

WESTERN ASSET PREMIER BOND FUND

Form N-Q

May 26, 2006

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: Gregory B. McShea
385 East Colorado Boulevard
Pasadena, CA 91101

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

Date of fiscal year end: December 31, 2006

Date of reporting period: March 31, 2006

Item 1 Schedule of Investments

PORTFOLIO OF INVESTMENTS

Western Asset Premier Bond Fund

March 31, 2006 (unaudited)

(Amounts in thousands)

| | % OF NET ASSETS | RATE | MATURITY DATE | PAR | VALUE |
|--|--------------------|---------|------------------|--------|---------------------|
| Long-Term Securities | 147.6% | | | | |
| Corporate Bonds and Notes | 79.2% | | | | |
| Advertising | 0.2% | | | | |
| Affinion Group, Inc. | | 10.125% | 10/15/13 | \$ 100 | \$ 102 _A |
| World Directories Acquisition Subsidiary Corp. | | 8.375% | 12/01/14 | 280 | 276 _A |
| | | | | | 378 |
| Aerospace/Defense | 2.2% | | | | |
| Northrop Grumman Corporation | | 7.750% | 02/15/31 | 1,000 | 1,212 |
| Raytheon Company | | 6.750% | 08/15/07 | 584 | 593 |
| Raytheon Company | | 7.200% | 08/15/27 | 1,000 | 1,129 |
| The Boeing Company | | 6.125% | 02/15/33 | 600 | 624 |
| TransDigm Inc. | | 8.375% | 07/15/11 | 130 | 136 |
| | | | | | 3,694 |
| Apparel | 0.5% | | | | |
| Levi Strauss & Co. | | 9.280% | 04/01/12 | 155 | 160 _B |
| Levi Strauss & Co. | | 9.750% | 01/15/15 | 70 | 74 |
| Levi Strauss & Co. | | 8.875% | 04/01/16 | 70 | 70 _A |
| Oxford Industries, Inc. | | 8.875% | 06/01/11 | 270 | 278 |
| Russell Corporation | | 9.250% | 05/01/10 | 290 | 301 |
| | | | | | 883 |
| Auto Parts and Equipment | 1.1% | | | | |
| Commercial Vehicle Group, Inc. | | 8.000% | 07/01/13 | 250 | 250 |
| Keystone Automotive Operations Inc. | | 9.750% | 11/01/13 | 480 | 420 |
| Tenneco Automotive Inc. | | 10.250% | 07/15/13 | 230 | 255 |
| TRW Automotive Inc. | | 9.375% | 02/15/13 | 300 | 324 |
| Visteon Corporation | | 8.250% | 08/01/10 | 680 | 561 |
| | | | | | 1,810 |
| Automotive | 1.6% | | | | |
| Asbury Automotive Group Inc. | | 9.000% | 06/15/12 | 235 | 240 |
| DaimlerChrysler NA Holdings Corp. | | 7.300% | 01/15/12 | 1,000 | 1,057 |
| DaimlerChrysler NA Holdings Corp. | | 8.500% | 01/18/31 | 1,000 | 1,170 |
| General Motors Corporation | | 8.375% | 07/15/33 | 420 | 308 |
| | | | | | 2,775 |
| Banking and Finance | 3.2% | | | | |

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| | | | | |
|---------------------------------|--------|----------|-------|---------------------|
| Boeing Capital Corporation | 6.500% | 02/15/12 | 1,000 | 1,052 |
| Boeing Capital Corporation | 5.800% | 01/15/13 | 400 | 407 |
| Fuji JGB Inv | 9.870% | 06/30/08 | 790 | 858 _{A, B} |
| General Motors Acceptance Corp. | 6.875% | 08/28/12 | 210 | 194 |
| General Motors Acceptance Corp. | 8.000% | 11/01/31 | 1,470 | 1,389 |
| HSBC Finance Corporation | 4.750% | 07/15/13 | 1,670 | 1,571 _C |

5,471

PORTFOLIO OF INVESTMENTS

Western Asset Premier Bond Fund

March 31, 2006 (unaudited)

(Amounts in thousands)

| | % OF NET ASSETS | RATE | MATURITY DATE | PAR | VALUE |
|--|--------------------|---------|------------------|--------|---------------------|
| Corporate Bonds and Notes Continued | | | | | |
| <i>Banks</i> | 0.2% | | | | |
| Washington Mutual Bank FA | | 5.500% | 01/15/13 | \$ 440 | \$ 435 |
| <i>Building Materials</i> | 0.5% | | | | |
| Associated Materials Inc. | | 0.000% | 03/01/14 | 720 | 414 _D |
| Nortek Inc. | | 8.500% | 09/01/14 | 355 | 361 |
| | | | | | 775 |
| <i>Cable</i> | 2.1% | | | | |
| Charter Communication Holdings I | | 0.000% | 05/15/14 | 370 | 192 _D |
| Charter Communication Holdings II | | 10.250% | 09/15/10 | 492 | 483 |
| Comcast Cable Communications, Inc. | | 6.750% | 01/30/11 | 500 | 520 |
| Comcast Corporation | | 5.900% | 03/15/16 | 400 | 392 |
| Comcast Corporation | | 7.050% | 03/15/33 | 1,000 | 1,029 |
| CSC Holdings Inc. | | 7.250% | 04/15/12 | 250 | 244 _A |
| CSC Holdings Inc. | | 7.875% | 02/15/18 | 380 | 380 |
| LodgeNet Entertainment Corporation | | 9.500% | 06/15/13 | 321 | 347 |
| | | | | | 3,587 |
| <i>Casino Resorts</i> | 1.0% | | | | |
| Inn of The Mountain Gods | | 12.000% | 11/15/10 | 530 | 572 |
| Pinnacle Entertainment, Inc. | | 8.250% | 03/15/12 | 250 | 262 |
| Premier Entertainment Biloxi LLC | | 10.750% | 02/01/12 | 707 | 675 |
| Station Casinos, Inc. | | 6.625% | 03/15/18 | 150 | 147 _A |
| | | | | | 1,656 |
| <i>Chemicals</i> | 1.5% | | | | |
| The Dow Chemical Company | | 6.000% | 10/01/12 | 2,500 | 2,560 |
| <i>Coal</i> | 0.2% | | | | |
| Alpha Natural Resources | | 10.000% | 06/01/12 | 350 | 385 |
| <i>Computers Services and Systems</i> | 1.8% | | | | |
| Activant Solutions, Inc. | | 10.530% | 04/01/10 | 250 | 255 _{A, B} |
| DynCorp Inc. | | 9.500% | 02/15/13 | 550 | 572 |
| Electronic Data Systems Corporation | | 7.125% | 10/15/09 | 700 | 735 |
| Electronic Data Systems Corporation | | 7.450% | 10/15/29 | 500 | 531 |
| International Business Machines Corporation | | 4.750% | 11/29/12 | 240 | 232 |
| Sungard Data Systems Inc. | | 10.250% | 08/15/15 | 630 | 663 _A |
| | | | | | 2,988 |

PORTFOLIO OF INVESTMENTS

Western Asset Premier Bond Fund

March 31, 2006 (unaudited)

