178,605
Quicksilver Resources Inc., Senior Notes	11.000%	7/1/21	1,790,000	456,450
Rice Energy Inc., Senior Notes	6.250%	5/1/22	1,250,000	1,168,750 ^(a)
RSP Permian Inc., Senior Notes	6.625%	10/1/22	2,730,000	2,552,550 ^(a)
Sabine Pass Liquefaction LLC, Senior Secured Notes	5.750%	5/15/24	1,270,000	1,252,537
Samson Investment Co., Senior Notes	9.750%	2/15/20	1,440,000	603,900
Sanchez Energy Corp., Senior Notes	6.125%	1/15/23	5,200,000	4,381,000 ^(a)
Shelf Drilling Holdings Ltd., Senior Secured Notes	8.625%	11/1/18	930,000	771,900 ^(a)
Sidewinder Drilling Inc., Senior Notes	9.750%	11/15/19	860,000	488,050 ^(a)
Summit Midstream Holdings LLC/Summit Midstream Finance Corp., Senior Notes	7.500%	7/1/21	630,000	664,650
Teine Energy Ltd., Senior Notes	6.875%	9/30/22	580,000	452,400 ^(a)
Tennessee Gas Pipeline Co., Senior Notes	8.375%	6/15/32	3,270,000	4,307,787
<i>Total Oil, Gas & Consumable Fuels</i>				<i>61,372,931</i>
TOTAL ENERGY				72,834,481
FINANCIALS - 10.1%				
Banks - 4.7%				
Bank of America Corp., Junior Subordinated	6.500%	10/23/24	810,000	826,524 ^{(g)(h)}
Barclays Bank PLC, Subordinated Notes	10.179%	6/12/21	1,930,000	2,597,703 ^(a)
Barclays Bank PLC, Subordinated Notes	7.625%	11/21/22	2,000,000	2,190,600
Barclays PLC, Junior Subordinated Bonds	8.250%	12/15/18	420,000	431,306 ^{(g)(h)}
Citigroup Inc., Junior Subordinated Bonds	6.300%	5/15/24	650,000	641,875 ^{(g)(h)}
Credit Agricole SA, Junior Subordinated Notes	7.875%	1/23/24	700,000	714,461 ^{(a)(g)(h)}
Credit Agricole SA, Subordinated Notes	8.375%	10/13/19	1,660,000	1,921,450 ^{(a)(g)(h)}
HSBC Holdings PLC, Junior Subordinated Bonds	6.375%	9/17/24	790,000	798,888 ^{(g)(h)}
Intesa Sanpaolo SpA, Senior Notes	3.625%	8/12/15	2,680,000	2,716,601 ^(a)

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JPMorgan Chase & Co., Junior Subordinated Bonds	6.000%	8/1/23	630,000	625,275 ^{(g)(h)}
JPMorgan Chase & Co., Junior Subordinated Notes	6.100%	10/1/24	800,000	800,000 ^{(g)(h)}
M&T Bank Corp., Junior Subordinated Bonds	6.875%	6/15/16	1,790,000	1,839,225 ^(h)
Novo Banco SA, Senior Notes	5.875%	11/9/15	500,000 ^{EUR}	611,830 ^(f)
Royal Bank of Scotland Group PLC, Junior Subordinated Bonds	7.648%	9/30/31	1,210,000	1,415,700 ^{(g)(h)}
Royal Bank of Scotland Group PLC, Subordinated Notes	6.100%	6/10/23	1,470,000	1,597,001
Royal Bank of Scotland NV, Subordinated Notes	7.750%	5/15/23	390,000	458,207
Royal Bank of Scotland PLC, Subordinated Notes	13.125%	3/19/22	2,480,000 ^{AUD}	2,374,565 ^{(f)(g)}

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2014

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Banks - (continued)				
Santander Issuances SAU, Notes	5.911%	6/20/16	1,100,000	\$ 1,148,745 ^(a)
<i>Total Banks</i>				23,709,956
Capital Markets - 1.1%				
Credit Suisse Group AG, Junior Subordinated Notes	6.250%	12/18/24	4,000,000	3,859,000 ^{(a)(g)(h)}
Goldman Sachs Group Inc., Subordinated Notes	6.750%	10/1/37	1,210,000	1,524,346
<i>Total Capital Markets</i>				5,383,346
Consumer Finance - 1.2%				
Ally Financial Inc., Senior Notes	8.000%	3/15/20	1,133,000	1,339,773
GMAC International Finance BV, Senior Bonds	7.500%	4/21/15	830,000 ^{EUR}	1,020,674 ^(f)
SLM Corp., Medium-Term Notes, Senior Notes	8.450%	6/15/18	1,110,000	1,240,425
SLM Corp., Medium-Term Notes, Senior Notes	8.000%	3/25/20	1,150,000	1,276,500
Stearns Holdings Inc., Senior Secured Notes	9.375%	8/15/20	640,000	643,200 ^(a)
TMX Finance LLC/TitleMax Finance Corp., Senior Secured Notes	8.500%	9/15/18	570,000	481,650 ^(a)
<i>Total Consumer Finance</i>				6,002,222
Diversified Financial Services - 1.8%				
International Lease Finance Corp., Senior Notes	8.625%	9/15/15	820,000	856,900
International Lease Finance Corp., Senior Notes	8.750%	3/15/17	100,000	111,000
International Lease Finance Corp., Senior Notes	8.875%	9/1/17	4,200,000	4,746,000
International Lease Finance Corp., Senior Notes	8.250%	12/15/20	1,860,000	2,245,950
ZFS Finance USA Trust II, Bonds	6.450%	12/15/65	1,000,000	1,058,670 ^{(a)(g)}
<i>Total Diversified Financial Services</i>				9,018,520
Insurance - 0.5%				
Fidelity & Guaranty Life Holdings Inc., Senior Notes	6.375%	4/1/21	850,000	896,750 ^(a)
Liberty Mutual Group Inc., Junior Subordinated Bonds	7.800%	3/15/37	900,000	1,057,500 ^(a)
MetLife Capital Trust IV, Junior Subordinated Notes	7.875%	12/15/37	650,000	833,625 ^(a)
<i>Total Insurance</i>				2,787,875
Real Estate Management & Development - 0.8%				
Greystar Real Estate Partners LLC, Senior Secured Notes	8.250%	12/1/22	1,610,000	1,646,225 ^(a)
Howard Hughes Corp., Senior Notes	6.875%	10/1/21	2,130,000	2,215,200 ^(a)
<i>Total Real Estate Management & Development</i>				3,861,425
TOTAL FINANCIALS				50,763,344
HEALTH CARE - 5.9%				

