

Western Asset Investment Grade Income Fund Inc.
Form N-Q
May 21, 2018

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 Investment Grade Income Fund Inc.

(Exact name of registrant as specified in charter)

620 Eighth Avenue, 49th Floor, New York, NY 10018

(Address of principal executive offices) (Zip code)

Robert I. Frenkel, Esq.

Legg Mason & Co., LLC

100 First Stamford Place

Stamford, CT 06902

(Name and address of agent for service)

Registrant's telephone number, including area code: 1-888-777-0102

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

Date of reporting period: **March 31, 2018**

ITEM 1. SCHEDULE OF INVESTMENTS.

WESTERN ASSET INVESTMENT GRADE INCOME FUND INC.

FORM N-Q

MARCH 31, 2018

WESTERN ASSET INVESTMENT GRADE INCOME FUND INC.

Schedule of investments (unaudited)

March 31, 2018

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
CORPORATE BONDS & NOTES - 91.2%				
CONSUMER DISCRETIONARY - 7.6%				
Auto Components - 0.5%				
ZF North America Capital Inc., Senior Notes	4.750%	4/29/25	\$ 740,000	\$ 752,025 ^(a)
Automobiles - 0.9%				
Ford Motor Credit Co., LLC, Senior Notes	8.125%	1/15/20	410,000	444,054
General Motors Co., Senior Notes	6.600%	4/1/36	170,000	195,358
General Motors Co., Senior Notes	5.200%	4/1/45	310,000	302,675
General Motors Co., Senior Notes	6.750%	4/1/46	310,000	361,083
<i>Total Automobiles</i>				<i>1,303,170</i>
Hotels, Restaurants & Leisure - 0.4%				
GLP Capital LP/GLP Financing II Inc., Senior Notes	5.375%	4/15/26	180,000	183,150
McDonald's Corp., Senior Notes	4.700%	12/9/35	150,000	160,714
McDonald's Corp., Senior Notes	4.875%	12/9/45	230,000	251,245
<i>Total Hotels, Restaurants & Leisure</i>				<i>595,109</i>
Household Durables - 0.4%				
Newell Brands Inc., Senior Notes	4.200%	4/1/26	480,000	475,687
Internet & Direct Marketing Retail - 0.2%				
Amazon.com Inc., Senior Notes	3.875%	8/22/37	270,000	269,956 ^(a)
Media - 5.2%				
21st Century Fox America Inc., Senior Debentures	7.750%	12/1/45	130,000	196,130
21st Century Fox America Inc., Senior Notes	6.550%	3/15/33	545,000	694,031
CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes	5.125%	5/1/27	420,000	399,798 ^(a)
Charter Communications Operating LLC/Charter Communications Operating Capital Corp., Senior Secured Notes	6.384%	10/23/35	110,000	123,205
Charter Communications Operating LLC/Charter Communications Operating Capital Corp., Senior Secured Notes	6.484%	10/23/45	260,000	286,350
Charter Communications Operating LLC/Charter Communications Operating Capital Corp., Senior Secured Notes	5.375%	5/1/47	350,000	339,754
Comcast Corp., Bonds	6.400%	5/15/38	950,000	1,210,828
Comcast Corp., Notes	6.450%	3/15/37	220,000	280,555
Comcast Corp., Senior Notes	6.950%	8/15/37	160,000	215,274
Time Warner Cable LLC, Debentures	7.300%	7/1/38	200,000	240,462
Time Warner Cable LLC, Senior Bonds	6.550%	5/1/37	180,000	202,948
Time Warner Cable LLC, Senior Notes	8.750%	2/14/19	690,000	722,682
Time Warner Cable LLC, Senior Notes	6.750%	6/15/39	10,000	11,418
Time Warner Cable LLC, Senior Notes	5.500%	9/1/41	50,000	49,839
Time Warner Entertainment Co., LP, Senior Notes	8.375%	7/15/33	410,000	534,819
Time Warner Inc., Senior Notes	4.900%	6/15/42	150,000	151,973
UBM PLC, Notes	5.750%	11/3/20	570,000	585,257 ^(a)
Viacom Inc., Senior Debentures	5.250%	4/1/44	50,000	50,785
Viacom Inc., Senior Notes	4.875%	6/15/43	30,000	27,600

