

WESTERN ASSET PREMIER BOND FUND

Form N-Q

May 29, 2012

**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)

620 Eighth Avenue ,49th Floor, New York, NY  
(Address of principal executive offices)

10018  
(Zip code)

Robert I. Frenkel, Esq.

Legg Mason & Co., LLC

100 First Stamford Place

Stamford, CT 06902  
(Name and address of agent for service)

Registrant's telephone number, including area code: (888) 777-0102

Date of fiscal year end: December 31

Date of reporting period: March 31, 2012

---

ITEM 1. SCHEDULE OF INVESTMENTS.

---

**WESTERN ASSET PREMIER BOND FUND**

**FORM N-Q**

**MARCH 31, 2012**

## WESTERN ASSET PREMIER BOND FUND

Schedule of investments (unaudited)

March 31, 2012

| SECURITY                                                       | RATE    | MATURITY<br>DATE | FACE<br>AMOUNT | VALUE         |
|----------------------------------------------------------------|---------|------------------|----------------|---------------|
| CORPORATE BONDS & NOTES 42.9%                                  |         |                  |                |               |
| CONSUMER DISCRETIONARY 5.7%                                    |         |                  |                |               |
| <b>Automobiles 1.7%</b>                                        |         |                  |                |               |
| DaimlerChrysler NA Holding Corp., Notes                        | 8.500%  | 1/18/31          | 1,000,000      | \$ 1,455,665  |
| Ford Motor Credit Co., LLC, Senior Notes                       | 12.000% | 5/15/15          | 1,030,000      | 1,272,050     |
| <i>Total Automobiles</i>                                       |         |                  |                | 2,727,715     |
| <b>Diversified Consumer Services 0.0%</b>                      |         |                  |                |               |
| Service Corp. International, Senior Notes                      | 7.625%  | 10/1/18          | 5,000          | 5,750         |
| Service Corp. International, Senior Notes                      | 7.500%  | 4/1/27           | 60,000         | 60,750        |
| <i>Total Diversified Consumer Services</i>                     |         |                  |                | 66,500        |
| <b>Hotels, Restaurants &amp; Leisure 0.7%</b>                  |         |                  |                |               |
| Caesars Entertainment Operating Co. Inc., Senior Notes         | 10.750% | 2/1/16           | 300,000        | 261,750       |
| El Pollo Loco Inc., Secured Notes                              | 17.000% | 1/1/18           | 388,122        | 349,795(a)    |
| Inn of the Mountain Gods Resort & Casino, Senior Secured Notes | 8.750%  | 11/30/20         | 113,000        | 110,457(a)    |
| Landry's Acquisition Co., Secured Notes                        | 11.625% | 12/1/15          | 20,000         | 22,275(a)     |
| Mohegan Tribal Gaming Authority, Secured Notes                 | 11.500% | 11/1/17          | 170,000        | 173,825(a)    |
| NCL Corp. Ltd., Senior Secured Notes                           | 11.750% | 11/15/16         | 170,000        | 196,775       |
| Snoqualmie Entertainment Authority, Senior Secured Notes       | 4.532%  | 2/1/14           | 110,000        | 103,400(a)(b) |
| Station Casinos Inc., Senior Subordinated Notes                | 6.625%  | 3/15/18          | 100,000        | 0(c)(d)(e)(f) |
| <i>Total Hotels, Restaurants &amp; Leisure</i>                 |         |                  |                | 1,218,277     |
| <b>Media 3.1%</b>                                              |         |                  |                |               |
| CCH II LLC/CCH II Capital Corp., Senior Notes                  | 13.500% | 11/30/16         | 61,940         | 70,612        |
| Cengage Learning Acquisitions Inc., Senior Notes               | 10.500% | 1/15/15          | 270,000        | 203,175(a)    |
| Comcast Corp.                                                  | 5.900%  | 3/15/16          | 400,000        | 461,850       |
| Comcast Corp., Notes                                           | 7.050%  | 3/15/33          | 1,000,000      | 1,223,679     |
| DISH DBS Corp., Senior Notes                                   | 7.000%  | 10/1/13          | 600,000        | 640,500       |
| DISH DBS Corp., Senior Notes                                   | 7.875%  | 9/1/19           | 385,000        | 442,750       |
| EchoStar DBS Corp., Senior Notes                               | 7.125%  | 2/1/16           | 120,000        | 132,750       |
| News America Inc.                                              | 8.875%  | 4/26/23          | 400,000        | 502,820       |
| Time Warner Inc., Senior Debentures                            | 7.700%  | 5/1/32           | 980,000        | 1,278,155     |
| <i>Total Media</i>                                             |         |                  |                | 4,956,291     |
| <b>Textiles, Apparel &amp; Luxury Goods 0.2%</b>               |         |                  |                |               |
| Oxford Industries Inc., Senior Secured Notes                   | 11.375% | 7/15/15          | 255,000        | 275,719       |
| <b>TOTAL CONSUMER DISCRETIONARY</b>                            |         |                  |                | 9,244,502     |
| CONSUMER STAPLES 5.9%                                          |         |                  |                |               |
| <b>Food &amp; Staples Retailing 5.3%</b>                       |         |                  |                |               |
| CVS Corp., Pass-Through Trust                                  | 9.350%  | 1/10/23          | 1,050,000      | 1,103,571(a)  |
| CVS Corp., Pass-Through Trust, Secured Bonds                   | 5.789%  | 1/10/26          | 758,248        | 817,012(a)    |
| CVS Corp., Pass-Through Trust, Secured Notes                   | 6.943%  | 1/10/30          | 1,614,529      | 1,857,968     |
| CVS Pass-Through Trust                                         | 7.507%  | 1/10/32          | 1,917,266      | 2,296,482(a)  |
| CVS Pass-Through Trust, Secured Notes                          | 5.880%  | 1/10/28          | 868,789        | 923,314       |
| CVS Pass-Through Trust, Secured Notes                          | 6.036%  | 12/10/28         | 752,059        | 824,550       |

Edgar Filing: WESTERN ASSET PREMIER BOND FUND - Form N-Q

|                                                         |         |         |         |            |
|---------------------------------------------------------|---------|---------|---------|------------|
| Delhaize Group, Senior Notes                            | 5.700%  | 10/1/40 | 235,000 | 217,226    |
| Safeway Inc., Notes                                     | 5.800%  | 8/15/12 | 500,000 | 508,272    |
| <i>Total Food &amp; Staples Retailing</i>               |         |         |         | 8,548,395  |
| <b>Food Products 0.5%</b>                               |         |         |         |            |
| Ahold Lease USA Inc., Pass-Through Certificates         | 8.620%  | 1/2/25  | 714,462 | 893,078(f) |
| <b>Tobacco 0.1%</b>                                     |         |         |         |            |
| Alliance One International Inc., Senior Notes           | 10.000% | 7/15/16 | 160,000 | 160,800    |
| TOTAL CONSUMER STAPLES                                  |         |         |         | 9,602,273  |
| ENERGY 4.7%                                             |         |         |         |            |
| <b>Energy Equipment &amp; Services 0.6%</b>             |         |         |         |            |
| Compagnie Generale de Geophysique-Veritas, Senior Notes | 6.500%  | 6/1/21  | 750,000 | 765,000    |

*See Notes to Schedule of Investments.*

## WESTERN ASSET PREMIER BOND FUND

Schedule of investments (unaudited) (cont d)