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Health Care Equipment & Supplies - 0.8%

ConvaTec Finance International SA, Senior Notes	8.250%	1/15/19	830,000	842,969 ^{(a)(d)}
Lantheus Medical Imaging Inc., Senior Notes	9.750%	5/15/17	2,970,000	2,862,337

Total Health Care Equipment & Supplies

3,705,306

Health Care Providers & Services - 4.5%

Acadia Healthcare Co. Inc., Senior Notes	12.875%	11/1/18	864,000	976,320
Acadia Healthcare Co. Inc., Senior Notes	6.125%	3/15/21	720,000	738,000
CHS/Community Health Systems Inc., Senior Notes	8.000%	11/15/19	2,390,000	2,557,300
DJO Finance LLC/DJO Finance Corp., Senior Notes	9.875%	4/15/18	2,330,000	2,376,600
ExamWorks Group Inc., Senior Notes	9.000%	7/15/19	2,050,000	2,193,500
Fresenius Medical Care U.S. Finance Inc., Senior Notes	6.500%	9/15/18	280,000	310,800 ^(a)
Fresenius U.S. Finance II Inc., Senior Notes	9.000%	7/15/15	2,060,000	2,132,100 ^(a)
HCA Inc., Debentures	7.500%	11/15/95	3,920,000	3,782,800
IASIS Healthcare LLC/IASIS Capital Corp., Senior Notes	8.375%	5/15/19	2,580,000	2,715,450
Jaguar Holding Co. II/Jaguar Merger Sub Inc., Senior Notes	9.500%	12/1/19	530,000	570,412 ^(a)
Tenet Healthcare Corp., Senior Notes	8.125%	4/1/22	1,480,000	1,657,600

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2014

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Health Care Providers & Services - (continued)				
Tenet Healthcare Corp., Senior Secured Notes	6.000%	10/1/20	1,330,000	\$ 1,431,519
Universal Hospital Services Inc., Secured Notes	7.625%	8/15/20	1,470,000	1,271,550
<i>Total Health Care Providers & Services</i>				22,713,951
Pharmaceuticals - 0.6%				
JLL/Delta Dutch Newco BV, Senior Notes	7.500%	2/1/22	1,450,000	1,477,188 ^(a)
Salix Pharmaceuticals Ltd., Senior Notes	6.000%	1/15/21	1,570,000	1,605,325 ^(a)
<i>Total Pharmaceuticals</i>				3,082,513
TOTAL HEALTH CARE				29,501,770
INDUSTRIALS - 13.8%				
Aerospace & Defense - 1.3%				
CBC Ammo LLC/CBC FinCo Inc., Senior Notes	7.250%	11/15/21	2,100,000	1,987,125 ^(a)
Ducommun Inc., Senior Notes	9.750%	7/15/18	1,010,000	1,085,750
Erickson Inc., Secured Notes	8.250%	5/1/20	2,483,000	2,197,455
GenCorp Inc., Secured Notes	7.125%	3/15/21	760,000	799,748
LMI Aerospace Inc., Secured Notes	7.375%	7/15/19	710,000	695,800 ^(a)
<i>Total Aerospace & Defense</i>				6,765,878
Air Freight & Logistics - 0.2%				
XPO Logistics Inc., Senior Notes	7.875%	9/1/19	1,050,000	1,102,500 ^(a)
Airlines - 0.6%				
Air Canada, Pass-Through Trust, Secured Notes	6.625%	5/15/18	560,000	574,784 ^(a)
American Airlines, Pass-Through Trust, Secured Notes	7.000%	1/31/18	586,663	627,729 ^(a)
Delta Air Lines Inc., Pass-Through Certificates, Secured Notes	8.021%	8/10/22	617,690	713,432
Delta Air Lines Inc., Pass-Through Certificates, Subordinated Secured Notes	9.750%	12/17/16	302,297	341,595
United Airlines Inc., Pass-Through Certificates, Notes	5.500%	10/29/20	416,751	431,338
United Airlines Inc., Pass-Through Certificates, Secured Notes	9.250%	5/10/17	95,947	104,823
<i>Total Airlines</i>				2,793,701
Building Products - 0.4%				
Ashton Woods USA LLC/Ashton Woods Finance Co., Senior Notes	6.875%	2/15/21	1,460,000	1,394,300 ^(a)
Building Materials Corp. of America, Senior Notes	6.750%	5/1/21	600,000	636,000 ^(a)
Rearden G Holdings EINS GmbH, Senior Notes	7.875%	3/30/20	100,000	99,000 ^(a)
<i>Total Building Products</i>				2,129,300
Commercial Services & Supplies - 2.3%				

