

WESTERN ASSET PREMIER BOND FUND

Form N-Q

November 29, 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

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

Name and address of agent for service: Gregory B. McShea

385 East Colorado Boulevard

Pasadena, CA 91101

Date of fiscal year end: December 31, 2006

Date of reporting period: September 30, 2006

Item 1 Schedule of Investments

(Portfolio is inserted here)

PORTFOLIO OF INVESTMENTS

Western Asset Premier Bond Fund

September 30, 2006 (Unaudited)

(Amounts in thousands)

	% OF NET ASSETS	RATE	MATURITY DATE	PAR	VALUE
Long-Term Securities	151.6%				
Corporate Bonds and Notes	81.7%				
<i>Advertising</i>	0.1%				
Affinion Group, Inc.		10.125%	10/15/13	\$ 100	\$ 105
Lamar Media Corporation		6.625%	8/15/15	120	115
					220
<i>Aerospace/Defense</i>	1.1%				
Northrop Grumman Corporation		7.750%	2/15/31	1,000	1,247
The Boeing Company		6.125%	2/15/33	600	647
TransDigm Inc.		7.750%	7/15/14	40	40 _A
					1,934
<i>Apparel</i>	0.3%				
Levi Strauss & Co.		9.750%	1/15/15	225	233
Levi Strauss & Co.		8.875%	4/1/16	70	70
Oxford Industries, Inc.		8.875%	6/1/11	270	275
					578
<i>Auto Parts and Equipment</i>	0.7%				
Commercial Vehicle Group, Inc.		8.000%	7/1/13	250	239
Keystone Automotive Operations Inc.		9.750%	11/1/13	480	451
TRW Automotive Inc.		11.000%	2/15/13	90	98
Visteon Corporation		7.000%	3/10/14	185	166
Visteon Corporation		8.250%	8/1/10	245	239
					1,193
<i>Automotive</i>	1.7%				
Asbury Automotive Group Inc.		9.000%	6/15/12	235	241
DaimlerChrysler NA Holdings Corp.		7.300%	1/15/12	1,000	1,063
DaimlerChrysler NA Holdings Corp.		8.500%	1/18/31	1,000	1,188
General Motors Corporation		8.375%	7/15/33	420	363
					2,855
<i>Banking and Finance</i>	3.4%				
Boeing Capital Corporation		6.500%	2/15/12	1,000	1,060
Boeing Capital Corporation		5.800%	1/15/13	400	413
E*TRADE Financial Corporation		7.375%	9/15/13	140	143
E*TRADE Financial Corporation		7.875%	12/1/15	55	58

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Fuji JGB Inv	9.870%	6/30/08	790	846 _{A,B}
General Motors Acceptance Corp.	6.875%	8/28/12	150	148
General Motors Acceptance Corp.	8.000%	11/1/31	1,530	1,600
HSBC Finance Corporation	4.750%	7/15/13	1,670	1,613
				5,881

PORTFOLIO OF INVESTMENTS

Western Asset Premier Bond Fund

September 30, 2006 (Unaudited)

(Amounts in thousands)