March 31, 2012

| SECURITY                                                              | RATE    | MATURITY<br>DATE | FACE<br>AMOUNT | VALUE        |
|-----------------------------------------------------------------------|---------|------------------|----------------|--------------|
| <b>Energy Equipment &amp; Services continued</b>                      |         |                  |                |              |
| Hercules Offshore LLC, Senior Secured Notes                           | 10.500% | 10/15/17         | 155,000 \$     | 162,362(a)   |
| <i>Total Energy Equipment &amp; Services</i>                          |         |                  |                | 927,362      |
| <b>Oil, Gas &amp; Consumable Fuels 4.1%</b>                           |         |                  |                |              |
| Anadarko Finance Co., Senior Notes                                    | 7.500%  | 5/1/31           | 570,000        | 704,146      |
| Arch Coal Inc., Senior Notes                                          | 7.000%  | 6/15/19          | 750,000        | 691,875(a)   |
| Berry Petroleum Co., Senior Notes                                     | 10.250% | 6/1/14           | 160,000        | 184,800      |
| Burlington Resources Finance Co.                                      | 7.400%  | 12/1/31          | 450,000        | 608,778      |
| Chesapeake Energy Corp., Senior Notes                                 | 7.250%  | 12/15/18         | 270,000        | 288,225      |
| Colorado Interstate Gas Co., Senior Notes                             | 6.800%  | 11/15/15         | 150,000        | 172,397      |
| CONSOL Energy Inc., Senior Notes                                      | 8.250%  | 4/1/20           | 440,000        | 459,800      |
| Devon Energy Corp., Debentures                                        | 7.950%  | 4/15/32          | 310,000        | 435,615      |
| El Paso Corp., Medium-Term Notes                                      | 7.800%  | 8/1/31           | 190,000        | 215,956      |
| EXCO Resources Inc., Senior Notes                                     | 7.500%  | 9/15/18          | 500,000        | 445,000      |
| Hess Corp., Notes                                                     | 7.875%  | 10/1/29          | 350,000        | 465,771      |
| Plains Exploration & Production Co., Senior Notes                     | 8.625%  | 10/15/19         | 125,000        | 140,313      |
| Quicksilver Resources Inc., Senior Notes                              | 11.750% | 1/1/16           | 185,000        | 195,638      |
| Regency Energy Partners LP/Regency Energy Finance Corp., Senior Notes | 6.500%  | 7/15/21          | 750,000        | 795,000      |
| Teekay Corp., Senior Notes                                            | 8.500%  | 1/15/20          | 310,000        | 321,625      |
| Williams Cos. Inc., Debentures                                        | 7.500%  | 1/15/31          | 413,000        | 495,670      |
| Williams Cos. Inc., Senior Notes                                      | 8.750%  | 3/15/32          | 39,000         | 51,414       |
| <i>Total Oil, Gas &amp; Consumable Fuels</i>                          |         |                  |                | 6,672,023    |
| <b>TOTAL ENERGY</b>                                                   |         |                  |                | 7,599,385    |
| <b>FINANCIALS 7.4%</b>                                                |         |                  |                |              |
| <b>Consumer Finance 1.8%</b>                                          |         |                  |                |              |
| Ally Financial Inc., Senior Notes                                     | 8.000%  | 3/15/20          | 350,000        | 389,375      |
| Ford Motor Credit Co., LLC, Senior Notes                              | 8.000%  | 12/15/16         | 680,000        | 788,395      |
| HSBC Finance Corp.                                                    | 4.750%  | 7/15/13          | 1,670,000      | 1,731,441    |
| <i>Total Consumer Finance</i>                                         |         |                  |                | 2,909,211    |
| <b>Diversified Financial Services 4.9%</b>                            |         |                  |                |              |
| Air 2 US, Notes                                                       | 8.027%  | 10/1/19          | 2,339,552      | 2,327,855(a) |
| Citigroup Inc.                                                        | 6.625%  | 6/15/32          | 1,000,000      | 1,025,984    |
| International Lease Finance Corp., Senior Notes                       | 8.750%  | 3/15/17          | 1,380,000      | 1,535,250    |
| JPMorgan Chase & Co., Subordinated Notes                              | 5.125%  | 9/15/14          | 1,300,000      | 1,393,055    |
| Liberty Media LLC                                                     | 3.750%  | 2/15/30          | 1,860,000      | 1,009,050    |
| UFJ Finance Aruba AEC                                                 | 6.750%  | 7/15/13          | 500,000        | 530,660      |
| Unitymedia GmbH, Senior Secured Bonds                                 | 8.125%  | 12/1/17          | 100,000        | 108,000(a)   |
| <i>Total Diversified Financial Services</i>                           |         |                  |                | 7,929,854    |
| <b>Insurance 0.7%</b>                                                 |         |                  |                |              |
| XL Capital Ltd.                                                       | 5.250%  | 9/15/14          | 1,000,000      | 1,059,297    |
| <b>TOTAL FINANCIALS</b>                                               |         |                  |                | 11,898,362   |
| <b>HEALTH CARE 0.9%</b>                                               |         |                  |                |              |
| <b>Health Care Providers &amp; Services 0.9%</b>                      |         |                  |                |              |

Edgar Filing: WESTERN ASSET PREMIER BOND FUND - Form N-Q

|                                                    |        |          |         |           |
|----------------------------------------------------|--------|----------|---------|-----------|
| Community Health Systems Inc., Senior Notes        | 8.875% | 7/15/15  | 99,000  | 102,589   |
| HCA Inc., Debentures                               | 7.500% | 11/15/95 | 185,000 | 147,075   |
| HCA Inc., Notes                                    | 6.375% | 1/15/15  | 430,000 | 453,650   |
| HCA Inc., Notes                                    | 7.690% | 6/15/25  | 90,000  | 86,737    |
| HCA Inc., Senior Notes                             | 6.250% | 2/15/13  | 85,000  | 87,231    |
| HCA Inc., Senior Secured Notes                     | 6.500% | 2/15/20  | 310,000 | 325,500   |
| Vanguard Health Holdings Co., II LLC, Senior Notes | 8.000% | 2/1/18   | 215,000 | 219,300   |
| TOTAL HEALTH CARE                                  |        |          |         | 1,422,082 |
| INDUSTRIALS 11.3%                                  |        |          |         |           |
| <b>Aerospace &amp; Defense 0.5%</b>                |        |          |         |           |
| Boeing Co., Notes                                  | 6.125% | 2/15/33  | 600,000 | 745,698   |

*See Notes to Schedule of Investments.*

## WESTERN ASSET PREMIER BOND FUND

Schedule of investments (unaudited) (cont d)

March 31, 2012

| SECURITY                                                                    | RATE    | MATURITY<br>DATE | FACE<br>AMOUNT | VALUE           |
|-----------------------------------------------------------------------------|---------|------------------|----------------|-----------------|
| <b>Airlines 10.1%</b>                                                       |         |                  |                |                 |
| America West Airlines Inc., Ambac Assurance Corp.                           | 8.057%  | 7/2/20           | 2,224,781      | \$ 2,302,648    |
| Continental Airlines Inc.                                                   | 7.160%  | 9/24/14          | 136,535        | 138,242         |
| Continental Airlines Inc.                                                   | 6.820%  | 5/1/18           | 913,728        | 950,277         |
| Continental Airlines Inc., Pass-Through Certificates                        | 6.900%  | 1/2/18           | 748,727        | 795,522         |
| Continental Airlines Inc., Pass-Through Certificates                        | 6.545%  | 2/2/19           | 1,027,875      | 1,106,199       |
| Continental Airlines Inc., Pass-Through Certificates                        | 6.703%  | 6/15/21          | 674,732        | 721,963         |
| Continental Airlines Inc., Pass-Through Certificates, 2000-1<br>A-1         | 8.048%  | 11/1/20          | 522,656        | 584,068         |
| Continental Airlines Inc., Secured Notes                                    | 6.250%  | 10/22/21         | 1,000,000      | 1,015,000       |
| DAE Aviation Holdings Inc., Senior Notes                                    | 11.250% | 8/1/15           | 250,000        | 260,625(a)      |
| Delta Air Lines Inc., Pass-Through Certificates, Secured<br>Notes           | 8.021%  | 8/10/22          | 156,259        | 159,181         |
| Delta Air Lines Inc., Senior Secured Notes                                  | 9.500%  | 9/15/14          | 59,000         | 62,835(a)       |
| JetBlue Airways Corp., Pass-Through Certificates                            | 0.953%  | 11/15/16         | 1,050,000      | 840,000(b)      |
| Northwest Airlines Corp., Pass-Through Certificates                         | 7.575%  | 9/1/20           | 458,537        | 500,951         |
| Northwest Airlines Inc.                                                     | 0.758%  | 2/6/15           | 2,433,923      | 2,306,142(b)(f) |
| US Airways Pass-Through Trust                                               | 6.850%  | 1/30/18          | 2,586,615      | 2,483,150       |
| US Airways Pass-Through Trust, Secured Notes                                | 7.125%  | 10/22/23         | 2,000,000      | 2,100,000       |
| <i>Total Airlines</i>                                                       |         |                  |                | 16,326,803      |
| <b>Building Products 0.0%</b>                                               |         |                  |                |                 |
| Ashton Woods USA LLC/Ashton Woods Finance Co.,<br>Senior Subordinated Notes | 11.000% | 6/30/15          | 65,000         | 53,625(a)(d)    |
| <b>Commercial Services &amp; Supplies 0.3%</b>                              |         |                  |                |                 |
| Altegrity Inc., Senior Subordinated Notes                                   | 10.500% | 11/1/15          | 310,000        | 294,500(a)      |
| RSC Equipment Rental Inc./RSC Holdings III LLC, Senior<br>Secured Notes     | 10.000% | 7/15/17          | 170,000        | 197,200(a)      |
| <i>Total Commercial Services &amp; Supplies</i>                             |         |                  |                | 491,700         |
| <b>Road &amp; Rail 0.1%</b>                                                 |         |                  |                |                 |
| Kansas City Southern de Mexico, Senior Notes                                | 12.500% | 4/1/16           | 111,000        | 127,927         |
| RailAmerica Inc., Senior Secured Notes                                      | 9.250%  | 7/1/17           | 24,000         | 25,290          |
| <i>Total Road &amp; Rail</i>                                                |         |                  |                | 153,217         |
| <b>Trading Companies &amp; Distributors 0.3%</b>                            |         |                  |                |                 |
| Ashtead Capital Inc., Notes                                                 | 9.000%  | 8/15/16          | 129,000        | 134,644(a)      |
| H&E Equipment Services Inc., Senior Notes                                   | 8.375%  | 7/15/16          | 245,000        | 252,350         |
| <i>Total Trading Companies &amp; Distributors</i>                           |         |                  |                | 386,994         |
| <b>TOTAL INDUSTRIALS</b>                                                    |         |                  |                | 18,158,037      |
| <b>INFORMATION TECHNOLOGY 0.4%</b>                                          |         |                  |                |                 |
| <b>IT Services 0.4%</b>                                                     |         |                  |                |                 |
| Electronic Data Systems Corp., Notes                                        | 7.450%  | 10/15/29         | 500,000        | 595,997         |
| <b>Semiconductors &amp; Semiconductor Equipment 0.0%</b>                    |         |                  |                |                 |
| Freescall Semiconductor Inc., Senior Subordinated Notes                     | 10.125% | 12/15/16         | 28,000         | 29,890          |
| <b>TOTAL INFORMATION TECHNOLOGY</b>                                         |         |                  |                | 625,887         |
| <b>MATERIALS 1.8%</b>                                                       |         |                  |                |                 |



Edgar Filing: WESTERN ASSET PREMIER BOND FUND - Form N-Q

**Chemicals 0.6%**

|                  |        |         |           |           |
|------------------|--------|---------|-----------|-----------|
| Dow Chemical Co. | 6.000% | 10/1/12 | 1,000,000 | 1,025,025 |
|------------------|--------|---------|-----------|-----------|

