

SECURITIES AND EXCHANGE COMMISSION

FORM N-30D

Initial annual and semi-annual reports mailed to investment company shareholders pursuant to Rule 30e-1 (other than those required to be submitted as part of Form NCSR)

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FILER

LEGG MASON INCOME TRUST INC

CIK: **810868** | State of Incorporation: **MD** | Fiscal Year End: **1231**
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Semi-Annual Report
June 30, 1999

Legg Mason
Income
Trust, Inc.

U.S. Government Intermediate

Investment Grade

High Yield

Navigator Class

LEGG
MASON
FUNDS
[LOGO APPEARS HERE]

HOW TO INVEST(SM)

To Our Shareholders,

We are pleased to provide you with Legg Mason Income Trust's semi-annual report, combining reports for the Navigator Classes of LeggMason U.S. Government Intermediate Portfolio, Investment Grade Income Portfolio and High Yield Portfolio for the period ended June 30, 1999.

The following table summarizes key statistics for the Navigator Class shares of each Fund, as of June 30, 1999:

<TABLE>
<CAPTION>

	SEC Yield(1)	Average Life	Net Asset Value Per Share
	-----	-----	-----
<S><C>			
Government Intermediate	+5.49%	8.49 years	\$10.10
Investment Grade	+6.60%	12.20 years	\$ 9.96
High Yield	+6.39%	4.38 years	\$15.56

</TABLE>

Net asset values per share of Government Intermediate and Investment Grade declined from their December 31, 1998 levels, reflecting the rise in interest rates which occurred over the six-month period. Despite generally higher interest rates, High Yield's net asset value per share rose during the six months, reflecting gains in the value of its portfolio holdings. Total returns(2) for the Navigator Class of shares of Government Intermediate, Investment Grade and High Yield during the six-month period were -1.3%, -2.0% and +8.6%, (3) respectively.

For each of our Funds, historical performance is not indicative of future results, and the principal value of our holdings will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost.

During 1998 and into 1999, focus on the Year 2000 issue increased significantly. As you know, the Year 2000 issue is a computer programming problem that affects the ability of computers to correctly process dates of January 1, 2000, and beyond. The Funds' Year 2000 project is well underway, and is designed to ensure that the Year 2000 date change will have no adverse impact on our ability to service our shareholders. The Funds are committed to taking those steps necessary to protect our investors, including efforts to determine that the Year 2000 problem will not affect such vital service functions as shareholder transaction processing and recordkeeping. In addition, we are continuously monitoring the Year 2000 efforts of our vendors, and will perform tests with our critical vendors throughout 1999. Although the Funds are taking steps to ensure that all of their systems will function properly before, during, and after the Year 2000, the Funds could be adversely affected by computer-related problems associated with the Year 2000. Contingency plans are in place to ensure that

(1) SEC yields reported for the U.S. Government Intermediate, Investment Grade

and High Yield Portfolios are for the 30 days ended June 30, 1999.

- (2) Total return measures investment performance in terms of appreciation or depreciation in net asset value per share plus dividends and any capital gain distributions. It assumes that dividends and distributions were reinvested at the time they were paid.
- (3) Reflects total return for a Navigator share held for the period January 1 to January 28, 1999, converted to a Primary share for the period January 29 to March 7, 1999, and reconverted to a Navigator share for the period March 8 to June 30, 1999.

functions critical to the Funds' operations will continue without interruption. We are on target to complete this important project and look forward to continuing extensive testing (including industry-wide testing) with our industry peers, regulators and vendors throughout 1999.

For several operational reasons, we have changed the capital gain distribution payment schedule for the Funds. Our new schedule is to make capital gain distributions, if any, in June and December. As a result, on June 18, Investment Grade paid a long-term capital gain distribution of \$0.03 per share to shareholders of record on June 16. No capital gain distributions were paid by the other Funds.

Sincerely,

/s/ John F. Curley, Jr.

John F. Curley, Jr.
Chairman

August 6, 1999

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Portfolio Managers' Comments
Legg Mason Income Trust, Inc.

MARKET OVERVIEW

Events in the fixed-income markets so far this year have been dominated by the continued robust strength of the U.S. economy and fears that this strength may create inflationary pressures in the future. Although measured inflation did jump in April as a result of sharply higher energy prices, most other sensitive indicators of inflation remained subdued and the dollar registered impressive gains against most currencies. Nevertheless, the Federal Reserve made inflation concerns official by deciding to raise interest rates in June, citing as the primary reason tight labor markets and supposedly "above-trend" economic growth. The net result of these developments was a sharp increase in interest rates, with intermediate-term rates rising somewhat more than long-term rates, reflecting the fact that concerns over further Fed tightening were greater than concerns over any significant rise in future inflation. The strength of the economy served to bolster the outlook for earnings, resulting in a narrowing of high yield and corporate credit spreads, but volatile interest rates kept mortgage spreads fairly wide. With the Fed eager to take out insurance against a potential rise in inflation and the bond market upping the ante with much higher interest rates, signs began emerging in recent months that tight monetary policy was taking the edge off the economy's strength. Payroll employment growth has slowed this year, and the interest-sensitive housing and construction sectors have experienced a noticeable slowdown in activity.

US. GOVERNMENT INTERMEDIATE AND INVESTMENT GRADE PORTFOLIOS

Results for both Funds were somewhat disappointing, but dominated by the sharp rise in interest rates, which ran counter to the Funds' positioning for declining interest rates. The negative impact of higher yields was somewhat offset, however, by a barbell emphasis on longer-maturity bonds, as these suffered relatively less in a flattening yield curve environment. An overweight exposure to corporate bonds and emerging market debt made a moderate contribution to performance, but this was offset to a degree by an emphasis on discount coupon mortgages, as these underperformed other sectors of the mortgage market as interest rates rose. A moderate exposure to inflation-indexed bonds contributed to performance for the period, as real yields rose by much less than the rise in nominal yields, and the brief acceleration of inflation added to their total returns.

For the six-month period ended June 30, 1999, Government Intermediate produced a total return of -1.28% for the Navigator Class, versus the Salomon Bros. Medium-Term Treasury/Government-Sponsored Index return of -0.50%.

Investment Grade generated a total return of -2.04% for the Navigator Class, versus the Salomon Bros. Broad Investment Grade Index return of -1.39%.

HIGH YIELD PORTFOLIO

The High Yield portfolio benefited during the period from the general narrowing of credit spreads, but strong overall performance was primarily driven by the Fund's warrant-acquired equity exposure to Global Crossing, whose shares soared in the first quarter. Also contributing to performance was a return to more normal conditions in the high yield market, since this benefited in particular the Fund's exposure to the lower quality sectors which had underperformed in the prior period. In addition, a diminution of Fund redemptions, which had adversely impacted performance in the prior period,

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Portfolio Managers' Comments--Continued

provided a more stable backdrop for returns in this period as it reduced the need to hold precautionary levels of cash.

For the six-month period, High Yield posted a total return of 8.58%(1) for the Navigator Class, versus the Lehman Bros. High Yield Index return of 2.2%

MARKET COMMENTARY AND OUTLOOK

Despite recent concerns, core inflation (ex-energy) has been in a steady descent for almost 10 years, and now sits at its lowest level in 35 years. Yet inflation and Fed tightening hysteria have risen even as the dollar continues its climb to a ten-year high against the vast majority of the world's currencies: this defies a reasoned explanation. Inflation is defined as the loss of purchasing power of one's unit of account, so the dollar can't be gaining purchasing power worldwide but also suffering from inflation. In addition, historical evidence shows a strong link between a rising currency and falling inflation: since 1970, the U.S. inflation rate has only trended down during periods of a stable or strong dollar. Weak commodity prices also bolster the dollar's value. Despite the sizeable gains in oil and lumber this year, most commodity prices are trading at historically depressed levels, with the average commodity having fallen some 20% in the past three years.

Meanwhile, the U.S. stock market has reached new highs on the back of the economy's strength, and even most global stock markets have been moving up of late. But the corporate bond market has taken credit spreads to recessionary levels, apparently out of fear that the good times won't last. Plus, the world's capital markets assign such a high probability to the imminent demise and default of emerging market countries that their bond spreads are trading at eye-popping levels of 1,000 basis points.(2) It is more than challenging to reconcile the strength of world equity markets with the fear embodied in spreads throughout the world credit markets.

Behind the scenes, the main engine driving the dynamic U.S. economy is the fabulous high-tech revolution. It continues to offer its boon to mankind in the form of ever-cheaper and ever-more- powerful computational and productivity tools. So far this has been a virtuous growth cycle, because the incentives to invest in U.S. productivity have been enormous. With low inflation and even deflation the new norm, the only investments that pay off are those which can reduce costs and/or increase the productivity of labor (as opposed to the speculative investments that paid off in the inflationary 1970s). It is no wonder that labor is becoming scarce and real wages are rising, with so much new capital chasing the average worker. More importantly, it is not hard to see why low inflation is a stimulus to growth, since productive investments are the only game in town.

Nevertheless, the Fed appears determined to slow down this engine of growth that is the U.S. economy. To date their efforts to tighten monetary policy have proved beneficial, because they result in lower inflation and a stronger dollar and that attracts more new investment. But at some point tighter monetary policy and sharply higher interest rates are likely to take a toll on growth, and there is a

(1) Reflects total return for a Navigator share held for the period January 1 to January 28, 1999, converted to a Primary share for the period January 29 to March 7, 1999, and reconverted to a Navigator share for the period March 8 to June 30, 1999.

(2) 100 basis points = 1%.

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growing body of evidence to suggest that this is occurring. Wide credit spreads

begin to make sense in this context, because you don't want a lot of debt when tight money and the prospect of slowing growth are in the air. Still, it is hard to imagine that the Fed would risk an outright deflation or recession scenario. After all, they were quick to ease when the going got rough last year, and they have plenty of room to ease should deflation risks get out of hand tomorrow.

