

Western Asset Income Fund  
Form N-Q  
May 30, 2006

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM N-Q**

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

Investment Company Act file number: 811-02351

**Western Asset Income Fund**

**(Exact Name of Registrant as Specified In Its Charter)**

Address of Principal Executive Offices: 385 East Colorado Boulevard  
Pasadena, CA 91101

Name and address of agent for service: Gregory B. McShea  
385 East Colorado Boulevard  
Pasadena, CA 91101

Registrant's telephone number, including area code: (410) 539-0000

Date of fiscal year end: December 31, 2006

Date of reporting period: March 31, 2006

**Item 1 Schedule of Investments**

Edgar Filing: Western Asset Income Fund - Form N-Q

**Portfolio of Investments**

March 31, 2006 (Unaudited)

(Amounts in Thousands)

**Western Asset Income Fund**

	RATE	MATURITY DATE	PAR/ SHARES	VALUE
<b>Long-Term Securities 98.0%</b>				
<b>Corporate Bonds and Notes 70.9%</b>				
<i>Aerospace/Defense 0.2%</i>				
L-3 Communications Corp.	7.625%	6/15/12	275	284
<i>Auto Parts and Equipment 0.5%</i>				
American Axle & Manufacturing Inc.	5.250%	2/11/14	300	247 <sub>A</sub>
Johnson Controls, Inc.	5.250%	1/15/11	560	551
				798
<i>Automotive 3.5%</i>				
Ford Motor Company	7.450%	7/16/31	3,550	2,636 <sub>A</sub>
General Motors Corporation	8.250%	7/15/23	3,450	2,484 <sub>A</sub>
				5,120
<i>Banking and Finance 7.3%</i>				
Ford Motor Credit Company	7.375%	10/28/09	4,425	4,160
General Motors Acceptance Corporation	6.150%	4/5/07	570	560
General Motors Acceptance Corporation	6.125%	8/28/07	1,090	1,057
General Motors Acceptance Corporation	6.311%	11/30/07	110	103
General Motors Acceptance Corporation	5.625%	5/15/09	1,610	1,498 <sub>A</sub>
HSBC Finance Corporation	4.750%	4/15/10	1,790	1,743
Residential Capital Corporation	6.000%	2/22/11	1,480	1,468
				10,589
<i>Banks 3.1%</i>				
Bank of America Corporation	7.800%	9/15/16	250	290
BankAmerica Capital III	5.170%	1/15/27	215	208 <sub>B</sub>
BB&T Capital Trust I	5.850%	8/18/35	640	604
Chase Capital II	5.180%	2/1/27	725	689 <sub>B</sub>
Deutsche Bank Capital Funding Trust VII	5.628%	1/19/49	670	646
HSBC Finance Capital Trust IX	5.911%	11/30/35	1,350	1,325
RBS Capital Trust III	5.512%	9/29/49	570	550 <sub>C</sub>
Wachovia Capital Trust III	5.800%	3/15/42	200	196
				4,508
<i>Building Materials 0.5%</i>				
American Standard, Inc.	8.250%	6/1/09	500	534
Nortek, Inc.	8.500%	9/1/14	225	229

Edgar Filing: Western Asset Income Fund - Form N-Q

					763
<i>Cable 1.4%</i>					
Comcast Corporation	7.050%	3/15/33	160	165 <sub>A</sub>	
Cox Communications, Inc.	4.625%	1/15/10	510	489	
CSC Holdings Inc.	7.250%	7/15/08	700	707	
TCI Communications, Inc.	8.750%	8/1/15	160	187	
Tele-Communications, Inc.	9.800%	2/1/12	375	442	
					1,990
<i>Casino Resorts 0.7%</i>					
Caesars Entertainment Inc.	8.125%	5/15/11	250	272 <sub>A</sub>	
Harrah's Operating Company, Inc.	5.500%	7/1/10	340	337	
Harrah's Operating Company, Inc.	5.750%	10/1/17	480	454	
					1,063
<i>Chemicals 0.6%</i>					
The Dow Chemical Company	7.375%	11/1/29	800	923	