**Metals & Mining 0.4%**

|                                       |         |         |         |            |
|---------------------------------------|---------|---------|---------|------------|
| Metals USA Inc., Senior Secured Notes | 11.125% | 12/1/15 | 445,000 | 463,912    |
| Vedanta Resources PLC, Senior Notes   | 8.750%  | 1/15/14 | 130,000 | 133,575(a) |
| <i>Total Metals &amp; Mining</i>      |         |         |         | 597,487    |

**Paper & Forest Products 0.8%**

|                                            |         |          |         |            |
|--------------------------------------------|---------|----------|---------|------------|
| Appleton Papers Inc., Senior Secured Notes | 11.250% | 12/15/15 | 235,000 | 217,963    |
| NewPage Corp., Senior Secured Notes        | 11.375% | 12/31/14 | 595,000 | 398,650(c) |
| PE Paper Escrow GmbH, Senior Secured Notes | 12.000% | 8/1/14   | 100,000 | 108,500(a) |

*See Notes to Schedule of Investments.*

## WESTERN ASSET PREMIER BOND FUND

Schedule of investments (unaudited) (cont d)

March 31, 2012

| SECURITY                                                                              | RATE    | MATURITY<br>DATE | FACE<br>AMOUNT | VALUE         |
|---------------------------------------------------------------------------------------|---------|------------------|----------------|---------------|
| <b>Paper &amp; Forest Products continued</b>                                          |         |                  |                |               |
| Weyerhaeuser Co., Debentures                                                          | 7.375%  | 3/15/32          | 560,000 \$     | 596,560       |
| <i>Total Paper &amp; Forest Products</i>                                              |         |                  |                | 1,321,673     |
| <b>TOTAL MATERIALS</b>                                                                |         |                  |                | 2,944,185     |
| <b>TELECOMMUNICATION SERVICES 1.4%</b>                                                |         |                  |                |               |
| <b>Diversified Telecommunication Services 1.4%</b>                                    |         |                  |                |               |
| AT&T Inc., Senior Notes                                                               | 5.350%  | 9/1/40           | 170,000        | 180,763       |
| Cincinnati Bell Telephone Co., Senior<br>Debentures                                   | 6.300%  | 12/1/28          | 25,000         | 20,000        |
| Deutsche Telekom International Finance BV                                             | 5.250%  | 7/22/13          | 600,000        | 631,417       |
| France Telecom SA, Notes                                                              | 8.500%  | 3/1/31           | 600,000        | 850,866       |
| Intelsat Jackson Holdings Ltd., Senior Notes                                          | 9.500%  | 6/15/16          | 35,000         | 36,575        |
| Intelsat Jackson Holdings Ltd., Senior Notes                                          | 11.250% | 6/15/16          | 340,000        | 357,850       |
| Qwest Corp., Senior Notes                                                             | 7.500%  | 10/1/14          | 150,000        | 167,231       |
| <b>TOTAL TELECOMMUNICATION<br/>SERVICES</b>                                           |         |                  |                | 2,244,702     |
| <b>UTILITIES 3.4%</b>                                                                 |         |                  |                |               |
| <b>Electric Utilities 0.9%</b>                                                        |         |                  |                |               |
| FirstEnergy Corp., Notes                                                              | 7.375%  | 11/15/31         | 1,020,000      | 1,255,685     |
| MidAmerican Energy Holdings Co., Senior<br>Notes                                      | 5.875%  | 10/1/12          | 250,000        | 256,440       |
| <i>Total Electric Utilities</i>                                                       |         |                  |                | 1,512,125     |
| <b>Gas Utilities 0.0%</b>                                                             |         |                  |                |               |
| Southern Natural Gas Co., Senior Notes                                                | 8.000%  | 3/1/32           | 20,000         | 24,763        |
| <b>Independent Power Producers &amp; Energy Traders 2.0%</b>                          |         |                  |                |               |
| AES Corp., Senior Notes                                                               | 9.750%  | 4/15/16          | 360,000        | 421,200       |
| AES Corp., Senior Notes                                                               | 8.000%  | 6/1/20           | 100,000        | 114,750       |
| AES Corp., Senior Notes                                                               | 7.375%  | 7/1/21           | 660,000        | 729,300(a)    |
| Calpine Corp., Senior Secured Notes                                                   | 7.875%  | 1/15/23          | 700,000        | 756,000(a)    |
| Edison Mission Energy, Senior Notes                                                   | 7.750%  | 6/15/16          | 320,000        | 220,800       |
| Energy Future Intermediate Holding Co.<br>LLC/EFIH Finance Inc., Senior Secured Notes | 10.000% | 12/1/20          | 885,000        | 964,650       |
| <i>Total Independent Power Producers &amp; Energy Traders</i>                         |         |                  |                | 3,206,700     |
| <b>Multi-Utilities 0.5%</b>                                                           |         |                  |                |               |
| Dominion Resources Inc., Senior Notes                                                 | 5.700%  | 9/17/12          | 770,000        | 787,478       |
| <b>TOTAL UTILITIES</b>                                                                |         |                  |                | 5,531,066     |
| <b>TOTAL CORPORATE BONDS &amp; NOTES (Cost \$65,052,436)</b>                          |         |                  |                | 69,270,481    |
| <b>ASSET-BACKED SECURITIES 37.1%</b>                                                  |         |                  |                |               |
| AAA Trust, 2005-1A 1A3B                                                               | 0.651%  | 2/27/35          | 498,597        | 331,489(a)(b) |
| ABFS Mortgage Loan Trust, 2002-3 M1                                                   | 5.902%  | 9/15/33          | 1,118,227      | 775,874       |
| ACE Securities Corp., 2005-WF1 M1                                                     | 0.662%  | 5/25/35          | 470,000        | 403,834(b)    |
| Ameriquest Mortgage Securities Inc., 2004-R1<br>A1B                                   | 0.642%  | 2/25/34          | 618,339        | 487,009(b)    |
|                                                                                       | 0.862%  | 10/25/34         | 400,000        | 344,476(b)    |

# Edgar Filing: WESTERN ASSET PREMIER BOND FUND - Form N-Q

Ameriquest Mortgage Securities Inc., 2004-R9

M1

Amortizing Residential Collateral Trust, 2004-1

|    |        |          |         |            |
|----|--------|----------|---------|------------|
| A5 | 0.742% | 10/25/34 | 238,850 | 207,513(b) |
|----|--------|----------|---------|------------|

|                                    |        |         |         |            |
|------------------------------------|--------|---------|---------|------------|
| Argent Securities Inc., 2003-W3 M1 | 1.367% | 9/25/33 | 185,729 | 170,165(b) |
|------------------------------------|--------|---------|---------|------------|

|                                      |  |  |  |  |
|--------------------------------------|--|--|--|--|
| Associates Manufactured Housing Pass |  |  |  |  |
|--------------------------------------|--|--|--|--|

|                                 |        |         |           |              |
|---------------------------------|--------|---------|-----------|--------------|
| Through Certificates, 1997-CLB2 | 8.900% | 6/15/28 | 2,615,337 | 2,615,337(f) |
|---------------------------------|--------|---------|-----------|--------------|

|                                 |  |  |  |  |
|---------------------------------|--|--|--|--|
| Associates Manufactured Housing |  |  |  |  |
|---------------------------------|--|--|--|--|

|                                      |        |         |         |               |
|--------------------------------------|--------|---------|---------|---------------|
| Pass-Through Certificates, 1997-1 B1 | 7.600% | 6/15/28 | 333,312 | 358,365(b)(d) |
|--------------------------------------|--------|---------|---------|---------------|

|                                 |  |  |  |  |
|---------------------------------|--|--|--|--|
| Associates Manufactured Housing |  |  |  |  |
|---------------------------------|--|--|--|--|

|                                      |        |         |           |              |
|--------------------------------------|--------|---------|-----------|--------------|
| Pass-Through Certificates, 1997-2 B1 | 7.150% | 3/15/28 | 1,275,979 | 1,214,027(b) |
|--------------------------------------|--------|---------|-----------|--------------|

|                                      |  |  |  |  |
|--------------------------------------|--|--|--|--|
| Bank of America Manufactured Housing |  |  |  |  |
|--------------------------------------|--|--|--|--|

|                         |        |         |         |            |
|-------------------------|--------|---------|---------|------------|
| Contract Trust, 1997-2M | 6.900% | 4/10/28 | 100,000 | 125,129(b) |
|-------------------------|--------|---------|---------|------------|

|                                             |  |  |  |  |
|---------------------------------------------|--|--|--|--|
| Bayview Financial Acquisition Trust, 2007-B |  |  |  |  |
|---------------------------------------------|--|--|--|--|

|     |        |         |         |            |
|-----|--------|---------|---------|------------|
| 2A1 | 0.541% | 8/28/47 | 258,467 | 252,274(b) |
|-----|--------|---------|---------|------------|

|                                             |        |          |         |               |
|---------------------------------------------|--------|----------|---------|---------------|
| Bayview Financial Asset Trust, 2004-SSRA A1 | 0.842% | 12/25/39 | 335,213 | 266,494(a)(b) |
|---------------------------------------------|--------|----------|---------|---------------|

|                                            |        |         |           |                 |
|--------------------------------------------|--------|---------|-----------|-----------------|
| Bayview Financial Asset Trust, 2007-SR1A A | 0.692% | 3/25/37 | 2,012,034 | 1,383,273(a)(b) |
|--------------------------------------------|--------|---------|-----------|-----------------|

|                                             |        |         |           |               |
|---------------------------------------------|--------|---------|-----------|---------------|
| Bayview Financial Asset Trust, 2007-SR1A M1 | 1.042% | 3/25/37 | 1,323,106 | 856,711(a)(b) |
|---------------------------------------------|--------|---------|-----------|---------------|

|                                             |        |         |         |               |
|---------------------------------------------|--------|---------|---------|---------------|
| Bayview Financial Asset Trust, 2007-SR1A M3 | 1.392% | 3/25/37 | 501,868 | 265,990(a)(b) |
|---------------------------------------------|--------|---------|---------|---------------|

|                                             |        |         |         |              |
|---------------------------------------------|--------|---------|---------|--------------|
| Bayview Financial Asset Trust, 2007-SR1A M4 | 1.742% | 3/25/37 | 136,873 | 62,962(a)(b) |
|---------------------------------------------|--------|---------|---------|--------------|

