

Western Asset Income Fund  
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 **811-02351**

**Western Asset Income Fund**

(Exact name of registrant as specified in charter)

**620 Eighth Avenue, 49<sup>th</sup> 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: 1-888-777-0102

Date of fiscal year end: **December 31**

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

**ITEM 1. SCHEDULE OF INVESTMENTS.**

**WESTERN ASSET INCOME FUND**

FORM N-Q

MARCH 31, 2016

## WESTERN ASSET INCOME FUND

## Schedule of investments (unaudited)

March 31, 2016

| SECURITY   | RATE   | MATURITY DATE | FACE AMOUNT | VALUE                     |
|--|--------|---------------|-------------|---------------------------|
| <b>CORPORATE BONDS &amp; NOTES - 93.6%</b>       |        |               |             |                           |
| <b>CONSUMER DISCRETIONARY - 9.3%</b>             |        |               |             |                           |
| <b>Auto Components - 0.6%</b>                    |        |               |             |                           |
| ZF North America Capital Inc., Senior Notes      | 4.750% | 4/29/25       | \$ 740,000  | \$ 736,300 <sup>(a)</sup> |
| <b>Automobiles - 0.8%</b>                        |        |               |             |                           |
| Ford Motor Credit Co., LLC, Senior Notes         | 8.125% | 1/15/20       | 410,000     | 486,893                   |
| General Motors Co., Senior Notes                 | 6.600% | 4/1/36        | 170,000     | 187,066                   |
| General Motors Co., Senior Notes                 | 5.200% | 4/1/45        | 310,000     | 291,422                   |
| General Motors Co., Senior Notes                 | 6.750% | 4/1/46        | 80,000      | 90,941                    |
| <i>Total Automobiles</i>                         |        |               |             | 1,056,322                 |
| <b>Hotels, Restaurants &amp; Leisure - 0.5%</b>  |        |               |             |                           |
| McDonald's Corp., Senior Notes                   | 4.700% | 12/9/35       | 150,000     | 161,190                   |
| McDonald's Corp., Senior Notes                   | 4.875% | 12/9/45       | 230,000     | 251,268                   |
| Wynn Macau Ltd., Senior Notes                    | 5.250% | 10/15/21      | 290,000     | 273,325 <sup>(a)</sup>    |
| <i>Total Hotels, Restaurants &amp; Leisure</i>   |        |               |             | 685,783                   |
| <b>Household Durables - 0.6%</b>                 |        |               |             |                           |
| Newell Rubbermaid Inc., Senior Notes             | 4.200% | 4/1/26        | 710,000     | 742,691                   |
| <b>Media - 6.7%</b>                              |        |               |             |                           |
| 21st Century Fox America Inc., Senior Debentures | 7.750% | 12/1/45       | 130,000     | 171,637                   |
| 21st Century Fox America Inc., Senior Notes      | 6.550% | 3/15/33       | 545,000     | 653,850                   |
| CCO Safari II LLC, Senior Secured Notes          | 6.384% | 10/23/35      | 110,000     | 121,435 <sup>(a)</sup>    |
| CCO Safari II LLC, Senior Secured Notes          | 6.484% | 10/23/45      | 770,000     | 856,799 <sup>(a)</sup>    |
| Comcast Corp., Bonds                             | 6.400% | 5/15/38       | 950,000     | 1,265,307                 |
| Comcast Corp., Notes                             | 6.450% | 3/15/37       | 220,000     | 291,645                   |
| Comcast Corp., Senior Notes                      | 6.950% | 8/15/37       | 160,000     | 224,682                   |
| Time Warner Cable Inc., Debentures               | 7.300% | 7/1/38        | 100,000     | 117,300                   |
| Time Warner Cable Inc., Senior Bonds             | 6.550% | 5/1/37        | 160,000     | 175,334                   |
| Time Warner Cable Inc., Senior Notes             | 8.750% | 2/14/19       | 690,000     | 807,913                   |
| Time Warner Cable Inc., Senior Notes             | 5.500% | 9/1/41        | 50,000      | 49,586                    |
| Time Warner Entertainment Co., LP, Senior Notes  | 8.375% | 7/15/33       | 410,000     | 520,850                   |
| Time Warner Inc., Senior Debentures              | 7.700% | 5/1/32        | 595,000     | 763,891                   |
| Time Warner Inc., Senior Notes                   | 4.900% | 6/15/42       | 150,000     | 152,834                   |
| UBM PLC, Notes                                   | 5.750% | 11/3/20       | 570,000     | 617,403 <sup>(a)</sup>    |
| Viacom Inc., Senior Debentures                   | 5.250% | 4/1/44        | 70,000      | 62,960                    |
| Virgin Media Finance PLC, Senior Notes           | 6.375% | 4/15/23       | 1,000,000   | 1,040,000 <sup>(a)</sup>  |
| WPP Finance 2010, Senior Notes                   | 4.750% | 11/21/21      | 840,000     | 926,928                   |
| WPP Finance 2010, Senior Notes                   | 5.625% | 11/15/43      | 150,000     | 155,111                   |
| <i>Total Media</i>                               |        |               |             | 8,975,465                 |
| <b>Specialty Retail - 0.1%</b>                   |        |               |             |                           |

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|   |        |         |           |                        |
|---|--------|---------|-----------|------------------------|
| American Greetings Corp., Senior Notes            | 7.375% | 12/1/21 | 160,000   | 163,600                |
| <b>TOTAL CONSUMER DISCRETIONARY</b>               |        |         |           | 12,360,161             |
| <b>CONSUMER STAPLES - 5.4%</b>                    |        |         |           |                        |
| <b>Beverages - 2.1%</b>                           |        |         |           |                        |
| Anheuser-Busch InBev Finance Inc., Senior Notes   | 4.900% | 2/1/46  | 1,310,000 | 1,464,006              |
| Anheuser-Busch InBev Worldwide Inc., Senior Notes | 5.375% | 1/15/20 | 260,000   | 293,179                |
| Pernod-Ricard SA, Senior Bonds                    | 5.750% | 4/7/21  | 350,000   | 398,544 <sup>(a)</sup> |
| Pernod-Ricard SA, Senior Notes                    | 5.500% | 1/15/42 | 670,000   | 722,942 <sup>(a)</sup> |
| <i>Total Beverages</i>                            |        |         |           | 2,878,671              |
| <b>Food &amp; Staples Retailing - 0.7%</b>        |        |         |           |                        |
| CVS Health Corp., Senior Notes                    | 4.875% | 7/20/35 | 180,000   | 200,694                |
| CVS Health Corp., Senior Notes                    | 5.125% | 7/20/45 | 340,000   | 393,761                |
| Whole Foods Market Inc., Senior Notes             | 5.200% | 12/3/25 | 330,000   | 345,810 <sup>(a)</sup> |
| <i>Total Food &amp; Staples Retailing</i>         |        |         |           | 940,265                |

See Notes to Schedule of Investments.

