

Western Asset Income Fund
Form N-CSRS
August 22, 2017

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 811-02351

Western Asset Income Fund
(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.

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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: June 30, 2017

ITEM 1. REPORT TO STOCKHOLDERS.

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

Semi-Annual Report

June 30, 2017

WESTERN ASSET

INCOME FUND (PAI)

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

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Fund objectives

The Fund seeks a high level of current income, consistent with prudent investment risk. Capital appreciation is a secondary investment objective.

The Fund's investment policies provide that its portfolio be invested as follows: at least 75% in debt securities rated within the four highest grades, and in government securities, bank debt, commercial paper, cash or cash equivalents; up to 25% in other fixed income securities, convertible bonds, convertible preferred and preferred stock; and not more than 25% in securities restricted as to resale. Trust preferred interests and capital securities are considered debt securities and not preferred stock for purposes of the foregoing guidelines.

Letter from the president

Dear Shareholder,

We are pleased to provide the semi-annual report of Western Asset Income Fund for the six-month reporting period ended June 30, 2017. Please read on for Fund performance information and a detailed look at prevailing economic and market conditions during the Fund's reporting period.

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

Fund prices and performance,

Market insights and commentaries from our portfolio managers, and

A host of educational resources.

We look forward to helping you meet your financial goals.

Sincerely,

Jane Trust, CFA

President and Chief Executive Officer

July 28, 2017

Investment commentary

Economic review

The pace of U.S. economic activity fluctuated during the six months ended June 30, 2017 (the reporting period). Looking back, the U.S. Department of Commerce reported that fourth quarter 2016 U.S. gross domestic product (GDP) growth was a revised 1.8%. GDP growth then decelerated to a revised 1.2% during the first quarter of 2017. Finally, the U.S. Department of Commerce's initial estimate for second quarter 2017 GDP growth released after the reporting period ended was 2.6%. The acceleration in growth reflected a smaller decrease in private inventory investment, an acceleration in personal consumption expenditures and an upturn in federal government spending.

Job growth in the U.S. was solid overall and a tailwind for the economy during the reporting period. When the reporting period ended on June 30, 2017, the unemployment rate was 4.4%, as reported by the U.S. Department of Labor. The percentage of longer-term unemployed moderately declined over the period. In June 2017, 24.3% of Americans looking for a job had been out of work for more than six months, versus 24.4% when the period began.

Market review

Q. How did the Federal Reserve Board (the Fed) respond to the economic environment?

A. Looking back, after an extended period of maintaining the federal funds rateⁱⁱⁱ at a historically low range between zero and 0.25%, the Fed 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%. The Fed then kept rates on hold at each meeting prior to its meeting in mid-December 2016. On December 14, 2016, the Fed raised rates to a range between 0.50% and 0.75%.

After holding rates steady at its meeting that concluded on February 1, 2017, the Fed raised rates to a range between 0.75% and 1.00% at its meeting that ended on March 15, 2017. Finally, at its meeting that concluded on June 14, 2017, the Fed raised rates to a range between 1.00% and 1.25%. The Fed also said that it planned to reduce its balance sheet, saying, "The Committee is maintaining its existing policy of reinvesting principal payments from its holdings of agency debt and agency mortgage-backed securities in agency mortgage-backed securities and of rolling over maturing Treasury securities at auction. The Committee currently expects to begin implementing a balance sheet normalization program this year, provided that the economy evolves broadly as anticipated."

Q. Did Treasury yields trend higher or lower during the reporting period?

A. Treasury yields moved sharply higher after the November 2016 U.S. presidential elections given expectations for improving growth and higher inflation. While they subsequently fell from their peak in mid-March 2017, all told short-term Treasury yields moved higher during the six months ended June 30, 2017. In contrast, long-term Treasury yields edged lower over the reporting period as a whole. Two-year Treasury yields began the reporting period at 1.20% and ended the period at 1.38%. Their low for the period of 1.12% occurred on February 24, 2017, and their peak of 1.40% took place on March 13 and March 14, 2017. Ten-year Treasury yields began the reporting period at 2.45% and ended the period at 2.31%. Their low of 2.14% occurred on both June 6 and June 26, 2017, and their peak of 2.62% occurred on March 13, 2017.

Q. What factors impacted the spread sectors (non-Treasuries) during the reporting period?

A. The spread sectors posted mixed results during the reporting period. Performance fluctuated with investor sentiment given signs of generally modest global growth, questions regarding future Fed monetary policy, the aforementioned U.S. elections and several geopolitical issues. The broad U.S. bond market, as measured by the Bloomberg Barclays U.S. Aggregate Index^{iv}, returned 2.27% during the six months ended June 30, 2017. Within the U.S. bond market, lower rated corporate bonds generated the best returns during the reporting period.

Q. How did the high-yield bond market perform over the reporting period?

A. The U.S. high-yield bond market, as measured by the Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Cap Index^v, gained 4.92% for the six months ended June 30, 2017. The high-yield market began the reporting period on a positive

Investment commentary (cont'd)

note, as it rallied sharply over the first two months of the period. This was driven by robust demand from investors looking to generate incremental yield in the low interest rate environment. After moving slightly lower in March 2017 given falling oil prices and overall weak demand, the high-yield market again rallied from April through June 2017.

Performance review

For the six months ended June 30, 2017, Western Asset Income Fund returned 5.85% based on its net asset value (NAV^{vi}) and 6.67% based on its New York Stock Exchange (NYSE) market price per share. The Fund's unmanaged benchmarks, the Bloomberg Barclays U.S. Corporate High Yield Index^{vii} and the Bloomberg Barclays U.S. Credit Index^{viii}, returned 4.93% and 3.68%, respectively, for the same period. The Lipper Corporate Debt Closed-End Funds BBB-Rated Category Average^{ix} returned 4.21% over the same time frame. Please note that Lipper performance returns are based on each fund's NAV.

