

WESTERN ASSET PREMIER BOND FUND
Form N-Q
May 29, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-10603

Western Asset Premier Bond Fund

(Exact Name of Registrant as Specified In Its Charter)

Address of Principal Executive Offices: 385 East Colorado Boulevard
Pasadena, CA 91101

Name and address of agent for service: Charles A. Ruys de Perez
385 East Colorado Boulevard

Pasadena, CA 91101
Registrant's telephone number, including area code: (626) 844-9400

Date of fiscal year end: December 31, 2008

Date of reporting period: March 31, 2008

Item 1 Schedule of Investments

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Western Asset Premier Bond Fund

March 31, 2008 (Unaudited)

| | Rate | Maturity Date | Par/Shares | Value |
|--|---------|---------------|------------|------------------------|
| Long-Term Securities 154.7% | | | | |
| Corporate Bonds and Notes 86.6% | | | | |
| Aerospace and Defense 1.7% | | | | |
| DRS Technologies Inc. | 6.625% | 2/1/16 | \$ 300,000 | \$ 293,250 |
| L-3 Communications Corp. | 6.375% | 10/15/15 | 430,000 | 420,325 |
| Northrop Grumman Corp. | 7.750% | 2/15/31 | 1,000,000 | 1,233,482 |
| The Boeing Co. | 6.125% | 2/15/33 | 600,000 | 635,281 |
| | | | | 2,582,338 |
| Airlines 10.4% | | | | |
| America West Airlines Inc. | 8.057% | 7/2/20 | 3,010,332 | 2,993,397 |
| Continental Airlines Inc. | 7.160% | 3/24/13 | 854,251 | 790,760 |
| Continental Airlines Inc. | 6.900% | 1/2/18 | 947,326 | 911,801 |
| Continental Airlines Inc. | 6.820% | 5/1/18 | 925,698 | 875,331 |
| Continental Airlines Inc. | 6.545% | 2/2/19 | 1,798,467 | 1,729,909 |
| Continental Airlines Inc. | 8.048% | 11/1/20 | 694,535 | 694,535 |
| Continental Airlines Inc. | 6.703% | 6/15/21 | 887,932 | 852,415 |
| DAE Aviation Holdings Inc. | 11.250% | 8/1/15 | 460,000 | 453,100 _A |
| Northwest Airlines Corp. | 7.575% | 9/1/20 | 710,141 | 701,690 |
| Northwest Airlines Inc. | 3.642% | 8/6/13 | 2,324,996 | 2,115,691 _B |
| United Air Lines Inc. | 7.032% | 10/1/10 | 245,846 | 243,388 |
| United Air Lines Inc. | 7.186% | 4/1/11 | 51,528 | 51,013 |
| United Air Lines Inc. | 6.602% | 9/1/13 | 663,615 | 660,927 |
| US Airways Pass-Through Trust | 6.850% | 1/30/18 | 2,635,578 | 2,503,799 |
| | | | | 15,577,756 |
| Auto Components 0.4% | | | | |
| Visteon Corp. | 8.250% | 8/1/10 | 645,000 | 527,287 |
| Automobiles 1.7% | | | | |
| DaimlerChrysler NA Holding Corp. | 7.300% | 1/15/12 | 1,000,000 | 1,067,689 |
| DaimlerChrysler NA Holding Corp. | 8.500% | 1/18/31 | 1,000,000 | 1,143,127 |
| General Motors Corp. | 8.375% | 7/15/33 | 420,000 | 296,100 |
| | | | | 2,506,916 |
| Building Products 0.6% | | | | |
| Associated Materials Inc. | 0.000% | 3/1/14 | 675,000 | 460,687 _C |
| Nortek Inc. | 8.500% | 9/1/14 | 215,000 | 159,100 |
| NTK Holdings Inc. | 0.000% | 3/1/14 | 500,000 | 242,500 _C |
| | | | | 862,287 |
| Capital Markets 2.7% | | | | |
| Credit Suisse USA Inc. | 6.500% | 1/15/12 | 1,125,000 | 1,195,833 _D |
| Morgan Stanley | 6.600% | 4/1/12 | 1,500,000 | 1,555,167 _D |
| The Goldman Sachs Group Inc. | 6.600% | 1/15/12 | 1,200,000 | 1,268,770 _D |

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4,019,770

Chemicals 2.0%

| | | | | |
|----------------------------|--------|----------|-----------|-----------|
| Georgia Gulf Corp. | 9.500% | 10/15/14 | 310,000 | 239,475 |
| Huntsman International LLC | 7.875% | 11/15/14 | 95,000 | 100,700 |
| The Dow Chemical Co. | 6.000% | 10/1/12 | 2,500,000 | 2,633,395 |

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| | Rate | Maturity Date | Par/Shares | Value |
|---------------------------------------|---------|---------------|------------|------------------------|
| Long-Term Securities Continued | | | | |
| Corporate Bonds and Notes Continued | | | | |
| Chemicals Continued | | | | |
| Westlake Chemical Corp. | 6.625% | 1/15/16 | \$ 70,000 | \$ 61,250 |
| | | | | 3,034,820 |
| Commercial Services and Supplies 2.1% | | | | |
| Allied Security Escrow Corp. | 11.375% | 7/15/11 | 60,000 | 51,600 |
| Interface Inc. | 10.375% | 2/1/10 | 400,000 | 418,000 |
| Rental Service Corp. | 9.500% | 12/1/14 | 200,000 | 167,000 |
| US Investigations Services Inc. | 10.500% | 11/1/15 | 310,000 | 252,650 _A |
| Waste Management Inc. | 7.375% | 5/15/29 | 2,000,000 | 2,137,038 |
| Waste Management Inc. | 7.750% | 5/15/32 | 40,000 | 44,064 |
| | | | | 3,070,352 |
| Communications Equipment N.M. | | | | |
| Motorola Inc. | 7.625% | 11/15/10 | 64,000 | 66,328 |
| Computers and Peripherals 0.2% | | | | |
| International Business Machines Corp. | 4.750% | 11/29/12 | 240,000 | 248,390 |
| Consumer Finance 1.9% | | | | |
| Ford Motor Credit Co. | 7.127% | 1/13/12 | 70,000 | 51,782 _B |
| GMAC LLC | 6.875% | 8/28/12 | 150,000 | 113,989 |
| GMAC LLC | 8.000% | 11/1/31 | 1,530,000 | 1,096,539 |
| HSBC Finance Corp. | 4.750% | 7/15/13 | 1,670,000 | 1,641,727 |
| | | | | 2,904,037 |
| Containers and Packaging 0.3% | | | | |
| Graham Packaging Co. Inc. | 9.875% | 10/15/14 | 273,000 | 229,320 |
| Graphic Packaging International Corp. | 9.500% | 8/15/13 | 210,000 | 201,600 |
| | | | | 430,920 |
| Distributors 0.2% | | | | |
| Keystone Automotive Operations Inc. | 9.750% | 11/1/13 | 480,000 | 268,800 |
| Diversified Consumer Services 0.3% | | | | |
| Education Management LLC | 8.750% | 6/1/14 | 155,000 | 130,975 |
| Education Management LLC | 10.250% | 6/1/16 | 170,000 | 135,150 |
| Service Corp. International | 6.750% | 4/1/16 | 140,000 | 135,450 |
| Service Corp. International | 7.625% | 10/1/18 | 5,000 | 5,025 |
| Service Corp. International | 7.500% | 4/1/27 | 60,000 | 51,000 |
| | | | | 457,600 |
| Diversified Financial Services 8.0% | | | | |
| AAC Group Holding Corp. | 0.000% | 10/1/12 | 440,000 | 356,400 _C |
| Air 2 US | 8.027% | 10/1/19 | 469,607 | 427,342 _A |
| Bank of America Corp. | 8.000% | 12/29/49 | 1,360,000 | 1,361,632 _C |
| Boeing Capital Corp. | 6.500% | 2/15/12 | 1,000,000 | 1,085,255 |
| Boeing Capital Corp. | 5.800% | 1/15/13 | 400,000 | 431,658 |
| CCM Merger Inc. | 8.000% | 8/1/13 | 140,000 | 117,600 _A |

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| | | | | |
|--------------------------------|--------|----------|-----------|------------------------|
| Citigroup Inc. | 6.625% | 6/15/32 | 1,000,000 | 942,032 |
| DI Finance LLC | 9.500% | 2/15/13 | 502,000 | 513,295 |
| Fuji Co. Ltd. | 9.870% | 6/30/08 | 790,000 | 793,282 _{A,C} |
| General Electric Capital Corp. | 3.750% | 12/15/09 | 740,000 | 748,534 |
| General Electric Capital Corp. | 6.000% | 6/15/12 | 700,000 | 746,340 |