*See Notes to Schedule of Investments.*

## WESTERN ASSET PREMIER BOND FUND

Schedule of investments (unaudited) (cont d)

March 31, 2012

| SECURITY                                                             | RATE   | MATURITY<br>DATE | FACE<br>AMOUNT | VALUE           |
|----------------------------------------------------------------------|--------|------------------|----------------|-----------------|
| ASSET-BACKED SECURITIES continued                                    |        |                  |                |                 |
| Bear Stearns Asset Backed Securities Trust, 2006-SD3 1P0, STRIPS, PO | 0.000% | 8/25/36          | 928,804 \$     | 644,693         |
| Bear Stearns Asset Backed Securities Trust, 2007-SD1 1A3A            | 6.500% | 10/25/36         | 1,264,504      | 835,701         |
| Centex Home Equity Loan Trust, 2003-B AF4                            | 3.735% | 2/25/32          | 349,152        | 305,089         |
| Citigroup Mortgage Loan Trust Inc., 2006-SHL1 A1                     | 0.442% | 11/25/45         | 173,908        | 126,292(a)(b)   |
| Contimortgage Home Equity Trust, 1997-4 B1F                          | 7.330% | 10/15/28         | 356,413        | 375,981         |
| Countrywide Asset-Backed Certificates, 2004-3 3A3                    | 0.622% | 8/25/34          | 295,845        | 267,724(b)      |
| Countrywide Asset-Backed Certificates, 2006-3 3A1                    | 0.362% | 6/25/36          | 763,670        | 498,508(b)      |
| Countrywide Asset-Backed Certificates, 2007-13 2A1                   | 1.142% | 10/25/47         | 1,102,518      | 752,144(b)      |
| Countrywide Asset-Backed Certificates, 2007-SEA2 1A1                 | 1.242% | 8/25/47          | 54,333         | 36,273(a)(b)(f) |
| Countrywide Home Equity Loan Trust, 2006-HW 2A1B                     | 0.392% | 11/15/36         | 1,212,040      | 890,018(b)      |
| Credit-Based Asset Servicing & Securitization, 2005-CB4 M1           | 0.662% | 8/25/35          | 2,000,000      | 1,388,706(b)    |
| Credit-Based Asset Servicing & Securitization LLC, 2004-CB2 M1       | 1.022% | 7/25/33          | 2,209,205      | 1,585,498(b)    |
| Credit-Based Asset Servicing and Securitization LLC, 2005-RP1 M1     | 0.862% | 1/25/35          | 780,000        | 712,694(a)(b)   |
| Credit-Based Asset Servicing and Securitization LLC, 2007-SP1 A4     | 6.020% | 12/25/37         | 900,000        | 729,222(a)      |
| CS First Boston Mortgage Securities Corp., 2004-CF2 2A1              | 0.712% | 5/25/44          | 27,768         | 26,944(a)(b)    |
| Educap Student Loan Asset-Backed Notes, 2004-1 B                     | 1.400% | 6/25/38          | 1,491,262      | 1,312,311(b)(f) |
| Education Funding Capital Trust, 2004-1 B1                           | 1.990% | 6/15/43          | 1,200,000      | 1,044,000(b)(f) |
| Ellington Loan Acquisition Trust, 2007-1 A2A1                        | 1.242% | 5/26/37          | 122,096        | 118,002(a)(b)   |
| EMC Mortgage Loan Trust, 2003-B A1                                   | 0.792% | 11/25/41         | 76,020         | 67,597(a)(b)    |
| Firstfed Corp. Manufactured Housing Contract, 1996-1 B               | 8.060% | 10/15/22         | 1,528,937      | 1,314,296(a)    |
| Fremont Home Loan Trust, 2006-2 2A2                                  | 0.352% | 2/25/36          | 58,493         | 58,141(b)       |
| GMAC Mortgage Corp. Loan Trust, 2004-VF1 A1                          | 0.992% | 2/25/31          | 375,923        | 328,287(a)(b)   |
| Green Tree Financial Corp., 1992-2 B                                 | 9.150% | 1/15/18          | 59,828         | 18,840          |
| Green Tree Financial Corp., 1993-1 B                                 | 8.450% | 4/15/18          | 99,478         | 78,353          |
| Green Tree Home Improvement Loan Trust, 1996-D HIB2                  | 8.000% | 9/15/27          | 35,425         | 25,852          |
| Greenpoint Manufactured Housing, 1999-2 A2                           | 3.007% | 3/18/29          | 425,000        | 330,995(b)      |
| Greenpoint Manufactured Housing, 1999-3 2A2                          | 3.731% | 6/19/29          | 125,000        | 90,212(b)       |
| Greenpoint Manufactured Housing, 1999-4 A2                           | 3.746% | 2/20/30          | 125,000        | 90,774(b)       |
| Greenpoint Manufactured Housing, 1999-5 A5                           | 7.820% | 12/15/29         | 706,000        | 761,464(b)      |
| Greenpoint Manufactured Housing, 2000-4 A3                           | 2.246% | 8/21/31          | 800,000        | 677,503(b)      |
| Greenpoint Manufactured Housing, 2000-6 A3                           | 2.277% | 11/22/31         | 1,075,000      | 893,763(b)      |
| Greenpoint Manufactured Housing, 2001-2 IA2                          | 3.755% | 2/20/32          | 525,000        | 398,070(b)      |
| Greenpoint Manufactured Housing, 2001-2 IIA2                         | 3.751% | 3/13/32          | 900,000        | 678,646(b)      |
| GSAA Home Equity Trust, 2004-8 A3A                                   | 0.612% | 9/25/34          | 219,989        | 208,380(b)      |
| GSAA Home Equity Trust, 2006-19 A3A                                  | 0.482% | 12/25/36         | 773,723        | 369,025(b)      |
| GSAMP Trust, 2003-SEA2 A1                                            | 4.422% | 7/25/33          | 1,868,471      | 1,572,963       |
| GSRPM Mortgage Loan Trust, 2006-1 A1                                 | 0.542% | 3/25/35          | 141,970        | 115,660(a)(b)   |
| GSRPM Mortgage Loan Trust, 2006-2 A2                                 | 0.542% | 9/25/36          | 277,337        | 218,540(a)(b)   |

# Edgar Filing: WESTERN ASSET PREMIER BOND FUND - Form N-Q

|                                                  |        |          |           |              |
|--------------------------------------------------|--------|----------|-----------|--------------|
| Indymac Manufactured Housing Contract, 1997-1 A5 | 6.970% | 2/25/28  | 201,994   | 201,215      |
| Iowa Student Loan Liquidity Corp., 2011-1 A      | 1.822% | 6/25/42  | 972,176   | 918,133(b)   |
| Keycorp Student Loan Trust, 2002-A 1A2           | 0.681% | 8/27/31  | 2,232,106 | 1,994,564(b) |
| Keycorp Student Loan Trust, 2003-A 1A2           | 0.820% | 10/25/32 | 1,040,582 | 971,239(b)   |
| Lehman XS Trust, 2007-1 WF1                      | 5.569% | 1/25/37  | 873,137   | 482,676(b)   |
| Long Beach Mortgage Loan Trust, 2004-4 M1        | 1.142% | 10/25/34 | 1,620,000 | 1,300,205(b) |

*See Notes to Schedule of Investments.*

## WESTERN ASSET PREMIER BOND FUND

Schedule of investments (unaudited) (cont d)

