

Western Asset Income Fund
Form N-Q
November 28, 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:	September 30, 2006

Item 1 Schedule of Investments

PORTFOLIO OF INVESTMENTS

September 30, 2006 (Unaudited)

(Amounts in Thousands)

Western Asset Income Fund

	% OF NET ASSETS	RATE	MATURITY DATE	PAR/ SHARES	VALUE
Long-Term Securities	98.5%				
Corporate Bonds and Notes	74.7%				
<i>Aerospace/Defense</i>	<i>0.2%</i>				
L-3 Communications Corp.		7.625%	6/15/12	\$ 275	\$ 283
<i>Auto Parts and Equipment</i>	<i>0.4%</i>				
Johnson Controls, Inc.		5.250%	1/15/11	560	554
<i>Automotive</i>	<i>3.9%</i>				
Ford Motor Company		7.450%	7/16/31	3,550	2,742 _A
General Motors Corporation		8.250%	7/15/23	3,450	2,989 _A
					5,731
<i>Banking and Finance</i>	<i>8.0%</i>				
Ford Motor Credit Company		7.375%	10/28/09	4,425	4,300
General Motors Acceptance Corporation		6.125%	8/28/07	1,090	1,088
General Motors Acceptance Corporation		6.311%	11/30/07	110	109
General Motors Acceptance Corporation		5.625%	5/15/09	1,610	1,570
HSBC Finance Capital Trust IX		5.911%	11/30/35	1,350	1,350 _B
HSBC Finance Corporation		5.700%	6/1/11	1,730	1,761
Residential Capital Corporation		6.000%	2/22/11	1,480	1,478
Wachovia Capital Trust III		5.800%	3/15/42	200	201 _B
					11,857
<i>Banks</i>	<i>2.2%</i>				
Bank of America Corporation		7.800%	9/15/16	250	291
BankAmerica Capital III		6.077%	1/15/27	215	208 _C
BB&T Capital Trust II		6.750%	6/7/36	640	685
Chase Capital II		5.989%	2/1/27	725	697 _C
RBS Capital Trust III		5.512%	9/29/49	1,460	1,419 _B
					3,300
<i>Building Materials</i>	<i>0.5%</i>				
American Standard, Inc.		8.250%	6/1/09	500	532

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

Nortek, Inc.	8.500%	9/1/14	225	213
				745
<i>Cable</i>	1.6%			
Comcast Corporation	7.050%	3/15/33	160	172
Comcast Corporation	6.450%	3/15/37	380	380
Cox Communications, Inc.	4.625%	1/15/10	510	496

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

	% OF NET ASSETS	RATE	MATURITY DATE	PAR/ SHARES	VALUE
CSC Holdings Inc.		7.250%	7/15/08	700	707
TCI Communications, Inc.		8.750%	8/1/15	160	189
Tele-Communications, Inc.		9.800%	2/1/12	375	443
					2,387
<i>Casino Resorts</i>	<i>0.8%</i>				
Caesars Entertainment Inc.		8.125%	5/15/11	250	264
Harrah's Operating Company, Inc.		5.500%	7/1/10	470	463
Harrah's Operating Company, Inc.		5.750%	10/1/17	480	439
					1,166
<i>Chemicals</i>	<i>0.6%</i>				
The Dow Chemical Company		7.375%	11/1/29	800	934
<i>Computer Services and Systems</i>	<i>0.7%</i>				
Electronic Data Systems Corporation		7.125%	10/15/09	600	627
Electronic Data Systems Corporation		7.450%	10/15/29	420	461 _A
					1,088
<i>Containers and Packaging</i>	<i>0.1%</i>				
Graphic Packaging International Corp.		9.500%	8/15/13	200	204
<i>Diversified Financial Services</i>	<i>4.5%</i>				
AIG SunAmerica Global Financing VI		6.300%	5/10/11	1,880	1,962 _D
American Express Company		6.800%	9/1/66	790	834 _B
American General Finance Corporation (AGFC)		5.750%	9/15/16	310	313
Beaver Valley Funding Corp.		9.000%	6/1/17	300	339
Capital One Bank		5.750%	9/15/10	310	315
Capital One Bank		6.500%	6/13/13	330	345
Capital One Financial Corporation		7.125%	8/1/08	90	93
Citigroup Inc.		6.125%	8/25/36	550	566
iStar Financial Inc.		5.950%	10/15/13	440	442 _D
Mizuho Preferred Capital Corp. LLC		8.790%	12/29/49	110	116 _{B,D}
ZFS Finance (USA) Trust I		6.150%	12/15/65	750	746 _{A,B,D}
ZFS Finance (USA) Trust II		6.450%	12/15/65	690	682 _{B,D}
					6,753
<i>Drug and Grocery Store Chains</i>	<i>0.6%</i>				
CVS Corporation		5.750%	8/15/11	290	294
Safeway Inc.		7.500%	9/15/09	500	527
					821