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| | Rate | Maturity Date | Par/Shares | Value |
|---|---------|---------------|------------|--------------------------|
| Long-Term Securities Continued | | | | |
| Corporate Bonds and Notes Continued | | | | |
| Diversified Financial Services Continued | | | | |
| General Electric Capital Corp. | 5.450% | 1/15/13 | \$ 250,000 | \$ 261,847 |
| JPMorgan Chase and Co. | 5.750% | 1/2/13 | 1,750,000 | 1,828,169 _D |
| JPMorgan Chase and Co. | 5.125% | 9/15/14 | 1,300,000 | 1,284,465 _D |
| TNK-BP Finance SA | 7.875% | 3/13/18 | 420,000 | 387,975 _A |
| Vanguard Health Holding Co. II LLC | 9.000% | 10/1/14 | 735,000 | 707,438 |
| | | | | 11,993,264 |
| Diversified Telecommunication Services 3.0% | | | | |
| AT&T Inc. | 6.250% | 3/15/11 | 1,000,000 | 1,047,025 |
| BellSouth Corp. | 6.000% | 10/15/11 | 1,000,000 | 1,046,219 |
| Cincinnati Bell Inc. | 6.300% | 12/1/28 | 25,000 | 20,000 |
| Citizens Communications Co. | 9.250% | 5/15/11 | 90,000 | 93,150 |
| Citizens Communications Co. | 7.875% | 1/15/27 | 115,000 | 98,612 |
| Citizens Communications Co. | 7.050% | 10/1/46 | 25,000 | 17,125 |
| Hawaiian Telcom Communications Inc. | 12.500% | 5/1/15 | 135,000 | 48,600 |
| Level 3 Financing Inc. | 9.250% | 11/1/14 | 320,000 | 261,600 |
| Level 3 Financing Inc. | 6.704% | 2/15/15 | 50,000 | 35,000 _B |
| MetroPCS Wireless Inc. | 9.250% | 11/1/14 | 35,000 | 32,200 |
| NTL Cable PLC | 8.750% | 4/15/14 | 280,000 | 251,300 |
| Qwest Communications International Inc. | 7.250% | 2/15/11 | 160,000 | 153,600 |
| Qwest Communications International Inc. | 7.500% | 2/15/14 | 140,000 | 131,600 |
| Qwest Corp. | 7.875% | 9/1/11 | 390,000 | 389,025 |
| Qwest Corp. | 7.500% | 10/1/14 | 150,000 | 146,250 |
| Telcordia Technologies Inc. | 10.000% | 3/15/13 | 485,000 | 339,500 _A |
| Windstream Corp. | 8.625% | 8/1/16 | 330,000 | 324,225 |
| | | | | 4,435,031 |
| Electric Utilities 5.9% | | | | |
| Duke Energy Corp. | 6.250% | 1/15/12 | 250,000 | 268,478 |
| Energy Future Holdings Corp. | 11.250% | 11/1/17 | 1,580,000 | 1,564,200 _{A,E} |
| FirstEnergy Corp. | 6.450% | 11/15/11 | 610,000 | 638,522 |
| FirstEnergy Corp. | 7.375% | 11/15/31 | 3,040,000 | 3,306,915 |
| IPALCO Enterprises Inc. | 8.625% | 11/14/11 | 130,000 | 136,825 _F |
| Midwest Generation LLC | 8.560% | 1/2/16 | 83,480 | 90,576 |
| Niagara Mohawk Power Corp. | 7.750% | 10/1/08 | 1,500,000 | 1,526,328 |
| Orion Power Holdings Inc. | 12.000% | 5/1/10 | 150,000 | 163,875 |
| Progress Energy Inc. | 7.100% | 3/1/11 | 117,000 | 125,941 |
| Progress Energy Inc. | 6.850% | 4/15/12 | 750,000 | 811,520 |
| TXU Electric Delivery Co. | 7.000% | 9/1/22 | 250,000 | 239,438 |
| | | | | 8,872,618 |
| Energy Equipment and Services 1.0% | | | | |
| Complete Production Services Inc. | 8.000% | 12/15/16 | 150,000 | 144,000 |
| EEB International Ltd. | 8.750% | 10/31/14 | 820,000 | 844,600 _A |
| Gulfmark Offshore Inc. | 7.750% | 7/15/14 | 270,000 | 274,050 |
| Pride International Inc. | 7.375% | 7/15/14 | 240,000 | 249,600 |
| | | | | 1,512,250 |
| Food and Staples Retailing 3.7% | | | | |
| CVS Caremark Corp. | 6.943% | 1/10/30 | 1,994,230 | 2,108,599 _A |

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| | | | | |
|------------------------------|--------|---------|---------|----------------------|
| CVS Corp. | 5.789% | 1/10/26 | 890,955 | 864,316 _A |
| CVS Lease Pass-Through Trust | 5.880% | 1/10/28 | 968,612 | 891,123 _A |

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| | Rate | Maturity Date | Par/Shares | Value |
|--|---------|---------------|------------|-------------------------|
| Long-Term Securities Continued | | | | |
| Corporate Bonds and Notes Continued | | | | |
| Food and Staples Retailing Continued | | | | |
| CVS Lease Pass-Through Trust | 6.036% | 12/10/28 | \$ 971,931 | \$ 925,910 _A |
| Delhaize America Inc. | 9.000% | 4/15/31 | 166,000 | 199,782 |
| Safeway Inc. | 5.800% | 8/15/12 | 500,000 | 524,242 |
| | | | | 5,513,972 |
| Food Products 0.1% | | | | |
| Dole Food Co. Inc. | 7.250% | 6/15/10 | 285,000 | 219,450 |
| Gas Utilities 0.7% | | | | |
| Panhandle Eastern Pipe Line Co. | 4.800% | 8/15/08 | 400,000 | 400,499 |
| Southern Natural Gas Co. | 8.000% | 3/1/32 | 20,000 | 21,852 |
| Suburban Propane Partners LP | 6.875% | 12/15/13 | 580,000 | 565,500 |
| | | | | 987,851 |
| Health Care Providers and Services 2.9% | | | | |
| Community Health Systems Inc. | 8.875% | 7/15/15 | 460,000 | 461,725 |
| DaVita Inc. | 6.625% | 3/15/13 | 70,000 | 67,900 |
| DaVita Inc. | 7.250% | 3/15/15 | 300,000 | 292,500 |
| HCA Inc. | 6.250% | 2/15/13 | 85,000 | 73,950 |
| HCA Inc. | 6.500% | 2/15/16 | 105,000 | 88,463 |
| HCA Inc. | 9.250% | 11/15/16 | 195,000 | 202,312 |
| HCA Inc. | 9.625% | 11/15/16 | 275,000 | 285,312 _E |
| HCA Inc. | 7.690% | 6/15/25 | 90,000 | 71,329 |
| HCA Inc. | 7.500% | 11/15/95 | 185,000 | 133,608 |
| Tenet Healthcare Corp. | 9.250% | 2/1/15 | 2,810,000 | 2,627,350 |
| | | | | 4,304,449 |
| Hotels, Restaurants and Leisure 1.1% | | | | |
| Buffets Inc. | 12.500% | 11/1/14 | 265,000 | 7,950 _G |
| Denny's Holdings Inc. | 10.000% | 10/1/12 | 90,000 | 82,800 |
| El Pollo Loco Inc. | 11.750% | 11/15/13 | 195,000 | 188,175 |
| Inn of the Mountain Gods Resort and Casino | 12.000% | 11/15/10 | 530,000 | 514,100 |
| MGM MIRAGE | 8.500% | 9/15/10 | 10,000 | 10,325 |
| Pokagon Gaming Authority | 10.375% | 6/15/14 | 233,000 | 245,815 _A |
| River Rock Entertainment Authority | 9.750% | 11/1/11 | 180,000 | 179,100 |
| Sbarro Inc. | 10.375% | 2/1/15 | 100,000 | 83,000 |
| Snoqualmie Entertainment Authority | 6.936% | 2/1/14 | 110,000 | 89,650 _{A,B} |
| Station Casinos Inc. | 7.750% | 8/15/16 | 205,000 | 165,025 |
| Station Casinos Inc. | 6.625% | 3/15/18 | 100,000 | 55,500 |
| | | | | 1,621,440 |
| Household Durables 0.5% | | | | |
| American Greetings Corp. | 7.375% | 6/1/16 | 20,000 | 19,850 |
| K Hovnanian Enterprises Inc. | 8.625% | 1/15/17 | 260,000 | 200,200 |
| Norcraft Cos. | 9.000% | 11/1/11 | 360,000 | 362,700 |
| Norcraft Holdings LP | 0.000% | 9/1/12 | 155,000 | 135,625 _C |
| | | | | 718,375 |

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Independent Power Producers and Energy Traders 2.9%

| | | | | |
|-----------------------|--------|---------|---------|---------|
| Dynegy Holdings Inc. | 7.750% | 6/1/19 | 450,000 | 420,750 |
| Edison Mission Energy | 7.750% | 6/15/16 | 180,000 | 185,400 |
| Edison Mission Energy | 7.625% | 5/15/27 | 20,000 | 18,800 |