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Garda World Security Corp., Senior Notes	7.250%	11/15/21	800,000	796,000 ^(a)
JM Huber Corp., Senior Notes	9.875%	11/1/19	860,000	950,300 ^(a)
Monitronics International Inc., Senior Notes	9.125%	4/1/20	3,280,000	3,113,950
RSC Equipment Rental Inc./RSC Holdings III LLC, Senior Notes	8.250%	2/1/21	810,000	886,950
Taylor Morrison Communities Inc./Monarch Communities Inc., Senior Notes	7.750%	4/15/20	1,423,000	1,515,495 ^(a)
Taylor Morrison Communities Inc./Monarch Communities Inc., Senior Notes	7.750%	4/15/20	891,000	948,915 ^(a)
United Rentals North America Inc., Senior Notes	7.625%	4/15/22	2,608,000	2,880,536
West Corp., Senior Notes	5.375%	7/15/22	600,000	576,000 ^(a)
<i>Total Commercial Services & Supplies</i>				<i>11,668,146</i>
Construction & Engineering - 1.4%				
Ausdrill Finance Pty Ltd., Senior Notes	6.875%	11/1/19	1,240,000	1,023,000 ^(a)
Brundage-Bone Concrete Pumping Inc., Senior Secured Notes	10.375%	9/1/21	1,250,000	1,282,813 ^(a)
Michael Baker Holdings LLC/Michael Baker Finance Corp., Senior Notes	8.875%	4/15/19	1,580,000	1,532,600 ^{(a)(d)}

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2014

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Construction & Engineering - (continued)				
Michael Baker International LLC/CDL Acquisition Co. Inc., Senior Secured Notes	8.250%	10/15/18	1,870,000	\$ 1,870,000 ^(a)
Modular Space Corp., Secured Notes	10.250%	1/31/19	1,510,000	1,309,925 ^(a)
Odebrecht Finance Ltd., Senior Notes	4.375%	4/25/25	260,000	223,600 ^(a)
<i>Total Construction & Engineering</i>				7,241,938
Electrical Equipment - 0.4%				
International Wire Group Holdings Inc., Senior Secured Notes	8.500%	10/15/17	1,020,000	1,073,550 ^(a)
NES Rentals Holdings Inc., Senior Secured Notes	7.875%	5/1/18	930,000	948,600 ^(a)
<i>Total Electrical Equipment</i>				2,022,150
Industrial Conglomerates - 0.3%				
Leucadia National Corp., Senior Notes	8.125%	9/15/15	1,290,000	1,350,720
Machinery - 1.3%				
CTP Transportation Products LLC/CTP Finance Inc., Senior Secured Notes	8.250%	12/15/19	610,000	646,600 ^(a)
Dematic SA/DH Services Luxembourg Sarl, Senior Notes	7.750%	12/15/20	2,820,000	2,968,050 ^(a)
Gardner Denver Inc., Senior Notes	6.875%	8/15/21	550,000	530,750 ^(a)
Global Brass and Copper Inc., Senior Secured Notes	9.500%	6/1/19	1,260,000	1,367,100
SPL Logistics Escrow LLC/SPL Logistics Finance Corp., Senior Secured Notes	8.875%	8/1/20	890,000	947,850 ^(a)
<i>Total Machinery</i>				6,460,350
Marine - 1.0%				
Horizon Lines LLC, Secured Notes	15.000%	10/15/16	1,093,078	1,060,226 ^{(c)(d)}
Horizon Lines LLC, Senior Secured Notes	11.000%	10/15/16	943,000	950,072 ^(c)
Navios Maritime Acquisition Corp./Navios Acquisition Finance U.S. Inc., Senior Secured Notes	8.125%	11/15/21	1,510,000	1,479,800 ^(a)
Ultrapetrol Bahamas Ltd., Senior Secured Notes	8.875%	6/15/21	1,240,000	1,314,400
<i>Total Marine</i>				4,804,498
Road & Rail - 1.9%				
Flexi-Van Leasing Inc., Senior Notes	7.875%	8/15/18	1,290,000	1,283,550 ^(a)
Florida East Coast Holdings Corp., Senior Notes	9.750%	5/1/20	1,770,000	1,770,000 ^(a)
Florida East Coast Holdings Corp., Senior Secured Notes	6.750%	5/1/19	950,000	942,875 ^(a)
Jack Cooper Holdings Corp., Senior Secured Notes	9.250%	6/1/20	2,450,000	2,560,250 ^(a)
Jurassic Holdings III Inc., Secured Notes	6.875%	2/15/21	860,000	804,100 ^(a)
Quality Distribution LLC/QD Capital Corp., Secured Notes	9.875%	11/1/18	2,173,000	2,276,217
<i>Total Road & Rail</i>				9,636,992
Trading Companies & Distributors - 0.6%				

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Ashtead Capital Inc., Senior Secured Notes	6.500%	7/15/22	1,340,000	1,430,450 ^(a)
H&E Equipment Services Inc., Senior Notes	7.000%	9/1/22	1,620,000	1,674,675
<i>Total Trading Companies & Distributors</i>				<i>3,105,125</i>
Transportation - 1.9%				
CMA CGM, Senior Notes	8.500%	4/15/17	2,810,000	2,873,225 ^(a)
Hapag-Lloyd AG, Senior Notes	9.750%	10/15/17	1,700,000	1,742,500 ^(a)
Neovia Logistics Intermediate Holdings LLC/Logistics Intermediate Finance Corp., Senior Notes	10.000%	2/15/18	1,980,000	2,019,600 ^{(a)(d)}
Syncreon Group BV/Syncreon Global Finance US Inc., Senior Notes	8.625%	11/1/21	1,750,000	1,653,750 ^(a)