During this six-month period, the Fund made distributions to shareholders totaling \$0.35 per share. As of June 30, 2017, the Fund estimates that all of the distributions were sourced from net investment income.* The performance table shows the Fund's six-month total return based on its NAV and market price as of June 30, 2017. **Past performance is no guarantee of future results.**

Performance Snapshot as of June 30, 2017 (unaudited)

Price Per Share	6-Month Total Return**
\$15.11 (NAV)	5.85% ¹
\$14.91 (Market Price)	6.67%

All figures represent past performance and are not a guarantee of future results. Performance figures for periods shorter than one year represent cumulative figures and are not annualized.

**** 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, including returns of capital, if any, at NAV.

Total return assumes the reinvestment of all distributions, including returns of capital, if any, in additional shares in accordance with the Fund's Dividend Reinvestment Plan.

Looking for additional information?

The Fund is traded under the symbol PAI and its closing market price is available in most newspapers under the NYSE listings.

*This estimate is not for tax purposes. The Fund will issue a Form 1099 with final composition of the distributions for tax purposes after year-end. A return of capital is not taxable and results in a reduction in the tax basis of a shareholder's investment. For more information about a distribution's composition, please refer to the Fund's distribution press release or, if applicable, the Section 19 notice located in the press release section of our website, www.lmcef.com (click on the name of the Fund).

¹ Effective June 1, 2017, the Fund changed its security pricing methodology to use the mean value of the bid and ask prices (of underlying fund holdings) to calculate the NAV. The Fund had a one-time increase to the NAV, which was due to this change in pricing methodology.

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

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

Thank you for your investment in Western Asset Income Fund. 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,

Jane Trust, CFA

President and Chief Executive Officer

July 28, 2017

***RISKS:** The Fund is a diversified closed-end management investment company designed primarily as a long-term investment and not as a trading vehicle. The Fund is not intended to be a complete investment program and, due to the uncertainty inherent in all investments, there can be no assurance that the Fund will achieve its investment objective. The Fund's common stock is traded on the New York Stock Exchange. Similar to stocks, the Fund's share price will fluctuate with market conditions and, at the time of sale, may be worth more or less than the original investment. Shares of closed-end funds often trade at a discount to their net asset value. Diversification does not assure against market loss. The Fund's investments are subject to a number of risks, such as interest rate, credit and inflation risks. As interest rates rise, bond prices fall, reducing the value of a fixed-income investment's price. The Fund may invest in high-yield bonds (commonly known as junk bonds), which are rated below investment grade and carry more risk than higher-rated securities. To the extent that the Fund invests in asset-backed, mortgage-backed or mortgage related securities, its exposure to prepayment and extension risks may be greater than investments in other fixed-income securities. 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 invest, to a limited extent, in foreign securities, including emerging markets, which are subject to additional risks. 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.*

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.

Investment commentary (cont d)

- ⁱ Gross domestic product (GDP) is the market value of all final goods and services produced within a country in a given period of time.
- ⁱⁱ The Federal Reserve Board (the Fed) is responsible for the formulation of U.S. policies designed to promote economic growth, full employment, stable prices and a sustainable pattern of international trade and payments.
- ⁱⁱⁱ The federal funds rate is the rate charged by one depository institution on an overnight sale of immediately available funds (balances at the Federal Reserve) to another depository institution; the rate may vary from depository institution to depository institution and from day to day.
- ^{iv} The Bloomberg Barclays U.S. Aggregate Index is a broad-based bond index comprised of government, corporate, mortgage- and asset-backed issues, rated investment grade or higher, and having at least one year to maturity.
- ^v The Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Cap Index is an index of the 2% Issuer Cap component of the Bloomberg Barclays U.S. Corporate High Yield Index, which covers the U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bond market.
- ^{vi} Net asset value (NAV) is calculated by subtracting total liabilities and outstanding preferred stock (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.
- ^{vii} The Bloomberg Barclays U.S. Corporate High Yield Index covers the universe of fixed-rate, non-investment grade debt, including corporate and non-corporate sectors. Pay-in-kind (PIK) bonds, Eurobonds and debt issues from countries designated as emerging markets are excluded, but Canadian and global bonds (SEC registered) of issuers in non-emerging market countries are included. Original issue zero coupon bonds, step-up coupon structures and 144A securities are also included.
- ^{viii} The Bloomberg Barclays U.S. Credit Index is an index composed of corporate and non-corporate debt issues that are investment grade (rated Baa3/BBB- or higher).
- ^{ix} Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the six-month period ended June 30, 2017, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 7 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 Fund's portfolio as of June 30, 2017 and December 31, 2016, and does not include derivatives such as futures contracts. The Fund's portfolio is actively managed. As a result, the composition of its portfolio holdings and sectors is subject to change at any time.

Spread duration (unaudited)

Economic exposure June 30, 2017

Total Spread Duration

PAI 8.43 years

Benchmark 7.14 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	Bloomberg Barclays U.S. Credit Index
EM	Emerging Markets
HY	High Yield
IG Credit	Investment Grade Credit
PAI	Western Asset Income Fund

Effective duration (unaudited)

Interest rate exposure June 30, 2017

Total Effective Duration

PAI 7.17 years

Benchmark 7.21 years

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

Benchmark	Bloomberg Barclays U.S. Credit Index
EM	Emerging Markets
HY	High Yield
IG Credit	Investment Grade Credit
PAI	Western Asset Income Fund

Schedule of investments (unaudited)