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| | Rate | Maturity Date | Par/Shares | Value |
|--|---------|---------------|--------------|------------------------|
| Long-Term Securities Continued | | | | |
| Corporate Bonds and Notes Continued | | | | |
| Independent Power Producers and Energy Traders Continued | | | | |
| Exelon Generation Co. LLC | 6.950% | 6/15/11 | \$ 2,000,000 | \$ 2,121,820 |
| Mirant North America LLC | 7.375% | 12/31/13 | 350,000 | 353,500 |
| NRG Energy Inc. | 7.375% | 2/1/16 | 505,000 | 494,900 |
| NRG Energy Inc. | 7.375% | 1/15/17 | 225,000 | 218,813 |
| The AES Corp. | 8.000% | 10/15/17 | 525,000 | 531,562 |
| | | | | 4,345,545 |
| IT Services 1.3% | | | | |
| Ceridian Corp. | 12.250% | 11/15/15 | 130,000 | 108,550 _{A,E} |
| Electronic Data Systems Corp. | 7.125% | 10/15/09 | 700,000 | 713,940 |
| Electronic Data Systems Corp. | 7.450% | 10/15/29 | 500,000 | 472,927 |
| SunGard Data Systems Inc. | 10.250% | 8/15/15 | 630,000 | 633,150 |
| | | | | 1,928,567 |
| Leisure Equipment and Products 1.2% | | | | |
| Eastman Kodak Co. | 7.250% | 11/15/13 | 1,800,000 | 1,719,000 |
| Media 6.8% | | | | |
| Affinion Group Inc. | 10.125% | 10/15/13 | 180,000 | 178,875 |
| Affinion Group Inc. | 11.500% | 10/15/15 | 225,000 | 217,125 |
| CCH I Holdings LLC | 12.125% | 1/15/15 | 115,000 | 58,650 |
| CCH I Holdings LLC | 11.000% | 10/1/15 | 927,000 | 644,265 |
| CCH II Holdings LLC | 10.250% | 9/15/10 | 150,000 | 136,500 |
| Charter Communications Holdings LLC | 11.750% | 5/15/11 | 110,000 | 66,137 |
| Charter Communications Holdings LLC | 12.125% | 1/15/12 | 60,000 | 35,550 |
| Charter Communications Operating LLC | 10.875% | 9/15/14 | 280,000 | 275,800 _A |
| Clear Channel Communications Inc. | 4.900% | 5/15/15 | 700,000 | 469,000 |
| CMP Susquehanna Corp. | 9.875% | 5/15/14 | 170,000 | 117,300 |
| Comcast Cable Communications Inc. | 6.750% | 1/30/11 | 500,000 | 519,831 |
| Comcast Corp. | 5.900% | 3/15/16 | 400,000 | 396,738 |
| Comcast Corp. | 7.050% | 3/15/33 | 1,000,000 | 1,019,725 |
| CSC Holdings Inc. | 8.125% | 7/15/09 | 30,000 | 30,300 |
| CSC Holdings Inc. | 8.125% | 8/15/09 | 40,000 | 40,400 |
| CSC Holdings Inc. | 7.625% | 4/1/11 | 50,000 | 49,437 |
| CSC Holdings Inc. | 6.750% | 4/15/12 | 250,000 | 241,250 |
| CSC Holdings Inc. | 7.875% | 2/15/18 | 45,000 | 41,625 |
| EchoStar DBS Corp. | 7.000% | 10/1/13 | 600,000 | 565,500 |
| Idearc Inc. | 8.000% | 11/15/16 | 180,000 | 116,550 |
| Lamar Media Corp. | 6.625% | 8/15/15 | 120,000 | 105,600 |
| Liberty Media LLC | 3.750% | 2/15/30 | 1,860,000 | 911,400 _H |
| News America Holdings Inc. | 8.875% | 4/26/23 | 400,000 | 478,714 |
| R.H. Donnelley Corp. | 8.875% | 10/15/17 | 710,000 | 443,750 _A |
| Time Warner Inc. | 6.875% | 5/1/12 | 1,400,000 | 1,445,272 |
| Time Warner Inc. | 7.700% | 5/1/32 | 1,150,000 | 1,210,728 |
| TL Acquisitions Inc. | 10.500% | 1/15/15 | 270,000 | 232,200 _A |
| Tube City IMS Corp. | 9.750% | 2/1/15 | 185,000 | 162,800 |
| | | | | 10,211,022 |
| Metals and Mining 2.2% | | | | |
| Alcoa Inc. | 5.375% | 1/15/13 | 750,000 | 756,380 |
| CII Carbon LLC | 11.125% | 11/15/15 | 580,000 | 516,200 _A |

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| | | | | |
|-------------------------------------|--------|--------|---------|-----------|
| Freeport-McMoRan Copper & Gold Inc. | 8.375% | 4/1/17 | 960,000 | 1,018,800 |
|-------------------------------------|--------|--------|---------|-----------|

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| | Rate | Maturity Date | Par/Shares | Value |
|-------------------------------------|---------|---------------|----------------|--------------------------|
| Long-Term Securities Continued | | | | |
| Corporate Bonds and Notes Continued | | | | |
| Metals and Mining Continued | | | | |
| GTL Trade Finance Inc. | 7.250% | 10/20/17 | \$ 428,000 | \$ 451,171 _A |
| Metals USA Inc. | 11.125% | 12/1/15 | 445,000 | 436,100 |
| Noranda Aluminium Holding Corp. | 10.488% | 11/15/14 | 195,000 | 143,325 _{A,B,E} |
| | | | | 3,321,976 |
| Multi-Utilities 0.7% | | | | |
| Dominion Resources Inc. | 5.700% | 9/17/12 | 770,000 | 806,342 |
| MidAmerican Energy Holdings Co. | 5.875% | 10/1/12 | 250,000 | 264,179 |
| | | | | 1,070,521 |
| Multiline Retail 0.4% | | | | |
| Dollar General Corp. | 11.875% | 7/15/17 | 325,000 | 284,375 _E |
| The Neiman-Marcus Group Inc. | 9.000% | 10/15/15 | 260,000 | 260,000 _E |
| | | | | 544,375 |
| Oil, Gas and Consumable Fuels 11.3% | | | | |
| Belden and Blake Corp. | 8.750% | 7/15/12 | 750,000 | 751,875 |
| Chesapeake Energy Corp. | 6.375% | 6/15/15 | 480,000 | 465,600 |
| Chesapeake Energy Corp. | 6.625% | 1/15/16 | 30,000 | 29,400 |
| Colorado Interstate Gas Co. | 6.800% | 11/15/15 | 150,000 | 154,651 |
| ConocoPhillips | 4.750% | 10/15/12 | 900,000 | 934,527 |
| DCP Midstream LP | 7.875% | 8/16/10 | 750,000 | 804,031 |
| Devon Energy Corp. | 7.950% | 4/15/32 | 1,000,000 | 1,233,149 |
| Devon Financing Corp. ULC | 6.875% | 9/30/11 | 2,000,000 | 2,182,964 |
| El Paso Corp. | 6.375% | 2/1/09 | 333,000 | 335,259 |
| El Paso Corp. | 7.750% | 6/15/10 | 1,496,000 | 1,558,916 |
| El Paso Corp. | 7.800% | 8/1/31 | 190,000 | 195,080 |
| Exco Resources Inc. | 7.250% | 1/15/11 | 275,000 | 267,438 |
| Gazprom | 6.790% | 10/29/09 | 31,200,000 RUB | 1,315,328 |
| Gazprom | 7.000% | 10/27/11 | 10,400,000 RUB | 432,023 |
| Hess Corp. | 7.875% | 10/1/29 | 1,640,000 | 1,946,255 |
| Hess Corp. | 7.300% | 8/15/31 | 60,000 | 67,600 |
| International Coal Group Inc. | 10.250% | 7/15/14 | 220,000 | 210,650 |
| Kinder Morgan Energy Partners LP | 7.125% | 3/15/12 | 500,000 | 531,211 |
| Occidental Petroleum Corp. | 6.750% | 1/15/12 | 500,000 | 553,323 |
| Parker Drilling Co. | 9.625% | 10/1/13 | 300,000 | 315,750 |
| Petrohawk Energy Corp. | 9.125% | 7/15/13 | 145,000 | 148,988 |
| SemGroup LP | 8.750% | 11/15/15 | 305,000 | 279,075 _A |
| Sonat Inc. | 7.625% | 7/15/11 | 500,000 | 516,794 |
| Stone Energy Corp. | 8.250% | 12/15/11 | 160,000 | 158,400 |
| The Williams Cos. Inc. | 7.500% | 1/15/31 | 902,000 | 940,335 |
| The Williams Cos. Inc. | 8.750% | 3/15/32 | 85,000 | 98,175 |
| Valero Energy Corp. | 7.500% | 4/15/32 | 400,000 | 416,416 |
| | | | | 16,843,213 |
| Paper and Forest Products 2.7% | | | | |
| Appleton Papers Inc. | 8.125% | 6/15/11 | 5,000 | 4,813 |
| Appleton Papers Inc. | 9.750% | 6/15/14 | 305,000 | 288,987 |
| NewPage Corp. | 12.000% | 5/1/13 | 260,000 | 260,650 |
| Weyerhaeuser Co. | 6.750% | 3/15/12 | 2,400,000 | 2,523,418 _D |