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Virgin Media Finance PLC, Senior Notes	6.375%	4/15/23	1,000,000	1,020,000 ^(a)
<i>Total Media</i>				7,343,708
TOTAL CONSUMER DISCRETIONARY				10,739,655
CONSUMER STAPLES - 2.7%				
Beverages - 1.6%				
Anheuser-Busch InBev Finance Inc., Senior Notes	4.900%	2/1/46	840,000	909,460
Anheuser-Busch InBev Worldwide Inc., Senior Notes	5.375%	1/15/20	260,000	272,113
Pernod-Ricard SA, Senior Bonds	5.750%	4/7/21	350,000	375,686 ^(a)
Pernod-Ricard SA, Senior Notes	5.500%	1/15/42	670,000	778,007 ^(a)
<i>Total Beverages</i>				2,335,266

See Notes to Schedule of Investments.

WESTERN ASSET INVESTMENT GRADE INCOME FUND INC.

Schedule of investments (unaudited) (cont d)

March 31, 2018

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Food & Staples Retailing - 0.1%				
Kroger Co., Senior Notes	4.650%	1/15/48	\$ 90,000	\$ 87,925
Food Products - 0.3%				
Kraft Heinz Foods Co., Senior Notes	5.000%	7/15/35	50,000	51,991
Kraft Heinz Foods Co., Senior Notes	5.000%	6/4/42	150,000	150,602
Kraft Heinz Foods Co., Senior Notes	5.200%	7/15/45	250,000	255,003
<i>Total Food Products</i>				<i>457,596</i>
Tobacco - 0.7%				
Philip Morris International Inc., Senior Notes	4.500%	3/20/42	100,000	103,772
Reynolds American Inc., Senior Notes	8.125%	5/1/40	270,000	387,559
Reynolds American Inc., Senior Notes	7.000%	8/4/41	320,000	413,885
Reynolds American Inc., Senior Notes	5.850%	8/15/45	90,000	105,668
<i>Total Tobacco</i>				<i>1,010,884</i>
TOTAL CONSUMER STAPLES				3,891,671
ENERGY - 16.2%				
Energy Equipment & Services - 0.7%				
ENSCO International Inc., Senior Bonds	7.200%	11/15/27	120,000	107,400
EnSCO PLC, Senior Notes	5.200%	3/15/25	370,000	299,700
Halliburton Co., Senior Notes	5.000%	11/15/45	200,000	218,477
Petrofac Ltd., Senior Notes	3.400%	10/10/18	310,000	308,063 ^(a)
Pride International Inc., Senior Notes	7.875%	8/15/40	20,000	17,050
<i>Total Energy Equipment & Services</i>				<i>950,690</i>
Oil, Gas & Consumable Fuels - 15.5%				
Anadarko Finance Co., Senior Notes	7.500%	5/1/31	465,000	595,392
Anadarko Petroleum Corp., Senior Notes	4.850%	3/15/21	460,000	478,368
Anadarko Petroleum Corp., Senior Notes	5.550%	3/15/26	460,000	502,951
Apache Corp., Senior Notes	6.900%	9/15/18	100,000	101,907
Apache Corp., Senior Notes	6.000%	1/15/37	190,000	215,719
Apache Corp., Senior Notes	5.100%	9/1/40	160,000	164,327
Apache Corp., Senior Notes	5.250%	2/1/42	90,000	93,979
Cenovus Energy Inc., Senior Notes	5.250%	6/15/37	90,000	90,838
ConocoPhillips, Notes	6.500%	2/1/39	810,000	1,066,937
Continental Resources Inc., Senior Notes	4.375%	1/15/28	280,000	273,350 ^(a)
Devon Energy Corp., Senior Notes	5.850%	12/15/25	350,000	398,143
Devon Energy Corp., Senior Notes	5.600%	7/15/41	320,000	361,462
Devon Energy Corp., Senior Notes	5.000%	6/15/45	270,000	288,045
Ecopetrol SA, Senior Notes	5.375%	6/26/26	740,000	772,930
Ecopetrol SA, Senior Notes	5.875%	5/28/45	176,000	174,187
Enbridge Energy Partners LP, Senior Notes	9.875%	3/1/19	120,000	127,201
Energy Transfer Equity LP, Senior Notes	7.500%	10/15/20	250,000	269,844
	5.375%	2/15/78	540,000	519,486 ^(b)