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2014

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Transportation - (continued)				
Watco Cos., LLC/Watco Finance Corp., Senior Notes	6.375%	4/1/23	1,320,000	\$ 1,313,400 ^(a)
<i>Total Transportation</i>				9,602,475
Transportation Infrastructure - 0.2%				
Aguila 3 SA, Senior Secured Notes	7.875%	1/31/18	870,000	843,900 ^(a)
TOTAL INDUSTRIALS				69,527,673
INFORMATION TECHNOLOGY - 2.5%				
Electronic Equipment, Instruments &				
Components - 0.3%				
Interface Security Systems Holdings Inc./Interface Security Systems LLC, Senior Secured Notes	9.250%	1/15/18	1,340,000	1,360,100
Internet Software & Services - 0.6%				
Ancestry.com Inc., Senior Notes	9.625%	10/15/18	710,000	699,350 ^{(a)(d)}
Ancestry.com Inc., Senior Notes	11.000%	12/15/20	1,070,000	1,210,438
Zayo Group LLC/Zayo Capital Inc., Senior Secured Notes	8.125%	1/1/20	891,000	947,801
<i>Total Internet Software & Services</i>				2,857,589
IT Services - 1.5%				
Compiler Finance Subordinated Inc., Senior Notes	7.000%	5/1/21	1,410,000	1,219,650 ^(a)
First Data Corp., Secured Notes	8.250%	1/15/21	860,000	924,500 ^(a)
First Data Corp., Senior Notes	12.625%	1/15/21	2,310,000	2,748,900
First Data Corp., Senior Subordinated Notes	11.750%	8/15/21	1,545,000	1,780,612
Interactive Data Corp., Senior Notes	5.875%	4/15/19	830,000	827,925 ^(a)
<i>Total IT Services</i>				7,501,587
Software - 0.1%				
Audatex North America Inc., Senior Notes	6.000%	6/15/21	720,000	745,200 ^(a)
TOTAL INFORMATION TECHNOLOGY				12,464,476
MATERIALS - 8.8%				
Chemicals - 0.8%				
Eco Services Operations LLC/Eco Finance Corp., Senior Notes	8.500%	11/1/22	780,000	795,600 ^(a)
HIG BBC Intermediate Holdings LLC/HIG BBC Holdings Corp., Senior Notes	10.500%	9/15/18	770,000	750,750 ^{(a)(d)}
Kerling PLC, Senior Secured Notes	10.625%	2/1/17	1,048,000 ^{EUR}	1,284,492 ^(a)
KP Germany Erste GmbH, Senior Secured Notes	11.625%	7/15/17	420,000 ^{EUR}	546,876 ^(a)
KP Germany Erste GmbH, Senior Secured Notes	11.625%	7/15/17	320,000 ^{EUR}	416,668 ^(f)

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<i>Total Chemicals</i>				3,794,386
Construction Materials - 0.2%				
Hardwoods Acquisition Inc., Senior Secured Notes	7.500%	8/1/21	1,290,000	1,277,100 ^(a)
Containers & Packaging - 3.0%				
Ardagh Finance Holdings SA, Senior Notes	8.625%	6/15/19	1,294,366	1,281,422 ^{(a)(d)}
Ardagh Packaging Finance PLC, Senior Notes	9.125%	10/15/20	1,130,000	1,209,100 ^(a)
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	6.250%	1/31/19	480,000	470,400 ^(a)
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	9.125%	10/15/20	2,170,000	2,311,050 ^(a)
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	7.000%	11/15/20	254,118	257,929 ^(a)
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	6.750%	1/31/21	1,520,000	1,516,200 ^(a)
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	6.000%	6/30/21	680,000	651,100 ^(a)
BWAY Holding Co., Senior Notes	9.125%	8/15/21	1,610,000	1,618,050 ^(a)
Coveris Holdings SA, Senior Notes	7.875%	11/1/19	1,780,000	1,842,300 ^(a)
Pactiv LLC, Senior Bonds	8.375%	4/15/27	2,560,000	2,598,400
PaperWorks Industries Inc., Senior Secured Notes	9.500%	8/15/19	1,030,000	1,033,863 ^(a)

