

Western Asset Income Fund
Form N-Q
November 23, 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)

Robert I. Frenkel, Esq.

Legg Mason & Co., LLC

100 First Stamford Place

Stamford, CT 06902
(Name and address of agent for service)

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

Date of fiscal year end: December 31

Date of reporting period: September 30, 2009

ITEM 1.

PORTFOLIO OF INVESTMENTS

WESTERN ASSET INCOME FUND

FORM N-Q

SEPTEMBER 30, 2009

Portfolio of Investments

Western Asset Income Fund

September 30, 2009 (Unaudited)

	Rate	Maturity Date	Par/Shares	Value
LONG-TERM SECURITIES	98.4%			
CORPORATE BONDS AND NOTES	78.8%			
Aerospace and Defense	1.3%			
L-3 Communications Corp.	7.625%	6/15/12	\$ 275,000	\$ 278,781
L-3 Communications Corp.	5.200%	10/15/19	370,000	370,925A
Northrop Grumman Corp.	5.050%	8/1/19	170,000	178,631
The Boeing Co.	4.875%	2/15/20	390,000	402,296
United Technologies Corp.	6.125%	2/1/19	300,000	343,236
				1,573,869
Airlines	0.6%			
Continental Airlines Inc.	6.545%	2/2/19	131,621	124,381
Continental Airlines Inc.	7.256%	3/15/20	183,686	176,339
Delta Air Lines Inc.	7.111%	9/18/11	400,000	390,000
				690,720
Automobiles	0.4%			
General Motors Corp.	8.250%	7/15/23	3,450,000	534,750B
Beverages	0.6%			
Bottling Group LLC	5.125%	1/15/19	470,000	500,858
Dr Pepper Snapple Group Inc.	6.820%	5/1/18	240,000	272,828
				773,686
Building Products	N.M.			
Nortek Inc.	8.500%	9/1/14	55,000	37,950B,C
Capital Markets	4.3%			
BankAmerica Capital III	1.079%	1/15/27	215,000	124,769D
Blackstone Holdings Financial	6.625%	8/15/19	480,000	486,718A
Goldman Sachs Capital II	5.793%	12/29/49	920,000	662,400E
Goldman Sachs Group Inc. Senior Notes	6.000%	5/1/14	250,000	271,884
Lehman Brothers Holdings Capital Trust VII	5.857%	12/31/49	1,745,000	175B,E
Lehman Brothers Holdings Inc.	5.750%	5/17/13	350,000	59,500B
Lehman Brothers Holdings Inc.	6.500%	7/19/17	110,000	11B
Merrill Lynch and Co. Inc.	6.050%	8/15/12	400,000	426,595
Merrill Lynch and Co. Inc.	5.700%	5/2/17	1,000,000	979,143
Merrill Lynch and Co. Inc.	6.400%	8/28/17	300,000	303,829
Merrill Lynch and Co. Inc.	6.110%	1/29/37	320,000	304,371
Morgan Stanley	4.750%	4/1/14	60,000	59,557
Morgan Stanley	6.000%	5/13/14	860,000	915,561
Morgan Stanley	6.625%	4/1/18	100,000	105,742
The Goldman Sachs Group Inc.	6.345%	2/15/34	555,000	509,701
				5,209,956

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Chemicals 1.0%

Lubrizol Corp.	8.875%	2/1/19	280,000	345,627
The Dow Chemical Co.	7.375%	11/1/29	800,000	832,023
				1,177,650

Quarterly Report to Shareholders

Portfolio of Investments - Continued

Western Asset Income Fund - Continued

September 30, 2009 (Unaudited) (continued)