Edgar Filing: Western Asset Income Fund - Form N-Q

<i>Computer Services and Systems 0.7%</i>					
Electronic Data Systems Corporation	7.125%	10/15/09	600	630	
Electronic Data Systems Corporation	7.450%	10/15/29	420	446 <sub>A</sub>	
					1,076
<i>Containers and Packaging 0.1%</i>					
Graphic Packaging International Corp.	9.500%	8/15/13	200	187 <sub>A</sub>	
<i>Diversified Financial Services 2.7%</i>					
AIG SunAmerica Global Financing VI	6.300%	5/10/11	1,880	1,951 <sub>D</sub>	
Beaver Valley Funding Corp.	9.000%	6/1/17	300	339	
Capital One Bank	5.750%	9/15/10	310	313	
Capital One Bank	6.500%	6/13/13	330	343	
Capital One Financial Corporation	7.125%	8/1/08	90	93	
iStar Financial Inc.	5.375%	4/15/10	230	226	
iStar Financial Inc.	6.000%	12/15/10	230	232	
Marsh & McLennan Companies, Inc.	5.150%	9/15/10	90	88	
Marsh & McLennan Companies, Inc.	5.875%	8/1/33	330	299	
Mizuho Preferred Capital Corp. LLC	8.790%	12/29/49	110	117 <sub>D</sub>	
					4,001
<i>Drug and Grocery Store Chains 0.4%</i>					
Safeway Inc.	7.500%	9/15/09	500	529	
<i>Electric 2.1%</i>					
AEP Texas Central Company	5.500%	2/15/13	420	412	
American Electric Power Company, Inc.	5.250%	6/1/15	490	471	
Dominion Resources, Inc.	5.125%	12/15/09	210	207	
Dominion Resources, Inc.	5.150%	7/15/15	350	329	
FirstEnergy Corp.	6.450%	11/15/11	60	62	
FirstEnergy Corp.	7.375%	11/15/31	710	789	
System Energy Resources, Inc.	4.875%	10/1/07	380	375	
Tampa Electric Company	6.375%	8/15/12	145	151	
The AES Corporation	9.500%	6/1/09	39	42 <sub>A</sub>	
The Cleveland Electric Illuminating Company	5.650%	12/15/13	300	297	
					3,135
<i>Energy 6.1%</i>					
CenterPoint Energy, Inc.	6.850%	6/1/15	1,150	1,209 <sub>A</sub>	
DTE Energy Company	6.375%	4/15/33	330	325 <sub>A</sub>	
Exelon Corporation	6.750%	5/1/11	1,500	1,566	
MidAmerican Energy Holdings Company	5.875%	10/1/12	500	505	
Pacific Gas and Electric Company	6.050%	3/1/34	1,890	1,849	
Peabody Energy Corporation	6.875%	3/15/13	285	289	
Sempra Energy	5.240%	5/21/08	635	636 <sub>B</sub>	
TXU Corp.	6.375%	6/15/06	750	752	
TXU Corp.	6.550%	11/15/34	520	469	
TXU Energy Co.	6.125%	3/15/08	500	504	
TXU Energy Co.	7.000%	3/15/13	370	385	
Xcel Energy, Inc.	7.000%	12/1/10	350	369	
					8,858
<i>Environmental Services 0.3%</i>					
Waste Management, Inc.	7.375%	5/15/29	415	466	

Edgar Filing: Western Asset Income Fund - Form N-Q

<i>Food, Beverage and Tobacco 1.9%</i>					
Altria Group, Inc.	7.000%	11/4/13	305	328	
Altria Group, Inc.	7.750%	1/15/27	340	389	
Domino s, Inc.	8.250%	7/1/11	200	205	
R.J. Reynolds Tobacco Holdings, Inc.	7.250%	6/1/12	1,360	1,404 <sub>A</sub>	
Tyson Foods, Inc.	7.000%	1/15/28	500	452 <sub>A</sub>	
					2,778