(Amounts in thousands)

| | % OF NET ASSETS | RATE | MATURITY DATE | PAR | VALUE |
|--|--------------------|---------|------------------|--------|--------------------|
| Corporate Bonds and Notes Continued | | | | | |
| <i>Containers and Packaging</i> | 0.4% | | | | |
| Graham Packaging Company Inc. | | 9.875% | 10/15/14 | \$ 153 | \$ 155 |
| Graphic Packaging International Corp. | | 9.500% | 08/15/13 | 250 | 234 |
| Owens-Brockway Glass Container Inc. | | 8.750% | 11/15/12 | 330 | 353 |
| | | | | | 742 |
| <i>Construction Machinery</i> | 0.3% | | | | |
| H&E Equipment/Finance Corp. | | 11.125% | 06/15/12 | 390 | 432 |
| <i>Diversified Financial Services</i> | 3.1% | | | | |
| AAC Group Holding Corp. | | 0.000% | 10/01/12 | 440 | 341 _D |
| CIT Group Inc. | | 7.750% | 04/02/12 | 1,600 | 1,764 |
| Citigroup Inc. | | 6.625% | 06/15/32 | 1,000 | 1,071 |
| CitiSteel USA Inc. | | 12.480% | 09/01/10 | 350 | 359 _{A,B} |
| General Electric Capital Corporation | | 3.750% | 12/15/09 | 740 | 700 |
| General Electric Capital Corporation | | 6.000% | 06/15/12 | 700 | 719 |
| General Electric Capital Corporation | | 5.450% | 01/15/13 | 250 | 250 |
| | | | | | 5,204 |
| <i>Drug & Grocery Store Chains</i> | 1.5% | | | | |
| CVS Lease Pass Through | | 5.880% | 01/10/28 | 1,595 | 1,556 _A |
| Delhaize America, Inc. | | 8.125% | 04/15/11 | 230 | 248 |
| Delhaize America, Inc. | | 9.000% | 04/15/31 | 180 | 208 |
| Safeway Inc. | | 5.800% | 08/15/12 | 500 | 498 |
| | | | | | 2,510 |
| <i>Electric</i> | 6.8% | | | | |
| Dominion Resources, Inc. | | 5.700% | 09/17/12 | 770 | 763 |
| Duke Energy Corporation | | 6.250% | 01/15/12 | 250 | 258 |
| Elwood Energy LLC | | 8.159% | 07/05/26 | 358 | 381 |
| Exelon Generation Co. LLC | | 6.950% | 06/15/11 | 2,000 | 2,111 |
| FirstEnergy Corp. | | 6.450% | 11/15/11 | 610 | 631 |
| FirstEnergy Corp. | | 7.375% | 11/15/31 | 3,040 | 3,377 |
| MidAmerican Energy Holdings Company | | 5.875% | 10/01/12 | 250 | 252 |
| Niagara Mohawk Power Corporation | | 7.750% | 10/01/08 | 1,500 | 1,577 |
| Progress Energy, Inc. | | 7.100% | 03/01/11 | 250 | 265 |
| Progress Energy, Inc. | | 6.850% | 04/15/12 | 750 | 791 |
| The AES Corporation | | 7.750% | 03/01/14 | 430 | 451 _A |
| The AES Corporation | | 9.000% | 05/15/15 | 440 | 477 |
| TXU Electric Delivery Company | | 7.000% | 09/01/22 | 250 | 267 |

11,601

| | | | | | |
|------------------------|------|--------|----------|-----|-----|
| Energy | 0.5% | | | | |
| Midwest Generation LLC | | 8.750% | 05/01/34 | 325 | 352 |
| NRG Energy, Inc. | | 7.375% | 02/01/16 | 505 | 516 |

868

PORTFOLIO OF INVESTMENTS

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March 31, 2006 (unaudited)

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| | % OF NET ASSETS | RATE | MATURITY DATE | PAR | VALUE |
|--|--------------------|---------|------------------|--------|---------------------|
| Corporate Bonds and Notes Continued | | | | | |
| <i>Entertainment</i> | 0.4% | | | | |
| AMC Entertainment Inc. | | 11.000% | 02/01/16 | \$ 560 | \$ 578 _A |
| Warner Music Group | | 7.375% | 04/15/14 | 110 | 109 |
| | | | | | 687 |
| <i>Environmental Services</i> | 1.7% | | | | |
| Allied Waste North America Incorporated | | 8.875% | 04/01/08 | 350 | 367 |
| Waste Management, Inc. | | 7.375% | 05/15/29 | 2,000 | 2,244 |
| Waste Management, Inc. | | 7.750% | 05/15/32 | 40 | 47 |
| Waste Services Inc. | | 9.500% | 04/15/14 | 140 | 144 |
| | | | | | 2,802 |
| <i>Food, Beverage and Tobacco</i> | 2.2% | | | | |
| Altria Group, Inc. | | 7.000% | 11/04/13 | 250 | 269 |
| Altria Group, Inc. | | 7.750% | 01/15/27 | 1,000 | 1,144 |
| Kraft Foods Inc. | | 5.250% | 10/01/13 | 400 | 389 |
| Nabisco Inc. | | 7.550% | 06/15/15 | 1,500 | 1,702 |
| RJ Reynolds Tobacco | | 6.500% | 07/15/10 | 160 | 161 |
| | | | | | 3,665 |
| <i>Gas and Pipeline Utilities</i> | 3.2% | | | | |
| Colorado Interstate Gas Company | | 6.800% | 11/15/15 | 150 | 153 _A |
| Duke Energy Field Services Corporation | | 7.875% | 08/16/10 | 750 | 814 |
| Dynegy Holdings Inc. | | 8.750% | 02/15/12 | 370 | 387 |
| Kinder Morgan Energy Partners, L.P. | | 7.125% | 03/15/12 | 500 | 533 |
| Panhandle Eastern Pipe Line Company | | 4.800% | 08/15/08 | 400 | 393 |
| Texas Eastern Transmission | | 5.250% | 07/15/07 | 750 | 746 |
| The Williams Companies, Inc. | | 7.500% | 01/15/31 | 902 | 936 |
| The Williams Companies, Inc. | | 8.750% | 03/15/32 | 1,200 | 1,404 |
| | | | | | 5,366 |
| <i>Healthcare</i> | 2.7% | | | | |
| Fresenius Medical Care Capital Trust II | | 7.875% | 02/01/08 | 250 | 256 |
| Tenet Healthcare Corporation | | 9.875% | 07/01/14 | 713 | 722 |
| Tenet Healthcare Corporation | | 9.500% | 02/01/15 | 2,810 | 2,817 _A |
| Vanguard Health Holding Co. I, LLC | | 0.000% | 10/01/15 | 345 | 252 _D |
| Vanguard Health Holding Co. II, LLC | | 9.000% | 10/01/14 | 450 | 460 |
| | | | | | 4,507 |