	% OF NET ASSETS	RATE	MATURITY DATE	PAR	VALUE
Corporate Bonds and Notes - Continued					
Banks	0.3%				
Washington Mutual Bank FA		5.500%	1/15/13	\$ 440	\$ 440
Builders-Residential/Commercial	0.3%				
Beazer Homes USA, Inc.		8.125%	6/15/16	145	141
K Hovnanian Enterprises, Inc.		8.625%	1/15/17	430	427
					568
Building Materials	0.5%				
Associated Materials Inc.		0.000%	3/1/14	720	396 _C
NTK Holdings Inc.		0.000%	3/1/14	405	279 _C
Nortek Inc.		8.500%	9/1/14	290	274
					949
Cable	2.8%				
Charter Communication Holdings LLC		11.750%	5/15/14	220	157 _B
Charter Communication Holdings LLC		11.000%	10/1/15	9	8 _A
Charter Communication Holdings LLC		11.000%	10/1/15	330	300
Charter Communication Holdings II		10.250%	9/15/10	280	286
Charter Communication Holdings II		10.250%	10/1/13	167	170 _A
Comcast Cable Communications, Inc.		6.750%	1/30/11	500	525
Comcast Corporation		5.900%	3/15/16	400	400
Comcast Corporation		7.050%	3/15/33	1,000	1,071
CSC Holdings Inc.		7.250%	4/15/12	250	249
CSC Holdings Inc.		7.875%	2/15/18	380	394
EchoStar DBS Corporation		7.000%	10/1/13	830	811 _A
NTL Cable Plc		9.125%	8/15/16	125	129
LodgeNet Entertainment Corporation		9.500%	6/15/13	321	343
					4,843
Casino Resorts	1.2%				
Inn of The Mountain Gods		12.000%	11/15/10	530	555
MGM Mirage Inc.		8.375%	2/1/11	170	177
Pinnacle Entertainment, Inc.		8.250%	3/15/12	250	253
Premier Entertainment Biloxi LLC		10.750%	2/1/12	707	719
Station Casinos, Inc.		7.750%	8/15/16	180	187
Station Casinos, Inc.		6.625%	3/15/18	150	135
					2,026
Chemicals	1.8%				

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Georgia Gulf Corporation	9.500%	10/15/14	350	348 _A
Lyondell Chemical Company	10.500%	6/1/13	135	149
The Dow Chemical Company	6.000%	10/1/12	2,500	2,585

3,082

Coal	0.4%			
Alpha Natural Resources	10.000%	6/1/12	350	376
International Coal Group, Inc.	10.250%	7/15/14	260	247 _A

623

Computers Services and Systems	1.6%			
Amkor Technology, Inc.	2.500%	5/15/11	85	71 _D
DynCorp Inc.	9.500%	2/15/13	502	520
Electronic Data Systems Corporation	7.125%	10/15/09	700	732
Electronic Data Systems Corporation	7.450%	10/15/29	500	549
International Business Machines Corporation	4.750%	11/29/12	240	235
Sungard Data Systems Inc.	10.250%	8/15/15	630	649

2,756

PORTFOLIO OF INVESTMENTS

Western Asset Premier Bond Fund

September 30, 2006 (Unaudited)

(Amounts in thousands)

	% OF NET ASSETS	RATE	MATURITY DATE	PAR	VALUE
Corporate Bonds and Notes - Continued					
Containers and Packaging	0.6%				
Berry Plastics Holding Corp.		8.875%	9/15/14	\$ 135	\$ 136 _A
Graham Packaging Company Inc.		9.875%	10/15/14	298	293
Graphic Packaging International Corp.		8.500%	8/15/11	40	41
Graphic Packaging International Corp.		9.500%	8/15/13	210	215
Owens-Brockway Glass Container Inc.		8.750%	11/15/12	330	348
					1,033
Construction Machinery	0.1%				
H&E Equipment Services, Inc.		8.375%	7/15/16	90	92 _A
Consumer Products	0.2%				
American Greetings Corporation		7.375%	6/1/16	20	20
FTD, Inc.		7.750%	2/15/14	140	138
Playtex Products, Inc.		8.000%	3/1/11	150	156
Spectrum Brands, Inc.		7.375%	2/1/15	35	28
					342
Diversified Financial Services	3.1%				
AAC Group Holding Corp.		0.000%	10/1/12	440	365 _C
ACE Cash Express, Inc.		10.250%	10/1/14	70	71 _A
CIT Group Inc.		7.750%	4/2/12	1,600	1,772
Citigroup Inc.		6.625%	6/15/32	1,000	1,094
CitiSteel USA Inc.		12.949%	9/1/10	350	361 _B
General Electric Capital Corporation		3.750%	12/15/09	740	711
General Electric Capital Corporation		6.000%	6/15/12	700	727
General Electric Capital Corporation		5.450%	1/15/13	250	253
					5,354
Drug & Grocery Store Chains	1.3%				
CVS Lease Pass Through		5.880%	1/10/28	1,578	1,561 _A
Delhaize America, Inc.		9.000%	4/15/31	180	211
Safeway Inc.		5.800%	8/15/12	500	501
					2,273
Education	0.1%				
Education Management LLC		8.750%	6/1/14	140	141 _A
Electric	6.7%				