	Rate	Maturity Date	Par/Shares	Value
Long-Term Securities Continued				
Corporate Bonds and Notes Continued				
Commercial Banks 3.2%				
BankAmerica Institutional Capital A	8.070%	12/31/26	\$ 130,000	\$ 125,450A
BankAmerica Institutional Capital B	7.700%	12/31/26	480,000	441,600A
Comerica Capital Trust II	6.576%	2/20/37	360,000	247,500E
Credit Suisse New York	5.300%	8/13/19	320,000	328,111
SunTrust Capital VIII	6.100%	12/15/36	560,000	389,733E
Wachovia Capital Trust III	5.800%	3/15/42	630,000	434,700E
Wells Fargo and Co.	3.750%	10/1/14	610,000	606,948
Wells Fargo Capital X	5.950%	12/15/36	450,000	390,375E
Wells Fargo Capital XIII	7.700%	12/29/49	1,100,000	968,000E
				3,932,417
Commercial Services and Supplies 0.5%				
Republic Services Inc.	5.500%	9/15/19	130,000	133,920A
Waste Management Inc.	7.375%	5/15/29	415,000	469,859
				603,779
Consumer Finance 4.8%				
American Express Co.	8.125%	5/20/19	440,000	520,384
American Express Co.	6.800%	9/1/66	1,120,000	952,000E
American Express Credit Corp.	5.125%	8/25/14	150,000	155,163
Capital One Capital V	10.250%	8/15/39	320,000	353,606
Capital One Financial Corp.	6.750%	9/15/17	230,000	244,095
GMAC LLC	7.500%	12/31/13	1,551,000	1,357,125A
GMAC LLC	8.000%	12/31/18	201,000	151,755A
GMAC LLC	8.000%	11/1/31	988,000	795,340A
Nelnet Inc.	7.400%	9/29/36	460,000	336,338E
SLM Corp.	5.000%	10/1/13	810,000	644,808
SLM Corp.	5.050%	11/14/14	130,000	95,562
SLM Corp.	8.450%	6/15/18	230,000	183,425
SLM Corp.	5.625%	8/1/33	180,000	112,974
				5,902,575
Containers and Packaging 0.2%				
Ball Corp.	7.125%	9/1/16	250,000	255,000
Diversified Financial Services 11.5%				
AGFC Capital Trust I	6.000%	1/15/67	170,000	68,000A,E
AIG SunAmerica Global Financing VI	6.300%	5/10/11	1,880,000	1,853,368A
BAC Capital Trust XIV	5.630%	12/31/49	585,000	383,175E
Bank of America Corp.	8.000%	12/29/49	150,000	133,365E

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Beaver Valley II Funding	9.000%	6/1/17	239,000	244,275
Capital One Bank	6.500%	6/13/13	330,000	351,823
Citigroup Inc.	6.375%	8/12/14	620,000	641,012
Citigroup Inc.	5.500%	10/15/14	270,000	269,610
Citigroup Inc.	8.500%	5/22/19	1,840,000	2,077,056
Citigroup Inc.	6.125%	8/25/36	550,000	472,011

Portfolio of Investments - Continued*Western Asset Income Fund - Continued*

September 30, 2009 (Unaudited) (continued)

	Rate	Maturity Date	Par/Shares	Value
Long-Term Securities Continued				
Corporate Bonds and Notes Continued				
Diversified Financial Services Continued				
Citigroup Inc.	8.125%	7/15/39	\$ 450,000	\$ 503,725
General Electric Capital Corp.	5.900%	5/13/14	1,000,000	1,072,291
General Electric Capital Corp.	6.000%	8/7/19	1,120,000	1,136,174
General Electric Capital Corp.	6.375%	11/15/67	600,000	496,500E
HSBC Finance Capital Trust IX	5.911%	11/30/35	1,350,000	1,012,500E
ILFC E-Capital Trust II	6.250%	12/21/65	790,000	398,950A,E
JPMorgan Chase and Co.	6.125%	6/27/17	720,000	758,848
UBS Preferred Funding Trust V	6.243%	5/12/49	1,120,000	842,240E
ZFS Finance USA Trust II	6.450%	12/15/65	1,440,000	1,296,000A,E
				14,010,923
Diversified Telecommunication Services 4.1%				
AT&T Corp.	8.000%	11/15/31	260,000	323,970
AT&T Inc.	6.550%	2/15/39	1,780,000	1,940,631
Embarq Corp.	7.082%	6/1/16	330,000	358,564
Qwest Corp.	6.875%	9/15/33	1,000,000	810,000
Verizon Communications Inc.	8.950%	3/1/39	720,000	986,375
Verizon Global Funding Corp.	5.850%	9/15/35	570,000	573,852
				4,993,392
Electric Utilities 4.9%				
Commonwealth Edison Co.	5.800%	3/15/18	560,000	604,982
CP&L Inc.	5.300%	1/15/19	690,000	747,282
Duke Energy Corp.	6.300%	2/1/14	500,000	553,138
FirstEnergy Corp.	6.450%	11/15/11	3,000	3,245
FirstEnergy Solutions Corp.	4.800%	2/15/15	170,000	174,678A
Pacific Gas and Electric Co.	6.050%	3/1/34	240,000	266,977
PNPP II Funding Corp.	9.120%	5/30/16	1,877,000	1,913,658
Sithe/Independence Funding Corp.	9.000%	12/30/13	1,161,786	1,172,649
Virginia Electric & Power Co.	8.875%	11/15/38	390,000	554,773
				5,991,382
Energy Equipment and Services 0.7%				
Baker Hughes Inc.	7.500%	11/15/18	450,000	549,588
EEB International Ltd.	8.750%	10/31/14	260,000	279,500A
				829,088
Food and Staples Retailing 0.4%				
Wal-Mart Stores Inc.	6.500%	8/15/37	380,000	443,502
Gas Utilities 0.1%				