March 31, 2012

| SECURITY                                                   | RATE   | MATURITY<br>DATE | FACE<br>AMOUNT | VALUE         |
|------------------------------------------------------------|--------|------------------|----------------|---------------|
| ASSET-BACKED SECURITIES                                    |        |                  |                |               |
| continued                                                  |        |                  |                |               |
| Merit Securities Corp., 13 A4                              | 7.905% | 12/28/33         | 2,345,465 \$   | 2,512,970(b)  |
| Morgan Stanley ABS Capital I, 2003-SD1 A1                  | 1.242% | 3/25/33          | 20,491         | 17,567(b)     |
| Morgan Stanley Capital Inc., 2003-NC9 M                    | 1.367% | 9/25/33          | 1,837,241      | 1,324,820(b)  |
| MSDWCC Heloc Trust, 2003-2 A                               | 0.762% | 4/25/16          | 82,773         | 76,992(b)     |
| New Century Home Equity Loan Trust, 2004-2 A2              | 0.612% | 8/25/34          | 475,320        | 362,822(b)    |
| New Century Home Equity Loan Trust, 2004-3 M1              | 1.172% | 11/25/34         | 1,480,740      | 1,012,260(b)  |
| Oakwood Mortgage Investors Inc., 2002-B A3                 | 6.060% | 3/15/25          | 245,283        | 222,721(b)    |
| Option One Mortgage Loan Trust, 2003-2 A2                  | 0.842% | 4/25/33          | 395,255        | 320,801(b)    |
| Origen Manufactured Housing, 2006-A A2                     | 3.748% | 10/15/37         | 2,700,000      | 1,566,000(b)  |
| Origen Manufactured Housing, 2007-A A2                     | 3.748% | 4/15/37          | 3,417,731      | 1,948,107(b)  |
| PAMCO CLO, 1997-1A B                                       | 7.910% | 8/6/09           | 738,195        | 258,368(f)(g) |
| Park Place Securities Inc., 2004-WCW1 M2                   | 0.922% | 9/25/34          | 1,900,000      | 1,720,758(b)  |
| Park Place Securities Inc., 2004-WHQ2 M2                   | 0.872% | 2/25/35          | 750,000        | 640,752(b)    |
| Pegasus Aviation Lease Securitization, 2000-1 A2           | 8.370% | 3/25/30          | 1,600,000      | 632,000(a)    |
| Pennsylvania Higher Education Assistance Agency, 2003-1 B1 | 2.430% | 7/25/42          | 3,000,000      | 2,490,000(b)  |
| People's Choice Home Loan Securities Trust, 2004-1 A3      | 1.282% | 6/25/34          | 400,842        | 333,597(b)    |
| RAAC Series, 2007-RP1 M1                                   | 0.792% | 5/25/46          | 210,000        | 29,954(a)(b)  |
| Renaissance Home Equity Loan Trust, 2004-2 AF4             | 5.392% | 7/25/34          | 541,902        | 553,216       |
| Renaissance Home Equity Loan Trust, 2005-2 AF5             | 5.201% | 8/25/35          | 750,000        | 435,655       |
| Renaissance Home Equity Loan Trust, 2005-3 AV3             | 0.622% | 11/25/35         | 721,380        | 525,131(b)    |
| Residential Asset Mortgage Products Inc., 2004-RZ1 AII     | 0.722% | 3/25/34          | 375,050        | 251,868(b)    |
| Residential Asset Securities Corp., 2001-KS3 AII           | 0.702% | 9/25/31          | 291,600        | 216,505(b)    |
| Residential Asset Securities Corp., 2002-KS2 AI6           | 6.228% | 4/25/32          | 457,896        | 470,341(b)    |
| Residential Asset Securities Corp., 2003-KS8 AI6           | 4.830% | 10/25/33         | 644,981        | 624,118(b)    |
| Settlement Fee Finance LLC, 2004-1A A                      | 9.100% | 7/25/34          | 874,306        | 902,228(a)    |
| SLM Student Loan Trust, 2001-4 B                           | 1.060% | 1/25/21          | 1,000,000      | 933,385(b)    |
| Structured Asset Securities Corp., 2002-AL1 A3             | 3.450% | 2/25/32          | 707,639        | 639,153       |

# Edgar Filing: WESTERN ASSET PREMIER BOND FUND - Form N-Q

|                                                             |        |          |           |                 |
|-------------------------------------------------------------|--------|----------|-----------|-----------------|
| Structured Asset Securities Corp.,<br>2003-AL1 A            | 3.357% | 4/25/31  | 102,912   | 99,584(a)       |
| Structured Asset Securities Corp., 2005-4XS<br>2A1A         | 1.992% | 3/25/35  | 492,998   | 385,373(b)      |
| Structured Asset Securities Corp.,<br>2006-GEL3 A2          | 0.472% | 7/25/36  | 1,580,609 | 1,371,298(a)(b) |
| Structured Asset Securities Corp.,<br>2007-BC1 A2           | 0.292% | 2/25/37  | 296,686   | 287,945(b)      |
| Vanderbilt Mortgage Finance, 2000-B IB2                     | 9.250% | 7/7/30   | 740,398   | 744,732(b)      |
| TOTAL ASSET-BACKED SECURITIES (Cost \$57,731,359)           |        |          |           | 59,847,136      |
| COLLATERALIZED MORTGAGE OBLIGATIONS 35.4%                   |        |          |           |                 |
| American Home Mortgage Investment<br>Trust, 2007-A 4A       | 0.692% | 7/25/46  | 769,291   | 215,429(a)(b)   |
| Banc of America Funding Corp., 2004-B<br>6A1                | 2.949% | 12/20/34 | 546,479   | 313,846(b)      |
| Bayview Commercial Asset Trust, 2005-3A<br>A2               | 0.642% | 11/25/35 | 599,391   | 395,843(a)(b)   |
| Bayview Commercial Asset Trust, 2005-4A<br>A1               | 0.542% | 1/25/36  | 334,364   | 211,472(a)(b)   |
| BCAP LLC Trust, 2009-RR12 2A2                               | 0.604% | 3/26/35  | 1,844,014 | 832,808(a)(b)   |
| Bear Stearns Adjustable Rate Mortgage<br>Trust, 2004-1 23A1 | 5.362% | 4/25/34  | 177,816   | 175,770(b)      |
| Bear Stearns Alt-A Trust, 2004-03 A1                        | 0.882% | 4/25/34  | 439,358   | 385,773(b)      |
| Bear Stearns Alt-A Trust, 2004-08 1A                        | 0.942% | 9/25/34  | 225,937   | 193,855(b)      |
| Bear Stearns Alt-A Trust, 2005-10 21A1                      | 2.979% | 1/25/36  | 1,075,322 | 607,891(b)      |
| Bear Stearns Asset Backed Securities Trust,<br>2002-AC1 B4  | 7.000% | 1/25/32  | 798,005   | 280,143(a)      |
| Bella Vista Mortgage Trust, 2004-2 A1                       | 0.612% | 2/25/35  | 1,899,821 | 1,008,522(b)    |
| BlackRock Capital Finance LP, 1997-R2 B5                    | 6.188% | 12/25/35 | 230,774   | 9,577(b)(f)     |
| CBA Commercial Small Balance<br>Commercial Trust, 2005-1A   | 0.562% | 7/25/35  | 1,427,825 | 765,854(a)(b)   |
| Chevy Chase Mortgage Funding Corp.,<br>2004-3A A1           | 0.492% | 8/25/35  | 1,353,528 | 958,551(a)(b)   |
| Chevy Chase Mortgage Funding Corp.,<br>2004-4A A1           | 0.472% | 10/25/35 | 1,894,035 | 1,322,627(a)(b) |

See Notes to Schedule of Investments.

## WESTERN ASSET PREMIER BOND FUND

Schedule of investments (unaudited) (cont d)

March 31, 2012

| SECURITY                                                                                                       | RATE   | MATURITY<br>DATE | FACE<br>AMOUNT | VALUE           |
|----------------------------------------------------------------------------------------------------------------|--------|------------------|----------------|-----------------|
| COLLATERALIZED MORTGAGE OBLIGATIONS continued                                                                  |        |                  |                |                 |
| Chevy Chase Mortgage Funding Corp.,<br>2005-4A A1                                                              | 0.442% | 10/25/36         | 1,697,562 \$   | 1,083,428(a)(b) |
| Countrywide Home Loan Mortgage<br>Pass-Through Trust, 2004-HYB5 7A1                                            | 2.423% | 4/20/35          | 2,642,242      | 2,091,520(b)    |
| Countrywide Home Loans, 2004-R1 1AF                                                                            | 0.642% | 11/25/34         | 1,421,941      | 1,180,128(a)(b) |
| Countrywide Home Loans, 2004-R2 1AF1                                                                           | 0.662% | 11/25/34         | 430,537        | 341,346(a)(b)   |
| Countrywide Home Loans, 2004-R2 1AF2                                                                           | 0.662% | 11/25/34         | 968,708        | 768,028(a)(b)   |
| Countrywide Home Loans, 2005-7 1A1                                                                             | 0.512% | 3/25/35          | 1,352,739      | 1,108,032(b)    |
| Countrywide Home Loans, 2005-R2 2A1                                                                            | 7.000% | 6/25/35          | 1,277,944      | 1,245,658(a)    |
| Countrywide Home Loans, 2006-HYB4 3B                                                                           | 5.190% | 6/20/36          | 1,200,578      | 683,544(b)      |
| Countrywide Home Loans Mortgage<br>Pass-Through Trust, 2005-R1 1AF1                                            | 0.602% | 3/25/35          | 726,894        | 569,012(a)(b)   |
| Credit Suisse Mortgage Capital Certificates,<br>2007-C3 A4                                                     | 5.714% | 6/15/39          | 242,000        | 261,210(b)      |
| Credit Suisse Mortgage Capital Certificates,<br>2009-16R 4A1                                                   | 2.728% | 3/26/35          | 399,967        | 371,526(a)(b)   |
| Extended Stay America Trust, 2010-ESHA<br>XB1, IO                                                              | 1.165% | 1/5/16           | 20,500,000     | 170,847(a)(b)   |
| Federal Home Loan Mortgage Corp.<br>(FHLMC), Multi-Family Structured<br>Pass-Through Certificates, K007 X1, IO | 1.236% | 4/25/20          | 11,161,083     | 804,279(b)      |
| Federal Home Loan Mortgage Corp.<br>(FHLMC), Multi-Family Structured<br>Pass-Through Certificates, K008 X1, IO | 1.681% | 6/25/20          | 986,478        | 98,427(b)       |
| Federal Home Loan Mortgage Corp.<br>(FHLMC), Multi-Family Structured<br>Pass-Through Certificates, K009 X1, IO | 1.514% | 8/25/20          | 5,828,934      | 511,891(b)      |
| GMAC Commercial Mortgage Securities Inc.,<br>1998-C2 F                                                         | 6.500% | 5/15/35          | 892,990        | 935,454(a)      |
| Greenpoint Mortgage Funding Trust,<br>2005-AR5 2A2                                                             | 0.512% | 11/25/46         | 1,177,760      | 553,783(b)      |
| Greenpoint Mortgage Funding Trust,<br>2005-AR5 3A2                                                             | 0.512% | 11/25/46         | 1,256,232      | 602,991(b)      |
| GS Mortgage Securities Corp., 2010-C1 X, IO                                                                    | 1.561% | 8/10/43          | 12,746,297     | 1,092,230(a)(b) |
| GS Mortgage Securities Corp., IO                                                                               | 2.168% | 2/10/21          | 6,193,228      | 181,121(a)(b)   |
| GSMPS Mortgage Loan Trust, 2001-2 A                                                                            | 7.500% | 6/19/32          | 1,445,394      | 1,462,697(a)(b) |
| GSMPS Mortgage Loan Trust, 2004-4 1AF                                                                          | 0.642% | 6/25/34          | 904,859        | 781,938(a)(b)   |
| GSMPS Mortgage Loan Trust, 2005-RP1 2A1                                                                        | 3.625% | 1/25/35          | 1,424,808      | 1,296,893(a)(b) |
| GSMPS Mortgage Loan Trust, 2005-RP3 1AF                                                                        | 0.592% | 9/25/35          | 1,178,128      | 923,682(a)(b)   |
| Harborview Mortgage Loan Trust, 2004-08<br>3A2                                                                 | 0.642% | 11/19/34         | 149,353        | 90,834(b)       |
| Harborview Mortgage Loan Trust, 2004-10 4A                                                                     | 2.776% | 1/19/35          | 390,585        | 378,342(b)      |
| Harborview Mortgage Loan Trust, 2005-9 B10                                                                     | 1.992% | 6/20/35          | 1,079,207      | 56,245(b)       |
| Impac CMB Trust, 2004-9 1A1                                                                                    | 1.002% | 1/25/35          | 49,197         | 37,162(b)       |