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| | Rate | Maturity Date | Par/Shares | Value |
|--|---------|---------------|--------------|-----------------------|
| Long-Term Securities Continued | | | | |
| Corporate Bonds and Notes Continued | | | | |
| Paper and Forest Products Continued | | | | |
| Weyerhaeuser Co. | 7.375% | 3/15/32 | \$ 1,000,000 | \$ 988,368 |
| | | | | 4,066,236 |
| Pharmaceuticals N.M. | | | | |
| Leiner Health Products Inc. | 11.000% | 6/1/12 | 280,000 | 350 |
| Real Estate Investment Trusts 0.2% | | | | |
| Ventas Inc. | 6.750% | 4/1/17 | 260,000 | 254,150 |
| Real Estate Management and Development 0.2% | | | | |
| Ashton Woods USA LLC | 9.500% | 10/1/15 | 125,000 | 66,875 |
| Realogy Corp. | 12.375% | 4/15/15 | 495,000 | 220,275 |
| | | | | 287,150 |
| Road and Rail 2.1% | | | | |
| Hertz Corp. | 10.500% | 1/1/16 | 645,000 | 603,881 |
| Kansas City Southern Railway | 7.500% | 6/15/09 | 150,000 | 152,250 |
| Saint Acquisition Corp. | 10.815% | 5/15/15 | 165,000 | 65,588 _{A,B} |
| Saint Acquisition Corp. | 12.500% | 5/15/17 | 375,000 | 152,812 _A |
| Union Pacific Corp. | 6.125% | 1/15/12 | 2,000,000 | 2,123,394 |
| | | | | 3,097,925 |
| Semiconductors and Semiconductor Equipment 0.1% | | | | |
| Freescall Semiconductor Inc. | 8.875% | 12/15/14 | 155,000 | 121,288 |
| Software 0.1% | | | | |
| Activant Solutions Inc. | 9.500% | 5/1/16 | 165,000 | 138,600 |
| Specialty Retail 0.2% | | | | |
| Blockbuster Inc. | 9.000% | 9/1/12 | 210,000 | 171,150 |
| Eye Care Centers of America Inc. | 10.750% | 2/15/15 | 40,000 | 40,800 |
| Michaels Stores Inc. | 11.375% | 11/1/16 | 90,000 | 70,650 |
| | | | | 282,600 |
| Textiles, Apparel and Luxury Goods 0.2% | | | | |
| Oxford Industries Inc. | 8.875% | 6/1/11 | 180,000 | 171,000 |
| Simmons Co. | 0.000% | 12/15/14 | 90,000 | 58,050 _C |
| | | | | 229,050 |
| Thriffs and Mortgage Finance 0.2% | | | | |
| Washington Mutual Bank | 5.500% | 1/15/13 | 440,000 | 349,800 |
| Tobacco 0.1% | | | | |
| Alliance One International Inc. | 11.000% | 5/15/12 | 135,000 | 137,025 |
| Trading Companies and Distributors 0.5% | | | | |
| Ashtead Capital Inc. | 9.000% | 8/15/16 | 129,000 | 104,490 _A |

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| | | | | |
|------------------------------------|---------|---------|---------|----------------------|
| H&E Equipment Services Inc. | 8.375% | 7/15/16 | 345,000 | 284,625 |
| Penhall International Corp. | 12.000% | 8/1/14 | 390,000 | 329,550 _A |
| | | | | 718,665 |
| Transportation Infrastructure 0.3% | | | | |
| Hawker Beechcraft Acquisition Co. | 8.875% | 4/1/15 | 50,000 | 51,125 _E |

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| | Rate | Maturity Date | Par/Shares | Value |
|--|--------|---------------|------------|------------------------|
| Long-Term Securities Continued | | | | |
| Corporate Bonds and Notes Continued | | | | |
| Transportation Infrastructure Continued | | | | |
| Hawker Beechcraft Acquisition Co. | 9.750% | 4/1/17 | \$ 350,000 | \$ 348,250 |
| | | | | 399,375 |
| Wireless Telecommunication Services 1.5% | | | | |
| AT&T Mobility LLC | 6.500% | 12/15/11 | 250,000 | 265,377 |
| New Cingular Wireless Services Inc. | 8.125% | 5/1/12 | 500,000 | 559,546 |
| Rural Cellular Corp. | 9.875% | 2/1/10 | 100,000 | 102,750 |
| Sprint Capital Corp. | 8.375% | 3/15/12 | 1,450,000 | 1,341,250 |
| | | | | 2,268,923 |
| Total Corporate Bonds and Notes (Cost \$132,218,812) | | | | 129,071,657 |
| Asset-Backed Securities 18.0% | | | | |
| Fixed Rate Securities 8.3% | | | | |
| ACE Securities Corp. 2002-M Trust | 0.000% | 10/13/17 | 312,364 | 8,434 _{A,I,J} |
| America West Airlines 1996-1 A | 6.850% | 7/2/09 | 120,198 | 116,496 |
| Bear Stearns Asset Backed Securities Trust 2007-SD1 1A3A | 6.500% | 10/25/36 | 1,811,250 | 1,517,828 |
| Captiva CBO 1997-1A A | 6.860% | 11/30/09 | 318,016 | 283,290 _{A,K} |
| Contimortgage Home Equity Trust 1997-4 B1F | 7.330% | 10/15/28 | 678,063 | 343,338 |
| Firstfed Corp. Manufactured Housing Contract 1996-1 B | 8.060% | 10/15/22 | 2,100,000 | 2,935,519 _A |
| Global Franchise Trust 1998-1 A2 | 6.659% | 10/10/11 | 2,007,741 | 1,647,866 _A |
| Green Tree Financial Corp. 1992-2 B | 9.150% | 1/15/18 | 361,406 | 286,514 |
| Green Tree Financial Corp. 1993-1 B | 8.450% | 4/15/18 | 475,420 | 429,637 |
| Green Tree Home Improvement Loan Trust 1996-D HIB2 | 8.000% | 9/15/27 | 131,332 | 83,901 |
| Hertz Vehicle Financing LLC 2005-2A A6 | 5.080% | 11/25/11 | 1,000,000 | 920,412 _A |
| IndyMac Manufactured Housing Contract 1997-1 A5 | 6.970% | 2/25/28 | 377,875 | 395,705 |
| Lehman XS Trust 2007-1 WF1 | 7.000% | 1/25/37 | 1,436,274 | 1,206,120 |
| Mutual Fund Fee Trust 2002-2 | 9.550% | 4/30/08 | 561,364 | 449 _{A,J} |
| Mutual Fund Fee Trust XIII Series 2000-3 | 9.070% | 7/1/08 | 2,878,850 | 33,971 _J |
| Pegasus Aviation Lease Securitization 2000-1 A2 | 8.370% | 3/25/30 | 1,300,000 | 650,774 _A |
| Structured Asset Securities Corp. 2002-AL1 A3 | 3.450% | 2/25/32 | 1,263,745 | 1,096,467 |
| Vanderbilt Mortgage Finance 1997-B 1B2 | 8.155% | 10/7/26 | 500,295 | 514,250 |
| | | | | 12,470,971 |
| Indexed Securities ^B 6.1% | | | | |
| ACE Securities Corp. 2005-SD1 A1 | 2.999% | 11/25/50 | 187,370 | 184,106 |
| AmeriCredit Automobile Receivables Trust 2007-CM A3B | 3.110% | 5/7/12 | 2,500,000 | 2,365,233 |
| Bayview Financial Asset Trust 2004-SSRA A1 | 3.199% | 12/25/39 | 638,243 | 510,506 _A |
| Citigroup Mortgage Loan Trust Inc. 2006-SHL1 A1 | 2.799% | 11/25/45 | 466,121 | 403,041 _A |
| Countrywide Asset-Backed Certificates 2007-13 2A1 | 3.499% | 10/25/47 | 1,542,141 | 1,267,403 |
| Countrywide Home Equity Loan Trust 2007-GW A | 3.368% | 11/15/28 | 2,564,474 | 2,048,355 |
| CS First Boston Mortgage Securities Corp. 2004-CF2 2A1 | 3.069% | 5/25/44 | 135,759 | 122,789 _A |
| Long Beach Mortgage Loan Trust 2005-WL2 3A1 | 2.779% | 8/25/35 | 267,622 | 257,441 |
| MSDWCC Heloc Trust 2003-2 A | 2.859% | 4/25/16 | 292,650 | 242,090 |
| Residential Asset Mortgage Products Inc. 2004-RZ1 AII | 3.079% | 3/25/34 | 493,618 | 395,063 |
| Residential Asset Securities Corp. 2001-KS3 AII | 3.059% | 9/25/31 | 396,951 | 384,946 |