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

	% OF NET ASSETS	RATE	MATURITY DATE	PAR/ SHARES	VALUE
<i>Electric</i> 2.1%					
AEP Texas Central Company		5.500%	2/15/13	420	418
American Electric Power Company, Inc.		5.250%	6/1/15	490	477
Dominion Resources, Inc.		5.150%	7/15/15	560	538
FirstEnergy Corp.		6.450%	11/15/11	60	62
FirstEnergy Corp.		7.375%	11/15/31	710	821
System Energy Resources, Inc.		4.875%	10/1/07	380	376
Tampa Electric Company		6.375%	8/15/12	145	152
The AES Corporation		9.500%	6/1/09	39	42
The Cleveland Electric Illuminating Company		5.650%	12/15/13	300	300
					3,186
<i>Energy</i> 4.8%					
CenterPoint Energy, Inc.		6.850%	6/1/15	1,150	1,219 _A
DTE Energy Company		6.375%	4/15/33	330	334 _A
Exelon Corporation		6.750%	5/1/11	1,050	1,103
MidAmerican Energy Holdings Company		5.875%	10/1/12	500	509
Pacific Gas and Electric Company		6.050%	3/1/34	1,270	1,277
Peabody Energy Corporation		6.875%	3/15/13	285	281
Sempra Energy		5.863%	5/21/08	635	636 _C
TXU Corp.		6.550%	11/15/34	520	490
TXU Energy Co.		6.125%	3/15/08	500	504
TXU Energy Co.		7.000%	3/15/13	370	388
Xcel Energy, Inc.		7.000%	12/1/10	350	371
					7,112
<i>Environmental Services</i> 0.3%					
Waste Management, Inc.		7.375%	5/15/29	415	475
<i>Food, Beverage and Tobacco</i> 1.6%					
Altria Group, Inc.		7.000%	11/4/13	305	332
Altria Group, Inc.		7.750%	1/15/27	340	412
Domino's, Inc.		8.250%	7/1/11	200	210
Reynolds American Inc.		7.250%	6/1/12	1,360	1,399 _{A,D}
					2,353
<i>Gas and Pipeline Utilities</i> 2.4%					
Dynegy Holdings Inc.		6.875%	4/1/11	1,300	1,266
Dynegy Holdings Inc.		8.750%	2/15/12	735	762
The Williams Companies, Inc.		7.500%	1/15/31	102	100
The Williams Companies, Inc.		8.750%	3/15/32	1,250	1,369
					3,497