June 30, 2017

Western Asset Income Fund

Security	Rate	Maturity Date	Face Amount	Value
Corporate Bonds & Notes 88.7%				
Consumer Discretionary 8.6%				
<i>Auto Components 0.8%</i>				
Goodyear Tire & Rubber Co., Senior Notes	4.875%	3/15/27	\$ 300,000	\$ 305,250
ZF North America Capital Inc., Senior Notes	4.750%	4/29/25	740,000	783,475 ^(a)
<i>Total Auto Components</i>				<i>1,088,725</i>
<i>Automobiles 0.9%</i>				
Ford Motor Credit Co., LLC, Senior Notes	8.125%	1/15/20	410,000	465,797
General Motors Co., Senior Notes	6.600%	4/1/36	170,000	197,515
General Motors Co., Senior Notes	5.200%	4/1/45	310,000	305,244
General Motors Co., Senior Notes	6.750%	4/1/46	310,000	368,933
<i>Total Automobiles</i>				<i>1,337,489</i>
<i>Hotels, Restaurants & Leisure 0.4%</i>				
GLP Capital LP/GLP Financing II Inc., Senior Notes	5.375%	4/15/26	180,000	197,062
McDonald's Corp., Senior Notes	4.700%	12/9/35	150,000	166,066
McDonald's Corp., Senior Notes	4.875%	12/9/45	230,000	257,440
<i>Total Hotels, Restaurants & Leisure</i>				<i>620,568</i>
<i>Media 6.2%</i>				
21st Century Fox America Inc., Senior Debentures	7.750%	12/1/45	130,000	189,050
21st Century Fox America Inc., Senior Notes	6.550%	3/15/33	545,000	688,690
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	5.125%	5/1/27	420,000	430,500 ^(a)
Charter Communications Operating LLC/Charter Communications Operating Capital Corp., Senior Secured Notes	6.384%	10/23/35	110,000	130,755
Charter Communications Operating LLC/Charter Communications Operating Capital Corp., Senior Secured Notes	6.484%	10/23/45	260,000	313,156
Charter Communications Operating LLC/Charter Communications Operating Capital Corp., Senior Secured Notes	5.375%	5/1/47	350,000	371,681 ^(a)
Comcast Corp., Bonds	6.400%	5/15/38	950,000	1,265,837
Comcast Corp., Notes	6.450%	3/15/37	220,000	293,271
Comcast Corp., Senior Notes	6.950%	8/15/37	160,000	226,138
Time Warner Cable LLC, Debentures	7.300%	7/1/38	200,000	256,391
Time Warner Cable LLC, Senior Bonds	6.550%	5/1/37	180,000	215,577
Time Warner Cable LLC, Senior Notes	8.750%	2/14/19	690,000	759,225
Time Warner Cable LLC, Senior Notes	6.750%	6/15/39	10,000	12,278
Time Warner Cable LLC, Senior Notes	5.500%	9/1/41	50,000	53,916
Time Warner Entertainment Co., LP, Senior Notes	8.375%	7/15/33	410,000	564,289
Time Warner Inc., Senior Notes	4.900%	6/15/42	150,000	154,769
UBM PLC, Notes	5.750%	11/3/20	570,000	600,507 ^(a)
Viacom Inc., Senior Debentures	5.250%	4/1/44	50,000	50,249
Viacom Inc., Senior Notes	4.375%	3/15/43	70,000	62,451

See Notes to Financial Statements.

Western Asset Income Fund

Security	Rate	Maturity Date	Face Amount	Value
<i>Media continued</i>				
Viacom Inc., Senior Notes	4.875%	6/15/43	\$ 30,000	\$ 28,482
Virgin Media Finance PLC, Senior Notes	6.375%	4/15/23	1,000,000	1,055,000 ^(a)
WPP Finance 2010, Senior Notes	4.750%	11/21/21	840,000	909,607
WPP Finance 2010, Senior Notes	5.625%	11/15/43	150,000	173,822
Total Media				8,805,641
<i>Multiline Retail 0.2%</i>				
Nordstrom Inc., Senior Notes	5.000%	1/15/44	220,000	210,360
<i>Textiles, Apparel & Luxury Goods 0.1%</i>				
Coach Inc., Senior Notes	3.000%	7/15/22	160,000	157,937
Total Consumer Discretionary				12,220,720
<i>Consumer Staples 3.3%</i>				
<i>Beverages 2.0%</i>				
Anheuser-Busch InBev Finance Inc., Senior Notes	4.900%	2/1/46	1,250,000	1,416,445
Anheuser-Busch InBev Worldwide Inc., Senior Notes	5.375%	1/15/20	260,000	281,690
Pernod-Ricard SA, Senior Bonds	5.750%	4/7/21	350,000	390,086 ^(a)
Pernod-Ricard SA, Senior Notes	5.500%	1/15/42	670,000	792,453 ^(a)
Total Beverages				2,880,674
<i>Food & Staples Retailing 0.3%</i>				
CVS Health Corp., Senior Notes	5.125%	7/20/45	340,000	391,294
<i>Food Products 0.3%</i>				
Kraft Heinz Foods Co., Senior Notes	5.000%	7/15/35	50,000	54,230
Kraft Heinz Foods Co., Senior Notes	5.000%	6/4/42	150,000	158,927
Kraft Heinz Foods Co., Senior Notes	5.200%	7/15/45	250,000	271,478
Total Food Products				484,635
<i>Tobacco 0.7%</i>				
Philip Morris International Inc., Senior Notes	4.500%	3/20/42	100,000	106,616
Reynolds American Inc., Senior Notes	8.125%	5/1/40	270,000	378,600
Reynolds American Inc., Senior Notes	7.000%	8/4/41	320,000	402,875
Reynolds American Inc., Senior Notes	5.850%	8/15/45	90,000	110,645
Total Tobacco				998,736
Total Consumer Staples				4,755,339
<i>Energy 16.2%</i>				
<i>Energy Equipment & Services 1.1%</i>				
Baker Hughes Inc., Senior Notes	7.500%	11/15/18	370,000	398,143
ENSCO International Inc., Senior Bonds	7.200%	11/15/27	120,000	110,400
Ensco PLC, Senior Notes	5.200%	3/15/25	480,000	392,400
Halliburton Co., Senior Notes	5.000%	11/15/45	200,000	213,615

See Notes to Financial Statements.