## WESTERN ASSET INCOME FUND

## Schedule of investments (unaudited) (cont d)

March 31, 2016

| SECURITY                                       | RATE    | MATURITY DATE | FACE AMOUNT | VALUE                    |
|--|---------|---------------|-------------|--------------------------|
| <b>Food Products - 0.4%</b>                    |         |               |             |                          |
| Kraft Heinz Foods Co., Senior Notes            | 5.000%  | 7/15/35       | \$ 70,000   | \$ 77,201 <sup>(a)</sup> |
| Kraft Heinz Foods Co., Senior Notes            | 5.000%  | 6/4/42        | 170,000     | 185,053                  |
| Kraft Heinz Foods Co., Senior Notes            | 5.200%  | 7/15/45       | 250,000     | 279,722 <sup>(a)</sup>   |
| <i>Total Food Products</i>                     |         |               |             | 541,976                  |
| <b>Tobacco - 2.2%</b>                          |         |               |             |                          |
| Altria Group Inc., Senior Notes                | 9.950%  | 11/10/38      | 680,000     | 1,195,836                |
| Altria Group Inc., Senior Notes                | 10.200% | 2/6/39        | 230,000     | 421,326                  |
| Philip Morris International Inc., Senior Notes | 4.500%  | 3/20/42       | 170,000     | 182,753                  |
| Reynolds American Inc., Senior Notes           | 8.125%  | 5/1/40        | 270,000     | 348,518                  |
| Reynolds American Inc., Senior Notes           | 7.000%  | 8/4/41        | 320,000     | 378,649                  |
| Reynolds American Inc., Senior Notes           | 5.850%  | 8/15/45       | 320,000     | 390,771                  |
| <i>Total Tobacco</i>                           |         |               |             | 2,917,853                |
| <b>TOTAL CONSUMER STAPLES</b>                  |         |               |             |                          |
|  |         |               |             | 7,278,765                |
| <b>ENERGY - 15.7%</b>                          |         |               |             |                          |
| <b>Energy Equipment &amp; Services - 1.1%</b>  |         |               |             |                          |
| Baker Hughes Inc., Senior Notes                | 7.500%  | 11/15/18      | 370,000     | 414,712                  |
| ENSCO International Inc., Senior Bonds         | 7.200%  | 11/15/27      | 120,000     | 63,600                   |
| EnSCO PLC, Senior Notes                        | 5.200%  | 3/15/25       | 480,000     | 268,800                  |
| Halliburton Co., Senior Notes                  | 5.000%  | 11/15/45      | 200,000     | 195,468                  |
| Petrofac Ltd., Senior Notes                    | 3.400%  | 10/10/18      | 310,000     | 285,426 <sup>(a)</sup>   |
| Pride International Inc., Senior Notes         | 6.875%  | 8/15/20       | 120,000     | 87,600                   |
| Pride International Inc., Senior Notes         | 7.875%  | 8/15/40       | 130,000     | 69,875                   |
| <i>Total Energy Equipment &amp; Services</i>   |         |               |             | 1,385,481                |
| <b>Oil, Gas &amp; Consumable Fuels - 14.6%</b> |         |               |             |                          |
| Anadarko Finance Co., Senior Notes             | 7.500%  | 5/1/31        | 465,000     | 503,494                  |
| Anadarko Petroleum Corp., Senior Notes         | 4.850%  | 3/15/21       | 460,000     | 464,879                  |
| Anadarko Petroleum Corp., Senior Notes         | 5.550%  | 3/15/26       | 460,000     | 464,050                  |
| Apache Corp., Senior Notes                     | 6.900%  | 9/15/18       | 100,000     | 108,314                  |
| Apache Corp., Senior Notes                     | 6.000%  | 1/15/37       | 190,000     | 189,070                  |
| Apache Corp., Senior Notes                     | 5.100%  | 9/1/40        | 160,000     | 145,175                  |
| Apache Corp., Senior Notes                     | 5.250%  | 2/1/42        | 90,000      | 82,705                   |
| ConocoPhillips, Notes                          | 6.500%  | 2/1/39        | 810,000     | 885,700                  |
| ConocoPhillips, Senior Notes                   | 6.000%  | 1/15/20       | 310,000     | 344,720                  |
| Devon Energy Corp., Senior Notes               | 5.850%  | 12/15/25      | 350,000     | 337,833                  |
| Devon Energy Corp., Senior Notes               | 5.600%  | 7/15/41       | 320,000     | 250,624                  |
| Devon Energy Corp., Senior Notes               | 5.000%  | 6/15/45       | 270,000     | 201,519                  |
| Devon Financing Co., LLC, Debentures           | 7.875%  | 9/30/31       | 380,000     | 372,619                  |
| Ecopetrol SA, Senior Notes                     | 5.375%  | 6/26/26       | 740,000     | 673,400                  |
| Ecopetrol SA, Senior Notes                     | 5.875%  | 5/28/45       | 176,000     | 138,547                  |

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|   |        |          |           |                        |
|---|--------|----------|-----------|------------------------|
| Enbridge Energy Partners LP, Senior Notes             | 9.875% | 3/1/19   | 120,000   | 134,392                |
| Energy Transfer Equity LP, Senior Notes               | 7.500% | 10/15/20 | 250,000   | 240,625                |
| Enterprise Products Operating LLC, Senior Notes       | 6.125% | 10/15/39 | 320,000   | 334,838                |
| EOG Resources Inc., Senior Notes                      | 5.875% | 9/15/17  | 540,000   | 571,781                |
| Hess Corp., Notes                                     | 7.875% | 10/1/29  | 1,180,000 | 1,283,206              |
| Hess Corp., Senior Bonds                              | 6.000% | 1/15/40  | 300,000   | 276,414                |
| Kerr-McGee Corp., Notes                               | 6.950% | 7/1/24   | 1,080,000 | 1,143,138              |
| Kinder Morgan Inc., Medium-Term Notes                 | 7.800% | 8/1/31   | 2,000,000 | 2,210,406              |
| LUKOIL International Finance BV, Senior Notes         | 3.416% | 4/24/18  | 300,000   | 297,975 <sup>(a)</sup> |
| LUKOIL International Finance BV, Senior Notes         | 4.563% | 4/24/23  | 200,000   | 190,958 <sup>(a)</sup> |
| MEG Energy Corp., Senior Notes                        | 6.375% | 1/30/23  | 600,000   | 354,000 <sup>(a)</sup> |
| Noble Energy Inc., Senior Notes                       | 6.000% | 3/1/41   | 390,000   | 363,651                |
| Noble Energy Inc., Senior Notes                       | 5.250% | 11/15/43 | 150,000   | 129,178                |
| Occidental Petroleum Corp., Senior Notes              | 3.400% | 4/15/26  | 400,000   | 403,820                |
| Petrobras Global Finance BV, Senior Notes             | 7.250% | 3/17/44  | 280,000   | 209,300                |
| Petroleos Mexicanos, Senior Bonds                     | 6.625% | 6/15/35  | 2,635,000 | 2,529,600              |
| Petroleos Mexicanos, Senior Notes                     | 6.875% | 8/4/26   | 450,000   | 487,125 <sup>(a)</sup> |
| Phillips 66, Senior Notes                             | 5.875% | 5/1/42   | 160,000   | 173,856                |
| Schlumberger Holdings Corp., Senior Notes             | 4.000% | 12/21/25 | 440,000   | 454,269 <sup>(a)</sup> |
| Shell International Finance BV, Senior Notes          | 6.375% | 12/15/38 | 250,000   | 306,075                |
| Transcontinental Gas Pipe Line Co., LLC, Senior Notes | 7.850% | 2/1/26   | 470,000   | 537,547 <sup>(a)</sup> |

See Notes to Schedule of Investments.

