

WESTERN ASSET PREMIER BOND FUND

Form N-Q

May 28, 2009

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

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANY**

Investment Company Act file number

811-10603

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

385 East Colorado Boulevard
Pasadena, CA
(Address of principal executive offices)

91101
(Zip code)

Charles A. Ruys de Perez
385 East Colorado Boulevard
Pasadena, CA 91101
(Name and address of agent for service)

Registrant's telephone number, including area code:

(626) 844-9400

Date of fiscal year end: December 31,

Date of reporting period: March 31, 2009

Item 1 Schedule of Investments

Western Asset Premier Bond Fund

March 31, 2009 (Unaudited)

| | Rate | Maturity Date | Par/Shares | Value |
|----------------------------------|---------------|---------------|------------|--------------|
| LONG-TERM SECURITIES | 157.1% | | | |
| CORPORATE BONDS AND NOTES | 85.1% | | | |
| Aerospace and Defense | 2.3% | | | |
| L-3 Communications Corp. | 6.375% | 10/15/15 | \$ 535,000 | \$ 504,237 |
| Northrop Grumman Corp. | 7.750% | 2/15/31 | 1,000,000 | 1,208,705 |
| The Boeing Co. | 6.125% | 2/15/33 | 600,000 | 578,475 |
| | | | | 2,291,417 |
| Airlines | 11.4% | | | |
| America West Airlines Inc. | 8.057% | 7/2/20 | 2,755,598 | 1,849,676 |
| Continental Airlines Inc. | 7.160% | 3/24/13 | 715,974 | 565,620 |
| Continental Airlines Inc. | 6.900% | 1/2/18 | 946,155 | 756,924 |
| Continental Airlines Inc. | 6.820% | 5/1/18 | 913,728 | 659,373 |
| Continental Airlines Inc. | 6.545% | 2/2/19 | 1,737,143 | 1,493,943 |
| Continental Airlines Inc. | 8.048% | 11/1/20 | 657,360 | 506,167 |
| Continental Airlines Inc. | 6.703% | 6/15/21 | 819,937 | 606,753 |
| DAE Aviation Holdings Inc. | 11.250% | 8/1/15 | 460,000 | 115,000(A) |
| Northwest Airlines Corp. | 7.575% | 9/1/20 | 611,898 | 423,497 |
| Northwest Airlines Inc. | 3.186% | 8/6/13 | 3,055,351 | 1,893,896(B) |
| United Air Lines Inc. | 7.032% | 10/1/10 | 144,872 | 139,078 |
| United Air Lines Inc. | 7.186% | 4/1/11 | 30,413 | 28,896 |
| United Air Lines Inc. | 6.602% | 9/1/13 | 51,805 | 49,733 |
| US Airways Pass-Through Trust | 6.850% | 1/30/18 | 2,937,253 | 2,016,200 |
| | | | | 11,104,756 |
| Auto Components | N.M. | | | |
| Visteon Corp. | 8.250% | 8/1/10 | 122,000 | 6,100 |
| Visteon Corp. | 12.250% | 12/31/16 | 313,000 | 15,650(A) |
| | | | | 21,750 |
| Automobiles | 2.0% | | | |
| DaimlerChrysler NA Holding Corp. | 7.300% | 1/15/12 | 1,000,000 | 958,491 |
| DaimlerChrysler NA Holding Corp. | 8.500% | 1/18/31 | 1,000,000 | 894,217 |
| General Motors Corp. | 8.375% | 7/15/33 | 420,000 | 50,400 |
| | | | | 1,903,108 |
| Building Products | 0.3% | | | |
| Associated Materials Inc. | 11.250% | 3/1/14 | 675,000 | 202,500 |
| Nortek Inc. | 8.500% | 9/1/14 | 185,000 | 18,500 |
| NTK Holdings Inc. | 0.000% | 3/1/14 | 500,000 | 30,000(C) |
| | | | | 251,000 |
| Capital Markets | 2.0% | | | |
| Morgan Stanley | 6.600% | 4/1/12 | 1,000,000 | 1,004,496 |
| The Goldman Sachs Group Inc. | 6.600% | 1/15/12 | 900,000 | 898,794 |
| | | | | 1,903,290 |
| Chemicals | 1.0% | | | |
| Georgia Gulf Corp. | 9.500% | 10/15/14 | 20,000 | 3,350(D) |
| Georgia Gulf Corp. | 10.750% | 10/15/16 | 415,000 | 29,050(D) |

Western Asset Premier Bond Fund

March 31, 2009 (Unaudited) (continued)

| | Rate | Maturity Date | Par/Shares | Value |
|--|---------|------------------|------------|---------------|
| Chemicals 1.0% (continued) | | | | |
| Huntsman International LLC | 7.875% | 11/15/14 | \$ 45,000 | \$ 18,450 |
| The Dow Chemical Co. | 6.000% | 10/1/12 | 1,000,000 | 858,784 |
| Westlake Chemical Corp. | 6.625% | 1/15/16 | 70,000 | 49,000 |
| | | | | 958,634 |
| Commercial Services and Supplies 2.7% | | | | |
| Interface Inc. | 10.375% | 2/1/10 | 400,000 | 384,000 |
| Rental Service Corp. | 9.500% | 12/1/14 | 300,000 | 147,000 |
| US Investigations Services Inc. | 10.500% | 11/1/15 | 310,000 | 236,375(A) |
| Waste Management Inc. | 7.375% | 5/15/29 | 2,000,000 | 1,816,640 |
| Waste Management Inc. | 7.750% | 5/15/32 | 40,000 | 38,461 |
| | | | | 2,622,476 |
| Communications Equipment 0.1% | | | | |
| EchoStar DBS Corp. | 7.750% | 5/31/15 | 120,000 | 110,400 |
| Consumer Finance 3.8% | | | | |
| Ford Motor Credit Co. | 4.010% | 1/13/12 | 70,000 | 44,100(B) |
| Ford Motor Credit Co. | 12.000% | 5/15/15 | 1,030,000 | 780,546 |
| Ford Motor Credit Co. | 8.000% | 12/15/16 | 680,000 | 446,917 |
| GMAC LLC | 6.875% | 8/28/12 | 94,000 | 63,128(A) |
| GMAC LLC | 8.000% | 11/1/31 | 939,000 | 451,809(A) |
| HSBC Finance Corp. | 4.750% | 7/15/13 | 1,670,000 | 1,231,009 |
| SLM Corp. | 1.319% | 7/26/10 | 1,020,000 | 724,092(B) |
| | | | | 3,741,601 |
| Distributors 0.1% | | | | |
| Keystone Automotive Operations Inc. | 9.750% | 11/1/13 | 250,000 | 48,750 |
| Diversified Consumer Services 0.5% | | | | |
| Education Management LLC | 8.750% | 6/1/14 | 75,000 | 70,875 |
| Education Management LLC | 10.250% | 6/1/16 | 235,000 | 219,725 |
| Service Corp. International | 6.750% | 4/1/16 | 140,000 | 121,800 |
| Service Corp. International | 7.625% | 10/1/18 | 5,000 | 4,300 |
| Service Corp. International | 7.500% | 4/1/27 | 60,000 | 44,100 |
| | | | | 460,800 |
| Diversified Financial Services 4.9% | | | | |
| AAC Group Holding Corp. | 10.250% | 10/1/12 | 440,000 | 248,600(A) |
| Air 2 US | 8.027% | 10/1/19 | 396,932 | 218,313(A) |
| Bank of America Corp. | 8.000% | 12/29/49 | 1,360,000 | 544,666(C) |
| CCM Merger Inc. | 8.000% | 8/1/13 | 140,000 | 57,400(A),(D) |
| Citigroup Inc. | 6.625% | 6/15/32 | 1,000,000 | 556,401 |
| DI Finance LLC | 9.500% | 2/15/13 | 502,000 | 473,135 |
| JPMorgan Chase and Co. | 5.125% | 9/15/14 | 1,300,000 | 1,150,089 |
| Liberty Media LLC | 3.750% | 2/15/30 | 1,860,000 | 539,400(E) |
| TNK-BP Finance SA | 7.875% | 3/13/18 | 420,000 | 294,000(A) |
| Vanguard Health Holding Co. II LLC | 9.000% | 10/1/14 | 735,000 | 648,638 |
| | | | | 4,730,642 |
| Diversified Telecommunication Services 2.4% | | | | |
| Cincinnati Bell Inc. | 6.300% | 12/1/28 | 25,000 | 17,000 |
| Citizens Communications Co. | 9.250% | 5/15/11 | 90,000 | 91,350 |