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| | Rate | Maturity Date | Par/Shares | Value |
|--|--------|---------------|------------|-------------------------|
| Long-Term Securities Continued | | | | |
| Asset-Backed Securities Continued | | | | |
| Indexed Securities Continued | | | | |
| Salomon Brothers Mortgage Securities VII 2002-CIT1 | 2.899% | 3/25/32 | \$ 940,068 | \$ 911,913 |
| | | | | 9,092,886 |
| Stripped Securities 0.5% | | | | |
| Bear Stearns Asset Backed Securities Trust 2006-SD3 1P0 | 0.000% | 8/25/36 | 1,899,387 | 664,786 _{J,L2} |
| Oakwood Mortgage Investors Inc. 2002-C AIO | 6.000% | 8/15/10 | 659,353 | 70,365 _{J,L1} |
| | | | | 735,151 |
| Variable Rate Securities^M 3.1% | | | | |
| BankAmerica Manufactured Housing Contract 1997-2 M | 6.900% | 4/10/28 | 100,000 | 138,248 |
| Conseco Finance Securitizations Corp. 2002-1 A | 6.681% | 12/1/33 | 720,237 | 743,197 |
| Greenpoint Manufactured Housing 1999-5 A5 | 7.820% | 12/15/29 | 706,000 | 743,711 |
| GSAMP Trust 2003-SEA2 A1 | 4.422% | 7/25/33 | 2,581,390 | 2,211,407 |
| Oakwood Mortgage Investors Inc. 2002-B A3 | 6.060% | 3/15/25 | 358,058 | 342,343 |
| Saxon Asset Securities Trust 2000-2 MF1 | 8.870% | 7/25/30 | 415,352 | 414,622 |
| | | | | 4,593,528 |
| Total Asset-Backed Securities (Cost \$28,836,537) | | | | 26,892,536 |
| Mortgage-Backed Securities 20.6% | | | | |
| Fixed Rate Securities 2.0% | | | | |
| Bear Stearns Asset Backed Securities Trust 2002-AC1 B4 | 7.000% | 1/25/32 | 1,221,784 | 955,284 _A |
| Enterprise Mortgage Acceptance Co. 1999-1 A1 | 6.420% | 10/15/25 | 35,354 | 22,647 _A |
| GMAC Commercial Mortgage Securities Inc. 1998-C1 D | 6.974% | 5/15/30 | 1,000,000 | 997,793 |
| Metropolitan Asset Funding Inc. 1998-BI B1 | 8.000% | 11/20/24 | 977,954 | 913,269 |
| | | | | 2,888,993 |
| Indexed Securities^B 14.7% | | | | |
| Bayview Commercial Asset Trust 2005-3A A2 | 2.999% | 11/25/35 | 995,173 | 895,857 _A |
| BlackRock Capital Finance LP 1997-R2 B5 | 6.866% | 12/25/35 | 620,545 | 155,090 _A |
| CNL Funding 1998-1 C2 | 3.525% | 9/18/11 | 3,360,000 | 2,807,571 _A |
| Countrywide Alternative Loan Trust 2005-J12 | 2.869% | 8/25/35 | 488,424 | 338,735 |
| Countrywide Home Loans 2004-HYB5 7A1 | 6.089% | 4/20/35 | 5,040,969 | 3,025,731 |
| Countrywide Home Loans 2005-09 1A1 | 2.899% | 5/25/35 | 2,285,539 | 1,786,598 |
| Greenpoint Mortgage Funding Trust 2005-AR5 2A2 | 2.869% | 11/25/46 | 4,350,382 | 2,474,903 |
| Greenpoint Mortgage Funding Trust 2005-AR5 3A2 | 2.869% | 11/25/46 | 2,557,681 | 1,454,051 |
| Harborview Mortgage Loan Trust 2004-8 3A2 | 2.959% | 11/19/34 | 274,384 | 272,867 |
| Harborview Mortgage Loan Trust 2005-9 B10 | 4.286% | 6/20/35 | 1,258,174 | 968,794 |
| IndyMac Index Mortgage Loan Trust 2007-AR15 2A1 | 5.995% | 8/25/37 | 6,932,443 | 4,367,439 |
| Merit Securities Corp. 11PA B3 | 5.375% | 9/28/32 | 850,000 | 117,662 _A |
| Regal Trust IV 1999-1 A | 4.170% | 9/29/31 | 182,271 | 181,634 _A |
| Structured Asset Securities Corp. 2002-9 A2 | 2.899% | 10/25/27 | 1,587,138 | 1,561,548 |
| Washington Mutual Inc. 2004-AR12 A2A | 3.515% | 10/25/44 | 281,293 | 239,375 |
| Washington Mutual Mortgage Pass-Through Certificates 2006-AR5 3A | 5.266% | 7/25/46 | 1,672,845 | 1,290,966 |
| | | | | 21,938,821 |
| Stripped Securities 1.1% | | | | |
| IndyMac Index Mortgage Loan Trust 2005-AR14 BX | 3.043% | 7/25/35 | 10,517,081 | 197,464 _{L1} |

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| | | | | |
|--|--------|----------|-----------|--------------------------|
| LB-UBS Commercial Mortgage Trust 2001-C3 X | 0.936% | 6/15/36 | 2,644,752 | 65,689 _{A,J,L1} |
| Prime Mortgage Trust 2005-2 2XB | 1.743% | 10/25/32 | 3,990,326 | 417,823 _{J,L1} |

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| | Rate | Maturity Date | Par/Shares | Value |
|--|--------|---------------|---------------|----------------------------|
| Long-Term Securities Continued | | | | |
| Mortgage-Backed Securities Continued | | | | |
| Stripped Securities Continued | | | | |
| Prime Mortgage Trust 2005-5 1X | 0.882% | 7/25/34 | \$ 13,780,099 | \$ 277,502 _{J,L1} |
| Prime Mortgage Trust 2005-5 1XB | 1.570% | 7/25/34 | 3,249,257 | 184,863 _{J,L1} |
| Residential Asset Mortgage Products, Inc. 2005-SL2 AP0 | 0.000% | 2/25/32 | 623,802 | 544,914 _{J,L2} |
| | | | | 1,688,255 |
| Variable Rate Securities ^M 2.8% | | | | |
| Banc of America Commercial Mortgage Inc. 2005-5 A4 | 5.115% | 10/10/45 | 1,050,000 | 1,036,646 |
| Bear Stearns Alt-A Trust 2005 -10 21A1 | 5.754% | 1/25/36 | 1,820,445 | 1,548,658 |
| Merrill Lynch Mortgage Investors Inc. 1998-C1 A3 | 6.720% | 11/15/26 | 1,500,000 | 1,552,769 |
| | | | | 4,138,073 |
| Total Mortgage-Backed Securities (Cost \$32,339,732) | | | | 30,654,142 |
| U.S. Government Agency Mortgage-Backed Securities 6.4% | | | | |
| Fixed Rate Securities 6.4% | | | | |
| Fannie Mae | 6.000% | 11/1/37 | 4,516,610 | 4,630,925 |
| Fannie Mae | 5.000% | 12/1/38 | 3,000,000 | 2,969,064 _N |
| Fannie Mae | 6.500% | 8/25/44 | 860,920 | 908,204 |
| Freddie Mac | 6.000% | 12/1/37 | 1,058,471 | 1,086,394 |
| Total U.S. Government Agency Mortgage-Backed Securities (Cost \$9,423,272) | | | | 9,594,587 |
| Yankee Bonds ^K 15.9% | | | | |
| Aerospace and Defense 0.2% | | | | |
| Systems 2001 Asset Trust | 6.664% | 9/15/13 | 217,504 | 223,485 _A |
| Chemicals 0.2% | | | | |
| Methanex Corp. | 8.750% | 8/15/12 | 195,000 | 209,137 |
| Montell Finance Co. BV | 8.100% | 3/15/27 | 200,000 | 133,000 _A |
| | | | | 342,137 |
| Commercial Banks 1.4% | | | | |
| ATF Capital BV | 9.250% | 2/21/14 | 660,000 | 652,476 _A |
| HSBK Europe BV | 7.250% | 5/3/17 | 600,000 | 519,000 _A |
| ICICI Bank Ltd. | 6.375% | 4/30/22 | 284,000 | 244,239 _{A,C} |
| TuranAlem Finance BV | 8.250% | 1/22/37 | 440,000 | 347,292 _A |
| TuranAlem Finance BV | 8.250% | 1/22/37 | 440,000 | 345,092 _A |
| | | | | 2,108,099 |
| Containers and Packaging 0.1% | | | | |
| Smurfit Kappa Funding PLC | 7.750% | 4/1/15 | 150,000 | 131,250 |
| Diversified Financial Services 0.7% | | | | |
| Basell AF SCA | 8.375% | 8/15/15 | 150,000 | 109,500 _A |
| Lukoil International Finance BV | 6.356% | 6/7/17 | 340,000 | 315,350 _A |
| UFJ Finance Aruba AEC | 6.750% | 7/15/13 | 500,000 | 556,187 |
| | | | | 981,037 |

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| | | | | |
|---|---------|----------|---------|----------------------|
| Diversified Telecommunication Services | 2.0% | | | |
| Axtel SA | 11.000% | 12/15/13 | 221,000 | 239,785 |
| Deutsche Telekom International Finance BV | 5.250% | 7/22/13 | 600,000 | 592,643 |
| France Telecom SA | 8.500% | 3/1/31 | 600,000 | 743,338 _F |
| Intelsat Bermuda Ltd. | 9.250% | 6/15/16 | 225,000 | 226,687 |

