

Western Asset Mortgage Defined Opportunity Fund Inc.
Form N-CSR
February 29, 2016

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES
Investment Company Act file number 811-22369

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: December 31, 2015

ITEM 1. REPORT TO STOCKHOLDERS.

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

Annual Report

December 31, 2015

WESTERN ASSET

MORTGAGE DEFINED OPPORTUNITY FUND
INC. (DMO)

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

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Fund objectives

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, consisting primarily of non-agency residential mortgage-backed securities and commercial mortgage-backed securities.

Letter from the chairman

Dear Shareholder,

We are pleased to provide the annual report of Western Asset Mortgage Defined Opportunity Fund Inc. for the twelve-month reporting period ended December 31, 2015. Please read on for a detailed look at prevailing economic and market conditions during the Fund's reporting period and to learn how those conditions have affected Fund performance.

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

Fund prices and performance,

Market insights and commentaries from our portfolio managers, and

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A host of educational resources.
We look forward to helping you meet your financial goals.

Sincerely,

Jane Trust, CFA

Chairman, President and Chief Executive Officer

January 29, 2016

II Western Asset Mortgage Defined Opportunity Fund Inc.

Investment commentary

Economic review

The pace of U.S. economic activity was mixed during the twelve months ended December 31, 2015 (the reporting period). Looking back, the U.S. Department of Commerce reported that first quarter 2015 U.S. gross domestic product (GDP) growth was a tepid 0.6%. Economic activity then accelerated, as second quarter 2015 GDP growth was 3.9%. The upturn was driven by increasing exports, accelerating personal consumption expenditures (PCE), declining imports, expanding state and local government spending, and rising nonresidential fixed investment. Third quarter 2015 GDP growth then moderated to 2.0%. Decelerating growth was primarily due to a downturn in private inventory investment and decelerations in exports, PCE, nonresidential fixed investment, state and local government spending, and residential fixed investment. Finally, the U.S. Department of Commerce's initial estimate for fourth quarter 2015 GDP growth released after the reporting period ended was 0.7%. Slower growth was attributed to a deceleration in PCE and downturns in nonresidential fixed investment, exports and state and local government spending.

The U.S. labor market significantly improved and was a tailwind for the economy during the reporting period. When the period began, unemployment was 5.7%, as reported by the U.S. Department of Labor. By December 2015, unemployment was 5.0%, equaling its lowest level since April 2008.

After an extended period of maintaining the federal funds rate¹ at a historically low range between zero and 0.25%, the Federal Reserve Board (the Fed) finally increased the rate at its meeting on December 16, 2015. This marked the first rate hike since 2006. In particular, the U.S. central bank raised the federal funds rate to a range between 0.25% and 0.50%. In its official statement after the December 2015 meeting, the Fed said,

The stance of monetary policy remains accommodative after this increase, thereby supporting further improvement in labor market conditions and a return to 2 percent inflation. The Committee expects that economic conditions will evolve in a manner that will warrant only gradual increases in the federal funds rate; the federal funds rate is likely to remain, for some time, below levels that are expected to prevail in the longer run. During its meeting that concluded on January 27, 2016 after the reporting period ended the Fed said it is, closely monitoring global economic and financial developments and is assessing their implications for the labor market and inflation, and for the balance of risks to the outlook. Given the economic outlook, the Committee decided to maintain the target range for the federal funds rate at 1/4 to 1/2 percent. In determining the timing and size of future adjustments to the target range for the federal funds rate, the Committee will assess realized and expected economic conditions relative to its objectives of maximum employment and 2 percent inflation.

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

Sincerely,

Jane Trust, CFA

Chairman, President and Chief Executive Officer

January 29, 2016

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

Investment commentary (cont d)

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

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

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

IV Western Asset Mortgage Defined Opportunity Fund Inc.

Fund overview

Q. What is the Fund's investment strategy?

A. 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 also may invest, to a lesser degree, in other permitted investments, including cash and cash equivalents; Treasury securities; non-mortgage related asset-backed securities (ABS) backed by various asset classes including, but not limited to, small balance commercial mortgages, aircrafts, automobiles, credit cards, equipment, manufactured housing, franchises, recreational vehicles and student loans; and investment grade and below investment grade fixed income securities including bonds, debentures, notes, commercial paper and other similar types of debt instruments including hybrid securities. The Fund also may invest in any newly developed mortgage-related derivatives that may hereafter become available for mortgage investing.

