

Western Asset Mortgage Defined Opportunity Fund Inc.
Form N-Q
May 24, 2016

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 **811-22369**

Western Asset Mortgage Defined 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: **December 31**

Date of reporting period: **March 31, 2016**

ITEM 1. SCHEDULE OF INVESTMENTS.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

FORM N-Q

MARCH 31, 2016

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited)

March 31, 2016

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|---------|---------------|-------------|--------------------------------|
| RESIDENTIAL MORTGAGE-BACKED SECURITIES - 95.4% | | | | |
| ABFS Mortgage Loan Trust, 2002-3 M1 | 5.902% | 9/15/33 | 1,189,024 | \$ 913,410 |
| Accredited Mortgage Loan Trust, 2003-3 A1 | 5.210% | 1/25/34 | 1,056,905 | 1,028,270 |
| Adjustable Rate Mortgage Trust, 2005-05 1A1 | 2.634% | 9/25/35 | 282,637 | 216,389 ^{(a)(b)} |
| Adjustable Rate Mortgage Trust, 2005-07 2A21 | 2.636% | 10/25/35 | 936,741 | 844,437 ^{(a)(b)} |
| Adjustable Rate Mortgage Trust, 2005-10 1A21 | 2.920% | 1/25/36 | 348,944 | 300,654 ^{(a)(b)} |
| Adjustable Rate Mortgage Trust, 2005-12 5A1 | 0.933% | 3/25/36 | 384,501 | 226,304 ^{(a)(b)} |
| AFC Home Equity Loan Trust, 2003-3 1A | 1.183% | 10/25/30 | 1,615,893 | 1,378,425 ^{(a)(c)} |
| American Home Mortgage Assets, 2005-2 2A1A | 2.952% | 1/25/36 | 1,386,213 | 963,084 ^{(a)(b)} |
| American Home Mortgage Assets, 2006-4 1A12 | 0.643% | 10/25/46 | 2,454,464 | 1,544,076 ^{(a)(b)} |
| American Home Mortgage Investment Trust, 2005-1 6A | 2.881% | 6/25/45 | 100,363 | 97,612 ^{(a)(b)} |
| American Home Mortgage Investment Trust, 2005-SD1 1A1 | 0.883% | 9/25/35 | 292,056 | 217,940 ^{(a)(b)(c)} |
| American Home Mortgage Investment Trust, 2007-2 2A | 1.233% | 3/25/47 | 13,014,757 | 1,259,292 ^(a) |
| American Home Mortgage Investment Trust, 2007-A 4A | 1.336% | 7/25/46 | 2,294,605 | 748,663 ^{(a)(b)(c)} |
| Ameriquest Mortgage Securities Inc., 2002-4 M3 | 5.683% | 2/25/33 | 1,803,692 | 1,472,029 ^(a) |
| Argent Securities Inc., 2005-W5 A2D | 0.753% | 1/25/36 | 4,170,684 | 3,129,486 ^{(a)(d)} |
| Argent Securities Inc., 2006-M2 A2C | 0.583% | 9/25/36 | 2,469,771 | 873,569 ^{(a)(d)} |
| Argent Securities Inc., 2006-M2 A2D | 0.673% | 9/25/36 | 651,846 | 233,243 ^(a) |
| Argent Securities Inc., 2006-M3 A2C | 0.593% | 10/25/36 | 4,012,159 | 1,523,285 ^{(a)(d)} |
| Banc of America Alternative Loan Trust, 2005-9 1CB5, IO | 4.667% | 10/25/35 | 5,657,106 | 896,902 ^(a) |
| Banc of America Funding Corp., 2004-B 6A1 | 2.088% | 12/20/34 | 462,238 | 315,324 ^{(a)(b)} |
| Banc of America Funding Corp., 2004-C 3A1 | 3.023% | 12/20/34 | 681,109 | 633,230 ^{(a)(b)} |
| Banc of America Funding Corp., 2006-D 2A1 | 3.117% | 5/20/36 | 82,800 | 73,247 ^{(a)(b)} |
| Banc of America Funding Corp., 2006-D 6A1 | 3.362% | 5/20/36 | 1,387,953 | 1,161,074 ^{(a)(b)} |
| Banc of America Funding Corp., 2006-F 1A1 | 2.925% | 7/20/36 | 545,067 | 529,617 ^{(a)(b)} |
| Banc of America Funding Corp., 2006-H 3A1 | 2.785% | 9/20/46 | 127,262 | 101,155 ^{(a)(b)} |
| Banc of America Funding Corp., 2014-R5 1A2 | 2.381% | 9/26/45 | 3,750,000 | 2,408,923 ^{(a)(b)(c)} |
| Banc of America Funding Corp., 2014-R7 3A2 | 2.837% | 3/26/36 | 5,400,421 | 3,604,724 ^{(a)(c)} |
| Banc of America Funding Corp., 2015-R2 9A2 | 0.678% | 3/27/36 | 5,006,955 | 2,586,847 ^{(a)(c)} |
| Banc of America Funding Corp., 2015-R4 4A3 | 17.334% | 1/1/30 | 7,132,062 | 4,100,514 ^{(a)(c)} |
| Bayview Financial Acquisition Trust, 2007-A 2A | 0.789% | 5/28/37 | 1,504,321 | 1,085,088 ^{(a)(b)} |
| Bayview Financial Asset Trust, 2007-SR1A M1 | 1.233% | 3/25/37 | 3,663,987 | 3,172,390 ^{(a)(c)} |
| Bayview Financial Asset Trust, 2007-SR1A M2 | 1.333% | 3/25/37 | 4,460,759 | 3,824,949 ^{(a)(c)} |
| Bayview Financial Asset Trust, 2007-SR1A M3 | 1.583% | 3/25/37 | 2,021,009 | 1,633,759 ^{(a)(c)} |
| Bayview Financial Asset Trust, 2007-SR1A M4 | 1.933% | 3/25/37 | 872,378 | 669,960 ^{(a)(c)} |
| BCAP LLC Trust, 2009-RR4 8A2 | 2.999% | 9/26/35 | 2,431,914 | 1,983,879 ^{(a)(b)(c)} |
| BCAP LLC Trust, 2010-RR06 4A13 | 2.999% | 9/26/35 | 1,994,859 | 1,595,042 ^{(a)(b)(c)} |
| BCAP LLC Trust, 2010-RR6 1212 | 5.500% | 2/26/35 | 1,435,786 | 1,386,774 ^(c) |
| Bear Stearns Alt-A Trust, 2005-9 25A1 | 2.667% | 11/25/35 | 463,625 | 360,725 ^{(a)(b)} |
| Bear Stearns Alt-A Trust, 2006-2 23A1 | 2.894% | 3/25/36 | 1,668,873 | 1,258,674 ^{(a)(b)} |
| Bear Stearns Asset-Backed Securities Trust, 2003-SD2 1A | 3.803% | 6/25/43 | 77,378 | 76,106 ^(a) |
| Bear Stearns Asset-Backed Securities Trust, 2004-BO1 M9B | 4.433% | 10/25/34 | 454,242 | 418,133 ^(a) |
| Bear Stearns Asset-Backed Securities Trust, 2005-CL1 A1 | 0.834% | 9/25/34 | 122,933 | 111,430 ^(a) |
| Bear Stearns Mortgage Funding Trust, 2007-AR5 2A1 | 0.613% | 6/25/37 | 2,085,217 | 1,689,404 ^{(a)(b)} |
| Centex Home Equity Loan Trust, 2004-D MV1 | 1.053% | 9/25/34 | 1,222,474 | 1,100,537 ^(a) |
| Chase Mortgage Finance Corp., 2006-S3 2A1 | 5.500% | 11/25/21 | 252,969 | 206,323 ^(b) |