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

	% OF NET ASSETS	RATE	MATURITY DATE	PAR/ SHARES	VALUE
<i>Health Care</i> 2.6%					
Aetna Inc.		5.750%	6/15/11	540	549
Baxter International Inc.		5.900%	9/1/16	520	534
Humana Inc.		6.450%	6/1/16	220	228
Quest Diagnostics Incorporated		5.125%	11/1/10	290	287
Tenet Healthcare Corporation		6.375%	12/1/11	1,465	1,287 ^A
Tenet Healthcare Corporation		6.875%	11/15/31	250	196
Wyeth		6.950%	3/15/11	680	723
					3,804
<i>Homebuilding</i> 0.3%					
D.R. Horton, Inc.		5.250%	2/15/15	410	374
Pulte Homes, Inc.		6.250%	2/15/13	145	147
					521
<i>Insurance</i> 1.1%					
American International Group, Inc.		5.050%	10/1/15	180	175
Liberty Mutual Group		5.750%	3/15/14	270	266 ^D
Liberty Mutual Group		7.500%	8/15/36	330	354 ^D
The St. Paul Travelers Companies, Inc.		6.250%	6/20/16	310	323
Willis Group North America		5.125%	7/15/10	280	275
Willis Group North America		5.625%	7/15/15	230	221
					1,614
<i>Investment Banking/Brokerage</i> 3.4%					
J.P. Morgan Capital Trust II		7.950%	2/1/27	150	156 ^A
Lehman Brothers Holdings Inc.		5.000%	1/14/11	1,340	1,327
Lehman Brothers Holdings Inc.		5.500%	4/4/16	100	100
Morgan Stanley		5.050%	1/21/11	1,780	1,764
Morgan Stanley		4.750%	4/1/14	60	57
The Goldman Sachs Group, Inc.		6.345%	2/15/34	555	551
UBS Preferred Funding Trust V		6.243%	5/12/49	1,120	1,158 ^{A,B}
					5,113
<i>Lodging/Hotels</i> 0.3%					
Hilton Hotels Corporation		7.625%	12/1/12	450	479
<i>Machinery</i> 0.3%					
Case New Holland Incorporated		9.250%	8/1/11	475	503

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

	% OF NET ASSETS	RATE	MATURITY DATE	PAR/ SHARES	VALUE
<i>Media</i> 3.7%					
AMFM Inc.		8.000%	11/1/08	210	220
Clear Channel Communications, Inc.		5.500%	9/15/14	365	339
Liberty Media Corporation		7.875%	7/15/09	750	785
Liberty Media Corporation		8.500%	7/15/29	130	132
Liberty Media Corporation		8.250%	2/1/30	65	65 _A
News America, Inc.		6.550%	3/15/33	545	537
News America, Inc.		6.200%	12/15/34	35	33
Readers Digest Association, Inc.		6.500%	3/1/11	300	285
Time Warner Entertainment Company, L.P.		8.375%	7/15/33	680	802
Time Warner Inc.		9.125%	1/15/13	240	280
Time Warner Inc.		7.700%	5/1/32	885	988
Viacom Inc.		5.750%	4/30/11	440	439 _D
Viacom Inc.		5.625%	8/15/12	520	514
					5,419
<i>Medical Care Facilities</i> 1.9%					
Coventry Health Care, Inc.		5.875%	1/15/12	400	397
HCA, Inc.		5.250%	11/6/08	105	104
HCA, Inc.		7.875%	2/1/11	250	239
HCA, Inc.		6.300%	10/1/12	180	152
HCA, Inc.		6.250%	2/15/13	930	777
HCA, Inc.		5.750%	3/15/14	65	51
Health Care REIT, Inc.		8.000%	9/12/12	370	408
Health Care REIT, Inc.		5.875%	5/15/15	130	128
Universal Health Services, Inc.		7.125%	6/30/16	520	548
					2,804
<i>Oil and Gas</i> 6.9%					
Amerada Hess Corporation		7.875%	10/1/29	1,450	1,713
Conoco Inc.		6.950%	4/15/29	90	104
ConocoPhillips		4.750%	10/15/12	200	196 _A
Devon Energy Corporation		7.950%	4/15/32	350	432
El Paso Corporation		7.625%	8/16/07	300	304 _A
El Paso Corporation		7.800%	8/1/31	2,000	2,050 _A
Kerr-McGee Corporation		7.875%	9/15/31	1,315	1,590
Kinder Morgan Energy Partners		7.125%	3/15/12	530	562
Occidental Petroleum Corporation		6.750%	1/15/12	500	534 _A
Ocean Energy Inc.		4.375%	10/1/07	430	426
Panhandle Eastern Pipe Line Company		4.800%	8/15/08	445	438
Pemex Project Funding Master Trust		6.625%	6/15/35	1,150	1,130 _D

