

Western Asset Income Fund
Form N-Q
November 22, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED

MANAGEMENT INVESTMENT COMPANY

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.

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: 1-888-777-0102

Date of fiscal year end: **December 31**

Date of reporting period: **September 30, 2017**

ITEM 1. SCHEDULE OF INVESTMENTS.

WESTERN ASSET INCOME FUND

FORM N-Q

SEPTEMBER 30, 2017

WESTERN ASSET INCOME FUND

Schedule of investments (unaudited)

September 30, 2017

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|--------|---------------|-------------|------------------------|
| CORPORATE BONDS & NOTES - 88.2% | | | | |
| CONSUMER DISCRETIONARY - 8.7% | | | | |
| Auto Components - 0.8% | | | | |
| Goodyear Tire & Rubber Co., Senior Notes | 4.875% | 3/15/27 | \$ 300,000 | \$ 309,594 |
| ZF North America Capital Inc., Senior Notes | 4.750% | 4/29/25 | 740,000 | 783,475 ^(a) |
| <i>Total Auto Components</i> | | | | 1,093,069 |
| Automobiles - 0.9% | | | | |
| Ford Motor Credit Co., LLC, Senior Notes | 8.125% | 1/15/20 | 410,000 | 462,023 |
| General Motors Co., Senior Notes | 6.600% | 4/1/36 | 170,000 | 202,508 |
| General Motors Co., Senior Notes | 5.200% | 4/1/45 | 310,000 | 313,212 |
| General Motors Co., Senior Notes | 6.750% | 4/1/46 | 310,000 | 374,719 |
| <i>Total Automobiles</i> | | | | 1,352,462 |
| Hotels, Restaurants & Leisure - 0.4% | | | | |
| GLP Capital LP/GLP Financing II Inc., Senior Notes | 5.375% | 4/15/26 | 180,000 | 196,875 |
| McDonald's Corp., Senior Notes | 4.700% | 12/9/35 | 150,000 | 165,869 |
| McDonald's Corp., Senior Notes | 4.875% | 12/9/45 | 230,000 | 259,938 |
| <i>Total Hotels, Restaurants & Leisure</i> | | | | 622,682 |
| Internet & Direct Marketing Retail - 0.5% | | | | |
| Amazon.com Inc., Senior Notes | 3.875% | 8/22/37 | 270,000 | 275,709 ^(a) |
| Amazon.com Inc., Senior Notes | 4.050% | 8/22/47 | 350,000 | 358,233 ^(a) |
| <i>Total Internet & Direct Marketing Retail</i> | | | | 633,942 |
| Media - 6.0% | | | | |
| 21st Century Fox America Inc., Senior Debentures | 7.750% | 12/1/45 | 130,000 | 197,598 |
| 21st Century Fox America Inc., Senior Notes | 6.550% | 3/15/33 | 545,000 | 692,253 |
| CCO Holdings LLC/CCO Holdings Capital Corp., Senior Notes | 5.125% | 5/1/27 | 420,000 | 426,825 ^(a) |
| Charter Communications Operating LLC/Charter Communications Operating Capital Corp., Senior Secured Notes | 6.384% | 10/23/35 | 110,000 | 129,016 |
| Charter Communications Operating LLC/Charter Communications Operating Capital Corp., Senior Secured Notes | 6.484% | 10/23/45 | 260,000 | 306,216 |
| Charter Communications Operating LLC/Charter Communications Operating Capital Corp., Senior Secured Notes | 5.375% | 5/1/47 | 350,000 | 364,961 ^(a) |
| Comcast Corp., Bonds | 6.400% | 5/15/38 | 950,000 | 1,255,608 |
| Comcast Corp., Notes | 6.450% | 3/15/37 | 220,000 | 294,679 |
| Comcast Corp., Senior Notes | 6.950% | 8/15/37 | 160,000 | 223,491 |
| Time Warner Cable LLC, Debentures | 7.300% | 7/1/38 | 200,000 | 251,778 |
| Time Warner Cable LLC, Senior Bonds | 6.550% | 5/1/37 | 180,000 | 212,037 |
| Time Warner Cable LLC, Senior Notes | 8.750% | 2/14/19 | 690,000 | 749,751 |
| Time Warner Cable LLC, Senior Notes | 6.750% | 6/15/39 | 10,000 | 12,035 |
| Time Warner Cable LLC, Senior Notes | 5.500% | 9/1/41 | 50,000 | 52,089 |

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|---|--------|----------|-----------|--------------------------|
| Time Warner Entertainment Co., LP, Senior Notes | 8.375% | 7/15/33 | 410,000 | 558,665 |
| Time Warner Inc., Senior Notes | 4.900% | 6/15/42 | 150,000 | 153,092 |
| UBM PLC, Notes | 5.750% | 11/3/20 | 570,000 | 598,803 ^(a) |
| Viacom Inc., Senior Debentures | 5.250% | 4/1/44 | 50,000 | 48,053 |
| Viacom Inc., Senior Notes | 4.375% | 3/15/43 | 70,000 | 60,521 |
| Viacom Inc., Senior Notes | 4.875% | 6/15/43 | 30,000 | 28,182 |
| Virgin Media Finance PLC, Senior Notes | 6.375% | 4/15/23 | 1,000,000 | 1,048,750 ^(a) |
| WPP Finance 2010, Senior Notes | 4.750% | 11/21/21 | 840,000 | 905,507 |
| WPP Finance 2010, Senior Notes | 5.625% | 11/15/43 | 150,000 | 168,440 |
| <i>Total Media</i> | | | | 8,738,350 |
| Multiline Retail - 0.1% | | | | |
| Nordstrom Inc., Senior Notes | 5.000% | 1/15/44 | 130,000 | 128,204 |
| TOTAL CONSUMER DISCRETIONARY | | | | 12,568,709 |

See Notes to Schedule of Investments.

WESTERN ASSET INCOME FUND

Schedule of investments (unaudited) (cont d)

September 30, 2017

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|--------|---------------|--------------|------------------------|
| CONSUMER STAPLES - 3.9% | | | | |
| Beverages - 2.0% | | | | |
| Anheuser-Busch InBev Finance Inc., Senior Notes | 4.900% | 2/1/46 | \$ 1,250,000 | \$ 1,417,586 |
| Anheuser-Busch InBev Worldwide Inc., Senior Notes | 5.375% | 1/15/20 | 260,000 | 279,929 |
| Pernod-Ricard SA, Senior Bonds | 5.750% | 4/7/21 | 350,000 | 388,444 ^(a) |
| Pernod-Ricard SA, Senior Notes | 5.500% | 1/15/42 | 670,000 | 806,904 ^(a) |
| <i>Total Beverages</i> | | | | 2,892,863 |
| Food & Staples Retailing - 0.4% | | | | |
| CVS Health Corp., Senior Notes | 5.125% | 7/20/45 | 340,000 | 392,538 |
| Kroger Co., Senior Notes | 4.650% | 1/15/48 | 140,000 | 135,955 |
| <i>Total Food & Staples Retailing</i> | | | | 528,493 |
| Food Products - 0.3% | | | | |
| Kraft Heinz Foods Co., Senior Notes | 5.000% | 7/15/35 | 50,000 | 54,633 |
| Kraft Heinz Foods Co., Senior Notes | 5.000% | 6/4/42 | 150,000 | 160,393 |
| Kraft Heinz Foods Co., Senior Notes | 5.200% | 7/15/45 | 250,000 | 274,888 |
| <i>Total Food Products</i> | | | | 489,914 |
| Tobacco - 1.2% | | | | |
| BAT Capital Corp., Senior Notes | 4.390% | 8/15/37 | 280,000 | 288,279 ^(a) |
| BAT Capital Corp., Senior Notes | 4.540% | 8/15/47 | 430,000 | 444,254 ^(a) |
| Philip Morris International Inc., Senior Notes | 4.500% | 3/20/42 | 100,000 | 108,559 |
| Reynolds American Inc., Senior Notes | 8.125% | 5/1/40 | 270,000 | 397,324 |
| Reynolds American Inc., Senior Notes | 7.000% | 8/4/41 | 320,000 | 414,975 |
| Reynolds American Inc., Senior Notes | 5.850% | 8/15/45 | 90,000 | 110,536 |
| <i>Total Tobacco</i> | | | | 1,763,927 |
| TOTAL CONSUMER STAPLES | | | | 5,675,197 |
| ENERGY - 16.4% | | | | |
| Energy Equipment & Services - 1.1% | | | | |
| Baker Hughes a GE Co., LLC, Senior Notes | 7.500% | 11/15/18 | 370,000 | 393,519 |
| ENSCO International Inc., Senior Bonds | 7.200% | 11/15/27 | 120,000 | 109,800 |
| Ensco PLC, Senior Notes | 5.200% | 3/15/25 | 480,000 | 405,600 |
| Halliburton Co., Senior Notes | 5.000% | 11/15/45 | 200,000 | 220,212 |
| Petrofac Ltd., Senior Notes | 3.400% | 10/10/18 | 310,000 | 308,644 ^(a) |
| Pride International Inc., Senior Notes | 7.875% | 8/15/40 | 130,000 | 111,150 |
| <i>Total Energy Equipment & Services</i> | | | | 1,548,925 |
| Oil, Gas & Consumable Fuels - 15.3% | | | | |