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

March 31, 2016

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|---------|---------------|-------------|------------------------------|
| RESIDENTIAL MORTGAGE-BACKED SECURITIES - (continued) | | | | |
| Chaseflex Trust, 2005-2 3A3, IO | 5.067% | 6/25/35 | 12,979,311 | \$ 2,409,312 ^(a) |
| Chevy Chase Mortgage Funding Corp., 2006-2A A1 | 0.563% | 4/25/47 | 239,662 | 183,943 ^{(a)(b)(c)} |
| Citicorp Mortgage Securities Inc., 2007-8 B1 | 5.940% | 9/25/37 | 4,027,275 | 2,019,194 ^{(a)(b)} |
| Citigroup Mortgage Loan Trust Inc., 2004-HYB3 1A | 2.718% | 9/25/34 | 147,260 | 145,943 ^{(a)(b)} |
| Citigroup Mortgage Loan Trust Inc., 2004-UST1 A2 | 1.735% | 8/25/34 | 81,882 | 80,398 ^{(a)(b)} |
| Citigroup Mortgage Loan Trust Inc., 2005-05 | 2.668% | 8/25/35 | 278,765 | 232,801 ^{(a)(b)} |
| Citigroup Mortgage Loan Trust Inc., 2005-10 1A1A | 2.939% | 12/25/35 | 298,597 | 263,062 ^{(a)(b)} |
| Citigroup Mortgage Loan Trust Inc., 2006-AR5 2A1A | 2.685% | 7/25/36 | 465,876 | 293,634 ^{(a)(b)} |
| Citigroup Mortgage Loan Trust Inc., 2007-06 1A1A | 2.544% | 3/25/37 | 430,587 | 312,426 ^{(a)(b)} |
| Citigroup Mortgage Loan Trust Inc., 2007-AR8 1A1A | 2.789% | 8/25/47 | 452,868 | 394,232 ^{(a)(b)} |
| Connecticut Avenue Securities, 2013-C01 M2 | 5.683% | 10/25/23 | 1,260,000 | 1,309,503 ^{(a)(b)} |
| Countrywide Alternative Loan Trust, 2003-20CB M | 5.616% | 10/25/33 | 2,856,200 | 2,056,454 ^(a) |
| Countrywide Alternative Loan Trust, 2005-03CB 1A6, IO | 6.717% | 3/25/35 | 507,948 | 58,187 ^(a) |
| Countrywide Alternative Loan Trust, 2005-07CB 1A3, IO | 6.167% | 4/25/35 | 903,664 | 29,690 ^(a) |
| Countrywide Alternative Loan Trust, 2005-11CB 3A3, IO | 4.567% | 6/25/35 | 3,468,572 | 484,384 ^(a) |
| Countrywide Alternative Loan Trust, 2005-14 3A1 | 2.259% | 5/25/35 | 356,127 | 247,735 ^{(a)(b)} |
| Countrywide Alternative Loan Trust, 2005-36 4A1 | 2.479% | 8/25/35 | 929,223 | 836,099 ^{(a)(b)} |
| Countrywide Alternative Loan Trust, 2005-50CB 1A1 | 5.500% | 11/25/35 | 443,827 | 430,006 ^(b) |
| Countrywide Alternative Loan Trust, 2005-J10 1A1 | 0.933% | 10/25/35 | 195,212 | 150,473 ^{(a)(b)} |
| Countrywide Alternative Loan Trust, 2006-HY10 1A1 | 2.242% | 5/25/36 | 707,099 | 561,720 ^{(a)(b)} |
| Countrywide Alternative Loan Trust, 2006-J8 A5 | 6.000% | 2/25/37 | 149,740 | 114,600 ^(b) |
| Countrywide Alternative Loan Trust, 2007-23CB A4, IO | 6.067% | 9/25/37 | 9,815,877 | 3,056,305 ^(a) |
| Countrywide Alternative Loan Trust, 2007-23CB A8 | 26.668% | 9/25/37 | 927,543 | 1,535,963 ^(a) |
| Countrywide Alternative Loan Trust, 2007-3T1 2A1 | 6.000% | 3/25/27 | 406,070 | 402,210 ^(b) |
| Countrywide Alternative Loan Trust, 2007-OA8 1A1 | 0.613% | 6/25/47 | 2,318,703 | 1,769,851 ^(a) |
| Countrywide Asset-Backed Certificates, 2006-S7 A3 | 5.712% | 11/25/35 | 400,825 | 393,143 ^{(a)(b)} |
| Countrywide Asset-Backed Certificates, 2006-S9 A3 | 5.728% | 8/25/36 | 141,177 | 141,533 ^{(a)(b)} |
| Countrywide Asset-Backed Certificates, 2006-SD3 A1 | 0.763% | 7/25/36 | 1,544,930 | 1,291,627 ^{(a)(c)} |
| Countrywide Asset-Backed Certificates, 2007-8 M1 | 0.703% | 11/25/37 | 2,956,044 | 632,674 ^(a) |
| Countrywide Asset-Backed Certificates, 2007-SE1 1A1 | 0.983% | 5/25/47 | 996,605 | 648,741 ^{(a)(c)} |
| Countrywide Home Equity Loan Trust, 2004-B 1A | 0.656% | 2/15/29 | 1,284,030 | 1,120,725 ^{(a)(b)} |
| Countrywide Home Equity Loan Trust, 2004-L 2A | 0.716% | 2/15/34 | 78,147 | 67,185 ^{(a)(b)} |
| Countrywide Home Equity Loan Trust, 2005-E 2A | 0.656% | 11/15/35 | 151,398 | 129,803 ^{(a)(b)} |
| Countrywide Home Loans, 2004-16 1A3A | 1.193% | 9/25/34 | 1,198,290 | 1,082,323 ^{(a)(b)} |
| Countrywide Home Loans, 2005-11 6A1 | 1.033% | 3/25/35 | 68,834 | 61,781 ^{(a)(b)} |
| Countrywide Home Loans, 2005-18 A7 | 18.334% | 10/25/35 | 34,263 | 48,467 ^{(a)(b)} |
| Countrywide Home Loans, 2005-HYB7 1A1 | 2.999% | 11/20/35 | 1,009,489 | 841,888 ^{(a)(b)} |
| Countrywide Home Loans, 2005-HYB9 1A1 | 2.564% | 2/20/36 | 247,241 | 213,651 ^{(a)(b)} |
| Countrywide Home Loans, 2006-HYB4 3B | 2.830% | 6/20/36 | 1,299,698 | 1,119,121 ^{(a)(b)} |
| Countrywide Home Loans, Mortgage Pass-Through Trust, 2005-R1 1AF1 | 0.793% | 3/25/35 | 520,398 | 457,683 ^{(a)(c)} |
| Countrywide Home Loans Mortgage Pass-Through Trust, 2005-02 2A1 | 1.073% | 3/25/35 | 157,829 | 132,349 ^{(a)(b)} |
| Countrywide Home Loans Mortgage Pass-Through Trust, 2005-09 1A1 | 0.733% | 5/25/35 | 170,487 | 145,935 ^{(a)(b)} |

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

March 31, 2016

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|---------|---------------|-------------|--------------------------------|
| RESIDENTIAL MORTGAGE-BACKED SECURITIES - (continued) | | | | |
| Countrywide Home Loans Mortgage Pass-Through Trust, 2005-11 3A3 | 2.390% | 4/25/35 | 784,126 | \$ 580,903 ^{(a)(b)} |
| Countrywide Home Loans Mortgage Pass-Through Trust, 2005-HY10 1A1 | 3.085% | 2/20/36 | 300,453 | 250,502 ^{(a)(b)} |
| Countrywide Home Loans Mortgage Pass-Through Trust, 2005-HYB6 1A1 | 2.681% | 10/20/35 | 1,096,509 | 924,953 ^{(a)(b)} |
| Countrywide Home Loans Mortgage Pass-Through Trust, 2005-R2 2A3 | 8.000% | 6/25/35 | 112,137 | 117,340 ^(c) |
| Countrywide Home Loans Mortgage Pass-Through Trust, 2006-3 2A1 | 0.683% | 3/25/36 | 614,469 | 473,696 ^{(a)(b)} |
| Credit Suisse First Boston Mortgage Securities Corp., 2005-10 03A3 | 5.500% | 11/25/35 | 598,359 | 535,933 ^(b) |
| Credit Suisse Mortgage Capital Certificates, 2006-8 2A1 | 5.500% | 10/25/21 | 665,337 | 640,896 ^(b) |
| Credit Suisse Mortgage Capital Certificates, 2009-05R 2A3 | 2.361% | 7/26/49 | 3,882,096 | 3,145,750 ^{(a)(b)(c)} |
| Credit Suisse Mortgage Capital Certificates, 2009-15R 2A2 | 5.388% | 10/26/36 | 4,748,792 | 3,501,954 ^{(a)(b)(c)} |
| Credit-Based Asset Servicing and Securitization LLC, 2003-RP1 M1 | 1.983% | 3/25/33 | 2,124,739 | 2,017,594 ^{(a)(c)} |
| Credit-Based Asset Servicing and Securitization LLC, 2006-SL1 A3 | 0.653% | 9/25/36 | 4,511,188 | 838,215 ^{(a)(c)} |
| Deutsche Mortgage Securities Inc., 2006-PR1 2PO, PO | 0.000% | 4/15/36 | 70,266 | 58,640 ^{(b)(c)} |
| Deutsche Mortgage Securities Inc., 2006-PR1 4AS1, IO | 8.684% | 4/15/36 | 443,138 | 124,027 ^{(a)(c)} |
| Deutsche Mortgage Securities Inc., 2006-PR1 4AS2, IO | 15.009% | 4/15/36 | 422,772 | 201,414 ^{(a)(c)} |
| Deutsche Mortgage Securities Inc., 2006-PR1 5AS1, IO | 10.233% | 4/15/36 | 104,744 | 50,633 ^{(a)(c)} |
| Deutsche Mortgage Securities Inc., 2006-PR1 5AS3, IO | 7.032% | 4/15/36 | 385,311 | 136,201 ^{(a)(c)} |
| Downey Savings & Loan Association Mortgage Loan Trust, 2005-AR1 2A1B | 0.752% | 2/19/45 | 1,557,403 | 896,524 ^{(a)(b)} |
| Downey Savings & Loan Association Mortgage Loan Trust, 2005-AR2 2A1A | 0.642% | 3/19/45 | 413,704 | 369,709 ^{(a)(b)} |
| EMC Mortgage Loan Trust, 2002-AA A1 | 1.373% | 5/25/39 | 114,164 | 109,496 ^{(a)(c)} |
| EMC Mortgage Loan Trust, 2006-A A1 | 0.886% | 12/25/42 | 840,454 | 801,507 ^{(a)(c)} |
| Federal National Mortgage Association (FNMA), 2012-134, IO | 5.717% | 12/25/42 | 5,821,945 | 1,409,489 ^{(a)(d)} |
| First Horizon Alternative Mortgage Securities Trust, 2005-AA6 3A1 | 2.287% | 8/25/35 | 1,190,051 | 1,014,319 ^{(a)(b)} |
| First Horizon Alternative Mortgage Securities Trust, 2006-FA6 2A1, PAC-11 | 6.250% | 11/25/36 | 180,259 | 132,296 ^(b) |
| First Horizon Alternative Mortgage Securities Trust, 2006-FA8 1A8 | 0.803% | 2/25/37 | 383,556 | 177,719 ^{(a)(b)} |
| First Horizon Mortgage Pass-Through Trust, 2005-AR4 2A1 | 2.644% | 10/25/35 | 667,569 | 550,920 ^{(a)(b)} |
| First Republic Mortgage Loan Trust, 2000-FRB2 A1 | 0.936% | 11/15/30 | 247,564 | 220,800 ^{(a)(b)} |
| Government National Mortgage Association (GNMA), 2013-010 AI, IO | 3.500% | 1/20/43 | 3,139,741 | 457,003 ^(d) |
| Greenpoint Mortgage Funding Trust, 2006-AR3 4A1 | 0.643% | 4/25/36 | 3,685,116 | 2,736,329 ^{(a)(b)} |
| GS Mortgage Securities Corp. II, 2000-1A A | 1.132% | 3/20/23 | 84,306 | 83,178 ^{(a)(b)(c)} |
| GSAA Home Equity Trust, 2005-11 2A2 | 0.753% | 10/25/35 | 3,940,070 | 2,900,402 ^{(a)(b)} |
| GSAA Home Equity Trust, 2005-R1 1A2, IO | 4.564% | 4/25/35 | 3,783,818 | 481,374 ^{(a)(c)} |
| GSAMP Trust, 2004-SEA2 M2 | 1.683% | 3/25/34 | 4,090,000 | 2,865,388 ^(a) |
| GSMPS Mortgage Loan Trust, 2001-2 A | 7.500% | 6/19/32 | 630,940 | 643,591 ^{(a)(c)} |
| GSMPS Mortgage Loan Trust, 2004-4 2A1 | 3.418% | 6/25/34 | 257,566 | 243,209 ^{(a)(c)} |