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| Corporate Bonds and Notes Continued | | | | | |
| <i>Investment Banking/Brokerage</i> | 4.1% | | | | |
| Credit Suisse First Boston, USA | | 6.500% | 01/15/12 | \$ 1,125 | \$ 1,175 |
| J.P. Morgan Chase & Co. | | 5.750% | 01/02/13 | 1,750 | 1,762 _C |
| J.P. Morgan Chase & Co. | | 5.125% | 09/15/14 | 1,300 | 1,250 _C |
| Morgan Stanley | | 6.600% | 04/01/12 | 1,500 | 1,574 |
| The Goldman Sachs Group, Inc. | | 6.600% | 01/15/12 | 1,200 | 1,258 _C |
| | | | | | 7,019 |
| <i>Machinery</i> | 0.3% | | | | |
| Terex Corporation | | 7.375% | 01/15/14 | 500 | 513 |
| <i>Manufacturing (Diversified)</i> | 2.8% | | | | |
| Ames True Temper, Inc. | | 8.600% | 01/15/12 | 260 | 253 _B |
| Eastman Kodak Co. | | 7.250% | 11/15/13 | 2,210 | 2,147 |
| Interface, Inc. | | 10.375% | 02/01/10 | 400 | 438 |
| Jacuzzi Brands, Incorporated | | 9.625% | 07/01/10 | 535 | 574 |
| Koppers Inc. | | 9.875% | 10/15/13 | 203 | 222 |
| Leiner Health Products L.P. | | 11.000% | 06/01/12 | 280 | 275 |
| Norcraft Companies, L.P. | | 9.000% | 11/01/11 | 480 | 499 |
| Rayovac Corporation | | 8.500% | 10/01/13 | 270 | 250 |
| | | | | | 4,658 |
| <i>Media</i> | 3.5% | | | | |
| AOL Time Warner Inc. | | 6.150% | 05/01/07 | 250 | 252 |
| AOL Time Warner Inc. | | 6.875% | 05/01/12 | 1,400 | 1,468 |
| AOL Time Warner Inc. | | 7.700% | 05/01/32 | 1,150 | 1,265 |
| Clear Channel Communications, Inc. | | 4.900% | 05/15/15 | 700 | 612 |
| Liberty Media Corporation | | 6.410% | 09/17/06 | 88 | 88 _B |
| Liberty Media Corporation | | 3.750% | 02/15/30 | 1,860 | 1,049 _E |
| LIN Television Corporation | | 6.500% | 05/15/13 | 120 | 113 |
| News America Holdings Inc. | | 6.625% | 01/09/08 | 300 | 306 |
| News America Holdings Inc. | | 8.875% | 04/26/23 | 400 | 476 |
| Sinclair Broadcast Group, Inc. | | 8.000% | 03/15/12 | 330 | 337 |
| | | | | | 5,966 |

PORTFOLIO OF INVESTMENTS

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|--|--------------------|---------|------------------|--------|--------------------|
| Corporate Bonds and Notes Continued | | | | | |
| <i>Medical Care Facilities</i> | 0.6% | | | | |
| DaVita, Inc. | | 7.250% | 03/15/15 | \$ 410 | \$ 412 |
| HCA, Inc. | | 7.690% | 06/15/25 | 120 | 119 |
| HCA, Inc. | | 7.500% | 11/06/33 | 280 | 274 |
| Select Medical Corporation | | 7.625% | 02/01/15 | 240 | 217 |
| | | | | | 1,022 |
| <i>Metals and Mining</i> | 0.6% | | | | |
| Alcoa Inc. | | 5.375% | 01/15/13 | 750 | 741 |
| Metals USA, Inc. | | 11.125% | 12/01/15 | 200 | 220 _A |
| | | | | | 961 |
| <i>Oil and Gas</i> | 7.3% | | | | |
| Amerada Hess Corporation | | 7.300% | 08/15/31 | 1,700 | 1,893 |
| AmeriGas Partners, L.P. | | 7.250% | 05/20/15 | 90 | 90 |
| Belden & Blake Corporation | | 8.750% | 07/15/12 | 750 | 772 |
| ConocoPhillips | | 4.750% | 10/15/12 | 1,000 | 964 |
| Devon Energy Corporation | | 7.950% | 04/15/32 | 1,000 | 1,225 |
| Devon Finance Corp. ULC | | 6.875% | 09/30/11 | 2,000 | 2,120 |
| El Paso Corporation | | 6.375% | 02/01/09 | 333 | 329 _A |
| El Paso Corporation | | 7.750% | 06/15/10 | 1,496 | 1,543 _A |
| El Paso Corporation | | 7.625% | 07/15/11 | 500 | 515 |
| El Paso Corporation | | 7.800% | 08/01/31 | 210 | 211 |
| Occidental Petroleum Corporation | | 6.750% | 01/15/12 | 500 | 535 |
| Parker Drilling Company | | 9.625% | 10/01/13 | 300 | 333 |
| Plains Exploration & Production Company | | 7.125% | 06/15/14 | 190 | 195 |
| Pride International, Inc. | | 7.375% | 07/15/14 | 240 | 252 |
| Superior Energy Services, Inc. | | 8.875% | 05/15/11 | 170 | 178 |
| Suburban Propane Partners, LP | | 6.875% | 12/15/13 | 580 | 557 |
| Valero Energy Corporation | | 7.500% | 04/15/32 | 400 | 460 |
| Vintage Petroleum, Inc. | | 7.875% | 05/15/11 | 250 | 260 |
| | | | | | 12,432 |

PORTFOLIO OF INVESTMENTS

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|--|--------------------|---------|------------------|--------|------------------|
| Corporate Bonds and Notes - Continued | | | | | |
| Paper and Forest Products | 2.6% | | | | |
| NewPage Corporation | | 12.000% | 05/01/13 | \$ 730 | \$ 759 |
| Weyerhaeuser Company | | 6.750% | 03/15/12 | 2,400 | 2,498 |
| Weyerhaeuser Company | | 7.375% | 03/15/32 | 1,000 | 1,068 |
| | | | | | 4,325 |
| Publishing | 0.5% | | | | |
| Dex Media East LLC | | 9.875% | 11/15/09 | 250 | 267 |
| Dex Media East LLC | | 12.125% | 11/15/12 | 122 | 139 |
| PRIMEDIA Inc. | | 8.875% | 05/15/11 | 315 | 307 |
| The Reader s Digest Association, Inc. | | 6.500% | 03/01/11 | 100 | 100 |
| | | | | | 813 |
| Real Estate | 0.2% | | | | |
| Kimball Hill Inc. | | 10.500% | 12/15/12 | 170 | 161 _A |
| Ventas Realty, Inc. | | 6.625% | 10/15/14 | 260 | 260 |
| | | | | | 421 |
| Rental Auto/Equipment | 0.5% | | | | |
| Hertz Corporation | | 10.500% | 01/01/16 | 400 | 434 _A |
| NationsRent Inc. | | 9.500% | 10/15/10 | 340 | 370 |
| NationsRent Inc. | | 9.500% | 05/01/15 | 70 | 76 |
| | | | | | 880 |
| Retail | 0.4% | | | | |
| EPL Finance Corp. | | 11.750% | 11/15/13 | 195 | 200 _A |
| Neiman Marcus Group, Inc. | | 10.375% | 10/15/15 | 320 | 340 _A |
| Stater Bros. Holdings Inc. | | 8.410% | 06/15/10 | 170 | 174 _B |
| | | | | | 714 |
| Retail (Food Chains) | 0.2% | | | | |
| Denny s Corp./Denny s Holdings | | 10.000% | 10/01/12 | 90 | 93 |
| Domino s Inc. | | 8.250% | 07/01/11 | 248 | 254 |
| | | | | | 347 |
| Services (Diversified) | 0.1% | | | | |
| Service Corporation International | | 7.500% | 06/15/17 | 140 | 142 _A |

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| <i>Special Purpose</i> | 1.3% | | | | |
|-------------------------------|---------|----------|-----|------------------|--|
| Air 2 U.S. | 8.027% | 10/01/19 | 252 | 251 _A | |
| Hexion US Finance Corp. | 9.000% | 07/15/14 | 280 | 288 | |
| Milacron Escrow Corp. | 11.500% | 05/15/11 | 410 | 375 | |
| Rainbow National Services LLC | 8.750% | 09/01/12 | 100 | 106 _A | |
| Rainbow National Services LLC | 10.375% | 09/01/14 | 250 | 280 _A | |
| River Rock Entertainment | 9.750% | 11/01/11 | 380 | 410 | |
| UGS Corp. | 10.000% | 06/01/12 | 230 | 253 | |
| UCAR Finance Inc. | 10.250% | 02/15/12 | 300 | 320 | |

