

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:

| | | |
|-------------------------------|----|--------------|
| Gross unrealized appreciation | \$ | 7,158,274 |
| Gross unrealized depreciation | | (15,541,248) |
| Net unrealized depreciation | \$ | (8,382,974) |

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

Notes to Portfolio of Investments (unaudited)

Organization and Significant Accounting Policies

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

The Fund's primary investment objective is to provide current income for its shareholders. Capital appreciation, when consistent with current income, is a secondary investment objective.

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

Investment Valuation

The Fund's securities are valued under policies approved by and under the general oversight of the Board of Directors. The Fund has adopted Financial Accounting Standards Board Codification Section 820 (formerly Statement of Financial Accounting Standards No. 157) (ASC Section 820). ASC Section 820 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. Futures contracts are valued daily at the settlement price established by the board of trade or exchange on which they are traded. 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.

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

The fund uses valuation techniques to measure fair value that are consistent with the market approach, income approach and/or cost approach, depending on the type of the security and the particular circumstance.

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

| Description | Quoted Prices (Level 1) | Other Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Total |
|--|----------------------------|---|--|----------------|
| Long-term investments: | | | | |
| Corporate bonds & notes | | \$ 96,126,361 | | \$ 96,126,361 |
| Mortgage-Backed Securities | | 661,729 | | 661,729 |
| U.S. Government and Agency Obligations | | 632,749 | | 632,749 |
| Yankee Bonds | | 22,298,960 | | 22,298,960 |
| Preferred Stocks | \$ 194,090 | 143,638 | | 337,728 |
| Total long-term investments | 194,090 | 119,863,437 | | 120,057,527 |
| Short-term investments | | 1,024,750 | | 1,024,750 |
| Total investments | 194,090 | 120,888,187 | | 121,082,277 |
| Other financial instruments: | | | | |
| Futures contracts | (223,085) | | | (223,085) |
| Total | \$ (28,995) | \$ 120,888,187 | \$ | \$ 120,859,192 |

Notes to Portfolio of Investments (unaudited) (continued)

See Portfolio of Investments for additional detailed categorizations.

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

| INVESTMENTS IN SECURITIES | CORPORATE BONDS & NOTES | TOTAL |
|---|--|--------------|
| Balance as of December 31, 2008 | \$ 37,200 | \$ 37,200 |
| Accrued premiums/discounts | 8,201 | 8,201 |
| Realized gain/(loss) ¹ | | |
| Change in unrealized appreciation (depreciation) ² | 86,349 | 86,349 |
| Net purchases (sales) | | |
| Net transfers in and/or out of Level 3 | (131,750) | (131,750) |
| Balance as of September 30, 2009 | | |
| Net unrealized appreciation (depreciation) for investments in securities still held at September 30, 2009 | | |

¹ This amount is included in net realized gain (loss) from investment transactions.

² 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.

Foreign Currency Translation

Assets and liabilities initially expressed in non-U.S. currencies are translated into U.S. dollars using currency exchange rates determined prior to the close of trading on the New York Stock Exchange, usually at 2:00 p.m. Eastern time. Purchases and sales of securities and income and expenses are translated into U.S. dollars at the prevailing market rates on the dates of such transactions. The effects of changes in non-U.S. currency exchange rates on investment securities and other assets and liabilities are included with the net realized and unrealized gain or loss on investment securities.

Repurchase Agreements

The Fund may enter into repurchase agreements with institutions that its investment adviser has determined are creditworthy. Each repurchase agreement is recorded at cost. Under the terms of a typical repurchase agreement, a fund takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and of the fund to resell, the obligation at an agreed-upon price and time, thereby determining the yield during a fund's holding period. When entering into repurchase agreements, it is the Fund's policy that its custodian acting on the fund's behalf, or a third party custodian take possession of the underlying collateral securities, the market value of which, at all times, at least equals the

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principal amount of the repurchase transaction, including accrued interest. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked to market to ensure the adequacy of the collateral. If the counterparty defaults, the Fund generally has the right to use the collateral to satisfy the terms of the repurchase transaction. However, if the market value of the collateral declines during the period in which the Fund seeks to assert its rights or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited.

Futures Contracts

The Fund may use futures contracts to gain exposure to, or hedge against, changes in the value of interest rates. 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 certain futures including foreign denominated futures, variation margin is not settled daily, but is recorded as a net variation margin payable or receivable. Futures contracts are valued daily at the settlement price established by the board of trade or exchange on which they are traded. 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.

Notes to Portfolio of Investments (unaudited) (continued)

Futures contracts involve, to varying degrees, risk of loss in excess of the amounts reflected in the financial statements. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market.

Derivative Instruments and Hedging Activities

Financial Accounting Standards Board Codification Section 815 (formerly Statement of Financial Accounting Standards No. 161) (ASC Topic 815) 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 September 30, 2009.

| Primary Underlying Risk Disclosure | Futures Contracts | | Total |
|---------------------------------------|----------------------------|----------------------------|--------------|
| | Unrealized Appreciation | Unrealized Depreciation | |
| Interest Rate Contracts | | \$ (223,085) | \$ (223,085) |
| Total | | \$ (223,085) | \$ (223,085) |

The Fund had an average market value of \$5,500,652 in futures contracts (to sell).

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).

ITEM 2. CONTROLS AND PROCEDURES.

(a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the disclosure controls and procedures required by Rule 30a-3(b) under the 1940 Act and 15d-15(b) under the Securities Exchange Act of 1934.

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

ITEM 3. EXHIBITS.

Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940, as amended, are attached hereto.

SIGNATURES

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

Western Asset Income Fund

By /s/ R. Jay Gerken
R. Jay Gerken
Chief Executive Officer

Date: November 23, 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/ R. Jay Gerken
R. Jay Gerken
Chief Executive Officer

Date: November 23, 2009

By /s/ Frances M. Guggino
Frances M. Guggino
Chief Financial Officer

Date: November 23, 2009