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2014

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Containers & Packaging - (continued)				
Reynolds Group Issuer Inc./Reynolds Group Issuer LLC/Reynolds Group Issuer (Luxembourg) SA, Senior Notes	8.500%	5/15/18	280,000	\$ 287,000
<i>Total Containers & Packaging</i>				15,076,814
Metals & Mining - 3.9%				
ArcelorMittal, Senior Notes	6.000%	3/1/21	465,000	485,344
ArcelorMittal, Senior Notes	6.750%	2/25/22	340,000	364,650
Barmingo Finance Pty Ltd., Senior Notes	9.000%	6/1/18	1,300,000	1,189,500 ^(a)
Coeur Mining Inc., Senior Notes	7.875%	2/1/21	1,850,000	1,466,125
Evraz Group SA, Notes	9.500%	4/24/18	100,000	90,250 ^(a)
Evraz Group SA, Senior Notes	9.500%	4/24/18	100,000	90,750 ^(f)
FMG Resources (August 2006) Pty Ltd., Senior Notes	8.250%	11/1/19	440,000	402,050 ^(a)
FMG Resources (August 2006) Pty Ltd., Senior Notes	6.875%	4/1/22	1,770,000	1,480,162 ^(a)
Midwest Vanadium Pty Ltd., Senior Secured Notes	11.500%	2/15/18	1,570,000	251,200 ^{(a)(c)(e)}
Mirabela Nickel Ltd., Subordinated Notes	1.000%	9/10/44	16,962	0 ^{(b)(c)(i)}
Prince Mineral Holding Corp., Senior Secured Notes	13.000%	12/15/19	1,280,000	1,312,000 ^(a)
Rain CII Carbon LLC/CII Carbon Corp., Senior Secured Notes	8.250%	1/15/21	2,260,000	2,322,150 ^(a)
Ryerson Inc./Joseph T. Ryerson & Son Inc., Senior Secured Notes	9.000%	10/15/17	2,040,000	2,101,200
Schaeffler Holding Finance BV, Senior Secured Bonds	6.875%	8/15/18	880,000	921,800 ^{(a)(d)}
Schaeffler Holding Finance BV, Senior Secured Notes	6.875%	8/15/18	1,050,000 ^{EUR}	1,324,551 ^{(a)(d)}
Schaeffler Holding Finance BV, Senior Secured Notes	6.750%	11/15/22	1,730,000	1,816,500 ^{(a)(d)}
St. Barbara Ltd., Senior Secured Notes	8.875%	4/15/18	1,010,000	818,100 ^(a)
SunCoke Energy Partners LP/SunCoke Energy Partners Finance Corp., Senior Notes	7.375%	2/1/20	610,000	636,687 ^(a)
SunCoke Energy Partners LP/SunCoke Energy Partners Finance Corp., Senior Notes	7.375%	2/1/20	270,000	281,813 ^(a)
Thompson Creek Metals Co. Inc., Senior Notes	12.500%	5/1/19	1,050,000	1,047,375
Thompson Creek Metals Co. Inc., Senior Secured Notes	9.750%	12/1/17	990,000	1,034,550
Vedanta Resources PLC, Senior Notes	6.750%	6/7/16	200,000	207,500 ^(a)
<i>Total Metals & Mining</i>				19,644,257
Paper & Forest Products - 0.9%				
Appvion Inc., Secured Notes	9.000%	6/1/20	3,480,000	2,401,200 ^(a)
Resolute Forest Products Inc., Senior Notes	5.875%	5/15/23	1,060,000	1,012,300
Verso Paper Holdings LLC/Verso Paper Inc., Senior Secured Notes	11.750%	1/15/19	1,070,000	1,075,350
Verso Paper Holdings LLC/Verso Paper Inc., Senior Secured Notes	11.750%	1/15/19	232,000	198,360
<i>Total Paper & Forest Products</i>				4,687,210
TOTAL MATERIALS				44,479,767
TELECOMMUNICATION SERVICES - 9.1%				
Diversified Telecommunication Services - 4.9%				
Axtel SAB de CV, Senior Secured Notes, Step Bond	8.000%	1/31/20	129,000	125,291 ^(a)

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CCOH Safari LLC, Senior Bonds	5.500%	12/1/22	180,000	183,150
CCOH Safari LLC, Senior Bonds	5.750%	12/1/24	290,000	293,988
CenturyLink Inc., Senior Notes	5.800%	3/15/22	2,350,000	2,449,875
Cogent Communications Holdings Inc., Senior Secured Notes	8.375%	2/15/18	1,660,000	1,743,000 ^(a)
Intelsat Jackson Holdings SA, Senior Bonds	5.500%	8/1/23	3,380,000	3,372,057
Intelsat Jackson Holdings SA, Senior Notes	7.250%	10/15/20	2,750,000	2,911,562
Intelsat Jackson Holdings SA, Senior Notes	7.500%	4/1/21	670,000	719,413

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2014

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Diversified Telecommunication Services - (continued)				
Level 3 Financing Inc., Senior Notes	7.000%	6/1/20	130,000	\$ 137,638
Level 3 Financing Inc., Senior Notes	8.625%	7/15/20	2,350,000	2,546,812
Level 3 Financing Inc., Senior Notes	6.125%	1/15/21	630,000	655,200
UBS Luxembourg SA for OJSC Vimpel Communications, Loan Participation Notes	8.250%	5/23/16	130,000	126,100 ^(f)
Unitymedia Hessen GmbH & Co. KG/Unitymedia NRW GmbH, Senior Secured Notes	7.500%	3/15/19	430,000	452,575 ^(a)
Verizon Communications Inc., Senior Notes	5.150%	9/15/23	1,830,000	2,022,176
Windstream Corp., Senior Notes	7.750%	10/1/21	1,070,000	1,096,750
Windstream Corp., Senior Notes	7.500%	4/1/23	4,330,000	4,330,000
Windstream Corp., Senior Notes	6.375%	8/1/23	1,840,000	1,727,300
<i>Total Diversified Telecommunication Services</i>				24,892,887
Wireless Telecommunication Services - 4.2%				
Sprint Capital Corp., Senior Notes	6.875%	11/15/28	2,900,000	2,566,500
Sprint Capital Corp., Senior Notes	8.750%	3/15/32	5,335,000	5,188,287
Sprint Communications Inc., Senior Notes	6.000%	12/1/16	200,000	209,580
Sprint Communications Inc., Senior Notes	9.000%	11/15/18	2,770,000	3,157,523 ^(a)
Sprint Corp., Senior Notes	7.875%	9/15/23	2,860,000	2,837,692
Syniverse Holdings Inc., Senior Notes	9.125%	1/15/19	1,455,000	1,524,113
T-Mobile USA Inc., Senior Notes	6.542%	4/28/20	560,000	580,300
T-Mobile USA Inc., Senior Notes	6.731%	4/28/22	400,000	413,500
T-Mobile USA Inc., Senior Notes	6.000%	3/1/23	2,550,000	2,562,750
Vimpel Communications Via VIP Finance Ireland Ltd. OJSC, Senior Notes	7.748%	2/2/21	2,010,000	1,690,410 ^(a)
VimpelCom Holdings BV, Senior Notes	7.504%	3/1/22	590,000	480,850 ^(a)
<i>Total Wireless Telecommunication Services</i>				21,211,505
TOTAL TELECOMMUNICATION SERVICES				46,104,392
UTILITIES - 4.0%				
Electric Utilities - 1.5%				
AES Red Oak LLC, Secured Notes	9.200%	11/30/29	4,200,000	4,620,000
GenOn REMA LLC, Pass-Through Certificates	9.237%	7/2/17	453,761	484,390
GenOn REMA LLC, Pass-Through Certificates	9.681%	7/2/26	2,220,000	2,364,300
Midwest Generation LLC, Pass-Through Certificates	8.560%	1/2/16	393,263	397,195
<i>Total Electric Utilities</i>				7,865,885
Gas Utilities - 0.3%				
Southern Natural Gas Co., Senior Notes	8.000%	3/1/32	60,000	77,933
Suburban Propane Partners LP/Suburban Energy Finance Corp., Senior Notes	7.375%	3/15/20	1,330,000	1,386,525