The Fund may invest in derivative instruments, such as options contracts, futures contracts, options on futures contracts, indexed securities, credit linked notes, credit default swaps and other swap agreements for investment, hedging and risk management purposes with certain limitations. Notwithstanding the foregoing, the Fund may invest without limitation in Treasury futures, Eurodollar futures, interest rate swaps, swaptions or similar instruments and combinations thereof.

The Fund is not limited in its ability to invest in below investment grade (commonly referred to as high yield or junk securities) or illiquid securities. Below investment grade securities are securities rated below the Baa3 or BBB- categories at the time of purchase by one or more nationally recognized statistical rating organizations or unrated securities that we determined to be of comparable quality.

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

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

A. Most spread sectors (non-Treasuries) posted modest gains and generated mixed results versus equal-duration¹ Treasuries over the twelve months ended December 31, 2015. High-yield and investment grade corporate bonds were among the weakest performers during the reporting period. The fixed income market was volatile at times given fluctuating global economic data, uncertainties regarding future Federal Reserve Board (Fed) monetary policy and

Fund overview (cont d)

a number of geopolitical issues. In mid-December 2015, the Fed raised interest rates for the first time in nearly a decade.

Both short- and long-term Treasury yields moved higher during the twelve months ended December 31, 2015. Two-year Treasury yields rose from 0.67% at the beginning of the period to 1.06% at the end of the period. Their peak of 1.09% occurred on December 29, 2015, and they were as low as 0.44% on January 15, 2015. Ten-year Treasury yields were 2.17% at the beginning of the period and ended the period at 2.27%. Their peak of 2.50% was on June 10, 2015 and their low of 1.68% occurred at the end of January and early February 2015. All told, the Barclays U.S. Aggregate Indexⁱⁱⁱ returned 0.55% for the twelve months ended December 31, 2015.

Agency MBS generated relatively solid results during the reporting period. Agency MBS were supported by generally solid demand and an improving housing market. During the twelve months ended December 31, 2015, the overall agency MBS market, as measured by the Barclays U.S. Mortgage Backed Securities Index^{iv}, returned 1.51%. Elsewhere, RMBS, as measured by the BofA Merrill Lynch U.S. Floating Rate Home Equity Loan Asset Backed Securities Index^v, returned 1.37%. CMBS also produced positive results during the twelve months ended December 31, 2015 and outperformed the overall fixed-income market, as the Barclays CMBS Index^{vi} returned 0.97%.

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

A. We made several adjustments to the Fund's portfolio during the reporting period.

We reduced the Fund's exposure to non-agency MBS, while increasing its allocations to CMBS and ABS. Within the non-agency MBS market, we pared the Fund's allocations to subprime and option adjustable-rate mortgages (ARMs) and increased its prime and Alt-A exposure.

During the reporting period, Treasury futures were used to manage duration and yield curve^{vii} exposure. They contributed to performance as interest rates moved higher over the year. CMBS index swaps, which were used to increase the Fund's exposure to CMBS indices, did not meaningfully impact performance. Also, total return swaps, used to manage the Fund's CMBS exposure, did not impact performance. Elsewhere, foreign exchange forwards, which were used to hedge the Fund's currency exposure to the euro, contributed to results as the euro declined in value during the reporting period.

Finally, we actively utilized leverage in the Fund. When the reporting period began, the Fund's leverage as a percentage of gross assets was roughly 33%. At the end of the period, approximately 35% of the Fund's gross assets were levered. The use of leverage was beneficial for the Fund's absolute performance during the period.