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|---|--------|----------|-----------|-----------------------|
| Anadarko Finance Co., Senior Notes | 7.500% | 5/1/31 | 465,000 | 580,016 |
| Anadarko Petroleum Corp., Senior Notes | 4.850% | 3/15/21 | 460,000 | 488,205 |
| Anadarko Petroleum Corp., Senior Notes | 5.550% | 3/15/26 | 460,000 | 514,604 |
| Apache Corp., Senior Notes | 6.900% | 9/15/18 | 100,000 | 104,735 |
| Apache Corp., Senior Notes | 6.000% | 1/15/37 | 190,000 | 222,987 |
| Apache Corp., Senior Notes | 5.100% | 9/1/40 | 160,000 | 167,922 |
| Apache Corp., Senior Notes | 5.250% | 2/1/42 | 90,000 | 95,556 |
| Cenovus Energy Inc., Senior Notes | 4.250% | 4/15/27 | 60,000 | 59,604 ^(a) |
| Cenovus Energy Inc., Senior Notes | 5.250% | 6/15/37 | 90,000 | 89,584 ^(a) |
| ConocoPhillips, Notes | 6.500% | 2/1/39 | 810,000 | 1,083,478 |
| Devon Energy Corp., Senior Notes | 5.850% | 12/15/25 | 350,000 | 404,133 |
| Devon Energy Corp., Senior Notes | 5.600% | 7/15/41 | 320,000 | 351,384 |
| Devon Energy Corp., Senior Notes | 5.000% | 6/15/45 | 270,000 | 285,600 |
| Devon Financing Co., LLC, Debentures | 7.875% | 9/30/31 | 380,000 | 502,786 |
| Ecopetrol SA, Senior Notes | 5.375% | 6/26/26 | 740,000 | 789,950 |
| Ecopetrol SA, Senior Notes | 5.875% | 5/28/45 | 176,000 | 172,700 |
| Enbridge Energy Partners LP, Senior Notes | 9.875% | 3/1/19 | 120,000 | 132,720 |
| Energy Transfer Equity LP, Senior Notes | 7.500% | 10/15/20 | 250,000 | 282,812 |
| Enterprise Products Operating LLC, Senior Notes | 6.125% | 10/15/39 | 320,000 | 389,183 |
| Hess Corp., Notes | 7.875% | 10/1/29 | 1,180,000 | 1,435,017 |
| Hess Corp., Senior Bonds | 6.000% | 1/15/40 | 300,000 | 311,561 |
| Kerr-McGee Corp., Notes | 6.950% | 7/1/24 | 1,080,000 | 1,285,184 |

See Notes to Schedule of Investments.

WESTERN ASSET INCOME FUND

Schedule of investments (unaudited) (cont d)

September 30, 2017

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|---------|---------------|--------------|------------------------------|
| Oil, Gas & Consumable Fuels - (continued) | | | | |
| Kinder Morgan Inc., Medium-Term Notes | 7.800% | 8/1/31 | \$ 2,000,000 | \$ 2,542,119 |
| LUKOIL International Finance BV, Senior Notes | 4.563% | 4/24/23 | 200,000 | 208,237 ^(a) |
| LUKOIL International Finance BV, Senior Notes | 4.750% | 11/2/26 | 290,000 | 305,979 ^(a) |
| MEG Energy Corp., Senior Notes | 6.375% | 1/30/23 | 600,000 | 526,500 ^(a) |
| Noble Energy Inc., Senior Notes | 6.000% | 3/1/41 | 390,000 | 446,911 |
| Noble Energy Inc., Senior Notes | 5.250% | 11/15/43 | 150,000 | 157,898 |
| Noble Energy Inc., Senior Notes | 4.950% | 8/15/47 | 390,000 | 399,125 |
| Occidental Petroleum Corp., Senior Notes | 4.400% | 4/15/46 | 20,000 | 21,308 |
| Petrobras Global Finance BV, Senior Notes | 7.375% | 1/17/27 | 640,000 | 705,920 |
| Petrobras Global Finance BV, Senior Notes | 6.850% | 6/5/2115 | 300,000 | 287,250 |
| Petroleos Mexicanos, Senior Bonds | 6.625% | 6/15/35 | 2,635,000 | 2,852,387 |
| Petroleos Mexicanos, Senior Notes | 6.875% | 8/4/26 | 450,000 | 513,000 |
| Phillips 66, Senior Notes | 5.875% | 5/1/42 | 160,000 | 197,510 |
| Shell International Finance BV, Senior Notes | 6.375% | 12/15/38 | 250,000 | 336,926 |
| Transcontinental Gas Pipe Line Co., LLC, Senior Notes | 7.850% | 2/1/26 | 470,000 | 608,076 |
| Transcontinental Gas Pipe Line Co., LLC, Senior Notes | 5.400% | 8/15/41 | 310,000 | 352,534 |
| Transcontinental Gas Pipe Line Co., LLC, Senior Notes | 4.450% | 8/1/42 | 450,000 | 461,521 |
| Western Gas Partners LP, Senior Notes | 4.650% | 7/1/26 | 660,000 | 692,978 |
| Williams Cos. Inc., Debentures | 7.500% | 1/15/31 | 47,000 | 56,635 |
| Williams Cos. Inc., Senior Notes | 7.750% | 6/15/31 | 37,000 | 45,229 |
| Williams Cos. Inc., Senior Notes | 8.750% | 3/15/32 | 610,000 | 791,475 |
| <i>Total Oil, Gas & Consumable Fuels</i> | | | | 22,259,239 |
| TOTAL ENERGY | | | | 23,808,164 |
| FINANCIALS - 31.0% | | | | |
| Banks - 17.5% | | | | |
| Banco Mercantil De Norte, Junior Subordinated Notes (10 year Treasury Constant Maturity Rate + 5.353%) | 7.625% | 1/10/28 | 200,000 | 218,700 ^{(a)(b)(c)} |
| Banco Nacional de Costa Rica, Senior Notes | 5.875% | 4/25/21 | 340,000 | 354,783 ^(a) |
| Bank of America Corp., Senior Notes | 7.625% | 6/1/19 | 70,000 | 76,422 |
| Bank of America Corp., Senior Notes | 5.625% | 7/1/20 | 30,000 | 32,687 |
| Bank of America Corp., Senior Notes (3.593% to 7/21/27 then 3 mo. USD LIBOR + 1.370%) | 3.593% | 7/21/28 | 140,000 | 141,533 ^(b) |
| Bank of America Corp., Senior Notes | 5.875% | 2/7/42 | 320,000 | 411,650 |
| Bank of America Corp., Subordinated Notes | 6.110% | 1/29/37 | 320,000 | 401,332 |
| Bank of America Corp., Subordinated Notes | 7.750% | 5/14/38 | 900,000 | 1,326,254 |
| Barclays Bank PLC, Subordinated Notes | 10.179% | 6/12/21 | 240,000 | 297,457 ^(a) |
| Barclays Bank PLC, Subordinated Notes | 7.625% | 11/21/22 | 450,000 | 517,781 |
| Barclays PLC, Subordinated Notes | 4.836% | 5/9/28 | 240,000 | 248,909 |
| BNP Paribas SA, Junior Subordinated Notes (7.625% to 3/30/21 then USD 5 year Swap Rate + 6.314%) | 7.625% | 3/30/21 | 330,000 | 363,412 ^{(a)(b)(c)} |
| BNP Paribas SA, Junior Subordinated Notes (7.375% to 8/19/25 then USD 5 year Swap Rate + 5.150%) | 7.375% | 8/19/25 | 200,000 | 226,250 ^{(a)(b)(c)} |
| BNP Paribas SA, Subordinated Notes | 4.625% | 3/13/27 | 700,000 | 742,467 ^(a) |
| BPCE SA, Subordinated Notes | 5.150% | 7/21/24 | 410,000 | 442,622 ^(a) |