2,283

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|---|--------------------|---------|------------------|----------|--------------------|
| Corporate Bonds and Notes Continued | | | | | |
| Telecommunications | 4.1% | | | | |
| BellSouth Corporation | | 6.000% | 10/15/11 | \$ 1,000 | \$ 1,018 |
| Cincinnati Bell Inc. | | 7.000% | 02/15/15 | 355 | 351 |
| Citizens Communications Company | | 9.250% | 05/15/11 | 90 | 99 |
| Hawaiian Telecom Communications, Inc. | | 12.500% | 05/01/15 | 635 | 629 _A |
| Qwest Communications International Inc. | | 7.250% | 02/15/11 | 160 | 164 |
| Qwest Corporation | | 7.875% | 09/01/11 | 390 | 416 |
| Qwest Corporation | | 8.875% | 03/15/12 | 140 | 156 |
| SBC Communications Inc. | | 6.250% | 03/15/11 | 1,000 | 1,026 _F |
| Sprint Capital Corp. | | 6.000% | 01/15/07 | 1,500 | 1,507 _C |
| Sprint Capital Corp. | | 8.375% | 03/15/12 | 1,450 | 1,638 _C |
| | | | | | 7,004 |
| Telecommunications (Cellular/Wireless) | 1.7% | | | | |
| AT&T Wireless Services, Inc. | | 7.500% | 05/01/07 | 500 | 511 |
| AT&T Wireless Services, Inc. | | 8.125% | 05/01/12 | 500 | 561 |
| Cingular Wireless LLC | | 6.500% | 12/15/11 | 250 | 261 |
| L-3 Communications Corporation | | 6.375% | 10/15/15 | 430 | 424 |
| Motorola, Inc. | | 7.625% | 11/15/10 | 64 | 70 |
| Rural Cellular Corp. | | 9.875% | 02/01/10 | 235 | 251 |
| Telcordia Technologies Inc. | | 10.000% | 03/15/13 | 485 | 444 _A |
| Ubiquitel Operating Co. | | 9.875% | 03/01/11 | 150 | 164 |
| Verizon Wireless Capital LLC | | 5.375% | 12/15/06 | 250 | 250 |
| | | | | | 2,936 |
| Transportation | 9.3% | | | | |
| America West Airlines, Inc. | | 8.057% | 07/02/20 | 1,926 | 2,009 |
| American Airlines, Inc. | | 7.800% | 10/01/06 | 310 | 311 |
| American Commercial Lines/ACL Finance Corp. | | 9.500% | 02/15/15 | 136 | 150 |
| Continental Airlines, Inc. | | 7.033% | 06/15/11 | 230 | 219 |
| Continental Airlines, Inc. | | 6.900% | 01/02/18 | 1,170 | 1,192 |
| Continental Airlines, Inc. | | 6.545% | 02/02/19 | 1,044 | 1,058 |
| Continental Airlines, Inc. | | 8.048% | 11/01/20 | 767 | 809 |
| Delta Air Lines, Inc. | | 6.718% | 01/02/23 | 2,902 | 2,932 |
| GulfMark Offshore, Inc. | | 7.750% | 07/15/14 | 270 | 275 |
| H-Lines Finance Holding Corp. | | 0.000% | 04/01/13 | 247 | 205 _D |
| Horizon Lines, LLC | | 9.000% | 11/01/12 | 244 | 258 |
| Kansas City Southern Railway Co. | | 7.500% | 06/15/09 | 150 | 152 |
| Northwest Airlines Inc. | | 5.190% | 08/06/13 | 2,620 | 2,411 _B |
| Progress Rail Services Corp./Progress Metal Reclamation Co. | | 7.750% | 04/01/12 | 270 | 281 _A |
| Sky EETC-Backed Trust Certificates | | 7.575% | 03/01/19 | 600 | 606 _A |
| Union Pacific Corporation | | 6.125% | 01/15/12 | 2,000 | 2,054 |

PORTFOLIO OF INVESTMENTS

Western Asset Premier Bond Fund

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| | % OF NET ASSETS | RATE | MATURITY DATE | PAR | VALUE |
|---|--------------------|---------|------------------|----------|-----------------------|
| Corporate Bonds and Notes Continued | | | | | |
| <i>Transportation Continued</i> | | | | | |
| US Airways, Inc. Escrow | | 0.000% | 01/01/07 | \$ 1,900 | \$ G |
| US Airways, Inc. Series 89A2 | | 9.820% | 01/01/13 | 473 | 208 _H |
| US Airways, Inc. Series 93A3 | | 10.375% | 03/01/13 | 236 | 104 _H |
| US Airways, Inc. Pass Thru Certificates | | 6.850% | 01/30/18 | 564 | 576 |
| | | | | | 15,810 |
| Total Corporate Bonds and Notes | | | | | 134,027 |
| (Identified Cost \$130,825) | | | | | |
| Asset-Backed Securities | | | | | |
| | 11.0% | | | | |
| <i>Fixed Rate Securities</i> | | | | | |
| | 5.9% | | | | |
| ACE Securities Corp. 2002-M Trust | | 0.000% | 10/13/17 | 312 | 6 _{A, G} |
| BankAmerica Manufactured Housing Contract 1997-2 | | 6.900% | 04/10/28 | 100 | 114 |
| Captiva CBO 1997-1 | | 6.860% | 11/30/09 | 393 | 393 _{A, I} |
| Conseco Finance Securitizations Corp. 2002-1 | | 6.681% | 12/01/33 | 1,187 | 1,192 |
| Contimortgage Home Equity Loan Trust 1997-4 | | 7.330% | 10/15/28 | 763 | 630 |
| FirstFed Corp. Manufactured Housing Contract 1996-1 | | 8.060% | 10/15/22 | 2,100 | 2,857 _A |
| Green Tree Financial Corporation 1992-2 | | 9.150% | 01/15/18 | 681 | 602 |
| Green Tree Financial Corporation 1993-1 | | 8.450% | 04/15/18 | 901 | 827 |
| Green Tree Financial Corporation 1996-D | | 8.000% | 09/15/27 | 257 | 251 |
| Green Tree Financial Corporation 1999-4 | | 6.970% | 05/01/31 | 492 | 495 |
| Mutual Fund Fee 2000-2 | | 9.550% | 04/30/08 | 561 | 62 _A |
| Mutual Fund Fee 2000-3 | | 9.070% | 07/01/08 | 2,927 | 489 _A |
| Oakwood Mortgage Investors Inc. 2002-B | | 6.060% | 03/15/25 | 556 | 476 |
| Pegasus Aviation Lease Securitization 2000-1 | | 8.370% | 03/25/30 | 1,300 | 824 _A |
| Vanderbilt Mortgage Finance 1997-B | | 8.155% | 10/07/26 | 750 | 770 |
| | | | | | 9,988 |
| <i>Floating Rate Securities^B</i> | | | | | |
| | 5.0% | | | | |
| ACE Securities Corp. 2005-SD1 | | 5.218% | 11/25/50 | 889 | 890 |
| Banagricola DPR Funding | | 5.800% | 03/15/10 | 1,672 | 1,672 _{A, I} |
| Bayview Financial Asset Trust 2004-SSRA | | 5.418% | 12/25/39 | 1,111 | 1,113 _A |
| CS First Boston Mortgage Securities Corp. 2004-CF2 | | 5.288% | 05/25/44 | 838 | 838 _A |
| Residential Asset Mortgage Products 2004-RZ1 | | 5.058% | 03/25/34 | 1,242 | 1,242 |
| Residential Asset Securities Corporation 2001-KS3 | | 5.048% | 09/25/31 | 1,097 | 1,097 |
| Saxson Asset Securities Trust 2000-2 | | 8.870% | 07/25/30 | 1,588 | 1,581 |
| | | | | | 8,433 |
| <i>Stripped Securities</i> | | | | | |
| | 0.1% | | | | |
| Oakwood Mortgage Investors Inc. 2002-C | | 6.000% | 08/15/10 | 844 | 140 _{J1} |