Performance review

For the twelve months ended December 31, 2015, Western Asset Mortgage Defined Opportunity Fund Inc. returned 5.44% based on its net asset value (NAVⁱⁱⁱ) and 13.56% based on its New York Stock Exchange (NYSE) market price per share. The Fund's unmanaged benchmark, the BofA Merrill Lynch U.S. Floating Rate Home Equity Loan Asset Backed Securities Index, returned

1.37% for the same period. The Lipper U.S. Mortgage Closed-End Funds Category Average^{ix} returned 1.55% over the same time frame. Please note that Lipper performance returns are based on each fund's NAV.

During the twelve-month period, the Fund made distributions to shareholders totaling \$3.32 per share*. The performance table shows the Fund's twelve-month total return based on its NAV and market price as of December 31, 2015. **Past performance is no guarantee of future results.**

Performance Snapshot as of December 31, 2015

Price Per Share	12-Month Total Return**
\$22.76 (NAV)	5.44%
\$23.55 (Market Price)	13.56%

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

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

Total return assumes the reinvestment of all distributions at NAV.

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

Q. What were the leading contributors to performance?

A. On an absolute basis, the leading contributor to the Fund's performance during the reporting period was its allocation to non-agency MBS. They were supported by generally solid investor demand, continued principal paydowns and limited new supply. In particular, the Fund's Alt-A hybrids, prime fixed rate and prime hybrids were beneficial for performance. In addition, the Fund's re-performing loans—sometimes referred to as scratch-and-dent loans—were additive for results. Overall, the Fund's CMBS exposure contributed to performance, as did its allocation to ABS, especially, student loan ABS.

Q. What were the leading detractors from performance?

A. While the Fund outperformed the benchmark during the reporting period, certain holdings detracted from its absolute performance. Within the CMBS market, the Fund's new issue conduit deals negatively impacted results. The Fund's allocation to collateralized loan obligations (CLOs) was also a headwind for performance.

Looking for additional information?

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

*For the tax character of distributions paid during the fiscal year ended December 31, 2015, please refer to page 44 of this report.

Fund overview (cont'd)

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

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

Sincerely,

Western Asset Management Company

January 19, 2016

***RISKS:** The Fund's investments are subject to liquidity risk, credit risk, inflation risk and interest rate risk. As interest rates rise, bond prices fall, reducing the value of the Fund's fixed-income holdings. The Fund may invest in lower-rated high-yield bonds (commonly known as "junk bonds"), which are subject to greater credit risk (risk of default) than higher-rated obligations. Mortgage-backed securities are subject to additional risks, including prepayment risk, which can limit the potential gains in a declining interest rate environment. The Fund may invest in securities backed by subprime or distressed mortgages which involve a higher degree of risk and chance of loss. Leverage may result in greater volatility of NAV and the market price of common shares and increases a shareholder's risk of loss. The Fund may make significant investments in derivative instruments. Derivative instruments can be illiquid, may disproportionately increase losses, and have a potentially large impact on Fund performance. The Fund is not guaranteed by the U.S. government, the U.S. Treasury or any government agency.*

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

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

- i Duration is the measure of the price sensitivity of a fixed-income security to an interest rate change of 100 basis points. Calculation is based on the weighted average of the present values for all cash flows.
- ii The Federal Reserve Board (Fed) is responsible for the formulation of U.S. policies designed to promote economic growth, full employment, stable prices and a sustainable pattern of international trade and payments.
- iii The Barclays U.S. Aggregate Index is a broad-based bond index comprised of government, corporate, mortgage- and asset-backed issues, rated investment grade or higher, and having at least one year to maturity.
- iv The Barclays U.S. Mortgage-Backed Securities Index is an unmanaged index composed of agency mortgage-backed pass-through securities, both fixed-rate and hybrid adjustable rate mortgages, issued by the Government National Mortgage Association, Federal National Mortgage Association and Federal Home Loan Mortgage Corporation.
- v The BofA Merrill Lynch U.S. Floating Rate Home Equity Loan Asset Backed Securities Index tracks the performance of U.S. dollar-denominated investment grade floating-rate asset-backed securities collateralized by home equity loans publicly issued in the U.S. domestic market. Qualifying securities must have an investment grade rating, at least one year remaining to final stated maturity, a floating-rate coupon, and an original deal size for the collateral group of at least \$250 million.
- vi The Barclays CMBS Index measures the performance of the commercial mortgage-backed securities market.
- vii The yield curve is the graphical depiction of the relationship between the yield on bonds of the same credit quality but different maturities.
- viii Net asset value (NAV) is calculated by subtracting total liabilities, including liabilities associated with financial leverage (if any), from the closing value of all securities held by the Fund (plus all other assets) and dividing the result (total net assets) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the Fund has invested. However, the price at which an investor may buy or sell shares of the Fund is the Fund s market price as determined by supply of and demand for the Fund s shares.
- ix Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the twelve-month period ended December 31, 2015, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 10 funds in the Fund s Lipper category.