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|--|---------|---------|---------|------------------------------|
| Citigroup Inc., Senior Notes | 8.125% | 7/15/39 | 251,000 | 398,255 |
| Citigroup Inc., Senior Notes | 5.875% | 1/30/42 | 240,000 | 306,947 |
| Citigroup Inc., Subordinated Notes | 5.500% | 9/13/25 | 750,000 | 843,145 |
| Citigroup Inc., Subordinated Notes | 4.450% | 9/29/27 | 400,000 | 422,727 |
| Citigroup Inc., Subordinated Notes | 6.125% | 8/25/36 | 404,000 | 501,136 |
| Citigroup Inc., Subordinated Notes | 6.675% | 9/13/43 | 370,000 | 503,046 |
| Cooperatieve Rabobank U.A., Junior Subordinated Notes (11.000% to 6/30/19 then 3 mo. USD LIBOR + 10.868%) | 11.000% | 6/30/19 | 708,000 | 802,695 ^{(a)(b)(c)} |
| Cooperatieve Rabobank U.A., Senior Notes | 5.250% | 5/24/41 | 570,000 | 699,239 |
| Cooperatieve Rabobank U.A., Subordinated Notes | 5.750% | 12/1/43 | 450,000 | 566,749 |
| Cooperatieve Rabobank U.A., Subordinated Notes | 5.250% | 8/4/45 | 340,000 | 406,046 |

See Notes to Schedule of Investments.

WESTERN ASSET INCOME FUND

Schedule of investments (unaudited) (cont d)

September 30, 2017

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|--------|---------------|-------------|---------------------------------|
| Banks - (continued) | | | | |
| Credit Agricole SA, Junior Subordinated Notes (8.375% to 10/13/19 then 3 mo. USD LIBOR + 6.982%) | 8.375% | 10/13/19 | \$ 560,000 | \$ 623,000 ^{(a)(b)(c)} |
| Credit Agricole SA, Junior Subordinated Notes (8.125% to 12/23/25 then USD 5 year Swap Rate + 6.185%) | 8.125% | 12/23/25 | 1,040,000 | 1,233,722 ^{(a)(b)(c)} |
| HSBC Holdings PLC, Subordinated Notes | 4.250% | 8/18/25 | 210,000 | 217,994 |
| ING Bank NV, Subordinated Notes | 5.800% | 9/25/23 | 600,000 | 685,923 ^(a) |
| Intesa Sanpaolo SpA, Senior Notes | 3.125% | 7/14/22 | 300,000 | 301,072 ^(a) |
| Intesa Sanpaolo SpA, Senior Notes | 3.875% | 7/14/27 | 360,000 | 362,185 ^(a) |
| Intesa Sanpaolo SpA, Subordinated Bonds | 5.017% | 6/26/24 | 250,000 | 254,511 ^(a) |
| Intesa Sanpaolo SpA, Subordinated Notes | 5.710% | 1/15/26 | 690,000 | 728,370 ^(a) |
| JPMorgan Chase & Co., Junior Subordinated Bonds (6.000% to 8/1/23 then 3 mo. USD LIBOR + 3.300%) | 6.000% | 8/1/23 | 260,000 | 283,400 ^{(b)(c)} |
| JPMorgan Chase & Co., Senior Notes (4.260% to 2/22/47 then 3 mo. USD LIBOR + 1.580%) | 4.260% | 2/22/48 | 100,000 | 105,207 ^(b) |
| JPMorgan Chase & Co., Subordinated Notes | 5.625% | 8/16/43 | 440,000 | 537,587 |
| JPMorgan Chase & Co., Subordinated Notes | 4.950% | 6/1/45 | 150,000 | 171,200 |
| Lloyds Banking Group PLC, Junior Subordinated Bonds (7.500% to 6/27/24 then USD 5 year Swap Rate + 4.760%) | 7.500% | 6/27/24 | 360,000 | 404,550 ^{(b)(c)} |
| Royal Bank of Scotland Group PLC, Junior Subordinated Bonds (7.648% to 9/30/31 then 3 mo. USD LIBOR + 2.500%) | 7.648% | 9/30/31 | 1,360,000 | 1,734,680 ^{(b)(c)} |
| Royal Bank of Scotland Group PLC, Junior Subordinated Notes (8.625% to 8/15/21 then USD 5 year Swap Rate + 7.598%) | 8.625% | 8/15/21 | 590,000 | 655,637 ^{(b)(c)} |
| Royal Bank of Scotland Group PLC, Subordinated Notes | 6.100% | 6/10/23 | 1,010,000 | 1,120,234 |
| Royal Bank of Scotland Group PLC, Subordinated Notes | 6.000% | 12/19/23 | 350,000 | 387,578 |
| Royal Bank of Scotland Group PLC, Subordinated Notes | 5.125% | 5/28/24 | 310,000 | 330,295 |
| Royal Bank of Scotland NV, Subordinated Bonds | 7.750% | 5/15/23 | 480,000 | 568,915 |
| Santander UK Group Holdings PLC, Subordinated Notes | 4.750% | 9/15/25 | 210,000 | 219,744 ^(a) |
| Standard Chartered PLC, Subordinated Notes | 5.700% | 3/26/44 | 410,000 | 483,603 ^(a) |
| Wachovia Capital Trust III, Junior Subordinated Bonds (the greater of 3 mo. USD LIBOR + 0.930% or 5.570%) | 5.570% | 10/30/17 | 1,190,000 | 1,194,462 ^{(b)(c)} |
| Wells Fargo & Co., Senior Notes | 3.000% | 10/23/26 | 310,000 | 303,491 |
| Wells Fargo & Co., Subordinated Notes | 5.375% | 11/2/43 | 430,000 | 506,745 |
| Wells Fargo & Co., Subordinated Notes | 4.400% | 6/14/46 | 180,000 | 187,358 |
| Wells Fargo & Co., Subordinated Notes | 4.750% | 12/7/46 | 440,000 | 484,247 |
| <i>Total Banks</i> | | | | 25,337,954 |
| Capital Markets - 5.3% | | | | |
| CME Group Inc., Senior Notes | 5.300% | 9/15/43 | 440,000 | 555,130 |
| Credit Suisse Group AG, Junior Subordinated Notes (6.250% to 12/18/24 then USD 5 year Swap Rate + 3.455%) | 6.250% | 12/18/24 | 1,170,000 | 1,247,879 ^{(a)(b)(c)} |
| Credit Suisse Group Funding Guernsey Ltd., Senior Notes | 4.875% | 5/15/45 | 850,000 | 953,697 |
| Goldman Sachs Group Inc., Senior Bonds | 4.750% | 10/21/45 | 270,000 | 300,975 |
| Goldman Sachs Group Inc., Senior Notes | 5.375% | 3/15/20 | 270,000 | 290,153 |
| Goldman Sachs Group Inc., Senior Notes | 6.250% | 2/1/41 | 570,000 | 753,998 |
| Goldman Sachs Group Inc., Subordinated Notes | 6.750% | 10/1/37 | 640,000 | 845,888 |
| Goldman Sachs Group Inc., Subordinated Notes | 5.150% | 5/22/45 | 500,000 | 573,725 |

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|---|--------|--------|---------|------------------------|
| KKR Group Finance Co. III LLC, Senior Bonds | 5.125% | 6/1/44 | 820,000 | 890,309 ^(a) |
|---|--------|--------|---------|------------------------|

See Notes to Schedule of Investments.