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| | Rate | Maturity Date | Par/Shares | Value |
|--|---------|---------------|------------|------------------------|
| Long-Term Securities Continued | | | | |
| Yankee Bonds Continued | | | | |
| Diversified Telecommunication Services Continued | | | | |
| Intelsat Bermuda Ltd. | 11.250% | 6/15/16 | \$ 340,000 | \$ 344,675 |
| Nordic Telephone Co. Holdings ApS | 8.875% | 5/1/16 | 220,000 | 213,400 _A |
| NTL Cable PLC | 9.125% | 8/15/16 | 140,000 | 125,300 |
| Wind Acquisition Finance SA | 10.750% | 12/1/15 | 500,000 | 510,000 _A |
| | | | | 2,995,828 |
| Electric Utilities 1.3% | | | | |
| Hydro-Quebec | 6.300% | 5/11/11 | 1,700,000 | 1,858,447 |
| Energy Equipment and Services 0.1% | | | | |
| Compagnie Generale de Geophysique-Veritas | 7.500% | 5/15/15 | 210,000 | 213,150 |
| Foreign Governments 0.5% | | | | |
| Republic of Argentina | 7.000% | 9/12/13 | 818,000 | 668,715 |
| Republic of Honduras | 4.106% | 10/1/11 | 134,059 | 129,913 _B |
| Republic of Venezuela | 9.375% | 1/13/34 | 2,000 | 1,840 |
| | | | | 800,468 |
| Industrial Conglomerates 2.4% | | | | |
| Tyco International Group SA | 6.375% | 10/15/11 | 1,000,000 | 996,487 |
| Tyco International Group SA | 6.875% | 1/15/29 | 2,615,000 | 2,556,733 |
| | | | | 3,553,220 |
| Insurance 0.6% | | | | |
| XL Capital Ltd. | 5.250% | 9/15/14 | 1,000,000 | 910,843 |
| Media N.M. | | | | |
| Sun Media Corp. | 7.625% | 2/15/13 | 55,000 | 51,975 |
| Metals and Mining 0.1% | | | | |
| Novelis Inc. | 7.250% | 2/15/15 | 105,000 | 92,925 |
| Vale Overseas Ltd. | 6.875% | 11/21/36 | 110,000 | 107,329 |
| | | | | 200,254 |
| Oil, Gas and Consumable Fuels 4.2% | | | | |
| Anadarko Finance Co. | 6.750% | 5/1/11 | 750,000 | 801,080 |
| Anadarko Finance Co. | 7.500% | 5/1/31 | 1,000,000 | 1,125,096 |
| Burlington Resources Finance Co. | 7.400% | 12/1/31 | 450,000 | 529,022 |
| Gazprom | 6.212% | 11/22/16 | 280,000 | 259,000 _A |
| Gazprom | 6.510% | 3/7/22 | 230,000 | 204,988 _A |
| OPTI Canada Inc. | 7.875% | 12/15/14 | 240,000 | 234,600 |
| OPTI Canada Inc. | 8.250% | 12/15/14 | 205,000 | 202,950 |
| Petrozuata Finance Inc. | 8.220% | 4/1/17 | 2,880,000 | 2,898,000 _A |
| | | | | 6,254,736 |
| Paper and Forest Products 0.5% | | | | |
| Abitibi-Consolidated Co. of Canada | 13.750% | 4/1/11 | 520,000 | 531,700 _A |
| Abitibi-Consolidated Co. of Canada | 8.375% | 4/1/15 | 350,000 | 180,250 |

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| | | | | | |
|------------------------------|------|--------|----------|-----------|-----------|
| | | | | | 711,950 |
| Road and Rail | 0.8% | | | | |
| Canadian Pacific Railway Co. | | 6.250% | 10/15/11 | 1,000,000 | 1,036,144 |

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| | Rate | Maturity Date | Par/Shares | Value |
|--|---------|---------------|---------------|------------------------|
| Long-Term Securities Continued | | | | |
| Yankee Bonds Continued | | | | |
| Road and Rail Continued | | | | |
| Grupo Transportacion Ferroviaria Mexicana SA de CV | 9.375% | 5/1/12 | \$ 170,000 | \$ 175,525 |
| | | | | 1,211,669 |
| Semiconductors and Semiconductor Equipment 0.1% | | | | |
| NXP BV/NXP Funding LLC | 7.875% | 10/15/14 | 150,000 | 137,250 |
| NXP BV/NXP Funding LLC | 9.500% | 10/15/15 | 45,000 | 37,012 |
| | | | | 174,262 |
| Wireless Telecommunication Services 0.7% | | | | |
| True Move Co. Ltd. | 10.750% | 12/16/13 | 590,000 | 557,190 _A |
| True Move Co. Ltd. | 10.750% | 12/16/13 | 200,000 | 188,000 _A |
| Vodafone Group PLC | 7.750% | 2/15/10 | 250,000 | 264,942 |
| | | | | 1,010,132 |
| Total Yankee Bonds (Cost \$23,281,397) | | | | 23,732,942 |
| Foreign Government Obligations 0.6% | | | | |
| Republic of Argentina | 2.000% | 1/3/10 | 1,468,401 ARS | 931,753 _O |
| Total Foreign Government Obligations (Cost \$873,573) | | | | 931,753 |
| Preferred Stocks 3.5% | | | | |
| Fannie Mae | 5.375% | | 15 shs | 1,003,125 _H |
| Freddie Mac | 5.160% | | 100 | 2,700 _B |
| Freddie Mac | 5.000% | | 200 | 6,800 |
| Freddie Mac | 8.375% | | 20,500 | 500,200 _C |
| General Motors Corp. | 5.250% | | 225,000 | 3,651,750 _H |
| Total Preferred Stocks (Cost \$5,567,740) | | | | 5,164,575 |
| Trust Preferred Securities 3.1% | | | | |
| Corp-Backed Trust Certificates | 7.375% | | 33,900 | 569,859 |
| Corp-Backed Trust Certificates | 8.000% | | 15,600 | 232,596 |
| CORTS Trust for Ford Motor Co. | 8.000% | | 155,100 | 2,221,032 |
| PreferredPlus TR-CCR1 | 8.250% | | 5,100 | 79,254 |
| SATURNS-F 2003-5 | 8.125% | | 104,100 | 1,488,630 |
| Total Trust Preferred Securities (Cost \$5,033,601) | | | | 4,591,371 |
| Total Long-Term Securities (Cost \$237,574,664) | | | | 230,633,563 |
| Short-Term Securities 1.3% | | | | |
| U.S. Government and Agency Obligations N.M. | | | | |
| Fannie Mae | 0.000% | 12/15/08 | \$ 47,000 | 46,394 _I |
| Foreign Government Obligations 1.3% | | | | |
| Egypt Treasury Bills | 0.000% | 10/28/08 | 8,725,000 EGP | 1,540,417 _I |
| Egypt Treasury Bills | 0.000% | 11/11/08 | 1,825,000 EGP | 313,750 _I |

1,854,167

Total Short-Term Securities (Cost \$1,872,755)

1,900,561

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| | | |
|---------------------------------------|-----------------------------|--------------|
| Total Investments | 156.0% (Cost \$239,447,419) | 232,534,124 |
| Other Assets Less Liabilities | (7.7)% | (11,484,165) |
| Liquidation value of preferred shares | (48.3)% | (72,000,000) |

Net Assets Applicable to Common Shareholders 100.0% \$ 149,049,959

Net Asset Value per Share: \$ 12.99

| | Expiration | Actual Contracts | Appreciation/ (Depreciation) |
|--|------------|------------------|------------------------------|
| Futures Contracts Written ^Q | | | |
| U.S. Treasury Bond Futures | June 2008 | 23 | \$ (90,498) |

N.M. Not Meaningful.

- A Rule 144a Security A security purchased pursuant to Rule 144a under the Securities Act of 1933 which may not be resold subject to that rule except to qualified institutional buyers. These securities, which the Fund's investment adviser has determined to be liquid, represent 23.04% of net assets.
- B Indexed Security The rates of interest earned on these securities are tied to the London Interbank Offered Rate (LIBOR), the Euro Interbank Offered Rate (EURIBOR) Index, the Consumer Price Index (CPI), the one-year Treasury Bill Rate or the ten-year Japanese Government Bond Rate. The coupon rates are the rates as of March 31, 2008.
- C Stepped Coupon Security A security with a predetermined schedule of interest or dividend rate changes at which time it begins to accrue interest or pay dividends according to the predetermined schedule.
- D Position, or a portion thereof, with an aggregate market value of 9,655,822 has been segregated to collateralize reverse repurchase agreements.
- E Pay-in-Kind (PIK) security A security in which interest or dividends during the initial few years is paid in additional PIK securities rather than in cash.
- F Credit Linked Security The rates of interest earned on these securities are tied to the credit rating assigned by Standard & Poor's Rating Service and/or Moody's Investors Services.
- G Bond is in default as of March 31, 2008.
- H Convertible Security Security may be converted into the issuer's common stock.
- I Zero coupon bond A bond with no periodic interest payments which is sold at such a discount as to produce a current yield to maturity.
- J Illiquid security valued at fair value under the procedures approved by the Board of Directors.
- K Yankee Bond A dollar-denominated bond issued in the U.S. by foreign entities.
- L Stripped Security Security with interest-only or principal-only payment streams, denoted by a 1 or 2, respectively. For interest-only securities, the amount shown as principal is the notional balance used to calculate the amount of interest due.
- M The coupon rates shown on variable rate securities are the rates at March 31, 2008. These rates vary with the weighted average coupon of the underlying loans.
- N When-issued Security Security purchased on a delayed delivery basis. Final settlement amount and maturity date have not yet been announced.
- O Inflation-Protected Security Security whose principal value is adjusted daily or monthly in accordance with changes to the relevant country's Consumer Price Index or its equivalent used as an inflation proxy. Interest is calculated on the basis of the current adjusted principal value.
- P At March 31, 2008, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows:

| | |
|------------------------------------|-----------------------|
| Gross unrealized appreciation | \$ 6,845,783 |
| Gross unrealized depreciation | (13,759,078) |
| Net unrealized depreciation | \$ (6,913,295) |

Q Futures are described in more detail in the notes to financial statements.