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Dominion Resources, Inc.	5.700%	9/17/12	770	775
Duke Energy Corporation	6.250%	1/15/12	250	260
Edison Mission Energy	7.500%	6/15/13	20	20 _A
Edison Mission Energy	7.750%	6/15/16	180	182 _A
Elwood Energy LLC	8.159%	7/5/26	353	372
Exelon Generation Co. LLC	6.950%	6/15/11	2,000	2,120
FirstEnergy Corp.	6.450%	11/15/11	610	636
FirstEnergy Corp.	7.375%	11/15/31	3,040	3,515
IPALCO Enterprises, Inc.	8.625%	11/14/11	130	139
MidAmerican Energy Holdings Company	5.875%	10/1/12	250	255
Niagara Mohawk Power Corporation	7.750%	10/1/08	1,500	1,566
Progress Energy, Inc.	7.100%	3/1/11	250	268
Progress Energy, Inc.	6.850%	4/15/12	750	801
The AES Corporation	9.000%	5/15/15	440	474 _A
TXU Electric Delivery Company	7.000%	9/1/22	250	271

11,654

Energy	0.8%			
Midwest Generation LLC	8.560%	1/2/16	83	89
Midwest Generation LLC	8.750%	5/1/34	325	347
Mirant North America LLC	7.375%	12/31/13	350	350
NRG Energy, Inc.	7.375%	2/1/16	505	502
Orion Power Holdings, Inc.	12.000%	5/1/10	150	170
				1,458

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Corporate Bonds and Notes Continued					
Entertainment	0.4%				
AMC Entertainment Inc.		11.000%	2/1/16	\$ 425	\$ 463
Cinemark, Inc.		0.000%	3/15/14	15	12 _C
Warner Music Group		7.375%	4/15/14	170	166
					641
Environmental Services	1.4%				
Waste Management, Inc.		7.375%	5/15/29	2,000	2,289
Waste Management, Inc.		7.750%	5/15/32	40	48
					2,337
Food, Beverage and Tobacco	2.3%				
Alliance One International, Inc.		11.000%	5/15/12	130	133
Altria Group, Inc.		7.000%	11/4/13	250	273
Altria Group, Inc.		7.750%	1/15/27	1,000	1,211
Dole Foods Co.		7.250%	6/15/10	285	264
Kraft Foods Inc.		5.250%	10/1/13	400	395
Nabisco Inc.		7.550%	6/15/15	1,500	1,706
					3,982
Gaming	0.2%				
Isle of Capri Casinos		9.000%	3/15/12	20	21
Isle of Capri Casinos		7.000%	3/1/14	60	57
Pokagon Gaming Authority		10.375%	6/15/14	250	267 _A
					345
Gas and Pipeline Utilities	2.1%				
Colorado Interstate Gas Company		6.800%	11/15/15	150	151
Duke Energy Field Services Corporation		7.875%	8/16/10	750	812
Kinder Morgan Energy Partners, L.P.		7.125%	3/15/12	500	530
Panhandle Eastern Pipe Line Company		4.800%	8/15/08	400	394
Texas Eastern Transmission		5.250%	7/15/07	750	747
The Williams Companies, Inc.		7.500%	1/15/31	902	891
The Williams Companies, Inc.		8.750%	3/15/32	85	93
					3,618
Healthcare	2.1%				
Fresenius Medical Care Capital Trust II		7.875%	2/1/08	250	254

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Tenet Healthcare Corporation	9.250%	2/1/15	2,810	2,705
Vanguard Health Holding Co. II, LLC	9.000%	10/1/14	735	713
				3,672