WESTERN ASSET INCOME FUND

Schedule of investments (unaudited) (cont d)

September 30, 2017

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|--------|---------------|-------------|---------------------------|
| Capital Markets - (continued) | | | | |
| Morgan Stanley, Medium-Term Notes | 6.625% | 4/1/18 | \$ 100,000 | \$ 102,457 |
| Morgan Stanley, Senior Notes | 5.500% | 7/24/20 | 100,000 | 108,702 |
| Morgan Stanley, Senior Notes | 6.375% | 7/24/42 | 90,000 | 121,434 |
| Morgan Stanley, Senior Notes | 4.375% | 1/22/47 | 300,000 | 319,946 |
| Raymond James Financial Inc., Senior Notes | 4.950% | 7/15/46 | 190,000 | 205,138 |
| UBS AG Stamford CT, Subordinated Notes | 7.625% | 8/17/22 | 340,000 | 401,625 |
| <i>Total Capital Markets</i> | | | | 7,671,056 |
| Consumer Finance - 2.0% | | | | |
| Ally Financial Inc., Subordinated Notes | 8.000% | 12/31/18 | 201,000 | 215,321 |
| HSBC Finance Corp., Senior Notes | 6.676% | 1/15/21 | 1,300,000 | 1,471,587 |
| Navient Corp., Senior Notes | 7.250% | 1/25/22 | 830,000 | 910,925 |
| Navient Corp., Senior Notes | 6.125% | 3/25/24 | 290,000 | 300,440 |
| <i>Total Consumer Finance</i> | | | | 2,898,273 |
| Diversified Financial Services - 2.4% | | | | |
| Blackstone Holdings Finance Co., LLC, Senior Notes | 4.450% | 7/15/45 | 190,000 | 195,591 ^(a) |
| Carlyle Holdings II Finance LLC, Senior Secured Notes | 5.625% | 3/30/43 | 220,000 | 252,647 ^(a) |
| ILFC E-Capital Trust I, Junior Subordinated Notes (Highest of 3 mo. USD LIBOR, 10 year Constant Maturity and 30 year Constant Maturity + 1.550%) | 4.360% | 12/21/65 | 470,000 | 447,675 ^{(a)(b)} |
| ILFC E-Capital Trust II, Bonds (Max (3 mo. USD LIBOR, 10 year U.S. Treasury Constant Maturity Rate, 30 year Treasury Constant Maturity Rate) 1.800%) | 4.610% | 12/21/65 | 270,000 | 258,525 ^{(a)(b)} |
| International Lease Finance Corp., Senior Notes | 6.250% | 5/15/19 | 130,000 | 138,229 |
| International Lease Finance Corp., Senior Notes | 8.250% | 12/15/20 | 190,000 | 222,493 |
| International Lease Finance Corp., Senior Secured Notes | 7.125% | 9/1/18 | 700,000 | 733,095 ^(a) |
| Park Aerospace Holdings Ltd., Senior Notes | 5.250% | 8/15/22 | 392,000 | 409,150 ^(a) |
| Park Aerospace Holdings Ltd., Senior Notes | 5.500% | 2/15/24 | 220,000 | 231,550 ^(a) |
| Voya Financial Inc., Senior Notes | 5.700% | 7/15/43 | 500,000 | 585,671 |
| <i>Total Diversified Financial Services</i> | | | | 3,474,626 |
| Insurance - 3.8% | | | | |
| Allstate Corp., Junior Subordinated Debentures (6.500% to 5/15/37 the 3 mo. USD LIBOR + 2.120%) | 6.500% | 5/15/57 | 480,000 | 577,008 ^(b) |
| American International Group Inc., Junior Subordinated Debentures (6.250% to 3/15/37 then 3 mo. USD LIBOR + 2.056%) | 6.250% | 3/15/87 | 80,000 | 87,800 ^(b) |
| American International Group Inc., Senior Notes | 6.400% | 12/15/20 | 90,000 | 101,262 |
| Aon PLC, Senior Notes | 4.750% | 5/15/45 | 90,000 | 98,262 |
| AXA SA, Subordinated Bonds | 8.600% | 12/15/30 | 200,000 | 287,000 |
| Brighthouse Financial Inc., Senior Notes | 3.700% | 6/22/27 | 550,000 | 541,123 ^(a) |
| Delphi Financial Group Inc., Senior Notes | 7.875% | 1/31/20 | 170,000 | 189,416 |
| Fidelity & Guaranty Life Holdings Inc., Senior Notes | 6.375% | 4/1/21 | 190,000 | 194,987 ^(a) |

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| | | | | |
|---|--------|----------|-----------|------------------------|
| Liberty Mutual Group Inc., Junior Subordinated Bonds | 7.800% | 3/15/37 | 190,000 | 240,350 ^(a) |
| Liberty Mutual Insurance Co., Subordinated Notes | 7.875% | 10/15/26 | 490,000 | 635,685 ^(a) |
| Massachusetts Mutual Life Insurance Co., Subordinated Notes | 4.900% | 4/1/77 | 260,000 | 282,516 ^(a) |
| MetLife Inc., Junior Subordinated Debentures | 6.400% | 12/15/36 | 1,150,000 | 1,328,250 |
| Prudential Financial Inc., Junior Subordinated Debentures (8.875% to 6/15/18 then 3 mo. USD LIBOR + 5.000%) | 8.875% | 6/15/38 | 340,000 | 357,000 ^(b) |
| Teachers Insurance & Annuity Association of America, Notes | 6.850% | 12/16/39 | 400,000 | 552,827 ^(a) |
| <i>Total Insurance</i> | | | | <i>5,473,486</i> |
| TOTAL FINANCIALS | | | | 44,855,395 |

See Notes to Schedule of Investments.

WESTERN ASSET INCOME FUND

Schedule of investments (unaudited) (cont d)

September 30, 2017

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|--------|---------------|-------------|------------------|
| HEALTH CARE - 3.1% | | | | |
| Biotechnology - 0.7% | | | | |
| AbbVie Inc., Senior Subordinated Notes | 4.700% | 5/14/45 | \$ 180,000 | \$ 197,000 |
| Celgene Corp., Senior Notes | 5.000% | 8/15/45 | 300,000 | 340,471 |
| Gilead Sciences Inc., Senior Notes | 5.650% | 12/1/41 | 60,000 | 74,649 |
| Gilead Sciences Inc., Senior Notes | 4.500% | 2/1/45 | 310,000 | 333,888 |
| Gilead Sciences Inc., Senior Notes | 4.750% | 3/1/46 | 50,000 | 56,123 |
| <i>Total Biotechnology</i> | | | | <i>1,002,131</i> |
| Health Care Equipment & Supplies - 0.8% | | | | |
| Abbott Laboratories, Senior Notes | 4.750% | 11/30/36 | 220,000 | 243,752 |
| Abbott Laboratories, Senior Notes | 4.900% | 11/30/46 | 230,000 | 257,929 |
| Becton, Dickinson & Co., Senior Notes | 4.685% | 12/15/44 | 200,000 | 212,237 |
| Becton, Dickinson & Co., Senior Notes | 4.669% | 6/6/47 | 410,000 | 431,877 |
| <i>Total Health Care Equipment & Supplies</i> | | | | <i>1,145,795</i> |
| Health Care Providers & Services - 1.2% | | | | |
| Cardinal Health Inc., Senior Notes | 3.410% | 6/15/27 | 270,000 | 271,467 |
| Catholic Health Initiatives, Secured Bonds | 4.350% | 11/1/42 | 30,000 | 28,209 |
| HCA Inc., Senior Secured Notes | 5.500% | 6/15/47 | 570,000 | 592,087 |
| Humana Inc., Senior Notes | 8.150% | 6/15/38 | 80,000 | 116,277 |
| Humana Inc., Senior Notes | 4.800% | 3/15/47 | 230,000 | 257,167 |
| Magellan Health Inc., Senior Notes | 4.400% | 9/22/24 | 420,000 | 419,170 |
| UnitedHealth Group Inc., Senior Notes | 6.000% | 11/15/17 | 31,000 | 31,153 |
| <i>Total Health Care Providers & Services</i> | | | | <i>1,715,530</i> |
| Pharmaceuticals - 0.4% | | | | |
| Actavis Funding SCS, Senior Notes | 4.550% | 3/15/35 | 190,000 | 203,319 |
| Actavis Funding SCS, Senior Notes | 4.750% | 3/15/45 | 200,000 | 217,227 |
| Teva Pharmaceutical Finance Netherlands III BV, Senior Notes | 4.100% | 10/1/46 | 140,000 | 118,395 |
| Zoetis Inc., Senior Notes | 4.700% | 2/1/43 | 30,000 | 33,326 |
| <i>Total Pharmaceuticals</i> | | | | <i>572,267</i> |
| TOTAL HEALTH CARE | | | | 4,435,723 |
| INDUSTRIALS - 4.9% | | | | |
| Aerospace & Defense - 0.9% | | | | |
| Lockheed Martin Corp., Senior Notes | 4.500% | 5/15/36 | 40,000 | 43,866 |
| Lockheed Martin Corp., Senior Notes | 4.700% | 5/15/46 | 120,000 | 134,771 |
| Northrop Grumman Systems Corp., Senior Notes | 7.875% | 3/1/26 | 870,000 | 1,147,177 |
| <i>Total Aerospace & Defense</i> | | | | <i>1,325,814</i> |