Fund at a glance (unaudited)

Investment breakdown (%) as a percent of total investments

The bar graph above represents the composition of the Fund's investments as of December 31, 2015 and December 31, 2014. This bar graph does not include derivatives, such as futures contracts, swap contracts and forward foreign currency contracts. The Fund is actively managed. As a result, the composition of the Fund's investments is subject to change at any time.

Spread duration (unaudited)

Economic exposure December 31, 2015

Total Spread Duration

DMO 4.62 years

Benchmark 3.91 years

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

ABS	Asset-Backed Securities
Benchmark	BofA Merrill Lynch U.S. Floating Rate Home Equity Loan Asset Backed Securities Index
DMO	Western Asset Mortgage Defined Opportunity Fund Inc.
EM	Emerging Markets
HY	High Yield
MBS	Mortgage-Backed Securities

Effective duration (unaudited)

Interest rate exposure December 31, 2015

Total Effective Duration

DMO 3.75 years

Benchmark 0.04 years

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

ABS	Asset-Backed Securities
Benchmark	BofA Merrill Lynch U.S. Floating Rate Home Equity Loan Asset Backed Securities Index
DMO	Western Asset Mortgage Defined Opportunity Fund Inc.
EM	Emerging Markets
HY	High Yield
MBS	Mortgage-Backed Securities