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WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

March 31, 2016

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|--------|---------------|-------------|---------------------------------|
| RESIDENTIAL MORTGAGE-BACKED SECURITIES - (continued) | | | | |
| GSMPS Mortgage Loan Trust, 2005-LT1 A1 | 0.893% | 2/25/35 | 114,253 | \$ 109,433 ^{(a)(b)(c)} |
| GSMPS Mortgage Loan Trust, 2005-RP1 1A4 | 8.500% | 1/25/35 | 96,844 | 104,017 ^(c) |
| GSMPS Mortgage Loan Trust, 2005-RP1 1AF | 0.783% | 1/25/35 | 301,392 | 251,128 ^{(a)(b)(c)} |
| GSMPS Mortgage Loan Trust, 2006-RP1 1A2 | 7.500% | 1/25/36 | 583,501 | 604,651 ^(c) |
| GSMPS Mortgage Loan Trust, 2006-RP1 1A3 | 8.000% | 1/25/36 | 99,327 | 105,205 ^(c) |
| GSR Mortgage Loan Trust, 2005-AR4 2A1 | 2.970% | 7/25/35 | 394,943 | 365,210 ^{(a)(b)} |
| GSR Mortgage Loan Trust, 2005-AR5 1A1 | 2.946% | 10/25/35 | 155,868 | 135,739 ^{(a)(b)} |
| GSR Mortgage Loan Trust, 2006-09F 5A2, IO | 6.117% | 10/25/36 | 641,909 | 134,326 ^(a) |
| GSR Mortgage Loan Trust, 2006-10F 4A2, IO | 6.217% | 1/25/37 | 1,517,168 | 467,468 ^(a) |
| GSRPM Mortgage Loan Trust, 2007-1 A | 0.833% | 10/25/46 | 2,073,671 | 1,670,241 ^{(a)(c)} |
| HarborView Mortgage Loan Trust, 2005-9 B5 | 1.432% | 6/20/35 | 2,683,628 | 1,597,016 ^(a) |
| HarborView Mortgage Loan Trust, 2006-02 | 2.853% | 2/25/36 | 59,030 | 49,072 ^{(a)(b)} |
| Home Equity Mortgage Trust, 2006-1 A3 | 0.933% | 5/25/36 | 3,500,000 | 303,290 ^(a) |
| Homestar Mortgage Acceptance Corp., 2004-3 M3 | 2.033% | 7/25/34 | 683,956 | 564,598 ^{(a)(b)} |
| Homestar Mortgage Acceptance Corp., 2004-6 M7 | 2.383% | 1/25/35 | 1,132,859 | 909,350 ^{(a)(b)} |
| HSI Asset Loan Obligation Trust, 2007-AR1 4A1 | 4.560% | 1/25/37 | 290,514 | 219,447 ^{(a)(b)} |
| Impac CMB Trust, 2004-8 1A | 1.153% | 10/25/34 | 519,719 | 444,760 ^{(a)(b)} |
| Indymac Home Equity Loan Asset-Backed Trust, 2001-A | 0.953% | 3/25/31 | 110,568 | 97,625 ^(a) |
| Indymac INDA Mortgage Loan Trust, 2005-AR2 1A1 | 2.879% | 1/25/36 | 153,492 | 141,941 ^{(a)(b)} |
| Indymac INDB Mortgage Loan Trust, 2005-1 A1 | 0.733% | 11/25/35 | 1,737,658 | 1,026,759 ^(a) |
| Indymac Index Mortgage Loan Trust, 2004-AR13 1A1 | 2.638% | 1/25/35 | 124,214 | 114,260 ^{(a)(b)} |
| Indymac Index Mortgage Loan Trust, 2004-AR15 1A1 | 3.073% | 2/25/35 | 164,372 | 144,823 ^{(a)(b)} |
| Indymac Index Mortgage Loan Trust, 2005-AR15 A2 | 2.786% | 9/25/35 | 122,418 | 103,226 ^{(a)(b)} |
| Indymac Index Mortgage Loan Trust, 2006-AR07 5A1 | 2.903% | 5/25/36 | 555,251 | 451,968 ^{(a)(b)} |
| Indymac Index Mortgage Loan Trust, 2006-AR09 3A3 | 3.911% | 6/25/36 | 724,864 | 659,108 ^{(a)(b)} |
| Indymac Index Mortgage Loan Trust, 2006-AR11 1A1 | 2.987% | 6/25/36 | 587,892 | 449,429 ^{(a)(b)} |
| Indymac Index Mortgage Loan Trust, 2006-AR25 4A3 | 2.816% | 9/25/36 | 2,611,643 | 1,545,325 ^{(a)(b)} |
| Indymac Index Mortgage Loan Trust, 2007-AR05 2A1 | 2.863% | 5/25/37 | 2,564,542 | 1,953,192 ^{(a)(b)} |
| Indymac Index Mortgage Loan Trust, 2007-AR07 2A1 | 2.334% | 6/25/37 | 295,872 | 223,061 ^{(a)(b)} |
| Irwin Home Equity, 2005-C 1M4 | 7.250% | 4/25/30 | 608,152 | 616,481 |
| JPMorgan Alternative Loan Trust, 2006-A4 A7 | 3.799% | 9/25/36 | 1,010,853 | 662,588 ^{(a)(b)} |
| JPMorgan Alternative Loan Trust, 2006-S1 3A4 | 6.180% | 3/25/36 | 1,214,286 | 844,989 ^{(a)(b)} |
| JPMorgan Alternative Loan Trust, 2007-A1 3A1 | 2.649% | 3/25/37 | 706,204 | 532,615 ^(a) |
| JPMorgan Mortgage Trust, 2005-S3 1A1 | 6.500% | 1/25/36 | 1,322,792 | 1,102,176 ^(b) |
| JPMorgan Mortgage Trust, 2007-S2 3A2 | 6.000% | 6/25/37 | 162,218 | 163,180 ^(b) |
| JPMorgan Mortgage Trust, 2007-S2 3A3 | 6.500% | 6/25/37 | 49,207 | 50,221 ^(b) |
| Lehman ABS Corp. Home Equity Loan Trust, 2004-2 A | 0.873% | 6/25/34 | 32,909 | 31,311 ^(a) |
| Lehman Mortgage Trust, 2006-3 1A7, IO | 4.967% | 7/25/36 | 9,398,674 | 2,000,237 ^(a) |
| Lehman Mortgage Trust, 2006-3 2A1 | 0.793% | 7/25/36 | 3,863,164 | 1,046,912 ^(a) |
| Lehman Mortgage Trust, 2006-3 2A2, IO | 6.707% | 7/25/36 | 4,352,739 | 1,402,111 ^(a) |
| Lehman Mortgage Trust, 2006-7 1A3, IO | 4.917% | 11/25/36 | 9,365,407 | 2,191,619 ^(a) |
| Lehman Mortgage Trust, 2006-7 3A2, IO | 6.717% | 11/25/36 | 7,105,806 | 2,780,803 ^(a) |
| Lehman Mortgage Trust, 2007-1 2A3, IO | 6.197% | 2/25/37 | 12,422,887 | 4,882,220 ^(a) |
| Lehman XS Trust, 2005-9N 1A1 | 0.703% | 2/25/36 | 1,482,420 | 1,170,020 ^{(a)(b)} |
| Lehman XS Trust, 2006-14N 3A2 | 0.553% | 8/25/36 | 2,474,741 | 1,872,793 ^{(a)(b)} |

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Schedule of investments (unaudited) (cont d)