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Corporate Bonds and Notes - Continued					
Insurance					
	0.2%				
Crum & Forster Holdings Corporation		10.375%	6/15/13	\$ 360	\$ 369
Investment Banking/Brokerage					
	4.1%				
Credit Suisse First Boston, USA		6.500%	1/15/12	1,125	1,185
J.P. Morgan Chase & Co.		5.750%	1/2/13	1,750	1,790
J.P. Morgan Chase & Co.		5.125%	9/15/14	1,300	1,275
Morgan Stanley		6.600%	4/1/12	1,500	1,593
The Goldman Sachs Group, Inc.		6.600%	1/15/12	1,200	1,266
					7,109
Machinery					
	0.2%				
Terex Corporation		7.375%	1/15/14	270	271
Manufacturing (Diversified)					
	2.3%				
Eastman Kodak Co.		7.250%	11/15/13	1,800	1,758
Interface, Inc.		10.375%	2/1/10	400	436
Jacuzzi Brands, Incorporated		9.625%	7/1/10	535	567
Koppers Inc.		9.875%	10/15/13	138	149
Leiner Health Products L.P.		11.000%	6/1/12	280	271
Norcraft Companies, L.P.		9.000%	11/1/11	480	487
Nutro Products Inc.		10.750%	4/15/14	115	123 _A
Rayovac Corporation		8.500%	10/1/13	165	143
Simmons Company		0.000%	12/15/14	90	64 _B
					3,998
Media					
	3.5%				
AOL Time Warner Inc.		6.150%	5/1/07	250	251
AOL Time Warner Inc.		6.875%	5/1/12	1,400	1,480
AOL Time Warner Inc.		7.700%	5/1/32	1,150	1,284
Barrington Broadcasting Group, LLC		10.500%	8/15/14	55	54 _A
Clear Channel Communications, Inc.		4.900%	5/15/15	700	618
Liberty Media Corporation		3.750%	2/15/30	1,860	1,158 _D
LIN Television Corporation		6.500%	5/15/13	120	112
News America Holdings Inc.		6.625%	1/9/08	300	305
News America Holdings Inc.		8.875%	4/26/23	400	485
Sinclair Broadcast Group, Inc.		8.000%	3/15/12	305	309
					6,056

PORTFOLIO OF INVESTMENTS

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Corporate Bonds and Notes Continued					
<i>Medical Care Facilities</i>	0.5%				
DaVita, Inc.		7.250%	3/15/15	\$ 300	\$ 295
HCA, Inc.		6.300%	10/1/12	85	72
HCA, Inc.		6.500%	2/15/16	105	84
HCA, Inc.		7.690%	6/15/25	90	70
HCA, Inc.		7.500%	11/15/95	485	346
					867
<i>Metals and Mining</i>	0.9%				
Alcoa Inc.		5.375%	1/15/13	750	751
International Steel Group, Inc.		6.500%	4/15/14	130	128
Metals USA, Inc.		11.125%	12/1/15	335	367
Mueller Group Inc.		10.000%	5/1/12	20	22
Mueller Holdings Inc.		0.000%	4/15/14	265	233 ^c
					1,501
<i>Office Equipment</i>	0.2%				
Xerox Corporation		6.750%	2/1/17	280	284
<i>Oil and Gas</i>	7.4%				
AmeriGas Partners, L.P.		7.250%	5/20/15	90	90
Belden & Blake Corporation		8.750%	7/15/12	750	771
Chesapeake Energy Corporation		6.375%	6/15/15	480	458
Chesapeake Energy Corporation		6.625%	1/15/16	30	29
Chesapeake Energy Corporation		6.500%	8/15/17	140	131
ConocoPhillips		4.750%	10/15/12	1,000	979
Devon Energy Corporation		7.950%	4/15/32	1,000	1,235
Devon Finance Corp. ULC		6.875%	9/30/11	2,000	2,128
El Paso Corporation		6.375%	2/1/09	333	332
El Paso Corporation		7.750%	6/15/10	1,496	1,548
El Paso Corporation		7.625%	7/15/11	500	513
El Paso Corporation		7.800%	8/1/31	210	215
Encore Acquisition		6.000%	7/15/15	45	41
Hess Corporation		7.300%	8/15/31	60	68
Hess Corporation		7.875%	10/1/29	1,640	1,938
Occidental Petroleum Corporation		6.750%	1/15/12	500	534
Parker Drilling Company		9.625%	10/1/13	300	327
Plains Exploration & Production Company		7.125%	6/15/14	190	199
Pride International, Inc.		7.375%	7/15/14	240	247
SESI LLC		6.875%	6/1/14	10	10 ^A
Suburban Propane Partners, LP		6.875%	12/15/13	580	560
Valero Energy Corporation		7.500%	4/15/32	400	463

