

Western Asset Income Fund
Form N-Q
May 28, 2009

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

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number 811-02351

Western Asset Income Fund
(Exact name of registrant as specified in charter)

385 East Colorado Boulevard
Pasadena, CA
(Address of principal executive offices)

91101
(Zip code)

Charles A. Ruys de Perez
385 East Colorado Boulevard
Pasadena, CA 91101
(Name and address of agent for service)

Registrant's telephone number, including area code: (626) 844-9400

Date of fiscal year end: December 31,

Date of reporting period: March 31, 2009

Item 1 Schedule of Investments

WESTERN ASSET INCOME FUND

FORM N-Q

MARCH 31, 2009

Portfolio of Investments*Western Asset Income Fund*

March 31, 2009 (Unaudited)

| | Rate | Maturity Date | Par/Shares | Value |
|--|--------------|------------------|------------|------------|
| LONG-TERM SECURITIES | 97.4% | | | |
| CORPORATE BONDS AND NOTES | 77.1% | | | |
| Aerospace and Defense | 0.6% | | | |
| L-3 Communications Corp. | 7.625% | 6/15/12 | \$ 275,000 | \$ 276,031 |
| United Technologies Corp. | 6.125% | 2/1/19 | 300,000 | 322,957 |
| | | | | 598,988 |
| Airlines | 0.7% | | | |
| Continental Airlines Inc. | 6.545% | 2/2/19 | 159,238 | 136,945 |
| Continental Airlines Inc. | 7.256% | 3/15/20 | 185,435 | 155,765 |
| Delta Air Lines Inc. | 7.111% | 9/18/11 | 400,000 | 348,000 |
| | | | | 640,710 |
| Automobiles | 3.1% | | | |
| Ford Motor Co. | 7.450% | 7/16/31 | 8,050,000 | 2,555,875 |
| General Motors Corp. | 8.250% | 7/15/23 | 3,450,000 | 405,375 |
| | | | | 2,961,250 |
| Beverages | 0.7% | | | |
| Bottling Group LLC | 5.125% | 1/15/19 | 470,000 | 473,023 |
| Dr Pepper Snapple Group Inc. | 6.820% | 5/1/18 | 240,000 | 226,515 |
| | | | | 699,538 |
| Building Products | N.M. | | | |
| Nortek Inc. | 8.500% | 9/1/14 | 225,000 | 22,500 |
| Capital Markets | 3.2% | | | |
| BankAmerica Capital III | 1.664% | 1/15/27 | 215,000 | 71,256A |
| Goldman Sachs Capital II | 5.793% | 12/29/49 | 920,000 | 383,034B |
| Lehman Brothers Holdings Capital Trust VII | 5.857% | 12/31/49 | 1,745,000 | 174B,C |
| Lehman Brothers Holdings Inc. | 5.750% | 5/17/13 | 350,000 | 44,625C |
| Lehman Brothers Holdings Inc. | 6.500% | 7/19/17 | 110,000 | 11C |
| Merrill Lynch and Co. Inc. | 6.050% | 8/15/12 | 400,000 | 343,223 |
| Merrill Lynch and Co. Inc. | 5.700% | 5/2/17 | 1,000,000 | 592,114 |
| Merrill Lynch and Co. Inc. | 6.400% | 8/28/17 | 300,000 | 215,222 |
| Merrill Lynch and Co. Inc. | 6.110% | 1/29/37 | 320,000 | 159,044 |
| Morgan Stanley | 5.050% | 1/21/11 | 780,000 | 766,894 |
| Morgan Stanley | 4.750% | 4/1/14 | 60,000 | 49,055 |
| Morgan Stanley | 6.625% | 4/1/18 | 100,000 | 95,351 |
| The Goldman Sachs Group Inc. | 6.345% | 2/15/34 | 555,000 | 327,654 |
| | | | | 3,047,657 |
| Chemicals | 0.9% | | | |
| Lubrizol Corp. | 8.875% | 2/1/19 | 280,000 | 287,962 |
| The Dow Chemical Co. | 7.375% | 11/1/29 | 800,000 | 515,758 |
| | | | | 803,720 |
| Commercial Banks | 3.4% | | | |
| Comerica Capital Trust II | 6.576% | 2/20/37 | 360,000 | 104,908B |
| Rabobank Capital Funding Trust II | 5.260% | 12/31/49 | 115,000 | 51,750B,E |

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Rabobank Capital Funding Trust III

5.254%

12/31/16

1,145,000

515,250B,E

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Portfolio of Investments

Western Asset Income Fund

March 31, 2009 (Unaudited) (continued)