March 31, 2016

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|---------|---------------|-------------|--------------------------------|
| RESIDENTIAL MORTGAGE-BACKED SECURITIES - (continued) | | | | |
| Lehman XS Trust, 2006-19 A4 | 0.603% | 12/25/36 | 1,135,791 | \$ 782,296 ^{(a)(b)} |
| Lehman XS Trust, 2007-8H A1 | 0.563% | 6/25/37 | 54,843 | 49,346 ^{(a)(b)} |
| MASTR Adjustable Rate Mortgages Trust, 2004-12 5A1 | 2.761% | 10/25/34 | 190,092 | 184,663 ^{(a)(b)} |
| MASTR Adjustable Rate Mortgages Trust, 2006-0A1 1A1 | 0.643% | 4/25/46 | 384,849 | 274,115 ^{(a)(b)} |
| MASTR Adjustable Rate Mortgages Trust, 2006-2 4A1 | 2.781% | 2/25/36 | 84,110 | 81,035 ^{(a)(b)} |
| MASTR Asset-Backed Securities Trust, 2005-AB1 A5A | 5.712% | 11/25/35 | 3,360,000 | 1,734,294 |
| MASTR Reperforming Loan Trust, 2005-1 1A2 | 6.500% | 8/25/34 | 854,416 | 842,051 ^(c) |
| MASTR Reperforming Loan Trust, 2005-1 1A3 | 7.000% | 8/25/34 | 231,464 | 236,873 ^(c) |
| MASTR Reperforming Loan Trust, 2005-1 1A4 | 7.500% | 8/25/34 | 94,942 | 97,400 ^(c) |
| MASTR Reperforming Loan Trust, 2005-2 1A3 | 7.500% | 5/25/35 | 14,355 | 14,798 ^(c) |
| MASTR Reperforming Loan Trust, 2006-2 1A1 | 4.599% | 5/25/36 | 1,751,294 | 1,597,530 ^{(a)(c)} |
| Merrill Lynch Mortgage Investors Trust, 2005-A2 A5 | 2.644% | 2/25/35 | 392,090 | 391,330 ^{(a)(b)} |
| Merrill Lynch Mortgage Investors Trust, 2006-A1 2A1 | 2.823% | 3/25/36 | 908,070 | 599,742 ^{(a)(b)} |
| Morgan Stanley Capital Inc., 2003-NC10 M2 | 3.133% | 10/25/33 | 391,276 | 372,623 ^(a) |
| Morgan Stanley Mortgage Loan Trust, 2004-6AR 2A2 | 2.876% | 8/25/34 | 453,073 | 445,981 ^{(a)(b)} |
| Morgan Stanley Mortgage Loan Trust, 2004-7AR B1 | 2.655% | 9/25/34 | 557,801 | 274,914 ^(a) |
| Morgan Stanley Mortgage Loan Trust, 2006-8AR 1A2 | 0.503% | 6/25/36 | 317,204 | 148,784 ^{(a)(b)} |
| Morgan Stanley Mortgage Loan Trust, 2007-05AX 2A3 | 0.663% | 2/25/37 | 1,466,977 | 784,508 ^{(a)(b)} |
| Morgan Stanley Mortgage Loan Trust, 2007-15AR 4A1 | 4.375% | 11/25/37 | 1,196,807 | 860,714 ^{(a)(b)} |
| Morgan Stanley Re-remic Trust, 2015-R2 1B | 0.747% | 12/26/46 | 1,065,646 | 457,508 ^{(a)(c)} |
| New Century Home Equity Loan Trust, 2004-3 M3 | 1.498% | 11/25/34 | 856,162 | 681,967 ^(a) |
| Nomura Resecuritization Trust, 2014-5R 1A9 | 11.201% | 6/26/35 | 1,819,321 | 1,807,377 ^{(a)(b)(c)} |
| Park Place Securities Inc., 2004-WHQ2 M5 | 2.158% | 2/25/35 | 3,070,364 | 2,112,014 ^(a) |
| Popular ABS Mortgage Pass-Through Trust, 2004-4 M2 | 4.700% | 9/25/34 | 1,367,983 | 1,208,470 |
| Prime Mortgage Trust, 2006-DR1 2A1 | 5.500% | 5/25/35 | 3,133,124 | 2,859,746 ^{(b)(c)} |
| Provident Bank Home Equity Loan Trust, 2000-2 A1 | 0.973% | 8/25/31 | 1,262,783 | 934,235 ^(a) |
| RAAC Series, 2006-RP3 A | 0.706% | 5/25/36 | 599,451 | 539,257 ^{(a)(c)} |
| RAAC Series, 2007-RP2 A | 0.786% | 2/25/46 | 970,610 | 902,215 ^{(a)(c)} |
| Renaissance Home Equity Loan Trust, 2004-3 M1 | 5.157% | 11/25/34 | 802,484 | 680,495 |
| Renaissance Home Equity Loan Trust, 2006-1 AF5 | 6.166% | 5/25/36 | 633,538 | 443,108 |
| Renaissance Home Equity Loan Trust, 2006-2 AV3 | 0.673% | 8/25/36 | 1,340,260 | 721,248 ^{(a)(d)} |
| Renaissance Home Equity Loan Trust, 2007-1 AF3 | 5.612% | 4/25/37 | 3,199,852 | 1,529,585 ^(d) |
| Renaissance Home Equity Loan Trust, 2007-2 AF1 | 5.893% | 6/25/37 | 2,629,703 | 1,223,187 ^(d) |
| Renaissance Home Equity Loan Trust, 2007-2 AF2 | 5.675% | 6/25/37 | 453,177 | 203,133 |
| Renaissance Home Equity Loan Trust, 2007-2 AF5 | 6.203% | 6/25/37 | 1,949,147 | 958,969 ^(d) |
| Renaissance Home Equity Loan Trust, 2007-2 AF6 | 5.879% | 6/25/37 | 3,278,658 | 1,521,460 ^(d) |
| Renaissance Home Equity Loan Trust, 2007-3 AF3 | 7.238% | 9/25/37 | 1,678,468 | 949,913 ^(d) |
| Residential Accredit Loans Inc., 2005-QA3 CB4 | 3.494% | 3/25/35 | 2,399,786 | 1,531,212 ^{(a)(b)} |
| Residential Accredit Loans Inc., 2006-QA01 A11 | 3.444% | 1/25/36 | 786,300 | 604,440 ^{(a)(b)} |
| Residential Accredit Loans Inc., 2006-QA01 A31 | 4.693% | 1/25/36 | 1,890,138 | 1,457,042 ^{(a)(b)} |
| Residential Accredit Loans Inc., 2006-QA04 A | 0.613% | 5/25/36 | 514,771 | 387,004 ^{(a)(b)} |
| Residential Accredit Loans Inc., 2006-QO1 3A1 | 0.703% | 2/25/46 | 3,613,308 | 2,030,785 ^{(a)(b)} |
| Residential Accredit Loans Inc., 2006-QO2 A2 | 0.703% | 2/25/46 | 4,781,288 | 1,999,035 ^{(a)(d)} |
| Residential Accredit Loans Inc., 2006-QS13 1A2, IO | 6.727% | 9/25/36 | 968,506 | 260,993 ^(a) |
| Residential Accredit Loans Inc., 2007-QA2 A1 | 0.563% | 2/25/37 | 488,137 | 422,456 ^{(a)(b)} |

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

March 31, 2016

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|---------|---------------|-------------|------------------------------|
| RESIDENTIAL MORTGAGE-BACKED SECURITIES - (continued) | | | | |
| Residential Asset Mortgage Products Inc., 2002-RS4 AII | 1.073% | 8/25/32 | 245,687 | \$ 228,679 ^(a) |
| Residential Asset Mortgage Products Inc., 2004-SL3 A3 | 7.500% | 12/25/31 | 928,417 | 949,479 |
| Residential Asset Mortgage Products Inc., 2004-SL3 A4 | 8.500% | 12/25/31 | 119,995 | 102,125 |
| Residential Asset Mortgage Products Inc., 2005-SL2 A5 | 8.000% | 10/25/31 | 315,861 | 305,211 |
| Residential Asset Securities Corp., 2003-KS9 A2B | 1.073% | 11/25/33 | 1,003,913 | 840,948 ^(a) |
| Residential Asset Securitization Trust, 2005-A13 1A3 | 0.903% | 10/25/35 | 196,229 | 138,040 ^{(a)(b)} |
| Residential Asset Securitization Trust, 2005-A7 A2, IO | 6.817% | 6/25/35 | 2,813,904 | 524,082 ^(a) |
| Residential Asset Securitization Trust, 2006-A1 1A6 | 0.933% | 4/25/36 | 2,221,834 | 1,288,579 ^{(a)(b)} |
| Residential Asset Securitization Trust, 2006-A1 1A7, IO | 5.067% | 4/25/36 | 4,604,838 | 1,064,166 ^(a) |
| Residential Asset Securitization Trust, 2007-A1 A6, IO | 6.623% | 3/25/37 | 5,657,052 | 1,839,582 ^(a) |
| Residential Asset Securitization Trust, 2007-A2 1A1 | 6.000% | 4/25/37 | 411,882 | 345,857 ^(b) |
| Residential Funding Mortgage Securities I, 2005-SA3 1A | 2.908% | 8/25/35 | 1,784,302 | 1,339,480 ^{(a)(b)} |
| Residential Funding Mortgage Securities I, 2006-S8 A12, IO | 4.967% | 9/25/36 | 7,743,748 | 1,361,502 ^(a) |
| Residential Funding Mortgage Securities I, 2006-SA2 4A1 | 5.511% | 8/25/36 | 450,778 | 395,956 ^{(a)(b)} |
| Residential Funding Mortgage Securities I, 2007-S6 1A13, IO | 5.067% | 6/25/37 | 3,883,858 | 672,782 ^(a) |
| Residential Funding Mortgage Securities II, 2004-HS1 A16 | 3.640% | 3/25/34 | 14,779 | 14,797 ^{(a)(b)} |
| Residential Funding Mortgage Securities II, 2005-HI2 M7 | 5.810% | 5/25/35 | 359,604 | 361,925 ^(b) |
| Saxon Asset Securities Trust, 2007-3 2A1 | 0.653% | 9/25/47 | 357,316 | 353,103 ^{(a)(d)} |
| Structured Agency Credit Risk Debt Notes, 2015-HQ1 B | 11.183% | 3/25/25 | 4,301,788 | 4,140,896 ^(a) |
| Structured ARM Loan Trust, 2004-07 A3 | 1.168% | 6/25/34 | 193,399 | 179,877 ^{(a)(b)} |
| Structured ARM Loan Trust, 2004-18 1A2 | 2.688% | 12/25/34 | 615,542 | 583,675 ^{(a)(b)} |
| Structured ARM Loan Trust, 2005-04 1A1 | 2.769% | 3/25/35 | 267,148 | 232,810 ^{(a)(b)} |
| Structured ARM Loan Trust, 2005-04 5A | 2.849% | 3/25/35 | 219,111 | 195,854 ^{(a)(b)} |
| Structured ARM Loan Trust, 2005-07 1A3 | 2.832% | 4/25/35 | 146,240 | 136,449 ^{(a)(b)} |
| Structured ARM Loan Trust, 2005-20 4A2 | 2.715% | 10/25/35 | 308,932 | 10,392 ^(a) |
| Structured ARM Loan Trust, 2006-8 3A5 | 4.155% | 9/25/36 | 2,235,631 | 1,768,781 ^{(a)(b)} |
| Structured ARM Loan Trust, 2007-5 2A2 | 2.753% | 6/25/37 | 1,066,852 | 613,019 ^{(a)(b)} |
| Structured Asset Investment Loan Trust, 2004-8 M7 | 3.208% | 9/25/34 | 41,839 | 36,653 ^(a) |
| Structured Asset Investment Loan Trust, 2004-8 M9 | 4.183% | 9/25/34 | 318,981 | 96,198 ^(a) |
| Structured Asset Mortgage Investments Inc., 2006-AR5 4A1 | 0.653% | 5/25/46 | 745,990 | 403,797 ^{(a)(b)} |
| Structured Asset Securities Corp., 2004-20 5A1 | 6.250% | 11/25/34 | 216,229 | 220,358 ^(b) |
| Structured Asset Securities Corp., 2005-5 2A2 | 5.500% | 4/25/35 | 203,586 | 200,232 ^(b) |
| Structured Asset Securities Corp., 2005-RF1 A | 0.783% | 3/25/35 | 84,558 | 69,657 ^{(a)(b)(c)} |
| Structured Asset Securities Corp., 2006-RF3 1A1, PAC-11 | 6.000% | 10/25/36 | 1,134,757 | 1,125,807 ^(c) |
| Structured Asset Securities Corp., 2006-RF4 2A2 | 6.000% | 10/25/36 | 1,957,693 | 1,044,993 ^(c) |
| Voyager Countywide Delaware Trust, 2009-1 3QB1, IO | 0.686% | 3/16/30 | 823,367 | 696,390 ^{(a)(b)(c)} |
| Wachovia Mortgage Loan Trust LLC, 2005-B 2A2 | 2.758% | 10/20/35 | 66,702 | 60,070 ^{(a)(b)} |