STRATEGY

The great difficulty we face today is balancing our belief that the inflation fundamentals (e.g., a strong dollar, weak gold and commodity prices, high real interest rates and a flat yield curve) remain very bullish for bonds, with the recognition that healthy economic growth fundamentals have become antagonistic. The near-term direction of rates will depend on whether the U.S. economy grows by more than the Federal Reserve feels comfortable with, but the long-term direction should be dictated by the continuing evidence of tight money and low inflation. It may turn out that the economy slows by enough to allay the Fed's concerns, but even if it doesn't, the bond market cannot forever ignore the reality of continued low inflation. In the meantime, deflation risks remain more of a concern than reflation risks.

This leaves us with a desire to remain long duration, but with a barbelled exposure to maturities to hedge the near-term risk of continued strength in the economy. Still, we will look for opportunities to reduce the barbell in anticipation of an eventual move by the Fed to ease credit conditions. Credit spreads and mortgage spreads appear wide enough to warrant holding overweight exposures to these sectors, but economic slowdown risks call for some defensive measures in the form of higher credit quality, broad diversification and lower coupon mortgages to minimize prepayment exposure. On balance and over time, we expect that the portfolios will benefit handsomely from a decline in interest rates to levels that are more commensurate with today's benign inflation environment. In addition, we believe that today's relatively wide spreads in corporate, emerging market and mortgage debt are unlikely to persist, and that they also will return to levels more commensurate with what appears to be reasonably healthy economic fundamentals.

Western Asset Management Company

July 30, 1999

Performance Information
Legg Mason Income Trust, Inc.

TOTAL RETURNS FOR ONE AND THREE YEARS AND LIFE OF CLASS, AS OF JUNE 30, 1999

The returns shown are based on historical results and are not intended to indicate future performance. Total return measures investment performance in terms of appreciation or depreciation in a Fund's net asset value per share, plus dividends and any capital gain distributions. It assumes that dividends and distributions were reinvested at the time they were paid. The investment return and principal value of an investment in each of these Funds will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Average annual returns tend to smooth out variations in a Fund's return, so that they differ from actual year-to-year results. No adjustment has been made for any income taxes payable by shareholders.

The Government Intermediate, Investment Grade and High Yield Portfolios each have two classes of shares: Primary Class and Navigator Class. Information about the Primary Class, offered only to retail investors, is contained in a separate report to its shareholders.

The Funds' total returns as of June 30, 1999, were as follows:

<TABLE>
<CAPTION>

	U.S. Government Intermediate Portfolio	Investment Grade Income Portfolio	High Yield Portfolio (A)

<S><C>			
Average Annual Total Return			
Navigator Class:			
One Year	+2.19%	+1.76%	-1.53%
Three Years	+6.03	+7.39	N/A
Life of Class (B)	+7.18	+6.36	+0.93
Cumulative Total Return			
Navigator Class:			
One Year	+2.19%	+1.76%	-1.53%
Three Years	+19.20	+23.84	N/A
Life of Class (B)	+37.39	+24.37	+1.07

</TABLE>

(A) Reflects total returns for a Navigator share from the beginning of the referenced period to January 28, 1999, converted to a Primary share for the period January 29 to March 7, 1999, and reconverted to a Navigator share for the period March 8, 1999, to June 30, 1999.

(B) Navigator Class inception dates are:
U.S. Government Intermediate-Term Portfolio -- December 1, 1994
Investment Grade Income Portfolio -- December 1, 1995
High Yield Portfolio -- May 5, 1998

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Statement of Net Assets
Legg Mason Income Trust, Inc.
June 30, 1999 (Unaudited)
(Amounts in Thousands)

U.S. Government Intermediate-Term Portfolio

<TABLE>

<CAPTION>

	Rate	Maturity Date	Par/Shares	Value

<S><C>				
U.S. Government and Agency Obligations -- 34.7%				
Fixed-Rate Securities -- 26.1%				
United States Treasury Bonds	5.25%	11/15/28	\$ 4,320	\$ 3,829
United States Treasury Notes	5.25%	5/15/04	4,700	4,618
United States Treasury Notes	7.50%	2/15/05	1,810	1,949
United States Treasury Notes	6.875%	5/15/06	37,800	39,796
United States Treasury Notes	6.50%	10/15/06	31,830	32,864
United States Treasury Notes	6.125%	8/15/07	6,670	6,742
United States Treasury Notes	5.50%	5/15/09	60	59

				89,857

Indexed Securities -- 8.6%				
United States Treasury Inflation-Indexed Security	3.375%	1/15/07	6,399	6,135 (A)
United States Treasury Inflation-Indexed Security	3.625%	1/15/08	2,798	2,719 (A)
United States Treasury Inflation-Indexed Security	3.875%	4/15/29	21,099	20,809 (A)

				29,663

Total U.S. Government and Agency Obligations (Identified Cost-- \$121,221)				119,520

U.S. Government Agency Mortgage-Backed Securities -- 50.4%

Fixed-Rate Securities -- 48.0%

Fannie Mae	11.50%	4/1/04	634	654
Fannie Mae	8.50%	6/1/10 to 8/1/11	1,877	1,941
Fannie Mae	6.50%	11/1/10 to 4/1/29	41,676	40,539
Fannie Mae	12.50%	11/1/12 to 4/1/18	2,062	2,242
Fannie Mae	7%	1/1/13 to 6/1/29	45,887	45,377
Fannie Mae	7%	7/1/13	5,000	4,942 (B)
Fannie Mae	9.50%	7/1/14	547	580
Fannie Mae	11%	12/1/15	481	521
Fannie Mae	9%	11/1/21	1,285	1,360
Fannie Mae	6%	11/1/27 to 4/1/29	3,410	3,203
Freddie Mac	10.75%	7/1/00	2	2
Freddie Mac	8.75%	2/1/01 to 10/1/01	270	276
Freddie Mac	9%	2/1/02 to 1/1/21	2,014	2,122
Freddie Mac	8.25%	2/1/08	251	258
Freddie Mac	8.50%	12/1/08 to 6/1/21	1,275	1,325
Freddie Mac	9.75%	11/1/09 to 11/1/14	301	316
Freddie Mac	5.50%	2/1/14	197	187
Freddie Mac	6.25%	11/15/18	12,000	11,981
Freddie Mac	6.50%	4/1/29	32,846	31,706
Government National Mortgage Association	9%	7/15/04 to 9/15/22	2,789	2,918

</TABLE>

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Statement of Net Assets -- Continued
Legg Mason Income Trust, Inc.

U.S. Government Intermediate-Term Portfolio--Continued

<TABLE>

<CAPTION>

	Rate	Maturity Date	Par/Shares	Value
--	------	---------------	------------	-------

<S><C>				
Fixed-Rate Securities -- Continued				
Government National Mortgage Association	6%	5/15/14 to 3/15/29	\$ 8,969	\$ 8,406
Government National Mortgage Association	6.50%	7/15/28 to 3/15/29	4,954	4,764

				165,620

Indexed Securities(C) -- 1.4%				
Government National Mortgage Association	6.125%	12/20/21	1,705	1,735
Government National Mortgage Association	6.875%	6/20/22	2,899	2,925

				4,660

Variable-Rate Securities(D) -- 1.0%				
Government National Mortgage Association	6.125%	10/20/17	482	490
Government National Mortgage Association	6.625%	7/20/22 to 8/20/22	2,865	2,902

				3,392

Total U.S. Government Agency Mortgage-Backed Securities (Identified Cost -- \$177,152)				173,672

Corporate Bonds and Notes -- 2.9%				
Banking and Finance -- 2.9%				
Crestar Capital Trust I	8.16%	12/15/26	10,000	10,025

Total Corporate Bonds and Notes (Identified Cost -- \$11,032)				10,025

Yankee Bonds(E)-- 0.9%				
Fixed-Rate Securities -- 0.9%				
Petrozuata Finance, Inc.	7.63%	4/1/09	3,910	3,286 (F)

Total Yankee Bonds (Identified Cost-- \$4,011)				3,286

Short-Term Investments -- 12.2%				
Corporate Bonds and Notes -- 0.6%				
US West Capital Funding Incorporated	5.818%	6/15/00	2,200	2,199 (F)

U. S. Government and Agency Obligations -- 0.3%				
Freddie Mac	4.72%	11/12/99	1,000	983 (G)

Repurchase Agreement -- 11.3%				
Merrill Lynch Government Securities, Inc.				
4.95%, dated 6/30/99, to be repurchased at				
\$38,835 on 7/1/99 (Collateral: \$39,660				
Federal Home Loan Bank Medium-Term Notes,				
5.12%, due 5/17/00, value \$39,853)				
			38,830	38,830

Total Short-Term Investments (Identified Cost-- \$42,012)				42,012

Total Investments -- 101.1% (Identified Cost -- \$355,428)				348,515
Other assets less liabilities -- (1.1)%				(3,785)

NET ASSETS -- 100.0%				\$344,730
				=====

</TABLE>

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<TABLE>
<CAPTION>

<S><C>	
NET ASSETS CONSISTING OF:	
Accumulated paid-in capital applicable to:	
33,301 Primary Class shares outstanding	\$353,045
835 Navigator Class shares outstanding	8,527
Accumulated net realized loss on investments, options and futures	(9,282)
Unrealized depreciation of investments	(7,560)

NET ASSETS -- 100.0%	\$344,730
=====	
NET ASSET VALUE PER SHARE:	
PRIMARY CLASS	\$10.10
=====	
NAVIGATOR CLASS	\$10.10
=====	

</TABLE>

<TABLE>
<CAPTION>

Expiration Actual Appreciation/

	Date	Contracts	(Depreciation)
<hr/>			
<S><C>			
Options Written(H)			
U.S. Treasury Bond Futures Put, strike price \$114	August 99	103	\$ (7)
<hr/>			
Futures Contracts Purchased(H)			
U.S. Treasury Note Futures	September 99	50	\$ 48
Eurodollar Futures	June 02	450	(331)
<hr/>			
<hr/>			
Futures Contracts Written(H)			
U.S. Treasury Note Futures	September 99	474	\$ (496)
Eurodollar Futures	June 00	450	139
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</TABLE>

- (A) United States Treasury Inflation-Indexed Security -- U.S. Treasury security whose principal value is adjusted daily in accordance with changes to the Consumer Price Index. Interest is calculated on the basis of the current adjusted principal value.
- (B) When-Issued Security -- Security purchased on a delayed delivery basis. Final settlement amount and maturity date have not yet been announced.
- (C) Indexed Security -- The rate of interest earned on these securities is tied to the Cost of Funds Index (COFI), the One-Year Treasury Constant Maturity Rate, or the London Interbank Offered Rate (LIBOR). The coupon rates shown are the rates at June 30, 1999.
- (D) The coupon rates shown on variable-rate securities are the rates at June 30, 1999. These rates vary with the weighted average coupon of the underlying loans.
- (E) Yankee Bond -- Dollar-denominated bond issued in the U.S. by foreign entities.
- (F) Rule 144a Security -- A security purchased pursuant to Rule 144a under the Securities Act of 1933 which may not be resold subject to that rule except to qualified institutional buyers. These securities represent 1.6% of net assets.
- (G) Collateral to cover futures contracts.
- (H) Options and futures are described in more detail in the notes to financial statements.