Western Asset Premier Bond Fund

March 31, 2009 (Unaudited) (continued)

| | Rate | Maturity Date | Par/Shares | Value |
|--|---------|---------------|------------|----------------|
| Diversified Telecommunication Services 2.4% (continued) | | | | |
| Citizens Communications Co. | 7.875% | 1/15/27 | \$ 115,000 | \$ 77,625 |
| Hawaiian Telcom Communications Inc. | 12.500% | 5/1/15 | 135,000 | 675(F) |
| Level 3 Financing Inc. | 9.250% | 11/1/14 | 660,000 | 455,400 |
| MetroPCS Wireless Inc. | 9.250% | 11/1/14 | 35,000 | 33,950 |
| Qwest Communications International Inc. | 7.250% | 2/15/11 | 160,000 | 154,400 |
| Qwest Communications International Inc. | 7.500% | 2/15/14 | 140,000 | 121,100 |
| Qwest Corp. | 7.875% | 9/1/11 | 390,000 | 384,150 |
| Qwest Corp. | 7.500% | 10/1/14 | 150,000 | 136,500 |
| Telcordia Technologies Inc. | 10.000% | 3/15/13 | 485,000 | 200,063(A) |
| Windstream Corp. | 8.625% | 8/1/16 | 635,000 | 623,887 |
| | | | | 2,296,100 |
| Electric Utilities 4.5% | | | | |
| Duke Energy Corp. | 6.250% | 1/15/12 | 250,000 | 265,825 |
| Energy Future Holdings Corp. | 11.250% | 11/1/17 | 1,580,000 | 667,550(G) |
| FirstEnergy Corp. | 6.450% | 11/15/11 | 610,000 | 610,553 |
| FirstEnergy Corp. | 7.375% | 11/15/31 | 3,040,000 | 2,473,873 |
| Orion Power Holdings Inc. | 12.000% | 5/1/10 | 150,000 | 154,687 |
| TXU Electric Delivery Co. | 7.000% | 9/1/22 | 250,000 | 233,131 |
| | | | | 4,405,619 |
| Energy Equipment and Services 1.3% | | | | |
| Complete Production Services Inc. | 8.000% | 12/15/16 | 150,000 | 95,250 |
| EEB International Ltd. | 8.750% | 10/31/14 | 820,000 | 762,600(A) |
| Gulfmark Offshore Inc. | 7.750% | 7/15/14 | 270,000 | 199,800 |
| Pride International Inc. | 7.375% | 7/15/14 | 240,000 | 236,400 |
| | | | | 1,294,050 |
| Food and Staples Retailing 4.4% | | | | |
| CVS Caremark Corp. | 6.943% | 1/10/30 | 1,953,829 | 1,489,580(A) |
| CVS Corp. | 5.789% | 1/10/26 | 860,595 | 660,713(A) |
| CVS Lease Pass-Through Trust | 5.880% | 1/10/28 | 941,991 | 701,058(A) |
| CVS Lease Pass-Through Trust | 6.036% | 12/10/28 | 947,433 | 712,006(A),(D) |
| Delhaize America Inc. | 9.000% | 4/15/31 | 166,000 | 176,433 |
| Safeway Inc. | 5.800% | 8/15/12 | 500,000 | 518,630 |
| | | | | 4,258,420 |
| Food Products 0.3% | | | | |
| Dole Food Co. Inc. | 7.250% | 6/15/10 | 285,000 | 262,200 |
| Gas Utilities 0.6% | | | | |
| Southern Natural Gas Co. | 8.000% | 3/1/32 | 20,000 | 18,124 |
| Suburban Propane Partners LP | 6.875% | 12/15/13 | 580,000 | 551,000 |
| | | | | 569,124 |
| Health Care Providers and Services 3.8% | | | | |
| Community Health Systems Inc. | 8.875% | 7/15/15 | 200,000 | 189,000 |
| DaVita Inc. | 6.625% | 3/15/13 | 70,000 | 67,900 |
| DaVita Inc. | 7.250% | 3/15/15 | 300,000 | 288,375 |
| HCA Inc. | 6.250% | 2/15/13 | 85,000 | 63,750 |
| HCA Inc. | 6.375% | 1/15/15 | 430,000 | 281,650 |
| HCA Inc. | 9.250% | 11/15/16 | 195,000 | 177,450 |

Western Asset Premier Bond Fund

March 31, 2009 (Unaudited) (continued)

| | Rate | Maturity Date | Par/Shares | Value |
|---|-------------------------|---------------|------------|---------------|
| Health Care Providers and Services | 3.8% (continued) | | | |
| HCA Inc. | 9.625% | 11/15/16 | \$ 380,000 | \$ 303,050(G) |
| HCA Inc. | 7.690% | 6/15/25 | 90,000 | 46,872 |
| HCA Inc. | 7.500% | 11/15/95 | 185,000 | 86,293 |
| Tenet Healthcare Corp. | 9.875% | 7/1/14 | 2,810,000 | 2,191,800 |
| | | | | 3,696,140 |
| Hotels, Restaurants and Leisure | | | | |
| 1.0% | | | | |
| Buffets Inc. | 12.500% | 11/1/14 | 265,000 | 27(F) |
| Caesars Entertainment Inc. | 8.125% | 5/15/11 | 920,000 | 299,000 |
| Denny's Holdings Inc. | 10.000% | 10/1/12 | 90,000 | 77,850 |
| El Pollo Loco Inc. | 11.750% | 11/15/13 | 195,000 | 142,350 |
| Inn of the Mountain Gods Resort and Casino | 12.000% | 11/15/10 | 530,000 | 55,650 |
| MGM MIRAGE | 8.500% | 9/15/10 | 10,000 | 4,100 |
| Pokagon Gaming Authority | 10.375% | 6/15/14 | 233,000 | 193,390(A) |
| River Rock Entertainment Authority | 9.750% | 11/1/11 | 180,000 | 90,000 |
| Sbarro Inc. | 10.375% | 2/1/15 | 90,000 | 33,300 |
| Snoqualmie Entertainment Authority | 5.384% | 2/1/14 | 110,000 | 27,500(A),(B) |
| Station Casinos Inc. | 7.750% | 8/15/16 | 205,000 | 47,150(D),(H) |
| Station Casinos Inc. | 6.625% | 3/15/18 | 100,000 | 5,000(D),(H) |
| | | | | 975,317 |
| Household Durables | 0.5% | | | |
| American Greetings Corp. | 7.375% | 6/1/16 | 20,000 | 9,800 |
| K Hovnanian Enterprises Inc. | 8.625% | 1/15/17 | 120,000 | 33,000 |
| Norcraft Cos. | 9.000% | 11/1/11 | 360,000 | 306,000 |
| Norcraft Holdings LP | 9.750% | 9/1/12 | 155,000 | 122,450 |
| | | | | 471,250 |
| Independent Power Producers and Energy Traders | 4.7% | | | |
| Dynegy Holdings Inc. | 7.750% | 6/1/19 | 650,000 | 422,500 |
| Edison Mission Energy | 7.750% | 6/15/16 | 180,000 | 136,800 |
| Edison Mission Energy | 7.625% | 5/15/27 | 179,000 | 107,400 |
| Exelon Generation Co. LLC | 6.950% | 6/15/11 | 2,000,000 | 2,042,166 |
| Mirant North America LLC | 7.375% | 12/31/13 | 350,000 | 316,750 |
| NRG Energy Inc. | 7.375% | 2/1/16 | 505,000 | 469,650 |
| NRG Energy Inc. | 7.375% | 1/15/17 | 225,000 | 209,250 |
| The AES Corp. | 9.750% | 4/15/16 | 360,000 | 338,400(A) |
| The AES Corp. | 8.000% | 10/15/17 | 525,000 | 450,187 |
| The AES Corp. | 8.000% | 6/1/20 | 100,000 | 81,000(A) |
| | | | | 4,574,103 |
| Industrial Conglomerates | 2.2% | | | |
| Tyco International Ltd. / Tyco International Finance SA | 6.875% | 1/15/21 | 2,615,000 | 2,186,592 |
| IT Services | 1.0% | | | |
| Ceridian Corp. | 12.250% | 11/15/15 | 130,000 | 49,400(G) |
| Electronic Data Systems Corp. | 7.450% | 10/15/29 | 500,000 | 543,252 |
| SunGard Data Systems Inc. | 10.250% | 8/15/15 | 520,000 | 364,000 |
| | | | | 956,652 |