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.**Schedule of investments (unaudited) (cont d)****March 31, 2016**

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|-------------|----------------------|--------------------|------------------------------|
| RESIDENTIAL MORTGAGE-BACKED SECURITIES - (continued) | | | | |
| Washington Mutual Inc., Mortgage Pass-Through Certificates, 2005-09 5A4 | 32.758% | 11/25/35 | 117,336 | \$ 218,501 ^{(a)(b)} |
| Washington Mutual Inc., Mortgage Pass-Through Certificates, 2005-10 2A3 | 1.333% | 11/25/35 | 231,737 | 162,363 ^{(a)(b)} |
| Washington Mutual Inc., Mortgage Pass-Through Certificates, 2005-8 1A6 | 21.696% | 10/25/35 | 416,240 | 572,244 ^(a) |
| Washington Mutual Inc., Mortgage Pass-Through Certificates, 2005-AR13 A1C3 | 0.923% | 10/25/45 | 436,425 | 359,816 ^{(a)(b)} |
| Washington Mutual Inc., Mortgage Pass-Through Certificates, 2005-AR18 2A1 | 2.741% | 1/25/36 | 761,130 | 674,778 ^{(a)(b)} |
| Washington Mutual Inc., Mortgage Pass-Through Certificates, 2006-AR10 A1 | 0.533% | 12/25/36 | 633,699 | 412,545 ^{(a)(b)} |
| Washington Mutual Inc., Mortgage Pass-Through Certificates, 2006-AR15 2A1B | 2.155% | 11/25/46 | 661,145 | 306,875 ^{(a)(b)} |
| Washington Mutual Inc., Mortgage Pass-Through Certificates, 2006-AR16 2A2 | 2.238% | 12/25/36 | 393,607 | 333,963 ^{(a)(b)} |
| Washington Mutual Inc., Mortgage Pass-Through Certificates, 2006-AR18 1A1 | 1.975% | 1/25/37 | 47,946 | 40,428 ^{(a)(b)} |
| Washington Mutual Inc., Mortgage Pass-Through Certificates, 2007-HY3 4A1 | 2.543% | 3/25/37 | 155,798 | 146,880 ^{(a)(b)} |
| Washington Mutual Inc., Mortgage Pass-Through Certificates, 2007-HY7 1A1 | 2.485% | 7/25/37 | 152,508 | 123,603 ^{(a)(b)} |
| Wells Fargo Alternative Loan Trust, 2007-PA1 A12, IO | 5.027% | 3/25/37 | 5,954,961 | 1,098,800 ^{(a)(e)} |
| Wells Fargo Mortgage Backed Securities Trust, 2005-AR2 2A2 | 2.874% | 3/25/35 | 143,482 | 144,676 ^{(a)(b)} |
| TOTAL RESIDENTIAL MORTGAGE-BACKED SECURITIES | | | | 214,587,024 |
| (Cost - \$203,128,934) | | | | |

| | | | FACE AMOUNT / UNITS | |
|---|--------|----------|----------------------------|--------------------------------|
| ASSET-BACKED SECURITIES - 16.7% | | | | |
| Access Group Inc., 2004-A B1 | 1.699% | 7/1/39 | 1,400,000 | 1,126,990 ^(a) |
| American Money Management Corp., 2015-16A E | 6.224% | 4/14/27 | 2,500,000 | 1,949,165 ^{(a)(c)(d)} |
| Babson CLO Ltd., 2015-2A E | 6.174% | 7/20/27 | 1,500,000 | 1,277,555 ^{(a)(c)} |
| Bombardier Capital Mortgage Securitization Corp. Trust, 1998-B A | 6.530% | 10/15/28 | 847,523 | 884,308 ^(a) |
| Bombardier Capital Mortgage Securitization Corp. Trust, 1999-A A3 | 5.980% | 3/15/29 | 453,261 | 464,352 ^(a) |
| Carlyle Global Market Strategies, 2015-2A D | 5.921% | 4/27/27 | 1,250,000 | 1,019,833 ^{(a)(c)(d)} |
| Credit-Based Asset Servicing and Securitization LLC, 2006-MH1 M1 | 5.414% | 10/25/36 | 471,013 | 493,718 ^(c) |
| Dryden Senior Loan Fund, 2015-40A E | 6.568% | 8/15/28 | 1,300,000 | 1,100,961 ^{(a)(c)} |
| Firstfed Corp. Manufactured Housing Contract, 1997-2 B | 8.110% | 5/15/24 | 431,559 | 382,535 ^(c) |
| GoldenTree Loan Opportunities Ltd., 2015-10A E2 | 5.824% | 7/20/27 | 1,250,000 | 1,011,768 ^{(a)(c)} |
| Greenpoint Manufactured Housing, 1999-3 1A7 | 7.270% | 6/15/29 | 1,117,738 | 1,104,528 ^(b) |
| Greenpoint Manufactured Housing, 1999-3 2A2 | 3.581% | 6/19/29 | 400,000 | 348,000 ^{(a)(b)} |
| Greenpoint Manufactured Housing, 1999-4 A2 | 3.925% | 2/20/30 | 550,000 | 478,500 ^{(a)(b)} |
| Greenpoint Manufactured Housing, 2000-4 A3 | 2.434% | 8/21/31 | 25,000 | 23,787 ^{(a)(b)} |
| Greenpoint Manufactured Housing, 2001-2 IA2 | 3.929% | 2/20/32 | 300,000 | 274,573 ^(a) |
| Greenpoint Manufactured Housing, 2001-2 IIA2 | 3.931% | 3/13/32 | 525,000 | 474,335 ^(a) |
| Magnus-Relda Holding Vier GmbH, 1A JNR | 7.000% | 10/28/24 | 1,078,000 ^{EUR} | 1,214,389 ^{(c)(f)} |
| Nationstar HECM Loan Trust, 2015-2A M2 | 6.657% | 11/25/25 | 940,000 | 941,172 ^(c) |

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| | | | | |
|--|--------|---------|-----------|-----------------------------|
| Neuberger Berman CLO Ltd., 2015-19A D | 5.872% | 7/15/27 | 2,000,000 | 1,577,372 ^{(a)(c)} |
| Newcastle Mortgage Securities Trust, 2006-1 M4 | 0.883% | 3/25/36 | 4,000,000 | 2,309,564 ^(a) |