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Enterprise Products Operating LLC, Junior Subordinated Notes (5.375% to 2/15/28 then 3 mo. USD LIBOR + 2.570%)				
Enterprise Products Operating LLC, Senior Notes	6.125%	10/15/39	320,000	384,780
Enterprise Products Operating LLC, Senior Notes	4.250%	2/15/48	170,000	166,382
Hess Corp., Notes	7.875%	10/1/29	1,180,000	1,448,371
Hess Corp., Senior Bonds	6.000%	1/15/40	300,000	317,715
Kerr-McGee Corp., Notes	6.950%	7/1/24	1,080,000	1,249,058

See Notes to Schedule of Investments.

WESTERN ASSET INVESTMENT GRADE INCOME FUND INC.

Schedule of investments (unaudited) (cont d)

March 31, 2018

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Oil, Gas & Consumable Fuels - (continued)				
Kinder Morgan Inc., Medium-Term Notes	7.800%	8/1/31	\$ 2,000,000	\$ 2,549,521
LUKOIL International Finance BV, Senior Notes	4.563%	4/24/23	200,000	202,063 ^(a)
MEG Energy Corp., Senior Notes	6.375%	1/30/23	600,000	504,000 ^(a)
MPLX LP, Senior Notes	4.500%	4/15/38	380,000	376,413
Noble Energy Inc., Senior Notes	6.000%	3/1/41	390,000	447,971
Noble Energy Inc., Senior Notes	5.250%	11/15/43	150,000	160,514
Noble Energy Inc., Senior Notes	4.950%	8/15/47	390,000	407,912
Petrobras Global Finance BV, Senior Notes	7.375%	1/17/27	640,000	694,720
Petrobras Global Finance BV, Senior Notes	6.850%	6/5/2115	300,000	285,000
Petroleos Mexicanos, Senior Bonds	6.625%	6/15/35	2,635,000	2,732,311
Petroleos Mexicanos, Senior Notes	6.875%	8/4/26	450,000	495,675
Phillips 66, Senior Notes	5.875%	5/1/42	160,000	192,950
Shell International Finance BV, Senior Notes	6.375%	12/15/38	250,000	332,626
Transcontinental Gas Pipe Line Co., LLC, Senior Notes	7.850%	2/1/26	470,000	579,170
Transcontinental Gas Pipe Line Co., LLC, Senior Notes	5.400%	8/15/41	310,000	342,525
Western Gas Partners LP, Senior Notes	4.650%	7/1/26	660,000	669,279
Williams Cos. Inc., Debentures	7.500%	1/15/31	47,000	57,428
Williams Cos. Inc., Senior Notes	7.750%	6/15/31	37,000	45,325
Williams Cos. Inc., Senior Notes	8.750%	3/15/32	610,000	811,300
<i>Total Oil, Gas & Consumable Fuels</i>				<i>21,948,075</i>
TOTAL ENERGY				22,898,765
FINANCIALS - 33.1%				
Banks - 20.0%				
Banco Nacional de Costa Rica, Senior Notes	5.875%	4/25/21	340,000	352,538 ^(a)
Bank of America Corp., Senior Notes (3.004% to 12/20/22 then 3 mo. USD LIBOR + 0.790%)	3.004%	12/20/23	107,000	105,020 ^{(a)(b)}
Bank of America Corp., Senior Notes (3.593% to 7/21/27 then 3 mo. USD LIBOR + 1.370%)	3.593%	7/21/28	140,000	136,138 ^(b)
Bank of America Corp., Senior Notes	5.875%	2/7/42	320,000	400,038
Bank of America Corp., Subordinated Notes	6.110%	1/29/37	320,000	386,157
Bank of America Corp., Subordinated Notes	7.750%	5/14/38	900,000	1,249,723
Bank of Montreal, Senior Notes	1.450%	4/9/18	1,000,000	999,824
Barclays Bank PLC, Subordinated Notes	10.179%	6/12/21	240,000	281,907 ^(a)
Barclays Bank PLC, Subordinated Notes	7.625%	11/21/22	450,000	494,651
Barclays PLC, Subordinated Notes	4.836%	5/9/28	240,000	236,263
BBVA Bancomer SA, Subordinated Notes (5.125% to 1/18/28 then 5 year Treasury Constant Maturity Rate + 2.650%)	5.125%	1/18/33	660,000	636,900 ^{(a)(b)}
BNP Paribas SA, Junior Subordinated Notes (7.625% to 3/30/21 then USD 5 year Swap Rate + 6.314%)	7.625%	3/30/21	330,000	355,163 ^{(a)(b)(c)}
BNP Paribas SA, Junior Subordinated Notes (7.375% to 8/19/25 then USD 5 year Swap Rate + 5.150%)	7.375%	8/19/25	200,000	218,000 ^{(a)(b)(c)}
BNP Paribas SA, Subordinated Notes	4.625%	3/13/27	700,000	712,472 ^(a)
BPCE SA, Subordinated Notes	5.150%	7/21/24	410,000	428,397 ^(a)
Citigroup Inc., Senior Notes	2.500%	9/26/18	1,000,000	999,820
Citigroup Inc., Senior Notes	8.125%	7/15/39	251,000	381,249
Citigroup Inc., Senior Notes	5.875%	1/30/42	240,000	296,866