Leisure Equipment and Products

1.0%

| | | | | |
|-------------------|--------|----------|-----------|-----------|
| Eastman Kodak Co. | 7.250% | 11/15/13 | 1,800,000 | 1,017,000 |
|-------------------|--------|----------|-----------|-----------|

Western Asset Premier Bond Fund

March 31, 2009 (Unaudited) (continued)

| | Rate | Maturity Date | Par/Shares | Value |
|--|---------|---------------|------------|----------------|
| Media 6.4% | | | | |
| Affinion Group Inc. | 10.125% | 10/15/13 | \$ 180,000 | \$ 136,800 |
| Affinion Group Inc. | 11.500% | 10/15/15 | 225,000 | 139,500 |
| CCH I Holdings LLC | 11.000% | 10/1/15 | 927,000 | 99,652(F) |
| CCH II Holdings LLC | 10.250% | 10/1/13 | 150,000 | 133,500(F) |
| Charter Communications Holdings LLC | 11.750% | 5/15/11 | 80,000 | 500(F) |
| Charter Communications Holdings LLC | 12.125% | 1/15/12 | 40,000 | 400(F) |
| Charter Communications Operating LLC | 10.875% | 9/15/14 | 280,000 | 271,600(A),(F) |
| Clear Channel Communications Inc. | 4.900% | 5/15/15 | 700,000 | 98,000 |
| CMP Susquehanna Corp. | 0.000% | 5/15/14 | 14,000 | 6,174(A),(I) |
| CMP Susquehanna Corp. | 9.875% | 5/15/14 | 170,000 | 166,278 |
| Comcast Corp. | 5.900% | 3/15/16 | 400,000 | 386,386 |
| Comcast Corp. | 7.050% | 3/15/33 | 1,000,000 | 929,346 |
| CSC Holdings Inc. | 7.625% | 4/1/11 | 50,000 | 49,625 |
| CSC Holdings Inc. | 6.750% | 4/15/12 | 250,000 | 240,625 |
| EchoStar DBS Corp. | 7.000% | 10/1/13 | 600,000 | 556,500 |
| Idearc Inc. | 8.000% | 11/15/16 | 720,000 | 18,900(F) |
| News America Holdings Inc. | 8.875% | 4/26/23 | 400,000 | 384,667 |
| R.H. Donnelley Corp. | 11.750% | 5/15/15 | 250,000 | 32,500(A) |
| R.H. Donnelley Corp. | 8.875% | 10/15/17 | 320,000 | 17,600 |
| Time Warner Inc. | 6.875% | 5/1/12 | 1,400,000 | 1,424,920 |
| Time Warner Inc. | 7.700% | 5/1/32 | 1,150,000 | 1,034,121 |
| TL Acquisitions Inc. | 10.500% | 1/15/15 | 270,000 | 138,375(A) |
| | | | | 6,265,969 |
| Metals and Mining 2.4% | | | | |
| Alcoa Inc. | 5.375% | 1/15/13 | 750,000 | 595,222 |
| CII Carbon LLC | 11.125% | 11/15/15 | 580,000 | 342,200(A) |
| Freeport-McMoRan Copper & Gold Inc. | 8.375% | 4/1/17 | 730,000 | 682,550 |
| GTL Trade Finance Inc. | 7.250% | 10/20/17 | 428,000 | 365,940(A) |
| Metals USA Inc. | 11.125% | 12/1/15 | 445,000 | 267,000 |
| Noranda Aluminium Acquisition Corp. | 6.595% | 5/15/15 | 150,000 | 46,500(B),(G) |
| | | | | 2,299,412 |
| Multi-Utilities 1.1% | | | | |
| Dominion Resources Inc. | 5.700% | 9/17/12 | 770,000 | 784,983 |
| MidAmerican Energy Holdings Co. | 5.875% | 10/1/12 | 250,000 | 259,544 |
| | | | | 1,044,527 |
| Multiline Retail 0.5% | | | | |
| Dollar General Corp. | 10.625% | 7/15/15 | 220,000 | 219,450 |
| Dollar General Corp. | 11.875% | 7/15/17 | 105,000 | 103,163(G) |
| The Neiman-Marcus Group Inc. | 9.000% | 10/15/15 | 260,000 | 83,525(G) |
| The Neiman-Marcus Group Inc. | 7.125% | 6/1/28 | 330,000 | 132,000 |
| | | | | 538,138 |
| Oil, Gas and Consumable Fuels 10.9% | | | | |
| Belden and Blake Corp. | 8.750% | 7/15/12 | 750,000 | 521,250 |
| Chesapeake Energy Corp. | 9.500% | 2/15/15 | 45,000 | 43,763 |
| Chesapeake Energy Corp. | 6.375% | 6/15/15 | 480,000 | 404,400 |
| Chesapeake Energy Corp. | 6.625% | 1/15/16 | 30,000 | 24,975 |
| Chesapeake Energy Corp. | 7.250% | 12/15/18 | 255,000 | 209,419 |

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|-----------------------------|--------|----------|---------|---------|
| Colorado Interstate Gas Co. | 6.800% | 11/15/15 | 150,000 | 140,609 |
|-----------------------------|--------|----------|---------|---------|

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Western Asset Premier Bond Fund

March 31, 2009 (Unaudited) (continued)

| | Rate | Maturity Date | Par/Shares | Value |
|--|---------|---------------|------------|-------------------|
| Oil, Gas and Consumable Fuels 10.9% (continued) | | | | |
| DCP Midstream LP | 7.875% | 8/16/10 | \$ 750,000 | \$ 760,202 |
| Devon Energy Corp. | 7.950% | 4/15/32 | 1,000,000 | 1,035,525 |
| Devon Financing Corp. ULC | 6.875% | 9/30/11 | 1,000,000 | 1,045,794 |
| El Paso Corp. | 7.750% | 6/15/10 | 1,496,000 | 1,473,889 |
| El Paso Corp. | 7.800% | 8/1/31 | 190,000 | 141,968 |
| Exco Resources Inc. | 7.250% | 1/15/11 | 465,000 | 360,375 |
| Hess Corp. | 7.875% | 10/1/29 | 1,640,000 | 1,484,234 |
| Hess Corp. | 7.300% | 8/15/31 | 60,000 | 52,194 |
| International Coal Group Inc. | 10.250% | 7/15/14 | 220,000 | 140,800 |
| KazMunaiGaz Exploration Production - GDR | 8.375% | 7/2/13 | 330,000 | 273,900(A) |
| Kinder Morgan Energy Partners LP | 7.125% | 3/15/12 | 500,000 | 511,684 |
| Parker Drilling Co. | 9.625% | 10/1/13 | 300,000 | 201,000 |
| Petrohawk Energy Corp. | 9.125% | 7/15/13 | 145,000 | 139,200 |
| SemGroup LP | 8.750% | 11/15/15 | 305,000 | 10,675(A),(D),(F) |
| Sonat Inc. | 7.625% | 7/15/11 | 500,000 | 483,034 |
| Stone Energy Corp. | 8.250% | 12/15/11 | 160,000 | 84,000 |
| The Williams Cos. Inc. | 7.500% | 1/15/31 | 902,000 | 712,580 |
| The Williams Cos. Inc. | 8.750% | 3/15/32 | 85,000 | 77,138 |
| Valero Energy Corp. | 7.500% | 4/15/32 | 400,000 | 313,776 |
| | | | | 10,646,384 |
| Paper and Forest Products 1.7% | | | | |
| Appleton Papers Inc. | 8.125% | 6/15/11 | 5,000 | 3,013 |
| Appleton Papers Inc. | 9.750% | 6/15/14 | 305,000 | 54,900 |
| NewPage Corp. | 7.420% | 5/1/12 | 375,000 | 120,000(B) |
| Weyerhaeuser Co. | 6.750% | 3/15/12 | 800,000 | 769,514 |
| Weyerhaeuser Co. | 7.375% | 3/15/32 | 1,000,000 | 668,221 |
| | | | | 1,615,648 |
| Pharmaceuticals N.M. | | | | |
| Leiner Health Products Inc. | 11.000% | 6/1/12 | 280,000 | 700(D),(F) |
| Real Estate Investment Trusts (REITs) 0.2% | | | | |
| Ventas Inc. | 6.750% | 4/1/17 | 260,000 | 222,300 |
| Real Estate Management and Development 0.1% | | | | |
| Ashton Woods USA LLC | 0.000% | 6/30/15 | 65,000 | 24,513(A),(C) |
| Realogy Corp. | 12.375% | 4/15/15 | 495,000 | 84,150 |
| | | | | 108,663 |
| Road and Rail 0.4% | | | | |
| Hertz Corp. | 10.500% | 1/1/16 | 645,000 | 280,575 |
| Swift Transportation Co. | 8.984% | 5/15/15 | 90,000 | 19,800(A),(B) |
| Swift Transportation Co. | 12.500% | 5/15/17 | 325,000 | 71,500(A) |
| | | | | 371,875 |
| Semiconductors and Semiconductor Equipment N.M. | | | | |
| Freescale Semiconductor Inc. | 8.875% | 12/15/14 | 25,000 | 5,250 |
| Freescale Semiconductor Inc. | 10.125% | 12/15/16 | 130,000 | 23,400 |
| | | | | 28,650 |
| Software 0.1% | | | | |

