

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

Western Asset Income Fund  
Form N-Q  
November 29, 2007

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: Charles A. Ruys de Perez  
385 East Colorado Boulevard

Pasadena, CA 91101

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

Date of fiscal year end: December 31, 2007

Date of reporting period: September 30, 2007

**Item 1 Schedule of Investments**

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

September 30, 2007 (Unaudited)

*(Amounts in Thousands)*

	Rate	Maturity Date	Par	Value
<b>Long-Term Securities 98.2%</b>				
<b>Corporate Bonds and Notes 72.0%</b>				
<b>Aerospace and Defense 0.2%</b>				
L-3 Communications Corp.	7.625%	6/15/12	\$ 275	\$ 281
<b>Airlines 0.5%</b>				
Continental Airlines Inc.	6.545%	2/2/19	170	171
Continental Airlines Inc.	7.256%	3/15/20	201	208
Delta Air Lines Inc.	7.111%	9/18/11	400	406
				785
<b>Automobiles 6.6%</b>				
DaimlerChrysler NA Holding Corp.	7.300%	1/15/12	245	261
Ford Motor Co.	7.450%	7/16/31	8,050	6,319 <sub>A</sub>
General Motors Corp.	8.250%	7/15/23	3,450	3,019 <sub>A</sub>
				9,599
<b>Beverages 0.2%</b>				
PepsiAmericas Inc.	5.750%	7/31/12	290	297
<b>Building Products 0.5%</b>				
American Standard Inc.	8.250%	6/1/09	500	526
Nortek Inc.	8.500%	9/1/14	225	195
				721
<b>Capital Markets 5.0%</b>				
BankAmerica Capital III	5.930%	1/15/27	215	194 <sub>B</sub>
Goldman Sachs Capital II	5.793%	12/29/49	610	577 <sub>C</sub>
Lehman Brothers Holdings Capital Trust VII	5.857%	11/29/49	1,360	1,296 <sub>C</sub>
Lehman Brothers Holdings Inc.	6.500%	7/19/17	110	112
Merrill Lynch and Co. Inc.	6.050%	8/15/12	400	410
Merrill Lynch and Co. Inc.	5.700%	5/2/17	1,000	972
Merrill Lynch and Co. Inc.	6.400%	8/28/17	300	310
Merrill Lynch and Co. Inc.	6.110%	1/29/37	320	301
Morgan Stanley	5.050%	1/21/11	1,780	1,759
Morgan Stanley	4.750%	4/1/14	60	56
Morgan Stanley	6.250%	8/28/17	100	102
The Bear Stearns Cos. Inc.	5.550%	1/22/17	720	680 <sub>A</sub>
The Goldman Sachs Group Inc.	6.345%	2/15/34	555	517
				7,286

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**Chemicals 0.6%**

The Dow Chemical Co.	7.375%	11/1/29	800	875
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**Commercial Banks 2.7%**

Comerica Capital Trust II	6.576%	2/20/37	360	325 <sub>C</sub>
Rabobank Capital Funding Trust II	5.260%	12/31/49	115	109 <sub>C,D</sub>
Rabobank Capital Funding Trust III	5.254%	12/31/16	1,145	1,054 <sub>C,D</sub>
RBS Capital Trust III	5.512%	9/29/49	1,460	1,366 <sub>C</sub>
SunTrust Capital VIII	6.100%	12/15/36	560	508 <sub>C</sub>
Wachovia Capital Trust III	5.800%	3/15/42	200	198 <sub>C</sub>