PORTFOLIO OF INVESTMENTS

Western Asset Premier Bond Fund

September 30, 2006 (Unaudited)

(Amounts in thousands)

	% OF NET ASSETS	RATE	MATURITY DATE	PAR	VALUE
Corporate Bonds and Notes Continued					
Paper and Forest Products	2.5%				
Appleton Papers Inc.		9.750%	6/15/14	\$ 300	\$ 296
NewPage Corporation		12.000%	5/1/13	310	321
Verso Paper Holdings LLC		9.125%	8/1/14	65	65 _A
Verso Paper Holdings LLC		11.375%	8/1/16	125	124 _A
Weyerhaeuser Company		6.750%	3/15/12	2,400	2,508
Weyerhaeuser Company		7.375%	3/15/32	1,000	1,036
					4,350
Publishing	0.4%				
Dex Media East LLC		12.125%	11/15/12	122	136
Houghton Mifflin Co.		0.000%	10/15/13	210	183 _C
PRIMEDIA Inc.		8.875%	5/15/11	315	308
					627
Real Estate	0.2%				
Kimball Hill Inc.		10.500%	12/15/12	170	153
Ventas, Inc.		6.625%	10/15/14	260	261
					414
Rental Auto/Equipment	0.6%				
Ashtead Capital Inc.		9.000%	8/15/16	109	113 _A
Hertz Corporation		10.500%	1/1/16	645	710 _A
Penhall International Corp.		12.000%	8/1/14	240	251 _A
					1,074
Retail	0.6%				
Blockbuster Inc.		9.000%	9/1/12	140	128
Brookstone, Inc.		12.000%	10/15/12	55	50
EPL Finance Corporation		11.750%	11/15/13	195	216 _A
Neiman Marcus Group, Inc.		9.000%	10/15/15	190	202
Neiman Marcus Group, Inc.		10.375%	10/15/15	200	216
Stater Bros. Holdings Inc.		8.890%	6/15/10	170	172 _B
					984
Retail (Food Chains)	0.2%				
Denny's Corporation/Denny's Holdings		10.000%	10/1/12	90	93
Domino's Inc.		8.250%	7/1/11	248	260

353				
Services (Diversified)	0.1%			
Allied Security LLC	11.375%	7/15/11	40	40
Service Corporation International	7.375%	10/1/14	5	5 _A
Service Corporation International	7.750%	6/15/17	140	134 _A
Service Corporation International	7.625%	10/1/18	5	5 _A
184				
Special Purpose	1.6%			
Air 2 U.S.	8.027%	10/1/19	580	583 _A
CCM Merger, Inc.	8.000%	8/1/13	140	134 _A
GrafTech Finance Inc.	10.250%	2/15/12	70	74
Hexion US Finance Corp.	9.000%	7/15/14	280	286
Hughes Network Systems	9.500%	4/15/14	140	144 _A
Milacron Escrow Corp.	11.500%	5/15/11	410	390
Rainbow National Services LLC	8.750%	9/1/12	100	107 _A
Rainbow National Services LLC	10.375%	9/1/14	250	283 _A
River Rock Entertainment	9.750%	11/1/11	380	404
UGS Corp.	10.000%	6/1/12	305	329
2,734				

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Western Asset Premier Bond Fund