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Total Gas Utilities

1,464,458

Independent Power and Renewable Electricity

Producers - 2.2%

Atlantic Power Corp., Senior Notes	9.000%	11/15/18	960,000	955,200
Calpine Corp., Senior Secured Notes	7.875%	1/15/23	1,139,000	1,261,443 ^(a)
Dynege Roseton LLC/Dynege Danskammer LLC Pass-Through Trust, Escrow Receipt			380,000	0 ^{(b)(c)(e)(i)}
First Wind Holdings Inc., Senior Secured Notes	10.250%	6/1/18	2,680,000	2,850,850 ^(a)
Foresight Energy LLC/Foresight Energy Corp., Senior Notes	7.875%	8/15/21	2,320,000	2,302,600 ^(a)
Mirant Mid Atlantic LLC, Pass-Through Certificates	9.125%	6/30/17	95,144	100,852

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Schedule of investments (unaudited) (cont d)

December 31, 2014

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Independent Power and Renewable Electricity				
Producers - (continued)				
Mirant Mid Atlantic LLC, Pass-Through Certificates	10.060%	12/30/28	3,303,832	\$ 3,551,620
<i>Total Independent Power and Renewable Electricity Producers</i>				<i>11,022,565</i>
TOTAL UTILITIES				20,352,908
TOTAL CORPORATE BONDS & NOTES				
(Cost - \$453,511,537)				449,656,996
COLLATERALIZED MORTGAGE OBLIGATIONS - 0.1%				
Countrywide Home Loan Mortgage Pass-Through Trust, 2004-HYB5 7A1				
(Cost - \$509,394)				634,866 ^(g)
CONVERTIBLE BONDS & NOTES - 0.3%				
MATERIALS - 0.3%				
Chemicals - 0.1%				
Hercules Inc., Junior Subordinated Bonds	6.500%	6/30/29	420,000	391,146
Metals & Mining - 0.2%				
Mirabela Nickel Ltd., Senior Secured Bonds	9.500%	6/24/19	1,130,252	932,458 ^{(a)(c)(d)}
TOTAL CONVERTIBLE BONDS & NOTES				
(Cost - \$1,516,174)				1,323,604
SENIOR LOANS - 2.3%				
CONSUMER DISCRETIONARY - 0.5%				
Hotels, Restaurants & Leisure - 0.3%				
Equinox Holdings Inc., Second Lien Term Loan	9.750%	7/31/20	1,290,000	1,315,800 ^{(j)(k)}
Specialty Retail - 0.1%				
Gymboree Corp., Initial Term Loan	5.000%	2/23/18	620,000	409,200 ^{(j)(k)}
Textiles, Apparel & Luxury Goods - 0.1%				
TOMS Shoes LLC, Term Loan B	6.500%	10/28/20	830,000	766,366 ^{(j)(k)}
TOTAL CONSUMER DISCRETIONARY				2,491,366
CONSUMER STAPLES - 0.1%				

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Food Products - 0.1%				
AdvancePierre Foods Inc., Second Lien Term Loan	9.500%	10/10/17	550,000	544,500 ^{(j)(k)}
ENERGY - 0.2%				
Oil, Gas & Consumable Fuels - 0.2%				
Westmoreland Coal Co., Term Loan B	7.500%	10/16/20	800,000	786,000 ^{(j)(k)}
HEALTH CARE - 0.7%				
Health Care Providers & Services - 0.7%				
CRC Health Corp., Second Lien Term Loan	9.000%	9/28/21	1,090,000	1,116,569 ^{(j)(k)}
Physiotherapy Associates Holdings Inc., Exit Term Loan	11.000%	1/2/17	1,152,453	1,151,013 ^{(e)(j)(k)}
Radnet Management Inc., Second Lien Term Loan	8.000%	3/25/21	1,350,000	1,343,250 ^{(j)(k)}
TOTAL HEALTH CARE				3,610,832
MATERIALS - 0.2%				
Chemicals - 0.2%				
Kronos Inc., Second Lien Term Loan	9.750%	4/30/20	980,000	1,001,438 ^{(j)(k)}
UTILITIES - 0.6%				
Independent Power and Renewable Electricity				
Producers - 0.6%				
Energy Future Intermediate Holding Co., LLC, DIP Term Loan	4.250%	6/19/16	3,055,640	3,060,416 ^{(j)(k)}
TOTAL SENIOR LOANS				
(Cost - \$11,562,620)				11,494,552
SOVEREIGN BONDS - 0.1%				
Colombia - 0.0%				
Republic of Colombia, Senior Notes	7.375%	3/18/19	100,000	118,000
Turkey - 0.1%				
Republic of Turkey, Senior Notes	7.000%	6/5/20	12,000	13,983
Republic of Turkey, Senior Notes	6.875%	3/17/36	377,000	467,480
<i>Total Turkey</i>				481,463