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Securities are denominated in U.S. Dollars, unless otherwise noted. Securities denominated in euro may not have been originally issued in euro, but were converted to euro from their local currencies as of January 1, 2002.

ARS Argentine Peso

EGP Egyptian Pound

RUB Russian Ruble

Investment Valuation

Effective January 1, 2008, the Fund adopted Statement of Financial Accounting Standards No. 157 (FAS 157). FAS 157 establishes a single definition of fair value, creates a three-tier hierarchy as a framework for measuring fair value based on inputs used to value the Fund's investments, and requires additional disclosure about fair value. The hierarchy of inputs is summarized 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)

Debt securities are valued at the last quoted bid prices provided by an independent pricing service that are based on transactions in debt obligations, quotations from bond dealers, market transactions in comparable securities and various other relationships between securities. Securities for which market quotations are available are valued at the last sale price or official closing price on the primary market or exchange on which they trade. Publicly traded foreign government debt securities are typically traded internationally in the over-the-counter market and are valued at the bid price as of the close of business of that market. When prices are not readily available, or are determined not to reflect fair value, 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 may value these securities at fair value as determined in accordance with the procedures approved by the Fund's Board of Trustees.

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

| | [3/31/2008] | Quoted Prices (Level 1) | Other Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|------------------------------|-----------------------|----------------------------|---|--|
| Investments in Securities | \$ 232,534,124 | \$ | \$ 232,534,124 | \$ |
| Other Financial Instruments* | (22,962,430) | (90,498) | (22,871,932) | |
| Total | \$ 209,571,694 | \$ (90,498) | \$ 209,662,192 | \$ |

* Other financial instruments include options, futures, swaps and forward contracts.

* The realized gain (loss) on other financial instruments for the period ended March 31, 2008 amounted to \$.

Reverse Repurchase Agreements

The Fund may enter into reverse repurchase agreements. Under the terms of a typical reverse repurchase agreement, a fund sells a security subject to an obligation to repurchase the security from the buyer at an agreed-upon time and price, thereby determining the yield to the buyer during the buyer's holding period. A reverse repurchase agreement involves the risk, among others, that the market value of the collateral retained by the fund may decline below the price of the securities the fund has sold but is obligated to repurchase under the agreement. In the event the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, the fund's use of the proceeds of the agreement may be restricted pending a determination by the party, or its trustee or receiver, whether to enforce the Fund's obligation to repurchase the securities. In entering into reverse repurchase agreements, the Fund will maintain cash, U.S. government securities or other liquid high grade debt obligations at least equal in value to its obligations with respect to reverse repurchase agreements or will take other actions permitted by law to cover its obligations.

Options, Futures and Swap Agreements

The current market value of an exchange traded option is the last sale price or, in the absence of a sale, the price obtained by reference to broker-dealer quotations. Futures contracts are valued daily at the settlement price established by the board of trade or exchange on which they are traded. Futures contracts are marked-to-market on a daily basis. As the contract's value fluctuates, payments known as variation margin are made or received by the Fund each day, depending on the daily fluctuation in the value of the contract. The daily changes in contract value are recorded as unrealized gains or losses, and the Fund recognizes a gain or loss when the contract is closed. Swap agreements are generally priced daily based upon quotations from brokers and the change, if any, is recorded as unrealized appreciation or depreciation.

Swap Agreements

The Fund may invest in swaps for the purpose of managing their exposure to interest rate, credit or market risk, or for other purposes. The use of swaps involves risks that are different from those associated with ordinary portfolio transactions.

Credit default swaps involve the exchange of a fixed rate premium for protection against the loss in value of an underlying debt instrument in the event of a defined credit event (such as payment default or bankruptcy). Under the terms of the swap, one party acts as a guarantor, receiving a periodic payment that is a fixed percentage applied to a notional principal amount. In return, the party agrees to purchase the notional amount of the underlying instrument, at par, if a credit event occurs during the term of the swap. The Fund may enter into credit default swaps in which the Fund or its counterparty act as guarantors. By acting as the guarantor of a swap, the Fund assumes the market and credit risk of the underlying instrument, including liquidity and loss of value.

Swaps are marked-to-market daily and changes in value are recorded as unrealized appreciation/(depreciation). Gains or losses are realized upon termination of the swap agreement. Periodic payments and premiums received or made by a Fund are recorded in the accompanying statement of operations as realized gains or losses, respectively. Collateral, in the form of restricted cash or securities, may be required to be held in segregated accounts with the Fund's custodian in compliance with the terms of the swap contracts. Risks may exceed amounts recognized on the statement of assets and liabilities. These risks include changes in the returns of the underlying instruments, failure of the counterparties to perform under the contracts' terms, and the possible lack of liquidity with respect to the swap agreements.

If the Fund is a seller of protection and a credit event occurs, as defined under the terms of the particular swap agreement, the Fund will pay to the buyer of the protection an amount up to the notional value of the swap and in certain instances, take delivery of the security.

Other information regarding the Fund is available in the Fund's most recent Report to Shareholders. This information is available on the Securities and Exchange Commission's website (www.sec.gov).

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Western Asset Premier Bond

As of March 31, 2008, the one-month London Interbank Offered Rate (LIBOR) was 2.70%.

The following is a summary of open credit default swap contracts outstanding as of March 31, 2008.

| Agreement With: | Termination Date | The Fund Agrees to Pay | The Fund Will Receive | Contract Notional Amount | Unrealized Appreciation/ (Depreciation) |
|---|-------------------------|-------------------------------|---|---------------------------------|--|
| Credit Suisse First Boston USA (AAMES Mortgage Investment Trust 2005-1 M8, 1-Month LIBOR + 160 bp, due 6/25/35) | June 25, 2035 | 1.28% Monthly | Specified amount upon credit event notice | \$ 43,000 | \$ 19,772 |
| Credit Suisse First Boston USA (AAMES Mortgage Investment Trust 2005-1 M9, 1-Month LIBOR + 250 bp, due 6/25/35) | June 25, 2035 | 2.05% Monthly | Specified amount upon credit event notice | 43,000 | 23,071 |
| Credit Suisse First Boston USA (ACE Securities Corp. 2005-HE1 M8, 1-Month LIBOR + 138 bp, due 2/25/35) | February 25, 2035 | 1.31% Monthly | Specified amount upon credit event notice | 43,000 | 11,934 |
| Credit Suisse First Boston USA (ACE Securities Corp. 2005-HE1 M9, 1-Month LIBOR + 220bp, due 2/25/35) | February 25, 2035 | 2.06% Monthly | Specified amount upon credit event notice | 28,289 | 14,059 |
| Credit Suisse First Boston USA (Aegis Asset Backed Securities Trust 2004-4 B2, 1-Month LIBOR + 190bp, due 10/25/34) | October 25, 2034 | 1.37% Monthly | Specified amount upon credit event notice | 33,043 | 14,783 |
| Credit Suisse First Boston USA (Aegis Asset Backed Securities Trust 2005 B2, 1-Month LIBOR + 130 bp, due 3/25/35) | March 25, 2035 | 1.31% Quarterly | Specified amount upon credit event notice | 43,000 | 32,205 |
| Credit Suisse First Boston USA (Aegis Asset Backed Securities Trust 2005 B3, 1-Month LIBOR + 200 bp, due 3/25/35) | March 25, 2035 | 2.18% Quarterly | Specified amount upon credit event notice | 43,000 | 35,998 |
| Credit Suisse First Boston USA (Argent Securities Inc. 2004-W11 M10, 1-Month LIBOR + 350bp, due 11/25/34) | November 25, 2034 | 2.15% Monthly | Specified amount upon credit event notice | 31,948 | 5,988 |
| Credit Suisse First Boston USA (Argent Securities Inc. 2004-W11 M9, 1-Month LIBOR + 225bp, due 11/25/34) | November 25, 2034 | 1.33% Monthly | Specified amount upon credit event notice | 43,000 | 7,360 |
| Credit Suisse First Boston USA (Argent Securities Inc. 2004-W4 M3, 1-Month LIBOR + 300 bp, due 3/25/34) | March 25, 2034 | 2.2% Monthly | Specified amount upon credit event notice | 20,620 | 10,883 |
| Credit Suisse First Boston USA (Finance America Mortgage Loan Trust 2004-3 M8, 1-Month LIBOR + 180bp, due 11/25/34) | November 25, 2034 | 1.31% Monthly | Specified amount upon credit event notice | 15,633 | 10,919 |
| Credit Suisse First Boston USA (Finance America Mortgage Loan Trust 2004-3 M9, 1-Month LIBOR + 315bp, due 11/25/34) | November 25, 2034 | 2.18% Monthly | Specified amount upon credit event notice | 15,632 | 11,670 |
| Credit Suisse First Boston USA (Fremont Home Loan Trust 2005-A M8, 1-Month LIBOR + 135 bp, due 1/25/35) | January 25, 2035 | 1.31% Monthly | Specified amount upon credit event notice | 17,046 | 11,871 |
| Credit Suisse First Boston USA (Fremont Home Loan Trust 2005-A, 1-Month LIBOR + | January 25, 2035 | 2.08% Monthly | Specified amount upon credit event | 17,202 | 14,183 |