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Southern Natural Gas Co.	5.900%	4/1/17	170,000	175,083A
Health Care Equipment and Supplies 0.5%				
Baxter International Inc.	4.500%	8/15/19	140,000	143,585
Hospira Inc.	6.050%	3/30/17	290,000	303,681

Quarterly Report to Shareholders

Portfolio of Investments - Continued

Western Asset Income Fund - Continued

September 30, 2009 (Unaudited) (continued)

	Rate	Maturity Date	Par/Shares	Value
Long-Term Securities Continued				
Corporate Bonds and Notes Continued				
Health Care Equipment and Supplies Continued				
St Jude Medical Inc.	3.750%	7/15/14	\$ 160,000	\$ 162,800
				610,066
Health Care Providers and Services 5.5%				
Aetna Inc.	6.500%	9/15/18	240,000	259,799
Cardinal Health Inc.	5.500%	6/15/13	210,000	220,191
Coventry Health Care Inc.	5.950%	3/15/17	440,000	394,526
HCA Inc.	7.875%	2/1/11	250,000	252,188
HCA Inc.	6.300%	10/1/12	180,000	172,800
HCA Inc.	6.250%	2/15/13	930,000	888,150
HCA Inc.	5.750%	3/15/14	65,000	57,363
HCA Inc.	9.125%	11/15/14	400,000	413,000
HCA Inc.	9.250%	11/15/16	500,000	516,875
Humana Inc.	6.450%	6/1/16	220,000	221,895
Tenet Healthcare Corp.	9.000%	5/1/15	732,000	764,940A
Tenet Healthcare Corp.	10.000%	5/1/18	732,000	807,030A
UnitedHealth Group Inc.	5.000%	8/15/14	50,000	51,807
UnitedHealth Group Inc.	6.000%	11/15/17	520,000	543,363
Universal Health Services Inc.	7.125%	6/30/16	520,000	564,093
WellPoint Inc.	5.875%	6/15/17	540,000	569,960
				6,697,980
Hotels, Restaurants and Leisure 0.3%				
Yum! Brands Inc.	4.250%	9/15/15	310,000	316,876
Independent Power Producers and Energy Traders 2.7%				
Dynegy Holdings Inc.	6.875%	4/1/11	1,300,000	1,319,500
Dynegy Holdings Inc.	8.750%	2/15/12	735,000	749,700
TXU Corp.	5.550%	11/15/14	1,500,000	1,023,671
TXU Corp.	6.500%	11/15/24	520,000	240,510
				3,333,381
Insurance 3.7%				
Allstate Corp.	6.500%	5/15/57	480,000	398,400E
American International Group Inc.	6.250%	3/15/37	80,000	39,600E
ASIF Global Financing XIX	4.900%	1/17/13	30,000	27,237A
Everest Reinsurance Holdings Inc.	6.600%	5/15/37	260,000	176,800E
Hartford Financial Services Group Inc.	8.125%	6/15/68	325,000	289,250E
Liberty Mutual Group	5.750%	3/15/14	270,000	254,148A

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Liberty Mutual Group	7.800%	3/15/37	300,000	228,000A
MetLife Inc.	6.400%	12/15/36	1,160,000	980,200E
Nationwide Mutual Insurance Co.	9.375%	8/15/39	430,000	458,230A
Prudential Financial Inc.	8.875%	6/15/38	340,000	333,200E
The Chubb Corp.	6.375%	3/29/67	320,000	288,000E
The Travelers Cos. Inc.	6.250%	3/15/37	620,000	545,120E
The Travelers Cos. Inc.	6.250%	6/15/37	280,000	315,818

