

Western Asset Income Fund  
Form N-Q  
November 29, 2005

**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: Richard M. Wachterman, Esq.  
Legg Mason Wood Walker, Incorporated  
100 Light Street  
Baltimore, MD 21202

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

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Date of fiscal year end: December 31, 2005

Date of reporting period: September 30, 2005

**Item 1 Schedule of Investments**

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**Portfolio of Investments**

September 30, 2005 (Unaudited)

(Amounts in Thousands)

**Western Asset Income Fund**

|   | <u>RATE</u> | <u>MATURITY<br/>DATE</u> | <u>PAR/SHARES</u> | <u>VALUE</u>  |     |
|---|-------------|--------------------------|-------------------|---------------|-----|
| <b>Long-Term Securities 97.5%</b>       |             |                          |                   |               |     |
| <b>Corporate Bonds and Notes 70.9%</b>  |             |                          |                   |               |     |
| <i>Aerospace/Defense 0.5%</i>           |             |                          |                   |               |     |
| L-3 Communications Corp.                | 7.625%      | 6/15/12                  | 275               | 289           |     |
| Systems 2001 Asset Trust                | 6.664%      | 9/15/13                  | 448               | 480           | A   |
|   |             |                          |                   | <u>769</u>    |     |
| <i>Auto Parts and Equipment 0.2%</i>    |             |                          |                   |               |     |
| American Axle & Manufacturing Inc.      | 5.250%      | 2/11/14                  | 300               | 255           |     |
| <i>Automotive 1.0%</i>                  |             |                          |                   |               |     |
| Ford Motor Company                      | 7.450%      | 7/16/31                  | 600               | 468           | B   |
| Ford Motor Company                      | 8.900%      | 1/15/32                  | 260               | 219           |     |
| General Motors Corporation              | 8.250%      | 7/15/23                  | 190               | 148           | B   |
| General Motors Corporation              | 8.375%      | 7/15/33                  | 760               | 593           | B   |
|   |             |                          |                   | <u>1,428</u>  |     |
| <i>Banking and Finance 10.0%</i>        |             |                          |                   |               |     |
| Ford Motor Credit Company               | 6.625%      | 6/16/08                  | 3,010             | 2,942         |     |
| Ford Motor Credit Company               | 7.375%      | 10/28/09                 | 1,425             | 1,376         |     |
| Ford Motor Credit Company               | 7.375%      | 2/1/11                   | 510               | 488           |     |
| Ford Motor Credit Company               | 7.250%      | 10/25/11                 | 1,615             | 1,533         |     |
| Ford Motor Credit Company               | 7.000%      | 10/1/13                  | 70                | 65            | B   |
| Fuji Co., Ltd.                          | 9.870%      | 12/31/49                 | 620               | 692           | A,C |
| General Motors Acceptance Corporation   | 6.150%      | 4/5/07                   | 570               | 566           |     |
| General Motors Acceptance Corporation   | 6.125%      | 8/28/07                  | 3,190             | 3,140         |     |
| General Motors Acceptance Corporation   | 6.311%      | 11/30/07                 | 110               | 106           |     |
| General Motors Acceptance Corporation   | 5.625%      | 5/15/09                  | 510               | 468           |     |
| HSBC Finance Corporation                | 4.750%      | 4/15/10                  | 1,790             | 1,783         |     |
| International Lease Finance Corporation | 6.375%      | 3/15/09                  | 330               | 346           | B   |
| Residential Capital Corporation         | 6.375%      | 6/30/10                  | 730               | 739           | A   |
| SB Treasury Company LLC                 | 9.400%      | 12/29/49                 | 600               | 662           | A   |
|   |             |                          |                   | <u>14,906</u> |     |
| <i>Banks 2.3%</i>                       |             |                          |                   |               |     |
| Bank of America Corporation             | 4.500%      | 8/1/10                   | 1,075             | 1,064         |     |

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|                             |        |         |     |     |   |
|-----------------------------|--------|---------|-----|-----|---|
| Bank of America Corporation | 7.800% | 9/15/16 | 250 | 304 |   |
| BankAmerica Capital III     | 4.720% | 1/15/27 | 215 | 207 | D |
| BB&T Capital Trust I        | 5.850% | 8/18/35 | 640 | 631 |   |
| Chase Capital II            | 4.743% | 2/1/27  | 725 | 682 | D |
| RBS Capital Trust III       | 5.512% | 9/29/49 | 570 | 580 | C |

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3,468

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*Building Materials* 0.5%

|                         |        |        |     |     |  |
|-------------------------|--------|--------|-----|-----|--|
| American Standard, Inc. | 8.250% | 6/1/09 | 500 | 553 |  |
| Nortek, Inc.            | 8.500% | 9/1/14 | 225 | 207 |  |

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760

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*Cable* 1.4%

|                          |        |         |     |     |  |
|--------------------------|--------|---------|-----|-----|--|
| Comcast Corporation      | 7.050% | 3/15/33 | 160 | 178 |  |
| Cox Communications, Inc. | 4.625% | 1/15/10 | 510 | 499 |  |
| CSC Holdings Inc.        | 7.250% | 7/15/08 | 700 | 702 |  |

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**Portfolio of Investments**

September 30, 2005 (Unaudited)

(Amounts in Thousands)

**Western Asset Income Fund**

|  | <u>RATE</u> | <u>MATURITY<br/>DATE</u> | <u>PAR/SHARES</u> | <u>VALUE</u> |   |
|--|-------------|--------------------------|-------------------|--------------|---|
| TCI Communications, Inc.                   | 8.750%      | 8/1/15                   | 160               | 199          |   |
| Tele-Communications, Inc.                  | 9.800%      | 2/1/12                   | 375               | 461          |   |
|  |             |                          |                   | <u>2,039</u> |   |
| <i>Casino Resorts 0.7%</i>                 |             |                          |                   |              |   |
| Caesars Entertainment Inc.                 | 8.125%      | 5/15/11                  | 250               | 278          |   |
| Harrah's Operating Company, Inc.           | 5.500%      | 7/1/10                   | 340               | 343          |   |
| Harrah's Operating Company, Inc.           | 5.750%      | 10/1/17                  | 480               | 470          | A |
|  |             |                          |                   | <u>1,091</u> |   |
| <i>Chemicals 0.7%</i>                      |             |                          |                   |              |   |
| The Dow Chemical Company                   | 7.375%      | 11/1/29                  | 800               | 977          |   |
| <i>Computer Services and Systems 0.7%</i>  |             |                          |                   |              |   |
| Electronic Data Systems Corporation        | 7.125%      | 10/15/09                 | 600               | 643          |   |
| Electronic Data Systems Corporation        | 7.450%      | 10/15/29                 | 420               | 440          |   |
|  |             |                          |                   | <u>1,083</u> |   |
| <i>Containers and Packaging 0.1%</i>       |             |                          |                   |              |   |
| Graphic Packaging International Corp.      | 9.500%      | 8/15/13                  | 200               | 188          | B |
| <i>Diversified Financial Services 3.0%</i> |             |                          |                   |              |   |
| AIG SunAmerica Global Financing VI         | 6.300%      | 5/10/11                  | 1,880             | 2,012        | A |
| Beaver Valley Funding Corp.                | 9.000%      | 6/1/17                   | 300               | 356          |   |
| Capital One Bank                           | 5.750%      | 9/15/10                  | 310               | 320          | B |
| Capital One Bank                           | 6.500%      | 6/13/13                  | 330               | 354          |   |
| Capital One Financial Corporation          | 8.750%      | 2/1/07                   | 350               | 368          |   |
| Capital One Financial Corporation          | 7.125%      | 8/1/08                   | 90                | 95           |   |
| iStar Financial Inc.                       | 5.375%      | 4/15/10                  | 230               | 230          |   |
| iStar Financial Inc.                       | 6.000%      | 12/15/10                 | 230               | 236          |   |
| Marsh & McLennan Companies, Inc.           | 5.150%      | 9/15/10                  | 90                | 89           |   |
| Marsh & McLennan Companies, Inc.           | 5.875%      | 8/1/33                   | 330               | 299          |   |
| Mizuho Preferred Capital Corp. LLC         | 8.790%      | 12/29/49                 | 110               | 120          | A |
|  |             |                          |                   | <u>4,479</u> |   |

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|   |        |          |       |       |   |
|---|--------|----------|-------|-------|---|
| <i>Drug and Grocery Store Chains 0.4%</i>   |        |          |       |       |   |
| Safeway Inc.                                | 7.500% | 9/15/09  | 500   | 538   |   |
| <i>Electric 2.2%</i>                        |        |          |       |       |   |
| AEP Texas Central Company                   | 5.500% | 2/15/13  | 420   | 430   |   |
| American Electric Power Company, Inc.       | 5.250% | 6/1/15   | 490   | 491   | B |
| Dominion Resources, Inc.                    | 5.125% | 12/15/09 | 210   | 212   |   |
| Dominion Resources, Inc.                    | 5.150% | 7/15/15  | 350   | 343   |   |
| FirstEnergy Corp.                           | 6.450% | 11/15/11 | 60    | 64    |   |
| FirstEnergy Corp.                           | 7.375% | 11/15/31 | 710   | 833   |   |
| System Energy Resources, Inc.               | 4.875% | 10/1/07  | 380   | 378   |   |
| Tampa Electric Company                      | 6.375% | 8/15/12  | 145   | 156   |   |
| The AES Corporation                         | 9.500% | 6/1/09   | 39    | 42    |   |
| The Cleveland Electric Illuminating Company | 5.650% | 12/15/13 | 300   | 307   |   |
|   |        |          |       | 3,256 |   |
| <i>Energy 6.2%</i>                          |        |          |       |       |   |
| CenterPoint Energy, Inc.                    | 6.850% | 6/1/15   | 1,150 | 1,266 |   |
| DTE Energy Company                          | 6.375% | 4/15/33  | 330   | 339   |   |

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Portfolio of Investments

September 30, 2005 (Unaudited)

(Amounts in Thousands)

Western Asset Income Fund

|  | RATE   | MATURITY<br>DATE | PAR/SHARES | VALUE |   |
|--|--------|------------------|------------|-------|---|
| Exelon Corporation                     | 6.750% | 5/1/11           | 1,500      | 1,608 |   |
| MidAmerican Energy Holdings Company    | 5.875% | 10/1/12          | 500        | 522   |   |
| Pacific Gas and Electric Company       | 6.050% | 3/1/34           | 1,890      | 1,966 |   |
| Peabody Energy Corporation             | 6.875% | 3/15/13          | 285        | 298   |   |
| Sempra Energy                          | 4.290% | 5/21/08          | 635        | 636   | D |
| TXU Corp.                              | 6.375% | 6/15/06          | 750        | 758   |   |
| TXU Corp.                              | 6.550% | 11/15/34         | 520        | 483   |   |
| TXU Energy Co.                         | 4.920% | 1/17/06          | 125        | 125   | D |
| TXU Energy Co.                         | 6.125% | 3/15/08          | 500        | 513   | B |
| TXU Energy Co.                         | 7.000% | 3/15/13          | 370        | 402   |   |
| Xcel Energy, Inc.                      | 7.000% | 12/1/10          | 350        | 382   |   |
|  |        |                  |            | 9,298 |   |
| <i>Environmental Services 0.3%</i>     |        |                  |            |       |   |
| Waste Management, Inc.                 | 7.375% | 5/15/29          | 415        | 482   |   |
| <i>Food, Beverage and Tobacco 1.9%</i> |        |                  |            |       |   |
| Altria Group, Inc.                     | 7.000% | 11/4/13          | 305        | 334   |   |
| Altria Group, Inc.                     | 7.750% | 1/15/27          | 340        | 396   | B |
| Domino s, Inc.                         | 8.250% | 7/1/11           | 200        | 210   |   |
| R.J. Reynolds Tobacco Holdings, Inc.   | 7.250% | 6/1/12           | 1,360      | 1,394 | B |
| Tyson Foods, Inc.                      | 7.000% | 1/15/28          | 500        | 547   | B |
|  |        |                  |            | 2,881 |   |
| <i>Gas and Pipeline Utilities 2.4%</i> |        |                  |            |       |   |
| Dynegy Holdings Inc.                   | 6.875% | 4/1/11           | 1,300      | 1,271 | B |
| Dynegy Holdings Inc.                   | 8.750% | 2/15/12          | 735        | 797   |   |
| The Williams Companies, Inc.           | 7.500% | 1/15/31          | 102        | 108   |   |
| The Williams Companies, Inc.           | 8.750% | 3/15/32          | 1,250      | 1,475 |   |
|  |        |                  |            | 3,651 |   |
| <i>Health Care 1.1%</i>                |        |                  |            |       |   |
| Tenet Healthcare Corporation           | 6.375% | 12/1/11          | 1,465      | 1,366 |   |
| Tenet Healthcare Corporation           | 6.875% | 11/15/31         | 250        | 208   |   |
|  |        |                  |            | 1,574 |   |



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|  |        |         |       |       |   |
|--|--------|---------|-------|-------|---|
| <i>Homebuilding 0.4%</i>                 |        |         |       |       |   |
| D.R. Horton, Inc.                        | 5.250% | 2/15/15 | 410   | 384   |   |
| Pulte Homes, Inc.                        | 6.250% | 2/15/13 | 145   | 150   | B |
|  |        |         |       | 534   |   |
| <i>Insurance 0.2%</i>                    |        |         |       |       |   |
| Willis Group North America               | 5.125% | 7/15/10 | 280   | 280   |   |
| <i>Investment Banking/Brokerage 2.1%</i> |        |         |       |       |   |
| J.P. Morgan Capital Trust II             | 7.950% | 2/1/27  | 150   | 161   |   |
| J.P. Morgan Chase & Co.                  | 5.125% | 9/15/14 | 1,140 | 1,137 |   |
| J.P. Morgan Chase & Co.                  | 5.150% | 10/1/15 | 670   | 666   |   |
| Merrill Lynch & Co., Inc.                | 5.000% | 1/15/15 | 60    | 60    |   |
| Morgan Stanley                           | 4.750% | 4/1/14  | 500   | 482   |   |
| The Goldman Sachs Group, Inc.            | 6.345% | 2/15/34 | 555   | 578   |   |
|  |        |         |       | 3,084 |   |

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**Portfolio of Investments**

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(Amounts in Thousands)

**Western Asset Income Fund**

|   | <u>RATE</u> | <u>MATURITY<br/>DATE</u> | <u>PAR/SHARES</u> | <u>VALUE</u> |   |
|---|-------------|--------------------------|-------------------|--------------|---|
| <i>Lodging/Hotels 0.3%</i>              |             |                          |                   |              |   |
| Hilton Hotels Corporation               | 7.625%      | 12/1/12                  | 450               | 506          | B |
| <i>Machinery 0.3%</i>                   |             |                          |                   |              |   |
| Case New Holland Incorporated           | 9.250%      | 8/1/11                   | 475               | 502          |   |
| <i>Media 4.3%</i>                       |             |                          |                   |              |   |
| AMFM Inc.                               | 8.000%      | 11/1/08                  | 210               | 226          |   |
| Clear Channel Communications, Inc.      | 5.500%      | 9/15/14                  | 915               | 882          |   |
| Liberty Media Corporation               | 5.370%      | 9/17/06                  | 455               | 458          | D |
| Liberty Media Corporation               | 7.875%      | 7/15/09                  | 750               | 789          |   |
| Liberty Media Corporation               | 8.500%      | 7/15/29                  | 130               | 126          |   |
| Liberty Media Corporation               | 8.250%      | 2/1/30                   | 65                | 62           | B |
| News America, Inc.                      | 6.550%      | 3/15/33                  | 545               | 567          | B |
| News America, Inc.                      | 6.200%      | 12/15/34                 | 35                | 35           |   |
| Readers Digest Association, Inc.        | 6.500%      | 3/1/11                   | 300               | 305          |   |
| Sinclair Broadcast Group, Inc.          | 8.750%      | 12/15/11                 | 210               | 221          |   |
| Time Warner Entertainment Company, L.P. | 8.375%      | 7/15/33                  | 680               | 851          |   |
| Time Warner Inc.                        | 9.125%      | 1/15/13                  | 240               | 293          |   |
| Time Warner Inc.                        | 7.700%      | 5/1/32                   | 885               | 1,048        |   |
| Viacom Inc.                             | 5.625%      | 8/15/12                  | 520               | 528          |   |
|   |             |                          |                   | <u>6,391</u> |   |
| <i>Medical Care Facilities 1.6%</i>     |             |                          |                   |              |   |
| Coventry Health Care, Inc.              | 5.875%      | 1/15/12                  | 400               | 406          |   |
| HCA, Inc.                               | 5.250%      | 11/6/08                  | 105               | 103          |   |
| HCA, Inc.                               | 7.875%      | 2/1/11                   | 250               | 268          |   |
| HCA, Inc.                               | 6.300%      | 10/1/12                  | 180               | 179          |   |
| HCA, Inc.                               | 6.250%      | 2/15/13                  | 930               | 919          |   |
| HCA, Inc.                               | 5.750%      | 3/15/14                  | 65                | 62           |   |
| Health Care REIT, Inc.                  | 8.000%      | 9/12/12                  | 370               | 420          |   |
|   |             |                          |                   | <u>2,357</u> |   |
| <i>Oil and Gas 6.2%</i>                 |             |                          |                   |              |   |
| Amerada Hess Corporation                | 7.300%      | 8/15/31                  | 1,440             | 1,680        |   |
| Conoco Inc.                             | 6.950%      | 4/15/29                  | 90                | 110          |   |
| ConocoPhillips                          | 4.750%      | 10/15/12                 | 200               | 201          |   |
| Devon Energy Corporation                | 7.950%      | 4/15/32                  | 350               | 446          |   |

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|                                       |        |         |       |              |   |
|---------------------------------------|--------|---------|-------|--------------|---|
| El Paso Corporation                   | 7.625% | 8/16/07 | 300   | 305          | A |
| El Paso Corporation                   | 7.800% | 8/1/31  | 2,000 | 2,005        |   |
| Kerr-McGee Corporation                | 7.875% | 9/15/31 | 1,315 | 1,522        |   |
| Occidental Petroleum Corporation      | 6.750% | 1/15/12 | 1,000 | 1,110        |   |
| Ocean Energy Inc.                     | 4.375% | 10/1/07 | 430   | 427          |   |
| Panhandle Eastern Pipe Line Company   | 4.800% | 8/15/08 | 445   | 444          |   |
| Valero Energy Corporation             | 6.875% | 4/15/12 | 215   | 236          |   |
| Vintage Petroleum, Inc.               | 7.875% | 5/15/11 | 250   | 261          |   |
| XTO Energy, Inc.                      | 6.250% | 4/15/13 | 560   | 598          |   |
|                                       |        |         |       | <u>9,345</u> |   |
| <i>Paper and Forest Products 1.8%</i> |        |         |       |              |   |
| Georgia-Pacific Corp.                 | 9.500% | 12/1/11 | 325   | 384          |   |
| Georgia-Pacific Corp.                 | 7.375% | 12/1/25 | 250   | 260          |   |

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Portfolio of Investments

September 30, 2005 (Unaudited)

(Amounts in Thousands)

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|   | RATE   | MATURITY<br>DATE | PAR/SHARES | VALUE        |     |
|---|--------|------------------|------------|--------------|-----|
| International Paper Company                           | 5.500% | 1/15/14          | 330        | 329          |     |
| Weyerhaeuser Company                                  | 6.750% | 3/15/12          | 995        | 1,075        |     |
| Weyerhaeuser Company                                  | 7.375% | 3/15/32          | 540        | 611          |     |
|   |        |                  |            | <u>2,659</u> |     |
| <i>Photo Equipment and Supplies 0.5%</i>              |        |                  |            |              |     |
| Eastman Kodak Company                                 | 3.625% | 5/15/08          | 375        | 351          |     |
| Eastman Kodak Company                                 | 7.250% | 11/15/13         | 345        | 327          | B   |
|   |        |                  |            | <u>678</u>   |     |
| <i>Real Estate 0.2%</i>                               |        |                  |            |              |     |
| Forest City Enterprises, Inc.                         | 7.625% | 6/1/15           | 225        | 239          |     |
| Socgen Real Estate Co. LLC                            | 7.640% | 12/29/49         | 80         | 84           | A,C |
|   |        |                  |            | <u>323</u>   |     |
| <i>Retail 0.2%</i>                                    |        |                  |            |              |     |
| Toys R Us, Inc.                                       | 6.875% | 8/1/06           | 350        | 354          | B   |
| <i>Special Purpose 13.2%</i>                          |        |                  |            |              |     |
| Ahold Finance USA, Inc.                               | 8.250% | 7/15/10          | 355        | 387          |     |
| ASIF Global Financing XIX                             | 4.900% | 1/17/13          | 410        | 403          | A   |
| Conoco Funding Company                                | 6.350% | 10/15/11         | 470        | 510          |     |
| DaimlerChrysler NA Holding Corporation                | 4.314% | 9/10/07          | 1,570      | 1,574        | D   |
| DaimlerChrysler NA Holding Corporation                | 7.300% | 1/15/12          | 415        | 451          |     |
| DaimlerChrysler NA Holding Corporation                | 6.500% | 11/15/13         | 160        | 169          |     |
| Duke Capital Corporation                              | 6.250% | 2/15/13          | 1,200      | 1,262        |     |
| NiSource Finance Corp.                                | 3.200% | 11/1/06          | 375        | 369          |     |
| PNPP II Funding Corporation                           | 9.120% | 5/30/16          | 2,425      | 2,826        | B   |
| Qwest Capital Funding, Inc.                           | 7.250% | 2/15/11          | 1,150      | 1,095        | B   |
| Rabobank Capital Funding Trust II                     | 5.260% | 12/31/49         | 115        | 115          | A   |
| Rabobank Capital Funding Trust III                    | 5.254% | 12/29/49         | 1,145      | 1,141        | A   |
| Reed Elsevier Capital Inc.                            | 4.625% | 6/15/12          | 900        | 874          |     |
| Sithe Independence Funding Corporation                | 9.000% | 12/30/13         | 1,500      | 1,637        |     |
| Sprint Capital Corporation                            | 8.750% | 3/15/32          | 1,420      | 1,904        |     |
| TCI Communications Financing III                      | 9.650% | 3/31/27          | 3,000      | 3,285        |     |
| The Williams Companies, Inc. Credit Certificate Trust | 6.750% | 4/15/09          | 1,740      | 1,770        | A   |

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|  |        |          |       |       |
|--|--------|----------|-------|-------|
| 19,772   |        |          |       |       |
| <i>Telecommunications 1.7%</i>                     |        |          |       |       |
| BellSouth Corporation                              | 4.750% | 11/15/12 | 320   | 316   |
| Emmis Operating Company                            | 6.875% | 5/15/12  | 250   | 249 B |
| Qwest Communications International Inc.            | 7.500% | 2/15/14  | 850   | 808 A |
| Qwest Corporation                                  | 6.875% | 9/15/33  | 1,000 | 868 B |
| Verizon New York Inc.                              | 6.875% | 4/1/12   | 340   | 364   |
| 2,605  |        |          |       |       |
| <i>Telecommunications (Cellular/Wireless) 1.4%</i> |        |          |       |       |
| Motorola, Inc.                                     | 7.625% | 11/15/10 | 350   | 396   |
| New Cingular Wireless Services Inc.                | 7.500% | 5/1/07   | 500   | 522   |
| New Cingular Wireless Services Inc.                | 8.125% | 5/1/12   | 155   | 182   |
| New Cingular Wireless Services Inc.                | 8.750% | 3/1/31   | 475   | 641   |

**Portfolio of Investments**

September 30, 2005 (Unaudited)

(Amounts in Thousands)

**Western Asset Income Fund**

|   | <u>RATE</u> | <u>MATURITY<br/>DATE</u> | <u>PAR/SHARES</u> | <u>VALUE</u>   |   |
|---|-------------|--------------------------|-------------------|----------------|---|
| Nextel Communications, Inc.   | 5.950%      | 3/15/14                  | 88                | 90             |   |
| Nextel Communications, Inc.   | 7.375%      | 8/1/15                   | 285               | 305            |   |
|   |             |                          |                   | <u>2,136</u>   |   |
| <i>Transportation 0.9%</i>  |             |                          |                   |                |   |
| Continental Airlines, Inc.  | 6.545%      | 2/2/19                   | 181               | 178            |   |
| Continental Airlines, Inc.  | 7.256%      | 3/15/20                  | 234               | 235            |   |
| Delta Air Lines, Inc.   | 7.570%      | 11/18/10                 | 40                | 39             |   |
| Delta Air Lines, Inc.   | 6.417%      | 7/2/12                   | 400               | 404            |   |
| Delta Air Lines, Inc.   | 6.718%      | 7/2/24                   | 282               | 289            |   |
| Northwest Airlines Corporation  | 7.575%      | 9/1/20                   | 83                | 83             |   |
| United Airlines, Inc.   | 7.783%      | 1/1/14                   | 102               | 97             |   |
|   |             |                          |                   | <u>1,325</u>   |   |
| <b>Total Corporate Bonds and Notes</b> (Identified Cost - \$102,918)            |             |                          |                   | <u>105,974</u> |   |
| <b>Mortgage-Backed Securities 0.8%</b>  |             |                          |                   |                |   |
| Glendale Federal Savings Bank 1978-A  | 9.125%      | 1/25/08                  | 7                 | 7              |   |
| Nomura Asset Securities Corporation 1996-MD5                                    | 7.120%      | 4/13/39                  | 1,170             | 1,184          |   |
|   |             |                          |                   | <u>1,191</u>   |   |
| <b>Total Mortgage-Backed Securities</b> (Identified Cost - \$1,176)             |             |                          |                   | <u>1,191</u>   |   |
| <b>U.S. Government and Agency Obligations 3.6%</b>                              |             |                          |                   |                |   |
| <i>Fixed Rate Securities 1.4%</i>   |             |                          |                   |                |   |
| United States Treasury Notes  | 4.125%      | 8/15/10                  | 1,840             | 1,832          | B |
| United States Treasury Notes  | 4.250%      | 8/15/15                  | 210               | 209            |   |
|   |             |                          |                   | <u>2,041</u>   |   |
| <i>Indexed Securities<sup>E</sup> 2.2%</i>                                      |             |                          |                   |                |   |
| United States Treasury Inflation-Protected Security                             | 1.875%      | 7/15/15                  | 3,264             | 3,293          | B |
| <b>Total U.S. Government and Agency Obligations</b> (Identified Cost - \$5,298) |             |                          |                   | <u>5,334</u>   |   |

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**U.S. Government Agency Mortgage-Backed Securities** N.M.

|             |         |         |    |    |
|-------------|---------|---------|----|----|
| Fannie Mae  | 8.000%  | 4/25/06 | 11 | 11 |
| Fannie Mae  | 11.500% | 11/1/17 | 9  | 10 |
| Fannie Mae  | 14.000% | 2/1/18  | 22 | 26 |
| Freddie Mac | 10.250% | 5/1/09  | 20 | 22 |

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

Cost - \$63) 69

**Yankee Bonds**<sup>F</sup> 22.2%

*Banking and Finance* 2.3%

|                               |        |         |       |       |     |
|-------------------------------|--------|---------|-------|-------|-----|
| AIFUL Corporation             | 4.450% | 2/16/10 | 775   | 755   | A   |
| Corporacion Andina de Fomento | 4.010% | 1/26/07 | 470   | 470   | D   |
| HBOS Capital Funding LP       | 6.071% | 6/30/49 | 560   | 590   | A,C |
| HBOS Treasury Services plc    | 4.000% | 9/15/09 | 420   | 411   | A   |
| Mizuho Financial Group, Inc.  | 5.790% | 4/15/14 | 1,100 | 1,146 | A   |

3,372

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**Portfolio of Investments**

September 30, 2005 (Unaudited)

(Amounts in Thousands)

**Western Asset Income Fund**

|  | <u>RATE</u> | <u>MATURITY<br/>DATE</u> | <u>PAR/SHARES</u> | <u>VALUE</u>  |     |
|--|-------------|--------------------------|-------------------|---------------|-----|
| <i>Banks 0.2%</i>                          |             |                          |                   |               |     |
| Sumitomo Mitsui Banking Corporation        | 5.625%      | 7/29/49                  | 270               | 269           | A   |
| <i>Cable 0.2%</i>                          |             |                          |                   |               |     |
| British Sky Broadcasting Group plc         | 6.875%      | 2/23/09                  | 330               | 350           |     |
| <i>Diversified Financial Services 0.5%</i> |             |                          |                   |               |     |
| Encana Holdings Finance Corp               | 5.800%      | 5/1/14                   | 770               | 811           |     |
| <i>Electric 0.5%</i>                       |             |                          |                   |               |     |
| Empresa Nacional de Electricidad S.A.      | 8.500%      | 4/1/09                   | 670               | 737           | B   |
| <i>Foreign Governments 8.8%</i>            |             |                          |                   |               |     |
| Federative Republic of Brazil              | 14.500%     | 10/15/09                 | 180               | 234           | B   |
| Federative Republic of Brazil              | 12.000%     | 4/15/10                  | 210               | 257           | B   |
| Federative Republic of Brazil              | 4.313%      | 4/15/12                  | 148               | 146           | D   |
| Federative Republic of Brazil              | 4.313%      | 4/15/12                  | 231               | 227           | D   |
| Federative Republic of Brazil              | 12.250%     | 3/6/30                   | 760               | 1,046         | B   |
| Federative Republic of Brazil              | 11.000%     | 8/17/40                  | 340               | 417           | B   |
| Quebec Province                            | 7.220%      | 7/22/36                  | 650               | 934           |     |
| Republic of Chile                          | 4.069%      | 1/28/08                  | 150               | 151           | D   |
| Republic of Colombia                       | 11.750%     | 2/25/20                  | 290               | 403           |     |
| Republic of Panama                         | 9.625%      | 2/8/11                   | 120               | 143           | B   |
| Republic of Panama                         | 10.750%     | 5/15/20                  | 230               | 320           |     |
| Republic of Panama                         | 9.375%      | 1/16/23                  | 130               | 164           |     |
| Republic of Peru                           | 5.000%      | 3/7/17                   | 284               | 280           | C   |
| Republic of Peru                           | 8.750%      | 11/21/33                 | 230               | 278           |     |
| Republic of South Africa                   | 7.375%      | 4/25/12                  | 250               | 281           |     |
| Republic of South Africa                   | 6.500%      | 6/2/14                   | 260               | 284           |     |
| Russian Federation                         | 5.000%      | 3/31/30                  | 1,950             | 2,241         | C   |
| United Mexican States                      | 8.375%      | 1/14/11                  | 1,290             | 1,484         |     |
| United Mexican States                      | 11.500%     | 5/15/26                  | 960               | 1,541         | B   |
| United Mexican States                      | 8.300%      | 8/15/31                  | 340               | 425           |     |
| United Mexican States                      | 7.500%      | 4/8/33                   | 1,660             | 1,926         |     |
|  |             |                          |                   | <u>13,182</u> |     |
| <i>Insurance 0.9%</i>                      |             |                          |                   |               |     |
| Axa  | 8.600%      | 12/15/30                 | 550               | 724           |     |
| Oil Insurance Ltd                          | 5.150%      | 8/15/33                  | 220               | 219           | A,C |



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|   |        |          |       |              |   |
|---|--------|----------|-------|--------------|---|
| XL Capital Ltd.                                 | 5.250% | 9/15/14  | 500   | 482          |   |
|   |        |          |       | <u>1,425</u> |   |
| <i>Manufacturing (Diversified) 1.0%</i>         |        |          |       |              |   |
| Tyco International Group SA                     | 6.375% | 10/15/11 | 1,450 | 1,546        |   |
|   |        |          |       | <u>1,546</u> |   |
| <i>Oil and Gas 1.4%</i>                         |        |          |       |              |   |
| Gazprom   | 9.625% | 3/1/13   | 50    | 62           | A |
| Gazprom   | 9.625% | 3/1/13   | 20    | 25           |   |
| Petrobras International Finance Company (PIFCO) | 9.750% | 7/6/11   | 345   | 414          |   |
| Petroliam Nasional Berhad                       | 7.625% | 10/15/26 | 1,260 | 1,543        | A |
|   |        |          |       | <u>2,044</u> |   |
| <i>Special Purpose 3.6%</i>                     |        |          |       |              |   |
| Deutsche Telekom International Finance BV       | 8.750% | 6/15/30  | 500   | 646          |   |
| Molson Coors Capital Finance ULC                | 4.850% | 9/22/10  | 480   | 476          | A |

**Portfolio of Investments**

September 30, 2005 (Unaudited)

(Amounts in Thousands)

**Western Asset Income Fund**

|  | <u>RATE</u> | <u>MATURITY<br/>DATE</u> | <u>PAR/SHARES</u> | <u>VALUE</u>   |     |
|--|-------------|--------------------------|-------------------|----------------|-----|
| Petrozuata Finance, Inc.   | 8.220%      | 4/1/17                   | 3,205             | 3,061          | A   |
| Resona Preferred Global Securities Limited   | 7.191%      | 12/29/49                 | 765               | 792            | A,C |
| UFJ Finance Aruba AEC  | 6.750%      | 7/15/13                  | 355               | 390            |     |
|  |             |                          |                   | <u>5,365</u>   |     |
| <i>Telecommunications 2.2%</i>   |             |                          |                   |                |     |
| British Telecommunications plc   | 8.875%      | 12/15/30                 | 330               | 448            |     |
| France Telecom SA  | 8.500%      | 3/1/31                   | 560               | 750            |     |
| Tele Norte Leste Participacoes S.A.  | 8.000%      | 12/18/13                 | 410               | 433            |     |
| Telecom Italia Capital S.p.A.  | 5.250%      | 11/15/13                 | 750               | 745            |     |
| Telecom Italia Capital S.p.A.  | 4.950%      | 9/30/14                  | 695               | 673            | A   |
| Telus Corporation  | 7.500%      | 6/1/07                   | 250               | 261            |     |
|  |             |                          |                   | <u>3,310</u>   |     |
| <i>Telecommunications (Cellular/Wireless) 0.2%</i>   |             |                          |                   |                |     |
| Rogers Wireless Communications Inc.  | 6.375%      | 3/1/14                   | 300               | 302            |     |
| <i>Utilities 0.4%</i>  |             |                          |                   |                |     |
| United Utilities plc   | 5.375%      | 2/1/19                   | 580               | 569            |     |
| <b>Total Yankee Bonds</b> (Identified Cost - \$30,293)   |             |                          |                   | <u>33,277</u>  |     |
| <b>Total Long-Term Securities</b> (Identified Cost - \$139,748)  |             |                          |                   | <u>145,843</u> |     |
| <b>Investment of Collateral From Securities Lending 12.0%</b>  |             |                          |                   |                |     |
| State Street Navigator Securities Lending Prime Portfolio  |             |                          | 17,990 shs        | 17,990         |     |
| <b>Total Investment of Collateral From Securities Lending</b> (Identified Cost - \$17,990)   |             |                          |                   | <u>17,990</u>  |     |
| <b>Short-Term Securities 1.0%</b>  |             |                          |                   |                |     |
| <i>Repurchase Agreements 1.0%</i>  |             |                          |                   |                |     |
| Goldman, Sachs & Company   |             |                          |                   |                |     |
| 3.8%, dated 9/30/05, to be repurchased at \$1,557 on 10/3/05 (Collateral: Federal Home Loan Bank notes, 2.22% due 6/9/06, value \$1,590) |             |                          | \$ 1,557          | 1,557          |     |
| <b>Total Short-Term Securities</b> (Identified Cost - \$1,557)   |             |                          |                   | <u>1,557</u>   |     |

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|  |            |
|--|------------|
| <b>Total Investments</b> (Identified Cost - \$159,295) <b>110.6%</b>         | \$ 165,390 |
| <b>Obligation to Return Collateral For Securities Lending</b> <b>(12.0)%</b> | (17,990)   |
| <b>Other Assets Less Liabilities</b> <b>1.4%</b>                             | 2,160      |
| <b>Net Assets</b> <b>100.0%</b>  | \$ 149,561 |

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 represents 13.2% of net assets.*

B *All or a portion of this security is on loan.*

**Western Asset Income Fund**

**September 30, 2005**

- C 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.*
  
- D 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, 2005.*
  
- E 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.*
  
- F Yankee Bond - A dollar denominated bond issued in the U.S. by foreign entities.*

### **Security Valuation**

Securities owned by the Fund for which market quotations are readily available are valued at current market value. Current market value means the last sale price of the day or, in the absence of any such sales, the bid price obtained from quotation reporting systems, pricing services or other approved methods. Other assets and securities for which no quotations are readily available are valued at fair value pursuant to procedures adopted by the Board of Directors. The factors considered making such valuations are subject to change over time and are reviewed periodically. The values assigned to fair value investments are based on available information and do not necessarily represent amounts that might ultimately be realized, since such amounts depend on future developments inherent in long-term investments. Further, because of the inherent uncertainty of valuation, such estimated values may differ significantly 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, 2005, the market value of the securities on loan to broker-dealers was \$17,626 for which the Fund received collateral of \$17,990 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 schedule 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'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 29, 2005

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 29, 2005

By: /s/ MARIE K. KARPINSKI  
**Marie K. Karpinski**

**Treasurer and Principal Financial and Accounting  
Officer**

Western Asset Income Fund

Date: November 25, 2005