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

March 31, 2016

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT / UNITS | VALUE |
|---|--------|---------------|---------------------|--------------------------------|
| ASSET-BACKED SECURITIES - (continued) | | | | |
| Origen Manufactured Housing Contract Trust, 2006-A A2 | 2.379% | 10/15/37 | 2,030,222 | \$ 1,794,293 ^{(a)(b)} |
| Origen Manufactured Housing Contract Trust, 2007-A A2 | 2.291% | 4/15/37 | 2,073,901 | 1,855,964 ^{(a)(b)} |
| Purchasing Power Funding, 2015-A C | 8.000% | 12/15/19 | 1,874,884 | 1,856,135 ^(c) |
| SMB Private Education Loan Trust, 2014-A C | 4.500% | 9/15/45 | 2,880,000 | 2,484,253 ^(c) |
| SMB Private Education Loan Trust, 2014-A R | 0.000% | 9/15/45 | 6,875 | 3,196,875 ^(c) |
| Social Professional Loan Program LLC, 2014-A RC | 0.000% | 7/14/2124 | 700 | 2,187,500 ^{(c)(f)} |
| Structured Asset Securities Corp., 2005-WF3 M3 | 1.013% | 7/25/35 | 2,100,976 | 1,513,657 ^(a) |
| Treman Park CLO Ltd, 2015-1A E | 6.824% | 4/20/27 | 2,800,000 | 2,426,497 ^{(a)(c)(d)} |
| Voya CLO Ltd., 2015-1A D | 6.220% | 4/18/27 | 2,000,000 | 1,689,220 ^{(a)(c)(d)} |
| TOTAL ASSET-BACKED SECURITIES | | | | |
| (Cost - \$39,849,661) | | | | 37,461,799 |

| | | | FACE AMOUNT | |
|--|--------|----------|--------------------------|--------------------------------|
| COMMERCIAL MORTGAGE-BACKED SECURITIES - 35.2% | | | | |
| Banc of America Commercial Mortgage Trust, 2007-2 AJ | 5.618% | 4/10/49 | 3,000,000 | 2,969,005 ^{(a)(d)} |
| Bank of America Merrill Lynch Large Loan Inc., 2014-INMZ MZB | 8.916% | 12/15/19 | 1,500,000 | 1,411,564 ^{(a)(c)} |
| BCAP LLC Trust, 2014-RR3 3A2 | 0.293% | 7/26/36 | 85,000 | 53,249 ^(c) |
| BCAP LLC Trust, 2014-RR3 5A2 | 0.577% | 10/26/36 | 100,000 | 62,083 ^{(a)(c)} |
| BLCP Hotel Trust, 2014-CLMZ M | 6.164% | 8/15/29 | 1,480,185 | 1,371,022 ^{(a)(c)} |
| Carefree Portfolio Trust, 2014-CMZB MZB | 8.158% | 11/15/29 | 4,000,000 | 3,975,011 ^{(a)(c)} |
| CD Commercial Mortgage Trust, 2007-CD4 AJ | 5.398% | 12/11/49 | 1,933,399 | 1,547,686 ^{(a)(d)} |
| Citigroup Commercial Mortgage Trust, 2015-GC27 E | 3.000% | 2/10/48 | 2,000,000 | 1,181,202 ^(c) |
| Citigroup Commercial Mortgage Trust, 2015-GC29 E | 4.156% | 4/10/48 | 2,950,000 | 1,951,328 ^{(a)(c)(d)} |
| Citigroup Commercial Mortgage Trust, 2015-GC29 F | 4.156% | 4/10/48 | 1,410,000 | 826,154 ^{(a)(c)} |
| Commercial Mortgage Trust, 2013-CR09 E | 4.254% | 7/10/45 | 3,500,000 | 2,694,755 ^{(a)(c)(d)} |
| Commercial Mortgage Trust, 2013-CR12 E | 5.084% | 10/10/46 | 110,000 | 94,718 ^{(a)(c)} |
| Commercial Mortgage Trust, 2015-CR25 D | 3.797% | 8/10/48 | 100,000 | 71,404 ^(a) |
| Commercial Mortgage Trust, 2015-CR25 E | 4.547% | 8/10/48 | 3,000,000 | 1,914,505 ^{(a)(c)(d)} |
| Commercial Mortgage Trust, 2015-CR25 F | 4.547% | 8/10/48 | 1,400,000 | 647,002 ^{(a)(c)} |
| Credit Suisse Commercial Mortgage Trust, 2006-C5 AJ | 5.373% | 12/15/39 | 2,501,000 | 2,121,017 ^(d) |
| Credit Suisse European Mortgage Capital Ltd., 2014-1MGN B | 7.165% | 7/20/22 | 1,406,089 ^{EUR} | 1,559,989 ^{(a)(c)(f)} |
| Credit Suisse Mortgage Trust, 2006-C4 AJ | 5.538% | 9/15/39 | 2,010,000 | 1,946,175 ^{(a)(d)} |
| Credit Suisse Mortgage Trust, 2007-C5 AM | 5.869% | 9/15/40 | 1,940,000 | 1,791,340 ^{(a)(d)} |
| Credit Suisse Mortgage Trust, 2014-USA F | 4.373% | 9/15/37 | 1,620,000 | 1,225,506 ^(c) |
| Credit Suisse Mortgage Trust, 2015 | 8.928% | 7/20/20 | 3,000,000 | 2,844,552 ^(c) |
| Credit Suisse Mortgage Trust, 2015-Town MZ | 9.157% | 3/1/28 | 4,000,000 | 3,880,844 ^(c) |
| DBUBS Mortgage Trust, 2011-LC3A G | 3.750% | 8/10/44 | 2,600,000 | 1,527,253 ^(c) |
| Federal Home Loan Mortgage Corp. (FHLMC), Multi-Family Structured Pass-Through Certificates, K008 X1, IO | 1.642% | 6/25/20 | 807,838 | 40,909 ^{(a)(b)} |
| Federal Home Loan Mortgage Corp. (FHLMC), Multi-Family Structured Pass-Through Certificates, K034 X3, IO | 1.726% | 9/25/41 | 10,200,000 | 974,472 ^{(a)(b)} |
| FREMF Mortgage Trust, 2014-KF05 B | 4.441% | 9/25/22 | 2,015,798 | 2,026,015 ^{(a)(c)} |
| GE Business Loan Trust, 2005-1A D | 3.156% | 6/15/33 | 763,615 | 660,236 ^{(a)(c)} |

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.**Schedule of investments (unaudited) (cont d)****March 31, 2016**

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|-------------|--------------------------|------------------------|--------------------------------|
| COMMERCIAL MORTGAGE-BACKED SECURITIES - (continued) | | | | |
| GE Business Loan Trust, 2006-1A C | 0.856% | 5/15/34 | 185,391 | \$ 157,433 ^{(a)(c)} |
| GE Business Loan Trust, 2006-2A C | 0.816% | 11/15/34 | 1,085,687 | 942,726 ^{(a)(c)} |
| GMAC Commercial Mortgage Securities Inc., 2006-C1 AJ | 5.349% | 11/10/45 | 2,000,000 | 1,963,148 ^{(a)(d)} |
| GS Mortgage Securities Trust, 2006-GG8 AJ | 5.622% | 11/10/39 | 190,000 | 175,607 |
| GS Mortgage Securities Trust, 2007-GG10 AJ | 5.794% | 8/10/45 | 4,800,000 | 1,968,000 ^(a) |
| GS Mortgage Securities Trust, 2010-C1 X, IO | 1.460% | 8/10/43 | 13,602,126 | 700,228 ^{(a)(b)(c)} |
| GS Mortgage Securities Trust, 2013-GC14 F | 4.769% | 8/10/46 | 160,000 | 131,881 ^{(a)(c)} |
| Hyatt Hotel Portfolio Trust, 2014-HYMZ M | 6.661% | 11/15/16 | 1,750,000 | 1,655,858 ^{(a)(c)} |
| JPMBB Commercial Mortgage Securities Trust, 2015-C31 D | 4.119% | 8/15/48 | 550,000 | 384,969 ^(a) |
| JPMorgan Chase Commercial Mortgage Securities Trust, 2006-CB16 AJ | 5.623% | 5/12/45 | 380,000 | 368,217 |
| JPMorgan Chase Commercial Mortgage Securities Trust, 2006-LDP7 AJ | 5.935% | 4/17/45 | 940,000 | 713,675 ^(a) |
| JPMorgan Chase Commercial Mortgage Securities Trust, 2006-LDP9 AJ | 5.411% | 5/15/47 | 2,290,000 | 1,724,370 ^(d) |
| JPMorgan Chase Commercial Mortgage Securities Trust, 2006-LDP9 AJS | 5.386% | 5/15/47 | 420,000 | 310,323 ^(a) |
| JPMorgan Chase Commercial Mortgage Securities Trust, 2007-CB18 AJ | 5.502% | 6/12/47 | 600,000 | 548,985 ^(a) |
| JPMorgan Chase Commercial Mortgage Securities Trust, 2007-CB19 AJ | 5.699% | 2/12/49 | 1,610,000 | 1,380,575 ^{(a)(d)} |
| JPMorgan Chase Commercial Mortgage Securities Trust, 2007-LD12 AJ | 6.007% | 2/15/51 | 1,080,000 | 1,043,535 ^{(a)(d)} |
| JPMorgan Chase Commercial Mortgage Securities Trust, 2014-CBMZ M | 6.661% | 10/15/19 | 1,900,000 | 1,759,875 ^{(a)(c)} |
| ML-CFC Commercial Mortgage Trust, 2007-5 AJ | 5.450% | 8/12/48 | 412,000 | 364,932 ^(a) |
| ML-CFC Commercial Mortgage Trust, 2007-9 AJ | 6.174% | 9/12/49 | 1,422,000 | 1,228,233 ^{(a)(d)} |
| ML-CFC Commercial Mortgage Trust, 2007-9 AJA | 6.174% | 9/12/49 | 400,000 | 346,439 ^(a) |
| Morgan Stanley Bank of America Merrill Lynch Trust, 2015-C21 E | 3.012% | 3/15/48 | 750,000 | 442,532 ^(c) |
| Morgan Stanley Bank of America Merrill Lynch Trust, 2015-C25 E | 4.529% | 10/15/48 | 2,000,000 | 1,340,186 ^{(a)(c)(d)} |
| Morgan Stanley Bank of America Merrill Lynch Trust, 2015-C25 F | 4.529% | 10/15/48 | 900,000 | 477,726 ^{(a)(c)} |
| Morgan Stanley Capital I Trust, 2007-IQ13 AJ | 5.438% | 3/15/44 | 1,290,000 | 1,046,652 ^(d) |
| Morgan Stanley Capital I Trust, 2007-IQ16 AJ | 6.096% | 12/12/49 | 1,590,000 | 1,461,927 ^{(a)(d)} |
| Motel 6 Trust, 2015-MTL6 F | 5.000% | 2/5/30 | 2,520,000 | 2,333,320 ^{(c)(d)} |
| UBS-Barclays Commercial Mortgage Trust, 2012-C2 G | 4.889% | 5/10/63 | 3,130,000 | 2,236,401 ^{(a)(c)} |
| UBS-Barclays Commercial Mortgage Trust, 2012-C2 H | 4.889% | 5/10/63 | 5,510,000 | 2,332,190 ^{(a)(c)} |
| Wells Fargo Commercial Mortgage Trust, 2013-LC12 E | 3.500% | 7/15/46 | 130,000 | 93,362 ^(c) |
| Wells Fargo Commercial Mortgage Trust, 2015-C31 E | 4.612% | 11/15/48 | 2,000,000 | 1,342,302 ^{(a)(c)(d)} |
| Wells Fargo Commercial Mortgage Trust, 2015-SG1 D | 4.471% | 12/15/47 | 400,000 | 311,858 ^(a) |
| WF-RBS Commercial Mortgage Trust, 2011-C4 F | 5.000% | 6/15/44 | 3,870,000 | 3,334,050 ^{(a)(c)(d)} |
| WF-RBS Commercial Mortgage Trust, 2012-C9 E | 4.803% | 11/15/45 | 3,500,000 | 3,112,646 ^{(a)(c)(d)} |