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|-------------------------|--------|--------|---------|---------|
| Activant Solutions Inc. | 9.500% | 5/1/16 | 165,000 | 101,063 |
|-------------------------|--------|--------|---------|---------|

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Western Asset Premier Bond Fund

March 31, 2009 (Unaudited) (continued)

| | Rate | Maturity Date | Par/Shares | Value |
|---|---------|---------------|------------|---------------------------|
| Specialty Retail 0.1% | | | | |
| Blockbuster Inc. | 9.000% | 9/1/12 | \$ 210,000 | \$ 94,500 |
| Textiles, Apparel and Luxury Goods 0.1% | | | | |
| Oxford Industries Inc. | 8.875% | 6/1/11 | 180,000 | 131,400 |
| Tobacco 0.2% | | | | |
| Alliance One International Inc. | 11.000% | 5/15/12 | 205,000 | 190,650 |
| Trading Companies and Distributors 0.4% | | | | |
| Ashtead Capital Inc. | 9.000% | 8/15/16 | 129,000 | 73,530(A) |
| H&E Equipment Services Inc. | 8.375% | 7/15/16 | 345,000 | 217,350 |
| Penhall International Corp. | 12.000% | 8/1/14 | 390,000 | 126,750(A),(D) 417,630 |
| Transportation Infrastructure 0.1% | | | | |
| Hawker Beechcraft Acquisition Co. | 8.875% | 4/1/15 | 500,000 | 56,250(G) |
| Wireless Telecommunication Services 1.6% | | | | |
| AT&T Mobility LLC | 6.500% | 12/15/11 | 250,000 | 263,481 |
| Sprint Capital Corp. | 8.375% | 3/15/12 | 1,450,000 | 1,305,000 |
| | | | | 1,568,481 |
| TOTAL CORPORATE BONDS AND NOTES (Cost \$110,420,256) | | | | 82,813,431 |
| ASSET-BACKED SECURITIES 27.3% | | | | |
| Fixed Rate Securities 10.4% | | | | |
| Associates Manufactured Housing Pass Through Certificates 1997-CLB2 | 8.900% | 6/15/28 | 3,552,537 | 1,776,268 |
| Bear Stearns Asset Backed Securities Trust 2007-SD1 1A3A | 6.500% | 10/25/36 | 1,462,232 | 812,702 |
| Captiva CBO 1997-1A A | 6.860% | 11/30/09 | 295,431 | 207,806(A),(J) |
| Contimortgage Home Equity Trust 1997-4 B1F | 7.330% | 10/15/28 | 570,566 | 523,209 |
| Firstfed Corp. Manufactured Housing Contract 1996-1 B | 8.060% | 10/15/22 | 2,100,000 | 2,142,495(A) |
| Global Franchise Trust 1998-1 A2 | 6.659% | 10/10/11 | 976,953 | 537,420(A) |
| Green Tree Financial Corp. 1992-2 B | 9.150% | 1/15/18 | 277,220 | 188,046 |
| Green Tree Financial Corp. 1993-1 B | 8.450% | 4/15/18 | 368,526 | 275,957 |
| Green Tree Home Improvement Loan Trust 1996-D HIB2 | 8.000% | 9/15/27 | 96,795 | 71,021 |
| Green Tree Recreational Equipment & Consumer Trust 1996-C CTFS | 7.650% | 10/15/17 | 341,184 | 294,812 |
| Indymac Manufactured Housing Contract 1997-1 A5 | 6.970% | 2/25/28 | 324,924 | 244,558 |
| Lehman XS Trust 2007-1 WF1 | 7.000% | 1/25/37 | 1,218,818 | 662,732 |
| PAMCO CLO 1997-1A B | 7.910% | 8/6/09 | 902,913 | 90,291 |
| Pegasus Aviation Lease Securitization 2000-1 A2 | 8.370% | 3/25/30 | 1,300,000 | 260,000(A) |
| Settlement Fee Finance LLC 2004-1A A | 9.100% | 7/25/34 | 908,471 | 707,699(A) |
| | 3.450% | 2/25/32 | 1,096,318 | 849,399 |

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| | | | | |
|---|--------|----------|-----------|------------|
| Structured Asset Securities Corp. 2002-AL1 A3 | | | | |
| Structured Asset Securities Corp. 2003-AL1 | 3.357% | 4/25/31 | 157,060 | 138,662(A) |
| Vanderbilt Mortgage Finance 1997-B 1B2 | 8.155% | 10/7/26 | 418,011 | 288,993 |
| | | | | 10,072,070 |
| Indexed Securities(B) 9.5% | | | | |
| ACE Securities Corp. 2005-SD1 A1 | 0.874% | 11/25/50 | 103,028 | 96,685 |
| AmeriCredit Automobile Receivables Trust 2007-CM A3B | 0.548% | 5/7/12 | 2,248,060 | 2,073,952 |

Western Asset Premier Bond Fund

March 31, 2009 (Unaudited) (continued)

| | Rate | Maturity Date | Par/Shares | Value |
|--|--------|---------------|------------|---------------|
| Indexed Securities 9.5% (continued) | | | | |
| Bayview Financial Asset Trust 2004-SSRA A1 | 1.074% | 12/25/39 | \$ 539,595 | \$ 280,561(A) |
| Bayview Financial Asset Trust 2007-SR1A A | 0.924% | 3/25/37 | 2,172,599 | 847,136(A) |
| Bayview Financial Asset Trust 2007-SR1A M3 | 1.670% | 3/25/37 | 680,871 | 170,026(A) |
| Bayview Financial Asset Trust 2007-SR1A M4 | 2.020% | 3/25/37 | 185,692 | 7,660(A) |
| Citigroup Mortgage Loan Trust Inc. 2006-SHL1 A1 | 0.674% | 11/25/45 | 362,510 | 261,762(A) |
| Citigroup Mortgage Loan Trust Inc. 2007-SHL1 A | 0.874% | 11/25/46 | 1,401,953 | 511,012(A) |
| Countrywide Asset-Backed Certificates 2007-13 2A1 | 1.374% | 10/25/47 | 1,367,142 | 875,227 |
| Countrywide Asset-Backed Certificates 2007-SEA2 1A1 | 1.474% | 8/25/47 | 80,053 | 44,077(A) |
| Countrywide Home Equity Loan Trust 2007-GW A | 1.106% | 11/15/28 | 2,030,662 | 1,034,724 |
| CS First Boston Mortgage Securities Corp. 2004-CF2 2A1 | 0.944% | 5/25/44 | 129,769 | 96,790(A) |
| Ellington Loan Acquisition Trust 2007-1 A2A1 | 1.474% | 5/26/37 | 412,055 | 320,329(A) |
| GMAC Mortgage Corp. Loan Trust 2004-VF1 A1 | 1.224% | 2/25/31 | 782,230 | 382,354(A) |
| GSAA Home Equity Trust 2006-19 A3A | 0.714% | 12/25/36 | 1,000,000 | 304,018 |
| IXIS Real Estate Capital Trust 2005-HE3 A4 | 0.844% | 12/25/35 | 46,102 | 42,311 |
| Lehman XS Trust 2006-GP4 | 0.544% | 8/25/46 | 441,095 | 345,576 |
| Long Beach Mortgage Loan Trust 2005-WL2 3A1 | 0.569% | 8/25/35 | 77,134 | 72,648 |
| MSDWCC Heloc Trust 2003-2 A | 0.734% | 4/25/16 | 269,794 | 147,204 |
| RAAC Series 2007-RP1 M1 | 1.024% | 5/25/46 | 210,000 | 4,786(A) |
| Renaissance Home Equity Loan Trust 2005-3 AV3 | 0.854% | 11/25/35 | 800,000 | 324,059 |
| Residential Asset Mortgage Products Inc. 2004-RZ1 AII | 0.954% | 3/25/34 | 455,677 | 165,250 |
| Residential Asset Securities Corp. 2001-KS3 AII | 0.934% | 9/25/31 | 354,357 | 206,439 |
| Salomon Brothers Mortgage Securities VII 2002-CIT1 | 0.774% | 3/25/32 | 521,469 | 445,941 |
| Wachovia Asset Securitization Inc. 2002-HE1 | 0.844% | 9/27/32 | 257,815 | 122,569 |
| Wachovia Asset Securitization Inc. 2002-HE2 | 0.904% | 12/25/32 | 95,766 | 49,315 |
| Wachovia Asset Securitization Inc. 2003-HE1 | 0.764% | 3/25/33 | 35,737 | 16,525 |
| | | | | 9,248,936 |
| Stripped Securities 0.7% | | | | |
| | 0.000% | 8/25/36 | 1,687,465 | 680,645(K2) |