Edgar Filing: WESTERN ASSET PREMIER BOND FUND - Form N-Q

|                                                            |        |          |           |                  |
|------------------------------------------------------------|--------|----------|-----------|------------------|
| Impac CMB Trust, 2005-2 2A2                                | 0.642% | 4/25/35  | 254,770   | 217,532(b)       |
| Impac CMB Trust, 2A-10                                     | 0.882% | 3/25/35  | 404,480   | 291,074(b)       |
| Indymac Index Mortgage Loan Trust,<br>2007-AR15 2A1        | 4.914% | 8/25/37  | 4,065,237 | 2,786,562(b)     |
| Indymac Manufactured Housing Contract,<br>A2-2             | 6.170% | 8/25/29  | 207,810   | 207,005          |
| Jefferies & Co., 2009-B 9A                                 | 0.902% | 11/21/35 | 135,095   | 295,318(a)(b)(f) |
| JP Morgan Mortgage Trust, 2005-A6 3A3                      | 2.780% | 9/25/35  | 630,000   | 415,811(b)       |
| JPMorgan Alternative Loan Trust, 2006-S1<br>3A4            | 6.180% | 3/25/36  | 1,100,000 | 488,705(b)       |
| JPMorgan Mortgage Trust, 2007-A2 4A2                       | 5.756% | 4/25/37  | 296,436   | 249,379(b)       |
| LB-UBS Commercial Mortgage Trust,<br>2001-C3 X, IO, STRIPS | 0.752% | 6/15/36  | 390,798   | 342(a)(b)(d)     |
| Luminent Mortgage Trust, 2006-6 A1                         | 0.442% | 10/25/46 | 976,556   | 632,092(b)       |
| MASTR Adjustable Rate Mortgages Trust,<br>2004-13 3A7      | 2.718% | 11/21/34 | 2,000,000 | 1,955,882(b)     |
| MASTR Alternative Loans Trust, PAC, 2003-7<br>7A1          | 0.642% | 11/25/33 | 95,492    | 93,697(b)        |
| MASTR ARM Trust, 2004-7 6M1                                | 0.892% | 8/25/34  | 800,000   | 630,734(b)       |
| Merit Securities Corp., 11PA 3A1                           | 0.861% | 4/28/27  | 153,627   | 118,709(a)(b)    |
| Merit Securities Corp., 11PA B3                            | 2.491% | 9/28/32  | 850,000   | 546,214(a)(b)    |

*See Notes to Schedule of Investments.*

## WESTERN ASSET PREMIER BOND FUND

Schedule of investments (unaudited) (cont d)

March 31, 2012

| SECURITY                                                               | RATE   | MATURITY<br>DATE | FACE<br>AMOUNT | VALUE           |
|------------------------------------------------------------------------|--------|------------------|----------------|-----------------|
| COLLATERALIZED MORTGAGE OBLIGATIONS continued                          |        |                  |                |                 |
| Metropolitan Asset Funding Inc., 1998-BI<br>B1                         | 8.000% | 11/20/24         | 773,449 \$     | 482,641(b)      |
| Nomura Asset Acceptance Corp.,<br>2004-AR4 1A1                         | 2.447% | 12/25/34         | 417,169        | 405,079(b)      |
| Prime Mortgage Trust, 2005-2 2XB,<br>STRIPS, IO                        | 1.743% | 10/25/32         | 3,423,596      | 110,650(b)      |
| Prime Mortgage Trust, 2005-5 1X,<br>STRIPS, IO                         | 0.905% | 7/25/34          | 7,014,704      | 90,463(b)       |
| Prime Mortgage Trust, 2005-5 1XB,<br>STRIPS, IO                        | 1.248% | 7/25/34          | 2,159,531      | 20,478(b)       |
| Regal Trust IV, 1999-1 A                                               | 2.721% | 9/29/31          | 78,450         | 69,365(a)(b)    |
| Residential Asset Mortgage Products Inc.,<br>2004-SL4 A5               | 7.500% | 7/25/32          | 1,160,394      | 1,101,748       |
| Residential Asset Mortgage Products, Inc.,<br>2005-SL2 AP0, STRIPS, PO | 0.010% | 2/25/32          | 187,661        | 165,851         |
| Sequoia Mortgage Trust, 2003-2 A2                                      | 1.278% | 6/20/33          | 45,120         | 38,497(b)       |
| Sequoia Mortgage Trust, 2004-10 A1A                                    | 0.552% | 11/20/34         | 28,320         | 25,776(b)       |
| Sequoia Mortgage Trust, 2004-11 A1                                     | 0.542% | 12/20/34         | 41,865         | 36,531(b)       |
| Sequoia Mortgage Trust, 2004-12 A1                                     | 0.512% | 1/20/35          | 333,801        | 260,680(b)      |
| Structured Asset Securities Corp.,<br>1998-RF2 A                       | 7.688% | 7/15/27          | 394,412        | 396,683(a)(b)   |
| Structured Asset Securities Corp., 2002-9<br>A2                        | 0.542% | 10/25/27         | 864,815        | 802,620(b)      |
| Structured Asset Securities Corp.,<br>2003-9A 2A2                      | 2.716% | 3/25/33          | 234,419        | 215,523(b)      |
| Structured Asset Securities Corp.,<br>2004-NP1 A                       | 0.642% | 9/25/33          | 233,081        | 200,650(a)(b)   |
| Structured Asset Securities Corp.,<br>2005-4XS 3A4                     | 4.790% | 3/25/35          | 617,780        | 619,991         |
| Structured Asset Securities Corp.,<br>2005-RF2 A                       | 0.592% | 4/25/35          | 1,165,425      | 899,932(a)(b)   |
| Structured Asset Securities Corp.,<br>2005-RF3 2A                      | 3.655% | 6/25/35          | 1,921,052      | 1,686,597(a)(b) |
| Thornburg Mortgage Securities Trust,<br>2003-4 A1                      | 0.882% | 9/25/43          | 799,752        | 774,409(b)      |
| Thornburg Mortgage Securities Trust,<br>2004-03 A                      | 0.982% | 9/25/44          | 780,672        | 717,089(b)      |
| Thornburg Mortgage Securities Trust,<br>2007-4 3A1                     | 6.155% | 9/25/37          | 537,139        | 537,923(b)      |
| WaMu Mortgage Pass-Through<br>Certificates, 2004-AR06 A                | 0.670% | 5/25/44          | 669,727        | 546,789(b)      |
| WaMu Mortgage Pass-Through<br>Certificates, 2004-AR08 A1               | 0.670% | 6/25/44          | 417,118        | 296,330(b)      |
|                                                                        | 0.620% | 11/25/34         | 1,766,632      | 1,456,284(b)    |