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2014

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Venezuela - 0.0%				
Bolivarian Republic of Venezuela, Senior Notes	7.750%	10/13/19	10,000	\$ 4,490 ^(f)
TOTAL SOVEREIGN BONDS				
(Cost - \$489,910)				603,953
SHARES				
COMMON STOCKS - 2.3%				
CONSUMER DISCRETIONARY - 0.3%				
Automobiles - 0.3%				
Ford Motor Co.			88,227	1,367,519
Hotels, Restaurants & Leisure - 0.0%				
Bossier Casino Venture Holdco Inc.			86,730	0 ^{*(b)(c)(i)}
TOTAL CONSUMER DISCRETIONARY				
				1,367,519
ENERGY - 0.1%				
Energy Equipment & Services - 0.1%				
KCAD Holdings I Ltd.			275,927,431	568,686 ^{*(b)(c)}
FINANCIALS - 1.0%				
Banks - 1.0%				
Citigroup Inc.			64,503	3,490,257
JPMorgan Chase & Co.			24,776	1,550,482
TOTAL FINANCIALS				
				5,040,739
HEALTH CARE - 0.3%				
Health Care Providers & Services - 0.3%				
Physiotherapy Associates Holdings Inc.			16,100	1,336,300 ^{*(b)(c)}
INDUSTRIALS - 0.6%				
Marine - 0.6%				
DeepOcean Group Holding AS			106,322	2,603,678 ^{*(b)(c)}
Horizon Lines Inc., Class A Shares			758,779	478,866 ^{*(c)}
TOTAL INDUSTRIALS				
				3,082,544
MATERIALS - 0.0%				
Metals & Mining - 0.0%				
Mirabela Nickel Ltd.			3,464,533	81,507 ^{*(b)}

TOTAL COMMON STOCKS

(Cost - \$14,559,476) 11,477,295

PREFERRED STOCKS - 1.8%

ENERGY - 0.2%

Oil, Gas & Consumable Fuels - 0.2%

Rex Energy Corp.	6.000%	9,400	502,054
SandRidge Energy Inc.	8.500%	12,000	511,200

TOTAL ENERGY 1,013,254

See Notes to Schedule of Investments.

WESTERN ASSET HIGH INCOME OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

December 31, 2014

SECURITY	RATE	SHARES	VALUE
FINANCIALS - 1.6%			
Consumer Finance - 1.1%			
GMAC Capital Trust I	8.125%	216,388	\$ 5,708,315 ^(g)
Diversified Financial Services - 0.5%			
Citigroup Capital XIII	7.875%	92,250	2,452,005 ^(g)
TOTAL FINANCIALS			8,160,320
TOTAL PREFERRED STOCKS			
(Cost - \$9,895,546)			9,173,574
	EXPIRATION DATE	WARRANTS	
WARRANTS - 0.1%			
Jack Cooper Holdings Corp.	12/15/17	2,184	349,440 ^{*(a)}
Jack Cooper Holdings Corp.	5/6/18	1,018	162,880 ^{*(a)}
TOTAL WARRANTS			
(Cost - \$55,657)			512,320
TOTAL INVESTMENTS BEFORE SHORT-TERM			
INVESTMENTS			
(Cost - \$492,100,314)			484,877,160
	MATURITY DATE	FACE AMOUNT	
SHORT-TERM INVESTMENTS - 1.1%			
Repurchase Agreements - 1.1%			
Barclays Capital Inc. repurchase agreement dated 12/31/14; Proceeds at maturity - \$5,500,009; (Fully collateralized by U.S. government obligations, 2.125% due 12/31/21; Market value - \$5,610,461)			
(Cost - \$5,500,000)	0.030%	1/2/15	5,500,000
TOTAL INVESTMENTS - 97.4%			
(Cost - \$497,600,314#)			490,377,160
Other Assets in Excess of Liabilities - 2.6%			12,893,711

TOTAL NET ASSETS - 100.0%

\$ 503,270,871

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, unless otherwise noted.
- (b) Security is valued in good faith in accordance with procedures approved by the Board of Directors (See Note 1).
- (c) Illiquid security.
- (d) 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.
- (e) The coupon payment on these securities is currently in default as of December 31, 2014.
- (f) 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, unless otherwise noted.
- (g) Variable rate security. Interest rate disclosed is as of the most recent information available.
- (h) Security has no maturity date. The date shown represents the next call date.
- (i) Value is less than \$1.
- (j) Interest rates disclosed represent the effective rates on senior loans. Ranges in interest rates are attributable to multiple contracts under the same loan.
- (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.

Aggregate cost for federal income tax purposes is substantially the same.

Abbreviations used in this schedule:

AUD Australian Dollar

EUR Euro

OJSC Open Joint Stock Company

This Schedule of Investments is unaudited and is intended to provide information about the Fund's portfolio holdings 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.