See Notes to Schedule of Investments.

WESTERN ASSET INVESTMENT GRADE INCOME FUND INC.

Schedule of investments (unaudited) (cont d)

March 31, 2018

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Banks - (continued)				
Citigroup Inc., Subordinated Notes	5.500%	9/13/25	\$ 750,000	\$ 813,278
Citigroup Inc., Subordinated Notes	4.450%	9/29/27	400,000	405,202
Citigroup Inc., Subordinated Notes	6.125%	8/25/36	404,000	479,411
Citigroup Inc., Subordinated Notes	6.675%	9/13/43	370,000	481,117
Commonwealth Bank of Australia, Notes	2.200%	11/9/20	1,000,000	976,211 ^(a)
Cooperatieve Rabobank U.A., Junior Subordinated Notes (11.000% to 6/30/19 then 3 mo. USD LIBOR + 10.868%)	11.000%	6/30/19	708,000	776,860 ^{(a)(b)(c)}
Cooperatieve Rabobank U.A., Senior Notes	5.250%	5/24/41	570,000	681,336
Cooperatieve Rabobank U.A., Subordinated Notes	5.750%	12/1/43	450,000	540,057
Cooperatieve Rabobank U.A., Subordinated Notes	5.250%	8/4/45	340,000	383,388
Credit Agricole SA, Junior Subordinated Notes (8.375% to 10/13/19 then 3 mo. USD LIBOR + 6.982%)	8.375%	10/13/19	560,000	602,000 ^{(a)(b)(c)}
Credit Agricole SA, Junior Subordinated Notes (8.125% to 12/23/25 then USD 5 year Swap Rate + 6.185%)	8.125%	12/23/25	1,040,000	1,187,559 ^{(a)(b)(c)}
HSBC Holdings PLC, Subordinated Bonds (6.250% to 3/23/23 then USD 5 year ICE Swap Rate + 3.453%)	6.250%	3/23/23	300,000	307,125 ^{(b)(c)}
HSBC Holdings PLC, Subordinated Bonds (6.500% to 3/23/28 then USD 5 year ICE Swap Rate + 3.606%)	6.500%	3/23/28	300,000	306,375 ^{(b)(c)}
HSBC Holdings PLC, Subordinated Notes	4.250%	8/18/25	210,000	208,699
ING Bank NV, Subordinated Notes	5.800%	9/25/23	600,000	649,294 ^(a)
Intesa Sanpaolo SpA, Senior Notes	3.125%	7/14/22	300,000	290,219 ^(a)
Intesa Sanpaolo SpA, Senior Notes	3.875%	7/14/27	360,000	340,778 ^(a)
Intesa Sanpaolo SpA, Subordinated Notes	5.710%	1/15/26	690,000	693,538 ^(a)