See notes to financial statements.

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Statement of Net Assets
 Legg Mason Income Trust, Inc.
 June 30, 1999 (Unaudited)
 (Amounts in Thousands)

Investment Grade Income Portfolio

<TABLE>
 <CAPTION>

	Rate	Maturity Date	Par/Shares	Value
<hr/>				
<S><C>				
Corporate Bonds and Notes -- 30.7%				
Automotive -- 1.1%				
Ford Motor Company	7.70%	5/15/97	\$ 1,000	\$ 1,004
Lear Corporation	7.96%	5/15/05	270	263 (A)
Lear Corporation	8.11%	5/15/09	740	714 (A)
				<hr/>
				1,981
				<hr/>
Banking and Finance -- 3.2%				
Associates Corporation, North America	8.15%	8/1/09	1,000	1,073
Dresdner Funding Trust I	8.151%	6/30/31	400	384 (A)
General Motors Acceptance Corporation	0%	6/15/15	2,700	858 (B)
IBJ Preferred Capital Corp. LLC	8.79%	12/29/49	1,560	1,303 (A)
SB Treasury Company LLC	9.40%	12/29/49	1,790	1,758 (A)
Socgen Real Estate Co. LLC	7.64%	12/29/49	180	170 (A)
Tokai Preferred Capital Company LLC	9.98%	12/29/49	480	443 (A)
				<hr/>
				5,989
				<hr/>
Chemicals -- 1.1%				
Lyondell Chemical Company	9.875%	5/1/07	30	31 (A)
Rohm and Haas Company	7.85%	7/15/29	2,000	1,998 (A)
				<hr/>
				2,029

	Rate	Maturity Date	Par/Shares	Value

Construction and Building Materials -- N.M.				
Nortek, Inc.	8.875%	8/1/08	100	99 (A)

Food, Beverage and Tobacco -- 4.3%				
Archer-Daniels-Midland Company	6.625%	5/1/29	360	330
J. Seagram & Sons	6.40%	12/15/03	700	685
J. Seagram & Sons	6.80%	12/15/08	500	477
J. Seagram & Sons	7.50%	12/15/18	490	474
J. Seagram & Sons	7.60%	12/15/28	210	202
Loews Corporation	7.625%	6/1/23	2,000	1,924
Pepsi Bottling Group Inc.	7%	3/1/29	1,800	1,690 (A)
R.J. Reynolds Tobacco Holdings Inc.	7.75%	5/15/06	1,280	1,268 (A)
R.J. Reynolds Tobacco Holdings Inc.	7.875%	5/15/09	860	836 (A)

				7,886

Gaming -- 0.1%				
Horseshoe Gaming Holdings, Inc.	8.625%	5/15/09	69	67 (A)
International Game Technology	8.375%	5/15/09	70	68 (A)

				135

Media and Entertainment -- 5.9%				
Century Communications Corp.	8.875%	1/15/07	39	39
Chancellor Media Corporation	8%	11/1/08	63	62 (A)
Liberty Media Group	7.875%	7/15/09	2,000	1,988 (A)

</TABLE>

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<TABLE>
<CAPTION>

	Rate	Maturity Date	Par/Shares	Value

<S><C>				
Media and Entertainment -- Continued				
News America Holdings Incorporated	8.875%	4/26/23	\$ 500	\$ 552
News America Holdings Incorporated	8.25%	10/17/96	200	197
News America Incorporated	7.625%	11/30/28	1,000	972
TCI Communications Inc.	6.375%	5/1/03	240	240
TCI Communications Inc.	7.875%	2/15/26	2,950	3,109
TCI Communications Inc.	9.65%	3/31/27	1,650	1,867
TCI Communications Inc.	7.125%	2/15/28	540	522
Walt Disney Company	5.62%	12/1/08	1,550	1,430

				10,978

Gas and Pipeline Utilities -- 3.3%				
CMS Panhandle Holding Company	6.125%	3/15/04	400	390 (A)
Conoco Inc.	6.95%	4/15/29	1,800	1,685
Louis Dreyfus Natural Gas Corporation	9.25%	6/15/04	1,000	1,063
Union Oil Company of California	7.35%	6/15/09	3,000	3,026

				6,164

Manufacturing -- 0.2%				
American Axle and Manufacturing Incorporated	9.75%	3/1/09	70	70
American Standard Companies Inc.	8.25%	6/1/09	37	37
American Standard Companies Inc.	7.625%	2/15/10	25	23
J. L. French Automotive Casting	11.50%	6/1/09	100	103 (A)
Terex Corporation	8.875%	4/1/08	132	127 (A)

				360

Retail -- 1.1%				
Kmart Corporation	7.95%	2/1/23	2,000	2,020

Services -- 0.1%				
Safety-Kleen Corp.	9.25%	5/15/09	122	123 (A)

Telecommunications -- 2.6%				
AT&T Corporation	6.50%	3/15/29	1,270	1,146
Charter Communications Holdings	8.625%	4/1/09	75	72 (A)
Crown Castle International Corp.	0%	5/15/11	84	49 (C)
Crown Castle International Corp.	9%	5/15/11	22	21
GTE Corporation	6.94%	4/15/28	1,700	1,609
Lucent Technologies Incorporated	5.50%	11/15/08	1,860	1,713
NEXTLINK Communications Inc.	10.75%	6/1/09	96	99

				4,709
Transportation -- 2.0%				-----
Conrail Inc.	7.875%	5/15/43	600	599
Norfolk Southern Corporation	7.70%	5/15/17	3,100	3,183

				3,782

</TABLE>

Statement of Net Assets -- Continued
Legg Mason Income Trust, Inc.

Investment Grade Income Portfolio -- Continued

<TABLE>

<CAPTION>

	Rate	Maturity Date	Par/Shares	Value
<S><C>				
Utilities -- 5.7%				
AES Corporation	9.50%	6/1/09	\$ 500	\$ 516
Calpine Corporation	7.75%	4/15/09	49	46
Cleveland Electric Illumination Co.	7.88%	11/1/17	850	866
Connecticut Light and Power Company	7.875%	6/1/01	1,750	1,787
Edison Mission Energy	7.73%	6/15/09	2,000	2,030 (A)
Gulf States Utilities Corp.	8.25%	4/1/04	1,800	1,902
Niagara Mohawk Power Corporation	7.25%	10/1/02	630	634
Niagara Mohawk Power Corporation	7.75%	10/1/08	1,010	1,043
Niagara Mohawk Power Corporation	0%	7/1/10	720	533 (C)
North Atlantic Energy Corporation	9.05%	6/1/02	564	580
System Energy Resources, Inc.	7.43%	1/15/11	690	672

				10,609

Total Corporate Bonds and Notes (Identified Cost -- \$57,722)				56,864

Asset-Backed Securities -- 0.5%				
Green Tree Financial Corporation	7.85%	7/15/04	905	910

Total Asset-Backed Securities (Identified Cost -- \$914)				910

Mortgage-Backed Securities -- 4.2%				
Fixed-Rate Securities -- 3.9%				
Asset Securitization Corporation	6.92%	2/14/29	1,121	1,119
Nationslink Funding Corporation	5.805%	2/10/01	1,319	1,315
Nomura Asset Securities Corporation	8.15%	3/4/20	600	632
Nomura Asset Securities Corporation	6.59%	3/17/28	2,000	1,945
Nomura Asset Securities Corporation	7.12%	4/13/36	680	687
Oakdale Mall Trust 94-1 Class A	7.95%	5/1/06	1,000	1,029 (A)
PSB Financial Corporation II	11.05%	12/1/15	363	388

				7,115

Variable-Rate Securities(D) -- 0.3%				
Resolution Trust Corporation	6.78%	4/25/28	414	412 (A)
Resolution Trust Corporation	7.93%	9/25/29	210	214

				626

Total Mortgage-Backed Securities (Identified Cost -- \$7,806)				7,741

U.S. Government and Agency Obligations -- 15.2%				
Fixed-Rate Securities -- 8.3%				
United States Treasury Bonds	0%	2/15/23	1,500	352 (B)
United States Treasury Bonds	6.375%	8/15/27	5,280	5,410
United States Treasury Bonds	6.125%	11/15/27	8,510	8,453
United States Treasury Notes	5.625%	12/31/02	600	599
United States Treasury Notes	5.50%	1/31/03	500	497

				15,311

</TABLE>

<TABLE>

<CAPTION>

	Rate	Maturity Date	Par/Shares	Value
<S><C>				

Indexed Securities -- 6.9%				
United States Treasury Inflation-Indexed Security	3.625%	1/15/08 to 4/15/28	\$11,196	\$ 10,713 (E)
United States Treasury Inflation-Indexed Security	3.875%	4/15/29	2,143	2,114 (E)

				12,827

Total U.S. Government and Agency Obligations (Identified Cost -- \$29,877)				28,138