Total Asset-Backed Securities
(Identified Cost \$19,542)

18,561

PORTFOLIO OF INVESTMENTS

Western Asset Premier Bond Fund

March 31, 2006 (unaudited)

(Amounts in thousands)

| | % OF NET ASSETS | RATE | MATURITY DATE | PAR | VALUE |
|---|--------------------|--------|------------------|--------|----------------------|
| Mortgage-Backed Securities | 8.4% | | | | |
| <i>Fixed Rate Securities</i> | 4.5% | | | | |
| Asset Securitization Corporation 1996-D2 | | 6.920% | 02/14/29 | \$ 104 | \$ 104 |
| Bear Stearns Asset Backed Securities, Inc. 2002-AC1 | | 7.000% | 01/25/32 | 2,149 | 2,147 _A |
| Commercial Mortgage Acceptance Corporation 1997-ML1 | | 6.570% | 12/15/30 | 1,250 | 1,266 |
| Commercial Mortgage Acceptance Corporation 1997-ML1 | | 6.735% | 12/15/30 | 1,578 | 1,602 |
| Enterprise Mortgage Acceptance Company 1999-1 | | 6.420% | 10/15/25 | 288 | 124 _A |
| GMAC Commercial Mortgage Security Inc. 1998-C1 | | 6.700% | 05/15/30 | 473 | 482 |
| GMAC Commercial Mortgage Security Inc. 1998-C1 | | 6.974% | 05/15/30 | 1,000 | 1,024 |
| Metropolitan Asset Funding, Inc. 1998-B1 | | 8.000% | 11/20/24 | 1,000 | 853 |
| | | | | | 7,602 |
| <i>Floating Rate Securities</i> ^B | 3.0% | | | | |
| Banc of America Commercial Mortgage Inc. 2005-5 A4 | | 5.115% | 10/10/45 | 1,050 | 1,016 |
| Blackrock Capital Finance LP 1997-R2 | | 6.305% | 12/25/35 | 1,031 | 773 _A |
| Harborview Mortgage Loan Trust 2004-8 | | 5.180% | 11/19/34 | 939 | 943 |
| Harborview Mortgage Loan Trust 2005-9 | | 6.530% | 06/20/35 | 1,500 | 1,230 |
| Merit Securities Corporation 11PA | | 7.070% | 09/28/32 | 850 | 246 _A |
| Washington Mutual 2004-AR12 | | 5.015% | 10/25/44 | 898 | 900 |
| | | | | | 5,108 |
| <i>Stripped Securities</i> | 0.9% | | | | |
| LB-UBS Commercial Mortgage Trust 2001-C3 | | 0.977% | 06/15/36 | 3,118 | 122 ^{A, J1} |
| Prime Mortgage Trust 2005-2 | | 1.743% | 10/25/32 | 4,260 | 168 _{J1} |
| Prime Mortgage Trust 2005-5 | | 0.874% | 07/25/34 | 27,467 | 263 _{J1} |
| Prime Mortgage Trust 2005-5 | | 1.572% | 07/25/34 | 3,367 | 261 _{J1} |
| Residential Asset Mortgage Products, Inc. 2005-SL2 | | 0.000% | 02/25/32 | 919 | 718 _{J2} |
| | | | | | 1,532 |
| Total Mortgage-Backed Securities (Identified Cost \$14,804) | | | | | 14,242 |
| U.S. Government Securities | 13.4% | | | | |
| <i>Fixed Rate Securities</i> | | | | | |
| United States Treasury Bonds | | 5.375% | 02/15/31 | 2,500 | 2,632 _C |
| United States Treasury Notes | | 3.375% | 02/28/07 | 6,000 | 5,920 _C |
| | | | | | 8,552 |
| <i>Indexed Securities</i> | | | | | |
| United States Treasury Inflation-Protected Security | | 3.625% | 01/15/08 | 2,300 | 2,900 _{C,K} |
| United States Treasury Inflation-Protected Security | | 3.000% | 07/15/12 | 2,550 | 2,930 _{C,K} |

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| | | | | |
|---|--------|----------|-------|----------------------|
| United States Treasury Inflation-Protected Security | 1.875% | 07/15/13 | 5,000 | 5,241 _{C,K} |
| United States Treasury Inflation-Protected Security | 2.000% | 07/15/14 | 3,000 | 3,077 _{C,K} |

14,148

| | | | | |
|---|--|--|--|--------|
| Total U.S. Government Securities (Identified Cost \$22,584) | | | | 22,700 |
|---|--|--|--|--------|

| | | | | |
|--|-------------|----------|-------|-------|
| U.S. Government Agency Mortgage-Backed Securities | 0.8% | | | |
| Fannie Mae | 6.500% | 08/25/44 | 1,339 | 1,355 |

| | | | | |
|---|--|--|--|-------|
| Total U.S. Government Agency Mortgage-Backed Securities (Identified Cost \$1,392) | | | | 1,355 |
|---|--|--|--|-------|

PORTFOLIO OF INVESTMENTS

Western Asset Premier Bond Fund

March 31, 2006 (unaudited)

(Amounts in thousands)

| | % OF NET ASSETS | RATE | MATURITY DATE | PAR | VALUE |
|---------------------------------|--------------------|---------|------------------|--------|---------------------|
| Yankee Bonds¹ | 28.7% | | | | |
| <i>Aerospace/Defense</i> | 0.2% | | | | |
| Systems 2001 Asset Trust | | 6.664% | 09/15/13 | \$ 254 | \$ 265 _A |
| <i>Cable</i> | 0.3% | | | | |
| Kabel Deutschland GmbH | | 10.625% | 07/01/14 | 430 | 459 _A |
| <i>Chemicals</i> | 0.1% | | | | |
| Montell Finance Co. B.V. | | 8.100% | 03/15/27 | 200 | 194 _A |
| <i>Electric</i> | 1.0% | | | | |
| Hydro-Quebec | | 6.300% | 05/11/11 | 1,700 | 1,772 |
| <i>Energy</i> | 0.1% | | | | |
| Aquila Canada Finance Corp. | | 7.750% | 06/15/11 | 110 | 114 |
| <i>Foreign Government</i> | 16.0% | | | | |
| Dominican Republic | | 9.500% | 09/27/11 | 397 | 427 _A |
| Federative Republic of Brazil | | 7.875% | 03/07/15 | 585 | 632 |
| Federative Republic of Brazil | | 8.875% | 04/15/24 | 300 | 347 |
| Federative Republic of Brazil | | 10.125% | 05/15/27 | 143 | 185 |
| Federative Republic of Brazil | | 12.250% | 03/06/30 | 856 | 1,303 |
| Federative Republic of Brazil | | 11.000% | 08/17/40 | 3,812 | 4,891 |
| Republic of Colombia | | 11.750% | 02/25/20 | 1,970 | 2,807 _A |
| Republic of Ecuador | | 9.000% | 08/15/30 | 605 | 610 _D |
| Republic of El Salvador | | 8.250% | 04/10/32 | 625 | 706 _A |
| Republic of Honduras | | 4.487% | 10/01/11 | 201 | 198 _B |
| Republic of Panama | | 6.700% | 01/26/36 | 1,321 | 1,318 |
| Republic of Peru | | 5.000% | 03/07/17 | 1,878 | 1,784 _B |
| Republic of Peru | | 8.750% | 11/21/33 | 950 | 1,059 |
| Russian Federation | | 5.000% | 03/31/30 | 8,005 | 8,783 _D |
| United Mexican States | | 7.500% | 04/08/33 | 1,870 | 2,085 |
| | | | | | 27,135 |
| <i>Insurance</i> | 0.6% | | | | |
| XL Capital Ltd. | | 5.250% | 09/15/14 | 1,000 | 946 |