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	% OF NET ASSETS	RATE	MATURITY DATE	PAR	VALUE
Corporate Bonds and Notes Continued					
Telecommunications	4.0%				
BellSouth Corporation		6.000%	10/15/11	\$ 1,000	\$ 1,023
Cincinnati Bell Inc.		6.300%	12/1/28	25	22
Cincinnati Bell Inc.		7.000%	2/15/15	330	323
Citizens Communications Company		9.250%	5/15/11	90	99
Citizens Communications Company		9.000%	8/15/31	80	86
Qwest Communications International Inc.		7.250%	2/15/11	160	160
Qwest Corporation		7.875%	9/1/11	390	410
Qwest Corporation		8.875%	3/15/12	140	153
Qwest Corporation		7.500%	10/1/14	295	305 ^A
SBC Communications Inc.		6.250%	3/15/11	1,000	1,032 ^E
Sprint Capital Corp.		6.000%	1/15/07	1,500	1,502
Sprint Capital Corp.		8.375%	3/15/12	1,450	1,625
XM Satellite Radio, Inc.		9.750%	5/1/14	200	191
					6,931
Telecommunications (Cellular/Wireless)	2.0%				
AT&T Wireless Services, Inc.		7.500%	5/1/07	500	506
AT&T Wireless Services, Inc.		8.125%	5/1/12	500	563
Cingular Wireless LLC		6.500%	12/15/11	250	262
Hawaiian Telecom Communications, Inc.		12.500%	5/1/15	635	667
L-3 Communications Corporation		6.375%	10/15/15	430	418
Motorola, Inc.		7.625%	11/15/10	64	70
Rural Cellular Corp.		9.875%	2/1/10	235	245
Telcordia Technologies Inc.		10.000%	3/15/13	485	323 ^A
Ubiquitel Operating Co.		9.875%	3/1/11	150	163
Verizon Wireless Capital LLC		5.375%	12/15/06	250	250
					3,467
Transportation	12.6%				
America West Airlines, Inc.		6.850%	7/2/09	389	387
America West Airlines, Inc.		8.057%	7/2/20	3,327	3,544
American Airlines, Inc.		7.800%	10/1/06	310	310
American Commercial Lines/ACL Finance Corp.		9.500%	2/15/15	136	148
Continental Airlines, Inc.		7.160%	3/24/13	961	932
Continental Airlines, Inc.		6.900%	1/2/18	1,072	1,103
Continental Airlines, Inc.		6.820%	5/1/18	1,004	1,028
Continental Airlines, Inc.		6.545%	2/2/19	1,919	1,953
Continental Airlines, Inc.		8.048%	11/1/20	744	793
Continental Airlines, Inc.		6.703%	6/15/21	1,046	1,046
GulfMark Offshore, Inc.		7.750%	7/15/14	270	271
H-Lines Finance Holding Corp.		0.000%	4/1/13	247	217 ^c
Horizon Lines, LLC		9.000%	11/1/12	244	251

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Kansas City Southern Railway Co.	7.500%	6/15/09	150	150
Northwest Airlines Inc.	5.960%	8/6/13	2,547	2,419
Union Pacific Corporation	6.125%	1/15/12	2,000	2,071
United Air Lines, Inc.	7.032%	10/1/10	372	377

PORTFOLIO OF INVESTMENTS

Western Asset Premier Bond Fund

September 30, 2006 (Unaudited)

(Amounts in thousands)