Edgar Filing: Western Asset Income Fund - Form N-Q

<i>Gas and Pipeline Utilities 2.5%</i>					
Dynegy Holdings Inc.	6.875%	4/1/11	1,300	1,255	
Dynegy Holdings Inc.	8.750%	2/15/12	735	768 <sub>A</sub>	
The Williams Companies, Inc.	7.500%	1/15/31	102	106	
The Williams Companies, Inc.	8.750%	3/15/32	1,250	1,462	
					3,591
<i>Health Care 1.0%</i>					
Tenet Healthcare Corporation	6.375%	12/1/11	1,465	1,322 <sub>A</sub>	
Tenet Healthcare Corporation	6.875%	11/15/31	250	200	
					1,522
<i>Homebuilding 0.4%</i>					
D.R. Horton, Inc.	5.250%	2/15/15	410	373	
Pulte Homes, Inc.	6.250%	2/15/13	145	145	
					518
<i>Insurance 0.8%</i>					
American International Group, Inc.	5.050%	10/1/15	180	172 <sub>D</sub>	
Liberty Mutual Group	5.750%	3/15/14	270	262 <sub>D</sub>	
St. Paul Travelers Companies, Inc.	5.500%	12/1/15	430	421	
Willis Group North America	5.125%	7/15/10	280	274	
					1,129
<i>Investment Banking/Brokerage 4.1%</i>					
JPM Capital Trust II	7.950%	2/1/27	150	158 <sub>A</sub>	
JPMorgan Chase & Co.	5.125%	9/15/14	1,140	1,096	
JPMorgan Chase & Co.	5.150%	10/1/15	670	641	
Lehman Brothers Holdings Inc.	5.000%	1/14/11	1,340	1,313	
Lehman Brothers Holdings Inc.	5.500%	4/4/16	420	412	
Morgan Stanley	5.050%	1/21/11	1,780	1,745	
Morgan Stanley	4.750%	4/1/14	60	56	
The Goldman Sachs Group, Inc.	6.345%	2/15/34	555	550	
					5,971
<i>Lodging/Hotels 0.3%</i>					
Hilton Hotels Corporation	7.625%	12/1/12	450	478	
<i>Machinery 0.3%</i>					
Case New Holland Incorporated	9.250%	8/1/11	475	507	
<i>Media 3.9%</i>					
AMFM Inc.	8.000%	11/1/08	210	220	
Clear Channel Communications, Inc.	5.500%	9/15/14	865	799	
Liberty Media Corporation	7.875%	7/15/09	750	789	
Liberty Media Corporation	8.500%	7/15/29	130	128	
Liberty Media Corporation	8.250%	2/1/30	65	63 <sub>A</sub>	
News America, Inc.	6.550%	3/15/33	545	531	
News America, Inc.	6.200%	12/15/34	35	33	
Readers Digest Association, Inc.	6.500%	3/1/11	300	299	
Sinclair Broadcast Group, Inc.	8.750%	12/15/11	210	221	
Time Warner Entertainment Company, L.P.	8.375%	7/15/33	680	783	
Time Warner Inc.	9.125%	1/15/13	240	278	

Edgar Filing: Western Asset Income Fund - Form N-Q

Time Warner Inc.	7.700%	5/1/32	885	973
Viacom Inc.	5.625%	8/15/12	520	511

5,628

*Medical Care Facilities 1.7%*

Coventry Health Care, Inc.	5.875%	1/15/12	400	396 <sub>A</sub>
HCA Inc.	5.250%	11/6/08	105	103
HCA, Inc.	7.875%	2/1/11	250	263
HCA, Inc.	6.300%	10/1/12	180	176