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

	% OF NET ASSETS	RATE	MATURITY DATE	PAR/ SHARES	VALUE
Valero Energy Corporation		6.875%	4/15/12	215	229
XTO Energy, Inc.		6.250%	4/15/13	560	578
					10,286
<i>Paper and Forest Products</i>	<i>1.5%</i>				
Georgia-Pacific Corp.		9.500%	12/1/11	325	350
Georgia-Pacific Corp.		7.375%	12/1/25	250	237
Weyerhaeuser Company		6.750%	3/15/12	995	1,040
Weyerhaeuser Company		7.375%	3/15/32	540	559
					2,186
<i>Photo Equipment and Supplies</i>	<i>0.5%</i>				
Eastman Kodak Company		3.625%	5/15/08	375	360
Eastman Kodak Company		7.250%	11/15/13	345	337 _A
					697
<i>Real Estate Management and Development</i>	<i>0.2%</i>				
Forest City Enterprises, Inc.		7.625%	6/1/15	225	229
Socgen Real Estate Co. LLC		7.640%	12/29/49	80	82 _{B,D}
					311
<i>Retail</i>	<i>0.4%</i>				
May Department Stores Company		5.750%	7/15/14	400	394 _A
May Department Stores Company		6.700%	7/15/34	180	179
					573
<i>Special Purpose</i>	<i>12.1%</i>				
Ahold Finance USA, Inc.		8.250%	7/15/10	355	380 _A
ASIF Global Financing XIX		4.900%	1/17/13	30	29 _B
DaimlerChrysler NA Holding Corporation		5.870%	9/10/07	1,270	1,273 _C
DaimlerChrysler NA Holding Corporation		7.300%	1/15/12	415	441
DaimlerChrysler NA Holding Corporation		6.500%	11/15/13	160	164
Deutsche Bank Capital Funding Trust VII		5.628%	1/19/49	670	653 _{A,B,D}
Duke Capital Corporation		6.250%	2/15/13	1,200	1,233 _A
ILFC E-Capital Trust II		6.250%	12/21/65	380	380 _{B,D}
ILFC E-Capital Trust I		5.900%	12/21/65	720	725 _{A,B,D}
PNPP II Funding Corporation		9.120%	5/30/16	2,398	2,747 _A
Qwest Capital Funding, Inc.		7.250%	2/15/11	1,150	1,150
Rabobank Capital Funding Trust II		5.260%	12/31/49	115	113 _{B,D}
Rabobank Capital Funding Trust III		5.254%	12/29/49	1,145	1,105 _{B,D}
Sithe Independence Funding Corporation		9.000%	12/30/13	1,500	1,616

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

	% OF NET ASSETS	RATE	MATURITY DATE	PAR/ SHARES	VALUE
Sprint Capital Corporation		8.750%	3/15/32	1,830	2,232
TCI Communications Financing III		9.650%	3/31/27	3,000	3,186
Verizon Global Funding Corp.		5.850%	9/15/35	570	537
					17,964
<i>Telecommunications</i>	<i>2.8%</i>				
AT&T Corp.		8.000%	11/15/31	440	538
BellSouth Corporation		4.750%	11/15/12	320	305
Embarq Corporation		6.738%	6/1/13	350	360
Embarq Corporation		7.082%	6/1/16	540	551
Emmis Operating Company		6.875%	5/15/12	250	250
Qwest Communications International Inc.		7.500%	2/15/14	850	852
Qwest Corporation		6.875%	9/15/33	1,000	913
Verizon New York Inc.		6.875%	4/1/12	340	355 _A
					4,124
<i>Telecommunications (Cellular/Wireless)</i>	<i>1.1%</i>				
Motorola, Inc.		7.625%	11/15/10	56	61
New Cingular Wireless Services Inc.		7.500%	5/1/07	350	354 _A
New Cingular Wireless Services Inc.		8.125%	5/1/12	155	175
New Cingular Wireless Services Inc.		8.750%	3/1/31	475	607
Nextel Communications, Inc.		5.950%	3/15/14	88	86
Nextel Communications, Inc.		7.375%	8/1/15	285	294
					1,577
<i>Transportation</i>	<i>0.3%</i>				
Continental Airlines, Inc.		7.256%	3/15/20	218	231
Continental Airlines, Inc.		6.545%	8/2/20	176	179
Delta Air Lines, Inc.		7.570%	5/18/12	40	40
					450
Total Corporate Bonds and Notes (Identified Cost \$107,863)					110,871
U.S. Government Agency Mortgage- Backed Securities N.M.					
Fannie Mae		11.500%	11/1/17	8	9
Freddie Mac		10.250%	5/1/09	11	11
Total U.S. Government Agency Mortgage- Backed Securities (Identified Cost \$19)					20