	% OF NET ASSETS	RATE	MATURITY DATE	PAR	VALUE
Corporate Bonds and Notes Continued					
<i>Transportation Continued</i>					
United Air Lines, Inc. Series 01-1		6.602%	9/1/13	\$ 1,598	\$ 1,602
US Airways, Inc. Series 89A2		9.820%	1/1/13	473	208 _F
US Airways, Inc. Series 93A3		10.375%	3/1/13	236	104 _F
US Airways, Inc. Series 98-1		6.850%	1/30/18	2,824	2,859
					21,773
Total Corporate Bonds and Notes					
(Identified Cost \$137,142)					
					141,052
Asset-Backed Securities					
	8.7%				
<i>Fixed Rate Securities</i>					
	5.3%				
ACE Securities Corporation 2002-M Trust		0.000%	10/13/17	312	6 _{A,G}
BankAmerica Manufactured Housing Contract 1997-2		6.900%	4/10/28	100	122
Captiva CBO 1997-1		6.860%	11/30/09	394	393 _{A,H}
Conseco Finance Securitizations Corp. 2002-1		6.681%	12/1/33	1,040	1,064
Contimortgage Home Equity Loan Trust 1997-4		7.330%	10/15/28	733	594
FirstFed Corporation Manufactured Housing Contract 1996-1		8.060%	10/15/22	2,100	2,931 _A
Green Tree Financial Corporation 1992-2		9.150%	1/15/18	576	497
Green Tree Financial Corporation 1993-1		8.450%	4/15/18	758	692
Green Tree Financial Corporation 1996-D		8.000%	9/15/27	213	203
Green Tree Financial Corporation 1999-4		6.970%	5/1/31	327	328
Mutual Fund Fee 2000-2		9.550%	4/30/08	561	38 _{A,F}
Mutual Fund Fee 2000-3		9.070%	7/1/08	2,905	349 _A
Oakwood Mortgage Investors Inc. 2002-B		6.060%	3/15/25	480	429
Pegasus Aviation Lease Securitization 2000-1		8.370%	3/25/30	1,300	819 _A
Vanderbilt Mortgage Finance 1997-B		8.155%	10/7/26	693	712
					9,177
<i>Floating Rate Securities^B</i>					
	3.3%				
ACE Securities Corp. 2005-SD1		5.730%	11/25/50	603	604
Banagricola DPR Funding		6.380%	3/15/10	1,465	1,465 _{A,H}
Bayview Financial Asset Trust 2004-SSRA		5.930%	12/25/39	958	963 _A
CS First Boston Mortgage Securities Corporation 2004-CF2		5.800%	5/25/44	590	590 _A
Residential Asset Securities Corporation 2001-KS3		5.790%	9/25/31	813	817
Saxson Asset Securities Trust 2000-2		8.870%	7/25/30	1,183	1,199
					5,638
<i>Stripped Securities</i>					
	0.1%				
Oakwood Mortgage Investors Inc. 2002-C		6.000%	8/15/10	788	119 _{II}

Total Asset-Backed Securities
(Identified Cost \$16,136)

14,934

PORTFOLIO OF INVESTMENTS

Western Asset Premier Bond Fund

September 30, 2006 (Unaudited)

(Amounts in thousands)

	% OF NET ASSETS	RATE	MATURITY DATE	PAR	VALUE
Mortgage-Backed Securities	8.6%				
<i>Fixed Rate Securities</i>	4.1%				
Asset Securitization Corporation 1996-D2		6.920%	2/14/29	\$ 35	\$ 35
Bear Stearns Asset Backed Securities, Inc. 2002-AC1		7.000%	1/25/32	1,828	1,842 _A
Commercial Mortgage Acceptance Corporation 1997-ML1		6.570%	12/15/30	1,250	1,258
Commercial Mortgage Acceptance Corporation 1997-ML1		6.735%	12/15/30	1,544	1,557
Enterprise Mortgage Acceptance Company 1999-1		6.420%	10/15/25	250	108 _A
GMAC Commercial Mortgage Security Inc. 1998-C1		6.700%	5/15/30	439	446
GMAC Commercial Mortgage Security Inc. 1998-C1		6.974%	5/15/30	1,000	1,024
Metropolitan Asset Funding, Inc. 1998-B1		8.000%	11/20/24	1,000	853
					7,123
<i>Floating Rate Securities^B</i>	2.6%				
Banc of America Commercial Mortgage Inc. 2005-5 A4		5.115%	10/10/45	1,050	1,033
Blackrock Capital Finance LP 1997-R2		6.672%	12/25/35	895	694 _A
Harborview Mortgage Loan Trust 2004-8		5.730%	11/19/34	595	597
Harborview Mortgage Loan Trust 2005-9		7.080%	6/20/35	1,500	1,257
Merit Securities Corporation 11PA		7.574%	9/28/32	850	240 _A
Washington Mutual 2004-AR12		5.765%	10/25/44	664	665
					4,486
<i>Stripped Securities</i>	1.9%				
Bear Stearns Asset Backed Securities, Inc. 2006-SD3		0.000%	8/25/36	2,241	1,441 ₁₂
LB-UBS Commercial Mortgage Trust 2001-C3		1.189%	6/15/36	2,749	104 _A
Prime Mortgage Trust 2005-2		1.743%	10/25/32	4,209	311 ₁₁
Prime Mortgage Trust 2005-5		0.873%	7/25/34	23,225	505 ₁₁
Prime Mortgage Trust 2005-5		1.572%	7/25/34	3,344	260 ₁₁
Residential Asset Mortgage Products, Inc. 2005-SL2		0.000%	2/25/32	824	645 ₁₂
					3,266
Total Mortgage-Backed Securities (Identified Cost \$14,865)					14,875
U.S. Government Securities	10.8%				
<i>Fixed Rate Securities</i>	5.5%				
United States Treasury Bonds		5.375%	2/15/31	2,500	2,700 _J
United States Treasury Bonds		4.500%	2/15/36	850	814
United States Treasury Notes		3.375%	2/28/07	6,000	5,960 _J
					9,474