Edgar Filing: Western Asset Income Fund - Form N-Q

HCA, Inc.	6.250%	2/15/13	930	902
HCA, Inc.	5.750%	3/15/14	65	61
Health Care REIT, Inc.	8.000%	9/12/12	370	403
Health Care REIT, Inc.	5.875%	5/15/15	130	126
				2,430
<i>Oil and Gas 6.7%</i>				
Amerada Hess Corporation	7.300%	8/15/31	1,440	1,603
Conoco Inc.	6.950%	4/15/29	90	102
ConocoPhillips	4.750%	10/15/12	200	193 <sub>A</sub>
Devon Energy Corporation	7.950%	4/15/32	350	429
El Paso Corporation	7.625%	8/16/07	300	305 <sub>A</sub>
El Paso Corporation	7.800%	8/1/31	2,000	2,010
Kerr-McGee Corporation	7.875%	9/15/31	1,315	1,502
Occidental Petroleum Corporation	6.750%	1/15/12	500	535 <sub>A</sub>
Ocean Energy Inc.	4.375%	10/1/07	430	424
Panhandle Eastern Pipe Line Company	4.800%	8/15/08	445	437
Pemex Project Funding Master Trust	6.625%	6/15/35	1,150	1,111 <sub>D</sub>
Valero Energy Corporation	6.875%	4/15/12	215	228
Vintage Petroleum, Inc.	7.875%	5/15/11	250	260
XTO Energy, Inc.	6.250%	4/15/13	560	579
				9,718
<i>Paper and Forest Products 1.7%</i>				
Georgia-Pacific Corp.	9.500%	12/1/11	325	356
Georgia-Pacific Corp.	7.375%	12/1/25	250	240 <sub>A</sub>
International Paper Company	5.500%	1/15/14	330	316
Weyerhaeuser Company	6.750%	3/15/12	995	1,036
Weyerhaeuser Company	7.375%	3/15/32	540	577
				2,525
<i>Photo Equipment and Supplies 0.5%</i>				
Eastman Kodak Company	3.625%	5/15/08	375	350
Eastman Kodak Company	7.250%	11/15/13	345	335
				685
<i>Real Estate 0.2%</i>				
Forest City Enterprises, Inc.	7.625%	6/1/15	225	238
Socgen Real Estate Co. LLC	1.000%	12/29/49	80	82 <sub>C, D</sub>
				320
<i>Special Purpose 10.8%</i>				
Ahold Finance USA, Inc.	8.250%	7/15/10	355	376
DaimlerChrysler NA Holding Corporation	5.360%	9/10/07	1,570	1,574 <sub>B</sub>
DaimlerChrysler NA Holding Corporation	7.300%	1/15/12	415	439
DaimlerChrysler NA Holding Corporation	6.500%	11/15/13	160	163
Duke Capital Corporation	6.250%	2/15/13	1,200	1,230
ILFC E-Capital Trust I	5.900%	12/21/65	330	320 <sub>D</sub>
PNPP II Funding Corporation	9.120%	5/30/16	2,424	2,767 <sub>A</sub>
Qwest Capital Funding, Inc.	7.250%	2/15/11	1,150	1,166 <sub>A</sub>
Rabobank Capital Funding Trust II	5.260%	12/31/49	115	110 <sub>D</sub>
Rabobank Capital Funding Trust III	5.254%	12/29/49	1,145	1,082 <sub>D</sub>
Sithe Independence Funding Corporation	9.000%	12/30/13	1,500	1,620

Edgar Filing: Western Asset Income Fund - Form N-Q

Sprint Capital Corporation	8.750%	3/15/32	1,420	1,775
TCI Communications Financing III	9.650%	3/31/27	3,000	3,225
				15,847