Schedule of investments (unaudited) (cont d)

June 30, 2017

Western Asset Income Fund

Security	Rate	Maturity Date	Face Amount	Value
<i>Energy Equipment & Services continued</i>				
Petrofac Ltd., Senior Notes	3.400%	10/10/18	\$ 310,000	\$ 291,533 ^(a)
Pride International Inc., Senior Notes	7.875%	8/15/40	130,000	110,175
<i>Total Energy Equipment & Services</i>				<i>1,516,266</i>
<i>Oil, Gas & Consumable Fuels 15.1%</i>				
Anadarko Finance Co., Senior Notes	7.500%	5/1/31	465,000	582,410
Anadarko Petroleum Corp., Senior Notes	4.850%	3/15/21	460,000	491,384
Anadarko Petroleum Corp., Senior Notes	5.550%	3/15/26	460,000	514,930
Apache Corp., Senior Notes	6.900%	9/15/18	100,000	105,704
Apache Corp., Senior Notes	6.000%	1/15/37	190,000	220,489
Apache Corp., Senior Notes	5.100%	9/1/40	160,000	164,020
Apache Corp., Senior Notes	5.250%	2/1/42	90,000	94,669
Cenovus Energy Inc., Senior Notes	4.250%	4/15/27	150,000	143,175 ^(a)
ConocoPhillips, Notes	6.500%	2/1/39	810,000	1,066,966
Devon Energy Corp., Senior Notes	5.850%	12/15/25	350,000	398,391
Devon Energy Corp., Senior Notes	5.600%	7/15/41	320,000	333,444
Devon Energy Corp., Senior Notes	5.000%	6/15/45	270,000	273,785
Devon Financing Co., LLC, Debentures	7.875%	9/30/31	380,000	494,261
Ecopetrol SA, Senior Notes	5.375%	6/26/26	740,000	771,450
Ecopetrol SA, Senior Notes	5.875%	5/28/45	176,000	162,448
Enbridge Energy Partners LP, Senior Notes	9.875%	3/1/19	120,000	134,247
Energy Transfer Equity LP, Senior Notes	7.500%	10/15/20	250,000	280,625
Enterprise Products Operating LLC, Senior Notes	6.125%	10/15/39	320,000	384,854
Hess Corp., Notes	7.875%	10/1/29	1,180,000	1,429,675
Hess Corp., Senior Bonds	6.000%	1/15/40	300,000	306,084
Kerr-McGee Corp., Notes	6.950%	7/1/24	1,080,000	1,268,389
Kinder Morgan Inc., Medium-Term Notes	7.800%	8/1/31	2,000,000	2,527,132
LUKOIL International Finance BV, Senior Notes	4.563%	4/24/23	200,000	205,019 ^(a)
LUKOIL International Finance BV, Senior Notes	4.750%	11/2/26	290,000	297,418 ^(a)
MEG Energy Corp., Senior Notes	6.375%	1/30/23	600,000	466,500 ^(a)
Noble Energy Inc., Senior Notes	6.000%	3/1/41	390,000	437,832
Noble Energy Inc., Senior Notes	5.250%	11/15/43	150,000	155,975
Occidental Petroleum Corp., Senior Notes	4.400%	4/15/46	20,000	20,840
Occidental Petroleum Corp., Senior Notes	4.100%	2/15/47	270,000	269,577
Petrobras Global Finance BV, Senior Notes	7.375%	1/17/27	640,000	678,720
Petrobras Global Finance BV, Senior Notes	6.850%	6/5/2115	300,000	266,790
Petroleos Mexicanos, Senior Bonds	6.625%	6/15/35	2,635,000	2,737,106
Petroleos Mexicanos, Senior Notes	6.875%	8/4/26	450,000	499,725

See Notes to Financial Statements.

Western Asset Income Fund

Security	Rate	Maturity Date	Face Amount	Value
<i>Oil, Gas & Consumable Fuels continued</i>				
Phillips 66, Senior Notes	5.875%	5/1/42	\$ 160,000	\$ 193,996
Shell International Finance BV, Senior Notes	6.375%	12/15/38	250,000	333,297
Transcontinental Gas Pipe Line Co., LLC, Senior Notes	7.850%	2/1/26	470,000	605,651
Transcontinental Gas Pipe Line Co., LLC, Senior Notes	5.400%	8/15/41	310,000	346,596
Transcontinental Gas Pipe Line Co., LLC, Senior Notes	4.450%	8/1/42	450,000	447,338
Western Gas Partners LP, Senior Notes	4.650%	7/1/26	660,000	676,807
Williams Cos. Inc., Debentures	7.500%	1/15/31	47,000	55,930
Williams Cos. Inc., Senior Notes	7.750%	6/15/31	37,000	44,215
Williams Cos. Inc., Senior Notes	8.750%	3/15/32	610,000	785,375
<i>Total Oil, Gas & Consumable Fuels</i>				<i>21,673,239</i>
Total Energy				23,189,505
Financials 33.0%				
<i>Banks 18.8%</i>				
Banco Mercantil De Norte, Junior Subordinated Notes	7.625%	1/10/28	200,000	207,460 (a)(b)(c)(d)
Banco Nacional de Costa Rica, Senior Notes	5.875%	4/25/21	340,000	357,442 (a)
Bank of America Corp., Senior Notes	6.400%	8/28/17	300,000	302,142
Bank of America Corp., Senior Notes	7.625%	6/1/19	70,000	77,222
Bank of America Corp., Senior Notes	5.625%	7/1/20	30,000	32,867
Bank of America Corp., Senior Notes	5.875%	2/7/42	320,000	402,444
Bank of America Corp., Subordinated Notes	6.110%	1/29/37	320,000	392,861
Bank of America Corp., Subordinated Notes	7.750%	5/14/38	900,000	1,298,199
Barclays Bank PLC, Subordinated Notes	10.179%	6/12/21	240,000	300,845 (a)
Barclays Bank PLC, Subordinated Notes	7.625%	11/21/22	450,000	515,531
Barclays PLC, Subordinated Notes	4.836%	5/9/28	240,000	245,636
BNP Paribas SA, Junior Subordinated Notes	7.625%	3/30/21	330,000	363,825 (a)(c)(d)
BNP Paribas SA, Junior Subordinated Notes	7.375%	8/19/25	200,000	222,750 (a)(c)(d)
BNP Paribas SA, Subordinated Notes	4.625%	3/13/27	700,000	739,603 (a)
BPCE SA, Subordinated Notes	5.150%	7/21/24	410,000	438,679 (a)
Citigroup Inc., Senior Notes	8.125%	7/15/39	251,000	386,571
Citigroup Inc., Senior Notes	5.875%	1/30/42	240,000	303,532
Citigroup Inc., Subordinated Notes	5.500%	9/13/25	750,000	835,408
Citigroup Inc., Subordinated Notes	4.450%	9/29/27	400,000	416,520
Citigroup Inc., Subordinated Notes	4.125%	7/25/28	240,000	244,168
Citigroup Inc., Subordinated Notes	6.125%	8/25/36	404,000	498,372
Citigroup Inc., Subordinated Notes	6.675%	9/13/43	370,000	495,500
Cooperatieve Rabobank U.A., Junior Subordinated Notes	11.000%	6/30/19	708,000	824,997 (a)(c)(d)
Cooperatieve Rabobank U.A., Senior Notes	5.250%	5/24/41	570,000	697,419
Cooperatieve Rabobank U.A., Subordinated Notes	5.750%	12/1/43	450,000	556,418