U.S. Government Agency Mortgage-Backed Securities -- 31.5%				
Fixed-Rate Securities -- 29.7%				
Fannie Mae	8%	4/25/06 to 3/1/10	929	952
Fannie Mae	6%	9/1/25 to 4/1/29	2,150	2,024
Fannie Mae	6.50%	8/1/28 to 4/1/29	15,778	15,221
Freddie Mac	8.75%	10/1/01 to 10/1/08	377	391
Freddie Mac	5%	1/15/04	1,000	954
Freddie Mac	8.50%	2/1/04 to 11/1/09	320	329
Freddie Mac	6%	2/1/14	1,916	1,828
Freddie Mac	7.50%	6/1/24 to 9/1/24	1,434	1,450
Freddie Mac	7%	8/1/24 to 4/1/29	7,869	7,794
Freddie Mac	8%	7/1/26	714	734
Freddie Mac	7%	7/1/29	1,300	1,286 (F)
Freddie Mac	6.50%	7/1/29	3,200	3,090 (F)
Government National Mortgage Association	6%	4/15/14 to 3/15/29	3,315	3,136
Government National Mortgage Association	9%	7/15/16 to 6/15/17	753	803
Government National Mortgage Association	7%	2/15/23 to 8/15/25	7,373	7,301
Government National Mortgage Association	7.50%	2/15/23 to 7/15/28	6,465	6,535
Government National Mortgage Association	8%	12/15/26	1,166	1,199

				55,027

Indexed Securities(G) -- 1.3%				
Government National Mortgage Association	6.875%	6/20/23	2,402	2,421

Variable-Rate Securities(D) -- 0.5%				
Freddie Mac	7.171%	9/1/24	508	527
Government National Mortgage Association	6.125%	10/20/22	361	367

				894

Total U.S. Government Agency Mortgage-Backed Securities (Identified Cost -- \$59,184)				58,342

Yankee Bonds(H) -- 16.4%				
Fixed-Rate Securities -- 15.9%				
Imperial Tobacco Group plc	7.125%	4/1/09	1,820	1,736
Korea Development Bank	6.75%	12/1/05	1,020	948
PDVSA Finance LTD1999-I	9.75%	2/15/10	4,000	3,902 (A)
PDVSA Finance LTD1999-K	9.95%	2/15/20	800	760 (A)

</TABLE>

Statement of Net Assets -- Continued
Legg Mason Income Trust, Inc.

Investment Grade Income Portfolio -- Continued

<TABLE>

<CAPTION>

	Rate	Maturity Date	Par/Shares	Value

<S><C>				
Fixed-Rate Securities -- Continued				
Petroleos Mexicanos	8.85%	9/15/07	\$ 1,260	\$ 1,134 (A)
Petroleos Mexicanos	9.50%	9/15/27	360	340
Petroliam Nasional Berhad	7.625%	10/15/26	450	384
Pohang Iron & Steel Company Ltd.	7.375%	5/15/05	3,000	2,860
Province of Manitoba	9.50%	9/15/18	1,080	1,349
Republic of Argentina	11.75%	4/7/09	2,630	2,380
Republic of Brazil	11.625%	4/15/04	290	270
Republic of Panama	9.375%	4/1/29	200	189
Rothmans Nederland Holdings BV	6.875%	5/6/08	700	677
Tata Electric Company	8.50%	8/19/17	2,000	1,708 (A)
Telefonica de Argentina	11.875%	11/1/04	4,000	4,080
United Mexican States	10.375%	2/17/09	410	413
United Mexican States	6.25%	12/31/19	300	219
United Mexican States	11.50%	5/15/26	1,900	2,080
YPF Sociedad Anonima	7.50%	10/26/02	812	799 (A)
YPF Sociedad Anonima	9.125%	2/24/09	3,000	3,065
ZSC Specialty Chemicals plc	11%	7/1/09	129	130 (A)

				29,423

Indexed Securities(G) -- 0.5%				833
Republic of Argentina	5.9375%	3/31/05	977	-----
Total Yankee Bonds (Identified Cost -- \$31,140)				30,256

Common Stocks and Equity Interests -- 0.3%				
News Corporation Limited			10 shs	641

Total Common Stocks and Equity Interests (Identified Cost -- \$650)				641

Warrants -- N.M.				
Republic of Argentina			1 wt	1

Total Warrants (Identified Cost-- \$18)				1

Short-Term Investments -- 2.9%				
Corporate Bonds and Notes -- 0.6%				
US West Capital Funding Incorporated	5.818%	6/15/00	\$ 1,100	1,099 (A,G)

U. S. Government and Agency Obligations -- 0.8%				
Freddie Mac	4.72%	11/12/99	1,000	983 (I)
United States Treasury Notes	5.50%	2/29/00	500	501

				1,484

</TABLE>

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<TABLE>
<CAPTION>

	Par/Shares	Value

<S><C>		
Repurchase Agreement -- 1.5%		
Merrill Lynch Government Securities, Inc.		
4.95%, dated 6/30/99, to be repurchased at		
\$2,691 on 7/1/99 (Collateral: \$2,830 Federal		
Home Loan Bank Medium-Term Notes,		
5.125%, due 11/15/03, value \$2,787)	\$ 2,691	\$ 2,691

Total Short-Term Investments (Identified Cost -- \$5,273)		5,274

Total Investments -- 101.7% (Identified Cost -- \$192,584)		188,167
Other assets less liabilities -- (1.7)%		(3,203)

NET ASSETS CONSISTING OF:		
Accumulated paid-in capital applicable to:		
18,554 Primary Class shares outstanding	\$193,118	
24 Navigator Class shares outstanding	252	
Undistributed net investment income	72	
Accumulated net realized loss on investments, options and futures	(4,038)	
Unrealized depreciation of investments	(4,440)	

NET ASSETS -- 100.0%		\$184,964
		=====
NET ASSET VALUE PER SHARE:		
PRIMARY CLASS		\$9.96
		=====
NAVIGATOR CLASS		\$9.96
		=====

</TABLE>

<TABLE>
<CAPTION>

	Expiration Date	Actual Contracts	Appreciation/ (Depreciation)

<S><C>			
Futures Contracts Purchased(J)			
U.S. Treasury Note Futures	March 00	6	\$ (23)

</TABLE>

(A) Rule 144a Security -- A security purchased pursuant to Rule 144a under the Securities Act of 1933 which may not be resold subject to that rule except to qualified institutional buyers. These securities represent 14.6% of net assets.

- (B) Zero-Coupon Bond -- A bond with no periodic interest payments which is sold at such a discount as to produce a current yield to maturity.
 - (C) Stepped coupon security -- A bond or preferred stock which amortizes to par by a specified date, at which time it begins to accrue interest or pay dividends.
 - (D) The coupon rates shown on variable-rate securities are the rates at June 30, 1999. These rates vary with the weighted average coupon of the underlying loans.
 - (E) United States Treasury Inflation-Indexed Security -- U.S. Treasury security whose principal value is adjusted daily in accordance with changes to the Consumer Price Index. Interest is calculated on the basis of the current adjusted principal value.
 - (F) When-Issued Security -- Security purchased on a delayed delivery basis. Final settlement amount and maturity date have not yet been announced.
 - (G) Indexed Security -- The rate of interest earned on these securities is tied to the Cost of Funds Index (COFI), the One-Year Treasury Constant Maturity Rate, or the London Interbank Offered Rate (LIBOR). The coupon rates shown are the rates at June 30, 1999.
 - (H) Yankee Bond -- Dollar-denominated bond issued in the U.S. by foreign entities.
 - (I) Collateral to cover futures contracts.
 - (J) Options and futures are described in more detail in the notes to financial statements.
- N.M. -- Not meaningful.

See notes to financial statements.

Statement of Net Assets
 Legg Mason Income Trust, Inc.
 June 30, 1999 (Unaudited)
 (Amounts in Thousands)

High Yield Portfolio
 <TABLE>
 <CAPTION>

	Rate	Maturity Date	Par/Shares	Value
<hr/>				
<S><C>				
Corporate Bonds and Notes -- 54.9%				
Cable and Media -- 12.4%				
Adelphia Communications Corporation	7.75%	1/15/09	\$ 4,000	\$ 3,750
Adelphia Communications Corporation	7.875%	5/1/09	2,700	2,524
Big Flower Press Holdings Incorporated	8.625%	12/1/08	4,000	3,720
Brill Media Company, LLC	7.50%	12/15/07	3,000	2,430 (A)
Chancellor Media Corporation	8%	11/1/08	4,500	4,410
Charter Communications Holdings	8.625%	4/1/09	4,500	4,331
Echostar Communications	9.375%	2/1/09	3,500	3,579 (B)
Garden State Newspaper	8.625%	7/1/11	2,000	1,880
Lenfest Communications, Inc.	8.375%	11/1/05	2,000	2,089
Loral Space and Communications, Ltd.	9.50%	1/15/06	6,000	5,250
Mediacom, LLC	7.875%	2/15/11	4,000	3,750 (B)
Mentus Media Corporation	12%	2/1/03	8,940	5,811
Pegasus Communications Corporation	9.75%	12/1/06	2,000	2,058
Radio Unica Corporation	0%	8/1/06	9,000	5,197 (A,B)
Source Media Inc.	12%	11/1/04	3,000	2,415 (C)

				53,194

Chemicals -- 1.3%				
Huntsman Corporation	9.50%	7/1/07	4,000	3,840
Lyondell Chemical Company	9.625%	5/1/07	250	258 (B)
Lyondell Chemical Company	9.875%	5/1/07	1,375	1,401 (B)

				5,499

Computer Software -- 1.5%				
Diva Systems Corporation	0%	3/1/08	4,750	1,609 (A)
PSINet Incorporated	10%	2/15/05	3,000	2,985
Verio Incorporated	10.375%	4/1/05	2,000	2,020

				6,614

Construction and Building Materials -- 2.2%				
American Architectural Products Corp.	11.75%	12/1/07	4,500	3,420
DeGeorge Home Alliance	12%	4/1/01	3,500	280 (D)
Falcon Building Products, Inc.	0%	6/15/07	2,500	1,675 (A)
Fortress Group	13.75%	5/15/03	5,000	3,700
Nortek, Inc.	8.875%	8/1/08	290	298 (B)