Edgar Filing: Western Asset Income Fund - Form N-Q

<b>Telecommunications 1.9%</b>					
BellSouth Corporation	4.750%	11/15/12	320	303	
Emmis Operating Company	6.875%	5/15/12	250	241	
Qwest Communications International Inc.	7.500%	2/15/14	850	876	
Qwest Corporation	6.875%	9/15/33	1,000	960	
Verizon New York Inc.	6.875%	4/1/12	340	349 <sub>A</sub>	
					2,729
<b>Telecommunications (Cellular/Wireless) 1.2%</b>					
Motorola, Inc.	7.625%	11/15/10	56	61	
New Cingular Wireless Services Inc.	7.500%	5/1/07	500	511	
New Cingular Wireless Services Inc.	8.125%	5/1/12	155	174	
New Cingular Wireless Services Inc.	8.750%	3/1/31	475	602	
Nextel Communications, Inc.	5.950%	3/15/14	88	87	
Nextel Communications, Inc.	7.375%	8/1/15	285	299	
					1,734
<b>Transportation 0.8%</b>					
Continental Airlines, Inc.	7.256%	3/15/20	226	231	
Continental Airlines, Inc.	6.545%	8/2/20	177	179	
Delta Air Lines, Inc.	7.570%	5/18/12	40	40	
Delta Air Lines, Inc.	6.417%	7/2/12	400	402	
Delta Air Lines, Inc.	6.718%	7/2/24	263	266	
					1,118
<b>Total Corporate Bonds and Notes (Identified Cost \$102,321)</b>					103,518
<b>Mortgage-Backed Securities N.M.</b>					
Glendale Federal Savings Bank 1978-A	9.125%	1/25/08	4	4	
<b>Total Mortgage-Backed Securities (Identified Cost \$4)</b>					4
<b>U.S. Government and Agency Obligations 2.9%</b>					
<i>Fixed Rate Securities 0.9%</i>					
United States Treasury Notes	4.500%	2/15/09	355	352 <sub>A</sub>	
United States Treasury Notes	4.375%	12/15/10	960	941 <sub>A</sub>	
					1,293
<i>Treasury Inflation-Protected Securities<sup>E</sup> 2.0%</i>					
United States Treasury Inflation-Protected Security	1.875%	7/15/15	3,058	2,941 <sub>A</sub>	
<b>Total U.S. Government and Agency Obligations (Identified Cost \$4,350)</b>					4,234
<b>U.S. Government Agency Mortgage-Backed Securities N.M.</b>					
Fannie Mae	11.500%	11/1/17	9	9	
Freddie Mac	10.250%	5/1/09	15	17	

26

**Total U.S. Government Agency Mortgage-Backed Securities**

(Identified Cost \$23)

26

**Yankee Bonds<sup>F</sup> 24.2%**

*Aerospace/Defense 0.3%*

Systems 2001 Asset Trust	6.664%	9/15/13	446	465 <sub>D</sub>
--------------------------	--------	---------	-----	------------------

*Banking and Finance 2.4%*

AIFUL CORPORATION	5.000%	8/10/10	995	963 <sub>D</sub>
Corporacion Andina de Fomento	4.980%	1/26/07	470	470 <sub>B</sub>
HBOS Capital Funding LP	6.071%	6/30/49	560	560 <sub>C, D</sub>
HBOS Treasury Services plc	4.000%	9/15/09	420	403 <sub>D</sub>
Mizuho Financial Group, Inc.	5.790%	4/15/14	1,100	1,103 <sub>D</sub>

3,499

*Banks 0.9%*

Shinsei Finance Cayman Ltd.	6.418%	1/29/49	1,100	1,083 <sub>A, D</sub>
Sumitomo Mitsui Banking Corporation	5.625%	7/29/49	270	262 <sub>D</sub>