## WESTERN ASSET INCOME FUND

## Schedule of investments (unaudited) (cont d)

March 31, 2016

| SECURITY  | RATE    | MATURITY DATE | FACE AMOUNT | VALUE                          |
|---|---------|---------------|-------------|--------------------------------|
| <b>Oil, Gas &amp; Consumable Fuels - (continued)</b>  |         |               |             |                                |
| Transcontinental Gas Pipe Line Co., LLC, Senior Notes | 5.400%  | 8/15/41       | \$ 310,000  | \$ 265,740                     |
| Transcontinental Gas Pipe Line Co., LLC, Senior Notes | 4.450%  | 8/1/42        | 450,000     | 344,328                        |
| Williams Cos. Inc., Debentures                        | 7.500%  | 1/15/31       | 47,000      | 38,188                         |
| Williams Cos. Inc., Senior Notes                      | 4.550%  | 6/24/24       | 680,000     | 516,800                        |
| Williams Cos. Inc., Senior Notes                      | 7.750%  | 6/15/31       | 37,000      | 30,618                         |
| Williams Cos. Inc., Senior Notes                      | 8.750%  | 3/15/32       | 610,000     | 542,900                        |
| <i>Total Oil, Gas &amp; Consumable Fuels</i>          |         |               |             | 19,533,377                     |
| <b>TOTAL ENERGY</b>                                   |         |               |             | 20,918,858                     |
| <b>FINANCIALS - 37.0%</b>                             |         |               |             |                                |
| <b>Banks - 20.1%</b>                                  |         |               |             |                                |
| Bank of America Corp., Junior Subordinated Notes      | 6.500%  | 10/23/24      | 650,000     | 670,930 <sup>(b)(c)</sup>      |
| Bank of America Corp., Senior Notes                   | 6.500%  | 8/1/16        | 70,000      | 71,246                         |
| Bank of America Corp., Senior Notes                   | 6.400%  | 8/28/17       | 300,000     | 318,867                        |
| Bank of America Corp., Senior Notes                   | 7.625%  | 6/1/19        | 70,000      | 81,464                         |
| Bank of America Corp., Senior Notes                   | 5.625%  | 7/1/20        | 30,000      | 33,711                         |
| Bank of America Corp., Senior Notes                   | 5.875%  | 2/7/42        | 320,000     | 387,807                        |
| Bank of America Corp., Subordinated Notes             | 5.700%  | 5/2/17        | 1,000,000   | 1,039,945                      |
| Bank of America Corp., Subordinated Notes             | 6.110%  | 1/29/37       | 320,000     | 367,960                        |
| Bank of America Corp., Subordinated Notes             | 7.750%  | 5/14/38       | 900,000     | 1,229,484                      |
| Barclays Bank PLC, Subordinated Notes                 | 10.179% | 6/12/21       | 240,000     | 304,955 <sup>(a)</sup>         |
| Barclays Bank PLC, Subordinated Notes                 | 7.625%  | 11/21/22      | 450,000     | 483,750                        |
| BNP Paribas SA, Junior Subordinated Notes             | 7.625%  | 3/30/21       | 330,000     | 331,815 <sup>(a)(b)(c)</sup>   |
| BNP Paribas SA, Junior Subordinated Notes             | 7.375%  | 8/19/25       | 200,000     | 193,500 <sup>(a)(b)(c)</sup>   |
| BPCE SA, Subordinated Notes                           | 5.150%  | 7/21/24       | 410,000     | 418,785 <sup>(a)</sup>         |
| Citigroup Inc., Junior Subordinated Bonds             | 6.300%  | 5/15/24       | 280,000     | 268,935 <sup>(b)(c)</sup>      |
| Citigroup Inc., Junior Subordinated Bonds             | 5.950%  | 5/15/25       | 540,000     | 519,750 <sup>(b)(c)</sup>      |
| Citigroup Inc., Junior Subordinated Notes             | 5.950%  | 1/30/23       | 200,000     | 192,687 <sup>(b)(c)</sup>      |
| Citigroup Inc., Senior Notes                          | 8.125%  | 7/15/39       | 251,000     | 371,309                        |
| Citigroup Inc., Senior Notes                          | 5.875%  | 1/30/42       | 240,000     | 288,811                        |
| Citigroup Inc., Subordinated Notes                    | 5.500%  | 9/13/25       | 750,000     | 820,732                        |
| Citigroup Inc., Subordinated Notes                    | 4.450%  | 9/29/27       | 400,000     | 402,498                        |
| Citigroup Inc., Subordinated Notes                    | 6.125%  | 8/25/36       | 404,000     | 453,042                        |
| Citigroup Inc., Subordinated Notes                    | 6.675%  | 9/13/43       | 370,000     | 448,451                        |
| Cooperatieve Rabobank U.A., Junior Subordinated Notes | 11.000% | 6/30/19       | 708,000     | 849,529 <sup>(a)(b)(c)</sup>   |
| Cooperatieve Rabobank U.A., Senior Notes              | 5.250%  | 5/24/41       | 570,000     | 680,160                        |
| Cooperatieve Rabobank U.A., Subordinated Notes        | 5.750%  | 12/1/43       | 450,000     | 524,274                        |
| Cooperatieve Rabobank U.A., Subordinated Notes        | 5.250%  | 8/4/45        | 340,000     | 367,697                        |
| Credit Agricole SA, Junior Subordinated Notes         | 8.375%  | 10/13/19      | 560,000     | 617,512 <sup>(a)(b)(c)</sup>   |
| Credit Agricole SA, Junior Subordinated Notes         | 8.125%  | 12/23/25      | 1,040,000   | 1,037,483 <sup>(a)(b)(c)</sup> |
| HSBC Holdings PLC, Junior Subordinated Bonds          | 6.375%  | 9/17/24       | 1,430,000   | 1,328,113 <sup>(b)(c)</sup>    |
| HSBC Holdings PLC, Junior Subordinated Bonds          | 6.375%  | 3/30/25       | 350,000     | 330,750 <sup>(b)(c)</sup>      |
| HSBC Holdings PLC, Senior Notes                       | 4.300%  | 3/8/26        | 600,000     | 620,288                        |
| HSBC Holdings PLC, Subordinated Notes                 | 4.250%  | 8/18/25       | 210,000     | 207,453                        |
| HSBC Holdings PLC, Subordinated Notes                 | 5.250%  | 3/14/44       | 210,000     | 212,987                        |



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|   |        |         |         |                           |
|---|--------|---------|---------|---------------------------|
| ING Bank NV, Subordinated Notes                 | 5.800% | 9/25/23 | 600,000 | 653,813 <sup>(a)</sup>    |
| Intesa Sanpaolo SpA, Subordinated Bonds         | 5.017% | 6/26/24 | 250,000 | 234,111 <sup>(a)</sup>    |
| JPMorgan Chase & Co., Junior Subordinated Bonds | 5.150% | 5/1/23  | 150,000 | 144,030 <sup>(b)(c)</sup> |
| JPMorgan Chase & Co., Junior Subordinated Bonds | 6.000% | 8/1/23  | 260,000 | 261,690 <sup>(b)(c)</sup> |
| JPMorgan Chase & Co., Subordinated Notes        | 6.125% | 6/27/17 | 720,000 | 757,807                   |
| JPMorgan Chase & Co., Subordinated Notes        | 5.625% | 8/16/43 | 440,000 | 506,734                   |
| JPMorgan Chase & Co., Subordinated Notes        | 4.950% | 6/1/45  | 150,000 | 158,320                   |
| Lloyds Banking Group PLC, Subordinated Notes    | 4.650% | 3/24/26 | 590,000 | 584,730                   |
| M&T Bank Corp., Junior Subordinated Bonds       | 6.875% | 6/15/16 | 880,000 | 883,300 <sup>(b)</sup>    |