PORTFOLIO OF INVESTMENTS

Western Asset Premier Bond Fund

March 31, 2006 (unaudited)

(Amounts in thousands)

| | % OF NET ASSETS | RATE | MATURITY DATE | PAR | VALUE |
|---|--------------------|---------|------------------|--------|--------------------|
| Yankee Bonds¹ (Continued) | | | | | |
| Manufacturing (Diversified) | 2.3% | | | | |
| Flextronics International Ltd. | | 6.500% | 05/15/13 | \$ 150 | \$ 149 |
| Tyco International Group SA | | 6.375% | 10/15/11 | 1,000 | 1,027 |
| Tyco International Group SA | | 6.875% | 01/15/29 | 2,615 | 2,730 |
| | | | | | 3,906 |
| Media | N.M. | | | | |
| Quebecor Media Inc. | | 7.750% | 03/15/16 | 55 | 57 _A |
| Metals and Mining | 0.2% | | | | |
| Chaparral Steel Co. | | 10.000% | 07/15/13 | 20 | 22 |
| Ispat Inland ULC | | 9.750% | 04/01/14 | 220 | 249 |
| RathGibson, Inc. | | 11.250% | 02/15/14 | 25 | 26 _A |
| | | | | | 297 |
| Oil and Gas | 2.4% | | | | |
| Anadarko Finance Co. | | 6.750% | 05/01/11 | 750 | 790 |
| Anadarko Finance Co. | | 7.500% | 05/01/31 | 1,000 | 1,163 |
| Compagnie Generale de Geophysique SA (CGG) | | 7.500% | 05/15/15 | 210 | 216 |
| Gazprom | | 9.625% | 03/01/13 | 770 | 911 _A |
| Gazprom | | 9.625% | 03/01/13 | 70 | 83 |
| Ocean RIG ASA | | 8.375% | 07/01/13 | 250 | 266 _A |
| Pogo Producing Co. | | 6.875% | 10/01/17 | 290 | 286 |
| Western Oil Sands Inc. | | 8.375% | 05/01/12 | 342 | 380 |
| | | | | | 4,095 |
| Paper and Forest Products | 0.1% | | | | |
| Domtar Inc. | | 7.875% | 10/15/11 | 120 | 114 |
| Semiconductor Equipment | 0.2% | | | | |
| Magnachip Semiconductor SA | | 8.000% | 12/15/14 | 300 | 281 |
| Special Purposes | 2.7% | | | | |
| Burlington Resources Finance | | 7.400% | 12/01/31 | 450 | 535 |
| Deutsche Telekom International Finance BV | | 5.250% | 07/22/13 | 600 | 576 |
| Nell AF S.A.R.L. | | 8.375% | 08/15/15 | 150 | 149 _A |
| Petrozuata Finance, Inc. | | 8.220% | 04/01/17 | 2,880 | 2,837 _A |
| UFJ Finance Aruba AEC | | 6.750% | 07/15/13 | 500 | 530 |
| | | | | | 4,627 |

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| <i>Telecommunications</i> | 1.1% | | | | |
|-----------------------------|---------|----------|-----|------------------|--|
| Axtel SA | 11.000% | 12/15/13 | 221 | 251 | |
| France Telecom SA | 8.750% | 03/01/31 | 600 | 749 | |
| INTELSAT | 7.625% | 04/15/12 | 430 | 355 | |
| Wind Acquisition Finance SA | 10.750% | 12/01/15 | 500 | 540 _A | |

1,895

PORTFOLIO OF INVESTMENTS

Western Asset Premier Bond Fund

March 31, 2006 (unaudited)

(Amounts in thousands)

| | % OF NET ASSETS | RATE | MATURITY DATE | PAR | VALUE |
|--|--------------------|---------|------------------|-----------|--------------------|
| Yankee Bonds¹ (Continued) | | | | | |
| Telecommunications (Cellular/Wireless) | | | | | |
| | 0.2% | | | | |
| Vodaphone Group PLC | | 7.750% | 02/15/10 | \$ 250 | \$ 268 |
| Transportation | | | | | |
| | 1.3% | | | | |
| Canadian Pacific Railroad Co. | | 6.250% | 10/15/11 | 1,000 | 1,037 |
| Grupo Transportacion Ferroviaria Mexicana, S.A. de C.V. (TFM) | | 9.375% | 05/01/12 | 170 | 187 |
| Grupo Transportacion Ferroviaria Mexicana, S.A. de C.V. (TFM) | | 12.500% | 06/15/12 | 750 | 840 |
| OMI Corporation | | 7.625% | 12/01/13 | 200 | 204 |
| | | | | | 2,268 |
| Total Yankee Bonds (Identified Cost \$43,739) | | | | | 48,693 |
| Preferred Stocks | | | | | |
| | 3.0% | | | | |
| Fannie Mae | | 5.375% | | .015 shrs | 1,437 _L |
| Freddie Mac | | 3.850% | | .1 shrs | 4 _M |
| Freddie Mac | | 5.000% | | .2 shrs | 9 |
| General Motors Corporation | | 5.250% | | 225 shrs | 3,654 _L |
| Total Preferred Stocks (Identified Cost \$5,056) | | | | | 5,104 |
| Warrants | | | | | |
| | N.M. | | | | |
| American Tower | | | | .251 wts | 107 |
| Total Warrants (Identified Cost \$16) | | | | | 107 |
| Trust Preferred Securities | | | | | |
| | 3.1% | | | | |
| Corporate-Backed Trust Certificates | | 7.375% | | 34 shrs | 510 |
| Corporate-Backed Trust Certificates | | 8.000% | | 16 shrs | 256 |
| CORTS Trust for Ford Motor Co. | | 8.000% | | 155 shrs | 2,594 |
| PreferredPlus TR-CCR1 | | 8.250% | | 5 shrs | 89 |
| SATURNS-F 2003-5 | | 8.125% | | 104 shrs | 1,785 |
| Total Trust Preferred Securities (Identified Cost \$5,013) | | | | | 5,234 |
| Total Long-Term Securities (Identified Cost \$242,971) | | | | | 250,023 |

| | | | |
|---|---------------|--------|-------------------|
| Short-Term Securities | 12.8% | | |
| Repurchase Agreement | | | |
| Lehman Brothers | | | |
| 4.75% dated 03/31/06, to be repurchased at \$21,874 on 4/03/06 | | | |
| (Collateral: \$21,865 Federal Home Loan Bank Notes, 4.70% due 10/06/08, value \$22,302) | | 21,675 | 21,675 |
| Total Short-Term Securities | | | |
| (Identified Cost \$21,675) | | | 21,675 |
| Total Investments | | | |
| (Identified Cost \$264,646) | 160.4% | | 271,698 |
| Other Assets Less Liabilities | (17.9)% | | (30,320) |
| Liquidation Value of Preferred Shares | (42.5)% | | (72,000) |
| Net Assets Applicable to Common Shareholders | 100.0% | | \$ 169,378 |

PORTFOLIO OF INVESTMENTS

Western Asset Premier Bond Fund

March 31, 2006 (unaudited)

(Amounts in thousands)

| | EXPIRATION | ACTUAL CONTRACTS | APPRECIATION/ (DEPRECIATION) |
|----------------------------------|------------|---------------------|---------------------------------|
| Futures Contracts Written | | | |
| U.S Treasury Note Futures | June 2006 | 4 | \$ 2 |
| | | | \$ 2 |

- 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 21.0% of net assets applicable to common shareholders.*
- B Floating Rate Security - The rate of interest on this type of security is tied to the London Interbank Offer Rate (LIBOR). The coupon rate is as of March 31, 2006.*
- C Position, or a portion thereof, with an aggregate market value of \$31,686 have been segregated to collateralize reverse repurchase agreements.*
- D 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.*
- E Convertible Bond - Bond may be converted into the issuer's common stock.*
- F Collateral to cover futures contracts written.*
- G 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.*
- H Bond in default as of March 31, 2006.*
- I Yankee Bond - A dollar-denominated bond issued in the U.S. by foreign entities.*
- J 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 the interest due.*
- K Treasury Inflation Protected Security - Treasury security whose principal value is adjusted daily in accordance with changes to the Consumer Price Index (CPI) for all Urban Consumers. Interest is calculated on the basis of the current adjusted principal value.*
- L Convertible Preferred Stock - Stock may be converted into the issuer's common stock.*
- M Indexed Security - The rate of interest on this type of security is based on the Constant Maturity Treasury (CMT) index. The coupon rate is as of March 31, 2006.*
- N.M.-Not meaningful.*

Notes**Security Valuation**

Securities owned by the Fund for which market quotations are readily available are valued at current market value. Securities for which market quotations are not readily available are fair valued by the Board of Trustees or the Fund's Valuation Committee pursuant to procedures adopted by the Board. In determining fair value, the Board of Trustees or the Fund's Valuation Committee consider all relevant qualitative and quantitative information available. The factors are subject to change over time and are reviewed periodically. The values assigned to fair value investments are based on available information and do not necessarily represent amounts that might ultimately be realized, since such amounts depend on future developments inherent in long-term investments. Further, because of the inherent uncertainty of valuation, those estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material.

Where a security is traded on more than one market, which may include foreign markets, the securities are generally valued on the market considered by the Fund's adviser to be the primary market. The Fund will value its foreign securities in U.S. dollars on the basis of the then-prevailing exchange rates.

PORTFOLIO OF INVESTMENTS

Western Asset Premier Bond Fund

March 31, 2006 (unaudited)

(Amounts in thousands)

The following is a summary of open swap contracts outstanding at March 31, 2006:

| Agreement With: | Termination Date | The Fund Agrees to Pay | The Fund Will Receive | Contract Notional Amount | Unrealized Appreciation/ (Depreciation) A |
|--|-------------------|------------------------|--|--------------------------|---|
| Credit Suisse First Boston USA (AAMES Mortgage Investment Trust 2005-1, 1- Month LIBOR ¹ + 160 bp*, due 6/25/35) | June 25, 2035 | 1.28% Monthly | Specified Amount upon credit event notice ^B | \$ 43 | \$ |
| Credit Suisse First Boston USA (AAMES Mortgage Investment Trust 2005-1, 1- Month LIBOR ¹ + 250 bp*, due 6/25/35) | June 25, 2035 | 2.05% Monthly | Specified Amount upon credit event notice ^B | 43 | |
| Credit Suisse First Boston USA (ACE Securities Corp., 1- Month LIBOR ¹ + 138 bp*, due 2/25/35) | February 25, 2035 | 1.31% Monthly | Specified Amount upon credit event notice ^B | 43 | |
| Credit Suisse First Boston USA (ACE Securities Corp. 2005-HE1, 1- Month LIBOR ¹ + 220 bp*, due 2/25/35) | February 25, 2035 | 2.06% Monthly | Specified Amount upon credit event notice ^B | 43 | |
| Credit Suisse First Boston USA (Aegis Asset Backed Securities Trust, 1- Month LIBOR ¹ + 190 bp*), due 10/25/34) | October 25, 2034 | 1.37% Monthly | Specified Amount upon credit event notice ^B | 58 | |
| Credit Suisse First Boston USA (Aegis Asset Backed Securities Trust 2005-1, 1- Month LIBOR ¹ + 130 bp*, due 3/25/35) | March 25, 2035 | 1.31% Monthly | Specified Amount upon credit event notice ^B | 43 | |
| Credit Suisse First Boston USA (Aegis Asset Backed Securities Trust 2005-1, 1- Month LIBOR ¹ + 200 bp*, due 3/25/35) | March 25, 2035 | 2.18% Monthly | Specified Amount upon credit event notice ^B | 43 | |
| Credit Suisse First Boston USA (Argent Securities Inc. 2004-W4, 1- Month LIBOR ¹ + 300 bp*, due 3/25/34) | March 25, 2034 | 2.20% Monthly | Specified Amount upon credit event notice ^B | 58 | |
| Credit Suisse First Boston USA (Argent Securities Inc. 2004-W11, 1- Month LIBOR ¹ + 225 bp*, due 11/25/34) | November 25, 2034 | 1.33% Monthly | Specified Amount upon credit event notice ^B | 43 | |
| Credit Suisse First Boston USA | November 25, 2034 | | | 43 | |

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(Argent Securities Inc. 2004-W11, 1- Month LIBOR¹ + 350
bp*, due 11/25/34)

2.15%
Monthly

Specified
Amount upon
credit event
notice^B

Credit Suisse First Boston USA

November 25, 2034

1.31%
Monthly

Specified
Amount upon
credit event
notice^B

(Finance America Mortgage Loan Trust, 1- Month LIBOR¹ +
180 bp*, due 11/25/34)

43

PORTFOLIO OF INVESTMENTS

Western Asset Premier Bond Fund

March 31, 2006 (unaudited)

(Amounts in thousands)

| Agreement With: | Termination Date | The Fund Agrees to Pay | The Fund Will Receive | Contract Notional Amount | Unrealized Appreciation/ (Depreciation) |
|--|-----------------------------|---------------------------------------|--|---|--|
| Credit Suisse First Boston USA (Finance America Mortgage Loan Trust 2004-3, 1- Month LIBOR ¹ + 315 bp*, due 11/25/34) | November 25, 2034 | 2.18% Monthly | Specified Amount upon credit event notice ^B | \$ 43 | \$ |
| Credit Suisse First Boston USA (Fremont Home Loan Trust 2005-A, 1- Month LIBOR ¹ + 135 bp*, due 1/25/35) | January 25, 2035 | 1.31% Monthly | Specified Amount upon credit event notice ^B | 43 | |
| Credit Suisse First Boston USA (Fremont Home Loan Trust 2005-A, 1- Month LIBOR ¹ + 200 bp*, due 1/25/35) | January 25, 2035 | 2.08% Monthly | Specified Amount upon credit event notice ^B | 43 | 1 |
| Credit Suisse First Boston USA (INDYMAC Home Equity Loan Asset-Backed Trust 2004-C, 1- Month LIBOR ¹ + 190 bp*, due 3/25/35) | March 25, 2035 | 1.28% Monthly | Specified Amount upon credit event notice ^B | 43 | |
| Credit Suisse First Boston USA (INDYMAC Home Equity Loan Asset-Backed Trust 2004-C, 1- Month LIBOR ¹ + 325 bp*, due 3/25/35) | March 25, 2035 | 2.05% Monthly | Specified Amount upon credit event notice ^B | 43 | 1 |
| Credit Suisse First Boston USA (Long Beach Mortgage Loan Trust 2004-1, 1- Month LIBOR ¹ + 350 bp*), due 2/25/34) | February 25, 2034 | 2.15% Monthly | Specified Amount upon credit event notice ^B | 58 | |
| Credit Suisse First Boston USA (Long Beach Mortgage Loan Trust 2005-1, 1- Month LIBOR ¹ + 170 bp*, due 2/25/35) | February 25, 2035 | 1.31% Monthly | Specified Amount upon credit event notice ^B | 43 | |
| Credit Suisse First Boston USA (Long Beach Mortgage Loan Trust 2005-1, 1- Month LIBOR ¹ + 275 bp*, due 2/25/35) | February 25, 2035 | 2.08% Monthly | Specified Amount upon credit event notice ^B | 43 | |
| Credit Suisse First Boston USA (MASTR Asset Backed Securities Trust 2005-NC1, 1- Month LIBOR ¹ + 153 bp*, due 12/25/34) | December 25, 2034 | 1.31% Monthly | Specified Amount upon credit event notice ^B | 43 | |
| Credit Suisse First Boston USA | December 25, 2034 | 2.08% Monthly | Specified Amount upon credit event | 43 | |