| | Rate | Maturity Date | Par/Shares | Value |
|--|--------|---------------|--------------|-------------|
| Commercial Banks 3.4% (continued) | | | | |
| RBS Capital Trust III | 5.512% | 9/29/49 | \$ 1,460,000 | \$ 584,000B |
| SunTrust Capital VIII | 6.100% | 12/15/36 | 560,000 | 313,947B |
| Wachovia Bank NA | 7.800% | 8/18/10 | 650,000 | 647,334 |
| Wachovia Capital Trust III | 5.800% | 3/15/42 | 410,000 | 147,600B |
| Wells Fargo Capital X | 5.950% | 12/15/36 | 450,000 | 303,750B |
| Wells Fargo Capital XIII | 7.700% | 12/29/49 | 1,100,000 | 523,946B |
| | | | | 3,192,485 |
| Commercial Services and Supplies 0.4% | | | | |
| Waste Management Inc. | 7.375% | 5/15/29 | 415,000 | 376,953 |
| Consumer Finance 3.0% | | | | |
| American Express Co. | 6.800% | 9/1/66 | 1,120,000 | 540,169B |
| Capital One Financial Corp. | 6.750% | 9/15/17 | 230,000 | 191,895 |
| GMAC LLC | 7.500% | 12/31/13 | 1,551,000 | 745,535E |
| GMAC LLC | 8.000% | 12/31/18 | 201,000 | 58,352E |
| GMAC LLC | 8.000% | 11/1/31 | 988,000 | 475,386E |
| Nelnet Inc. | 7.400% | 9/29/36 | 460,000 | 67,155B |
| SLM Corp. | 5.000% | 10/1/13 | 810,000 | 430,732 |
| SLM Corp. | 5.050% | 11/14/14 | 130,000 | 68,816 |
| SLM Corp. | 8.450% | 6/15/18 | 230,000 | 124,229 |
| SLM Corp. | 5.625% | 8/1/33 | 180,000 | 72,043 |
| | | | | 2,774,312 |
| Diversified Financial Services 6.9% | | | | |
| AGFC Capital Trust I | 6.000% | 1/15/67 | 300,000 | 27,186B,E |
| AIG SunAmerica Global Financing VI | 6.300% | 5/10/11 | 1,880,000 | 1,433,132E |
| BAC Capital Trust XIV | 5.630% | 12/31/49 | 585,000 | 128,694B |
| Bank of America Corp. | 8.000% | 12/29/49 | 150,000 | 60,073B |
| Beaver Valley II Funding | 9.000% | 6/1/17 | 272,000 | 269,612 |
| Capital One Bank | 6.500% | 6/13/13 | 330,000 | 292,582 |
| Chase Capital II | 1.670% | 2/1/27 | 725,000 | 287,583A |
| Citigroup Capital XXI | 8.300% | 12/21/57 | 320,000 | 154,079B |
| Citigroup Inc. | 6.125% | 8/25/36 | 550,000 | 295,547 |
| General Electric Capital Corp. | 6.375% | 11/15/67 | 600,000 | 291,349B |
| Glen Meadow Pass-Through Certificates | 6.505% | 2/12/67 | 310,000 | 69,835B,E |
| HSBC Finance Capital Trust IX | 5.911% | 11/30/35 | 1,350,000 | 270,256B |
| HSBC Finance Corp. | 5.700% | 6/1/11 | 1,380,000 | 1,171,362 |
| ILFC E-Capital Trust II | 6.250% | 12/21/65 | 790,000 | 126,705B,E |
| JPMorgan Chase and Co. | 6.125% | 6/27/17 | 720,000 | 662,382 |
| TNK-BP Finance SA | 7.875% | 3/13/18 | 100,000 | 70,000E |
| UBS Preferred Funding Trust V | 6.243% | 5/12/49 | 1,120,000 | 305,904B |
| ZFS Finance USA Trust II | 6.450% | 12/15/65 | 1,440,000 | 622,236B,E |
| | | | | 6,538,517 |
| Diversified Telecommunication Services 3.2% | | | | |

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| | | | | |
|-----------------------------|--------|----------|-----------|---------|
| AT&T Corp. | 8.000% | 11/15/31 | 260,000 | 282,408 |
| AT&T Inc. | 6.550% | 2/15/39 | 500,000 | 453,491 |
| Embarq Corp. | 7.082% | 6/1/16 | 330,000 | 297,000 |
| Qwest Corp. | 6.875% | 9/15/33 | 1,000,000 | 655,000 |
| Verizon Communications Inc. | 8.950% | 3/1/39 | 720,000 | 827,420 |

Portfolio of Investments*Western Asset Income Fund*

March 31, 2009 (Unaudited) (continued)