Portfolio of Investments - Continued

Western Asset Income Fund - Continued

September 30, 2009 (Unaudited) (continued)

	Rate	Maturity Date	Par/Shares	Value
Long-Term Securities Continued				
Corporate Bonds and Notes Continued				
Insurance Continued				
Willis North America Inc.	5.625%	7/15/15	\$ 230,000	\$ 225,960
				4,559,963
IT Services 0.4%				
Electronic Data Systems Corp.	7.450%	10/15/29	420,000	532,429
Leisure Equipment and Products 0.3%				
Hasbro Inc.	6.300%	9/15/17	320,000	335,094F
Media 4.3%				
Comcast Cable Holdings LLC	9.800%	2/1/12	375,000	431,916
Comcast Corp.	6.450%	3/15/37	120,000	127,067
Comcast Corp.	6.950%	8/15/37	160,000	178,586
Comcast Corp.	6.400%	5/15/38	1,050,000	1,107,165
DirecTV Holdings LLC	4.750%	10/1/14	60,000	60,000A
News America Inc.	6.550%	3/15/33	545,000	557,807
Omnicom Group Inc.	6.250%	7/15/19	570,000	614,893
TCI Communications Inc.	8.750%	8/1/15	160,000	193,074
Time Warner Cable Inc.	8.750%	2/14/19	520,000	640,604
Time Warner Entertainment Co. LP	8.375%	7/15/33	530,000	636,996
Time Warner Inc.	7.700%	5/1/32	595,000	672,818
				5,220,926
Metals and Mining 1.8%				
Barrick Gold Finance Co.	6.125%	9/15/13	300,000	329,728
Freeport-McMoRan Copper & Gold Inc.	8.375%	4/1/17	1,730,000	1,840,287
				2,170,015
Multi-Utilities 1.5%				
Centerpoint Energy Inc.	6.850%	6/1/15	1,150,000	1,192,276
Dominion Resources Inc.	8.875%	1/15/19	250,000	316,299
DTE Energy Co.	6.350%	6/1/16	260,000	267,648
				1,776,223
Multiline Retail 0.9%				
Federated Retail Holdings Inc.	5.350%	3/15/12	270,000	262,814
Macy's Retail Holdings Inc.	5.875%	1/15/13	330,000	320,411
May Department Stores Co.	5.750%	7/15/14	400,000	375,820
May Department Stores Co.	6.650%	7/15/24	180,000	141,952
				1,100,997
Oil, Gas and Consumable Fuels 11.1%				
Apache Corp.	6.900%	9/15/18	100,000	118,888

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Apache Corp.	6.000%	1/15/37	190,000	211,411
ConocoPhillips	6.000%	1/15/20	360,000	398,970
ConocoPhillips	6.500%	2/1/39	810,000	933,724
DCP Midstream LLC	6.750%	9/15/37	420,000	399,827A
Devon Financing Corp. ULC	7.875%	9/30/31	350,000	433,527

Quarterly Report to Shareholders

Portfolio of Investments - Continued

Western Asset Income Fund - Continued

September 30, 2009 (Unaudited) (continued)

	Rate	Maturity Date	Par/Shares	Value
Long-Term Securities Continued				
Corporate Bonds and Notes Continued				
Oil, Gas and Consumable Fuels Continued				
Duke Capital LLC	6.250%	2/15/13	\$ 800,000	\$ 857,603
El Paso Corp.	7.800%	8/1/31	2,000,000	1,834,238
Enbridge Energy Partners LP	9.875%	3/1/19	120,000	149,028
Energy Transfer Partners LP	9.700%	3/15/19	170,000	210,424
Enterprise Products Operating LLP	6.125%	10/15/39	320,000	323,312
EOG Resources Inc.	5.875%	9/15/17	540,000	598,280
Hess Corp.	7.875%	10/1/29	1,180,000	1,382,144
Kerr-McGee Corp.	6.950%	7/1/24	300,000	321,194
Kinder Morgan Energy Partners LP	7.125%	3/15/12	530,000	578,852
Peabody Energy Corp.	6.875%	3/15/13	285,000	287,850
Pemex Project Funding Master Trust	6.625%	6/15/35	2,635,000	2,545,244
The Williams Cos. Inc.	7.500%	1/15/31	102,000	104,181
The Williams Cos. Inc.	8.750%	3/15/32	1,250,000	1,433,454
XTO Energy Inc.	6.100%	4/1/36	440,000	452,912
				13,575,063
Paper and Forest Products 0.5%				
Georgia-Pacific Corp.	9.500%	12/1/11	325,000	346,125
Georgia-Pacific Corp.	7.375%	12/1/25	250,000	225,000
				571,125
Pharmaceuticals 0.6%				
Abbott Laboratories	5.125%	4/1/19	200,000	211,945
Pfizer Inc.	6.200%	3/15/19	270,000	304,327
Wyeth	5.950%	4/1/37	170,000	187,211
				703,483
Real Estate Investment Trusts (REITs) 0.9%				
Developers Diversified Realty Corp.	4.625%	8/1/10	300,000	294,926
Developers Diversified Realty Corp.	9.625%	3/15/16	380,000	381,194
Health Care REIT Inc.	5.875%	5/15/15	130,000	123,637
WEA Financial	6.750%	9/2/19	330,000	333,795A
				1,133,552
Real Estate Management and Development 0.1%				
Forest City Enterprises Inc.	7.625%	6/1/15	225,000	182,250
Thriffs and Mortgage Finance 1.7%				
BB&T Capital Trust II	6.750%	6/7/36	640,000	596,406
Countrywide Financial Corp.	5.800%	6/7/12	950,000	1,002,159
Countrywide Financial Corp.	6.250%	5/15/16	500,000	500,790