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Treasury Inflation-Protected Securities^K	5.3%				
United States Treasury Inflation-Protected Security	3.625%	1/15/08	2,300	2,920 _{J,K}	
United States Treasury Inflation-Protected Security	3.000%	7/15/12	2,550	2,994 _{J,K}	
United States Treasury Inflation-Protected Security	2.000%	7/15/14	3,000	3,174 _{J,K}	

9,088

Total U.S. Government Securities

(Identified Cost \$18,308)

18,562

U.S. Government Agency Mortgage-Backed Securities

7.7%

Fannie Mae	6.000%	10/15/36	12,000	12,053	
Fannie Mae	6.500%	8/25/44	1,164	1,184	

Total U.S. Government Agency Mortgage-Backed Securities

(Identified Cost \$13,207)

13,237

PORTFOLIO OF INVESTMENTS

Western Asset Premier Bond Fund

September 30, 2006 (Unaudited)

(Amounts in thousands)

	% OF NET ASSETS	RATE	MATURITY DATE	PAR	VALUE
Yankee Bonds^H	26.9%				
Aerospace/Defense	0.1%				
Systems 2001 Asset Trust		6.664%	9/15/13	\$ 252	\$ 266 _A
Cable	0.3%				
Kabel Deutschland GmbH		10.625%	7/1/14	430	461 _A
Chemicals	0.1%				
Montell Finance Co. B.V.		8.100%	3/15/27	200	185 _A
Electric	1.0%				
Hydro-Quebec		6.300%	5/11/11	1,700	1,780
Energy	0.1%				
Aquila Canada Finance Corporation		7.750%	6/15/11	110	116
Foreign Government	15.0%				
Dominican Republic		9.500%	9/27/11	406	437 _A
Federative Republic of Brazil		10.125%	5/15/27	143	192
Federative Republic of Brazil		7.125%	1/20/37	856	874
Federative Republic of Brazil		11.000%	8/17/40	4,479	5,834
Republic of Argentina		5.590%	8/3/12	818	762 _B
Republic of Colombia		11.750%	2/25/20	768	1,075
Republic of Ecuador		10.000%	8/15/30	605	554 _{A,C}
Republic of El Salvador		8.250%	4/10/32	625	716 _A
Republic of Honduras		4.706%	10/1/11	184	182 _B
Republic of Panama		9.375%	4/1/29	1,496	1,930
Republic of Panama		6.700%	1/26/36	431	427
Republic of Peru					1,092
		5.000%	3/7/17	1,107	_B
Republic of Peru		8.750%	11/21/33	950	1,164
Russian Federation					8,488
		5.000%	3/31/30	7,605	_C
United Mexican States		7.500%			