TOTAL COMMERCIAL MORTGAGE-BACKED SECURITIES

(Cost - \$83,497,386)

79,103,157

See Notes to Schedule of Investments.

WESTERN ASSET MORTGAGE DEFINED OPPORTUNITY FUND INC.

Schedule of investments (unaudited) (cont d)

March 31, 2016

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|--------|---------------|---------------|-----------------------------|
| CORPORATE BONDS & NOTES - 3.9% | | | | |
| CONSUMER DISCRETIONARY - 1.4% | | | | |
| Household Durables - 1.4% | | | | |
| William Lyon Homes Inc., Senior Notes | 8.500% | 11/15/20 | 3,000,000 | \$ 3,093,252 ^(d) |
| CONSUMER STAPLES - 0.2% | | | | |
| Food & Staples Retailing - 0.2% | | | | |
| CVS Corp., Pass-Through Trust | 9.350% | 1/10/23 | 480,000 | 574,816 ^{(b)(c)} |
| INDUSTRIALS - 0.0% | | | | |
| Airlines - 0.0% | | | | |
| Air 2 US, Notes | 8.027% | 10/1/19 | 83,842 | 87,615 ^{(b)(c)} |
| MATERIALS - 1.3% | | | | |
| Metals & Mining - 1.3% | | | | |
| Evraz Group SA, Senior Notes | 6.750% | 4/27/18 | 2,800,000 | 2,828,000 ^{(c)(d)} |
| TELECOMMUNICATION SERVICES - 1.0% | | | | |
| Wireless Telecommunication Services - 1.0% | | | | |
| Digicel Group Ltd., Senior Notes | 8.250% | 9/30/20 | 2,650,000 | 2,285,625 ^{(d)(g)} |
| TOTAL CORPORATE BONDS & NOTES | | | | 8,869,308 |
| (Cost - \$9,222,110) | | | | |
| TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENTS | | | | 340,021,288 |
| (Cost - \$335,698,091) | | | | |
| | | | SHARES | |
| SHORT-TERM INVESTMENTS - 1.2% | | | | |
| State Street Institutional U.S. Government Money Market Fund, Premier Class | | | | |
| (Cost - \$2,711,611) | 0.225% | | 2,711,611 | 2,711,611 |
| TOTAL INVESTMENTS - 152.4% | | | | 342,732,899 |
| (Cost - \$338,409,702#) | | | | |
| Liabilities in Excess of Other Assets - (52.4)% | | | | (117,836,326) |
| TOTAL NET ASSETS - 100.0% | | | | \$ 224,896,573 |

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

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- (a) Variable rate security. Interest rate disclosed is as of the most recent information available.
- (b) All or a portion of this security is pledged as collateral pursuant to the loan agreement.
- (c) 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.
- (d) All or a portion of this security is held by the counterparty as collateral for open reverse repurchase agreements.
- (e) Illiquid security.
- (f) Security is valued in good faith in accordance with procedures approved by the Board of Directors (See Note 1).
- (g) 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.

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

Abbreviations used in this schedule:

| | |
|-----|----------------------------|
| ARM | Adjustable Rate Mortgage |
| CLO | Collateral Loan Obligation |
| EUR | Euro |
| IO | Interest Only |
| PAC | Planned Amortization Class |
| PO | Principal Only |

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 Mortgage Defined Opportunity Fund Inc. (the Fund) was incorporated in Maryland on December 11, 2009 and is registered as a non-diversified, limited-term, closed-end management investment company under the Investment Company Act of 1940, as amended (the 1940 Act). The Fund's primary investment objective is to provide current income. As a secondary investment objective, the Fund will seek capital appreciation. The Fund seeks to achieve its investment objectives by investing primarily in a diverse portfolio of mortgage-backed securities (MBS), consisting primarily of non-agency residential mortgage-backed securities (RMBS) and commercial mortgage-backed securities (CMBS). The Fund intends to liquidate and distribute substantially all of the Fund's net assets to shareholders on or about March 1, 2022.

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. Investments in open-end funds are valued at the closing net asset value per share of each fund on the day of valuation. Futures contracts are valued daily at the settlement price established by the board of trade or exchange on which they are traded. Equity securities for which market quotations are available are valued at the last reported sales price or official closing price on the primary market or exchange on which they trade. When the Fund holds securities or other assets that are denominated in a foreign currency, the Fund will normally use the currency exchange rates as of 4:00 p.m. (Eastern Time). If independent third party pricing services are unable to supply prices for a portfolio investment, or if the prices supplied are deemed by the manager to be unreliable, the market price may be determined by the manager using quotations from one or more broker/dealers or at the transaction price if the security has recently been purchased and no value has yet been obtained from a pricing service or pricing broker. When reliable prices are not readily available, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded, but before the Fund calculates its net asset value, the Fund values these securities as determined in accordance with procedures approved by the Fund's Board of Directors.

The Board of Directors is responsible for the valuation process and has delegated the supervision of the daily valuation process to the Legg Mason North Atlantic Fund Valuation Committee (the Valuation Committee). The Valuation Committee, pursuant to the policies adopted by the Board of Directors, is responsible for making fair value determinations, 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 : | | | | |
| Residential Mortgage-Backed Securities | | \$ 214,587,024 | | \$ 214,587,024 |
| Asset-Backed Securities | | 28,180,400 | \$ 9,281,399 | 37,461,799 |
| Commercial Mortgage-Backed Securities | | 77,543,168 | 1,559,989 | 79,103,157 |
| Corporate Bonds & Notes: | | | | |
| Industrials | | | 87,615 | 87,615 |
| Other Corporate Bonds & Notes | | 8,781,693 | | 8,781,693 |
| Total Long-Term Investments | | \$ 329,092,285 | \$ 10,929,003 | \$ 340,021,288 |
| Short-Term Investments | \$ 2,711,611 | | | \$ 2,711,611 |
| Total Investments | \$ 2,711,611 | \$ 329,092,285 | \$ 10,929,003 | \$ 342,732,899 |
| Other Financial Instruments: | | | | |
| Futures Contracts | \$ 9,182 | | | \$ 9,182 |
| Forward Foreign Currency Contracts | | \$ 1,000 | | 1,000 |
| Total Other Financial Instruments | \$ 9,182 | \$ 1,000 | | \$ 10,182 |
| Total | \$ 2,720,793 | \$ 329,093,285 | \$ 10,929,003 | \$ 342,743,081 |

| DESCRIPTION | LIABILITIES | | | TOTAL |
|-------------|----------------------------|---|--|-------|
| | QUOTED PRICES (LEVEL 1) | OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2) | SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) | |

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| | | | |
|------------------------------------|----|-----------|------------|
| Other Financial Instruments: | | | |
| Futures Contracts | \$ | 4,285 | \$ 4,285 |
| Forward Foreign Currency Contracts | | \$ 21,775 | 21,775 |
| OTC Total Return Swaps | | 89,018 | 89,018 |
| Total | \$ | 4,285 | \$ 115,078 |

See Schedule of Investments for additional detailed categorizations.