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Tobacco 1.7%				2,099,355
Philip Morris International Inc.	6.875%	3/17/14	490,000	559,759

Portfolio of Investments - Continued

Western Asset Income Fund - Continued

September 30, 2009 (Unaudited) (continued)

	Rate	Maturity Date	Par/Shares	Value
Long-Term Securities Continued				
Corporate Bonds and Notes Continued				
Tobacco Continued				
Reynolds American Inc.	7.250%	6/1/12	\$ 1,360,000	\$ 1,460,799
				2,020,558
Wireless Telecommunication Services 1.7%				
New Cingular Wireless Services Inc.	8.750%	3/1/31	655,000	867,653
Sprint Capital Corp.	6.900%	5/1/19	330,000	295,350
Sprint Capital Corp.	8.750%	3/15/32	940,000	888,300
				2,051,303
TOTAL CORPORATE BONDS AND NOTES				
(Cost \$98,980,748)				
				96,126,361
MORTGAGE-BACKED SECURITIES 0.5%				
Variable Rate SecuritiesG 0.5%				
Thornburg Mortgage Securities Trust 2007-4 2A1	6.207%	9/25/37	412,284	332,078
Thornburg Mortgage Securities Trust 2007-4 3A1	6.190%	9/25/37	404,815	329,651
TOTAL MORTGAGE-BACKED SECURITIES				
(Cost \$809,786)				
				661,729
U.S. GOVERNMENT AND AGENCY OBLIGATIONS 0.5%				
Fixed Rate Securities 0.5%				
Fannie Mae	0.000%	10/9/19	350,000	195,634H,I
Tennessee Valley Authority	5.250%	9/15/39	390,000	411,498
United States Treasury Bonds	4.250%	5/15/39	20,000	20,697
United States Treasury Notes	3.125%	5/15/19	5,000	4,920
TOTAL U.S. GOVERNMENT AND AGENCY OBLIGATIONS				
(Cost \$601,280)				
				632,749
YANKEE BONDSJ 18.3%				
Aerospace and Defense 0.2%				
Systems 2001 Asset Trust	6.664%	9/15/13	293,994	291,772A
Beverages 0.4%				
Diageo Capital PLC	7.375%	1/15/14	380,000	440,382
Chemicals 0.2%				
Potash Corp. of Saskatchewan Inc.	6.500%	5/15/19	180,000	201,722
Commercial Banks 6.6%				
AES El Salvador Trust	6.750%	2/1/16	750,000	633,777A
Banco Mercantil del Norte SA	6.135%	10/13/16	750,000	720,447A,E
Barclays Bank PLC	10.179%	6/12/21	240,000	315,439A

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Barclays Bank PLC	7.434%	9/29/49	910,000	796,250A,E
Glitnir Banki Hf	6.330%	7/28/11	400,000	98,000A,B,C
Glitnir Banki Hf	6.693%	6/15/16	680,000	68A,B,C,E
Glitnir Banki Hf	7.451%	12/14/49	210,000	21A,B,C,E
Groupe BPCE SA	12.500%	6/29/49	361,000	393,490A,E
HBOS Capital Funding LP	6.071%	6/30/49	560,000	316,400A,E
ICICI Bank Ltd.	6.375%	4/30/22	200,000	163,602A,E
Kaupthing Bank Hf	5.750%	10/4/11	480,000	102,000A,B,C