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Airlines - 0.6%

| | | | | |
|--|--------|----------|---------|---------|
| Continental Airlines Inc., Pass-Through Certificates, Secured Notes | 6.250% | 4/11/20 | 101,080 | 107,019 |
| Continental Airlines Inc., Pass-Through Certificates, Senior Secured Notes | 6.545% | 2/2/19 | 61,902 | 64,223 |
| Continental Airlines Inc., Pass-Through Certificates, Senior Secured Notes | 7.250% | 11/10/19 | 143,189 | 157,687 |
| Continental Airlines Inc., Pass-Through Certificates, Senior Secured Notes | 7.256% | 3/15/20 | 62,881 | 66,969 |
| Delta Air Lines Inc., Pass-Through Certificates, Secured Notes | 8.021% | 8/10/22 | 56,704 | 64,926 |
| Delta Air Lines Inc., Pass-Through Certificates, Senior Secured Notes | 7.750% | 12/17/19 | 106,034 | 116,902 |
| US Airways, Pass-Through Trust, Senior Secured Bonds | 5.900% | 10/1/24 | 270,201 | 306,003 |
| <i>Total Airlines</i> | | | | 883,729 |

See Notes to Schedule of Investments.

WESTERN ASSET INCOME FUND

Schedule of investments (unaudited) (cont d)

September 30, 2017

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|--------|---------------|-------------|---------------------------|
| Commercial Services & Supplies - 1.0% | | | | |
| Republic Services Inc., Senior Notes | 5.500% | 9/15/19 | \$ 130,000 | \$ 138,729 |
| Republic Services Inc., Senior Notes | 5.250% | 11/15/21 | 330,000 | 364,668 |
| Taylor Morrison Communities Inc./Taylor Morrison Holdings II Inc., Senior Notes | 5.250% | 4/15/21 | 600,000 | 616,500 ^(a) |
| Waste Management Inc., Senior Notes | 7.750% | 5/15/32 | 250,000 | 358,478 |
| <i>Total Commercial Services & Supplies</i> | | | | <i>1,478,375</i> |
| Construction & Engineering - 0.6% | | | | |
| Valmont Industries Inc., Senior Notes | 6.625% | 4/20/20 | 790,000 | 866,474 |
| Industrial Conglomerates - 1.3% | | | | |
| General Electric Co., Junior Subordinated Bonds (5.000% to 1/21/21 then 3 mo. USD LIBOR + 3.330%) | 5.000% | 1/21/21 | 710,000 | 751,854 ^{(b)(c)} |
| General Electric Co., Senior Notes | 6.875% | 1/10/39 | 646,000 | 947,653 |
| General Electric Co., Subordinated Notes | 5.300% | 2/11/21 | 138,000 | 151,815 |
| <i>Total Industrial Conglomerates</i> | | | | <i>1,851,322</i> |
| Machinery - 0.2% | | | | |
| Caterpillar Inc., Senior Notes | 4.750% | 5/15/64 | 220,000 | 247,111 |
| Road & Rail - 0.3% | | | | |
| Flexi-Van Leasing Inc., Senior Notes | 7.875% | 8/15/18 | 60,000 | 60,300 ^(a) |
| Union Pacific Corp., Senior Notes | 4.375% | 11/15/65 | 320,000 | 341,205 |
| <i>Total Road & Rail</i> | | | | <i>401,505</i> |
| TOTAL INDUSTRIALS | | | | 7,054,330 |
| INFORMATION TECHNOLOGY - 4.6% | | | | |
| Communications Equipment - 0.8% | | | | |
| Harris Corp., Senior Notes | 5.550% | 10/1/21 | 520,000 | 576,269 |
| Harris Corp., Senior Notes | 4.854% | 4/27/35 | 260,000 | 287,291 |
| Harris Corp., Senior Notes | 5.054% | 4/27/45 | 210,000 | 241,446 |
| <i>Total Communications Equipment</i> | | | | <i>1,105,006</i> |
| IT Services - 0.3% | | | | |
| HP Enterprise Services LLC, Notes | 7.450% | 10/15/29 | 420,000 | 512,972 |
| Semiconductors & Semiconductor Equipment - 0.4% | | | | |
| Intel Corp., Senior Notes | 4.900% | 7/29/45 | 130,000 | 155,718 |
| NXP BV/NXP Funding LLC, Senior Notes | 3.875% | 9/1/22 | 400,000 | 418,000 ^(a) |
| QUALCOMM Inc., Senior Notes | 4.300% | 5/20/47 | 40,000 | 40,985 |

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| | | | | |
|--|--------|---------|-----------|------------------------|
| <i>Total Semiconductors & Semiconductor Equipment</i> | | | | 614,703 |
| Software - 1.9% | | | | |
| Microsoft Corp., Senior Notes | 3.750% | 2/12/45 | 420,000 | 427,231 |
| Microsoft Corp., Senior Notes | 3.700% | 8/8/46 | 490,000 | 495,437 |
| Microsoft Corp., Senior Notes | 4.250% | 2/6/47 | 1,660,000 | 1,840,004 |
| <i>Total Software</i> | | | | 2,762,672 |
| Technology Hardware, Storage & Peripherals - 1.2% | | | | |
| Apple Inc., Senior Notes | 3.850% | 8/4/46 | 340,000 | 344,577 |
| Dell International LLC/EMC Corp., Senior Secured Notes | 4.420% | 6/15/21 | 620,000 | 651,491 ^(a) |
| HP Inc., Senior Notes | 4.650% | 12/9/21 | 310,000 | 334,357 |
| Seagate HDD Cayman, Senior Notes | 4.250% | 3/1/22 | 420,000 | 418,066 ^(a) |
| <i>Total Technology Hardware, Storage & Peripherals</i> | | | | 1,748,491 |
| TOTAL INFORMATION TECHNOLOGY | | | | 6,743,844 |
| MATERIALS - 6.8% | | | | |
| Chemicals - 1.0% | | | | |
| Dow Chemical Co., Debentures | 7.375% | 11/1/29 | 800,000 | 1,068,605 |
| Ecolab Inc., Senior Notes | 5.500% | 12/8/41 | 80,000 | 98,782 |
| Equate Petrochemical BV, Senior Notes | 4.250% | 11/3/26 | 200,000 | 206,160 ^(a) |
| <i>Total Chemicals</i> | | | | 1,373,547 |
| Containers & Packaging - 0.6% | | | | |
| Suzano Austria GmbH, Senior Notes | 5.750% | 7/14/26 | 550,000 | 592,240 ^(a) |
| WestRock RKT Co., Senior Notes | 4.450% | 3/1/19 | 230,000 | 237,519 |
| <i>Total Containers & Packaging</i> | | | | 829,759 |

See Notes to Schedule of Investments.