See Notes to Financial Statements.

Schedule of investments (unaudited) (cont d)

June 30, 2017

Western Asset Income Fund

Security	Rate	Maturity Date	Face Amount	Value
<i>Banks continued</i>				
Cooperatieve Rabobank U.A., Subordinated Notes	5.250%	8/4/45	\$ 340,000	\$ 398,653
Credit Agricole SA, Junior Subordinated Notes	8.375%	10/13/19	560,000	627,200 (a)(c)(d)
Credit Agricole SA, Junior Subordinated Notes	8.125%	12/23/25	1,040,000	1,211,834 (a)(c)(d)
HSBC Holdings PLC, Junior Subordinated Bonds	6.375%	9/17/24	1,430,000	1,501,500 (c)(d)
HSBC Holdings PLC, Junior Subordinated Bonds	6.000%	5/22/27	640,000	663,360 (c)(d)
HSBC Holdings PLC, Subordinated Notes	4.250%	8/18/25	210,000	216,103
ING Bank NV, Subordinated Notes	5.800%	9/25/23	600,000	678,410 (a)
Intesa Sanpaolo SpA, Subordinated Bonds	5.017%	6/26/24	250,000	253,910 (a)
Intesa Sanpaolo SpA, Subordinated Notes	5.710%	1/15/26	690,000	729,757 (a)
JPMorgan Chase & Co., Junior Subordinated Bonds	6.000%	8/1/23	260,000	280,636 (c)(d)
JPMorgan Chase & Co., Senior Notes	4.260%	2/22/48	100,000	104,881 (c)
JPMorgan Chase & Co., Subordinated Notes	5.625%	8/16/43	440,000	530,566
JPMorgan Chase & Co., Subordinated Notes	4.950%	6/1/45	150,000	167,731
Lloyds Banking Group PLC, Junior Subordinated Bonds	7.500%	6/27/24	360,000	398,025 (c)(d)
Royal Bank of Scotland Group PLC, Junior Subordinated Bonds	7.648%	9/30/31	1,360,000	1,683,000 (c)(d)
Royal Bank of Scotland Group PLC, Junior Subordinated Notes	8.625%	8/15/21	590,000	644,575 (c)(d)
Royal Bank of Scotland Group PLC, Subordinated Notes	6.100%	6/10/23	1,010,000	1,114,263
Royal Bank of Scotland Group PLC, Subordinated Notes	6.000%	12/19/23	350,000	386,033
Royal Bank of Scotland Group PLC, Subordinated Notes	5.125%	5/28/24	310,000	326,118
Royal Bank of Scotland NV, Subordinated Bonds	7.750%	5/15/23	480,000	566,437
Santander UK Group Holdings PLC, Subordinated Notes	4.750%	9/15/25	210,000	218,149 (a)
Standard Chartered PLC, Subordinated Notes	5.700%	3/26/44	410,000	467,468 (a)
Wachovia Capital Trust III, Junior Subordinated Bonds	5.570%	7/31/17	1,190,000	1,198,032 (c)(d)
Wells Fargo & Co., Senior Notes	3.000%	10/23/26	310,000	302,229
Wells Fargo & Co., Subordinated Notes	5.375%	11/2/43	430,000	498,564
Wells Fargo & Co., Subordinated Notes	4.400%	6/14/46	180,000	182,680
Wells Fargo & Co., Subordinated Notes	4.750%	12/7/46	440,000	470,921
<i>Total Banks</i>				<i>26,977,446</i>
<i>Capital Markets 5.3%</i>				
CME Group Inc., Senior Notes	5.300%	9/15/43	440,000	547,888
Credit Suisse Group AG, Junior Subordinated Notes	6.250%	12/18/24	1,170,000	1,245,921 (a)(c)(d)
Credit Suisse Group Funding Guernsey Ltd., Senior Notes	4.875%	5/15/45	850,000	939,267
Goldman Sachs Group Inc., Senior Bonds	4.750%	10/21/45	270,000	299,461
Goldman Sachs Group Inc., Senior Notes	5.375%	3/15/20	270,000	291,586
Goldman Sachs Group Inc., Senior Notes	6.250%	2/1/41	570,000	746,121
Goldman Sachs Group Inc., Subordinated Notes	6.750%	10/1/37	640,000	832,264

See Notes to Financial Statements.