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

	% OF NET ASSETS	RATE	MATURITY DATE	PAR/ SHARES	VALUE
Yankee Bonds^E	23.8%				
<i>Aerospace/Defense</i>	<i>0.3%</i>				
Systems 2001 Asset Trust		6.664%	9/15/13	443	467 _D
<i>Banking and Finance</i>	<i>2.4%</i>				
AIFUL CORPORATION		5.000%	8/10/10	995	967 _D
Corporacion Andina de Fomento		5.840%	1/26/07	470	470 _C
HBOS Capital Funding LP		6.071%	6/30/49	560	568 _{B,D}
HBOS Treasury Services plc		4.000%	9/15/09	420	407 _D
Mizuho Financial Group, Inc.		5.790%	4/15/14	1,100	1,112 _D
					3,524
<i>Banks</i>	<i>4.3%</i>				
Glitnir Banki hf		6.330%	7/28/11	400	409 _D
Glitnir Banki hf		6.693%	6/15/16	680	695 _{B,D}
Glitnir Banki hf		7.451%	9/14/16	210	215 _D
Kaupthing Bank hf		6.190%	4/12/11	540	540 _{C,D}
Kaupthing Bank hf		5.750%	10/4/11	480	478 _D
Kaupthing Bank hf		7.125%	5/19/16	1,250	1,314 _D
RSHB Capital SA		7.175%	5/16/13	1,340	1,393 _D
Shinsei Finance Cayman Ltd.		6.418%	1/29/49	1,100	1,092 _{B,D}
Sumitomo Mitsui Banking Corporation		5.625%	7/29/49	270	263 _{B,D}
					6,399
<i>Cable</i>	<i>0.2%</i>				
British Sky Broadcasting Group plc		6.875%	2/23/09	330	341
<i>Electric</i>	<i>0.6%</i>				
Empresa Nacional de Electricidad S.A.		8.350%	8/1/13	750	841
<i>Foreign Governments</i>	<i>4.1%</i>				
Federated Republic of Brazil		7.125%	1/20/37	120	123 _A
Federative Republic of Brazil		11.000%	8/17/40	340	443 _A
Quebec Province		7.970%	7/22/36	650	898 _B
Republic of Colombia		11.750%	2/25/20	65	91
Republic of Panama		7.125%	1/29/26	150	157
Republic of Panama		9.375%	4/1/29	23	30
Republic of Panama		6.700%	1/26/36	141	139
Russian Federation		5.000%	3/31/30	750	837
United Mexican States		5.625%	1/15/17	62	61
United Mexican States		11.500%	5/15/26	960	1,520
United Mexican States		8.300%	8/15/31	340	424
United Mexican States		7.500%	4/8/33	1,183	1,365
					6,088