JPMorgan Chase & Co., Junior Subordinated Bonds (6.000% to 8/1/23 then 3 mo. USD LIBOR + 3.300%)	6.000%	8/1/23	260,000	268,728 ^{(b)(c)}
JPMorgan Chase & Co., Senior Notes (4.260% to 2/22/47 then 3 mo. USD LIBOR + 1.580%)	4.260%	2/22/48	100,000	100,855 ^(b)
JPMorgan Chase & Co., Subordinated Notes	5.625%	8/16/43	440,000	514,432
JPMorgan Chase & Co., Subordinated Notes	4.950%	6/1/45	150,000	162,679
Lloyds Banking Group PLC, Junior Subordinated Bonds (7.500% to 6/27/24 then USD 5 year Swap Rate + 4.760%)	7.500%	6/27/24	360,000	391,050 ^{(b)(c)}
Royal Bank of Scotland Group PLC, Junior Subordinated Bonds (7.648% to 9/30/31 then 3 mo. USD LIBOR + 2.500%)	7.648%	9/30/31	1,360,000	1,706,800 ^{(b)(c)}
Royal Bank of Scotland Group PLC, Junior Subordinated Notes (8.625% to 8/15/21 then USD 5 year Swap Rate + 7.598%)	8.625%	8/15/21	590,000	642,362 ^{(b)(c)}
Royal Bank of Scotland Group PLC, Subordinated Notes	6.100%	6/10/23	1,010,000	1,073,440
Royal Bank of Scotland Group PLC, Subordinated Notes	6.000%	12/19/23	350,000	373,300
Royal Bank of Scotland NV, Subordinated Bonds	7.750%	5/15/23	480,000	550,613
Santander UK Group Holdings PLC, Subordinated Notes	4.750%	9/15/25	210,000	211,595 ^(a)
Standard Chartered PLC, Subordinated Notes	5.700%	3/26/44	410,000	453,268 ^(a)
U.S. Bank N.A., Senior Notes	2.050%	10/23/20	500,000	489,466
Wachovia Capital Trust III, Junior Subordinated Bonds (the greater of 3 mo. USD LIBOR + 0.930% or 5.570%)	5.570%	4/30/18	1,190,000	1,187,084 ^{(b)(c)}
Wells Fargo & Co., Senior Notes	3.000%	10/23/26	310,000	290,625
Wells Fargo & Co., Subordinated Notes	5.375%	11/2/43	430,000	475,789
Wells Fargo & Co., Subordinated Notes	4.750%	12/7/46	580,000	595,744
<i>Total Banks</i>				28,281,403

See Notes to Schedule of Investments.

WESTERN ASSET INVESTMENT GRADE INCOME FUND INC.

Schedule of investments (unaudited) (cont d)