WESTERN ASSET INCOME FUND

Schedule of investments (unaudited) (cont d)

September 30, 2017

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|---|--------|---------------|-------------|---------------------------|
| Metals & Mining - 5.0% | | | | |
| Alcoa Nederland Holding BV, Senior Notes | 6.750% | 9/30/24 | \$ 250,000 | \$ 278,125 ^(a) |
| Anglo American Capital PLC, Senior Notes | 4.000% | 9/11/27 | 500,000 | 494,968 ^(a) |
| Arconic Inc., Senior Notes | 5.870% | 2/23/22 | 800,000 | 880,000 |
| Barrick North America Finance LLC, Senior Notes | 5.700% | 5/30/41 | 50,000 | 59,831 |
| Barrick PD Australia Finance Pty Ltd., Senior Notes | 5.950% | 10/15/39 | 180,000 | 220,687 |
| BHP Billiton Finance USA Ltd., Senior Notes | 5.000% | 9/30/43 | 100,000 | 118,243 |
| BHP Billiton Finance USA Ltd., Subordinated Notes (6.750% to 10/20/25 then USD 5 year Swap Rate + 5.093%) | 6.750% | 10/19/75 | 470,000 | 554,600 ^{(a)(b)} |
| Freeport-McMoRan Inc., Senior Notes | 2.375% | 3/15/18 | 80,000 | 80,200 |
| Freeport-McMoRan Inc., Senior Notes | 3.550% | 3/1/22 | 60,000 | 59,231 |
| Freeport-McMoRan Inc., Senior Notes | 6.875% | 2/15/23 | 630,000 | 689,850 |
| Glencore Finance Canada Ltd., Senior Notes | 2.700% | 10/25/17 | 110,000 | 110,135 ^(a) |
| Glencore Finance Canada Ltd., Senior Notes | 6.900% | 11/15/37 | 430,000 | 543,468 ^(a) |
| Glencore Finance Canada Ltd., Senior Notes | 5.550% | 10/25/42 | 150,000 | 166,498 ^(a) |
| Glencore Funding LLC, Senior Notes | 4.000% | 3/27/27 | 100,000 | 100,798 ^(a) |
| HudBay Minerals Inc., Senior Notes | 7.250% | 1/15/23 | 490,000 | 524,300 ^(a) |
| Southern Copper Corp., Senior Notes | 5.375% | 4/16/20 | 150,000 | 161,043 |
| Southern Copper Corp., Senior Notes | 5.250% | 11/8/42 | 470,000 | 500,249 |
| Vale Overseas Ltd., Senior Notes | 6.875% | 11/21/36 | 1,148,000 | 1,320,200 |
| Yamana Gold Inc., Senior Notes | 4.950% | 7/15/24 | 370,000 | 379,777 |
| <i>Total Metals & Mining</i> | | | | 7,242,203 |
| Paper & Forest Products - 0.2% | | | | |
| Fibria Overseas Finance Ltd., Senior Notes | 5.250% | 5/12/24 | 30,000 | 32,138 |
| Georgia-Pacific LLC, Senior Bonds | 7.375% | 12/1/25 | 250,000 | 317,988 |
| <i>Total Paper & Forest Products</i> | | | | 350,126 |
| TOTAL MATERIALS | | | | |
| | | | | 9,795,635 |
| REAL ESTATE - 0.9% | | | | |
| Equity Real Estate Investment Trusts (REITs) - 0.3% | | | | |
| MPT Operating Partnership LP/MPT Finance Corp., Senior Notes | 5.000% | 10/15/27 | 250,000 | 256,875 |
| Washington Prime Group LP, Senior Notes | 5.950% | 8/15/24 | 220,000 | 224,504 |
| <i>Total Equity Real Estate Investment Trusts (REITs)</i> | | | | 481,379 |
| Real Estate Management & Development - 0.6% | | | | |
| Caesars Entertainment Resort Properties LLC, Senior Secured Notes | 8.000% | 10/1/20 | 500,000 | 512,500 |
| Security Capital Group Inc., Senior Notes | 7.700% | 6/15/28 | 280,000 | 387,215 |
| <i>Total Real Estate Management & Development</i> | | | | 899,715 |
| TOTAL REAL ESTATE | | | | |
| | | | | 1,381,094 |

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TELECOMMUNICATION SERVICES - 5.7%

Diversified Telecommunication Services - 4.2%

| | | | | |
|---|--------|----------|-----------|-----------|
| AT&T Inc., Senior Notes | 4.500% | 5/15/35 | 360,000 | 356,494 |
| AT&T Inc., Senior Notes | 4.900% | 8/14/37 | 350,000 | 354,830 |
| AT&T Inc., Senior Notes | 5.350% | 9/1/40 | 30,000 | 31,633 |
| AT&T Inc., Senior Notes | 4.800% | 6/15/44 | 210,000 | 205,065 |
| AT&T Inc., Senior Notes | 5.450% | 3/1/47 | 50,000 | 53,088 |
| AT&T Inc., Senior Notes | 4.500% | 3/9/48 | 86,000 | 79,646 |
| AT&T Inc., Senior Notes | 4.550% | 3/9/49 | 310,000 | 287,053 |
| British Telecommunications PLC, Bonds | 9.125% | 12/15/30 | 330,000 | 500,526 |
| Koninklijke KPN NV, Senior Notes | 8.375% | 10/1/30 | 200,000 | 278,720 |
| Qwest Corp., Debentures | 6.875% | 9/15/33 | 850,000 | 833,940 |
| Telefonica Emisiones SAU, Senior Notes | 7.045% | 6/20/36 | 60,000 | 79,705 |
| Verizon Communications Inc., Senior Bonds | 5.500% | 3/16/47 | 730,000 | 813,518 |
| Verizon Communications Inc., Senior Notes | 5.150% | 9/15/23 | 1,790,000 | 2,009,130 |
| Verizon Communications Inc., Senior Notes | 5.012% | 8/21/54 | 139,000 | 140,228 |

Total Diversified Telecommunication Services

6,023,576

See Notes to Schedule of Investments.

WESTERN ASSET INCOME FUND

Schedule of investments (unaudited) (cont d)

September 30, 2017

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|--------|---------------|-------------|---------------------------|
| Wireless Telecommunication Services - 1.5% | | | | |
| America Movil SAB de CV, Senior Notes | 6.125% | 3/30/40 | \$ 850,000 | \$ 1,041,986 |
| Sprint Communications Inc., Senior Notes | 9.000% | 11/15/18 | 50,000 | 53,771 ^(a) |
| Sprint Corp., Senior Notes | 7.250% | 9/15/21 | 330,000 | 367,537 |
| Sprint Corp., Senior Notes | 7.875% | 9/15/23 | 340,000 | 395,250 |
| Telefonica Europe BV, Senior Notes | 8.250% | 9/15/30 | 230,000 | 323,801 |
| <i>Total Wireless Telecommunication Services</i> | | | | 2,182,345 |
| TOTAL TELECOMMUNICATION SERVICES | | | | 8,205,921 |
| UTILITIES - 2.2% | | | | |
| Electric Utilities - 2.2% | | | | |
| CenterPoint Energy Houston Electric LLC, Senior Secured Bonds | 4.500% | 4/1/44 | 210,000 | 237,328 |
| Duke Energy Corp., Senior Notes | 3.750% | 9/1/46 | 420,000 | 406,346 |
| Enel Finance International NV, Senior Notes | 2.875% | 5/25/22 | 300,000 | 302,270 ^(a) |
| FirstEnergy Corp., Notes | 7.375% | 11/15/31 | 830,000 | 1,106,808 |
| FirstEnergy Corp., Senior Notes | 3.900% | 7/15/27 | 310,000 | 315,441 |
| Pacific Gas & Electric Co., First Mortgage Bonds | 6.050% | 3/1/34 | 130,000 | 169,588 |
| Virginia Electric and Power Co., Senior Notes | 8.875% | 11/15/38 | 390,000 | 656,807 |
| TOTAL UTILITIES | | | | 3,194,588 |
| TOTAL CORPORATE BONDS & NOTES | | | | 127,718,600 |
| (Cost - \$113,440,319) | | | | |
| ASSET-BACKED SECURITIES - 0.2% | | | | |
| GoldenTree Loan Opportunities Ltd., 2015-10A D (3 mo. USD LIBOR + 3.350%) (Cost - \$244,109) | 4.657% | 7/20/27 | 250,000 | 251,074 ^{(a)(b)} |
| MUNICIPAL BONDS - 1.4% | | | | |
| Alabama - 0.2% | | | | |
| Alabama Economic Settlement Authority, BP Settlement Revenue | 3.163% | 9/15/25 | 310,000 | 316,414 |
| California - 0.8% | | | | |
| Los Angeles County, CA, Public Works Financing Authority, Lease Revenue, Build America Bonds, Recovery Zone Economic Development | 7.618% | 8/1/40 | 650,000 | 990,106 |
| University of California Revenue, Taxable | 4.062% | 5/15/33 | 150,000 | 156,430 |
| <i>Total California</i> | | | | 1,146,536 |
| Florida - 0.1% | | | | |
| Sumter Landing, FL, Community Development District Recreational Revenue, Taxable Community Development District | 4.172% | 10/1/47 | 170,000 | 177,657 |
| Illinois - 0.3% | | | | |