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| | | | | | |
|---|--------------------|---------------|---|--------|--------|
| 100bp, due 1/25/35) | | | notice | | |
| Credit Suisse First Boston USA (IndyMac Home Equity Loan Asset-Backed, Trust 2004-C M8, 1-Month LIBOR + 190bp, due 3/25/35) | March 25, 2035 | 1.28% Monthly | Specified amount upon credit event notice | 43,000 | 14,111 |
| Credit Suisse First Boston USA (IndyMac Home Equity Loan Asset-Backed, Trust 2004-C M9, 1-Month LIBOR + 325bp, due 3/25/35) | March 25, 2035 | 2.05% Monthly | Specified amount upon credit event notice | 43,000 | 15,298 |
| Credit Suisse First Boston USA (Long Beach Mortgage Loan Trust 2004-1 M9, 1-Month LIBOR + 350bp, due 2/25/34) | February 25, 2034 | 2.15% Monthly | Specified amount upon credit event notice | 17,469 | 7,690 |
| Credit Suisse First Boston USA (Long Beach Mortgage Loan Trust 2005-1 M8, 1-Month LIBOR + 170 bp, due 2/25/35) | February 25, 2035 | 1.31% Monthly | Specified amount upon credit event notice | 43,000 | 13,653 |
| Credit Suisse First Boston USA (Long Beach Mortgage Loan Trust 2005-1 M9, 1-Month LIBOR + 275bp, due 2/25/35) | February 25, 2035 | 2.08% Monthly | Specified amount upon credit event notice | 43,000 | 16,944 |
| Credit Suisse First Boston USA (MASTR Asset Backed Securities Trust 2005-NC1 M8, 1-Month LIBOR + 153bp, due 12/25/34) | December 25, 2034 | 1.31% Monthly | Specified amount upon credit event notice | 43,000 | 26,909 |
| Credit Suisse First Boston USA (MASTR Asset Backed Securities Trust 2005-NC1 M9, 1-Month LIBOR + 240bp, due 12/25/34) | December 25, 2034 | 2.08% Monthly | Specified amount upon credit event notice | 43,000 | 26,214 |
| Credit Suisse First Boston USA (Merrill Lynch Mortgage Investors, Inc. 2004-WMC1 B3, 1-Month LIBOR + 225bp, due 9/25/35) | September 25, 2035 | 2.05% Monthly | Specified amount upon credit event notice | 43,000 | 7,314 |
| Credit Suisse First Boston USA (Merrill Lynch Mortgage Investors, Inc. 2004-WMC4 B3, 1-Month LIBOR + 375bp, due 4/25/35) | April 25, 2035 | 2.15% Monthly | Specified amount upon credit event notice | 36,882 | 8,695 |
| Credit Suisse First Boston USA (Merrill Lynch Mortgage Investors, Inc. 2005-NC1 B2, 1-Month LIBOR + 130bp, due 10/25/35) | October 25, 2035 | 1.28% Monthly | Specified amount upon credit event notice | 43,000 | 7,090 |
| Credit Suisse First Boston USA (Merrill Lynch Mortgage Investors, Inc. 2005-NC1 B3, 1-Month LIBOR + 205bp, due 10/25/35) | October 25, 2035 | 2.05% Monthly | Specified amount upon credit event notice | 43,000 | 9,753 |
| Credit Suisse First Boston USA (Merrill Lynch Mortgage Investors, Inc. 2005-WMC1 B2, 1-Month LIBOR + 135bp, due 9/25/35) | September 25, 2035 | 1.28% Monthly | Specified amount upon credit event notice | 43,000 | 10,172 |
| Credit Suisse First Boston USA (Morgan Stanley ABS Capital I 2005-WMC1 B2, 1-Month LIBOR + 130 bp, due 1/25/35) | January 25, 2035 | 1.31% Monthly | Specified amount upon credit event notice | 13,639 | 9,733 |
| Credit Suisse First Boston USA (Morgan Stanley ABS Capital I 2005-WMC1 B3, 1-Month LIBOR + 215bp, due 1/25/35) | January 25, 2035 | 2.18% Monthly | Specified amount upon credit event notice | 15,932 | 13,013 |
| Credit Suisse First Boston USA (New Century Home Equity Loan Trust 2004-2 M9, 1-Month LIBOR + 325bp, due 8/25/34) | August 25, 2034 | 2.15% Monthly | Specified amount upon credit event notice | 21,115 | 9,112 |
| Credit Suisse First Boston USA (New Century Home Equity Loan Trust 2005-1 M8, 1-Month LIBOR + 140 bp, due 3/25/35) | March 25, 2035 | 1.31% Monthly | Specified amount upon credit event notice | 43,000 | 12,726 |
| | March 25, 2035 | 2.18% Monthly | | 43,000 | 14,265 |

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| | | | | | |
|---|------------------|---|---|------------|-------------|
| Credit Suisse First Boston USA (New Century Home Equity Loan Trust 2005-1 M9, 1-Month LIBOR + 205 bp, due 3/25/35) | | | Specified amount upon credit event notice | | |
| Credit Suisse First Boston USA (Novastar Home Equity Loan 2005-1 B2, 1-Month LIBOR + 135 bp, due 6/25/35) | June 25, 2035 | 1.28% Monthly | Specified amount upon credit event notice | 43,000 | 16,920 |
| Credit Suisse First Boston USA (Novastar Home Equity Loan 2005-4 B3, 1-Month LIBOR + 195 bp, due 6/25/35) | June 25, 2035 | 2.05% Monthly | Specified amount upon credit event notice | 43,000 | 23,236 |
| Credit Suisse First Boston USA (Park Place Securities Inc. 2005-WCH1 M8, 1-Month LIBOR + 155bp, due 1/25/36) | January 25, 2036 | 1.36% Monthly | Specified amount upon credit event notice | 43,000 | 21,138 |
| Credit Suisse First Boston USA (Park Place Securities, Inc. 2005-WCH1 M9, 1-Month LIBOR + 250 bp, due 1/25/36) | January 25, 2036 | 2.18% Monthly | Specified amount upon credit event notice | 43,000 | 24,392 |
| Credit Suisse First Boston USA (People's Choice Home Loan Securities Trust 2004-1 M6, 1-Month LIBOR + 230bp, due 6/25/34) | June 25, 2034 | 1.37% Quarterly | Specified amount upon credit event notice | 46,139 | 8,796 |
| Credit Suisse First Boston USA (People's Choice Home Loan Securities Trust 2005-1 B3, 1-Month LIBOR + 260bp, due 1/25/35) | January 25, 2035 | 2.05% Monthly | Specified amount upon credit event notice | 43,000 | 20,965 |
| Credit Suisse First Boston USA (People's Choice Home Loan Securities Trust 2005-1, 1-Month LIBOR + 165bp, due 1/25/35) | January 25, 2035 | 1.28% Monthly | Specified amount upon credit event notice | 43,000 | 18,067 |
| Deutsche Bank AG (ABX. HE-AAA 06-2) | May 25, 2046 | Specified amount upon credit event notice | 0.11% Monthly | 300,000 | (60,302) |
| JP Morgan Chase & Co. (ABX.HE-AAA 07-2) | January 25, 2038 | Specified amount upon credit event notice | 0.76% Monthly | 20,000,000 | (9,269,085) |
| Merrill Lynch & Co., Inc. (ABX.HE-AAA 06-1) | July 25, 2045 | Specified amount upon credit event notice | 0.18% Monthly | 10,000,000 | (353,831) |
| Merrill Lynch & Co., Inc. (CDX HY 8) | June 20, 2012 | Specified amount upon credit event notice | 0.86% Quarterly | 30,000,000 | (700,783) |
| Merrill Lynch & Co., Inc. (CDX HY 8) | June 20, 2012 | Specified amount upon credit event notice | 1.135% Quarterly | 10,000,000 | (137,059) |
| Merrill Lynch & Co., Inc. (CDX HY 8) | June 20, 2012 | Specified amount upon credit event notice | 1.4% Quarterly | 15,000,000 | (66,055) |
| Merrill Lynch & Co., Inc. (iBoxx IG) | June 20, 2010 | Specified amount upon credit event notice | 0.4% Quarterly | 15,000,000 | (284,772) |

\$ (10,290,985)

Item 2 Controls and Procedures

- (a) Western Asset Premier Bond Fund (the Registrant) principal executive and principal financial officers have concluded, based on their evaluation of the Registrant s disclosure controls and procedures as of a date within 90 days of the filing date of this report, that the Registrant s disclosure controls and procedures are reasonably designed to ensure that information required to be disclosed by the Registrant on Form N-Q is recorded, processed, summarized and reported within the required time periods in the Securities and Exchange Commission s rules and forms and that information required to be disclosed by the Registrant in the reports that it files or submits on Form N-Q is accumulated and communicated to the Registrant s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

- (b) There were no changes in the Registrant s internal control over financial reporting during the Registrant s last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Registrant s internal control over financial reporting.

Item 3 Exhibits

Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 filed as an exhibit hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Western Asset Premier Bond

By: R. Jay Gerken
R. Jay Gerken
President
Western Asset Premier Bond

Date: May 21, 2008

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: R. Jay Gerken
R. Jay Gerken
President
Western Asset Premier Bond

Date: May 21, 2008

By: Marie K. Karpinski
Marie K. Karpinski
Principal Financial and Accounting Officer
Western Asset Premier Bond

Date: May 21, 2008