**See Notes to Schedule of Investments.**

## WESTERN ASSET INCOME FUND

## Schedule of investments (unaudited) (cont d)

March 31, 2016

| SECURITY  | RATE   | MATURITY DATE | FACE AMOUNT | VALUE                          |
|---|--------|---------------|-------------|--------------------------------|
| <b>Banks - (continued)</b>                                  |        |               |             |                                |
| Royal Bank of Canada, Subordinated Notes                    | 4.650% | 1/27/26       | \$ 50,000   | \$ 50,858                      |
| Royal Bank of Scotland Group PLC, Junior Subordinated Bonds | 7.648% | 9/30/31       | 1,360,000   | 1,591,200 <sup>(b)(c)</sup>    |
| Royal Bank of Scotland Group PLC, Subordinated Notes        | 6.125% | 12/15/22      | 310,000     | 328,838                        |
| Royal Bank of Scotland Group PLC, Subordinated Notes        | 6.100% | 6/10/23       | 1,010,000   | 1,034,489                      |
| Royal Bank of Scotland Group PLC, Subordinated Notes        | 6.000% | 12/19/23      | 350,000     | 354,480                        |
| Royal Bank of Scotland NV, Subordinated Bonds               | 7.750% | 5/15/23       | 480,000     | 518,512                        |
| Santander UK Group Holdings PLC, Subordinated Notes         | 4.750% | 9/15/25       | 210,000     | 198,627 <sup>(a)</sup>         |
| Standard Chartered PLC, Subordinated Notes                  | 5.700% | 3/26/44       | 410,000     | 369,136 <sup>(a)</sup>         |
| Wachovia Capital Trust III, Junior Subordinated Bonds       | 5.570% | 5/2/16        | 1,190,000   | 1,175,125 <sup>(b)(c)</sup>    |
| Wells Fargo & Co., Subordinated Notes                       | 5.375% | 11/2/43       | 430,000     | 486,033                        |
| <i>Total Banks</i>  |        |               |             | 26,768,513                     |
| <b>Capital Markets - 5.2%</b>                               |        |               |             |                                |
| Credit Suisse Group AG, Junior Subordinated Notes           | 6.250% | 12/18/24      | 1,170,000   | 1,074,409 <sup>(a)(b)(c)</sup> |
| Credit Suisse Group Funding Guernsey Ltd., Senior Notes     | 4.875% | 5/15/45       | 850,000     | 809,782                        |
| Goldman Sachs Group Inc., Senior Bonds                      | 4.750% | 10/21/45      | 270,000     | 282,209                        |
| Goldman Sachs Group Inc., Senior Notes                      | 5.375% | 3/15/20       | 270,000     | 299,601                        |
| Goldman Sachs Group Inc., Senior Notes                      | 6.250% | 2/1/41        | 570,000     | 708,702                        |
| Goldman Sachs Group Inc., Subordinated Notes                | 6.750% | 10/1/37       | 640,000     | 764,439                        |
| Goldman Sachs Group Inc., Subordinated Notes                | 5.150% | 5/22/45       | 500,000     | 507,941                        |
| KKR Group Finance Co. III LLC, Senior Bonds                 | 5.125% | 6/1/44        | 820,000     | 803,331 <sup>(a)</sup>         |
| Morgan Stanley, Medium-Term Notes                           | 6.625% | 4/1/18        | 100,000     | 109,254                        |
| Morgan Stanley, Senior Notes                                | 5.500% | 7/24/20       | 100,000     | 112,431                        |
| Morgan Stanley, Senior Notes                                | 6.375% | 7/24/42       | 90,000      | 117,992                        |
| Pershing Square Holdings Ltd., Senior Notes                 | 5.500% | 7/15/22       | 1,000,000   | 917,500 <sup>(a)</sup>         |
| UBS AG Stamford CT, Subordinated Notes                      | 7.625% | 8/17/22       | 340,000     | 389,412                        |
| <i>Total Capital Markets</i>                                |        |               |             | 6,897,003                      |
| <b>Consumer Finance - 2.5%</b>                              |        |               |             |                                |
| Ally Financial Inc., Subordinated Notes                     | 8.000% | 12/31/18      | 201,000     | 217,080                        |
| American Express Co., Subordinated Debentures               | 6.800% | 9/1/66        | 370,000     | 370,925 <sup>(c)</sup>         |
| Capital One Financial Corp., Senior Notes                   | 6.750% | 9/15/17       | 230,000     | 245,009                        |
| HSBC Finance Corp., Senior Notes                            | 6.676% | 1/15/21       | 1,300,000   | 1,491,118                      |
| Navient Corp., Senior Notes                                 | 7.250% | 1/25/22       | 830,000     | 776,050                        |
| Navient Corp., Senior Notes                                 | 6.125% | 3/25/24       | 290,000     | 249,400                        |
| <i>Total Consumer Finance</i>                               |        |               |             | 3,349,582                      |
| <b>Diversified Financial Services - 4.5%</b>                |        |               |             |                                |
| Argos Merger Sub Inc., Senior Notes                         | 7.125% | 3/15/23       | 130,000     | 138,190 <sup>(a)</sup>         |
| Beaver Valley Funding Corp., Senior Secured Bonds           | 9.000% | 6/1/17        | 11,000      | 11,660                         |
| Blackstone Holdings Finance Co., LLC, Senior Notes          | 4.450% | 7/15/45       | 190,000     | 179,409 <sup>(a)</sup>         |
| Carlyle Holdings II Finance LLC, Senior Secured Notes       | 5.625% | 3/30/43       | 220,000     | 239,149 <sup>(a)</sup>         |
| CME Group Inc., Senior Notes                                | 5.300% | 9/15/43       | 440,000     | 524,191                        |

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|   |        |          |           |                             |
|---|--------|----------|-----------|-----------------------------|
| ILFC E-Capital Trust I, Junior Subordinated Notes       | 4.490% | 12/21/65 | 470,000   | 380,700 <sup>(a)(c)</sup>   |
| ILFC E-Capital Trust II, Bonds                          | 4.740% | 12/21/65 | 790,000   | 639,900 <sup>(a)(c)</sup>   |
| International Lease Finance Corp., Senior Notes         | 8.750% | 3/15/17  | 190,000   | 200,146                     |
| International Lease Finance Corp., Senior Notes         | 8.875% | 9/1/17   | 470,000   | 505,485                     |
| International Lease Finance Corp., Senior Notes         | 6.250% | 5/15/19  | 130,000   | 138,613                     |
| International Lease Finance Corp., Senior Notes         | 8.250% | 12/15/20 | 190,000   | 221,825                     |
| International Lease Finance Corp., Senior Secured Notes | 7.125% | 9/1/18   | 700,000   | 763,000 <sup>(a)</sup>      |
| Voya Financial Inc., Senior Notes                       | 5.700% | 7/15/43  | 500,000   | 566,781                     |
| ZFS Finance USA Trust II, Bonds                         | 6.450% | 12/15/65 | 1,440,000 | 1,437,120 <sup>(a)(c)</sup> |
| <i>Total Diversified Financial Services</i>             |        |          |           | <i>5,946,169</i>            |