Quarterly Report to Shareholders

Portfolio of Investments - Continued

Western Asset Income Fund - Continued

September 30, 2009 (Unaudited) (continued)

	Rate	Maturity Date	Par/Shares	Value
Long-Term Securities Continued				
Yankee Bonds Continued				
Commercial Banks Continued				
Kaupthing Bank Hf	7.625%	2/28/15	\$ 620,000	\$ 131,750A,B,C
Kaupthing Bank Hf	7.125%	5/19/16	1,250,000	125A,B,C
Landsbanki Islands Hf	7.431%	12/31/49	730,000	73A,B,C,E
Mizuho Financial Group	5.790%	4/15/14	1,100,000	1,162,349A
Rabobank Nederland NV	11.000%	12/29/49	858,000	1,051,050A,E
Resona Preferred Global Securities	7.191%	12/29/49	1,095,000	908,850A,E
Royal Bank of Scotland Group PLC	5.000%	11/12/13	70,000	64,191
Royal Bank of Scotland Group PLC	5.000%	10/1/14	170,000	153,755
Royal Bank of Scotland Group PLC	5.050%	1/8/15	80,000	71,768
Royal Bank of Scotland Group PLC	7.640%	3/31/49	100,000	49,000E
RSHB Capital SA	7.125%	1/14/14	200,000	205,560A
Shinsei Finance Cayman Ltd.	6.418%	1/29/49	760,000	399,000A,E
Sumitomo Mitsui Banking Corp.	5.625%	12/31/49	270,000	256,685A,E
				7,993,650
Consumer Finance 0.2%				
Aiful Corp.	6.000%	12/12/11	665,000	266,000A
Diversified Financial Services 1.4%				
Lukoil International Finance BV	6.356%	6/7/17	310,000	298,778A
Petroplus Finance Ltd.	7.000%	5/1/17	600,000	546,000A
SMFG Preferred Capital	6.078%	1/29/49	380,000	331,919A,E
TNK-BP Finance SA	7.500%	7/18/16	160,000	155,600A
UFJ Finance Aruba AEC	6.750%	7/15/13	355,000	394,485
				1,726,782
Diversified Telecommunication Services 2.7%				
British Telecommunications PLC	9.625%	12/15/30	330,000	422,754F
Deutsche Telekom International Finance BV	5.750%	3/23/16	160,000	169,647
Deutsche Telekom International Finance BV	8.750%	6/15/30	580,000	751,113F
Koninklijke (Royal) KPN NV	8.375%	10/1/30	240,000	309,274
Telecom Italia Capital	7.200%	7/18/36	760,000	858,702
Telecom Italia Capital SA	7.721%	6/4/38	390,000	463,109
Telefonica Emisiones S.A.U.	5.877%	7/15/19	220,000	239,034
Telefonica Emisiones S.A.U.	7.045%	6/20/36	100,000	118,341
				3,331,974
Electric Utilities 0.4%				
Enersis SA/Cayman Island	7.400%	12/1/16	452,000	504,766
Food and Staples Retailing 0.3%				

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Delhaize Group	6.500%	6/15/17	290,000	315,617
Foreign Governments 0.8%				
Quebec Province	7.970%	7/22/36	650,000	862,495
Russian Federation	7.500%	3/31/30	51,840	56,277A

Portfolio of Investments - Continued

Western Asset Income Fund - Continued

September 30, 2009 (Unaudited) (continued)