Western Asset Income Fund

Security	Rate	Maturity Date	Face Amount	Value
<i>Capital Markets continued</i>				
Goldman Sachs Group Inc., Subordinated Notes	5.150%	5/22/45	\$ 500,000	\$ 556,665
KKR Group Finance Co. III LLC, Senior Bonds	5.125%	6/1/44	820,000	869,459 ^(a)
Morgan Stanley, Medium-Term Notes	6.625%	4/1/18	100,000	103,570
Morgan Stanley, Senior Notes	5.500%	7/24/20	100,000	109,259
Morgan Stanley, Senior Notes	6.375%	7/24/42	90,000	120,061
Morgan Stanley, Senior Notes	4.375%	1/22/47	300,000	313,750
Raymond James Financial Inc., Senior Notes	4.950%	7/15/46	190,000	207,012
UBS AG Stamford CT, Subordinated Notes	7.625%	8/17/22	340,000	400,010
<i>Total Capital Markets</i>				<i>7,582,294</i>
<i>Consumer Finance 2.2%</i>				
Ally Financial Inc., Subordinated Notes	8.000%	12/31/18	201,000	217,331
Capital One Financial Corp., Senior Notes	6.750%	9/15/17	230,000	232,343
HSBC Finance Corp., Senior Notes	6.676%	1/15/21	1,300,000	1,466,217
Navient Corp., Senior Notes	7.250%	1/25/22	830,000	909,888
Navient Corp., Senior Notes	6.125%	3/25/24	290,000	300,150
<i>Total Consumer Finance</i>				<i>3,125,929</i>
<i>Diversified Financial Services 2.8%</i>				
Blackstone Holdings Finance Co., LLC, Senior Notes	4.450%	7/15/45	190,000	191,337 ^(a)
Carlyle Holdings II Finance LLC, Senior Secured Notes	5.625%	3/30/43	220,000	250,438 ^(a)
ILFC E-Capital Trust I, Junior Subordinated Notes	4.340%	12/21/65	470,000	448,850 ^{(a)(c)}
ILFC E-Capital Trust II, Bonds	4.590%	12/21/65	270,000	259,200 ^{(a)(c)}
International Lease Finance Corp., Senior Notes	8.875%	9/1/17	470,000	476,320
International Lease Finance Corp., Senior Notes	6.250%	5/15/19	130,000	139,498
International Lease Finance Corp., Senior Notes	8.250%	12/15/20	190,000	224,183
International Lease Finance Corp., Senior Secured Notes	7.125%	9/1/18	700,000	741,050 ^(a)
Park Aerospace Holdings Ltd., Senior Notes	5.250%	8/15/22	392,000	411,236 ^(a)
Park Aerospace Holdings Ltd., Senior Notes	5.500%	2/15/24	220,000	230,340 ^(a)
Voya Financial Inc., Senior Notes	5.700%	7/15/43	500,000	583,962
<i>Total Diversified Financial Services</i>				<i>3,956,414</i>
<i>Insurance 3.9%</i>				
Allstate Corp., Junior Subordinated Debentures	6.500%	5/15/57	480,000	564,000 ^(c)
American Equity Investment Life Holding Co., Senior Notes	6.625%	7/15/21	60,000	62,066
American International Group Inc., Junior Subordinated Debentures	6.250%	3/15/87	80,000	86,616 ^(c)
American International Group Inc., Senior Notes	6.400%	12/15/20	90,000	101,923
Aon PLC, Senior Notes	4.750%	5/15/45	90,000	97,764
AXA SA, Subordinated Bonds	8.600%	12/15/30	200,000	282,500
Brighthouse Financial Inc., Senior Notes	3.700%	6/22/27	550,000	544,441 ^(a)

See Notes to Financial Statements.

Schedule of investments (unaudited) (cont d)

June 30, 2017

Western Asset Income Fund

Security	Rate	Maturity Date	Face Amount	Value
<i>Insurance continued</i>				
Delphi Financial Group Inc., Senior Notes	7.875%	1/31/20	\$ 170,000	\$ 190,976
Fidelity & Guaranty Life Holdings Inc., Senior Notes	6.375%	4/1/21	190,000	195,938 ^(a)
Liberty Mutual Group Inc., Junior Subordinated Bonds	7.800%	3/15/37	190,000	237,145 ^(a)
Liberty Mutual Insurance Co., Subordinated Notes	7.875%	10/15/26	490,000	641,375 ^(a)
Massachusetts Mutual Life Insurance Co., Subordinated Notes	4.900%	4/1/77	260,000	278,812 ^(a)
MetLife Inc., Junior Subordinated Debentures	6.400%	12/15/36	1,150,000	1,331,125
Prudential Financial Inc., Junior Subordinated Debentures	8.875%	6/15/38	340,000	362,205 ^(c)
Teachers Insurance & Annuity Association of America, Notes	6.850%	12/16/39	400,000	548,795 ^(a)
<i>Total Insurance</i>				<i>5,525,681</i>
Total Financials				47,167,764
<i>Health Care 2.6%</i>				
<i>Biotechnology 0.7%</i>				
AbbVie Inc., Senior Subordinated Notes	4.700%	5/14/45	180,000	192,028
Celgene Corp., Senior Notes	5.000%	8/15/45	300,000	339,125
Gilead Sciences Inc., Senior Notes	5.650%	12/1/41	60,000	72,885
Gilead Sciences Inc., Senior Notes	4.500%	2/1/45	310,000	322,120
Gilead Sciences Inc., Senior Notes	4.750%	3/1/46	50,000	55,023
<i>Total Biotechnology</i>				<i>981,181</i>
<i>Health Care Equipment & Supplies 0.8%</i>				
Abbott Laboratories, Senior Notes	4.750%	11/30/36	220,000	240,224
Abbott Laboratories, Senior Notes	4.900%	11/30/46	230,000	254,349
Becton, Dickinson & Co., Senior Notes	4.685%	12/15/44	200,000	206,769
Becton, Dickinson & Co., Senior Notes	4.669%	6/6/47	410,000	427,955
<i>Total Health Care Equipment & Supplies</i>				<i>1,129,297</i>
<i>Health Care Providers & Services 0.8%</i>				
Cardinal Health Inc., Senior Notes	3.410%	6/15/27	270,000	271,179
Catholic Health Initiatives, Secured Bonds	4.350%	11/1/42	30,000	27,174
HCA Inc., Senior Secured Notes	5.500%	6/15/47	450,000	466,875
Humana Inc., Senior Notes	8.150%	6/15/38	80,000	116,644
Humana Inc., Senior Notes	4.800%	3/15/47	230,000	254,487
UnitedHealth Group Inc., Senior Notes	6.000%	11/15/17	31,000	31,492
<i>Total Health Care Providers & Services</i>				<i>1,167,851</i>
<i>Pharmaceuticals 0.3%</i>				
Actavis Funding SCS, Senior Notes	4.550%	3/15/35	190,000	203,405
Actavis Funding SCS, Senior Notes	4.750%	3/15/45	200,000	216,741
Zoetis Inc., Senior Notes	4.700%	2/1/43	30,000	32,712
<i>Total Pharmaceuticals</i>				<i>452,858</i>
Total Health Care				3,731,187