**See Notes to Schedule of Investments.**

## WESTERN ASSET INCOME FUND

## Schedule of investments (unaudited) (cont d)

March 31, 2016

| SECURITY  | RATE   | MATURITY DATE | FACE AMOUNT | VALUE                     |
|---|--------|---------------|-------------|---------------------------|
| <b>Insurance - 3.6%</b>   |        |               |             |                           |
| AIA Group Ltd., Senior Notes                                      | 4.875% | 3/11/44       | \$ 400,000  | \$ 437,128 <sup>(a)</sup> |
| Allstate Corp., Junior Subordinated Debentures                    | 6.500% | 5/15/57       | 480,000     | 520,800 <sup>(c)</sup>    |
| American Equity Investment Life Holding Co., Senior Notes         | 6.625% | 7/15/21       | 60,000      | 61,650                    |
| American International Group Inc., Junior Subordinated Debentures | 6.250% | 3/15/37       | 80,000      | 82,400                    |
| American International Group Inc., Senior Notes                   | 6.400% | 12/15/20      | 90,000      | 104,582                   |
| Aon PLC, Senior Notes   | 4.750% | 5/15/45       | 90,000      | 91,309                    |
| AXA SA, Subordinated Bonds  | 8.600% | 12/15/30      | 200,000     | 263,000                   |
| Delphi Financial Group Inc., Senior Notes                         | 7.875% | 1/31/20       | 170,000     | 199,627                   |
| Fidelity & Guaranty Life Holdings Inc., Senior Notes              | 6.375% | 4/1/21        | 190,000     | 190,950 <sup>(a)</sup>    |
| Liberty Mutual Group Inc., Junior Subordinated Bonds              | 7.800% | 3/15/37       | 190,000     | 207,100 <sup>(a)</sup>    |
| Liberty Mutual Insurance Co., Subordinated Notes                  | 7.875% | 10/15/26      | 490,000     | 602,681 <sup>(a)</sup>    |
| MetLife Inc., Junior Subordinated Debentures                      | 6.400% | 12/15/36      | 1,150,000   | 1,187,950                 |
| Prudential Financial Inc., Junior Subordinated Debentures         | 8.875% | 6/15/38       | 340,000     | 373,150 <sup>(c)</sup>    |
| Teachers Insurance & Annuity Association of America, Notes        | 6.850% | 12/16/39      | 400,000     | 514,889 <sup>(a)</sup>    |
| <i>Total Insurance</i>  |        |               |             | 4,837,216                 |
| <b>Real Estate Investment Trusts (REITs) - 0.1%</b>               |        |               |             |                           |
| Communications Sales & Leasing Inc., Senior Notes                 | 8.250% | 10/15/23      | 120,000     | 111,000                   |
| Communications Sales & Leasing Inc., Senior Secured Notes         | 6.000% | 4/15/23       | 50,000      | 48,625 <sup>(a)</sup>     |
| <i>Total Real Estate Investment Trusts (REITs)</i>                |        |               |             | 159,625                   |
| <b>Real Estate Management &amp; Development - 0.6%</b>            |        |               |             |                           |
| Caesars Entertainment Resort Properties LLC, Senior Secured Notes | 8.000% | 10/1/20       | 500,000     | 489,500                   |
| Security Capital Group Inc., Senior Notes                         | 7.700% | 6/15/28       | 280,000     | 381,533                   |
| <i>Total Real Estate Management &amp; Development</i>             |        |               |             | 871,033                   |
| <b>Thriffs &amp; Mortgage Finance - 0.4%</b>                      |        |               |             |                           |
| Quicken Loans Inc., Senior Notes                                  | 5.750% | 5/1/25        | 550,000     | 533,500 <sup>(a)</sup>    |
| <b>TOTAL FINANCIALS</b>   |        |               |             | 49,362,641                |
| <b>HEALTH CARE - 2.5%</b>   |        |               |             |                           |
| <b>Biotechnology - 1.4%</b>                                       |        |               |             |                           |
| AbbVie Inc., Senior Subordinated Notes                            | 4.700% | 5/14/45       | 290,000     | 308,378                   |
| Amgen Inc., Senior Notes  | 5.150% | 11/15/41      | 420,000     | 463,490                   |
| Celgene Corp., Senior Notes                                       | 5.000% | 8/15/45       | 300,000     | 324,400                   |
| Gilead Sciences Inc., Senior Notes                                | 5.650% | 12/1/41       | 60,000      | 72,770                    |
| Gilead Sciences Inc., Senior Notes                                | 4.500% | 2/1/45        | 450,000     | 476,644                   |
| Gilead Sciences Inc., Senior Notes                                | 4.750% | 3/1/46        | 230,000     | 251,756                   |
| <i>Total Biotechnology</i>  |        |               |             | 1,897,438                 |

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**Health Care Providers & Services - 0.6%**

|   |        |          |         |         |
|---|--------|----------|---------|---------|
| Anthem Inc., Senior Notes                       | 5.875% | 6/15/17  | 290,000 | 304,998 |
| Catholic Health Initiatives, Secured Bonds      | 4.350% | 11/1/42  | 30,000  | 29,619  |
| Humana Inc., Senior Notes                       | 8.150% | 6/15/38  | 80,000  | 109,694 |
| UnitedHealth Group Inc., Senior Notes           | 6.000% | 11/15/17 | 31,000  | 33,281  |
| Universal Hospital Services Inc., Secured Notes | 7.625% | 8/15/20  | 360,000 | 333,000 |

*Total Health Care Providers & Services*

810,592

**Pharmaceuticals - 0.5%**

|                                   |        |         |         |         |
|-----------------------------------|--------|---------|---------|---------|
| Actavis Funding SCS, Senior Notes | 4.550% | 3/15/35 | 190,000 | 195,759 |
| Actavis Funding SCS, Senior Notes | 4.750% | 3/15/45 | 360,000 | 378,614 |
| Zoetis Inc., Senior Notes         | 4.700% | 2/1/43  | 30,000  | 28,212  |

*Total Pharmaceuticals*

602,585

**TOTAL HEALTH CARE**

3,310,615

**See Notes to Schedule of Investments.**

## WESTERN ASSET INCOME FUND

## Schedule of investments (unaudited) (cont d)

March 31, 2016

| SECURITY   | RATE   | MATURITY DATE | FACE AMOUNT | VALUE                     |
|--|--------|---------------|-------------|---------------------------|
| <b>INDUSTRIALS - 5.3%</b>  |        |               |             |                           |
| <b>Aerospace &amp; Defense - 0.6%</b>                                      |        |               |             |                           |
| Lockheed Martin Corp., Senior Notes  | 3.350% | 9/15/21       | \$ 60,000   | \$ 63,487                 |
| Lockheed Martin Corp., Senior Notes  | 4.500% | 5/15/36       | 150,000     | 161,351                   |
| Lockheed Martin Corp., Senior Notes  | 4.700% | 5/15/46       | 360,000     | 402,527                   |
| United Technologies Corp., Senior Notes                                    | 6.125% | 2/1/19        | 200,000     | 224,925                   |
| <i>Total Aerospace &amp; Defense</i>                                       |        |               |             | 852,290                   |
| <b>Airlines - 0.9%</b>   |        |               |             |                           |
| Continental Airlines Inc., Pass-Through Certificates, Secured Notes        | 9.250% | 5/10/17       | 93,522      | 99,043                    |
| Continental Airlines Inc., Pass-Through Certificates, Secured Notes        | 6.250% | 4/11/20       | 126,925     | 132,637                   |
| Continental Airlines Inc., Pass-Through Certificates, Senior Secured Notes | 6.545% | 2/2/19        | 87,493      | 92,471                    |
| Continental Airlines Inc., Pass-Through Certificates, Senior Secured Notes | 7.250% | 11/10/19      | 158,514     | 178,725                   |
| Continental Airlines Inc., Pass-Through Certificates, Senior Secured Notes | 7.256% | 3/15/20       | 95,224      | 102,009                   |
| Delta Air Lines Inc., Pass-Through Certificates, Secured Notes             | 8.021% | 8/10/22       | 71,955      | 81,308                    |
| Delta Air Lines Inc., Pass-Through Certificates, Senior Secured Notes      | 7.750% | 12/17/19      | 146,300     | 164,221                   |
| United Airlines Inc., Pass-Through Certificates, Secured Notes             | 9.750% | 1/15/17       | 45,246      | 47,517                    |
| US Airways, Pass-Through Trust, Senior Secured Bonds                       | 5.900% | 10/1/24       | 298,975     | 334,105                   |
| <i>Total Airlines</i>  |        |               |             | 1,232,036                 |
| <b>Commercial Services &amp; Supplies - 1.1%</b>                           |        |               |             |                           |
| Republic Services Inc., Senior Notes                                       | 5.500% | 9/15/19       | 130,000     | 144,341                   |
| Republic Services Inc., Senior Notes                                       | 5.250% | 11/15/21      | 330,000     | 375,794                   |
| Taylor Morrison Communities Inc./Monarch Communities Inc., Senior Notes    | 5.250% | 4/15/21       | 600,000     | 588,000 <sup>(a)</sup>    |
| Waste Management Inc., Senior Notes  | 7.750% | 5/15/32       | 250,000     | 344,657                   |
| <i>Total Commercial Services &amp; Supplies</i>                            |        |               |             | 1,452,792                 |
| <b>Construction &amp; Engineering - 0.7%</b>                               |        |               |             |                           |
| Valmont Industries Inc., Senior Notes                                      | 6.625% | 4/20/20       | 790,000     | 886,893                   |
| <b>Industrial Conglomerates - 1.5%</b>                                     |        |               |             |                           |
| General Electric Co., Junior Subordinated Bonds                            | 5.000% | 1/21/21       | 710,000     | 731,300 <sup>(b)(c)</sup> |
| General Electric Co., Senior Notes   | 5.875% | 1/14/38       | 120,000     | 156,349                   |
| General Electric Co., Senior Notes   | 6.875% | 1/10/39       | 646,000     | 935,406                   |
| General Electric Co., Subordinated Notes                                   | 5.300% | 2/11/21       | 138,000     | 160,266                   |
| <i>Total Industrial Conglomerates</i>                                      |        |               |             | 1,983,321                 |
| <b>Machinery - 0.2%</b>  |        |               |             |                           |
| Caterpillar Inc., Senior Notes   | 4.750% | 5/15/64       | 220,000     | 228,898                   |
| <b>Road &amp; Rail - 0.3%</b>  |        |               |             |                           |
| Flexi-Van Leasing Inc., Senior Notes                                       | 7.875% | 8/15/18       | 60,000      | 59,400 <sup>(a)</sup>     |
| Union Pacific Corp., Senior Notes  | 4.375% | 11/15/65      | 340,000     | 336,890                   |