Schedule of investments

December 31, 2015

Western Asset Mortgage Defined Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Residential Mortgage-Backed Securities 99.0%				
ABFS Mortgage Loan Trust, 2002-3 M1	5.902%	9/15/33	1,220,890	\$ 970,942
Accredited Mortgage Loan Trust, 2003-3 A1	5.210%	1/25/34	1,112,033	1,085,824
Adjustable Rate Mortgage Trust, 2005-05 1A1	2.628%	9/25/35	291,533	225,310 (a)(b)
Adjustable Rate Mortgage Trust, 2005-07 2A21	2.564%	10/25/35	973,826	889,957 (a)(b)
Adjustable Rate Mortgage Trust, 2005-10 1A21	2.805%	1/25/36	357,973	312,528 (a)(b)
Adjustable Rate Mortgage Trust, 2005-12 5A1	0.672%	3/25/36	394,537	245,363 (a)(b)
AFC Home Equity Loan Trust, 2003-3 1A	1.172%	10/25/30	1,677,204	1,457,179 (a)(c)
American Home Mortgage Assets, 2005-2 2A1A	2.761%	1/25/36	1,437,968	1,014,472 (a)(b)
American Home Mortgage Assets, 2006-4 1A12	0.632%	10/25/46	2,510,766	1,622,148 (a)(b)
American Home Mortgage Investment Trust, 2005-1 6A	2.654%	6/25/45	104,414	102,692 (a)(b)
American Home Mortgage Investment Trust, 2005-SD1 1A1	0.872%	9/25/35	302,781	233,689 (a)(b)(c)
American Home Mortgage Investment Trust, 2007-2 2A	1.222%	3/25/47	13,052,464	1,494,129 (a)
American Home Mortgage Investment Trust, 2007-A 4A	1.121%	7/25/46	2,340,381	850,321 (a)(b)(c)
Ameriquest Mortgage Securities Inc., 2002-4 M3	5.672%	2/25/33	1,858,115	1,555,239 (a)
Argent Securities Inc., 2005-W5 A2D	0.742%	1/25/36	4,242,606	3,286,351 (a)(d)
Argent Securities Inc., 2006-M2 A2C	0.572%	9/25/36	2,493,704	981,012 (a)(d)
Argent Securities Inc., 2006-M2 A2D	0.662%	9/25/36	658,162	261,750 (a)
Argent Securities Inc., 2006-M3 A2C	0.582%	10/25/36	4,068,344	1,635,524 (a)(d)
Asset-Backed Funding Certificates, 2005-HE1 M2	1.082%	3/25/35	2,730,567	2,193,812 (a)
Banc of America Alternative Loan Trust, 2005-9 1CB5, IO	4.678%	10/25/35	5,817,899	794,028 (a)
Banc of America Funding Corp., 2004-B 6A1	2.192%	12/20/34	489,759	345,511 (a)(b)
Banc of America Funding Corp., 2004-C 3A1	3.011%	12/20/34	738,997	693,428 (a)(b)
Banc of America Funding Corp., 2006-D 2A1	3.111%	5/20/36	83,164	74,447 (a)(b)
Banc of America Funding Corp., 2006-D 6A1	4.725%	5/20/36	1,451,494	1,230,705 (a)(b)
Banc of America Funding Corp., 2006-F 1A1	2.714%	7/20/36	614,506	603,835 (a)(b)
Banc of America Funding Corp., 2006-H 3A1	2.838%	9/20/46	128,177	103,652 (a)(b)
Banc of America Funding Corp., 2014-R5 1A2	2.133%	9/26/45	3,750,000	2,394,028 (a)(b)(c)
Banc of America Funding Corp., 2015-R2 9A2	0.446%	3/27/36	5,082,884	2,566,199 (a)(c)
Banc of America Funding Corp., 2015-R4 4A3	18.247%	1/1/30	6,826,742	3,958,052 (a)(c)
Bayview Financial Acquisition Trust, 2007-A 2A	0.582%	5/28/37	1,537,797	1,158,578 (a)(b)
Bayview Financial Asset Trust, 2007-SR1A M1	1.222%	3/25/37	3,792,976	3,259,304 (a)(c)
Bayview Financial Asset Trust, 2007-SR1A M2	1.322%	3/25/37	4,617,798	3,902,039 (a)(c)
Bayview Financial Asset Trust, 2007-SR1A M3	1.572%	3/25/37	2,092,158	1,677,910 (a)(c)
Bayview Financial Asset Trust, 2007-SR1A M4	1.922%	3/25/37	903,090	687,793 (a)(c)
BCAP LLC Trust, 2009-RR4 8A2	2.980%	9/26/35	2,434,127	1,993,667 (a)(b)(c)
BCAP LLC Trust, 2010-RR06 4A13	2.980%	9/26/35	1,996,542	1,606,155 (a)(b)(c)
BCAP LLC Trust, 2010-RR6 1212	5.500%	2/26/35	1,646,264	1,646,897 (c)
Bear Stearns Alt-A Trust, 2005-9 25A1	2.602%	11/25/35	474,440	375,577 (a)(b)

See Notes to Financial Statements.

Schedule of investments (cont d)

December 31, 2015

Western Asset Mortgage Defined Opportunity Fund Inc.