Edgar Filing: WESTERN ASSET PREMIER BOND FUND - Form N-Q

|                                                                                  |        |          |           |              |
|----------------------------------------------------------------------------------|--------|----------|-----------|--------------|
| WaMu Mortgage Pass-Through<br>Certificates, 2004-AR13 A2A                        |        |          |           |              |
| WaMu Mortgage Pass-Through<br>Certificates, 2007-HY7 2A3                         | 5.006% | 7/25/37  | 1,583,817 | 992,928(b)   |
| WaMu Mortgage Pass-Through<br>Certificates, 2007-OA3 2A                          | 0.929% | 4/25/47  | 1,056,554 | 642,227(b)   |
| Washington Mutual Alternative Mortgage<br>Pass-Through Certificates, 2006-5 3A3  | 6.221% | 7/25/36  | 805,854   | 363,697      |
| Washington Mutual Alternative Mortgage<br>Pass-Through Certificates, 2006-7 A2A  | 5.667% | 9/25/36  | 1,315,611 | 763,833      |
| Washington Mutual Alternative Mortgage<br>Pass-Through Certificates, 2006-7 A3   | 6.081% | 9/25/36  | 161,096   | 92,406       |
| Washington Mutual Inc., 2004-AR11                                                | 2.492% | 10/25/34 | 472,234   | 454,385(b)   |
| Washington Mutual Inc., 2004-AR12 A2A                                            | 0.640% | 10/25/44 | 510,588   | 399,331(b)   |
| Washington Mutual Inc., 2005-AR8 2A1A                                            | 0.532% | 7/25/45  | 413,538   | 329,817(b)   |
| Washington Mutual Inc., Mortgage<br>Pass-Through Certificates, 2004-AR02 A       | 1.559% | 4/25/44  | 292,447   | 235,638(b)   |
| Washington Mutual Inc., Mortgage<br>Pass-Through Certificates, 2004-AR13<br>A1A  | 0.610% | 11/25/34 | 1,256,202 | 1,034,266(b) |
| Washington Mutual Inc., Mortgage<br>Pass-Through Certificates, 2005-AR08<br>1A1A | 0.512% | 7/25/45  | 27,821    | 22,191(b)    |
| Washington Mutual Inc., Mortgage<br>Pass-Through Certificates, 2005-AR09<br>A1A  | 0.562% | 7/25/45  | 180,959   | 143,176(b)   |
| Washington Mutual Inc., Mortgage<br>Pass-Through Certificates, 2005-AR13<br>A1A1 | 0.532% | 10/25/45 | 340,030   | 271,607(b)   |
| Washington Mutual Inc., Mortgage<br>Pass-Through Certificates, 2005-AR19<br>A1A1 | 0.512% | 12/25/45 | 693,002   | 565,655(b)   |
| Washington Mutual Inc., MSC<br>Pass-Through Certificates, 2004-RA1 2A            | 7.000% | 3/25/34  | 38,899    | 41,442       |
| Washington Mutual Mortgage<br>Pass-Through Certificates, 2006-AR5 3A             | 1.122% | 7/25/46  | 1,243,111 | 507,015(b)   |

*See Notes to Schedule of Investments.*

**WESTERN ASSET PREMIER BOND FUND**

Schedule of investments (unaudited) (cont d)

March 31, 2012

| SECURITY                                                                       | RATE                 | MATURITY<br>DATE | FACE<br>AMOUNT | VALUE             |
|--------------------------------------------------------------------------------|----------------------|------------------|----------------|-------------------|
| <b>COLLATERALIZED MORTGAGE OBLIGATIONS</b> continued                           |                      |                  |                |                   |
| Wells Fargo Mortgage Loan Trust,<br>2010-RR2 1A2                               | 5.109%               | 9/27/35          | 2,418,992 \$   | 1,924,698(a)(b)   |
| <b>TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS (Cost</b>                         | <b>\$54,560,380)</b> |                  |                | <b>57,032,156</b> |
| <b>COLLATERALIZED SENIOR LOANS</b> 5.0%                                        |                      |                  |                |                   |
| <b>CONSUMER DISCRETIONARY</b> 2.3%                                             |                      |                  |                |                   |
| Carmike Cinemas Inc., Term Loan                                                | 5.500%               | 1/27/16          | 838,932        | 840,190(h)        |
| Getty Images Inc., Term Loan B                                                 | 5.250%               | 11/7/16          | 980,689        | 984,980(h)        |
| Las Vegas Sands LLC, Delayed Draw<br>Term Loan                                 | 2.750%               | 11/23/16         | 164,833        | 158,858(h)        |
| Las Vegas Sands LLC, Term Loan B                                               | 2.750%               | 11/23/16         | 820,129        | 791,040(h)        |
| Univision Communications Inc.                                                  | 4.491%               | 3/31/17          | 990,478        | 917,699(h)        |
| <b>TOTAL CONSUMER<br/>DISCRETIONARY</b>                                        |                      |                  |                | <b>3,692,767</b>  |
| <b>HEALTH CARE</b> 1.3%                                                        |                      |                  |                |                   |
| Community Health Systems Inc., Term<br>Loan B                                  | 2.491 -<br>2.739%    | 7/25/14          | 1,147,073      | 1,131,438(h)      |
| MedAssets Inc., Term Loan B                                                    | 5.250%               | 11/16/16         | 908,760        | 912,168(h)        |
| <b>TOTAL HEALTH CARE</b>                                                       |                      |                  |                | <b>2,043,606</b>  |
| <b>INDUSTRIALS</b> 0.0%                                                        |                      |                  |                |                   |
| Trico Shipping AS, Term Loan A                                                 | 10.000%              | 5/13/14          | 18,802         | 18,708(d)(h)      |
| Trico Shipping AS, Term Loan B                                                 |                      | 5/13/14          | 33,104         | 32,938(d)(i)      |
| <b>TOTAL INDUSTRIALS</b>                                                       |                      |                  |                | <b>51,646</b>     |
| <b>INFORMATION TECHNOLOGY</b> 1.4%                                             |                      |                  |                |                   |
| First Data Corp., Term Loan B                                                  | 4.242%               | 3/23/18          | 424,158        | 386,182(h)        |
| First Data Corp., Term Loan B2                                                 | 2.992%               | 9/24/14          | 514,436        | 495,148(h)        |
| Freescall Semiconductor Inc., Term Loan                                        | 4.494%               | 12/1/16          | 1,478,386      | 1,437,731(h)      |
| <b>TOTAL INFORMATION<br/>TECHNOLOGY</b>                                        |                      |                  |                | <b>2,319,061</b>  |
| <b>TOTAL COLLATERALIZED SENIOR LOANS (Cost</b>                                 | <b>\$8,132,099)</b>  |                  |                | <b>8,107,080</b>  |
| <b>MORTGAGE-BACKED SECURITIES</b>                                              |                      |                  |                |                   |
| 0.3%                                                                           |                      |                  |                |                   |
| <b>FNMA</b> 0.3%                                                               |                      |                  |                |                   |
| Federal National Mortgage Association<br>(FNMA), Whole Loan (Cost - \$435,004) | 6.500%               | 8/25/44          | 423,939        | 475,514           |
| <b>MUNICIPAL BONDS</b> 8.9%                                                    |                      |                  |                |                   |
| Florida 1.5%                                                                   |                      |                  |                |                   |
| Florida Educational Loan Marketing<br>Corp., 2002-1 B                          | 0.543%               | 12/1/36          | 700,000        | 549,500(b)(f)(j)  |
| Florida Educational Loan Marketing<br>Corp., Education Loan Revenue            | 0.495%               | 12/1/18          | 2,400,000      | 1,800,000(b)(j)   |
| <i>Total Florida</i>                                                           |                      |                  |                | <i>2,349,500</i>  |
| Kentucky 0.9%                                                                  |                      |                  |                |                   |

Edgar Filing: WESTERN ASSET PREMIER BOND FUND - Form N-Q

|                                                                                                                                                      |        |         |           |                  |
|------------------------------------------------------------------------------------------------------------------------------------------------------|--------|---------|-----------|------------------|
| Carroll County, KY, PCR, Kentucky<br>Utilities Co. Project, AMBAC                                                                                    | 0.222% | 10/1/32 | 1,800,000 | 1,422,000(b)     |
| Nevada 0.8%<br>Washoe County, NV, Pollution Control,<br>Gas & Water Facilities Revenue, Sierra<br>Pacific Power Co., AMBAC                           | 0.665% | 3/1/36  | 1,700,000 | 1,343,000(b)(j)  |
| New York 0.8%<br>New York State Energy Research &<br>Development Authority Facilities<br>Revenue, Consolidated Edison Co. of<br>New York Inc., AMBAC | 0.245% | 10/1/36 | 1,600,000 | 1,120,000(b)(j)  |
| New York State Energy Research &<br>Development Authority, Gas Facilities<br>Revenue, Brooklyn Union Gas Project,<br>NATL-RE                         | 0.455% | 12/1/20 | 200,000   | 156,000(b)(f)    |
| <i>Total New York</i>                                                                                                                                |        |         |           | <i>1,276,000</i> |

*See Notes to Schedule of Investments.*

## WESTERN ASSET PREMIER BOND FUND

Schedule of investments (unaudited) (cont d)