See Notes to Financial Statements.

Western Asset Income Fund

Security	Rate	Maturity Date	Face Amount	Value
Industrials 4.4%				
<i>Aerospace & Defense 0.3%</i>				
Lockheed Martin Corp., Senior Notes	4.500%	5/15/36	\$ 40,000	\$ 43,763
Lockheed Martin Corp., Senior Notes	4.700%	5/15/46	120,000	135,390
Rockwell Collins Inc., Senior Notes	3.500%	3/15/27	240,000	243,856
<i>Total Aerospace & Defense</i>				<i>423,009</i>
<i>Airlines 0.6%</i>				
Continental Airlines Inc., Pass-Through Certificates, Secured Notes	6.250%	4/11/20	101,080	107,272
Continental Airlines Inc., Pass-Through Certificates, Senior Secured Notes	6.545%	2/2/19	63,591	66,452
Continental Airlines Inc., Pass-Through Certificates, Senior Secured Notes	7.250%	11/10/19	143,189	159,119
Continental Airlines Inc., Pass-Through Certificates, Senior Secured Notes	7.256%	3/15/20	67,299	72,010
Delta Air Lines Inc., Pass-Through Certificates, Secured Notes	8.021%	8/10/22	62,133	70,676
Delta Air Lines Inc., Pass-Through Certificates, Senior Secured Notes	7.750%	12/17/19	106,034	116,770
US Airways, Pass-Through Trust, Senior Secured Bonds	5.900%	10/1/24	270,201	303,301
<i>Total Airlines</i>				<i>895,600</i>
<i>Commercial Services & Supplies 1.0%</i>				
Republic Services Inc., Senior Notes	5.500%	9/15/19	130,000	139,641
Republic Services Inc., Senior Notes	5.250%	11/15/21	330,000	367,319
Taylor Morrison Communities Inc./Taylor Morrison Holdings II Inc., Senior Notes	5.250%	4/15/21	600,000	615,750 ^(a)
Waste Management Inc., Senior Notes	7.750%	5/15/32	250,000	351,879
<i>Total Commercial Services & Supplies</i>				<i>1,474,589</i>
<i>Construction & Engineering 0.6%</i>				
Valmont Industries Inc., Senior Notes	6.625%	4/20/20	790,000	873,267
<i>Industrial Conglomerates 1.4%</i>				
General Electric Co., Junior Subordinated Bonds	5.000%	1/21/21	710,000	754,482 ^{(c)(d)}
General Electric Co., Senior Notes	5.875%	1/14/38	120,000	155,598
General Electric Co., Senior Notes	6.875%	1/10/39	646,000	938,218
General Electric Co., Subordinated Notes	5.300%	2/11/21	138,000	152,689
<i>Total Industrial Conglomerates</i>				<i>2,000,987</i>
<i>Machinery 0.2%</i>				
Caterpillar Inc., Senior Notes	4.750%	5/15/64	220,000	246,783
<i>Road & Rail 0.3%</i>				
Flexi-Van Leasing Inc., Senior Notes	7.875%	8/15/18	60,000	59,700 ^(a)
Union Pacific Corp., Senior Notes	4.375%	11/15/65	320,000	335,532
<i>Total Road & Rail</i>				<i>395,232</i>
Total Industrials				6,309,467

See Notes to Financial Statements.

Schedule of investments (unaudited) (cont d)