	Rate	Maturity Date	Par/Shares	Value
Long-Term Securities Continued				
Yankee Bonds Continued				
Foreign Governments Continued				
United Mexican States	6.750%	9/27/34	\$ 24,000	\$ 26,400
				945,172
Industrial Conglomerates 0.4%				
Hutchison Whampoa Int.	4.625%	9/11/15	530,000	526,053A
Insurance 0.2%				
Axa	8.600%	12/15/30	200,000	207,960
Media 0.4%				
Rogers Cable Inc.	6.250%	6/15/13	250,000	270,283
WPP Finance	8.000%	9/15/14	180,000	197,450
				467,733
Metals and Mining 1.6%				
Rio Tinto Finance USA Ltd.	9.000%	5/1/19	660,000	810,199F
Vale Overseas Ltd.	6.875%	11/21/36	1,148,000	1,187,641
				1,997,840
Oil, Gas and Consumable Fuels 1.8%				
Anadarko Finance Co.	7.500%	5/1/31	855,000	945,954
Cenovus Energy Inc.	6.750%	11/15/39	90,000	96,978A
Petrobras International Finance Co.	5.875%	3/1/18	879,000	911,729
Shell International Finance BV	6.375%	12/15/38	250,000	296,863
				2,251,524
Paper and Forest Products 0.3%				
PE Paper Escrow GmbH	12.000%	8/1/14	280,000	302,400A
Wireless Telecommunication Services 0.4%				
America Movil SA de CV	5.625%	11/15/17	190,000	196,432
Rogers Wireless Inc.	6.375%	3/1/14	300,000	331,181
				527,613
TOTAL YANKEE BONDS				
(Cost \$26,511,098)				22,298,960
PREFERRED STOCKS 0.3%				
Fannie Mae	8.250%		11,700shs	18,837E,I,K
Freddie Mac	8.375%		96,825	175,253E,I,K
Preferred Blocker Inc.	7.000%		247	143,638A
TOTAL PREFERRED STOCKS				
(Cost \$1,537,589)				337,728
TOTAL LONG-TERM SECURITIES				
(Cost \$128,440,501)				120,057,527

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SHORT-TERM SECURITIES 0.8%
U.S. GOVERNMENT AND AGENCY
OBLIGATIONS 0.2%

Fannie Mae	0.000%	1/25/10	\$	199,000	198,792H,I
Fannie Mae	0.000%	2/1/10		25,000	24,973H,I

Quarterly Report to Shareholders

Portfolio of Investments - Continued

Western Asset Income Fund - Continued

September 30, 2009 (Unaudited) (continued)

	Rate	Maturity Date	Par/Shares	Value
Short-Term Securities - Continued				
U.S. Government and Agency Obligations				
Continued				
Freddie Mac	0.000%	1/25/10	\$ 15,000	\$ 14,988 ^{H,I}
Freddie Mac	0.000%	1/26/10	4,000	3,997 ^{H,I}
TOTAL U.S. GOVERNMENT AND AGENCY OBLIGATIONS				
(Cost \$242,750)				242,750
REPURCHASE AGREEMENTS 0.6%				
Deutsche Bank				
0.05%, dated 9/30/09, to be repurchased at \$782,001 on 10/1/09 (Collateral: \$799,000 Freddie Mac Discount note, 0.000% due 3/8/10, value \$797,640)				
			782,000	782,000
TOTAL REPURCHASE AGREEMENTS				
(Cost \$782,000)				782,000
TOTAL SHORT-TERM SECURITIES				
(Cost \$1,024,750)				1,024,750
TOTAL INVESTMENTS 99.2%				
(Cost \$129,465,251) ^L				121,082,277
Other Assets Less Liabilities 0.8%				989,404
Net Assets 100.0%				\$ 122,071,681

	Expiration	Actual Contracts	Appreciation/ (Depreciation)
Futures Contracts Written M			
U.S. Treasury Bond Futures	December 2009	10	\$ (21,658)
U.S. Treasury Note Futures	December 2009	80	(137,088)
U.S. Treasury Note Futures	December 2009	36	(62,883)
U.S. Treasury Note Futures	December 2009	1	(1,456)
			\$ (223,085)

N.M. Not Meaningful.

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, which the Fund's investment adviser has determined to be liquid,

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unless otherwise noted, represent 18.11% of net assets.

- B Bond is currently in default.
- C Illiquid security valued at fair value under the procedures approved by the Board of Directors.
- D 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 September 30, 2009.
- E 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.
- 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 September 30, 2009. These rates vary with the weighted average coupon of the underlying loans.
- H 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.
- I On September 7, 2008, the Federal Housing Finance Agency placed Fannie Mae (FNMA) and Freddie Mac (FHLMC) into conservatorship.
- J Yankee Bond - A dollar-denominated bond issued in the U.S. by foreign entities.
- K Non-income producing.

Portfolio of Investments - Continued

Western Asset Income Fund - Continued

September 30, 2009 (Unaudited) (continued)

- L Aggregate cost for federal income tax purposes is substantially the same as book cost. At September 30, 2009, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows: