

Western Asset Income Fund
Form N-CSRS
August 22, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES
Investment Company Act file number 811-02351

Western Asset Income Fund
(Exact name of registrant as specified in charter)

620 Eighth Avenue, 49th Floor, New York, NY 10018
(Address of principal executive offices) (Zip code)

Robert I. Frenkel, Esq.

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Legg Mason & Co., LLC

100 First Stamford Place

Stamford, CT 06902

(Name and address of agent for service)

Registrant's telephone number, including area code: (888) 777-0102

Date of fiscal year end: December 31

Date of reporting period: June 30, 2014

ITEM 1. REPORT TO STOCKHOLDERS.

The **Semi-Annual** Report to Stockholders is filed herewith.

Semi-Annual Report

June 30, 2014

WESTERN ASSET

INCOME FUND (PAI)

INVESTMENT PRODUCTS: NOT FDIC INSURED NO BANK GUARANTEE MAY LOSE VALUE

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Fund objectives

The Fund seeks a high level of current income, consistent with prudent investment risk. Capital appreciation is a secondary objective.

Letter from the president

Dear Shareholder,

We are pleased to provide the semi-annual report of Western Asset Income Fund for the six-month reporting period ended June 30, 2014. Please read on for Fund performance information and a detailed look at prevailing economic and market conditions during the Fund's reporting period.

As always, we remain committed to providing you with excellent service and a full spectrum of investment choices. We also remain committed to supplementing the support you receive from your financial advisor. One way we accomplish this is through our website, www.lmcef.com. Here you can gain immediate access to market and investment information, including:

Fund prices and performance,

Market insights and commentaries from our portfolio managers, and

A host of educational resources.

We look forward to helping you meet your financial goals.

Sincerely,

Kenneth D. Fuller

President and Chief Executive Officer

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July 31, 2014

II Western Asset Income Fund

Investment commentary

Economic review

Since the end of the Great Recession, the U.S. economy has expanded at a slower than usual pace, compared to recent history. U.S. gross domestic product (GDP) growth, as reported by the U.S. Department of Commerce's revised figures, was 4.5% during the third quarter of 2013, its best reading since the fourth quarter of 2011. At the beginning of the six months ended June 30, 2014 (the reporting period), the severe winter weather of January and February played a key role in a sharp reversal in the economy, a 2.1% contraction during the first quarter of 2014. This was the first negative GDP report in three years. Negative contributions were widespread: private inventory investment, exports, state and local government spending, nonresidential and residential fixed investment. Thankfully, this setback was very brief, as the initial reading for second quarter GDP growth, released after the reporting period ended, was 4.0%, suggesting the recovery has some resilience and continues to recover from the severe consequences of the Great Recession. The second quarter rebound in GDP growth was driven by several factors, including increased private inventory investment and exports, as well as an acceleration in personal consumption expenditures and an upturn in state and local government spending.

The U.S. manufacturing sector continued to support the economy during the reporting period. Based on figures for the Institute for Supply Management's Purchasing Managers' Index (PMI), U.S. manufacturing expanded during all six months of the reporting period (a reading below 50 indicates a contraction, whereas a reading above 50 indicates an expansion). After a reading of 56.5 in December 2013, the PMI fell to 51.3 in January 2014, its weakest reading since May 2013. However, the PMI moved up the next four months and was 55.4 in May 2014, and slipped to 55.3 in June, with fifteen of the eighteen industries within the PMI expanding.

The U.S. job market improved during the reporting period. When the period began, unemployment, as reported by the U.S. Department of Labor, was 6.6%. Unemployment then ticked up to 6.7% in February and held steady in March 2014. Unemployment then fell to 6.3% in April and was unchanged in May. The labor market then gathered additional momentum in June, as the unemployment rate fell to 6.1%, the lowest level since September 2008. However, falling unemployment during the period was partially due to a decline in the workforce participation rate, which was 62.8% from May through June 2014, matching the lowest level since 1978. The number of longer-term unemployed, however, declined, as 32.8% of the 9.5 million Americans looking for work in June 2014 had been out of work for more than six months. In contrast, 37.7% of the 10.4 million Americans looking for work in December 2013 had been out of work for more than six months.

Investment commentary (cont d)

Market review

Q. How did the Federal Reserve Board (Fedⁱⁱ) respond to the economic environment?

A. The Fed took a number of actions as it sought to meet its dual mandate of fostering maximum employment and price stability. As has been the case since December 2008, the Fed kept the federal funds rate^{iv} at a historically low range between zero and 0.25%. At its meeting in December 2012, prior to the beginning of the reporting period, the Fed announced that it would continue purchasing \$40 billion per month of agency mortgage-backed securities (MBS), as well as initially purchasing \$45 billion per month of longer-term Treasuries. Following the meeting that concluded on December 18, 2013, the Fed announced that it would begin tapering its monthly asset purchases, saying Beginning in January 2014, the Committee will add to its holdings of agency MBS at a pace of \$35 billion per month rather than \$40 billion per month, and will add to its holdings of longer-term Treasury securities at a pace of \$40 billion per month rather than \$45 billion per month.

At each of the Fed s next four meetings (January, March, April and June 2014), it announced further \$10 billion tapering of its asset purchases. Finally, at its meeting that ended on July 30, 2014, after the reporting period ended, the Fed again cut its monthly asset purchases. Beginning in August, it will buy a total of \$25 billion per month (\$10 billion per month of agency MBS and \$15 billion per month of longer-term Treasuries).

Q. Did Treasury yields trend higher or lower during the six months ended June 30, 2014?

A. Short-term Treasury yields moved higher, whereas long-term Treasury yields declined during the reporting period. When the reporting period began, the yield on the two-year Treasury was 0.38%. It fell as low as 0.30% in early February 2014, and was as high as 0.51% on June 17, 2014, before ending the period at 0.47%. The yield on the ten-year Treasury began the period at 3.04%, its peak for the period. The ten-year Treasury fell as low as 2.44% on May 28, 2014 and ended the period at 2.53%.

Q. What factors impacted the spread sectors (non-Treasuries) during the reporting period?

A. The spread sectors generated positive results during the reporting period, rallying in January and February 2014, as investor demand was solid overall. The majority of spread sectors then modestly declined in March as interest rates moved higher. However, the reporting period ended on an upbeat note as the spread sectors generated positive results from April through June. The overall bond market, as measured by the Barclays U.S. Aggregate Index^v, gained 3.93% during the six months ended June 30, 2014.

Q. How did the high-yield bond market perform over the six months ended June 30, 2014?

A. The U.S. high-yield bond market was among the best performing spread sectors during the reporting period, gaining 5.46% for the six months ended June 30, 2014. The asset class, as measured by the Barclays U.S. Corporate High Yield 2% Issuer Cap Inde^x, posted positive returns during all six months covered by the reporting period. Supporting the high yield market was generally solid investor demand and low defaults.

Performance review

For the six months ended June 30, 2014, Western Asset Income Fund returned 7.10% based on its net asset value (NAV^{vi}) and 8.18% based on its New York Stock Exchange (NYSE) market price per share. The Fund's unmanaged benchmarks, the Barclays U.S. Corporate High Yield Index^{viii} and the Barclays U.S. Credit Index^{ix}, returned 5.46% and 5.70%, respectively, for the same period. The Lipper Corporate Debt Closed-End Funds BBB-Rated Category Average^x returned 5.57% over the same time frame. Please note that Lipper performance returns are based on each fund's NAV.

During this six-month period, the Fund made distributions to shareholders totaling \$0.35 per share. As of June 30, 2014, the Fund estimates that all of the distributions were sourced from net investment income.* The performance table shows the Fund's six-month total return based on its NAV and market price as of June 30, 2014. **Past performance is no guarantee of future results.**

Performance Snapshot as of June 30, 2014
(unaudited)

	6-month
price per share	total return**
\$15.12 (NAV)	7.10%
\$13.89 (Market Price)	8.18%

All figures represent past performance and are not a guarantee of future results. Performance figures for periods shorter than one year represent cumulative figures and are not annualized.

**** Total returns are based on changes in NAV or market price, respectively. Returns reflect the deduction of all Fund expenses, including management fees, operating expenses, and other Fund expenses. Returns do not reflect the deduction of brokerage commissions or taxes that investors may pay on distributions or the sale of shares.**

Total return assumes the reinvestment of all distributions, including returns of capital, if any, at NAV.

Total return assumes the reinvestment of all distributions, including returns of capital, if any, in additional shares in accordance with the Fund's Dividend Reinvestment Plan.

Looking for additional information?

The Fund is traded under the symbol PAI and its closing market price is available in most newspapers under the NYSE listings. The daily NAV is available on-line under the

that can be found on most major financial websites as well as www.lmcef.com.

In a continuing effort to provide information concerning the Fund, shareholders may call 1-888-777-0102 (toll free), Monday through

*This estimate is not for tax purposes. The Fund will issue a Form 1099 with final composition of the distributions for tax purposes after year-end. A return of capital is not taxable and results in a reduction in the tax basis of a shareholder's investment. For more information about a distribution's composition, please refer to the Fund's distribution press release or, if applicable, the Section 19 notice located in the press release section of our website, www.lmcef.com.

Investment commentary (cont d)

Friday from 8:00 a.m. to 5:30 p.m. Eastern Time, for the Fund's current NAV, market price and other information.

Thank you for your investment in Western Asset Income Fund. As always, we appreciate that you have chosen us to manage your assets and we remain focused on achieving the Fund's investment goals.

Sincerely,

Kenneth D. Fuller

President and Chief Executive Officer

July 31, 2014

***RISKS:** Bonds are subject to a variety of risks, including interest rate, credit and inflation risks. As interest rates rise, bond prices fall, reducing the value of a fixed-income investment's price. The Fund may invest in high-yield bonds, which are rated below investment grade and carry more risk than higher-rated securities. To the extent that the Fund invests in asset-backed, mortgage-backed or mortgage related securities, its exposure to prepayment and extension risks may be greater than investments in other fixed-income securities. Leverage may result in greater volatility of NAV and the market price of common shares and increases a shareholder's risk of loss. The Fund may invest, to a limited extent, in foreign securities, including emerging markets, which are subject to additional risks. The Fund may make significant investments in derivative instruments. Derivative instruments can be illiquid, may disproportionately increase losses, and have a potentially large impact on Fund performance.*

All investments are subject to risk including the possible loss of principal. Past performance is no guarantee of future results. All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

The information provided is not intended to be a forecast of future events, a guarantee of future results or investment advice. Views expressed may differ from those of the firm as a whole.

- ⁱ Gross domestic product (GDP) is the market value of all final goods and services produced within a country in a given period of time.
- ⁱⁱ The Institute for Supply Management's PMI is based on a survey of purchasing executives who buy the raw materials for manufacturing at more than 350 companies. It offers an early reading on the health of the U.S. manufacturing sector.
- ⁱⁱⁱ The Federal Reserve Board (Fed) is responsible for the formulation of policies designed to promote economic growth, full employment, stable prices and a sustainable pattern of international trade and payments.
- ^{iv} The federal funds rate is the rate charged by one depository institution on an overnight sale of immediately available funds (balances at the Federal Reserve) to another depository institution; the rate may vary from depository institution to depository institution and from day to day.
- ^v The Barclays U.S. Aggregate Index is a broad-based bond index comprised of government, corporate, mortgage- and asset-backed issues, rated investment grade or higher, and having at least one year to maturity.
- ^{vi} The Barclays U.S. Corporate High Yield 2% Issuer Cap Index is an index of the 2% Issuer Cap component of the Barclays U.S. Corporate High Yield Index, which covers the U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bond market.
- ^{vii} Net asset value (NAV) is calculated by subtracting total liabilities and outstanding preferred stock (if any) from the closing value of all securities held by the Fund (plus all other assets) and dividing the result (total net assets) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the Fund has invested. However, the price at which an investor may buy or sell shares of the Fund is the Fund's market price as determined by supply of and demand for the Fund's shares.
- ^{viii} The Barclays U.S. Corporate High Yield Index covers the universe of fixed-rate, non-investment grade debt, including corporate and non-corporate sectors. Pay-in-kind (PIK) bonds, Eurobonds and debt issues from countries designated as emerging markets are excluded, but Canadian and global bonds (SEC registered) of issuers in non-emerging market countries are included. Original issue zero coupon bonds, step-up coupon structures and 144-A securities are also included.
- ^{ix} The Barclays U.S. Credit Index is an index composed of corporate and non-corporate debt issues that are investment grade (rated Baa3/BBB- or higher).
- ^x Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the six-month period ended June 30, 2014, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 12 funds in the Fund's Lipper category.

Fund at a glance (unaudited)

Investment breakdown (%) as a percent of total investments

The bar graph above represents the Fund's portfolio as of June 30, 2014 and December 31, 2013, and does not include derivatives such as futures contracts. The Fund's portfolio is actively managed. As a result, the composition of its portfolio holdings and sectors is subject to change at any time.

Spread duration (unaudited)

Economic exposure June 30, 2014

Total Spread Duration

PAI 7.61 years

Benchmark 6.80 years

Spread duration measures the sensitivity to changes in spreads. The spread over Treasuries is the annual risk-premium demanded by investors to hold non-Treasury securities. Spread duration is quantified as the % change in price resulting from a 100 basis points change in spreads. For a security with positive spread duration, an increase in spreads would result in a price decline and a decline in spreads would result in a price increase. This chart highlights the market sector exposure of the Fund's sectors relative to the selected benchmark sectors as of the end of the reporting period.

ABS	Asset-Backed Securities
Benchmark	Barclays U.S. Credit Index
EM	Emerging Markets
HY	High Yield
IG Credit	Investment Grade Credit
MBS	Mortgage-Backed Securities
PAI	Western Asset Income Fund

Effective duration (unaudited)

Interest rate exposure June 30, 2014

Total Effective Duration

PAI 6.51 years

Benchmark 6.97 years

Effective duration measures the sensitivity to changes in relevant interest rates. Effective duration is quantified as the % change in price resulting from a 100 basis points change in interest rates. For a security with positive effective duration, an increase in interest rates would result in a price decline and a decline in interest rates would result in a price increase. This chart highlights the interest rate exposure of the Fund's sectors relative to the selected benchmark sectors as of the end of the reporting period.

Benchmark	Barclays U.S. Credit Index
EM	Emerging Markets
HY	High Yield
IG Credit	Investment Grade Credit
PAI	Western Asset Income Fund

Schedule of investments (unaudited)

June 30, 2014

Western Asset Income Fund

Security	Rate	Maturity Date	Face Amount	Value
Corporate Bonds & Notes 92.8%				
Consumer Discretionary 9.1%				
<i>Automobiles</i> 0.8%				
Ford Motor Credit Co., LLC, Senior Notes	7.000%	4/15/15	\$ 610,000	\$ 640,574
Ford Motor Credit Co., LLC, Senior Notes	8.125%	1/15/20	410,000	523,485
<i>Total Automobiles</i>				<i>1,164,059</i>
<i>Hotels, Restaurants & Leisure</i> 0.6%				
Hilton Worldwide Finance LLC/Hilton Worldwide Finance Corp., Senior Notes	5.625%	10/15/21	100,000	106,250 ^(a)
Paris Las Vegas Holding LLC/Harrah's Las Vegas LLC/Flamingo Las Vegas Holding LLC, Senior Secured Notes	8.000%	10/1/20	500,000	522,500 ^(a)
Wynn Macau Ltd., Senior Notes	5.250%	10/15/21	290,000	297,975 ^(a)
<i>Total Hotels, Restaurants & Leisure</i>				<i>926,725</i>
<i>Household Durables</i> 0.6%				
Toll Brothers Finance Corp., Senior Notes	4.000%	12/31/18	690,000	710,700
Toll Brothers Finance Corp., Senior Notes	6.750%	11/1/19	90,000	103,725
<i>Total Household Durables</i>				<i>814,425</i>
<i>Media</i> 6.1%				
21st Century Fox America Inc., Senior Notes	6.550%	3/15/33	545,000	678,879
21st Century Fox America Inc., Senior Notes	7.750%	12/1/45	130,000	187,431
Comcast Corp., Bonds	6.400%	5/15/38	950,000	1,210,775
Comcast Corp., Notes	6.450%	3/15/37	220,000	280,609
Comcast Corp., Senior Notes	6.950%	8/15/37	160,000	215,687
DISH DBS Corp., Senior Notes	5.875%	7/15/22	500,000	542,500
TCI Communications Inc., Senior Debentures	8.750%	8/1/15	160,000	174,354
Time Warner Cable Inc., Senior Notes	8.750%	2/14/19	690,000	884,906
Time Warner Entertainment Co., LP, Senior Notes	8.375%	7/15/33	410,000	601,522
Time Warner Inc., Senior Debentures	7.700%	5/1/32	595,000	826,243
Time Warner Inc., Senior Notes	4.900%	6/15/42	150,000	152,763
UBM PLC, Notes	5.750%	11/3/20	570,000	613,426 ^(a)
Virgin Media Finance PLC, Senior Notes	6.375%	4/15/23	1,000,000	1,085,000 ^(a)
WPP Finance 2010, Senior Notes	4.750%	11/21/21	840,000	921,745
WPP Finance 2010, Senior Notes	5.625%	11/15/43	150,000	163,859
WPP Finance UK, Senior Notes	8.000%	9/15/14	180,000	182,682
<i>Total Media</i>				<i>8,722,381</i>
<i>Multiline Retail</i> 0.3%				
Macy's Retail Holdings Inc., Notes	5.750%	7/15/14	400,000	400,784
<i>Specialty Retail</i> 0.7%				
American Greetings Corp., Senior Notes	7.375%	12/1/21	160,000	169,800

See Notes to Financial Statements.

Western Asset Income Fund

Security	Rate	Maturity Date	Face Amount	Value
<i>Specialty Retail continued</i>				
Gap Inc., Senior Notes	5.950%	4/12/21	\$ 730,000	\$ 844,817
<i>Total Specialty Retail</i>				<i>1,014,617</i>
Total Consumer Discretionary				13,042,991
Consumer Staples 3.9%				
<i>Beverages 1.1%</i>				
Anheuser-Busch InBev Worldwide Inc., Senior Notes	5.375%	1/15/20	260,000	300,169
Constellation Brands Inc., Senior Notes	4.250%	5/1/23	80,000	80,300
Pernod-Ricard SA, Senior Bonds	5.750%	4/7/21	350,000	402,342 ^(a)
Pernod-Ricard SA, Senior Notes	5.500%	1/15/42	670,000	744,552 ^(a)
<i>Total Beverages</i>				<i>1,527,363</i>
<i>Food Products 0.3%</i>				
Kraft Foods Group Inc., Senior Notes	5.000%	6/4/42	200,000	213,820
Mondelez International Inc., Senior Notes	4.000%	2/1/24	250,000	258,948
<i>Total Food Products</i>				<i>472,768</i>
<i>Tobacco 2.5%</i>				
Altria Group Inc., Senior Notes	9.950%	11/10/38	680,000	1,132,770
Altria Group Inc., Senior Notes	10.200%	2/6/39	230,000	390,461
Lorillard Tobacco Co., Senior Notes	8.125%	6/23/19	330,000	411,429
Lorillard Tobacco Co., Senior Notes	8.125%	5/1/40	270,000	363,862
Lorillard Tobacco Co., Senior Notes	7.000%	8/4/41	320,000	391,626
Philip Morris International Inc., Senior Notes	4.500%	3/20/42	260,000	264,556
Reynolds American Inc., Senior Notes	4.750%	11/1/42	720,000	686,580
<i>Total Tobacco</i>				<i>3,641,284</i>
Total Consumer Staples				5,641,415
Energy 16.1%				
<i>Energy Equipment & Services 0.3%</i>				
Baker Hughes Inc., Senior Notes	7.500%	11/15/18	370,000	454,993
<i>Oil, Gas & Consumable Fuels 15.8%</i>				
Anadarko Finance Co., Senior Notes	7.500%	5/1/31	465,000	633,064
Apache Corp., Senior Notes	6.900%	9/15/18	100,000	119,744
Apache Corp., Senior Notes	6.000%	1/15/37	190,000	232,563
Apache Corp., Senior Notes	5.100%	9/1/40	80,000	88,055
Apache Corp., Senior Notes	5.250%	2/1/42	90,000	100,988
ConocoPhillips, Notes	6.500%	2/1/39	810,000	1,086,289
ConocoPhillips, Senior Notes	6.000%	1/15/20	310,000	368,829
Devon Energy Corp., Senior Notes	5.600%	7/15/41	310,000	358,811
Devon Financing Corp. LLC, Debentures	7.875%	9/30/31	380,000	533,795
Ecopetrol SA, Senior Notes	5.875%	5/28/45	176,000	182,033

See Notes to Financial Statements.

Schedule of investments (unaudited) (cont'd)

June 30, 2014

Western Asset Income Fund

Security	Rate	Maturity Date	Face Amount	Value
<i>Oil, Gas & Consumable Fuels continued</i>				
El Paso Corp., Medium-Term Notes	7.800%	8/1/31	\$ 2,000,000	\$ 2,170,000
Enbridge Energy Partners LP, Senior Notes	9.875%	3/1/19	120,000	157,487
Energy Transfer Equity LP, Senior Notes	7.500%	10/15/20	250,000	288,750
Enterprise Products Operating LLC, Senior Notes	6.125%	10/15/39	320,000	389,743
EOG Resources Inc., Senior Notes	5.875%	9/15/17	540,000	616,051
Hess Corp., Notes	7.875%	10/1/29	1,180,000	1,626,020
Hess Corp., Senior Bonds	6.000%	1/15/40	300,000	361,701
Kerr-McGee Corp., Notes	6.950%	7/1/24	1,080,000	1,387,109
LUKOIL International Finance BV, Bonds	6.356%	6/7/17	310,000	340,504 ^(b)
LUKOIL International Finance BV, Senior Notes	3.416%	4/24/18	300,000	297,750 ^(a)
LUKOIL International Finance BV, Senior Notes	4.563%	4/24/23	200,000	193,000 ^(a)
MEG Energy Corp., Senior Notes	6.375%	1/30/23	600,000	637,500 ^(a)
Murray Energy Corp., Senior Secured Notes	8.625%	6/15/21	350,000	378,875 ^(a)
Noble Energy Inc., Senior Notes	6.000%	3/1/41	390,000	469,296
Noble Energy Inc., Senior Notes	5.250%	11/15/43	150,000	165,361
Pemex Project Funding Master Trust, Senior Bonds	6.625%	6/15/35	2,635,000	3,102,712
Petrobras Global Finance BV, Senior Notes	4.875%	3/17/20	140,000	143,794
Petrobras Global Finance BV, Senior Notes	7.250%	3/17/44	280,000	308,700
Petrobras International Finance Co., Global Notes	5.875%	3/1/18	879,000	957,801
Petrobras International Finance Co., Senior Notes	6.750%	1/27/41	525,000	540,750
Petroleos Mexicanos, Notes	6.375%	1/23/45	380,000	441,275 ^(a)
Phillips 66, Senior Notes	5.875%	5/1/42	160,000	191,692
Plains Exploration & Production Co., Senior Notes	6.875%	2/15/23	267,000	312,390
Shell International Finance BV, Senior Notes	6.375%	12/15/38	250,000	329,383
Sinopec Group Overseas Development Ltd., Senior Notes	4.375%	4/10/24	490,000	507,282 ^(a)
Transcontinental Gas Pipe Line Co. LLC, Senior Notes	5.400%	8/15/41	310,000	354,512
Transcontinental Gas Pipe Line Co. LLC, Senior Notes	4.450%	8/1/42	450,000	451,444
Williams Cos. Inc., Debentures	7.500%	1/15/31	47,000	55,590
Williams Cos. Inc., Senior Notes	4.550%	6/24/24	780,000	787,723
Williams Cos. Inc., Senior Notes	7.750%	6/15/31	37,000	44,584
Williams Cos. Inc., Senior Notes	8.750%	3/15/32	610,000	795,300
<i>Total Oil, Gas & Consumable Fuels</i>				<i>22,508,250</i>
Total Energy				22,963,243
Financials 38.2%				
<i>Banks 18.8%</i>				
Bank of America Corp., Senior Notes	6.500%	8/1/16	70,000	77,587
Bank of America Corp., Senior Notes	7.625%	6/1/19	70,000	86,463
Bank of America Corp., Senior Notes	5.625%	7/1/20	30,000	34,513

See Notes to Financial Statements.

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Western Asset Income Fund

Security	Rate	Maturity Date	Face Amount	Value
<i>Banks continued</i>				
Bank of America Corp., Senior Notes	5.875%	2/7/42	\$ 320,000	\$ 380,029
Bank of America Corp., Senior Notes	4.875%	4/1/44	840,000	866,825
Barclays Bank PLC, Subordinated Notes	10.179%	6/12/21	240,000	331,970 (a)
BPCE SA, Subordinated Notes	5.150%	7/21/24	410,000	432,839 (a)
CIT Group Inc., Senior Notes	5.000%	8/1/23	200,000	204,750
Citigroup Inc., Junior Subordinated Bonds	6.300%	5/15/24	280,000	285,250 (c)(d)
Citigroup Inc., Junior Subordinated Notes	5.950%	1/30/23	200,000	202,000 (c)(d)
Citigroup Inc., Senior Notes	6.375%	8/12/14	315,000	317,096
Citigroup Inc., Senior Notes	5.500%	10/15/14	120,000	121,732
Citigroup Inc., Senior Notes	6.010%	1/15/15	142,000	146,281
Citigroup Inc., Senior Notes	8.500%	5/22/19	1,280,000	1,636,084
Citigroup Inc., Senior Notes	8.125%	7/15/39	450,000	675,441
Citigroup Inc., Senior Notes	5.875%	1/30/42	240,000	287,118
Citigroup Inc., Subordinated Notes	5.500%	9/13/25	750,000	836,602
Citigroup Inc., Subordinated Notes	6.125%	8/25/36	550,000	629,859
Citigroup Inc., Subordinated Notes	6.675%	9/13/43	370,000	460,618
Cooperatieve Centrale Raiffeisen-Boerenleenbank BA, Junior Subordinated Notes	11.000%	6/30/19	708,000	950,624 (a)(c)(d)
Cooperatieve Centrale Raiffeisen-Boerenleenbank BA, Senior Notes	5.250%	5/24/41	570,000	635,336
Cooperatieve Centrale Raiffeisen-Boerenleenbank BA, Subordinated Notes	5.750%	12/1/43	450,000	518,557
Credit Agricole SA, Subordinated Notes	8.375%	10/13/19	560,000	661,500 (a)(c)(d)
HSBC Finance Capital Trust IX, Junior Subordinated Notes	5.911%	11/30/35	1,350,000	1,407,375 (c)
HSBC Holdings PLC, Subordinated Notes	5.250%	3/14/44	410,000	439,028
ING Bank NV, Subordinated Notes	5.800%	9/25/23	600,000	675,900 (a)
Intesa Sanpaolo SpA, Senior Notes	3.625%	8/12/15	1,240,000	1,266,914 (a)
Intesa Sanpaolo SpA, Subordinated Bonds	5.017%	6/26/24	250,000	252,954 (a)
JPMorgan Chase & Co., Junior Subordinated Bonds	5.150%	5/1/23	410,000	393,087 (c)(d)
JPMorgan Chase & Co., Junior Subordinated Bonds	6.000%	8/1/23	260,000	265,200 (c)(d)
JPMorgan Chase & Co., Junior Subordinated Bonds	6.125%	4/30/24	290,000	296,434 (c)(d)
JPMorgan Chase & Co., Subordinated Notes	6.125%	6/27/17	720,000	810,802
JPMorgan Chase & Co., Subordinated Notes	5.625%	8/16/43	440,000	497,368
M&T Bank Corp., Junior Subordinated Bonds	6.875%	6/15/16	880,000	890,283 (d)
Royal Bank of Scotland Group PLC, Junior Subordinated Bonds	7.648%	9/30/31	1,360,000	1,645,600 (c)(d)
Royal Bank of Scotland Group PLC, Subordinated Notes	5.000%	10/1/14	580,000	585,446
Royal Bank of Scotland Group PLC, Subordinated Notes	5.050%	1/8/15	170,000	173,138