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| | | | | |
|---|--------|----------|-----------|---------------------------|
| Bear Stearns Asset Backed Securities Trust 2006-SD3 1P0 Oakwood Mortgage Investors Inc. 2002-C AIO | 6.000% | 8/15/10 | 570,504 | 37,350(D),(K1) 717,995 |
| Variable Rate Securities(I) 6.7% | | | | |
| BankAmerica Manufactured Housing Contract 1997-2 M | 6.900% | 4/10/28 | 100,000 | 138,509 |
| Conseco Finance Securitizations Corp. 2002-1 A | 6.681% | 12/1/33 | 558,009 | 453,261 |
| Green Tree 2008-MH1 A1 | 7.000% | 4/25/38 | 96,497 | 84,680(A) |
| Greenpoint Manufactured Housing 1999-5 A5 | 7.820% | 12/15/29 | 706,000 | 529,009 |
| GSAMP Trust 2003-SEA2 A1 | 4.422% | 7/25/33 | 2,391,414 | 2,104,002 |
| Merit Securities Corp. 13 A4 | 7.988% | 12/28/33 | 3,757,742 | 2,776,063 |
| Oakwood Mortgage Investors Inc. 2002-B A3 | 6.060% | 3/15/25 | 321,024 | 201,951 |
| Saxon Asset Securities Trust 2000-2 MF1 | 8.870% | 7/25/30 | 218,928 | 209,993 6,497,468 |
| TOTAL ASSET-BACKED SECURITIES (Cost \$31,246,501) | | | | 26,536,469 |
| MORTGAGE-BACKED SECURITIES 29.3% | | | | |
| Fixed Rate Securities 4.0% | | | | |
| Banc of America Commercial Mortgage Inc. 2007-5 A3 | 5.620% | 2/10/51 | 800,000 | 587,542 |
| Bear Stearns Asset Backed Securities Trust 2002-AC1 B4 | 7.000% | 1/25/32 | 1,096,352 | 358,278(A) |
| Enterprise Mortgage Acceptance Co. 1999-1 A1 | 6.420% | 10/15/25 | 22,917 | 12,038(A) |

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Western Asset Premier Bond Fund

March 31, 2009 (Unaudited) (continued)

| | Rate | Maturity Date | Par/Shares | Value |
|---|--------|---------------|--------------|----------------|
| Fixed Rate Securities 4.0% (continued) | | | | |
| GMAC Commercial Mortgage Securities Inc. 1998-C2 F | 6.500% | 5/15/35 | \$ 1,000,000 | \$ 978,403 |
| JP Morgan Chase Commercial Mortgage Securities Corp. 2008-C2 A1 | 5.017% | 2/12/51 | 328,467 | 313,837 |
| Metropolitan Asset Funding Inc. 1998-BI B1 | 8.000% | 11/20/24 | 964,863 | 394,797 |
| Washington Mutual Alternative Mortgage Pass-Through Certificates 2006-5 3A3 | 6.221% | 7/25/36 | 905,000 | 459,437 |
| Washington Mutual Alternative Mortgage Pass-Through Certificates 2006-7 A2A | 5.667% | 9/25/36 | 1,519,910 | 706,017 |
| Washington Mutual Alternative Mortgage Pass-Through Certificates 2006-7 A3 | 6.081% | 9/25/36 | 185,000 | 70,644 |
| | | | | 3,880,993 |
| Indexed Securities(B) 20.6% | | | | |
| American Home Mortgage Investment Trust 2007-A 4A | 0.924% | 7/25/46 | 1,115,818 | 513,507(A) |
| Bayview Commercial Asset Trust 2005-3A A2 | 0.874% | 11/25/35 | 848,933 | 662,607(A) |
| Bayview Commercial Asset Trust 2007-5A A1 | 1.124% | 10/25/37 | 817,500 | 756,164(A) |
| Bella Vista Mortgage Trust 2004-2 A1 | 0.844% | 2/25/35 | 2,521,380 | 1,298,252 |
| BlackRock Capital Finance LP 1997-R2 B5 | 6.650% | 12/25/35 | 550,242 | 27,512(A) |
| Chevy Chase Mortgage Funding Corp. 2004-4A A1 | 0.704% | 10/25/35 | 2,784,238 | 1,499,753(A) |
| Chevy Chase Mortgage Funding Corp. 2005-4A A1 | 0.674% | 10/25/36 | 2,531,353 | 1,115,054(A) |
| CNL Funding 1998-1 C2 | 1.306% | 9/18/11 | 3,360,000 | 1,175,674(A) |
| Countrywide Alternative Loan Trust 2005-J12 | 0.744% | 8/25/35 | 353,381 | 163,319 |
| Countrywide Home Loans 2004-HYB5 7A1 | 2.955% | 4/20/35 | 4,244,099 | 2,035,672 |
| Countrywide Home Loans 2004-R1 1AF | 0.874% | 11/25/34 | 1,457,264 | 1,410,383(A) |
| Countrywide Home Loans 2005-09 1A1 | 0.774% | 5/25/35 | 1,962,162 | 811,783 |
| Greenpoint Mortgage Funding Trust 2005-AR5 2A2 | 0.744% | 11/25/46 | 3,766,490 | 1,090,899 |
| Greenpoint Mortgage Funding Trust 2005-AR5 3A2 | 0.744% | 11/25/46 | 2,286,987 | 571,098 |
| GSMPS Mortgage Loan Trust 2005-RP1 1AF | 0.824% | 1/25/35 | 344,632 | 277,433(A) |
| Harborview Mortgage Loan Trust 2004-8 3A2 | 0.956% | 11/19/34 | 233,547 | 103,484 |
| Harborview Mortgage Loan Trust 2005-9 B10 | 2.220% | 6/20/35 | 1,183,029 | 82,812 |
| Impac CMB Trust 2A-10 | 1.114% | 3/25/35 | 605,872 | 260,640 |
| IndyMac Index Mortgage Loan Trust 2007-AR15 2A1 | 5.854% | 8/25/37 | 6,479,799 | 2,657,276 |
| Luminent Mortgage Trust 2006-6 A1 | 0.674% | 10/25/46 | 1,454,653 | 597,193 |
| Merit Securities Corp. 11PA B3 | 2.747% | 9/28/32 | 850,000 | 185,045(A),(L) |
| Regal Trust IV 1999-1 A | 4.655% | 9/29/31 | 156,077 | 137,364(A) |
| Residential Asset Securitization Trust 2003-A1 A2 | 0.974% | 3/25/33 | 1,021,064 | 878,108 |
| Structured Asset Securities Corp. 2002-9 A2 | 0.774% | 10/25/27 | 1,288,395 | 1,027,105 |
| Washington Mutual Inc. 2004-AR12 A2A | 0.765% | 10/25/44 | 240,923 | 132,541 |
| Washington Mutual Mortgage Pass-Through Certificates 2006-AR5 3A | 2.763% | 7/25/46 | 1,599,730 | 543,908 |