| | Rate | Maturity Date | Par/Shares | Value |
|--|-------------|--------------------------|-------------------|--------------|
| Diversified Telecommunication Services 3.2% (continued) | | | | |
| Verizon Global Funding Corp. | 5.850% | 9/15/35 | \$ 570,000 | \$ 484,281 |
| | | | | 2,999,600 |
| Electric Utilities 7.7% | | | | |
| Commonwealth Edison Co. | 5.800% | 3/15/18 | 560,000 | 530,565 |
| CP&L Inc. | 5.300% | 1/15/19 | 820,000 | 830,173 |
| Duke Energy Corp. | 6.300% | 2/1/14 | 500,000 | 511,865 |
| Exelon Corp. | 6.750% | 5/1/11 | 550,000 | 557,290 |
| FirstEnergy Corp. | 6.450% | 11/15/11 | 60,000 | 60,054 |
| FirstEnergy Corp. | 7.375% | 11/15/31 | 395,000 | 321,441 |
| Pacific Gas and Electric Co. | 6.050% | 3/1/34 | 800,000 | 782,835 |
| PNPP II Funding Corp. | 9.120% | 5/30/16 | 1,982,000 | 1,975,440 |
| Sithe/Independence Funding Corp. | 9.000% | 12/30/13 | 1,263,834 | 1,160,073 |
| Virginia Electric & Power Co. | 8.875% | 11/15/38 | 390,000 | 476,796 |
| | | | | 7,206,532 |
| Energy Equipment and Services 1.2% | | | | |
| Baker Hughes Inc. | 7.500% | 11/15/18 | 450,000 | 511,425 |
| EEB International Ltd. | 8.750% | 10/31/14 | 260,000 | 241,800E |
| Smith International Inc. | 9.750% | 3/15/19 | 370,000 | 386,490 |
| | | | | 1,139,715 |
| Food and Staples Retailing 0.4% | | | | |
| Wal-Mart Stores Inc. | 6.500% | 8/15/37 | 380,000 | 395,097 |
| Food Products 0.3% | | | | |
| Tyson Foods Inc. | 7.850% | 4/1/16 | 340,000 | 292,909F |
| Gas Utilities 0.2% | | | | |
| Southern Natural Gas Co. | 5.900% | 4/1/17 | 170,000 | 148,155E |
| Health Care Equipment and Supplies 0.3% | | | | |
| Hospira Inc. | 6.050% | 3/30/17 | 290,000 | 258,822 |
| Health Care Providers and Services 6.5% | | | | |
| Aetna Inc. | 6.500% | 9/15/18 | 240,000 | 236,050 |
| Cardinal Health Inc. | 5.500% | 6/15/13 | 210,000 | 202,515 |
| Cardinal Health Inc. | 5.800% | 10/15/16 | 410,000 | 376,590 |
| Coventry Health Care Inc. | 5.950% | 3/15/17 | 440,000 | 280,141 |
| HCA Inc. | 7.875% | 2/1/11 | 250,000 | 241,875 |
| HCA Inc. | 6.300% | 10/1/12 | 180,000 | 150,300 |
| HCA Inc. | 6.250% | 2/15/13 | 930,000 | 697,500 |
| HCA Inc. | 5.750% | 3/15/14 | 65,000 | 42,575 |
| HCA Inc. | 9.125% | 11/15/14 | 400,000 | 376,000 |
| HCA Inc. | 9.250% | 11/15/16 | 500,000 | 455,000 |
| Humana Inc. | 6.450% | 6/1/16 | 220,000 | 184,831 |
| Tenet Healthcare Corp. | 9.000% | 5/1/15 | 732,000 | 706,380E |
| Tenet Healthcare Corp. | 10.000% | 5/1/18 | 732,000 | 708,210E |
| UnitedHealth Group Inc. | 6.000% | 11/15/17 | 520,000 | 465,315 |

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| | | | | |
|--------------------------------|--------|---------|---------|-----------|
| Universal Health Services Inc. | 7.125% | 6/30/16 | 520,000 | 463,696 |
| WellPoint Inc. | 5.875% | 6/15/17 | 540,000 | 507,640 |
| | | | | 6,094,618 |

Portfolio of Investments*Western Asset Income Fund*

March 31, 2009 (Unaudited) (continued)

| | Rate | Maturity Date | Par/Shares | Value |
|--|--------|---------------|------------|-----------|
| Hotels, Restaurants and Leisure 0.1% | | | | |
| Caesars Entertainment Inc. | 8.125% | 5/15/11 | \$ 250,000 | \$ 81,250 |
| Independent Power Producers and Energy Traders 2.7% | | | | |
| Dynegy Holdings Inc. | 6.875% | 4/1/11 | 1,300,000 | 1,157,000 |
| Dynegy Holdings Inc. | 8.750% | 2/15/12 | 735,000 | 639,450 |
| TXU Corp. | 5.550% | 11/15/14 | 1,500,000 | 558,131 |
| TXU Corp. | 6.500% | 11/15/24 | 520,000 | 145,873 |
| | | | | 2,500,454 |
| Insurance 2.8% | | | | |
| Allstate Corp. | 6.500% | 5/15/57 | 480,000 | 249,600B |
| American International Group Inc. | 6.250% | 3/15/37 | 80,000 | 6,400B |
| ASIF Global Financing XIX | 4.900% | 1/17/13 | 30,000 | 19,550E |
| Everest Reinsurance Holdings Inc. | 6.600% | 5/15/37 | 260,000 | 130,000B |
| Hartford Financial Services Group Inc. | 8.125% | 6/15/68 | 325,000 | 104,117B |
| Liberty Mutual Group | 5.750% | 3/15/14 | 270,000 | 208,086E |
| Liberty Mutual Group | 7.800% | 3/15/37 | 300,000 | 114,246E |
| MetLife Inc. | 6.400% | 12/15/36 | 1,160,000 | 487,200B |
| Prudential Financial Inc. | 8.875% | 6/15/38 | 340,000 | 161,500B |
| The Chubb Corp. | 6.375% | 3/29/67 | 320,000 | 182,659B |
| The Travelers Cos. Inc. | 6.250% | 3/15/37 | 620,000 | 329,010B |
| The Travelers Cos. Inc. | 6.250% | 6/15/37 | 280,000 | 256,191 |
| Willis North America Inc. | 5.125% | 7/15/10 | 280,000 | 251,751 |
| Willis North America Inc. | 5.625% | 7/15/15 | 230,000 | 166,286 |
| | | | | 2,666,596 |
| IT Services 0.5% | | | | |
| Electronic Data Systems Corp. | 7.450% | 10/15/29 | 420,000 | 456,331 |
| Leisure Equipment and Products 0.3% | | | | |
| Hasbro Inc. | 6.300% | 9/15/17 | 320,000 | 292,714F |
| Media 3.6% | | | | |
| Clear Channel Communications Inc. | 5.500% | 9/15/14 | 365,000 | 54,750 |
| Comcast Cable Holdings LLC | 9.800% | 2/1/12 | 375,000 | 401,973 |
| Comcast Corp. | 6.450% | 3/15/37 | 120,000 | 104,838 |
| Comcast Corp. | 6.950% | 8/15/37 | 160,000 | 148,994 |
| Comcast Corp. | 6.400% | 5/15/38 | 260,000 | 226,857 |
| News America Inc. | 6.550% | 3/15/33 | 545,000 | 434,625 |
| TCI Communications Inc. | 8.750% | 8/1/15 | 160,000 | 172,617 |
| Time Warner Cable Inc. | 8.750% | 2/14/19 | 520,000 | 552,150 |
| Time Warner Entertainment Co. LP | 8.375% | 7/15/33 | 530,000 | 501,389 |
| Time Warner Inc. | 9.125% | 1/15/13 | 240,000 | 252,128 |
| Time Warner Inc. | 7.700% | 5/1/32 | 595,000 | 535,045 |
| | | | | 3,385,366 |
| Metals and Mining 2.7% | | | | |
| Barrick Gold Finance Co. | 6.125% | 9/15/13 | 300,000 | 308,585 |