March 31, 2018

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Capital Markets - 5.3%				
CME Group Inc., Senior Notes	5.300%	9/15/43	\$ 440,000	\$ 538,488
Credit Suisse Group AG, Junior Subordinated Notes (6.250% to 12/18/24 then USD 5 year Swap Rate + 3.455%)	6.250%	12/18/24	1,170,000	1,203,509 ^{(a)(b)(c)}
Credit Suisse Group Funding Guernsey Ltd., Senior Notes	4.875%	5/15/45	850,000	902,670
Goldman Sachs Group Inc., Senior Bonds	4.750%	10/21/45	270,000	289,597
Goldman Sachs Group Inc., Senior Notes	5.375%	3/15/20	270,000	281,607
Goldman Sachs Group Inc., Senior Notes	6.250%	2/1/41	570,000	724,219
Goldman Sachs Group Inc., Subordinated Notes	6.750%	10/1/37	640,000	803,152
Goldman Sachs Group Inc., Subordinated Notes	5.150%	5/22/45	500,000	539,348
KKR Group Finance Co. III LLC, Senior Bonds	5.125%	6/1/44	820,000	845,174 ^(a)
Moody's Corp., Senior Notes	2.750%	12/15/21	500,000	491,350
Morgan Stanley, Medium-Term Notes	6.625%	4/1/18	100,000	100,000
Morgan Stanley, Senior Notes	5.500%	7/24/20	100,000	105,098
Morgan Stanley, Senior Notes (3.772% to 1/24/28 then 3 mo. USD LIBOR + 1.140%)	3.772%	1/24/29	110,000	108,429 ^(b)
Morgan Stanley, Senior Notes	6.375%	7/24/42	90,000	116,848
UBS AG Stamford CT, Subordinated Notes	7.625%	8/17/22	340,000	382,500
<i>Total Capital Markets</i>				7,431,989
Consumer Finance - 1.5%				
Ally Financial Inc., Subordinated Notes	8.000%	12/31/18	201,000	207,784
Navient Corp., Senior Notes	7.250%	1/25/22	830,000	879,800
Navient Corp., Senior Notes	6.125%	3/25/24	290,000	290,362
Synchrony Financial, Senior Notes	3.700%	8/4/26	856,000	801,957
<i>Total Consumer Finance</i>				2,179,903
Diversified Financial Services - 2.3%				
Carlyle Holdings II Finance LLC, Senior Secured Notes	5.625%	3/30/43	220,000	240,841 ^(a)
ILFC E-Capital Trust I, Junior Subordinated Notes ((Highest of 3 mo. USD LIBOR, 10 year U.S. Treasury Constant Maturity Rate and 30 year U.S. Treasury Constant Maturity Rate) + 1.550%)	4.640%	12/21/65	470,000	459,425 ^{(a)(b)}
ILFC E-Capital Trust II, Bonds ((Highest of 3 mo. USD LIBOR, 10 year U.S. Treasury Constant Maturity Rate and 30 year U.S. Treasury Constant Maturity Rate) + 1.800%)	4.890%	12/21/65	270,000	265,275 ^{(a)(b)}
International Lease Finance Corp., Senior Notes	6.250%	5/15/19	130,000	134,498
International Lease Finance Corp., Senior Notes	8.250%	12/15/20	190,000	211,672
International Lease Finance Corp., Senior Secured Notes	7.125%	9/1/18	700,000	711,731 ^(a)
Park Aerospace Holdings Ltd., Senior Notes	5.250%	8/15/22	392,000	385,512 ^(a)
Park Aerospace Holdings Ltd., Senior Notes	5.500%	2/15/24	220,000	213,950 ^(a)
Voya Financial Inc., Senior Notes	5.700%	7/15/43	500,000	574,120
<i>Total Diversified Financial Services</i>				3,197,024
Insurance - 4.0%				
Allstate Corp., Junior Subordinated Debentures (6.500% to 5/15/37 then 3 mo. USD LIBOR + 2.120%)	6.500%	5/15/57	480,000	558,000 ^(b)
	6.250%	3/15/87	80,000	85,000 ^(b)

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American International Group Inc., Junior Subordinated Debentures
(6.250% to 3/15/37 then 3 mo. USD LIBOR + 2.056%)

American International Group Inc., Senior Notes	6.400%	12/15/20	90,000	97,103
American International Group Inc., Senior Notes	4.750%	4/1/48	120,000	124,096
Aon PLC, Senior Notes	4.750%	5/15/45	90,000	93,946

See Notes to Schedule of Investments.

WESTERN ASSET INVESTMENT GRADE INCOME FUND INC.

Schedule of investments (unaudited) (cont d)

March 31, 2018

	SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Insurance - (continued)					
	AXA SA, Subordinated Bonds	8.600%	12/15/30	\$ 200,000	\$ 272,500
	Brighthouse Financial Inc., Senior Notes	3.700%	6/22/27	550,000	511,262 ^(a)
	Delphi Financial Group Inc., Senior Notes	7.875%	1/31/20	170,000	