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(MASTR Asset Backed Securities Trust 2005-NC1, 1- Month
LIBOR¹ + 240 bp*, due 12/25/34)

notice^B

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PORTFOLIO OF INVESTMENTS

Western Asset Premier Bond Fund

March 31, 2006 (unaudited)

(Amounts in thousands)

| Agreement With: | Termination Date | The Fund Agrees to Pay | The Fund Will Receive | Contract Notional Amount | Unrealized Appreciation/ (Depreciation) |
|---|---------------------|------------------------------|---|--------------------------------|---|
| Credit Suisse First Boston USA (Merrill Lynch Mortgage Investors, Inc. 2004-WMC1, 1- Month LIBOR ¹ + 225 bp*, due 9/25/35) | September 25, 2035 | 2.05% Monthly | Specified Amount upon credit event notice ^B | \$ 43 | \$ |
| Credit Suisse First Boston USA (Merrill Lynch Mortgage Investors, Inc. 2004-WMC4, 1- Month LIBOR ¹ + 375 bp*, due 4/25/35) | April 25, 2035 | 2.15% Monthly | Specified Amount upon credit event notice ^B | 58 | |
| Credit Suisse First Boston USA (Merrill Lynch Mortgage Investors, Inc. 2005-NC1, 1- Month LIBOR ¹ + 130 bp*, due 10/25/35) | October 25, 2035 | 1.28% Monthly | Specified Amount upon credit event notice ^B | 43 | |
| Credit Suisse First Boston USA (Merrill Lynch Mortgage Investors, Inc. 2005-NC1, 1- Month LIBOR ¹ + 205 bp*, due 10/25/35) | October 25, 2035 | 2.05% Monthly | Specified Amount upon credit event notice ^B | 43 | |
| Credit Suisse First Boston USA (Merrill Lynch Mortgage Investors, Inc. 2005-WMC1, 1- Month LIBOR ¹ + 135 bp*, due 9/25/35) | September 25, 2035 | 1.28% Monthly | Specified Amount upon credit event notice ^B | 43 | |
| Credit Suisse First Boston USA (Morgan Stanley ABS Capital I 2005-WMC1, 1- Month LIBOR ¹ + 130 bp*, due 1/25/35) | January 25, 2035 | 1.31% Monthly | Specified Amount upon credit event notice ^B | 43 | |
| Credit Suisse First Boston USA (Morgan Stanley ABS Capital I 2005-WMC1, 1- Month LIBOR ¹ + 215 bp*, due 1/25/35) | January 25, 2035 | 2.18% Monthly | Specified Amount upon credit event notice ^B | 43 | |
| Credit Suisse First Boston USA (New Century Home Equity Loan Trust 2004-2, 1- Month LIBOR ¹ + 325 bp*), due 8/25/34) | August 25, 2034 | 2.15% Monthly | Specified Amount upon credit event notice ^B | 58 | |
| Credit Suisse First Boston USA (New Century Home Equity Loan Trust 2005-1, 1- Month LIBOR ¹ + 140 bp*, due 3/25/35) | March 25, 2035 | 1.31% Monthly | Specified Amount upon credit event notice ^B | 43 | |
| Credit Suisse First Boston USA | March 25, 2035 | 2.18% Monthly | Specified Amount upon credit event | 43 | |

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(New Century Home Equity Loan Trust 2005-1, 1- Month
LIBOR¹ + 205 bp*, due 3/25/35)

notice^B

Credit Suisse First Boston USA

June 25, 2035

1.28%
Monthly

Specified
Amount upon
credit event
notice^B

(Novastar Home Equity Loan 2005-1, 1- Month LIBOR¹ +
135 bp*, due 6/25/05)

43

PORTFOLIO OF INVESTMENTS

Western Asset Premier Bond Fund

March 31, 2006 (unaudited)

(Amounts in thousands)

| Agreement With: | Termination Date | The Fund Agrees to Pay | The Fund Will Receive | Contract Notional Amount | Unrealized Appreciation/ (Depreciation) |
|---|---------------------|---|---|--------------------------------|---|
| Credit Suisse First Boston USA (Novastar Home Equity Loan 2005-1, 1- Month LIBOR ¹ + 195 bp*, due 6/25/05) | June 25, 2035 | 2.05% Monthly | Specified Amount upon credit event notice ^B | \$ 43 | \$ 1 |
| Credit Suisse First Boston USA (Park Place Securities, Inc. 2005-WCH1, 1- Month LIBOR ¹ + 155 bp*, due 1/25/36) | January 25, 2036 | 1.36% Monthly | Specified Amount upon credit event notice ^B | 43 | |
| Credit Suisse First Boston USA (Park Place Securities, Inc. 2005-WCH1, 1- Month LIBOR ¹ + 250 bp*, due 1/25/36) | January 25, 2036 | 2.18% Monthly | Specified Amount upon credit event notice ^B | 43 | |
| Credit Suisse First Boston USA (People's Choice Home Loan Securities Trust 2004-1, 1- Month LIBOR ¹ + 230 bp*, due 6/25/34) | June 25, 2034 | 1.37% Monthly | Specified Amount upon credit event notice ^B | 58 | |
| Credit Suisse First Boston USA (People's Choice Home Loan Securities Trust 2005-1, 1- Month LIBOR ¹ + 165 bp*, due 1/25/35) | January 25, 2035 | 1.28% Monthly | Specified Amount upon credit event notice ^B | 43 | |
| Credit Suisse First Boston USA (People's Choice Home Loan Securities Trust 2005-1, 1- Month LIBOR ¹ + 260 bp*, due 1/25/35) | January 25, 2035 | 2.05% Monthly | Specified Amount upon credit event notice ^B | 43 | 1 |
| Merrill Lynch (iBoxx CDX NA IG) | June 20, 2010 | Specified Amount upon credit event notice ^C | 0.40% Quarterly | 15,000 | 181 |
| | | | | | \$ 185 |

¹ As of March 31, 2005, the 1 month London Interbank Offered Rate was 4.83%.

^A - refers to amount not meaningful.

^B Upon Bankruptcy or failure to make a scheduled interest payment, the Fund will receive \$1,000.

^C Upon Bankruptcy or failure to make a scheduled interest payment, the Fund will pay \$1,000.

* 100 basis points = 1%.

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 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: /s/ James W. Hirschmann
James W. Hirschmann
President
Western Asset Premier Bond
Date: May 25, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ James W. Hirschmann
James W. Hirschmann
President
Western Asset Premier Bond
Date: May 25, 2006

By: /s/ Marie K. Karpinski
Marie K. Karpinski
Treasurer and Principal Financial and Accounting Officer
Western Asset Premier Bond
Date: May 23, 2006