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| | | | | |
|---|--------|---------|-----------|--------------------------|
| Illinois State, GO, Build America Bonds-Taxable | 6.725% | 4/1/35 | 310,000 | 349,215 |
| TOTAL MUNICIPAL BONDS | | | | |
| (Cost - \$1,915,565) | | | | 1,989,822 |
| SOVEREIGN BONDS - 3.7% | | | | |
| Argentina - 1.9% | | | | |
| Provincia de Buenos Aires, Senior Notes | 9.125% | 3/16/24 | 1,220,000 | 1,406,050 ^(a) |
| Provincia de Cordoba, Senior Notes | 7.450% | 9/1/24 | 740,000 | 805,335 ^(a) |
| Republic of Argentina, Senior Bonds | 7.500% | 4/22/26 | 370,000 | 416,805 |
| Republic of Argentina, Senior Notes | 6.875% | 1/26/27 | 120,000 | 129,840 |
| <i>Total Argentina</i> | | | | 2,758,030 |

See Notes to Schedule of Investments.

WESTERN ASSET INCOME FUND

Schedule of investments (unaudited) (cont d)

September 30, 2017

| SECURITY | RATE | MATURITY DATE | FACE AMOUNT | VALUE |
|--|---------|---------------|-------------|---------------------------|
| Canada - 0.7% | | | | |
| Quebec Province, Notes | 7.970% | 7/22/36 | \$ 650,000 | \$ 1,020,946 |
| Ecuador - 0.5% | | | | |
| Republic of Ecuador, Senior Bonds | 10.750% | 3/28/22 | 610,000 | 683,200 ^(a) |
| Honduras - 0.2% | | | | |
| Republic of Honduras, Senior Notes | 6.250% | 1/19/27 | 350,000 | 378,119 ^(a) |
| Mexico - 0.3% | | | | |
| United Mexican States, Senior Notes | 4.750% | 3/8/44 | 30,000 | 30,990 |
| United Mexican States, Senior Notes | 4.350% | 1/15/47 | 360,000 | 351,000 |
| <i>Total Mexico</i> | | | | 381,990 |
| Panama - 0.1% | | | | |
| Republic of Panama, Senior Notes | 4.500% | 5/15/47 | 210,000 | 222,075 |
| TOTAL SOVEREIGN BONDS | | | | |
| (Cost - \$4,836,178) | | | | 5,444,360 |
| U.S. GOVERNMENT & AGENCY OBLIGATIONS - 4.4% | | | | |
| U.S. Government Obligations - 4.4% | | | | |
| U.S. Treasury Bonds | 3.000% | 5/15/47 | 810,000 | 833,651 |
| U.S. Treasury Bonds | 2.750% | 8/15/47 | 130,000 | 127,199 |
| U.S. Treasury Notes | 1.375% | 2/15/20 | 550,000 | 547,862 |
| U.S. Treasury Notes | 1.500% | 8/15/20 | 3,600,000 | 3,589,664 |
| U.S. Treasury Notes | 1.750% | 9/30/22 | 430,000 | 428,808 |
| U.S. Treasury Notes | 2.000% | 4/30/24 | 30,000 | 29,773 |
| U.S. Treasury Notes | 2.250% | 8/15/27 | 870,000 | 864,206 |
| TOTAL U.S. GOVERNMENT & AGENCY OBLIGATIONS | | | | |
| (Cost - \$6,429,654) | | | | 6,421,163 |
| SHARES | | | | |
| PREFERRED STOCKS - 0.3% | | | | |
| FINANCIALS - 0.3% | | | | |
| Capital Markets - 0.2% | | | | |
| Carlyle Group LP | 5.875% | | 10,775 | 275,624 |
| Insurance - 0.1% | | | | |
| Delphi Financial Group Inc. (3 mo. USD LIBOR + 3.190%) | 4.505% | | 5,725 | 120,583 ^{(b)(d)} |
| TOTAL PREFERRED STOCKS | | | | |
| (Cost - \$412,443) | | | | 396,207 |

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| | | | |
|---|--------|---------|------------------------|
| TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENTS (Cost - \$127,278,268) | | | 142,221,226 |
| SHORT-TERM INVESTMENTS - 0.6% Western Asset Government Cash Management Portfolio LLC (Cost - \$901,266) | 1.050% | 901,266 | 901,266 ^(e) |
| TOTAL INVESTMENTS - 98.8% (Cost - \$128,179,534) | | | 143,122,492 |
| Other Assets in Excess of Liabilities - 1.2% | | | 1,736,297 |
| TOTAL NET ASSETS - 100.0% | | | \$ 144,858,789 |

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Face amount denominated in U.S. dollars, unless otherwise noted.

- (a) Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. This security has been deemed liquid pursuant to guidelines approved by the Board of Directors.
- (b) Variable rate security. Interest rate disclosed is as of the most recent information available. Certain variable rate securities are not based on a published reference rate and spread but are determined by the issuer or agent and are based on current market conditions. These securities do not indicate a reference rate and spread in their description above.
- (c) Security has no maturity date. The date shown represents the next call date.
- (d) Security is valued using significant unobservable inputs (See Note 1).
- (e) In this instance, as defined in the Investment Company Act of 1940, an Affiliated Company represents Fund ownership of at least 5% of the outstanding voting securities of an issuer, or a company which is under common ownership or control. At September 30, 2017, the total market value of investments in Affiliated Companies was \$901,266 and the cost was \$901,266 (See Note 2).

See Notes to Schedule of Investments.

WESTERN ASSET INCOME FUND

Schedule of investments (unaudited) (cont d)

September 30, 2017

Abbreviation used in this schedule:

GO General Obligation

LIBOR London Interbank Offered Rate

At September 30, 2017, the Fund had the following open futures contracts:

| | Number of Contracts | Expiration Date | Notional Amount | Market Value | Unrealized Appreciation (Depreciation) |
|--|--------------------------------|----------------------------|----------------------------|-------------------------|---|
| Contracts to Buy: | | | | | |
| U.S. Treasury 5-Year Notes | 34 | 12/17 | \$ 4,005,967 | \$ 3,995,000 | \$ (10,967) |
| Contracts to Sell: | | | | | |
| U.S. Treasury 10-Year Notes | 12 | 12/17 | 1,525,916 | 1,503,750 | 22,166 |
| U.S. Treasury Long-Term Bonds | 101 | 12/17 | 15,674,399 | 15,434,064 | 240,335 |
| U.S. Treasury Ultra Long-Term Bonds | 10 | 12/17 | 1,680,671 | 1,651,250 | 29,421 |
| | | | | | 291,922 |
| Net unrealized appreciation on open futures contracts | | | | | \$ 280,955 |

This Schedule of Investments is unaudited and is intended to provide information about the Fund's investments as of the date of the schedule. Other information regarding the Fund is available in the Fund's most recent annual or semi-annual shareholder report.