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 | ASSET-BACKED SECURITIES | COMMERCIAL MORTGAGE- BACKED SECURITIES | CORPORATE BONDS & NOTES | | TOTAL |
|---|----------------------------|---|----------------------------|---------------------------|---------------|
| | | | INDUSTRIALS | OTC TOTAL RETURN SWAPS | |
| Balance as of December 31, 2015 | \$ 9,415,616 | \$ 11,547,644 | | \$ 0* | \$ 20,963,260 |
| Accrued premiums/discounts | 4,397 | 6,610 | | | 11,007 |
| Realized gain (loss) | 9,599 | (9,141) | | 885 | 1,343 |
| Change in unrealized appreciation (depreciation) ¹ | 159,789 | (173,785) | | (89,018) | (103,014) |
| Purchases | | | | | |
| Sales | (308,002) | (3,085,943) | | (885) | (3,394,830) |
| Transfers into Level 3 ² | | | \$ 87,615 | | 87,615 |
| Transfers out of Level 3 ³ | | (6,725,396) | | 89,018 | (6,636,378) |
| Balance as of March 31, 2016 | \$ 9,281,399 | \$ 1,559,989 | \$ 87,615 | | \$ 10,929,003 |
| Net change in unrealized appreciation (depreciation) for investments in securities still held at March 31, 2016 ¹ | \$ 159,789 | \$ 56,169 | | | \$ 215,958 |

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.

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

³ 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.

2. Investments

At March 31, 2016, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows:

| | |
|-------------------------------|---------------|
| Gross unrealized appreciation | \$ 21,368,435 |
| Gross unrealized depreciation | (17,045,238) |
| Net unrealized appreciation | \$ 4,323,197 |

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Notes to Schedule of Investments (unaudited) (continued)

At March 31, 2016, the Fund had the following open reverse repurchase agreements:

| Counterparty | Rate | Effective Date | Maturity Date | Face Amount of Reverse Repurchase Agreements | Asset Class of Collateral* | Collateral Value |
|----------------------|--------|----------------|---------------|--|--|------------------|
| Royal Bank of Canada | 1.817% | 1/7/2016 | 4/7/2016 | \$ 375,000 | Residential Mortgage-Backed Securities | \$ 353,103 |
| | | | | | Cash | 14,956 |
| Royal Bank of Canada | 1.867% | 1/7/2016 | 4/7/2016 | 627,000 | Residential Mortgage-Backed Securities | 721,248 |
| | | | | | Cash | 25,007 |
| Royal Bank of Canada | 1.967% | 1/7/2016 | 4/7/2016 | 4,119,000 | Commercial Mortgage-Backed Securities | 4,932,153 |
| | | | | | Cash | 164,281 |
| Royal Bank of Canada | 2.017% | 1/7/2016 | 4/7/2016 | 4,833,000 | Residential Mortgage-Backed Securities | 6,658,106 |
| | | | | | Cash | 192,758 |
| Royal Bank of Canada | 2.067% | 1/7/2016 | 4/7/2016 | 2,444,000 | Commercial Mortgage-Backed Securities | 3,334,050 |
| | | | | | Cash | 97,476 |
| Royal Bank of Canada | 2.117% | 1/7/2016 | 4/7/2016 | 5,971,000 | Commercial Mortgage-Backed Securities | 5,807,401 |
| | | | | | Residential Mortgage-Backed Securities | 2,744,647 |
| | | | | | Cash | 238,145 |
| | | | | | Commercial | |
| Royal Bank of Canada | 2.167% | 1/7/2016 | 4/7/2016 | 6,954,000 | Commercial Mortgage-Backed Securities | 3,865,833 |
| | | | | | Asset-Backed Securities | 7,084,715 |
| | | | | | Cash | 277,351 |
| Royal Bank of Canada | 1.321% | 1/27/2016 | 4/27/2016 | 2,519,000 | Corporate Bonds & Notes | 3,093,252 |
| | | | | | Cash | 100,467 |
| | | | | | Commercial | |
| Royal Bank of Canada | 2.121% | 2/11/2016 | 5/11/2016 | 1,179,000 | Commercial Mortgage-Backed Securities | 1,724,370 |
| | | | | | Cash | 47,023 |
| | | | | | Commercial | |
| Royal Bank of Canada | 2.171% | 2/11/2016 | 5/11/2016 | 1,534,000 | Commercial Mortgage-Backed Securities | 2,682,488 |
| | | | | | Cash | 61,181 |
| Royal Bank of Canada | 2.118% | 2/12/2016 | 5/12/2016 | 1,289,000 | Residential Mortgage-Backed Securities | 1,908,882 |
| | | | | | Cash | 51,410 |
| | | | | | Commercial | |
| Royal Bank of Canada | 2.168% | 2/12/2016 | 5/12/2016 | 1,473,000 | Commercial Mortgage-Backed Securities | 2,333,320 |
| | | | | | Cash | 58,749 |
| | | | | | Commercial | |
| Royal Bank of Canada | 2.018% | 2/17/2016 | 5/17/2016 | 1,197,000 | Commercial Mortgage-Backed Securities | 1,461,927 |
| | | | | | Cash | 47,741 |
| | | | | | Residential Mortgage-Backed Securities | 1,523,285 |
| | | | | | Cash | 44,590 |
| Royal Bank of Canada | 2.168% | 2/17/2016 | 5/17/2016 | 621,000 | Residential Mortgage-Backed Securities | 873,569 |
| | | | | | Cash | 24,768 |
| | | | | | Commercial | |
| Royal Bank of Canada | 2.118% | 2/22/2016 | 5/23/2016 | 1,827,000 | Commercial Mortgage-Backed Securities | 2,274,885 |

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| | | | | | | |
|-----------------------|--------|-----------|-----------|---------------|-----------------------------|---------------|
| | | | | | Cash | 72,867 |
| | | | | | Commercial | |
| Royal Bank of Canada | 1.992% | 3/17/2016 | 6/17/2016 | 1,146,000 | Mortgage-Backed Securities | 1,380,575 |
| | | | | | Cash | 45,707 |
| | | | | | Commercial | |
| Royal Bank of Canada | 2.092% | 3/17/2016 | 6/17/2016 | 5,479,000 | Mortgage-Backed Securities | 7,269,947 |
| | | | | | Cash | 218,523 |
| | | | | | Residential Mortgage-Backed | |
| Barclays Capital Inc. | 1.371% | 1/21/2016 | 4/21/2016 | 1,388,524 | Securities | 1,866,492 |
| Credit Suisse | 0.750% | 6/26/2013 | TBD** | 1,990,450 | Corporate Bonds & Notes | 2,026,875 |
| | | | | | Cash | 235,358 |
| Credit Suisse | 1.000% | 1/12/2016 | TBD** | 2,102,800 | Corporate Bonds & Notes | 2,828,000 |
| | | | | | Cash | 248,642 |
| Total | | | | \$ 50,186,774 | | \$ 71,016,123 |

* Refer to the Schedule of Investments for positions held at the counterparty as collateral for reverse repurchase agreements.

** TBD To Be Determined; These reverse repurchase agreements have no maturity dates because they are renewed daily and can be terminated by either the Fund or the counterparty in accordance with the terms of the agreements.

Notes to Schedule of Investments (unaudited) (continued)

At March 31, 2016, the Fund had the following open futures contracts:

| | Number of Contracts | Expiration Date | Basis Value | Market Value | Unrealized Appreciation (Depreciation) |
|--|------------------------|--------------------|----------------|-----------------|--|
| Contracts to Sell: | | | | | |
| Euro-Bund | 5 | 6/16 | \$ 925,934 | \$ 929,209 | \$ (3,275) |
| U.S. Treasury 5-Year Notes | 28 | 6/16 | 3,391,584 | 3,392,594 | (1,010) |
| U.S. Treasury 10-Year Notes | 117 | 6/16 | 15,264,885 | 15,255,703 | 9,182 |
| Net unrealized appreciation on open futures contracts | | | | | \$ 4,897 |

At March 31, 2016, the Fund had the following open forward foreign currency contracts:

| Currency Purchased | | Currency Sold | | Counterparty | Settlement Date | Unrealized Appreciation (Depreciation) |
|-----------------------|-----------|------------------|-----------|----------------|--------------------|--|
| EUR | 24,344 | USD | 26,733 | Citibank, N.A. | 5/13/16 | \$ 1,000 |
| USD | 2,635,081 | EUR | 2,331,992 | Citibank, N.A. | 5/13/16 | (21,589) |
| USD | 4,511 | EUR | 4,001 | Citibank, N.A. | 5/13/16 | (47) |
| USD | 4,489 | EUR | 4,001 | Citibank, N.A. | 5/13/16 | (69) |
| USD | 2,209 | EUR | 2,001 | Citibank, N.A. | 5/13/16 | (70) |
| Total | | | | | | \$ (20,775) |

Abbreviations used in this table:

EUR Euro
USD United States Dollar

At March 31, 2016, the Fund had the following open swap contracts:

| SWAP COUNTERPARTY | NOTIONAL AMOUNT | TERMINATION DATE | OTC TOTAL RETURN SWAPS | | UPFRONT PREMIUMS PAID/ (RECEIVED) | UNREALIZED DEPRECIATION |
|-------------------|--------------------------|---------------------|---|---|---|----------------------------|
| | | | PERIODIC PAYMENTS MADE BY THE FUND | PERIODIC PAYMENTS RECEIVED BY THE FUND | | |
| Credit Suisse | 5,757,075 ^{EUR} | 4/20/20 | EURIBOR quarterly | Credit Suisse European Mortgage Capital, 2015-1HWA A, 2.750% ^a , due 4/20/20, quarterly | | \$ (89,018) ^b |

Periodic payments made/received by the Fund are based on the total return of the referenced entity.

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^a Variable rate security. Interest rate disclosed is as of the most recent information available.

^b Swap contract is valued in good faith in accordance with procedures approved by the Board of Directors (See Note 1).
Abbreviation used in this table:

EUR Euro

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 Mortgage Defined Opportunity Fund Inc.

By /s/ JANE TRUST
 Jane Trust
 Chief Executive Officer

Date: May 24, 2016

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

By /s/ JANE TRUST
 Jane Trust
 Chief Executive Officer

Date: May 24, 2016

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

Date: May 24, 2016