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

	% OF NET ASSETS	RATE	MATURITY DATE	PAR/ SHARES	VALUE
<i>Insurance</i>					
	0.7%				
Axa		8.600%	12/15/30	550	702
XL Capital Ltd.		5.250%	9/15/14	250	244
					946
<i>Manufacturing (Diversified)</i>					
	1.0%				
Tyco International Group SA		6.375%	10/15/11	1,450	1,520
<i>Oil and Gas</i>					
	1.2%				
Gazprom		9.625%	3/1/13	50	59 _D
Gazprom		9.625%	3/1/13	20	24
Petrobras International Finance Company (PIFCO)		6.125%	10/6/16	210	209
Petroliam Nasional Berhad		7.625%	10/15/26	1,260	1,517 _D
					1,809
<i>Metals and Minerals</i>					
	0.7%				
Vale Overseas Limited		6.250%	1/11/16	1,102	1,094
<i>Special Purpose</i>					
	5.0%				
AES El Salvador Trust		6.750%	2/1/16	750	741 _D
Conoco Funding Company		6.350%	10/15/11	470	494
Deutsche Telekom International Finance BV		5.750%	3/23/16	160	156
Deutsche Telekom International Finance BV		8.250%	6/15/30	500	611
Molson Coors Capital Finance ULC		4.850%	9/22/10	480	472
Petrozuata Finance, Inc.		8.220%	4/1/17	3,205	3,125 _D
Resona Preferred Global Securities		7.191%	12/29/49	1,035	1,071 _{B,D}
TNK-BP Finance S.A.		7.500%	7/18/16	360	376 _D
UFJ Finance Aruba AEC		6.750%	7/15/13	355	380
					7,426
<i>Telecommunications</i>					
	1.4%				
British Telecommunications plc		8.875%	12/15/30	330	440
France Telecom SA		8.500%	3/1/31	560	731
Koninklijke (Royal) KPN NV		8.375%	10/1/30	240	275
Tele Norte Leste Participacoes S.A.		8.000%	12/18/13	410	433
Telus Corporation		7.500%	6/1/07	250	253
					2,132
<i>Telecommunications (Cellular/Wireless)</i>					
	1.2%				
Rogers Wireless Communications Inc.		6.375%	3/1/14	300	299
Telecom Italia Capital		7.200%	7/18/36	770	791
Telefonica Emisiones SAU		7.045%	6/20/36	600	633
					1,723

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

	% OF NET ASSETS	RATE	MATURITY DATE	PAR/ SHARES	VALUE
<i>Transportation</i>					
Qantas Airways Limited	0.3%	6.050%	4/15/16	370	372 ^D
<i>Utilities</i>					
United Utilities plc	0.4%	5.375%	2/1/19	580	553
Total Yankee Bonds (Identified Cost \$33,090)					35,235
Total Long-Term Securities (Identified Cost \$140,972)					146,126
Investment of Collateral From Securities Lending	11.8%				
State Street Navigator Securities Lending Prime Portfolio				17,508 shs	17,508
Total Investment of Collateral From Securities Lending (Identified Cost \$17,508)					
					17,508
Short-Term Securities	0.3%				
<i>Repurchase Agreements</i>					
Lehman Brothers, Inc. 5.25%, dated 9/29/06, to be repurchased at \$490 on 10/2/06 (Collateral: \$2,075 Federal Home Loan Bank principal-only securities, due 9/29/28, value \$500)	0.3%			490	490
Total Repurchase Agreements					490
Total Short-Term Securities (Identified Cost \$490)					490
Total Investments (Identified Cost \$158,970)	110.6%				164,124
Obligation to Return Collateral For Securities Loaned	(11.8)%				(17,508)
Other Assets Less Liabilities	1.2%				1,744
Net Assets Applicable to Common Shareholders	100.0%				\$ 148,360

^A All or a portion of this security is on loan.

^B Stepped coupon security A security with a predetermined schedule of interest or dividend rate changes.

^C 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 September 30, 2006.

^D 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, represent 18.7% of net assets.

^E 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 Directors. 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

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

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 would expect 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 September 30, 2006, the market value of the securities on loan to broker-dealers was \$17,143 for which the Fund received collateral of \$17,508 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).

Item 2 Controls and Procedures

- (a) Western Asset Income Fund's (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: November 27, 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: November 27, 2006

By: /s/ Marie K. Karpinski
Marie K. Karpinski
Principal Financial and Accounting Officer
Western Asset Income Fund

Date: November 20, 2006