1,345

Edgar Filing: Western Asset Income Fund - Form N-Q

<i>Cable 0.2%</i>					
British Sky Broadcasting Group plc	6.875%	2/23/09	330	342	
<i>Diversified Financial Services 0.5%</i>					
Encana Holdings Finance Corp	5.800%	5/1/14	770	776	
<i>Electric 0.5%</i>					
Empresa Nacional de Electricidad S.A.	8.500%	4/1/09	670	718 <sub>A</sub>	
<i>Foreign Governments 7.8%</i>					
Federative Republic of Brazil	14.500%	10/15/09	180	231 <sub>A</sub>	
Federative Republic of Brazil	12.000%	4/15/10	210	256	
Federative Republic of Brazil	5.250%	4/15/12	138	138 <sub>B</sub>	
Federative Republic of Brazil	5.250%	4/15/12	214	214 <sub>B</sub>	
Federative Republic of Brazil	12.250%	3/6/30	760	1,157 <sub>A</sub>	
Federative Republic of Brazil	11.000%	8/17/40	340	436 <sub>A</sub>	
Quebec Province	7.220%	7/22/36	650	871	
Republic of Chile	5.060%	1/28/08	150	151 <sub>B</sub>	
Republic of Colombia	11.750%	2/25/20	290	413	
Republic of Panama	7.125%	1/29/26	400	408 <sub>A</sub>	
Republic of Panama	6.700%	1/26/36	170	170 <sub>A</sub>	
Republic of Peru	5.000%	3/7/17	273	260 <sub>C</sub>	
Republic of Peru	8.750%	11/21/33	230	256	
Republic of South Africa	7.375%	4/25/12	250	271 <sub>A</sub>	
Republic of South Africa	6.500%	6/2/14	260	274 <sub>A</sub>	
Russian Federation	5.000%	3/31/30	1,950	2,139 <sub>C</sub>	
United Mexican States	5.625%	1/15/17	282	273	
United Mexican States	11.500%	5/15/26	960	1,490 <sub>A</sub>	
United Mexican States	8.300%	8/15/31	340	411	
United Mexican States	7.500%	4/8/33	1,423	1,587	
					11,406
<i>Insurance 0.8%</i>					
Axa	8.600%	12/15/30	550	703	
Oil Insurance Ltd	5.150%	8/15/33	220	216 <sub>C, D</sub>	
XL Capital Ltd.	5.250%	9/15/14	250	237	
					1,156
<i>Manufacturing (Diversified) 1.0%</i>					
Tyco International Group SA	6.375%	10/15/11	1,450	1,489	
<i>Metals And Minerals 0.7%</i>					
Vale Overseas Limited	6.250%	1/11/16	1,102	1,084	
<i>Oil and Gas 1.4%</i>					
Gazprom	9.625%	3/1/13	50	59 <sub>D</sub>	
Gazprom	9.625%	3/1/13	20	24 <sub>A</sub>	
Petrobras International Finance Company (PIFCO)	9.750%	7/6/11	345	404	
Petroliam Nasional Berhad	7.625%	10/15/26	1,260	1,475 <sub>D</sub>	
					1,962
<i>Special Purpose 4.4%</i>					
ASIF Global Financing XIX	4.900%	1/17/13	410	396 <sub>D</sub>	
Conoco Funding Company	6.350%	10/15/11	470	490	
Deutsche Telekom International Finance BV	5.750%	3/23/16	160	156	

Edgar Filing: Western Asset Income Fund - Form N-Q

Deutsche Telekom International Finance BV	8.250%	6/15/30	500	598
Molson Coors Capital Finance ULC	4.850%	9/22/10	480	467
Petrozuata Finance, Inc.	8.220%	4/1/17	3,205	3,157 <sub>D</sub>
Resona Preferred Global Securities	7.191%	12/29/49	765	798 <sub>D</sub>
UFJ Finance Aruba AEC	6.750%	7/15/13	355	376

6,438

*Telecommunications 2.4%*

British Telecommunications plc	8.875%	12/15/30	330	422
France Telecom SA	8.500%	3/1/31	560	699
Koninklijke (Royal) KPN NV	8.375%	10/1/30	240	264

Edgar Filing: Western Asset Income Fund - Form N-Q

Tele Norte Leste Participacoes S.A.	8.000%	12/18/13	410	437
Telecom Italia Capital S.p.A.	5.250%	11/15/13	750	711
Telecom Italia Capital S.p.A.	4.950%	9/30/14	695	639
Telus Corporation	7.500%	6/1/07	250	256
				3,428
<i>Telecommunications (Cellular/Wireless) 0.2%</i>				
Rogers Wireless Communications Inc.	6.375%	3/1/14	300	299
<i>Transportation 0.3%</i>				
Qantas Airways Limited	6.050%	4/15/16	370	367 <sub>D</sub>
<i>Utilities 0.4%</i>				
United Utilities plc	5.375%	2/1/19	580	538
<b>Total Yankee Bonds</b> (Identified Cost \$33,261)				35,312
<b>Total Long-Term Securities</b> (Identified Cost \$139,958)				143,094
<b>Investment of Collateral from Securities Lending 17.1%</b>				
State Street Navigator Securities Lending Prime Portfolio			24,934 shs	24,934
<b>Total Investment of Collateral from Securities Lending</b> (Identified Cost \$24,934)				24,934
<b>Short-Term Securities 0.7%</b>				
<i>Repurchase Agreements 0.7%</i>				
Goldman, Sachs & Company				
4.77%, dated 3/31/06, to be repurchased at \$1,029 on				
4/3/06 (Collateral: \$1,050 Fannie Mae notes, 5.0% due 9/14/07, value \$1,051)			\$ 1,029	1,029
<b>Total Short-Term Securities</b> (Identified Cost \$1,029)				1,029
<b>Total Investments</b> (Identified Cost \$165,922) <b>115.8%</b>				\$ 169,057
<b>Obligation to Return Collateral For Securities Loaned (17.1%)</b>				(24,934)
<b>Other Assets Less Liabilities 1.3%</b>				1,884
<b>Net Assets 100.0%</b>				\$ 146,007