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|-------------------------------------|--------|----------|-----------|-----------|
| Freeport-McMoRan Copper & Gold Inc. | 8.375% | 4/1/17 | 1,730,000 | 1,617,550 |
| GTL Trade Finance Inc. | 7.250% | 10/20/17 | 737,000 | 630,135E |
| | | | | 2,556,270 |

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Portfolio of Investments

Western Asset Income Fund

March 31, 2009 (Unaudited) (continued)

| | Rate | Maturity Date | Par/Shares | Value |
|---|--------|---------------|--------------|--------------|
| Multi-Utilities 1.6% | | | | |
| Centerpoint Energy Inc. | 6.850% | 6/1/15 | \$ 1,150,000 | \$ 1,030,499 |
| Dominion Resources Inc. | 8.875% | 1/15/19 | 250,000 | 283,024 |
| DTE Energy Co. | 6.350% | 6/1/16 | 260,000 | 224,951 |
| | | | | 1,538,474 |
| Multiline Retail 0.9% | | | | |
| Federated Retail Holdings Inc. | 5.350% | 3/15/12 | 270,000 | 211,938 |
| Macy's Retail Holdings Inc. | 5.875% | 1/15/13 | 330,000 | 250,697 |
| May Department Stores Co. | 5.750% | 7/15/14 | 400,000 | 262,813 |
| May Department Stores Co. | 6.650% | 7/15/24 | 180,000 | 96,862 |
| | | | | 822,310 |
| Oil, Gas and Consumable Fuels 11.1% | | | | |
| Apache Corp. | 6.900% | 9/15/18 | 100,000 | 109,052 |
| Apache Corp. | 6.000% | 1/15/37 | 230,000 | 221,852 |
| ConocoPhillips | 6.500% | 2/1/39 | 810,000 | 790,136 |
| DCP Midstream LLC | 6.750% | 9/15/37 | 420,000 | 282,975E |
| Devon Financing Corp. ULC | 7.875% | 9/30/31 | 350,000 | 357,629 |
| Duke Capital LLC | 6.250% | 2/15/13 | 800,000 | 800,062 |
| El Paso Corp. | 7.800% | 8/1/31 | 2,000,000 | 1,494,402 |
| Enbridge Energy Partners LP | 9.875% | 3/1/19 | 120,000 | 123,713 |
| Energy Transfer Partners LP | 9.700% | 3/15/19 | 170,000 | 180,534 |
| EOG Resources Inc. | 5.875% | 9/15/17 | 540,000 | 546,753 |
| Hess Corp. | 7.875% | 10/1/29 | 1,180,000 | 1,067,925 |
| Kerr-McGee Corp. | 6.950% | 7/1/24 | 300,000 | 229,877 |
| Kinder Morgan Energy Partners LP | 7.125% | 3/15/12 | 530,000 | 542,384 |
| Peabody Energy Corp. | 6.875% | 3/15/13 | 285,000 | 277,875 |
| Pemex Project Funding Master Trust | 6.625% | 6/15/35 | 2,635,000 | 1,884,025 |
| The Williams Cos. Inc. | 7.500% | 1/15/31 | 102,000 | 80,580 |
| The Williams Cos. Inc. | 8.750% | 3/15/32 | 1,250,000 | 1,134,375 |
| XTO Energy Inc. | 6.100% | 4/1/36 | 440,000 | 372,227 |
| | | | | 10,496,376 |
| Paper and Forest Products 0.5% | | | | |
| Georgia-Pacific Corp. | 9.500% | 12/1/11 | 325,000 | 324,594 |
| Georgia-Pacific Corp. | 7.375% | 12/1/25 | 250,000 | 180,000 |
| | | | | 504,594 |
| Pharmaceuticals 1.3% | | | | |
| Abbott Laboratories | 5.125% | 4/1/19 | 200,000 | 201,146 |
| Pfizer Inc. | 6.200% | 3/15/19 | 300,000 | 319,715 |
| Roche Holdings Inc. | 6.000% | 3/1/19 | 540,000 | 555,801E |
| Wyeth | 5.950% | 4/1/37 | 170,000 | 160,095 |
| | | | | 1,236,757 |
| Real Estate Investment Trusts (REITs) 0.3% | | | | |