				9,373

Energy -- 3.4%				
Calpine Corporation	7.75%	4/15/09	4,000	3,830
Nuevo Energy Company	9.50%	4/15/06	3,000	3,000
Ocean Energy Incorporated	8.375%	7/1/08	4,000	3,860
Plains Resources Incorporated	10.25%	3/15/06	4,000	4,040

14,730

</TABLE>

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<TABLE>
<CAPTION>

	Rate	Maturity Date	Par/Shares	Value

<S><C>				
Entertainment and Leisure -- 4.0%				
AMC Entertainment Incorporated	9.50%	2/1/11	\$ 4,000	\$ 3,820
Booth Creek Ski Holdings Incorporated	12.50%	3/15/07	8,750	7,787
HMH Properties Incorporated	8.45%	12/1/08	6,000	5,700

				17,307

Financial Services -- 1.1%				
Willis Corroon Corporation	9%	2/1/09	4,750	4,608 (B)

Food Services -- 0.5%				
International Fast Foods Corporation	11%	10/31/07	6,884	2,065 (B,C,E)

Gaming -- 2.7%				
Hollywood Park Incorporated	9.25%	2/15/07	3,000	2,970
Horseshoe Gaming Holdings, Inc.	8.625%	5/15/09	2,033	1,985 (B)
International Game Technology	8.375%	5/15/09	1,700	1,666 (B)
Isle of Capri Casinos Inc.	8.75%	4/15/09	3,000	2,827 (B)
Manning Real Estate Associates LLC	15%	2/28/01	767	0 (B,C,D,F,G)
Maritime Gaming L P	15%	2/28/01	1,151	0 (B,C,D,F,G)
Mohegan Tribal Gaming Authority	8.75%	1/1/09	2,000	1,980 (B)

				11,428

Gas/Pipeline -- 2.5%				
CMS Energy Corporation	6.75%	1/15/04	1,000	954 (B)
CMS Energy Corporation	7.50%	1/15/09	3,750	3,496
Forest Oil Corporation	10.50%	1/15/06	5,500	5,734
Pride Petroleum Services, Inc.	9.375%	5/1/07	500	495

				10,679

Industrial -- 0.9%				
AMSC Acquisition Incorporated	12.25%	4/1/08	1,500	1,170
Chatwins Group, Inc.	13%	5/1/03	1,500	1,507
The Scott's Company	8.625%	1/15/09	1,250	1,241 (B)

				3,918

Manufacturing -- 7.2%				
AK Steel Corporation	7.875%	2/15/09	2,250	2,183 (B)
American Axle and Manufacturing Incorporated	9.75%	3/1/09	4,500	4,522
American Standard Companies, Inc.	7.375%	2/1/08	500	470
American Standard Companies, Inc.	7.625%	2/15/10	4,000	3,760
Cambridge Industries Incorporated	10.25%	7/15/07	1,500	1,230
Decora Industries Incorporated	11%	5/1/05	2,500	2,413

</TABLE>

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Statement of Net Assets -- Continued
Legg Mason Income Trust, Inc.

High Yield Portfolio -- Continued

<TABLE>
<CAPTION>

	Rate	Maturity Date	Par/Shares	Value

<S><C>				
Manufacturing -- Continued				
Federal Mogul Corporation	7.50%	1/15/09	\$ 4,000	\$ 3,703 (B)
Hayes Lemmerz International Inc.	8.25%	12/15/08	2,000	1,890
J. L. French Automotive Castings	11.50%	6/1/09	2,400	2,430 (B)

Packaging Corporation of America	9.625%	4/1/09	3,000	3,030 (B)
SBA Communications Corporation	0%	3/1/08	3,000	1,740 (A,C)
Terex Corporation	8.875%	4/1/08	3,000	2,936 (B)
United Industries Corporation	9.875%	4/1/09	500	475

				30,782

Retail -- 1.8%				
Pour Le Bebe, Inc.	20%	6/30/99	3,461	564 (D,G)
Pour Le Bebe, Inc.	13%	8/9/01	1,964	250 (G)
Relax the Back Corporation	11%	5/22/03	4,000	3,400 (B,F,G)
Relax the Back Corporation	13%	5/22/03	4,531	3,398 (B,C,F,G)

				7,612

Retail Grocery -- 0.6%				
Big V Supermarkets, Incorporated	11%	2/15/04	2,500	2,550

Services -- 8.6%				
AES Corporation	9.50%	6/1/09	3,750	3,863
Allied Waste North America Incorporated	7.875%	1/1/09	4,500	4,179 (B)
Avis RentACar Incorporated	11%	5/1/09	4,500	4,562 (B)
COMFORCE Corporation	12%	12/1/07	3,200	3,040
Convergent Communications Incorporated	13%	4/1/08	2,000	1,860
Hermes Europe RailTel	10.375%	1/15/09	4,000	4,050
Intermedia Communications, Inc.	0%	7/15/07	5,000	3,550 (A,B)
IT Group, Inc.	11.25%	4/1/09	2,000	1,925 (B)
Safety-Kleen Corp.	9.25%	5/15/09	2,100	2,105 (B)
TV Guide Incorporated	8.125%	3/1/09	4,500	4,275 (B)
United Rentals Incorporated	9.25%	1/15/09	3,500	3,439

				36,848

Shipping -- 0.5%				
Global Ocean Carriers, Ltd.	10.25%	7/15/07	4,000	1,480
Golden Ocean Group, Ltd.	10%	8/31/01	4,750	760 (B)

				2,240

Telecommunications -- 2.5%				
Dial Call Communications Incorporated	10.25%	12/15/05	2,000	2,030 (A)
Level 3 Communications Incorporated	0%	12/1/08	3,000	1,852 (A)
NTL Communications Corporation	0%	10/1/08	4,500	3,094 (A)

</TABLE>

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<TABLE>

<CAPTION>

	Rate	Maturity Date	Par/Shares	Value

<S><C>				
Telecommunications -- Continued				
NTL Incorporated	0%	4/1/08	\$ 2,000	\$ 1,340 (A)
Winstar Equipment II Corp.	12.50%	3/15/04	2,500	2,619 (B)

				10,935

Textiles -- 0.7%				
Westpoint Stevens Incorporated	7.875%	6/15/05	3,000	2,933

Transportation -- 0.5%				
Railworks Corporation	11.50%	4/15/09	1,500	1,485 (B)
Trans World Airlines, Inc.	11.375%	3/1/06	1,500	773

				2,258

Total Corporate Bonds and Notes (Identified Cost -- \$271,520)				235,573

Yankee Bonds(H) -- 6.1%				
Chemicals -- 1.1%				
ZSC Specialty Chemical Company	11%	7/1/09	4,750	4,780

Entertainment and Leisure -- 1.4%				
V2 Music Holdings PLC	14%	4/15/08	7,000	2,441 (I)
V2 Music Holdings PLC	14%	4/15/08	6,000	3,310

				5,751

Finance -- 0.4%				

Petrozuata Finance Inc.	8.22%	4/1/17	2,000	1,545 (B)

Industrial -- 0.3%				
Cathay International Ltd.	13%	4/15/08	3,450	1,397 (B)

Real Estate -- 0.3%				
Trizec Finance Corporation Ltd.	10.875%	10/15/05	1,340	1,402

Services -- 0.3%				
ESAT Holdings Ltd.	0%	2/1/07	2,000	1,420 (A)

Telecommunications -- 1.8%				
PTC International Finance	0%	7/1/07	1,700	1,241 (A,B)
Telewest PLC	0%	10/1/07	5,500	4,895 (A)
Tricom SA	11.375%	9/1/04	2,000	1,700

				7,836

Transportation -- 0.5%				
Canadian Airlines Corporation	12.25%	8/1/06	5,350	2,247

Total Yankee Bonds (Identified Cost -- \$34,624)				26,378

</TABLE>

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Statement of Net Assets -- Continued
Legg Mason Income Trust, Inc.

High Yield Portfolio -- Continued

<TABLE>

<CAPTION>

	Rate		Par/Shares	Value

<S><C>				
Preferred Stocks -- 6.3%				
Cable and Media -- 2.8%				
Paxson Communications Corporation	12.50%		2 shs	\$ 1,608
Paxson Communications Corporation	13.25%		1	8,118
Source Media, Inc.	13.50%		122	2,196 (B,C)

				11,922

Industrial -- 1.0%				
High Voltage Engineering Corporation	14.25%		5	3,702 (B,C)
Morris Material Handling	12%		3	519

				4,221

Retail -- 0.4%				
Relax the Back Corporation	10%		1,702	1,600 (C,G)

Services -- 1.4%				
Clark Material Handling Company	12%		7	5,807

Shipping -- 0.1%				
Pegasus Shipping Hellas	11.875%		1,000	600

Telecommunications -- 0.6%				
IXC Communications Incorporated	14%		N.M.	3 (B,C)
NEXTLINK Communications, LLC	14%		55	2,767 (B,C)
Viasystems Group Inc.	10.75%		N.M.	1 (C)

				2,771

Total Preferred Stocks (Identified Cost-- \$34,829)				26,921

Common Stocks -- 26.9%				
Food Services -- N.M.				
International Fast Foods Corporation			51	22 (J)

Gaming --N.M.				
Fitzgeralds Gaming Corporation			63	0 (J)

</TABLE>

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<TABLE>
<CAPTION>

	Par/Shares	Value

<S><C>		
Telecommunications -- 26.8%		
Global Crossing Limited	2,773 shs	\$105,343 (B,G,J)
MGC Communications Inc.	22	533 (K)
Price Communications Corporation	172	2,587 (J)
Spanish Broadcasting Systems Incorporated	6	3,178 (J)
Verio Inc.	12	860 (J)
Winstar Communications Incorporated	47	2,289 (J)

		114,790

Total Common Stocks (Identified Cost -- \$6,026)		115,307

Warrants (J) -- 0.2%		
American Mobile Satellite Corporation	2 wts	0
Convergent Communications Incorporated	8	0
Diva Systems Corporation	14	185
Firstworld Communications Incorporated	4	0
Golden Ocean Group Ltd.	7	0
Mentus Media Corporation	22	0
MMH Holdings Incorporated	N.M.	0
Pegasus Communications Corporation	4	24
Primus Telecommunications Group	3	60
Relax the Back Corporation	654	0
Source Media Inc.	56	467
Splitrock Services Incorporated	2	100
Star Choice Communications	93	224
Unigene Labs, Inc.- C	125	0
Unigene Labs, Inc.- D	125	0
V2 Music Holdings	7	0
V2 Music Holdings PLC	6	0

Total Warrants (Identified Cost -- \$966)		1,060

Short-Term Investments -- 7.1%		
Repurchase Agreements -- 7.1%		
Merrill Lynch Government Securities, Inc.		
4.95%, dated 6/30/99, to be repurchased at \$30,401		
on 7/1/99 (Collateral: \$30,970 Federal Home		
Loan Bank Bonds, 5%, due 4/05/00, value \$32,149)		
	\$30,397	30,397

Options Purchased -- N.M.		
Global Crossing Limited Put, August 99, strike price \$25.31	1,250 (M)	140

Total Short-Term Investments (Identified Cost-- \$35,397)		30,537

</TABLE>

Statement of Net Assets -- Continued
Legg Mason Income Trust, Inc.

