

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, 49<sup>th</sup> 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
<b>CORPORATE BONDS &amp; NOTES - 88.2%</b>				
<b>CONSUMER DISCRETIONARY - 8.7%</b>				
<b>Auto Components - 0.8%</b>				
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 <sup>(a)</sup>
<i>Total Auto Components</i>				1,093,069
<b>Automobiles - 0.9%</b>				
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
<b>Hotels, Restaurants &amp; Leisure - 0.4%</b>				
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 &amp; Leisure</i>				622,682
<b>Internet &amp; Direct Marketing Retail - 0.5%</b>				
Amazon.com Inc., Senior Notes	3.875%	8/22/37	270,000	275,709 <sup>(a)</sup>
Amazon.com Inc., Senior Notes	4.050%	8/22/47	350,000	358,233 <sup>(a)</sup>
<i>Total Internet &amp; Direct Marketing Retail</i>				633,942
<b>Media - 6.0%</b>				
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 <sup>(a)</sup>
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 <sup>(a)</sup>
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 <sup>(a)</sup>
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 <sup>(a)</sup>
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
<b>Multiline Retail - 0.1%</b>				
Nordstrom Inc., Senior Notes	5.000%	1/15/44	130,000	128,204
<b>TOTAL CONSUMER DISCRETIONARY</b>				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
<b>CONSUMER STAPLES - 3.9%</b>				
<b>Beverages - 2.0%</b>				
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 <sup>(a)</sup>
Pernod-Ricard SA, Senior Notes	5.500%	1/15/42	670,000	806,904 <sup>(a)</sup>
<i>Total Beverages</i>				2,892,863
<b>Food &amp; Staples Retailing - 0.4%</b>				
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 &amp; Staples Retailing</i>				528,493
<b>Food Products - 0.3%</b>				
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
<b>Tobacco - 1.2%</b>				
BAT Capital Corp., Senior Notes	4.390%	8/15/37	280,000	288,279 <sup>(a)</sup>
BAT Capital Corp., Senior Notes	4.540%	8/15/47	430,000	444,254 <sup>(a)</sup>
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
<b>TOTAL CONSUMER STAPLES</b>				5,675,197
<b>ENERGY - 16.4%</b>				
<b>Energy Equipment &amp; Services - 1.1%</b>				
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 <sup>(a)</sup>
Pride International Inc., Senior Notes	7.875%	8/15/40	130,000	111,150
<i>Total Energy Equipment &amp; Services</i>				1,548,925
<b>Oil, Gas &amp; Consumable Fuels - 15.3%</b>				

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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 <sup>(a)</sup>
Cenovus Energy Inc., Senior Notes	5.250%	6/15/37	90,000	89,584 <sup>(a)</sup>
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
<b>Oil, Gas &amp; Consumable Fuels - (continued)</b>				
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 <sup>(a)</sup>
LUKOIL International Finance BV, Senior Notes	4.750%	11/2/26	290,000	305,979 <sup>(a)</sup>
MEG Energy Corp., Senior Notes	6.375%	1/30/23	600,000	526,500 <sup>(a)</sup>
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 &amp; Consumable Fuels</i>				22,259,239
<b>TOTAL ENERGY</b>				23,808,164
<b>FINANCIALS - 31.0%</b>				
<b>Banks - 17.5%</b>				
Banco Mercantil De Norte, Junior Subordinated Notes (10 year Treasury Constant Maturity Rate + 5.353%)	7.625%	1/10/28	200,000	218,700 <sup>(a)(b)(c)</sup>
Banco Nacional de Costa Rica, Senior Notes	5.875%	4/25/21	340,000	354,783 <sup>(a)</sup>
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 <sup>(b)</sup>
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 <sup>(a)</sup>
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 <sup>(a)(b)(c)</sup>
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 <sup>(a)(b)(c)</sup>
BNP Paribas SA, Subordinated Notes	4.625%	3/13/27	700,000	742,467 <sup>(a)</sup>
BPCE SA, Subordinated Notes	5.150%	7/21/24	410,000	442,622 <sup>(a)</sup>



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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 <sup>(a)(b)(c)</sup>
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
<b>Banks - (continued)</b>				
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 <sup>(a)(b)(c)</sup>
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 <sup>(a)(b)(c)</sup>
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 <sup>(a)</sup>
Intesa Sanpaolo SpA, Senior Notes	3.125%	7/14/22	300,000	301,072 <sup>(a)</sup>
Intesa Sanpaolo SpA, Senior Notes	3.875%	7/14/27	360,000	362,185 <sup>(a)</sup>
Intesa Sanpaolo SpA, Subordinated Bonds	5.017%	6/26/24	250,000	254,511 <sup>(a)</sup>
Intesa Sanpaolo SpA, Subordinated Notes	5.710%	1/15/26	690,000	728,370 <sup>(a)</sup>
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 <sup>(b)(c)</sup>
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 <sup>(b)</sup>
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 <sup>(b)(c)</sup>
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 <sup>(b)(c)</sup>
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 <sup>(b)(c)</sup>
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 <sup>(a)</sup>
Standard Chartered PLC, Subordinated Notes	5.700%	3/26/44	410,000	483,603 <sup>(a)</sup>
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 <sup>(b)(c)</sup>
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
<b>Capital Markets - 5.3%</b>				
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 <sup>(a)(b)(c)</sup>
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 <sup>(a)</sup>
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**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
<b>Capital Markets - (continued)</b>				
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
<b>Consumer Finance - 2.0%</b>				
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
<b>Diversified Financial Services - 2.4%</b>				
Blackstone Holdings Finance Co., LLC, Senior Notes	4.450%	7/15/45	190,000	195,591 <sup>(a)</sup>
Carlyle Holdings II Finance LLC, Senior Secured Notes	5.625%	3/30/43	220,000	252,647 <sup>(a)</sup>
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 <sup>(a)(b)</sup>
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 <sup>(a)(b)</sup>
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 <sup>(a)</sup>
Park Aerospace Holdings Ltd., Senior Notes	5.250%	8/15/22	392,000	409,150 <sup>(a)</sup>
Park Aerospace Holdings Ltd., Senior Notes	5.500%	2/15/24	220,000	231,550