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	Rate	Maturity Date	Par	Value
<b>Long-Term Securities Continued</b>				
<b>Corporate Bonds and Notes Continued</b>				
<b>Commercial Banks Continued</b>				
Wells Fargo Capital X	5.950%	12/15/36	\$ 450	\$ 413 <sub>C</sub>
				3,973
<b>Commercial Services and Supplies 0.3%</b>				
Waste Management Inc.	7.375%	5/15/29	415	445
Communications Equipment N.M.				
Motorola Inc.	7.625%	11/15/10	56	59 <sub>A</sub>
<b>Consumer Finance 3.0%</b>				
American Express Co.	6.800%	9/1/66	1,120	1,148 <sub>C</sub>
Capital One Financial Corp.	6.750%	9/15/17	230	235
GMAC LLC	8.000%	11/1/31	1,610	1,580 <sub>A</sub>
Nelnet Inc.	7.400%	9/29/36	460	451 <sub>C</sub>
SLM Corp.	5.000%	10/1/13	30	26
SLM Corp.	5.375%	5/15/14	780	681
SLM Corp.	5.050%	11/14/14	130	110
SLM Corp.	5.625%	8/1/33	180	139 <sub>A</sub>
				4,370
<b>Containers and Packaging 0.1%</b>				
Graphic Packaging International Corp.	9.500%	8/15/13	200	206
<b>Diversified Financial Services 8.5%</b>				
AGFC Capital Trust I	6.000%	1/15/67	300	281 <sub>C,D</sub>
AIG SunAmerica Global Financing VI	6.300%	5/10/11	1,880	1,939 <sub>D</sub>
Bank of America Corp.	7.800%	9/15/16	250	280
Beaver Valley II Funding	9.000%	6/1/17	294	326
Capital One Bank	6.500%	6/13/13	330	334
Capital One Capital IV	6.745%	2/17/37	390	348 <sub>A,C</sub>
Capmark Financial Group Inc.	5.875%	5/10/12	350	319 <sub>C,D</sub>
Chase Capital II	5.856%	2/1/27	725	654 <sub>B</sub>
Citigroup Inc.	6.125%	8/25/36	550	544
Deutsche Bank Capital Funding Trust	5.628%	1/19/49	670	623 <sub>C,D</sub>
Glen Meadow Pass-Through Certificates	6.505%	2/12/67	310	298 <sub>C,D</sub>
HSBC Finance Capital Trust IX	5.911%	11/30/35	1,350	1,281 <sub>C</sub>
HSBC Finance Corp.	5.700%	6/1/11	1,730	1,744
ILFC E-Capital Trust II	6.250%	12/21/65	790	762 <sub>C,D</sub>
Mizuho Preferred Capital Co. LLC	8.790%	12/29/49	110	112 <sub>C,D</sub>
UBS Preferred Funding Trust V	6.243%	5/12/49	1,120	1,103 <sub>A,C</sub>
ZFS Finance USA Trust II	6.450%	12/15/65	1,440	1,391 <sub>C,D</sub>
				12,339
<b>Diversified Telecommunication Services 4.1%</b>				
AT&T Corp.	8.000%	11/15/31	440	535
Embarq Corp.	7.082%	6/1/16	330	342
Qwest Capital Funding Inc.	7.250%	2/15/11	1,150	1,156 <sub>A</sub>
Qwest Communications International Inc.	7.500%	2/15/14	850	861
Qwest Corp.	6.875%	9/15/33	1,000	935
Verizon Global Funding Corp.	5.850%	9/15/35	570	545
Verizon New York Inc.	6.875%	4/1/12	1,540	1,622



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	Rate	Maturity Date	Par	Value
<b>Long-Term Securities Continued</b>				
<b>Corporate Bonds and Notes Continued</b>				
<b>Electric Utilities 4.9%</b>				
Exelon Corp.	6.750%	5/1/11	\$ 550	\$ 572
FirstEnergy Corp.	6.450%	11/15/11	60	62
FirstEnergy Corp.	7.375%	11/15/31	395	432
Pacific Gas and Electric Co.	6.050%	3/1/34	800	786
PNPP II Funding Corp.	9.120%	5/30/16	2,282	2,595 <sup>A</sup>
Sithe/Independence Funding Corp.	9.000%	12/30/13	1,500	1,606
Tampa Electric Co.	6.375%	8/15/12	145	150
TXU Energy Co.	6.125%	3/15/08	500	503
TXU Energy Co.	7.000%	3/15/13	370	&n