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|  |        |         |         |           |
|--|--------|---------|---------|-----------|
| <i>Total Road &amp; Rail</i>           |        |         |         | 396,290   |
| <b>TOTAL INDUSTRIALS</b>               |        |         |         | 7,032,520 |
| <b>INFORMATION TECHNOLOGY - 3.0%</b>   |        |         |         |           |
| <b>Communications Equipment - 0.8%</b> |        |         |         |           |
| Harris Corp., Senior Notes             | 5.550% | 10/1/21 | 520,000 | 579,669   |
| Harris Corp., Senior Notes             | 4.854% | 4/27/35 | 260,000 | 270,247   |
| Harris Corp., Senior Notes             | 5.054% | 4/27/45 | 210,000 | 223,748   |
| <i>Total Communications Equipment</i>  |        |         |         | 1,073,664 |

See Notes to Schedule of Investments.

## WESTERN ASSET INCOME FUND

## Schedule of investments (unaudited) (cont d)

March 31, 2016

| SECURITY  | RATE   | MATURITY DATE | FACE AMOUNT | VALUE                     |
|---|--------|---------------|-------------|---------------------------|
| <b>Electronic Equipment, Instruments &amp; Components - 0.2%</b>                              |        |               |             |                           |
| Interface Security Systems Holdings Inc./Interface Security Systems LLC, Senior Secured Notes | 9.250% | 1/15/18       | \$ 290,000  | \$ 272,600                |
| <b>IT Services - 1.1%</b>   |        |               |             |                           |
| Hewlett-Packard Enterprise Co., Senior Notes  | 6.350% | 10/15/45      | 230,000     | 226,040 <sup>(a)</sup>    |
| HP Enterprise Services LLC, Notes   | 7.450% | 10/15/29      | 420,000     | 479,165                   |
| Visa Inc., Senior Notes   | 4.300% | 12/14/45      | 730,000     | 798,626                   |
| <i>Total IT Services</i>  |        |               |             | <i>1,503,831</i>          |
| <b>Semiconductors &amp; Semiconductor Equipment - 0.6%</b>                                    |        |               |             |                           |
| Intel Corp., Senior Notes   | 4.900% | 7/29/45       | 130,000     | 145,804                   |
| KLA-Tencor Corp., Senior Notes  | 4.650% | 11/1/24       | 360,000     | 362,868                   |
| National Semiconductor Corp., Senior Notes  | 6.600% | 6/15/17       | 110,000     | 117,256                   |
| QUALCOMM Inc., Senior Subordinated Notes  | 4.800% | 5/20/45       | 220,000     | 217,929                   |
| <i>Total Semiconductors &amp; Semiconductor Equipment</i>                                     |        |               |             | <i>843,857</i>            |
| <b>Software - 0.0%</b>  |        |               |             |                           |
| Microsoft Corp., Senior Notes   | 4.750% | 11/3/55       | 50,000      | 55,564                    |
| <b>Technology Hardware, Storage &amp; Peripherals - 0.3%</b>                                  |        |               |             |                           |
| HP Inc., Senior Notes   | 4.650% | 12/9/21       | 310,000     | 328,087                   |
| <b>TOTAL INFORMATION TECHNOLOGY</b>   |        |               |             | <b>4,077,603</b>          |
| <b>MATERIALS - 5.6%</b>   |        |               |             |                           |
| <b>Chemicals - 0.9%</b>   |        |               |             |                           |
| Dow Chemical Co., Debentures  | 7.375% | 11/1/29       | 800,000     | 1,025,591                 |
| Ecolab Inc., Senior Notes   | 5.500% | 12/8/41       | 140,000     | 160,694                   |
| <i>Total Chemicals</i>  |        |               |             | <i>1,186,285</i>          |
| <b>Containers &amp; Packaging - 0.2%</b>  |        |               |             |                           |
| WestRock RKT Co., Senior Notes  | 4.450% | 3/1/19        | 230,000     | 240,490                   |
| <b>Metals &amp; Mining - 4.0%</b>   |        |               |             |                           |
| Alcoa Inc., Senior Notes  | 5.870% | 2/23/22       | 800,000     | 799,752                   |
| Alcoa Inc., Senior Notes  | 5.125% | 10/1/24       | 320,000     | 303,501                   |
| Barrick Gold Corp., Senior Notes  | 4.100% | 5/1/23        | 248,000     | 241,525                   |
| BHP Billiton Finance USA Ltd., Senior Notes   | 5.000% | 9/30/43       | 100,000     | 101,731                   |
| BHP Billiton Finance USA Ltd., Subordinated Notes   | 6.750% | 10/19/75      | 470,000     | 470,000 <sup>(a)(c)</sup> |
| Freeport-McMoRan Inc., Senior Notes   | 2.150% | 3/1/17        | 90,000      | 85,950                    |
| Freeport-McMoRan Inc., Senior Notes   | 2.300% | 11/14/17      | 100,000     | 92,250                    |
| Freeport-McMoRan Inc., Senior Notes   | 2.375% | 3/15/18       | 80,000      | 70,800                    |
| Freeport-McMoRan Inc., Senior Notes   | 3.550% | 3/1/22        | 60,000      | 41,850                    |
| Glencore Finance Canada Ltd., Senior Notes  | 2.700% | 10/25/17      | 110,000     | 107,800 <sup>(a)</sup>    |



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|  |        |          |           |                        |
|--|--------|----------|-----------|------------------------|
| Glencore Finance Canada Ltd., Senior Notes | 6.900% | 11/15/37 | 430,000   | 367,676 <sup>(a)</sup> |
| Rio Tinto Finance USA Ltd., Senior Notes   | 9.000% | 5/1/19   | 660,000   | 781,005                |
| Southern Copper Corp., Senior Notes        | 5.375% | 4/16/20  | 150,000   | 160,586                |
| Southern Copper Corp., Senior Notes        | 5.250% | 11/8/42  | 470,000   | 386,034                |
| Steel Dynamics Inc., Senior Notes          | 6.125% | 8/15/19  | 140,000   | 144,550                |
| Vale Overseas Ltd., Senior Notes           | 6.875% | 11/21/36 | 1,148,000 | 906,575                |
| Yamana Gold Inc., Senior Notes             | 4.950% | 7/15/24  | 370,000   | 312,650                |
| <i>Total Metals &amp; Mining</i>           |        |          |           | 5,374,235              |
| <b>Paper &amp; Forest Products - 0.5%</b>  |        |          |           |                        |
| Fibria Overseas Finance Ltd., Senior Notes | 5.250% | 5/12/24  | 310,000   | 300,700                |
| Georgia-Pacific LLC, Senior Bonds          | 7.375% | 12/1/25  | 250,000   | 318,536                |
| <i>Total Paper &amp; Forest Products</i>   |        |          |           | 619,236                |
| <b>TOTAL MATERIALS</b>                     |        |          |           | 7,420,246              |

See Notes to Schedule of Investments.

## WESTERN ASSET INCOME FUND

Schedule of investments (unaudited) (cont d)

March 31, 2016

| SECURITY  | RATE   | MATURITY DATE | FACE AMOUNT | VALUE                  |
|---|--------|---------------|-------------|------------------------|
| <b>TELECOMMUNICATION SERVICES - 7.6%</b>                      |        |               |             |                        |
| <b>Diversified Telecommunication Services - 6.1%</b>          |        |               |             |                        |
| AT&T Inc., Senior Notes                                       | 4.500% | 5/15/35       | \$ 360,000  | \$ 354,995             |
| AT&T Inc., Senior Notes                                       | 5.350% | 9/1/40        | 300,000     | 315,439                |
| AT&T Inc., Senior Notes                                       | 5.550% | 8/15/41       | 300,000     | 322,018                |
| AT&T Inc., Senior Notes                                       | 4.750% | 5/15/46       | 260,000     | 253,619                |
| British Telecommunications PLC, Bonds                         | 9.625% | 12/15/30      | 330,000     | 515,815                |
| Intelsat Jackson Holdings SA, Senior Bonds                    | 5.500% | 8/1/23        | 750,000     | 451,875                |
| Koninklijke KPN NV, Senior Notes                              | 8.375% | 10/1/30       | 200,000     | 266,870                |
| Qwest Corp., Debentures                                       | 6.875% | 9/15/33       | 850,000     | 828,784                |
| Telefonica Emisiones SAU, Senior Notes                        | 7.045% | 6/20/36       | 60,000      | 75,951                 |
| Verizon Communications Inc., Senior Notes                     | 5.150% | 9/15/23       | 1,790,000   | 2,066,041              |
| Verizon Communications Inc., Senior Notes                     | 6.550% | 9/15/43       | 1,256,000   | 1,654,437              |
| Verizon Communications Inc., Senior Notes                     | 5.012% | 8/21/54       | 1,059,000   | 1,062,420              |
| <i>Total Diversified Telecommunication Services</i>           |        |               |             | <i>8,168,264</i>       |
| <b>Wireless Telecommunication Services - 1.5%</b>             |        |               |             |                        |
| America Movil SAB de CV, Senior Notes                         | 6.125% | 3/30/40       | 850,000     | 1,003,675              |
| Sprint Communications Inc., Senior Notes                      | 9.000% | 11/15/18      | 50,000      | 52,375 <sup>(a)</sup>  |
| Sprint Corp., Senior Notes                                    | 7.250% | 9/15/21       | 330,000     | 252,038                |
| Sprint Corp., Senior Notes                                    | 7.875% | 9/15/23       | 400,000     | 305,916                |
| Telefonica Europe BV, Senior Notes                            | 8.250% | 9/15/30       | 230,000     | 321,589                |
| <i>Total Wireless Telecommunication Services</i>              |        |               |             | <i>1,935,593</i>       |
| <b>TOTAL TELECOMMUNICATION SERVICES</b>                       |        |               |             | <b>10,103,857</b>      |
| <b>UTILITIES - 2.2%</b>                                       |        |               |             |                        |
| <b>Electric Utilities - 1.9%</b>                              |        |               |             |                        |
| CenterPoint Energy Houston Electric LLC, Senior Secured Bonds | 4.500% | 4/1/44        | 210,000     | 231,164                |
| Enerjis Americas SA, Notes                                    | 7.400% | 12/1/16       | 452,000     | 467,938                |
| FirstEnergy Corp., Notes                                      | 7.375% | 11/15/31      | 830,000     | 1,008,091              |
| Pacific Gas & Electric Co., First Mortgage Bonds              | 6.050% | 3/1/34        | 140,000     | 178,519                |
| PNPP II Funding Corp., Senior Bonds                           | 9.120% | 5/30/16       | 58,000      | 58,362                 |
| Virginia Electric and Power Co., Senior Notes                 | 8.875% | 11/15/38      | 390,000     | 625,920                |
| <i>Total Electric Utilities</i>                               |        |               |             | <i>2,569,994</i>       |
| <b>Gas Utilities - 0.1%</b>                                   |        |               |             |                        |
| Southern Natural Gas Co., LLC, Senior Notes                   | 5.900% | 4/1/17        | 170,000     | 175,327 <sup>(a)</sup> |
| <b>Multi-Utilities - 0.2%</b>                                 |        |               |             |                        |
| DTE Energy Co., Senior Notes                                  | 6.350% | 6/1/16        | 260,000     | 262,124                |
| <b>TOTAL UTILITIES</b>  |        |               |             | <b>3,007,445</b>       |

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**TOTAL CORPORATE BONDS & NOTES**

(Cost - \$118,743,123) 124,872,711

**ASSET-BACKED SECURITIES - 0.8%**

|   |        |          |         |                           |
|---|--------|----------|---------|---------------------------|
| Countrywide Asset-Backed Certificates, 2004-6 1A1 | 0.976% | 12/25/34 | 514,490 | 468,187 <sup>(c)</sup>    |
| GoldenTree Loan Opportunities Ltd., 2015-10A D    | 3.974% | 7/20/27  | 250,000 | 211,966 <sup>(a)(c)</sup> |
| Madison Park Funding Ltd., 2013-11A C             | 3.369% | 10/23/25 | 250,000 | 236,214 <sup>(a)(c)</sup> |
| Regatta IV Funding Ltd., 2014-1A D                | 4.119% | 7/25/26  | 250,000 | 207,948 <sup>(a)(c)</sup> |

**TOTAL ASSET-BACKED SECURITIES**

(Cost - \$1,201,826) 1,124,315

**MUNICIPAL BONDS - 1.1%**

**California - 0.8%**

|  |        |         |         |         |
|--|--------|---------|---------|---------|
| Los Angeles County, CA, Public Works Financing Authority, Lease Revenue, Build America Bonds, Recovery Zone Economic Development | 7.618% | 8/1/40  | 650,000 | 952,237 |
| University of California Revenue, Taxable  | 4.062% | 5/15/33 | 150,000 | 156,536 |

*Total California* 1,108,773

**Illinois - 0.3%**

|   |        |        |         |         |
|---|--------|--------|---------|---------|
| Illinois State, GO, Build America Bonds-Taxable | 6.725% | 4/1/35 | 310,000 | 338,334 |
|---|--------|--------|---------|---------|

**TOTAL MUNICIPAL BONDS**

(Cost - \$1,448,002) 1,447,107

**See Notes to Schedule of Investments.**

## WESTERN ASSET INCOME FUND

Schedule of investments (unaudited) (cont d)