June 30, 2017

Western Asset Income Fund

	Rate	Maturity Date	Face Amount	Value
Security				
Information Technology 5.0%				
<i>Communications Equipment 0.8%</i>				
Harris Corp., Senior Notes	5.550%	10/1/21	\$ 520,000	\$ 577,551
Harris Corp., Senior Notes	4.854%	4/27/35	260,000	285,540
Harris Corp., Senior Notes	5.054%	4/27/45	210,000	236,605
<i>Total Communications Equipment</i>				<i>1,099,696</i>
<i>IT Services 0.4%</i>				
HP Enterprise Services LLC, Notes	7.450%	10/15/29	420,000	512,733
<i>Semiconductors & Semiconductor Equipment 0.4%</i>				
Intel Corp., Senior Notes	4.900%	7/29/45	130,000	151,406
NXP BV/NXP Funding LLC, Senior Notes	3.875%	9/1/22	400,000	417,500 ^(a)
QUALCOMM Inc., Senior Notes	4.300%	5/20/47	40,000	40,964
<i>Total Semiconductors & Semiconductor Equipment</i>				<i>609,870</i>
<i>Software 2.2%</i>				
Microsoft Corp., Senior Notes	3.750%	2/12/45	420,000	418,497
Microsoft Corp., Senior Notes	3.700%	8/8/46	990,000	982,242
Microsoft Corp., Senior Notes	4.250%	2/6/47	1,660,000	1,801,832
<i>Total Software</i>				<i>3,202,571</i>
<i>Technology Hardware, Storage & Peripherals 1.2%</i>				
Apple Inc., Senior Notes	3.850%	8/4/46	340,000	340,656
Dell International LLC/EMC Corp., Senior Secured Notes	4.420%	6/15/21	620,000	654,195 ^(a)
HP Inc., Senior Notes	4.650%	12/9/21	310,000	334,908
Seagate HDD Cayman, Senior Notes	4.250%	3/1/22	420,000	427,361 ^(a)
<i>Total Technology Hardware, Storage & Peripherals</i>				<i>1,757,120</i>
Total Information Technology				7,181,990
Materials 6.4%				
<i>Chemicals 1.0%</i>				
Dow Chemical Co., Debentures	7.375%	11/1/29	800,000	1,076,564
Ecolab Inc., Senior Notes	5.500%	12/8/41	80,000	98,350
Equate Petrochemical BV, Senior Notes	4.250%	11/3/26	200,000	203,200 ^(a)
<i>Total Chemicals</i>				<i>1,378,114</i>
<i>Containers & Packaging 0.2%</i>				
WestRock RKT Co., Senior Notes	4.450%	3/1/19	230,000	238,641
<i>Metals & Mining 5.0%</i>				
Alcoa Nederland Holding BV, Senior Notes	6.750%	9/30/24	250,000	272,500 ^(a)
Arconic Inc., Senior Notes	5.870%	2/23/22	800,000	860,000
Barrick Gold Corp., Senior Notes	4.100%	5/1/23	618,000	669,471
Barrick North America Finance LLC, Senior Notes	5.700%	5/30/41	50,000	59,413
Barrick PD Australia Finance Pty Ltd., Senior Notes	5.950%	10/15/39	180,000	218,208

See Notes to Financial Statements.

Western Asset Income Fund

Security	Rate	Maturity Date	Face Amount	Value
<i>Metals & Mining continued</i>				
BHP Billiton Finance USA Ltd., Senior Notes	5.000%	9/30/43	\$ 100,000	\$ 115,987
BHP Billiton Finance USA Ltd., Subordinated Notes	6.750%	10/19/75	470,000	538,192 ^{(a)(c)}
Freeport-McMoRan Inc., Senior Notes	2.375%	3/15/18	80,000	79,800
Freeport-McMoRan Inc., Senior Notes	3.550%	3/1/22	60,000	56,531
Freeport-McMoRan Inc., Senior Notes	6.875%	2/15/23	630,000	668,191
Glencore Finance Canada Ltd., Senior Notes	2.700%	10/25/17	110,000	110,173 ^(a)
Glencore Finance Canada Ltd., Senior Notes	6.900%	11/15/37	430,000	519,573 ^(a)
Glencore Finance Canada Ltd., Senior Notes	5.550%	10/25/42	150,000	160,306 ^(a)
Glencore Funding LLC, Senior Notes	4.000%	3/27/27	100,000	98,586 ^(a)
HudBay Minerals Inc., Senior Notes	7.250%	1/15/23	490,000	507,762 ^(a)
Southern Copper Corp., Senior Notes	5.375%	4/16/20	150,000	163,142
Southern Copper Corp., Senior Notes	5.250%	11/8/42	470,000	469,909
Vale Overseas Ltd., Senior Notes	6.875%	11/21/36	1,148,000	1,236,970
Yamana Gold Inc., Senior Notes	4.950%	7/15/24	370,000	374,366
<i>Total Metals & Mining</i>				<i>7,179,080</i>
<i>Paper & Forest Products 0.2%</i>				
Fibria Overseas Finance Ltd., Senior Notes	5.250%	5/12/24	30,000	31,350
Georgia-Pacific LLC, Senior Bonds	7.375%	12/1/25	250,000	318,404
<i>Total Paper & Forest Products</i>				<i>349,754</i>
Total Materials				9,145,589
<i>Real Estate 0.6%</i>				
<i>Real Estate Management & Development 0.6%</i>				
Caesars Entertainment Resort Properties LLC, Senior Secured Notes	8.000%	10/1/20	500,000	516,250
Security Capital Group Inc., Senior Notes	7.700%	6/15/28	280,000	388,394
Total Real Estate				904,644
<i>Telecommunication Services 6.2%</i>				
<i>Diversified Telecommunication Services 4.7%</i>				
AT&T Inc., Senior Notes	4.500%	5/15/35	360,000	355,241
AT&T Inc., Senior Notes	5.350%	9/1/40	30,000	31,874
AT&T Inc., Senior Notes	4.800%	6/15/44	210,000	208,900
AT&T Inc., Senior Notes	4.750%	5/15/46	170,000	167,350
AT&T Inc., Senior Notes	5.450%	3/1/47	50,000	54,029
AT&T Inc., Senior Notes	4.500%	3/9/48	86,000	80,792
AT&T Inc., Senior Notes	4.550%	3/9/49	310,000	294,137
British Telecommunications PLC, Bonds	9.125%	12/15/30	330,000	502,876
Intelsat Jackson Holdings SA, Senior Bonds	5.500%	8/1/23	750,000	624,375
Koninklijke KPN NV, Senior Notes	8.375%	10/1/30	200,000	275,230

See Notes to Financial Statements.

Schedule of investments (unaudited) (cont d)

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Western Asset Income Fund

Security	Rate	Maturity Date	Face Amount	Value
<i>Diversified Telecommunication Services continued</i>				
Qwest Corp., Debentures	6.875%	9/15/33	\$ 850,000	\$ 838,519
Telefonica Emisiones SAU, Senior Notes	7.045%	6/20/36	60,000	79,048
Verizon Communications Inc., Senior Bonds	5.500%	3/16/47	730,000	801,051
Verizon Communications Inc., Senior Notes				