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20,014,586

Stripped Securities 1.5%

| | | | | |
|---|--------|----------|------------|--------------------|
| Indymac Index Mortgage Loan Trust 2005-AR14 BX | 2.400% | 7/25/35 | 9,347,386 | 93,474(D),(K1) |
| LB-UBS Commercial Mortgage Trust 2001-C3 X | 0.925% | 6/15/36 | 2,543,112 | 43,707(A),(D),(K1) |
| Prime Mortgage Trust 2005-2 2XB | 1.740% | 10/25/32 | 3,840,872 | 187,042(K1) |
| Prime Mortgage Trust 2005-5 1X | 0.860% | 7/25/34 | 11,723,651 | 426,480(K1) |
| Prime Mortgage Trust 2005-5 1XB | 1.530% | 7/25/34 | 3,194,514 | 331,704(K1) |
| Residential Asset Mortgage Products, Inc. 2005-SL2 AP0 | 0.000% | 2/25/32 | 524,190 | 407,296(K2) |
| | | | | 1,489,703 |

Western Asset Premier Bond Fund

March 31, 2009 (Unaudited) (continued)

| | Rate | Maturity Date | Par/Shares | Value |
|--|---------|---------------|--------------|----------------|
| Variable Rate Securities(I) 3.2% | | | | |
| Bear Stearns Alt-A Trust 2005 -10 21A1 | 5.558% | 1/25/36 | \$ 1,496,521 | \$ 613,244 |
| Credit Suisse Mortgage Capital Certificates | | | | |
| 2007-C3 A4 | 5.723% | 6/15/39 | 242,000 | 145,168 |
| JP Morgan Mortgage Trust 2007-A2 4A2 | 6.040% | 4/25/37 | 300,000 | 151,119 |
| Thornburg Mortgage Securities Trust 2007-4 2A1 | 6.209% | 9/25/37 | 1,097,630 | 761,546 |
| Thornburg Mortgage Securities Trust 2007-4 3A1 | 6.200% | 9/25/37 | 1,042,937 | 652,139 |
| WaMu Mortgage Pass Through Certificates | | | | |
| 2007-HY7 2A3 | 5.842% | 7/25/37 | 2,000,000 | 788,369 |
| | | | | 3,111,585 |
| TOTAL MORTGAGE-BACKED SECURITIES (Cost \$37,961,919) | | | | 28,496,867 |
| U.S. GOVERNMENT AGENCY MORTGAGE-BACKED SECURITIES 0.8% | | | | |
| Fixed Rate Securities 0.8% | | | | |
| Fannie Mae | 6.500% | 8/25/44 | 758,849 | 787,780(M) |
| TOTAL U.S. GOVERNMENT AGENCY MORTGAGE-BACKED SECURITIES | | | | |
| (Cost \$784,617) | | | | 787,780 |
| YANKEE BONDS(J) 12.2% | | | | |
| Aerospace and Defense 0.2% | | | | |
| Systems 2001 Asset Trust | 6.664% | 9/15/13 | 182,143 | 171,214(A) |
| Chemicals 0.2% | | | | |
| Methanex Corp. | 8.750% | 8/15/12 | 195,000 | 185,961 |
| Sensata Technologies BV | 8.000% | 5/1/14 | 110,000 | 33,000 |
| | | | | 218,961 |
| Commercial Banks 0.9% | | | | |
| ATF Capital BV | 9.250% | 2/21/14 | 660,000 | 270,600(A) |
| HSBK Europe BV | 7.250% | 5/3/17 | 600,000 | 285,000(A) |
| ICICI Bank Ltd. | 6.375% | 4/30/22 | 284,000 | 159,682(A),(C) |
| TuranAlem Finance BV | 8.250% | 1/22/37 | 440,000 | 88,000(A) |
| TuranAlem Finance BV | 8.250% | 1/22/37 | 440,000 | 88,000(A) |
| | | | | 891,282 |
| Containers and Packaging 0.1% | | | | |
| Smurfit Kappa Funding PLC | 7.750% | 4/1/15 | 150,000 | 88,125 |
| Diversified Financial Services 0.8% | | | | |
| Lukoil International Finance BV | 6.356% | 6/7/17 | 340,000 | 263,500(A) |
| UFJ Finance Aruba AEC | 6.750% | 7/15/13 | 500,000 | 514,434 |
| | | | | 777,934 |
| Diversified Telecommunication Services 3.4% | | | | |
| Axtel SA | 11.000% | 12/15/13 | 221,000 | 185,640 |
| Deutsche Telekom International Finance BV | 5.250% | 7/22/13 | 600,000 | 598,172 |

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| | | | | |
|-----------------------------------|---------|---------|---------|------------|
| France Telecom SA | 8.500% | 3/1/31 | 600,000 | 756,483(N) |
| Intelsat Bermuda Ltd. | 11.250% | 6/15/16 | 340,000 | 329,800 |
| Nordic Telephone Co. Holdings ApS | 8.875% | 5/1/16 | 220,000 | 205,700(A) |
| NTL Cable PLC | 9.125% | 8/15/16 | 790,000 | 734,700 |
| Wind Acquisition Finance SA | 10.750% | 12/1/15 | 500,000 | 495,000(A) |
| | | | | 3,305,495 |

Western Asset Premier Bond Fund

March 31, 2009 (Unaudited) (continued)

| | Rate | Maturity Date | Par/Shares | Value |
|--|---------|---------------|------------|-------------------|
| Energy Equipment and Services 0.2% | | | | |
| Compagnie Generale de Geophysique-Veritas | 7.500% | 5/15/15 | \$ 210,000 | \$ 165,900 |
| Foreign Governments 0.4% | | | | |
| Republic of Argentina | 7.000% | 9/12/13 | 818,000 | 271,985 |
| Republic of Honduras | 1.926% | 10/1/11 | 100,792 | 96,411(B) |
| Republic of Venezuela | 9.375% | 1/13/34 | 2,000 | 1,025 |
| | | | | 369,421 |
| Insurance 0.7% | | | | |
| XL Capital Ltd. | 5.250% | 9/15/14 | 1,000,000 | 655,238 |
| Media N.M. | | | | |
| Sun Media Corp. | 7.625% | 2/15/13 | 55,000 | 31,350 |
| Metals and Mining 0.4% | | | | |
| Evraz Group SA | 8.875% | 4/24/13 | 100,000 | 63,500(A) |
| Novelis Inc. | 7.250% | 2/15/15 | 115,000 | 46,000 |
| Vedanta Resources PLC | 8.750% | 1/15/14 | 330,000 | 244,200(A) |
| | | | | 353,700 |
| Oil, Gas and Consumable Fuels 2.6% | | | | |
| Anadarko Finance Co. | 6.750% | 5/1/11 | 750,000 | 756,788 |
| Anadarko Finance Co. | 7.500% | 5/1/31 | 1,000,000 | 781,051 |
| Burlington Resources Finance Co. | 7.400% | 12/1/31 | 450,000 | 471,822 |
| Gazprom | 6.212% | 11/22/16 | 280,000 | 203,000(A) |
| Gazprom | 6.510% | 3/7/22 | 130,000 | 83,850(A) |
| OPTI Canada Inc. | 7.875% | 12/15/14 | 240,000 | 105,000 |
| OPTI Canada Inc. | 8.250% | 12/15/14 | 205,000 | 91,738 |
| | | | | 2,493,249 |
| Paper and Forest Products 0.4% | | | | |
| Abitibi-Consolidated Co. of Canada | 13.750% | 4/1/11 | 520,000 | 447,200(A),(D) |
| Road and Rail 1.5% | | | | |
| Canadian Pacific Railway Co. | 6.250% | 10/15/11 | 1,000,000 | 989,686 |
| Grupo Transportacion Ferroviaria Mexicana SA de CV | 9.375% | 5/1/12 | 370,000 | 336,700 |
| Kansas City Southern de Mexico | 12.500% | 4/1/16 | 170,000 | 161,075(A) |
| | | | | 1,487,461 |
| Semiconductors and Semiconductor Equipment N.M. | | | | |
| NXP BV/NXP Funding LLC | 9.500% | 10/15/15 | 55,000 | 6,050 |
| Wireless Telecommunication Services 0.4% | | | | |
| True Move Co. Ltd. | 10.750% | 12/16/13 | 200,000 | 96,000(A) |
| True Move Co. Ltd. | 10.750% | 12/16/13 | 590,000 | 283,759(A) |
| | | | | 379,759 |
| TOTAL YANKEE BONDS (Cost \$15,940,522) | | | | 11,842,339 |
| PREFERRED STOCKS 0.7% | | | | |
| CMP Susquehanna Radio Holdings Corp. | 0.000% | | 3,172shs | 1,348(A),(H),(I) |
| Fannie Mae | 5.375% | | 15 | 20,100(E),(H),(M) |
| Freddie Mac | 5.160% | | 100 | 51(B),(H),(M) |