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|---|-------------|----------|---------|---------|
| Health Care REIT Inc. | 5.875% | 5/15/15 | 130,000 | 100,237 |
| iStar Financial Inc. | 5.950% | 10/15/13 | 590,000 | 177,000 |
| | | | | 277,237 |
| Real Estate Management and Development | 0.1% | | | |
| Forest City Enterprises Inc. | 7.625% | 6/1/15 | 225,000 | 96,750 |

Portfolio of Investments**Western Asset Income Fund**

March 31, 2009 (Unaudited) (continued)

| | Rate | Maturity Date | Par/Shares | Value |
|---|--------|------------------|------------|-------------|
| Thriffs and Mortgage Finance 1.7% | | | | |
| BB&T Capital Trust II | 6.750% | 6/7/36 | \$ 640,000 | \$ 353,149 |
| Countrywide Financial Corp. | 5.800% | 6/7/12 | 950,000 | 825,016 |
| Countrywide Financial Corp. | 6.250% | 5/15/16 | 500,000 | 415,986 |
| | | | | 1,594,151 |
| Tobacco 2.3% | | | | |
| Altria Group Inc. | 9.700% | 11/10/18 | 310,000 | 337,435F |
| Philip Morris International Inc. | 6.875% | 3/17/14 | 490,000 | 530,319 |
| Reynolds American Inc. | 7.250% | 6/1/12 | 1,360,000 | 1,338,659 |
| | | | | 2,206,413 |
| Wireless Telecommunication Services 1.9% | | | | |
| New Cingular Wireless Services Inc. | 8.750% | 3/1/31 | 655,000 | 718,310 |
| Nextel Communications Inc. | 5.950% | 3/15/14 | 88,000 | 48,840 |
| Nextel Communications Inc. | 7.375% | 8/1/15 | 285,000 | 151,050 |
| Sprint Capital Corp. | 6.900% | 5/1/19 | 330,000 | 232,650 |
| Sprint Capital Corp. | 8.750% | 3/15/32 | 940,000 | 629,800 |
| | | | | 1,780,650 |
| TOTAL CORPORATE BONDS AND NOTES | | | | |
| (Cost \$102,983,892) | | | | 72,684,771 |
| MORTGAGE-BACKED SECURITIES 0.6% | | | | |
| Variable Rate SecuritiesG 0.6% | | | | |
| Thornburg Mortgage Securities Trust 2007-4 2A1 | 6.210% | 9/25/37 | 452,868 | 314,204 |
| Thornburg Mortgage Securities Trust 2007-4 3A1 | 6.200% | 9/25/37 | 429,913 | 268,821 |
| TOTAL MORTGAGE-BACKED SECURITIES | | | | |
| (Cost \$874,903) | | | | 583,025 |
| YANKEE BONDSH 19.6% | | | | |
| Aerospace and Defense 0.3% | | | | |
| Systems 2001 Asset Trust | 6.664% | 9/15/13 | 319,861 | 300,669E |
| Beverages 0.5% | | | | |
| Diageo Capital PLC | 7.375% | 1/15/14 | 380,000 | 417,509 |
| Commercial Banks 6.3% | | | | |
| AES El Salvador Trust | 6.750% | 2/1/16 | 750,000 | 395,195E |
| ATF Capital BV | 9.250% | 2/21/14 | 810,000 | 332,100E |
| Banco Mercantil del Norte SA | 6.135% | 10/13/16 | 750,000 | 458,873B,E |
| Barclays Bank PLC | 7.434% | 9/29/49 | 910,000 | 378,041B,E |
| Barclays Bank PLC | 7.700% | 12/31/49 | 300,000 | 131,811B,E |
| Glitnir Banki Hf | 6.330% | 7/28/11 | 400,000 | 43,000C,E,I |
| Glitnir Banki Hf | 6.693% | 6/15/16 | 680,000 | 68B,C,E,I |
| Glitnir Banki Hf | 7.451% | 12/14/49 | 210,000 | 21B,C,E,I |

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| | | | | |
|-------------------------|--------|---------|-----------|-------------|
| HBOS Capital Funding LP | 6.071% | 6/30/49 | 560,000 | 134,490B,E |
| HSBK Europe BV | 7.250% | 5/3/17 | 490,000 | 232,750E |
| ICICI Bank Ltd. | 6.375% | 4/30/22 | 200,000 | 112,452B,E |
| ICICI Bank Ltd. | 6.375% | 4/30/22 | 100,000 | 55,162B,E |
| Kaupthing Bank Hf | 5.750% | 10/4/11 | 480,000 | 24,600C,E,I |
| Kaupthing Bank Hf | 7.625% | 2/28/15 | 620,000 | 48,050C,E,I |
| Kaupthing Bank Hf | 7.125% | 5/19/16 | 1,250,000 | 125C,E,I |

Portfolio of Investments*Western Asset Income Fund*

March 31, 2009 (Unaudited) (continued)

| | Rate | Maturity Date | Par/Shares | Value |
|--|---------|---------------|------------|--------------|
| Commercial Banks 6.3% (continued) | | | | |
| Landsbanki Islands Hf | 7.431% | 12/31/49 | \$ 730,000 | \$ 73B,C,E,I |
| Mizuho Financial Group | 5.790% | 4/15/14 | 1,100,000 | 1,038,139E |
| Natixis | 10.000% | 4/29/49 | 460,000 | 138,133B,E |
| Resona Preferred Global Securities | 7.191% | 12/29/49 | 1,095,000 | 503,700B,E |
| Royal Bank of Scotland Group PLC | 7.640% | 3/31/49 | 100,000 | 22,500B |
| RSHB Capital SA | 7.175% | 5/16/13 | 970,000 | 793,557E |
| RSHB Capital SA | 7.125% | 1/14/14 | 370,000 | 287,120E |
| RSHB Capital SA | 6.299% | 5/15/17 | 380,000 | 262,998E |
| Shinsei Finance Cayman Ltd. | 6.418% | 1/29/49 | 1,210,000 | 205,700B,E |
| Sumitomo Mitsui Banking Corp. | 5.625% | 12/31/49 | 270,000 | 171,036B,E |
| TuranAlem Finance BV | 8.250% | 1/22/37 | 740,000 | 148,000E |
| | | | | 5,917,694 |
| Consumer Finance 0.2% | | | | |
| Aiful Corp. | 6.000% | 12/12/11 | 865,000 | 216,250E |
| Diversified Financial Services 1.6% | | | | |
| Lukoil International Finance BV | 6.356% | 6/7/17 | 310,000 | 240,250E |
| Petroplus Finance Ltd. | 7.000% | 5/1/17 | 600,000 | 432,000E |
| SMFG Preferred Capital | 6.078% | 1/29/49 | 380,000 | 232,511B,E |
| TNK-BP Finance SA | 7.500% | 7/18/16 | 360,000 | 261,000E |
| UFJ Finance Aruba AEC | 6.750% | 7/15/13 | 355,000 | 365,248 |
| | | | | 1,531,009 |
| Diversified Telecommunication Services 3.2% | | | | |
| British Telecommunications PLC | 9.125% | 12/15/30 | 330,000 | 299,941F |
| Deutsche Telekom International Finance BV | 5.750% | 3/23/16 | 160,000 | 156,979 |
| Deutsche Telekom International Finance BV | 8.750% | 6/15/30 | 580,000 | 619,618F |
| Koninklijke (Royal) KPN NV | 8.375% | 10/1/30 | 240,000 | 248,661 |
| Telecom Italia Capital | 7.200% | 7/18/36 | 760,000 | 601,362 |
| Telecom Italia Capital SA | 7.721% | 6/4/38 | 390,000 | 324,380 |
| Telefonica Emisiones S.A.U. | 7.045% | 6/20/36 | 600,000 | 616,517 |
| VIP Finance Ireland Ltd | 8.375% | 4/30/13 | 250,000 | 181,250E |
| | | | | 3,048,708 |
| Electric Utilities 0.5% | | | | |
| Enersis SA/Cayman Island | 7.400% | 12/1/16 | 452,000 | 468,309 |
| Food and Staples Retailing 0.3% | | | | |
| Delhaize Group | 6.500% | 6/15/17 | 290,000 | 280,330 |
| Foreign Governments 1.0% | | | | |
| Quebec Province | 7.970% | 7/22/36 | 650,000 | 865,234 |
| Russian Federation | 7.500% | 3/31/30 | 52,920 | 49,900E |
| United Mexican States | 6.750% | 9/27/34 | 24,000 | 22,603 |
| | | | | 937,737 |
| Gas Utilities 0.2% | | | | |
| Intergas Finance BV | 6.375% | 5/14/17 | 270,000 | 156,600E |

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Insurance 0.4%
Axa

8.600%

12/15/30

550,000

387,843

7

Portfolio of Investments*Western Asset Income Fund*

March 31, 2009 (Unaudited) (continued)

| | Rate | Maturity Date | Par/Shares | Value |
|---|--------|---------------|------------|---------------|
| Media 0.3% | | | | |
| Rogers Cable Inc. | 6.250% | 6/15/13 | \$ 250,000 | \$ 251,545 |
| Metals and Mining 1.2% | | | | |
| Evrast Group SA | 8.875% | 4/24/13 | 260,000 | 165,100E |
| Vale Overseas Ltd. | 6.875% | 11/21/36 | 1,148,000 | 991,343 |
| | | | | 1,156,443 |
| Oil, Gas and Consumable Fuels 2.8% | | | | |
| Anadarko Finance Co. | 7.500% | 5/1/31 | 1,185,000 | 925,545 |
| Gazprom | 9.625% | 3/1/13 | 50,000 | 47,313E |
| Gazprom | 9.625% | 3/1/13 | 20,000 | 19,076E |
| Gazprom | 6.212% | 11/22/16 | 450,000 | 326,250E |
| Gazprom | 6.510% | 3/7/22 | 400,000 | 258,000E |
| Petrobras International Finance Co. | 5.875% | 3/1/18 | 879,000 | 817,710 |
| Shell International Finance BV | 6.375% | 12/15/38 | 250,000 | 263,256 |
| | | | | 2,657,150 |
| Wireless Telecommunication Services 0.8% | | | | |
| America Movil SA de CV | 5.625% | 11/15/17 | 520,000 | 471,580 |
| Rogers Wireless Inc. | 6.375% | 3/1/14 | 300,000 | 303,714 |
| | | | | 775,294 |
| TOTAL YANKEE BONDS (Cost \$31,157,198) | | | | 18,503,090 |
| PREFERRED STOCKS 0.1% | | | | |
| Fannie Mae | 8.250% | | 11,700shs | 8,307B,D,J |
| Freddie Mac | 8.375% | | 96,825 | 44,540B,D,J |
| Preferred Blocker Inc. | 7.000% | | 247 | 49,176D,E |
| TOTAL PREFERRED STOCKS (Cost \$1,537,589) | | | | 102,023 |
| TOTAL LONG-TERM SECURITIES (Cost \$136,553,582) | | | | 91,872,909 |
| SHORT-TERM SECURITIES 0.1% | | | | |
| U.S. GOVERNMENT AND AGENCY OBLIGATIONS 0.1% | | | | |
| Fannie Mae | 0.000% | 5/20/09 | \$ 15,000 | 14,992J,K |
| Fannie Mae | 0.000% | 5/18/09 | 10,000 | 9,998J,K |
| TOTAL SHORT-TERM SECURITIES (Cost \$24,990) | | | | 24,990 |
| TOTAL INVESTMENTS 97.5% (Cost \$136,578,572)(L) | | | | 91,897,899 |
| Other Assets Less Liabilities 2.5% | | | | 2,399,218 |
| NET ASSETS 100.0% | | | | \$ 94,297,117 |

Futures Contracts WrittenM

| Expiration | Actual Contracts | Appreciation/ (Depreciation) |
|------------|------------------|------------------------------|
|------------|------------------|------------------------------|

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| | | | | |
|----------------------------|-----------|----|----|----------|
| U.S. Treasury Note Futures | June 2009 | 10 | \$ | (27,370) |
|----------------------------|-----------|----|----|----------|

N.M. Not Meaningful.

A Indexed Security - The rates of interest earned on these securities are tied to the London Interbank Offered Rate (LIBOR), the Euro Interbank Offered Rate (EURIBOR) Index, the Consumer Price Index (CPI), the one-year Treasury Bill Rate or the ten-year Japanese Government Bond Rate. The coupon rates are the rates as of March 31, 2009.

Portfolio of Investments

Western Asset Income Fund

March 31, 2009 (Unaudited) (continued)

- B Stepped Coupon Security - A security with a predetermined schedule of interest or dividend rate changes at which time it begins to accrue interest or pay dividends according to the predetermined schedule.
- C Bond is currently in default.
- D Non-income producing.
- E 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, which the Fund's investment adviser has determined to be liquid, unless otherwise noted, represent 17.65% of net assets.
- F Credit Linked Security - The rates of interest earned on these securities are tied to the credit rating assigned by Standard & Poor's Rating Service and/or Moody's Investors Services.
- G The coupon rates shown on variable rate securities are the rates at March 31, 2009. These rates vary with the weighted average coupon of the underlying loans.
- H Yankee Bond - A dollar-denominated bond issued in the U.S. by foreign entities.
- I Illiquid security valued at fair value under the procedures approved by the Board of Directors.
- J On September 7, 2008, the Federal Housing Finance Agency placed Fannie Mae and Freddie Mac into conservatorship.
- K 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.
- L Aggregate cost for federal income tax purposes is substantially the same as book cost. At March 31, 2009, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows:

| | | |
|-------------------------------|----|--------------|
| Gross unrealized appreciation | \$ | 1,034,808 |
| Gross unrealized depreciation | | (45,715,481) |
| Net unrealized depreciation | \$ | (44,680,673) |

- M Futures are described in more detail in the notes to financial statements.

Net Asset Value Per Common Share: \$ 10.02

Investment Valuation

The Fund's securities are valued under policies approved by and under the general oversight of the Board of Directors. Effective January 1, 2008, the Fund adopted Statement of Financial Accounting Standards No. 157 (FAS 157). FAS 157 establishes a single definition of fair value, creates a three-tier hierarchy as a framework for measuring fair value based on inputs used to value the Fund's investments, and requires additional disclosure about fair value. The hierarchy of inputs is summarized below.