- <sup>A</sup> *All or a portion of these securities is on loan.*
- <sup>B</sup> *Indexed Security* The rate of interest earned on this security is tied to the London Interbank Offered Rate ("LIBOR"). The coupon rate is the rate as of March 31, 2006.
- <sup>C</sup> *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.
- <sup>D</sup> *Rule 144a Security* A security purchased pursuant to Rule 144a under the Securities Act of 1933 which may not be resold subject to that rule except to qualified institutional buyers. These securities represent 11.3% of net assets.
- <sup>E</sup> *Treasury Inflation-Protected Security* Treasury security whose principal value is adjusted daily in accordance with changes to the Consumer Price Index for All Urban Consumers. Interest is calculated on the basis of the current adjusted principal value.
- <sup>F</sup> *Yankee Bond* A dollar-denominated bond issued in the U.S. by foreign entities.

N.M. Not Meaningful

### **Security Valuation**

The Fund's securities are valued on the basis of readily available market quotations or, lacking such quotations, at fair value as determined under policies approved by and under the general oversight of the Board of Trustees. In determining fair value, all relevant qualitative and quantitative factors available are considered. These factors are subject to change over time and are reviewed periodically. The fund may use fair value pricing instead of market quotations to value one or more securities if the Fund believes that, because of special circumstances, doing so would more accurately reflect the prices the Fund expects to realize on the current sale of those securities. Further, because of the inherent uncertainty of valuation, those estimated values may differ significantly from quoted or published values or from the values that would have been used had a ready market for the investments existed, and the differences could be material.

### **Securities Lending**

The Fund lends its securities to approved brokers to earn additional income and receives cash and U.S. government securities as collateral against the loans. Cash collateral received is invested in a money market pooled account by the Fund's lending agent. Collateral is maintained over the life of the loan in an amount not less than 100% of the value of loaned securities. At March 31, 2006, the market value of the securities on loan to broker-dealers was \$24,422 for which the Fund received collateral of \$24,934 in cash. Such collateral is in the possession of the Fund's custodian. The cash was invested in the State Street Navigator Securities Lending Prime Portfolio and is included in the Fund's portfolio of investments. As with other extensions of credit, the Fund may bear the risk of delay in recovery or even loss of rights to the collateral should the borrower of the securities fail financially.

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](http://www.sec.gov)).



**Item 2 Controls and Procedures**

- (a) Western Asset Income Fund (the Registrant ) principal executive and principal financial officers have concluded, based on their evaluation of the Registrant s disclosure controls and procedures as of a date within 90 days of the filing date of this report, that the Registrant s disclosure controls and procedures are reasonably designed to ensure that information required to be disclosed by the Registrant on Form N-Q is recorded, processed, summarized and reported within the required time periods in the Securities and Exchange Commission s rules and forms and 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 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 pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 filed as an exhibit 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/ James W. Hirschmann  
James W. Hirschmann  
President  
Western Asset Income Fund  
Date: May 25, 2006

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/ James W. Hirschmann  
James W. Hirschmann  
President  
Western Asset Income Fund  
Date: May 25, 2006

By: /s/ Marie K. Karpinski  
Marie K. Karpinski  
Treasurer and Principal Financial and Accounting Officer  
Western Asset Income Fund  
Date: May 23, 2006