High Yield Portfolio -- Continued

<TABLE>
<CAPTION>

<S><C>	
Total Investments-- 101.5% (Identified Cost-- \$383,362)	\$435,776
Other assets less liabilities-- (1.5)%	(6,577)

NET ASSETS CONSISTING OF:

Accumulated paid-in capital applicable to:	
27,537 PrimaryClass shares outstanding	\$428,258
43 Navigator Class shares outstanding	685
Undistributed net investment income	1,137
Accumulated net realized loss on investments	(44,379)
Unrealized appreciation of investments	43,498

NET ASSETS -- 100.0%	\$429,199
	=====
NET ASSET VALUE PER SHARE	
PRIMARY CLASS	\$15.56
	=====
NAVIGATOR CLASS	\$15.56
	=====

</TABLE>

<TABLE>
<CAPTION>

	Expiration Date	Actual Contracts	Appreciation/ (Depreciation)

<S><C>			
Options Written			
Global Crossing Limited Call, strike price \$32.28	August 99	1,250	\$ (8,916)

</TABLE>

- (A) Stepped coupon security -- A bond or preferred stock which amortizes to par by a specified date, at which time it begins to accrue interest or pay dividends.
 - (B) Rule 144a Security -- A security purchased pursuant to Rule 144a under the Securities Act of 1933 which may not be resold subject to that rule except to qualified institutional investors. These securities represent 45.8% of the portfolio.
 - (C) Payment-in-kind ("PIK") security -- A bond or preferred stock in which interest during the initial years is paid in additional PIK bonds or preferred stock rather than in cash.
 - (D) Bond is in default as of June 30, 1999.
 - (E) Convertible bond -- Bond may be converted into common stock by the company.
 - (F) Private placement.
 - (G) Illiquid security valued at fair value under procedures adopted by the Board of Directors. These securities represent 26.7% of the portfolio.
 - (H) Yankee Bond -- Dollar-denominated bond issued in the U.S. by foreign entities.
 - (I) Bond is denominated in GBP.
 - (J) Non-income producing.
 - (K) Rule 144 security -- A security purchased pursuant to Rule 144 under the Securities Act of 1933 which may not be resold subject to that rule except to qualified institutional investors. These securities represent 0.1% of the portfolio.
 - (M) This represents the actual number of contracts.
- N.M. -- Not meaningful.

See notes to financial statements.

22

Statements of Operations
Legg Mason Income Trust, Inc.
(Amounts in Thousands) (Unaudited)

<TABLE>
<CAPTION>

	Six Months Ended 6/30/99		
	U.S. Government Intermediate-Term Portfolio	Investment Grade Income Portfolio	High Yield Portfolio

<S><C>			
Investment Income:			
Interest	\$10,565	\$5,901	\$14,950
Dividends	31	--	2,054
	-----	-----	-----
Total income	10,596	5,901	17,004
	-----	-----	-----
Expenses:			
Management fee	958	530	1,502
Distribution and service fees	852	441	1,154
Transfer agent and shareholder servicing expense	71	47	98
Audit and legal fees	37	20	94
Custodian fee	81	74	74
Directors' fees	5	3	5
Registration fees	18	19	42
Reports to shareholders	20	18	29
Other expenses	11	40	5
	-----	-----	-----

	2,053	1,192	3,003
Less fees waived	(331)	(309)	--
Total expenses, net of waivers	1,722	883	3,003
NET INVESTMENT INCOME	8,874	5,018	14,001
Net Realized and Unrealized Gain (Loss) on Investments:			
Realized gain (loss) on:			
Investments	(3,760)	(3,022)	(5,779)
Options	(7)	243	--
Futures	770	(1,120)	--
	(2,997)	(3,899)	(5,779)
Change in unrealized appreciation (depreciation) of investments, options and futures	(10,992)	(5,352)	31,457
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS	(13,989)	(9,251)	25,678
CHANGE IN NET ASSETS RESULTING FROM OPERATIONS	\$ (5,115)	\$ (4,233)	\$39,679

</TABLE>

See notes to financial statements.

23

Statements of Changes in Net Assets
Legg Mason Income Trust, Inc.
(Amounts in Thousands)

<TABLE>
<CAPTION>

	U.S. Government Intermediate-Term Portfolio		Investment Grade Income Portfolio		High Yield Portfolio	
	Six Months Ended 6/30/99	Year Ended 12/31/98	Six Months Ended 6/30/99	Year Ended 12/31/98	Six Months Ended 6/30/99	Year Ended 12/31/98
	(Unaudited)		(Unaudited)		(Unaudited)	
Change in Net Assets:						
Net investment income	\$ 8,874	\$ 17,751	\$ 5,018	\$ 8,128	\$ 14,001	\$ 38,145
Net realized gain (loss) on investments, options and futures	(2,997)	4,714	(3,899)	3,805	(5,779)	(38,643)
Change in unrealized appreciation (depreciation) of investments, options and futures	(10,992)	(1,083)	(5,352)	(2,304)	31,457	(13,340)
Change in net assets resulting from operations	(5,115)	21,382	(4,233)	9,629	39,679	(13,838)
Distributions to shareholders:						
From net investment income:						
Primary Class	(8,655)	(16,959)	(5,011)	(8,112)	(12,908)	(38,214)
Navigator Class	(219)	(462)	(7)	(16)	(15)	(10)
From net realized gain on investments	--	--	(569)	(2,851)	--	(359)
In excess of net investment income:						
Primary Class	--	(323)	--	--	--	--
Navigator Class	--	(7)	--	--	--	--
Change in net assets from Fund share transactions:						
Primary Class	(2,745)	48,243	25,399	48,378	(32,098)	104,134
Navigator Class	1,395	(671)	1	4	594	91
Change in net assets	(15,339)	51,203	15,580	47,032	(4,748)	51,804
Net Assets:						
Beginning of period	360,069	308,866	169,384	122,352	433,947	382,143
End of period	\$344,730	\$360,069	\$184,964	\$169,384	\$429,199	\$433,947

Undistributed net investment income	\$	--	\$	--	\$	72	\$	72	\$	1,137	\$	59
-------------------------------------	----	----	----	----	----	----	----	----	----	-------	----	----

</TABLE>

See notes to financial statements.

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Financial Highlights

Legg Mason Income Trust, Inc.

Contained below is per share operating performance data for a Navigator Class share of common stock outstanding, total investment return, ratios to average net assets and other supplemental data. This information has been derived from information provided in the financial statements.

<TABLE>
<CAPTION>

	Investment Operations				Distributions		
	Net Asset Value, Beginning of Period	Net Investment Income (Loss)	Net Realized and Unrealized Gain (Loss) on Investments, Options and Futures	Total From Investment Operations	From Net Investment Income	In Excess of Net Investment Income	From Net Realized Gain on Investments
U.S. Government Intermediate-Term Portfolio							
Six Months Ended							
June 30, 1999*	\$10.51	\$.26	\$ (.41)	\$ (.15)	\$ (.26)	\$ --	\$ --
Years Ended Dec. 31,							
1998	\$10.40	\$.61 (A)	\$.11	\$.72	\$ (.60)	\$ (.01)	\$ --
1997	10.31	.65 (A)	.09	.74	(.64)	(.01)	--
1996	10.47	.67 (A)	(.16)	.51	(.66)	(.01)	--
1995	9.72	.62 (A)	.75	1.37	(.62)	--	--
1994 (C)	9.72	.05 (A)	--	.05	(.05)	--	--
Investment Grade Income Portfolio							
Six Months Ended							
June 30, 1999*	\$10.52	\$.29	\$ (.53)	\$ (.24)	\$ (.29)	\$ --	\$ (.03)
Years Ended Dec. 31,							
1998	\$10.59	\$.66 (B)	\$.12	\$.78	\$ (.66)	\$ --	\$ (.19)
1997	10.22	.71 (B)	.37	1.08	(.71)	--	--
1996	10.44	.70 (B)	(.22)	.48	(.70)	--	--
1995 (D)	10.32	.03 (B)	.12	.15	(.03)	--	--
High Yield Portfolio							
Period From March 8 to June 30, 1999*	\$15.98	\$.32	\$ (.40)	\$ (.08)	\$ (.34)	\$ --	\$ --
Period Ended January 28, 1998	\$14.67	\$.08	\$.72	\$.80	\$ (.04)	\$ --	\$ --
Period Ended Dec. 31, 1998 (E)	\$16.85	\$.86	\$ (1.98)	\$ (1.12)	\$ (1.05)	\$ --	\$ (.01)