- Level 1 quoted prices in active markets for identical investments
- Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

Debt securities are valued at the last quoted bid prices provided by an independent pricing service that are based on transactions in debt obligations, quotations from bond dealers, market transactions in comparable securities and various other relationships between securities. Equity securities for which market quotations are available are valued at the last sale price or official closing price on the primary market or exchange on which they trade. When prices are not readily available, or are determined not to reflect fair value, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded, but before the Fund calculates its net asset value, the Fund may value these securities at fair value as determined in accordance with the procedures approved by the Fund's Board of Directors.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used in valuing the Fund's assets carried at fair value:

| | March 31, 2009 | | Quoted Prices (Level 1) | Other Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | |
|------------------------------|-----------------------|------------|------------------------------------|--|--|--------|
| Investments in Securities | \$ | 91,897,899 | \$ | 52,847 | \$ | 48,050 |
| Other Financial Instruments* | | (27,370) | | (27,370) | | |
| Total | \$ | 91,870,529 | \$ | 25,477 | \$ | 48,050 |

* Other financial instruments include futures.

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value:

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| | | Investments in Securities |
|---|----|--------------------------------------|
| Balance as of December 31, 2008 | \$ | 37,200 |
| Accrued Premiums/Discounts | | 2,639 |
| Realized Gain (Loss) | | |
| Change in unrealized appreciation (depreciation) | | 8,211 |
| Net purchases (sales) | | |
| Transfers in and/or out of Level 3 | | |
| Balance as of March 31, 2009 | \$ | 48,050 |
| Net unrealized appreciation (depreciation) for investments in securities still held at the reporting date | \$ | (482,336) ¹ |

¹ Change in unrealized appreciation (depreciation) includes net unrealized appreciation (depreciation) resulting from changes in investment values during the reporting period and the reversal of previously recorded unrealized appreciation (depreciation) when gains or losses are realized.

Futures Contracts

The Fund may use futures contracts to gain exposure to, or hedge against, changes in the value of equities, interest rates or foreign currencies. A futures contract represents a commitment for the future purchase or sale of an asset at a specified price on a specified date.

Upon entering into a futures contract, the Fund is required to deposit with a 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. For non-U.S. and foreign denominated futures held in the Fund, payment is not sent daily, but is recorded as a net payable or receivable by the Fund to or from the futures broker, which holds cash collateral from the Fund. 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. With futures, there is minimal counterparty risk to the Fund since futures are exchange traded and the exchange's clearinghouse, as counterparty to all exchange traded futures, guarantees the futures against default.

The Fund may enter into futures contracts for various reasons, including in connection with their interest rate management strategy. 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 interest rates, if applicable. 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 nature and risks of these financial instruments and other reasons for using them are set forth more fully in the Fund's prospectus and statement of additional information.

Derivative Instruments and Hedging Activities

Financial Accounting Standards Board Statement of Financial Accounting Standards No. 161, Disclosures about Derivative Instruments and Hedging Activities, requires enhanced disclosure about an entity's derivative and hedging activities.

The following is a summary of the Fund's derivative instruments categorized by risk exposure at March 31, 2009.

Western Asset Income Fund

| Primary Underlying Risk Disclosure | Unrealized Appreciation | Futures Contracts | Unrealized Depreciation | Total |
|------------------------------------|-------------------------|-------------------|-------------------------|-----------------|
| Interest Rate Contracts | | | \$(23,370) \$ | (23,370) |
| Foreign Exchange Contracts | | | | |
| Credit Contracts | | | | |
| Equity Contracts | | | | |
| Other Contracts | | | | |
| Total | | | \$(23,370) \$ | (23,370) |

Recent Accounting Pronouncement

In April 2009, the Financial Accounting Standards Board (FASB) issued FASB Staff Position No. 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly (FSP 157-4). FSP 157-4 provides additional guidance for estimating fair value in accordance with FASB, when the volume and level of activity for the asset or liability have significantly decreased as well as guidance on identifying circumstances that indicate a transaction is not orderly. FSP 157-4 is effective for fiscal years and interim periods ending after June 15, 2009. Management is currently evaluating the impact the adoption of FSP 157-4 will have on the Funds' financial statement disclosures.

Other information regarding the Fund is available in the Fund's most recent Report to Shareholders. This information is available on the Securities and Exchange Commission's website (www.sec.gov).

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Item 2 Controls and Procedures

(a) The Registrant's principal executive and principal financial officers have concluded, based on their evaluation of the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) as of a date within 90 days of the filing date of this report, that the Registrant's disclosure controls and procedures are effective, and that the disclosure controls and procedures are reasonably designed to ensure (1) that information required to be disclosed by the Registrant on Form N-Q is recorded, processed, summarized and reported within the required time periods and (2) that information required to be disclosed by the Registrant in the reports that it files or submits on Form N-Q is accumulated and communicated to the Registrant's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

(b) There were no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) during the Registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting.

Item 3 Exhibits

Certifications as required by Rule 30a-2(a) under the Investment Company Act of 1940 are attached hereto.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Western Asset Income Fund

By: */s/ Jay Gerken*
R. Jay Gerken
President, Western Asset Income Fund
Date: May 28, 2009

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: */s/ Jay Gerken*
R. Jay Gerken
President, Western Asset Income Fund

Date: May 28, 2009

By: */s/ Frances M. Guggino*
Frances M. Guggino

Principal Financial and Accounting Officer, Western Asset Income Fund

Date: May 28, 2009