See Notes to Schedule of Investments.

Notes to Schedule of Investments (unaudited)

1. Organization and significant accounting policies

Western Asset Income Fund (the Fund) is registered under the Investment Company Act of 1940, as amended (1940 Act), as a closed-end diversified investment company.

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

The following are significant accounting policies consistently followed by the Fund and are in conformity with U.S. generally accepted accounting principles (GAAP).

(a) Investment valuation. The valuations for fixed income securities (which may include, but are not limited to, corporate, government, municipal, mortgage-backed, collateralized mortgage obligations and asset-backed securities) and certain derivative instruments are typically the prices supplied by independent third party pricing services, which may use market prices or broker/dealer quotations or a variety of valuation techniques and methodologies. The independent third party pricing services use inputs that are observable such as issuer details, interest rates, yield curves, prepayment speeds, credit risks/spreads, default rates and quoted prices for similar securities. Short-term fixed income securities that will mature in 60 days or less are valued at amortized cost, unless it is determined that using this method would not reflect an investment's fair value. Investments in open-end funds are valued at the closing net asset value per share of each fund on the day of valuation. Futures contracts are valued daily at the settlement price established by the board of trade or exchange on which they are traded. Equity securities for which market quotations are available are valued at the last reported sales price or official closing price on the primary market or exchange on which they trade. When the Fund holds securities or other assets that are denominated in a foreign currency, the Fund will normally use the currency exchange rates as of 4:00 p.m. (Eastern Time). If independent third party pricing services are unable to supply prices for a portfolio investment, or if the prices supplied are deemed by the manager to be unreliable, the market price may be determined by the manager using quotations from one or more broker/dealers or at the transaction price if the security has recently been purchased and no value has yet been obtained from a pricing service or pricing broker. When reliable prices are not readily available, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded, but before the Fund calculates its net asset value, the Fund values these securities as determined in accordance with procedures approved by the Fund's Board of Directors.

The Board of Directors is responsible for the valuation process and has delegated the supervision of the daily valuation process to the Legg Mason North Atlantic Fund Valuation Committee (the Valuation Committee). The Valuation Committee, pursuant to the policies adopted by the Board of Directors, is responsible for making fair value determinations, evaluating the effectiveness of the Fund's pricing policies, and reporting to the Board of Directors. When determining the reliability of third party pricing information for investments owned by the Fund, the Valuation Committee, among other things, conducts due diligence reviews of pricing vendors, monitors the daily change in prices and reviews transactions among market participants.

The Valuation Committee will consider pricing methodologies it deems relevant and appropriate when making fair value determinations. Examples of possible methodologies include, but are not limited to, multiple of earnings; discount from market of a similar freely traded security; discounted cash-flow analysis; book value or a multiple thereof; risk premium/yield analysis; yield to maturity; and/or fundamental investment analysis. The Valuation Committee will also consider factors it deems relevant and appropriate in light of the facts and circumstances. Examples of possible factors include, but are not limited to, the type of security; the issuer's financial statements; the purchase price of the security; the discount from market value of unrestricted securities of the same class at the time of purchase; analysts' research and observations from financial institutions; information regarding any transactions or offers with respect to the security; the existence of merger proposals or tender offers affecting the security; the price and extent of public trading in similar securities of the issuer or comparable companies; and the existence of a shelf registration for restricted securities.

For each portfolio security that has been fair valued pursuant to the policies adopted by the Board of Directors, the fair value price is compared against the last available and next available market quotations. The Valuation Committee reviews the results of such back testing monthly and fair valuation occurrences are reported to the Board of Directors quarterly.

The Fund uses valuation techniques to measure fair value that are consistent with the market approach and/or income approach, depending on the type of security and the particular circumstance. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable securities. The income approach uses valuation techniques to discount estimated future cash flows to present value.

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GAAP establishes a disclosure hierarchy that categorizes the inputs to valuation techniques used to value assets and liabilities at measurement date. These inputs are summarized in the three broad levels listed below:

Level 1 quoted prices in active markets for identical investments

Level 2 other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)

Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

Notes to Schedule of Investments (unaudited) (continued)

The inputs or methodologies used to value securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used in valuing the Fund's assets and liabilities carried at fair value:

| DESCRIPTION | ASSETS | | | TOTAL |
|--------------------------------------|----------------------------|---|--|----------------|
| | QUOTED PRICES (LEVEL 1) | OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2) | SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) | |
| Long-Term Investments : | | | | |
| Corporate Bonds & Notes | | \$ 127,718,600 | | \$ 127,718,600 |
| Asset-Backed Securities | | 251,074 | | 251,074 |
| Municipal Bonds | | 1,989,822 | | 1,989,822 |
| Sovereign Bonds | | 5,444,360 | | 5,444,360 |
| U.S. Government & Agency Obligations | | 6,421,163 | | 6,421,163 |
| Preferred Stocks: | | | | |
| Financials | \$ 275,624 | | \$ 120,583 | 396,207 |
| Total Long-Term Investments | 275,624 | 141,825,019 | 120,583 | 142,221,226 |
| Short-Term Investments | | \$ 901,266 | | \$ 901,266 |
| Total Investments | \$ 275,624 | \$ 142,726,285 | \$ 120,583 | \$ 143,122,492 |
| Other Financial Instruments: | | | | |
| Futures Contracts | \$ 291,922 | | | \$ 291,922 |
| Total | \$ 567,546 | \$ 142,726,285 | \$ 120,583 | \$ 143,414,414 |
| | LIABILITIES | | | |
| DESCRIPTION | QUOTED PRICES (LEVEL 1) | OTHER SIGNIFICANT OBSERVABLE INPUTS (LEVEL 2) | SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3) | TOTAL |
| Other Financial Instruments: | | | | |
| Futures Contracts | \$ 10,967 | | | \$ 10,967 |

See Schedule of Investments for additional detailed categorizations.

2. Transactions with affiliated companies

As defined by the 1940 Act, an affiliated company is one in which the Fund owns 5% or more of the outstanding voting securities, or a company which is under common ownership or control. The Fund may invest in Western Asset Government Cash Management Portfolio, LLC (Cash Management Portfolio), an affiliated private money market fund managed by Western Asset, the Fund's investment adviser. Cash Management Portfolio is available as a cash management vehicle for certain proprietary investment companies affiliated with Legg Mason. While Cash Management Portfolio is not a registered money market fund, it conducts all of its investment activities in accordance with the requirements of Rule 2a-7 under the 1940 Act. Based on the Fund's relative ownership, the following companies were considered affiliated companies for all or some portion of the period ended September 30, 2017. The following transactions were effected in shares of such companies for the period ended September 30, 2017.

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| | Affiliate Value at December 31, 2016 | Purchased | | Sold | | Realized Gain (Loss) | Interest Income | Net Increase (Decrease) in Unrealized Appreciation (Depreciation) | Affiliate Value at September 30, 2017 |
|---|---|--------------|-----------|--------------|-----------|----------------------------|--------------------|---|--|
| | | Cost | Shares | Cost | Shares | | | | |
| Western Asset Government Cash Management Portfolio LLC | | \$ 6,701,266 | 6,701,266 | \$ 5,800,000 | 5,800,000 | | \$ 1,995 | | \$ 901,266 |

ITEM 2. CONTROLS AND PROCEDURES.

- (a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the disclosure controls and procedures required by Rule 30a-3(b) under the 1940 Act and 15d-15(b) under the Securities Exchange Act of 1934.

- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are likely to materially affect the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940, as amended, are attached 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/ JANE TRUST
 Jane Trust
 Chief Executive Officer

Date: November 22, 2017

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/ JANE TRUST
 Jane Trust
 Chief Executive Officer

Date: November 22, 2017

By /s/ RICHARD F. SENNETT
 Richard F. Sennett
 Principal Financial Officer

Date: November 22, 2017