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. Short-term fixed income securities that will mature in 60 days or less are valued at amortized cost, unless it is determined that using this method would not reflect an investment's fair value. 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 American Fund Valuation Committee (the Valuation Committee). The Valuation Committee, pursuant to the policies adopted by the Board of Directors, is responsible for making fair value determinations, evaluating the effectiveness of the Fund's pricing policies, and reporting to the Board of Directors. When determining the reliability of third party pricing information for investments owned by the Fund, the Valuation Committee, among other things, conducts due diligence reviews of pricing vendors, monitors the daily change in prices and reviews transactions among market participants.

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.

Notes to Schedule of Investments (unaudited) (continued)

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

Level 1 quoted prices in active markets for identical investments

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

Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)
The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used in valuing the Fund's assets and liabilities 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		\$ 85,959,525	\$ 1,708,717	\$ 87,668,242
Materials		44,479,767	0*	44,479,767
Utilities		20,352,908	0*	20,352,908
Other corporate bonds & notes		297,156,079		297,156,079
Collateralized mortgage obligations		634,866		634,866
Convertible bonds & notes		1,323,604		1,323,604
Senior loans		11,494,552		11,494,552
Sovereign bonds		603,953		603,953
Common stocks:				
Consumer discretionary	\$ 1,367,519		0*	1,367,519
Energy			568,686	568,686
Health care			1,336,300	1,336,300
Industrials	478,866		2,603,678	3,082,544
Materials			81,507	81,507
Financials	5,040,739			5,040,739
Preferred stocks:				
Energy	511,200	502,054		1,013,254
Financials	8,160,320			8,160,320
Warrants		512,320		512,320
Total long term investments	\$ 15,558,644	\$ 463,019,628	\$ 6,298,888	\$ 484,877,160
Short-term investments		5,500,000		5,500,000
Total investments	\$ 15,558,644	\$ 468,519,628	\$ 6,298,888	\$ 490,377,160

Other financial instruments:

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Forward currency contracts		\$	281,012		\$	281,012		
Total	\$	15,558,644	\$	468,800,640	\$	6,298,888	\$	490,658,172

LIABILITIES

DESCRIPTION	QUOTED PRICES (LEVEL 1)	OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2)	SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	TOTAL	
Other financial instruments:					
Futures contracts	\$	31,303		\$	31,303

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	CORPORATE BONDS & NOTES			CONVERTIBLE	SENIOR	TOTAL
	CONSUMER	DISCRETIONARY	MATERIALS UTILITIES	BONDS & NOTES	LOANS	
Balance as of September 30, 2014	\$ 1,768,140	\$ 0*	\$ 0*	\$ 1,079,000	\$ 463,846	\$ 3,310,986
Accrued premiums/discounts	6,698					6,698
Realized gain (loss)						
Change in unrealized appreciation (depreciation) ¹	(124,598)			(197,794)		(322,392)
Purchases	58,477			51,252		109,729
Sales					(463,846)	(463,846)
Transfers into Level 3						
Transfers out of Level 3 ²				(932,458)		(932,458)
Balance as of December 31, 2014	\$ 1,708,717	\$ 0*	\$ 0*			\$ 1,708,717
Net change in unrealized appreciation (depreciation) for investments in securities still held at December 31, 2014 ¹	\$ (124,598)					\$ (124,598)

INVESTMENTS IN SECURITIES	CONSUMER		COMMON STOCKS			TOTAL
	DISCRETIONARY	ENERGY	HEALTH CARE	INDUSTRIALS	MATERIALS	
Balance as of September 30, 2014	\$ 0*	\$ 2,537,705	\$ 772,800	\$ 3,014,016		\$ 6,324,521
Accrued premiums/discounts						
Realized gain (loss)						
Change in unrealized appreciation (depreciation) ¹		(1,969,019)	563,500	(410,338)		(1,815,857)
Purchases						
Sales						
Transfers into Level 3 ³					\$ 81,507	81,507
Transfers out of Level 3						
Balance as of December 31, 2014	\$ 0*	\$ 568,686	\$ 1,336,300	\$ 2,603,678	\$ 81,507	\$ 4,590,171
Net change in unrealized appreciation (depreciation) for investments in securities still held at December 31, 2014 ¹		\$ (1,969,018)	\$ 563,500	\$ (410,338)		\$ (1,815,856)

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

* Amount represents less than \$1.

¹ 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.

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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 Transferred into of 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. Investments

At December 31, 2014, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows:

Gross unrealized appreciation	\$ 19,922,988
Gross unrealized depreciation	(27,146,142)
Net unrealized depreciation	\$ (7,223,154)

At December 31, 2014, the Fund had the following open futures contracts:

	Number of Contracts	Expiration Date	Basis Value	Market Value	Unrealized Depreciation
Contracts to Sell:					
U.S. Treasury 10-Year Notes	33	3/15	\$ 4,152,994	\$ 4,184,297	\$ (31,303)

At December 31, 2014, the Fund had the following open forward foreign currency contracts:

Currency Purchased	Currency Sold	Counterparty	Settlement Date	Unrealized Appreciation
USD 6,372,507	EUR 5,091,493	Citibank, N.A.	2/13/15	\$ 209,116
USD 2,137,077	EUR 1,706,017	Royal Bank of Scotland PLC	2/13/15	71,896
Total				\$ 281,012

Abbreviations used in this schedule:

EUR Euro
USD United States Dollar

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/ **KENNETH D. FULLER**
 Kenneth D. Fuller
 Chief Executive Officer

Date: February 25, 2015

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/ **KENNETH D. FULLER**
 Kenneth D. Fuller
 Chief Executive Officer

Date: February 25, 2015

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

Date: February 25, 2015