</TABLE>

<TABLE>
<CAPTION>

	Distributions		Ratios/Supplemental Data				
	Total Distributions	Net Asset Value, End of Period	Total Return	Expenses to Average Net Assets	Net Investment Income (Loss) to Average Net Assets	Portfolio Turnover Rate	Net Assets, End of Period (in thousands)
U.S. Government Intermediate-Term Portfolio							
Six Months Ended							
June 30, 1999*	\$ (.26)	\$10.10	(1.28)%	.47% (A,G)	5.62% (A,G)	797% (G)	\$7,863
Years Ended Dec. 31,							
1998	\$ (.61)	\$10.51	7.16%	.46% (A)	5.85% (A)	356%	\$7,340
1997	(.65)	10.40	7.45%	.45% (A)	6.40% (A)	252%	7,914
1996	(.67)	10.31	5.09%	.42% (A)	6.47% (A)	354%	8,082
1995	(.62)	10.47	14.45%	.44% (A)	6.08% (A)	290%	4,184
1994 (C)	(.05)	9.72	.50% (F)	.40% (A,G)	6.44% (A,G)	316% (G)	4,024
Investment Grade Income Portfolio							
Six Months Ended							
June 30, 1999*	\$ (.32)	\$ 9.96	(2.31)%	.45% (B,G)	6.22% (B,G)	213% (G)	\$ 242

Years Ended Dec. 31,								
1998	\$ (.85)	\$10.52	7.57%	.45% (B)	6.24% (B)	279%	\$ 255	
1997	(.71)	10.59	10.95%	.43% (B)	6.87% (B)	259%	252	
1996	(.70)	10.22	4.88%	.41% (B)	6.99% (B)	383%	243	
1995 (D)	(.03)	10.44	1.42% (F)	.40% (B,G)	6.73% (B,G)	221% (G)	249	

High Yield Portfolio

Period From March 8 to June 30, 1999*	\$ (.34)	\$15.56	(0.59)%	.81% (G)	6.25% (G)	49% (G)	\$ 451
Period Ended January 28, 1998	\$ (.04)	\$15.43	5.47%	.81% (G)	7.17% (G)	116% (G)	\$ 0
Period Ended Dec. 31, 1998 (E)	\$ (1.06)	\$14.67	(6.91)%	.79% (G)	8.68% (G)	107% (G)	\$ 65

</TABLE>

- (A) Net of fees waived by LMFA for expenses in excess of voluntary limitations of: 0.4% until April 30, 1995; 0.45% until April 30, 1996; and 0.50% until May 1, 1999. If no fees had been waived by LMFA, the annualized ratio of expenses to average daily net assets for each period would have been as follows: 1999, .66%; 1998, .65%; 1997, .66%; 1996, .69%; 1995, .74%; and 1994, .66%.
- (B) Net of fees waived by LMFA for expenses in excess of voluntary limitations of: 0.4% until April 30, 1996 and 0.50% until May 1, 1999. If no fees had been waived by LMFA, the annualized ratio of expenses to average daily net assets for each period would have been as follows: 1999, .79%; 1998, .80%; 1997, .82%; 1996, .88%; and 1995, .82%.
- (C) For the period December 1, 1994 (commencement of sale of Navigator Shares) to December 31, 1994.
- (D) For the period December 1, 1995 (commencement of sale of Navigator Shares) to December 31, 1995.
- (E) For the period February 1, 1994 (commencement of sale of Navigator Shares) to December 31, 1994.
- (F) Not annualized.
- (G) Annualized.
- * Unaudited.

See notes to financial statements.

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Notes to Financial Statements
Legg Mason Income Trust, Inc.
(Amounts in Thousands)

1. Significant Accounting Policies:

The Legg Mason Income Trust, Inc. ("Corporation"), consisting of the U.S. Government Intermediate-Term Portfolio ("Government Intermediate"), the Investment Grade Income Portfolio ("Investment Grade"), the High Yield Portfolio ("High Yield"), and the U.S. Government Money Market Portfolio ("Government Money Market") (each a "Fund"), is registered under the Investment Company Act of 1940, as amended, as an open-end, diversified investment company.

The Government Intermediate, Investment Grade and High Yield Portfolios consist of two classes of shares: Primary Class, offered to retail investors since 1987, and Navigator Class, offered to certain institutional investors since December 1, 1994, December 1, 1995, and May 5, 1998, respectively. Information about the Primary Class is contained in a separate report to its shareholders. The income and expenses of each of these Funds are allocated proportionately to the two classes of shares based on daily net assets, except for Rule 12b-1 distribution fees, which are charged only on Primary Class shares, and transfer agent and shareholder servicing expenses, which are determined separately for each class.

Security Valuation

Securities owned by Government Intermediate, Investment Grade and High Yield for which market quotations are readily available are valued at current market value. In determining fair value, the Board of Directors and management consider all relevant qualitative and quantitative information available. These factors are subject to change over time and are reviewed periodically. The values assigned to fair value investments are based on available information and do not necessarily represent amounts that might ultimately be realized, since such amounts depend on future developments inherent in long-term investments. Further, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market of the investments existed, and the differences could be material. At June 30, 1999, \$114,555, or 26.69%, of the High Yield Portfolio's net assets were valued by management in accordance with the procedures adopted by the Board of Directors. Securities with remaining maturities of 60 days or less are valued at amortized cost by each Fund.

With respect to High Yield, where a security is traded on more than one market, which may include foreign markets, the securities are generally valued on the market considered by the Fund's adviser to be the primary market. The Fund will value its foreign securities in U.S. dollars on the basis of the then-prevailing exchange rates.

Investment Income and Distributions to Shareholders

Interest income and expenses are recorded on the accrual basis. Bond premiums are amortized for financial reporting and federal income tax purposes. Bond discounts, other than original issue and zero-coupon bonds, are not amortized for financial reporting and federal income tax purposes. Dividend income and distributions to shareholders are allocated at the class level and are recorded on the ex-dividend date. Dividends from net investment income will be declared daily and paid monthly for each Fund except High Yield, which will declare and pay dividends monthly. Net capital gain distributions, which are calculated at the Fund level, are declared and paid after the end of the tax year in which the gain is realized. Distributions are determined in accordance with federal income tax regulations, which may differ from those determined in accordance with generally accepted accounting principles; accordingly, periodic reclassifications are made within the Fund's capital accounts to reflect income and gains available for distribution under federal income tax regulations. At June 30, 1999, accrued dividends payable were as follows: Government Intermediate, \$833; Investment Grade, \$500; and High Yield, \$0. There were no capital gain distributions payable at June 30, 1999.

Security Transactions

Security transactions are recorded on the trade date. Realized gains and losses from security transactions are reported on an identified cost basis for both financial reporting and federal income tax purposes. At June 30, 1999, receivables for securities sold and payables for securities purchased for each Fund were as follows:

	Receivable for Securities Sold	Payable for Securities Purchased
Government Intermediate	\$180,668	\$185,575
Investment Grade	8,270	13,391
High Yield	647	--

Federal Income Taxes

No provision for federal income or excise taxes is required since each Fund intends to continue to qualify as a regulated investment company and distribute substantially all of its taxable income to its shareholders.

Use of Estimates

Preparation of the financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

2. Investment Transactions:

For the six months ended June 30, 1999, investment transactions (excluding short-term investments) were as follows:

<TABLE>
<CAPTION>

	Purchases		Proceeds From Sales	
	U.S. Gov't. Securities	Other	U.S. Gov't. Securities	Other
Government Intermediate	\$1,253,534	\$ 54,235	\$1,240,408	\$105,755
Investment Grade	146,216	68,870	159,115	26,124
High Yield	--	165,396	2,810	201,545

</TABLE>

At June 30, 1999, cost, gross unrealized appreciation and gross unrealized depreciation based on the cost of securities for federal income tax purposes for each Fund were as follows:

<TABLE>
<CAPTION>

	Cost	Appreciation	(Depreciation)	Net Appreciation/ (Depreciation)
Government Intermediate	\$355,428	\$ 516	\$ (7,429)	\$(6,913)

Investment Grade	192,584	1,730	(6,147)	(4,417)
High Yield	383,362	113,480	(61,066)	52,414

</TABLE>

Unused capital loss carryforwards for federal income tax purposes at June 30, 1999, were as follows: Government Intermediate, \$4,790 which expires in 2002 and \$699 which expires in 2003; and High Yield, \$10,825 which expires in 2006. Investment Grade has no capital loss carryforwards.

Notes to Financial Statements -- Continued
Legg Mason Income Trust, Inc.

3. Repurchase Agreements:

All repurchase agreements are fully collateralized by obligations issued by the U.S. government or its agencies, and such collateral is in the possession of the Funds' custodian. The value of such collateral includes accrued interest. Risks arise from the possible delay in recovery or potential loss of rights in the collateral should the issuer of the repurchase agreement fail financially. The Funds' investment adviser, acting under the supervision of the Board of Directors, reviews the value of the collateral and the creditworthiness of those banks and dealers with which the Funds enter into repurchase agreements to evaluate potential risks.

4. Options and Futures:

As part of their investment programs, Government Intermediate and Investment Grade may utilize options and futures. Options may be written (sold) or purchased by these Funds. When a Fund purchases a put or call option, the premium paid is recorded as an investment and its value is marked-to-market daily. When a Fund writes a call or put option, an amount equal to the premium received by the Fund is recorded as a liability and its value is marked-to-market daily.

When options, whether written or purchased, expire, are exercised or are closed (by entering into a closing purchase or sale transaction), the Fund realizes a gain or loss as described in the chart below.

<TABLE>

<CAPTION>

<S><C>

PURCHASED OPTION:	IMPACT ON THE FUND:
The option expires	Realize a loss in the amount of the cost of the option.
The option is closed through a closing sale transaction	Realize a gain or loss depending on whether the proceeds from the closing sale transaction are greater or less than the cost of the option.
The Fund exercises a call option	The cost of the security purchased through the exercise of the option will be increased by the premium originally paid to purchase the option.
The Fund exercises a put option	Realize a gain or loss from the sale of the underlying security. The proceeds of that sale will be reduced by the premium originally paid to purchase the put option.
WRITTEN OPTION:	IMPACT ON THE FUND:
The option expires	Realize a gain equal to the amount of the premium received.
The option is closed through a closing purchase transaction	Realize a gain or loss without regard to any unrealized gain or loss on the underlying security and eliminate the option liability. The Fund will realize a loss in this transaction if the cost of the closing purchase exceeds the premium received when the option was written.
A written call option is exercised by the option purchaser	Realize a gain or loss from the sale of the underlying security. The proceeds of that sale will be increased by the premium originally received when the option was written.
A written put option is exercised by the option purchaser	The amount of the premium originally received will reduce the cost of the security that the Fund purchased when the option was exercised.

</TABLE>

The risk associated with purchasing options is limited to the premium originally paid. Options written by a Fund involve, to varying degrees, risk of loss in excess of the option value reflected in the Statement of Net Assets. The risk in writing a covered call option is that a Fund may forego the opportunity of profit if the market price of the underlying security increases and the option is exercised. The risk in writing a put option is that a Fund may incur a loss if the market price of the underlying security decreases and the option is exercised. In addition, there is the risk a Fund may not be able to enter into a closing transaction because of an illiquid secondary market or, for over-the-counter options, because of the counterparty's inability to perform.

 Activity in call and put options during the period was as follows:

<TABLE>
 <CAPTION>

Government Intermediate	Calls		Puts	
	Actual Contracts	Premiums	Actual Contracts	Premiums
Options outstanding, December 31, 1998	--	\$ --	182	\$127
Options written	696	461	128	87
Options closed	(635)	(435)	(131)	(91)
Options expired	(61)	(26)	--	--
Options exercised	--	--	(76)	(53)
Options outstanding, June 30, 1999	--	\$ --	103	\$ 70

<CAPTION>

Investment Grade	Calls		Puts	
	Actual Contracts	Premiums	Actual Contracts	Premiums
Options outstanding, December 31, 1998	17	\$ 16	48	\$ 76
Options written	2,360	438	216	148
Options closed	(463)	(349)	(201)	(204)
Options expired	(374)	(49)	(21)	(6)
Options exercised	(1,540)	(56)	(42)	(14)
Options outstanding, June 30, 1999	--	\$ --	--	\$ --

</TABLE>

Upon entering into a futures contract, the Fund is required to deposit with the broker cash or cash equivalents in an amount equal to a certain percentage of the contract amount. This is known as the "initial margin." Subsequent payments ("variation margin") are made or received by the Fund each day, depending on the daily fluctuation in the value of the contract. The daily changes in contract value are recorded as unrealized gains or losses and the Fund recognizes a realized gain or loss when the contract is closed. Futures contracts are valued daily at the settlement price established by the board of trade or exchange on which they are traded.

The Funds enter into futures contracts as a hedge against anticipated changes in interest rates. There are several risks in connection with the use of futures contracts as a hedging device. Futures contracts involve, to varying degrees, risk of loss in excess of the amounts reflected in the financial statements. The change in the value of futures contracts primarily corresponds with the value of their underlying instruments, which may not correlate with the change in the value of the hedged instruments. In addition, there is the risk that a Fund may not be able to enter into a closing transaction because of an illiquid secondary market.

The open futures positions and related appreciation or depreciation at June 30, 1999, are listed at the end of Government Intermediate's and Investment Grade's respective Statements of Net Assets.

5. Financial Instruments:

Forward Currency Exchange Contracts

As part of its investment program, High Yield may utilize forward currency exchange contracts. The nature and risks of these financial instruments and the reasons for using them are set forth more fully in the Corporation's Prospectus and Statement of Additional Information.

Forward foreign currency contracts are marked-to-market daily using foreign currency exchange rates supplied by an independent pricing service. The change in a contract's market value is recorded by High Yield as an unrealized gain or loss. When the contract is closed or delivery is taken, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

The use of forward foreign currency contracts does not eliminate fluctuations in the underlying prices of the Fund's securities, but it does establish a rate of exchange that can be achieved in the future. These forward foreign

currency contracts involve market risk in excess of amounts reflected in the financial statements. Although forward foreign currency contracts used for hedging purposes limit the risk of loss due to a decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. In addition, the Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts. The Fund's adviser will enter into forward foreign currency contracts only with parties approved by the Board of Directors because there is a risk of loss to the Fund if the counterparties do not complete the transaction.

At June 30, 1999, High Yield had no open forward currency exchange contracts.

6. Transactions With Affiliates:

Each Fund has a management agreement with Legg Mason Fund Adviser, Inc. ("LMFA"). Pursuant to their respective agreements, LMFA provides the Funds with management and administrative services for which each Fund pays a fee, computed daily and payable monthly at annual rates of each Fund's average daily net assets.

LMFA has agreed to waive its fees in any month (exclusive of taxes, interest, brokerage and extraordinary expenses) as shown in the following chart:

<TABLE>

<CAPTION>

Fund	Management Fee	Expense Limitation	Expense Limitation Expiration Date	Six Months Ended	
				June 30, 1999	At June 30, 1999
				Management Fees Waived	Management Fee Payable
Government Intermediate			August 1, 1999, or until net assets reach \$400 million	\$331	\$108
Primary	0.55%	1.00%			
Navigator	0.55%	0.50%			
Investment Grade			August 1, 1999, or until net assets reach \$250 million	309	38
Primary	0.60%	1.00%			
Navigator	0.60%	0.50%			
High Yield			--	--	235
Primary	0.65%	None			
Navigator	0.65%	None			

</TABLE>

Western Asset Management Company ("Adviser") serves as investment adviser to the Funds. The Adviser is responsible for the actual investment activity of each Fund. LMFA pays the Adviser a fee, computed daily and payable monthly at an annual rate of: 40% of the management fee received by LMFA for Investment Grade and 77% for High Yield. For Government Intermediate, LMFA pays the Adviser a fee, computed daily and payable monthly at 0.20% of its average daily net assets, not to exceed the fee received by LMFA.

Legg Mason Wood Walker, Incorporated ("Legg Mason"), a member of the New York Stock Exchange, serves as distributor of the Funds. Legg Mason receives an annual distribution fee and an annual service fee based on each Fund's Primary Class's average daily net assets, computed daily and payable monthly as follows:

Fund	Distribution Fee	Service Fee	At June 30, 1999
			Distribution and Service Fees Payable
Government Intermediate	0.25%	0.25%	\$139
Investment Grade	0.25%	0.25%	75
High Yield	0.25%	0.25%	180

Legg Mason also has an agreement with the Funds' transfer agent to assist it with some of its duties. For this assistance, the transfer agent paid Legg Mason the following amounts for the six months ended June 30, 1999: Government Intermediate, \$19; Investment Grade, \$19; and High Yield, \$33.

LMFA, the Adviser and Legg Mason are corporate affiliates and are wholly owned subsidiaries of Legg Mason, Inc.

7. Line of Credit:

The Funds, along with certain other Legg Mason funds, participate in a \$200 million line of credit ("Credit Agreement") to be utilized as an emergency source of cash in the event of unanticipated, large redemption requests by shareholders. Pursuant to the Credit Agreement, each participating Fund is liable only for principal and interest payments related to borrowings made by that Fund. Borrowings under the line of credit bear interest at prevailing short-term interest rates. For the six months ended June 30, 1999, the Funds had no borrowings under the line of credit.

8. Fund Share Transactions:

At June 30, 1999, there were 1,000,000 shares authorized at \$.001 par value for all portfolios of the Corporation. Share transactions were as follows:

<TABLE>

<CAPTION>

	Sold		Reinvestment of Distributions		Repurchased		Net Change	
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount

<S><C>								
Government Intermediate								
--Primary Class								
Six Months Ended June 30, 1999	6,398	\$ 66,071	673	\$ 6,932	(7,320)	\$ (75,748)	(249)	\$ (2,745)
Year Ended December 31, 1998	15,614	163,688	1,455	15,230	(12,470)	(130,675)	4,599	48,243
--Navigator Class								
Six Months Ended June 30, 1999	255	\$ 2,633	16	\$ 163	(134)	\$ (1,401)	137	\$ 1,395
Year Ended December 31, 1998	270	2,820	40	420	(373)	(3,911)	(63)	(671)
Investment Grade								
--Primary Class								
Six Months Ended June 30, 1999	4,733	\$ 48,536	456	\$ 4,645	(2,715)	\$ (27,782)	2,474	\$ 25,399
Year Ended December 31, 1998	7,596	80,707	948	10,055	(3,991)	(42,384)	4,554	48,378
--Navigator Class								
Six Months Ended June 30, 1999	--	--	N.M.	\$ 1	--	--	N.M.	\$ 1
Year Ended December 31, 1998	--	--	N.M.	4	--	--	N.M.	4
High Yield								
--Primary Class								
Six Months Ended June 30, 1999	6,119	\$ 96,558	647	\$10,390	(8,706)	\$ (139,046)	(1,940)	\$ (32,098)
Year Ended December 31, 1998	26,232	427,977	1,936	30,859	(22,148)	(354,702)	6,020	104,134
--Navigator Class								
Six Months Ended June 30, 1999	42	\$ 648	1	\$ 15	(4)	\$ (69)	39	\$ 594
Year Ended December 31, 1998	23	393	N.M.	6	(19)	(308)	4	91

</TABLE>

Investment Manager
 Legg Mason Fund Adviser, Inc.
 Baltimore, MD

Investment Adviser
 Western Asset Management Company
 Pasadena, CA

Board of Directors
 John F. Curley, Jr., Chairman
 Edmund J. Cashman, Jr., Vice Chairman
 Richard G. Gilmore
 Arnold L. Lehman
 Dr. Jill E. McGovern
 T. A. Rodgers

Transfer and Shareholder Servicing Agent
 Boston Financial Data Services
 Boston, MA

Custodian
 State Street Bank & Trust Company
 Boston, MA

Counsel
Kirkpatrick & Lockhart LLP
Washington, D.C.

Independent Accountants
PricewaterhouseCoopers LLP
Baltimore, MD

This report is not to be distributed unless preceded or
accompanied by a prospectus.

Legg Mason Wood Walker, Incorporated

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