March 31, 2016

| SECURITY   | RATE   | MATURITY DATE | FACE AMOUNT | VALUE                    |
|--|--------|---------------|-------------|--------------------------|
| <b>SOVEREIGN BONDS - 0.9%</b>                          |        |               |             |                          |
| <b>Canada - 0.7%</b>                                   |        |               |             |                          |
| Quebec Province, Notes                                 | 7.970% | 7/22/36       | \$ 650,000  | \$ 991,821               |
| <b>Mexico - 0.0%</b>                                   |        |               |             |                          |
| United Mexican States, Senior Notes                    | 4.750% | 3/8/44        | 30,000      | 29,925                   |
| <b>Turkey - 0.2%</b>                                   |        |               |             |                          |
| Republic of Turkey, Senior Bonds                       | 4.250% | 4/14/26       | 210,000     | 204,448                  |
| <b>TOTAL SOVEREIGN BONDS</b>                           |        |               |             |                          |
| (Cost - \$972,544)                                     |        |               |             | 1,226,194                |
| <b>U.S. GOVERNMENT &amp; AGENCY OBLIGATIONS - 0.2%</b> |        |               |             |                          |
| <b>U.S. Government Obligations - 0.2%</b>              |        |               |             |                          |
| U.S. Treasury Bonds                                    | 3.000% | 11/15/45      | 250,000     | 269,893                  |
| U.S. Treasury Notes                                    | 1.625% | 2/15/26       | 17,000      | 16,753                   |
| <b>TOTAL U.S. GOVERNMENT &amp; AGENCY OBLIGATIONS</b>  |        |               |             |                          |
| (Cost - \$283,511)                                     |        |               |             | 286,646                  |
| <b>SHARES</b>  |        |               |             |                          |
| <b>PREFERRED STOCKS - 1.4%</b>                         |        |               |             |                          |
| <b>FINANCIALS - 1.4%</b>                               |        |               |             |                          |
| <b>Consumer Finance - 1.0%</b>                         |        |               |             |                          |
| GMAC Capital Trust I                                   | 6.402% |               | 52,500      | 1,286,775 <sup>(c)</sup> |
| <b>Diversified Financial Services - 0.3%</b>           |        |               |             |                          |
| Citigroup Capital XIII                                 | 6.988% |               | 15,253      | 401,001 <sup>(c)</sup>   |
| <b>Insurance - 0.1%</b>                                |        |               |             |                          |
| Delphi Financial Group Inc.                            | 7.376% |               | 5,725       | 140,084 <sup>(c)</sup>   |
| <b>TOTAL PREFERRED STOCKS</b>                          |        |               |             |                          |
| (Cost - \$1,777,407)                                   |        |               |             | 1,827,860                |
| <b>TOTAL INVESTMENTS - 98.0%</b>                       |        |               |             |                          |
| (Cost - \$124,426,413#)                                |        |               |             | 130,784,833              |
| Other Assets in Excess of Liabilities - 2.0%           |        |               |             | 2,662,617                |

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**TOTAL NET ASSETS - 100.0%**

\$ 133,447,450

- (a) Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. This security has been deemed liquid pursuant to guidelines approved by the Board of Directors, unless otherwise noted.
- (b) Security has no maturity date. The date shown represents the next call date.
- (c) Variable rate security. Interest rate disclosed is as of the most recent information available.

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

Abbreviation used in this schedule:

GO General Obligation

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.**

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**Notes to Schedule of Investments (unaudited)**

**1. Organization and significant accounting policies**

Western Asset Income Fund (the Fund) is registered under the Investment Company Act of 1940, as amended (1940 Act), as a closed-end diversified investment company.

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

The following are significant accounting policies consistently followed by the Fund and are in conformity with U.S. generally accepted accounting principles (GAAP).

**(a) Investment valuation.** The valuations for fixed income securities (which may include, but are not limited to, corporate, government, municipal, mortgage-backed, collateralized mortgage obligations and asset-backed securities) and certain derivative instruments are typically the prices supplied by independent third party pricing services, which may use market prices or broker/dealer quotations or a variety of valuation techniques and methodologies. The independent third party pricing services use inputs that are observable such as issuer details, interest rates, yield curves, prepayment speeds, credit risks/spreads, default rates and quoted prices for similar securities. Short-term fixed income securities that will mature in 60 days or less are valued at amortized cost, unless it is determined that using this method would not reflect an investment's fair value. Futures contracts are valued daily at the settlement price established by the board of trade or exchange on which they are traded. Equity securities for which market quotations are available are valued at the last reported sales price or official closing price on the primary market or exchange on which they trade. When the Fund holds securities or other assets that are denominated in a foreign currency, the Fund will normally use the currency exchange rates as of 4:00 p.m. (Eastern Time). If independent third party pricing services are unable to supply prices for a portfolio investment, or if the prices supplied are deemed by the manager to be unreliable, the market price may be determined by the manager using quotations from one or more broker/dealers or at the transaction price if the security has recently been purchased and no value has yet been obtained from a pricing service or pricing broker. When reliable prices are not readily available, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded, but before the Fund calculates its net asset value, the Fund values these securities as determined in accordance with procedures approved by the Fund's Board of Directors.

The Board of Directors is responsible for the valuation process and has delegated the supervision of the daily valuation process to the Legg Mason North 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<br>(LEVEL 1) | OTHER SIGNIFICANT<br>OBSERVABLE INPUTS<br>(LEVEL 2)       | SIGNIFICANT<br>UNOBSERVABLE<br>INPUTS<br>(LEVEL 3) |                |
| Long-Term Investments :              |                            |   |  |                |
| Corporate Bonds & Notes              |                            | \$ 124,872,711  |  | \$ 124,872,711 |
| Asset-Backed Securities              |                            | 1,124,315   |  | 1,124,315      |
| Municipal Bonds                      |                            | 1,447,107   |  | 1,447,107      |
| Sovereign Bonds                      |                            | 1,226,194   |  | 1,226,194      |
| U.S. Government & Agency Obligations |                            | 286,646   |  | 286,646        |
| Preferred Stocks                     | \$ 1,827,860               |   |  | 1,827,860      |
| Total Investments                    | \$ 1,827,860               | \$ 128,956,973  |  | \$ 130,784,833 |
| Other Financial Instruments:         |                            |   |  |                |
| Futures Contracts                    | 258,103                    |   |  | 258,103        |
| Total                                | \$ 2,085,963               | \$ 128,956,973  |  | \$ 131,042,936 |
|                                      |                            | LIABILITIES   |  |                |
| DESCRIPTION                          | QUOTED PRICES<br>(LEVEL 1) | OTHER<br>SIGNIFICANT<br>OBSERVABLE<br>INPUTS<br>(LEVEL 2) | SIGNIFICANT<br>UNOBSERVABLE<br>INPUTS<br>(LEVEL 3) | TOTAL          |
| Other Financial Instruments:         |                            |   |  |                |
| Futures Contracts                    | \$ 112,204                 |   |  | \$ 112,204     |

See Schedule of Investments for additional detailed categorizations.

**2. Investments**



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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      | \$ 10,024,400       |
| Gross unrealized depreciation      | (3,665,980)         |
| <b>Net unrealized appreciation</b> | <b>\$ 6,358,420</b> |

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

|  | Number of<br>Contracts | Expiration<br>Date | Basis<br>Value | Market<br>Value | Unrealized<br>Appreciation<br>(Depreciation) |
|--|------------------------|--------------------|----------------|-----------------|--|
| <b>Contracts to Buy:</b>                                     |                        |                    |                |                 |  |
| U.S. Treasury 2-Year Notes                                   | 20                     | 6/16               | \$ 4,373,815   | \$ 4,375,000    | \$ 1,185                                     |
| U.S. Treasury 5-Year Notes                                   | 149                    | 6/16               | 17,803,426     | 18,053,445      | 250,019                                      |
| U.S. Treasury 10-Year Notes                                  | 12                     | 6/16               | 1,557,789      | 1,564,688       | 6,899  |
| U.S. Treasury Ultra Long-Term Bonds                          | 5                      | 6/16               | 868,922        | 862,656         | (6,266)                                      |
|  |                        |                    |                |                 | 251,837                                      |
| <b>Contracts to Sell:</b>                                    |                        |                    |                |                 |  |
| U.S. Treasury Long-Term Bonds                                | 129                    | 6/16               | 21,106,500     | 21,212,438      | (105,938)                                    |
| <b>Net unrealized appreciation on open futures contracts</b> |                        |                    |                |                 | <b>\$ 145,899</b>                            |

**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 Income Fund

By:                   /s/ JANE TRUST  
                          **Jane Trust**  
                          **Chief Executive Officer**

Date: May 20, 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 20, 2016

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

Date: May 20, 2016