Security	Rate	Maturity Date	Face Amount	Value
Residential Mortgage-Backed Securities continued				
Bear Stearns Alt-A Trust, 2006-2 23A1	2.743%	3/25/36	1,692,705	\$ 1,299,156 ^{(a)(b)}
Bear Stearns Asset-Backed Securities Trust, 2003-SD2 1A	3.759%	6/25/43	78,271	77,158 ^(a)
Bear Stearns Asset-Backed Securities Trust, 2004-BO1 M9B	4.422%	10/25/34	454,242	419,946 ^(a)
Bear Stearns Asset-Backed Securities Trust, 2005-CL1 A1	0.652%	9/25/34	128,243	117,823 ^(a)
Bear Stearns Mortgage Funding Trust, 2007-AR5 2A1	0.602%	6/25/37	2,118,707	1,818,459 ^{(a)(b)}
Centex Home Equity Loan Trust, 2004-D MV1	1.042%	9/25/34	1,258,902	1,146,870 ^(a)
Chase Mortgage Finance Corp., 2006-S3 2A1	5.500%	11/25/21	259,667	215,643 ^(b)
Chaseflex Trust, 2005-2 3A3, IO	5.078%	6/25/35	13,581,562	2,152,202 ^(a)
Chevy Chase Mortgage Funding Corp., 2006-2A A 1	0.552%	4/25/47	246,784	192,353 ^{(a)(b)(c)}
Citicorp Mortgage Securities Inc., 2007-8 B1	5.944%	9/25/37	4,353,735	2,148,311 ^{(a)(b)}
Citigroup Mortgage Loan Trust Inc., 2004-HYB3 1A	2.733%	9/25/34	160,472	160,315 ^{(a)(b)}
Citigroup Mortgage Loan Trust Inc., 2004-UST1 A2	1.523%	8/25/34	83,090	81,638 ^{(a)(b)}
Citigroup Mortgage Loan Trust Inc., 2005-05	2.316%	8/25/35	280,317	237,217 ^{(a)(b)}
Citigroup Mortgage Loan Trust Inc., 2005-10 1A1A	2.935%	12/25/35	312,396	278,345 ^{(a)(b)}
Citigroup Mortgage Loan Trust Inc., 2006-AR5 2A1A	2.694%	7/25/36	468,297	300,269 ^{(a)(b)}
Citigroup Mortgage Loan Trust Inc., 2007-06 1A1A	2.263%	3/25/37	473,173	360,575 ^{(a)(b)}
Citigroup Mortgage Loan Trust Inc., 2007-AR8 1A1A	2.686%	8/25/47	470,618	410,440 ^{(a)(b)}
Citigroup Mortgage Loan Trust Inc., 2014-6 3A3	3.515%	11/25/35	3,702,451	2,122,985 ^{(a)(b)(c)}
Connecticut Avenue Securities, 2013-C01 M2	5.672%	10/25/23	1,260,000	1,308,919 ^{(a)(b)}
Connecticut Avenue Securities, 2014-C03 1M2	3.422%	7/25/24	3,750,000	3,404,369 ^{(a)(b)}
Countrywide Alternative Loan Trust, 2003-20CB M	5.585%	10/25/33	2,914,257	2,174,658 ^(a)
Countrywide Alternative Loan Trust, 2005-03CB 1A6, IO	6.728%	3/25/35	558,720	63,642 ^(a)
Countrywide Alternative Loan Trust, 2005-07CB 1A3, IO	6.178%	4/25/35	1,088,768	40,262 ^(a)
Countrywide Alternative Loan Trust, 2005-11CB 3A3, IO	4.578%	6/25/35	3,638,077	434,138 ^(a)
Countrywide Alternative Loan Trust, 2005-14 3A1	2.260%	5/25/35	368,228	258,039 ^{(a)(b)}
Countrywide Alternative Loan Trust, 2005-36 4A1	2.438%	8/25/35	956,167	873,461 ^{(a)(b)}
Countrywide Alternative Loan Trust, 2005-50CB 1A1	5.500%	11/25/35	469,272	458,605 ^(b)
Countrywide Alternative Loan Trust, 2005-J10 1A1	0.922%	10/25/35	202,918	159,871 ^{(a)(b)}
Countrywide Alternative Loan Trust, 2006-39CB 1A7, IO	4.978%	1/25/37	18,932,356	3,084,632 ^(a)
Countrywide Alternative Loan Trust, 2006-HY10 1A1	2.106%	5/25/36	719,044	576,459 ^{(a)(b)}
Countrywide Alternative Loan Trust, 2006-J8 A5	6.000%	2/25/37	152,109	119,337 ^(b)
Countrywide Alternative Loan Trust, 2007-23CB A4, IO	6.078%	9/25/37	10,224,241	2,775,716 ^(a)
Countrywide Alternative Loan Trust, 2007-3T1 2A1	6.000%	3/25/27	495,844	488,415 ^(b)
Countrywide Alternative Loan Trust, 2007-OA8 1A1	0.401%	6/25/47	2,351,586	1,825,624 ^(a)
Countrywide Asset-Backed Certificates, 2006-S7 A3	5.712%	11/25/35	448,240	439,927