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| | | | |
|--|--------|---------|------------------|
| Freddie Mac | 5.000% | 200 | 180(H),(M) |
| Freddie Mac | 8.375% | 20,500 | 9,430(C),(H),(M) |
| General Motors Corp. | 5.250% | 225,000 | 571,500(E) |
| Preferred Blocker Inc. | 7.000% | 254 | 50,570(A),(H) |
| TOTAL PREFERRED STOCKS (Cost \$5,644,652) | | | 653,179 |

Western Asset Premier Bond Fund

March 31, 2009 (Unaudited) (continued)

| | Rate | Maturity Date | Par/Shares | Value |
|---|--------|------------------|--------------|--------------|
| TRUST PREFERRED SECURITIES | | | | |
| 1.7% | | | | |
| Corp-Backed Trust Certificates | 7.375% | | 33,900shs \$ | 102,378 |
| Corp-Backed Trust Certificates | 8.000% | | 15,600 | 83,460 |
| CORTS Trust for Ford Motor Co. | 8.000% | | 155,100 | 865,458 |
| PreferredPlus TR-CCR1 | 8.250% | | 5,100 | 29,733 |
| SATURNS-F 2003-5 | 8.125% | | 104,100 | 593,370 |
| TOTAL TRUST PREFERRED SECURITIES (Cost \$5,033,600) | | | | 1,674,399 |
| WARRANTS N.M. | | | | |
| Commercial Banks N.M. | | | | |
| CNB Capital Trust | 0.000% | 3/23/19 | 3,624wts | 100(A) |
| TOTAL WARRANTS (Cost \$100) | | | | 100 |
| TOTAL LONG-TERM SECURITIES (Cost \$207,032,167) | | | | 152,804,564 |
| SHORT-TERM SECURITIES 7.8% | | | | |
| REPURCHASE AGREEMENT | | | | |
| 7.8% | | | | |
| JPMorgan Chase and Co. 0.12% dated 3/31/09, to be repurchased at \$7,657,026 on 4/1/09 (Collateral: \$7,847,000 Fannie Mae Discount Note, 0.000%, due 12/31/09, valued \$7,810,140) | | | \$ 7,657,000 | 7,657,000 |
| TOTAL SHORT-TERM SECURITIES (Cost \$7,657,000) | | | | 7,657,000 |
| TOTAL INVESTMENTS 164.9% (Cost \$214,689,167)(O) | | | | 160,461,564 |
| Other Assets Less Liabilities 9.1% | | | | 8,829,473 |
| Liquidation value of preferred shares (74.0)% | | | | (72,000,000) |
| Net Assets Applicable to Common Shareholders 100.0% | | | \$ | 97,291,037 |

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 28.23% 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, 2009.
- (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) Illiquid security valued at fair value under the procedures approved by the Board of Trustees.
- (E) Convertible Security - Security may be converted into the issuer's common stock.
- (F) Bond is currently in default.
- (G) 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.
- (H) Non-income producing.
- (I) The coupon rates shown on variable rate securities are the rates at March 31, 2009. These rates vary with the weighted average coupon of the underlying loans.
- (J) Yankee Bond - A dollar-denominated bond issued in the U.S. by foreign entities.

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- (K) 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.
- (L) Restricted Security. Security is valued at fair value as determined in good faith by, or under the direction of, the Board of Trustees under procedures established by the Board of Trustees.
- (M) On September 7, 2008, the Federal Housing Finance Agency placed Fannie Mae and Freddie Mac into conservatorship.
- (N) 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.

Western Asset Premier Bond Fund

March 31, 2009 (Unaudited) (continued)

(O) Aggregate cost for federal income tax purposes is substantially the same as book cost. At March 31, 2009, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows:

| | | |
|--|--------|--------------|
| Gross unrealized appreciation | \$ | 5,614,087 |
| Gross unrealized depreciation | | (59,841,690) |
| Net unrealized depreciation | \$ | (54,227,603) |
| Net Asset Value Per Common Share: | \$ | 8.45 |

Investment Valuation

The Fund's securities are valued under policies approved by and under the general oversight of the Board of Trustees. 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. Equity 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 inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

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

| | March 31, 2009 | Quoted Prices (Level 1) | Other Significant Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|------------------------------|-----------------------|------------------------------------|--|--|
| Investments in securities | \$ 160,461,564 | \$ 2,255,560 | \$ 157,090,173 | \$ 1,115,831 |
| Other financial instruments* | (904,839) | | (904,839) | |
| Total | \$ 159,556,725 | \$ 2,255,560 | \$ 156,185,334 | \$ 1,115,831 |

* Other financial instruments include swaps.

The following is a reconciliation of investments in which significant unobservable inputs (Level 3) were used in determining fair value:

| | Investments in Securities |
|---------------------------------|--------------------------------------|
| Balance as of December 31, 2008 | \$ 461,086 |

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| | | |
|---|----|-----------|
| Accrued Premiums/Discounts | | 7,650 |
| Realized Gain/(Loss) | | (1) |
| Change in unrealized appreciation/(depreciation) | | 70,365(2) |
| Net purchases/(sales) | | 576,730 |
| Transfers in and/or (out), of Level 3 | | |
| Balance as of March 31, 2009 | \$ | 1,115,831 |
| Net unrealized appreciation/(depreciation) for investments in securities still held at the reporting date | \$ | (64,943) |

(1) This amount is included in net realized gain/(loss) from investment

(2) Change in unrealized appreciation/(depreciation) includes net unrealized appreciation/(depreciation) resulting from changes in investment values during the reporting period and the reversal of previously recorded unrealized appreciation/(depreciation) when gains or losses are realized.

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.

The Fund may enter into credit default swap (CDS) contracts for investment purposes, to manage its credit risk or to add leverage. CDS agreements involve one party making a stream of payments to another party in exchange for the right to receive a specified return in the event of a default by a third party, typically corporate or sovereign issuers, on a specified obligation, or in the event of a write-down, principal shortfall, interest shortfall or default of all or part of the referenced entities comprising a credit index. The Fund may use a CDS to provide protection against defaults of the issuers (i.e., to reduce risk where a Fund has exposure to a sovereign issuer) or to take an active long or short position with respect to the likelihood of a particular issuer's default. As a seller of protection, the Fund generally receives an upfront payment or a stream of payments throughout the term of the swap provided that there is no credit event. If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the maximum potential amount of future payments (undiscounted) that the Fund could be required to make under a credit default swap agreement would be an amount equal to the notional amount of the agreement. These amounts of potential payments will be partially offset by any recovery of values from the respective referenced obligations. As a seller of protection, the Fund effectively adds leverage to its portfolio because, in addition to its total net assets, the Fund would be subject to investment exposure on the notional amount of the swap. As a buyer of protection, the Fund generally receives an amount up to the notional value of the swap if a credit event occurs.

Implied spreads are the theoretical prices a lender receives for credit default protection. When spreads rise, market perceived credit risk rises and when spreads fall, market perceived credit risk falls. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to enter into the agreement. Wider credit spreads and decreasing market values, when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement. Credit spreads utilized in determining the period end market value of credit default swap agreements on corporate or sovereign issues are disclosed in the Notes to the Schedule of Investments and serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for credit derivatives. For credit default swap agreements on asset-backed securities and credit indices, the quoted market prices and resulting values, particularly in relation to the notional amount of the contract as well as the annual payment rate, serve as an indication of the current status of the payment/performance risk.

The Fund's maximum risk of loss from counterparty risk, either as the protection seller or as the protection buyer, is the fair value of the contract (this risk is mitigated by the posting of collateral by the counterparty to the Fund to cover the Fund's exposure to the counterparty). Credit default swaps are considered to have credit risk-related contingent features since they require payment by the protection seller to the protection buyer upon the occurrence of a defined credit event. As disclosed in the Fair Values of Derivatives Balance Sheet table that follows each Fund's summary of open swap contracts, the aggregate fair value of credit default swaps in a net liability position as of March 31, 2009 was \$1,867,940. If a defined credit event had occurred as of March 31, 2009, the swaps' credit-risk-related contingent features would have been triggered and the Fund would have been required to pay \$21,943,990 less the value of the contracts' related reference obligations.

Entering into a CDS agreement involves, to varying degrees, elements of credit, market and documentation risk in excess of the related amounts recognized in the Statement of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreement may default on its obligation to perform or disagree as to the meaning of the contractual terms in the agreement, and that there will be unfavorable changes in net interest rates.

As of March 31, 2009, the one month London Interbank Offered Rate (LIBOR) was 0.501%

The following is a summary of open credit default swap contracts outstanding as of March 31, 2009.

March 31, 2009

CREDIT DEFAULT SWAPS ON CORPORATE ISSUES BUY PROTECTION(1)

| Swap Counterparty (Reference Entity) | Termination Date | Periodic Payments Made by the Fund | Contract Notional Amount (2) | Market Value | Upfront Premiums Paid/(Received) | Unrealized Appreciation/Depreciation |
|---|-------------------|------------------------------------|------------------------------|--------------|----------------------------------|--------------------------------------|
| Credit Suisse First Boston USA (AAMES Mortgage Investment Trust 2005-1 M8, 1-Month LIBOR + 160 bp, due 6/25/35) | April 25, 2035 | 1.28% Monthly | \$ 43,000 | \$ 40,582 | \$ | 40,582 |
| Credit Suisse First Boston USA (AAMES Mortgage Investment Trust 2005-1 M9, 1-Month LIBOR + 250 bp, due 6/25/35) | April 25, 2035 | 2.05% Monthly | 43,000 | 41,214 | | 41,214 |
| 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 | 43,000 | 42,107 | | 42,107 |
| 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 | 2,432 | 2,425 | | 2,425 |
| 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 | 32,243 | 19,049 | | 19,049 |
| 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% Monthly | 43,000 | 42,887 | | 42,887 |
| 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% Monthly | 43,000 | 42,971 | | 42,971 |
| 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 | 16,384 | 15,936 | | 15,936 |
| 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 | 16,384 | 15,898 | | 15,898 |
| 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 | 20,620 | 17,309 | | 17,309 |
| 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 | 15,633 | 15,242 | | 15,242 |

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| | | | | | |
|---|----------------------|---------------|--------|--------|--------|
| 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 | 13,357 | 13,260 | 13,260 |
| 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 | 17,046 | 16,685 | 16,685 |
| Credit Suisse First Boston USA (Fremont Home Loan Trust 2005-A, 1-Month LIBOR + 100bp, due 1/25/35) | January 25, 2035 | 2.08% Monthly | 15,131 | 15,045 | 15,045 |
| 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 | 22,446 | 20,982 | 20,982 |
| 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 | 17,912 | 16,795 | 16,795 |
| 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 | 12,892 | 7,608 | 7,608 |
| 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 | 20,879 | 20,445 | 20,445 |
| 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 | 17,102 | 16,981 | 16,981 |
| 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 | 25,304 | 24,310 | 24,310 |
| 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 | 22,737 | 22,128 | 22,128 |

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| | | | | | |
|--|--------------------|---------------|--------|--------|--------|
| 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 | 11,329 | 9,730 | 9,730 |
| 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 | 12,666 | 12,268 | 12,268 |
| 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 | 26,267 | 12,497 | 12,497 |
| 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 | 15,461 | 14,820 | 14,820 |
| 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 | 21,129 | 14,758 | 14,758 |
| 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 | 13,639 | 13,195 | 13,195 |
| 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 | 10,066 | 9,966 | 9,966 |
| 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 | 17,744 | 10,000 | 10,000 |
| 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 | 21,085 | 19,319 | 19,319 |
| Credit Suisse First Boston USA (New Century Home Equity Loan Trust 2005-1 M9, 1-Month LIBOR + 205 bp, due 3/25/35) | March 25, 2035 | 2.18% Monthly | 18,390 | 17,057 | 17,057 |

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| | | | | | |
|---|------------------|-----------------|-----------|--------|---------|
| 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 | 43,000 | 36,361 | 36,361 |
| 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 | 43,000 | 37,518 | 37,518 |
| 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 | 43,000 | 41,468 | 41,468 |
| 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 | 41,462 | 40,394 | 40,394 |
| 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 | 31,356 | 30,693 | 30,693 |
| 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 | 33,714 | 33,687 | 33,687 |
| 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 | 43,000 | 42,651 | 42,651 |
| The Goldman Sachs Group, Inc. (Citigroup Inc., 6.5%, due 1/18/2011) | March 20, 2014 | 4.7% Quarterly | 1,700,000 | 96,860 | 96,860 |
| Net unrealized appreciation on buys of credit default swaps on corporate issues | | | | \$ | 963,101 |

March 31, 2009

CREDIT DEFAULT SWAP ON CREDIT INDICES SELL PROTECTION(3)

| Swap Counterparty (Reference Entity) | Termination Date | Periodic Payments Received by the Fund | Contract Notional Amount (2) | Market Value (4) | Upfront Premiums Paid/(Received) | Unrealized Appreciation/Depreciation |
|--|------------------|--|------------------------------|------------------|----------------------------------|--------------------------------------|
| Merrill Lynch & Co., Inc. (CDX HY 8) | June 20, 2012 | 0.86% Quarterly | \$ 21,943,990 | \$ (1,867,940) | \$ | \$ (1,867,940) |
| Net unrealized depreciation on sales of credit default swaps on credit indices | | | | | | \$ (1,867,940) |

(1) If the Fund is a buyer of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) receive from the seller of protection an amount equal to the notional amount of the swap and deliver the underlying securities comprising the referenced index or (ii) receive a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the underlying securities comprising the referenced index.

(2) The maximum potential amount the Fund could be required to make as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.

(3) If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

(4) The quoted market prices and resulting values for credit default swap agreements on asset-backed securities and credit indices serve as an indicator of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative should the notional amount of the swap agreement been closed/sold as of the period end. Decreasing market values when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

Percentage shown is an annual percentage rate.

Derivative Instruments and Hedging Activities

Financial Accounting Standards Board Statement of Financial Accounting Standards No. 161, Disclosures about Derivative Instruments and Hedging Activities, requires enhanced disclosure about an entity's derivative and hedging activities.

The following is a summary of the Fund's derivative instruments categorized by risk exposure at March 31, 2009.

| Primary Underlying Risk Disclosure | Swap Contracts | | Total |
|------------------------------------|-------------------------|-------------------------|---------------------|
| | Unrealized Appreciation | Unrealized Depreciation | |
| Interest Rate Contracts | | | |
| Foreign Exchange Contracts | | | |
| Credit Contracts | \$ 963,101 | \$ (1,867,940) | \$ (904,839) |
| Equity Contracts | | | |
| Other Contracts | | | |
| Total | \$ 963,101 | \$ (1,867,940) | \$ (904,839) |

Recent Accounting Pronouncement

In April 2009, the Financial Accounting Standards Board (FASB) issued FASB Staff Position No. 157-4, Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly (FSP 157-4). FSP 157-4 provides additional guidance for estimating fair value in accordance with FASB Statement of Financial Accounting Standards No. 157, Fair Value Measurements (FAS 157), when the volume and level of activity for the asset or liability have significantly decreased as well as guidance on identifying circumstances that indicate a transaction is not orderly. FSP 157-4 is effective for fiscal years and interim periods ending after June 15, 2009. Management is currently evaluating the impact the adoption of FSP 157-4 will have on the Funds' financial statement disclosures.

Item 2 Controls and Procedures

- (a) The Registrant's principal executive and principal financial officers have concluded, based on their evaluation of the Registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) as of a date within 90 days of the filing date of this report, that the Registrant's disclosure controls and procedures are effective, and that the disclosure controls and procedures are reasonably designed to ensure (1) that information required to be disclosed by the Registrant on Form N-Q is recorded, processed, summarized and reported within the required time periods and (2) 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 (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) 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 as required by Rule 30a-2(a) under the Investment Company Act of 1940 are attached hereto.

SIGNATURES

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

Western Asset Premier Bond Fund

By: /s/ R. Jay Gerken
R. Jay Gerken
President, Western Asset Premier Bond Fund
Date: May 28, 2009

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/ R. Jay Gerken
R. Jay Gerken
President, Western Asset Premier Bond Fund
Date: May 28, 2009

By: /s/ Frances M. Guggino
Frances M. Guggino
Principal Financial and Accounting Officer, Western Asset Premier Bond Fund
Date: May 28, 2009