March 31, 2012

| SECURITY                                                                                  | RATE    | MATURITY<br>DATE | FACE<br>AMOUNT | VALUE           |
|-------------------------------------------------------------------------------------------|---------|------------------|----------------|-----------------|
| Pennsylvania 4.9%                                                                         |         |                  |                |                 |
| Pennsylvania State Higher Education<br>Assistance Agency                                  | 13.263% | 5/1/46           | 1,300,000 \$   | 1,202,500(b)(f) |
| Pennsylvania State Higher Education<br>Assistance Agency, Student Loan<br>Revenue         | 2.049%  | 6/1/47           | 4,150,000      | 3,797,250(b)(f) |
| Pennsylvania State Higher Education<br>Assistance Agency, Student Loan<br>Revenue         | 13.448% | 5/1/46           | 2,525,000      | 2,335,625(b)(f) |
| Pennsylvania State Higher Education<br>Assistance Agency, Student Loan<br>Revenue         | 3.127%  | 5/1/46           | 650,000        | 601,250(b)(f)   |
| <i>Total Pennsylvania</i>                                                                 |         |                  |                | 7,936,625       |
| TOTAL MUNICIPAL BONDS (Cost \$14,821,101)                                                 |         |                  |                | 14,327,125      |
| NON-U.S. TREASURY INFLATION PROTECTED SECURITIES 6.0%                                     |         |                  |                |                 |
| Brazil Nota do Tesouro Nacional                                                           | 6.000%  | 5/15/45          | 4,700,000BRL   | 6,164,908       |
| Brazil Nota do Tesouro Nacional,<br>Notes                                                 | 6.000%  | 8/15/50          | 5,547,190BRL   | 3,421,279       |
| TOTAL NON-U.S. TREASURY INFLATION PROTECTED SECURITIES (Cost \$8,129,454)                 |         |                  |                | 9,586,187       |
| SOVEREIGN BONDS 1.8%                                                                      |         |                  |                |                 |
| <b>Brazil 0.5%</b>                                                                        |         |                  |                |                 |
| Brazil Nota do Tesouro Nacional,<br>Notes                                                 | 10.000% | 1/1/14           | 280,000BRL     | 154,263         |
| Brazil Nota do Tesouro Nacional,<br>Notes                                                 | 10.000% | 1/1/17           | 1,348,000BRL   | 719,291         |
| <i>Total Brazil</i>                                                                       |         |                  |                | 873,554         |
| <b>India 0.1%</b>                                                                         |         |                  |                |                 |
| ICICI Bank Ltd., Junior Subordinated<br>Bonds                                             | 6.375%  | 4/30/22          | 184,000        | 172,960(a)(b)   |
| <b>Malaysia 0.4%</b>                                                                      |         |                  |                |                 |
| Government of Malaysia, Senior<br>Bonds                                                   | 3.835%  | 8/12/15          | 1,500,000MYR   | 498,720         |
| Government of Malaysia, Senior<br>Bonds                                                   | 4.262%  | 9/15/16          | 290,000MYR     | 98,224          |
| <i>Total Malaysia</i>                                                                     |         |                  |                | 596,944         |
| <b>Mexico 0.8%</b>                                                                        |         |                  |                |                 |
| Mexican Bonos, Bonds                                                                      | 8.000%  | 6/11/20          | 11,147,000MXN  | 982,584         |
| United Mexican States, Bonds                                                              | 10.000% | 12/5/24          | 2,750,000MXN   | 280,947         |
| <i>Total Mexico</i>                                                                       |         |                  |                | 1,263,531       |
| <b>Venezuela 0.0%</b>                                                                     |         |                  |                |                 |
| Bolivarian Republic of Venezuela,<br>Collective Action Securities, Global<br>Senior Bonds | 9.375%  | 1/13/34          | 2,000          | 1,665           |
| TOTAL SOVEREIGN BONDS (Cost \$3,000,366)                                                  |         |                  |                | 2,908,654       |

Edgar Filing: WESTERN ASSET PREMIER BOND FUND - Form N-Q

|                                      | SHARES |            |
|--------------------------------------|--------|------------|
| COMMON STOCKS 0.3%                   |        |            |
| CONSUMER DISCRETIONARY               |        |            |
| 0.0%                                 |        |            |
| <b>Automobiles 0.0%</b>              |        |            |
| General Motors Co.                   | 64     | 1,642*     |
| INDUSTRIALS 0.1%                     |        |            |
| <b>Marine 0.1%</b>                   |        |            |
| DeepOcean Group Holding AS           | 8,860  | 148,405(f) |
| MATERIALS 0.2%                       |        |            |
| <b>Chemicals 0.2%</b>                |        |            |
| Georgia Gulf Corp.                   | 8,950  | 312,176*   |
| TOTAL COMMON STOCKS (Cost \$472,904) |        | 462,223    |

*See Notes to Schedule of Investments.*

**WESTERN ASSET PREMIER BOND FUND**

Schedule of investments (unaudited) (cont d)

March 31, 2012

| SECURITY                                                             | RATE               | SHARES         | VALUE            |
|----------------------------------------------------------------------|--------------------|----------------|------------------|
| CONVERTIBLE PREFERRED STOCKS 0.0%                                    |                    |                |                  |
| FINANCIALS 0.0%                                                      |                    |                |                  |
| <b>Thrifts &amp; Mortgage Finance</b>                                |                    |                |                  |
| <b>0.0%</b>                                                          |                    |                |                  |
| Federal National Mortgage Association (FNMA)<br>(Cost - \$1,357,500) | 5.375%             | 15 \$          | 43,500*          |
| PREFERRED STOCKS 0.0%                                                |                    |                |                  |
| CONSUMER DISCRETIONARY                                               |                    |                |                  |
| 0.0%                                                                 |                    |                |                  |
| <b>Automobiles 0.0%</b>                                              |                    |                |                  |
| Escrow GCB General Motors                                            |                    | 55,025         | 18,158*          |
| FINANCIALS 0.0%                                                      |                    |                |                  |
| <b>Diversified Financial Services</b>                                |                    |                |                  |
| <b>0.0%</b>                                                          |                    |                |                  |
| Corporate-Backed Trust Certificates,<br>Series 2001-8, Class A-1     | 7.375%             | 33,900         | 13,560*(c)(d)    |
| <b>Thrifts &amp; Mortgage Finance</b>                                |                    |                |                  |
| <b>0.0%</b>                                                          |                    |                |                  |
| Federal Home Loan Mortgage Corp.<br>(FHLMC)                          | 0.000%             | 100            | 171*(b)          |
| Federal Home Loan Mortgage Corp.<br>(FHLMC)                          | 5.000%             | 200            | 366*             |
| <i>Total Thrifts &amp; Mortgage Finance</i>                          |                    |                | 537              |
| TOTAL FINANCIALS                                                     |                    |                | 14,097           |
| TOTAL PREFERRED STOCKS (Cost \$12,240)                               |                    |                | 32,255           |
|                                                                      | EXPIRATION<br>DATE | WARRANTS       |                  |
| WARRANTS 0.0%                                                        |                    |                |                  |
| Buffets Restaurant Holdings                                          | 4/28/14            | 223            | 2*(d)(f)         |
| Charter Communications Inc.                                          | 11/30/14           | 265            | 5,099*(d)        |
| CMP Susquehanna Radio Holdings<br>Co.                                | 3/23/19            | 3,624          | 19,569*(a)(d)(f) |
| Nortek Inc.                                                          | 12/7/14            | 576            | 1,325*(d)(f)     |
| SemGroup Corp.                                                       | 11/30/14           | 830            | 6,159*(d)        |
| TOTAL WARRANTS (Cost<br>\$7,974)                                     |                    |                | 32,154           |
| TOTAL INVESTMENTS BEFORE SHORT-TERM INVESTMENTS (Cost \$213,712,817) |                    |                | 222,124,465      |
|                                                                      | MATURITY<br>DATE   | FACE<br>AMOUNT |                  |
| SHORT-TERM INVESTMENTS                                               |                    |                |                  |
| 5.7%                                                                 |                    |                |                  |
| <b>Repurchase Agreements 5.7%</b>                                    |                    |                |                  |



# Edgar Filing: WESTERN ASSET PREMIER BOND FUND - Form N-Q

Barclays Capital Inc. tri-party  
repurchase agreement dated 3/30/12;  
Proceeds at maturity \$9,250,046;  
(Fully collateralized by U.S.  
government obligations, 1.500% due  
6/30/16; Market value \$9,434,391)

|                                       |                              |        |           |              |
|---------------------------------------|------------------------------|--------|-----------|--------------|
| (Cost - \$9,250,000)                  | 0.060%                       | 4/2/12 | 9,250,000 | 9,250,000    |
| TOTAL INVESTMENTS                     | 143.4% (Cost \$222,962,817#) |        |           | 231,374,465  |
| Other Assets in Excess of Liabilities | 1.2%                         |        |           | 1,934,857    |
| Liquidation value of Preferred Shares | (44.6)%                      |        |           | (72,000,000) |
| TOTAL NET ASSETS                      | 100.0%                       |        | \$        | 161,309,322  |

Face amount denominated in U.S. dollars, unless otherwise noted.

\* Non-income producing security.

- (a) Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. This security has been deemed liquid pursuant to guidelines approved by the Board of Trustees, unless otherwise noted.
- (b) Variable rate security. Interest rate disclosed is as of the most recent information available.
- (c) The coupon payment on these securities is currently in default as of March 31, 2012.
- (d) Illiquid security.
- (e) Value is less than \$1.
- (f) Security is valued in good faith in accordance with procedures approved by the Board of Trustees (See Note 1).
- (g) The maturity principal is currently in default as of March 31, 2012.

*See Notes to Schedule of Investments.*

**WESTERN ASSET PREMIER BOND FUND**

Schedule of investments (unaudited) (cont d)

March 31, 2012

- (h) Interest rates disclosed represent the effective rates on collateralized senior loans. Ranges in interest rates are attributable to multiple contracts under the same loan.
- (i) All or a portion of this loan is unfunded as of March 31, 2012.
- (j) Income from this issue is considered a preference item for purposes of calculating the alternative minimum tax ( AMT ).
- # Aggregate cost for federal income tax purposes is substantially the same.

Abbreviations used in this schedule:

|        |                                                                    |
|--------|--------------------------------------------------------------------|
| ARM    | - Adjustable Rate Mortgage                                         |
| BRL    | - Brazilian Real                                                   |
| CMB    | - Cash Management Bill                                             |
| IO     | - Interest Only                                                    |
| MXN    | - Mexican Peso                                                     |
| MYR    | - Malaysian Ringgit                                                |
| PAC    | - Planned Amortization Class                                       |
| PO     | - Principal Only                                                   |
| STRIPS | - Separate Trading of Registered Interest and Principal Securities |

*See Notes to Schedule of Investments.*

**Notes to schedule of investments (unaudited)**

**1. Organization and significant accounting policies**

Western Asset Premier Bond Fund (the Fund) is registered under the Investment Company Act of 1940, as amended (the 1940 Act), as a diversified, closed-end management investment company. The Fund commenced investment operations on March 28, 2002.

The Fund's investment objective is to provide current income and capital appreciation by investing primarily in a diversified portfolio of investment grade bonds. The Fund currently seeks to achieve its investment objective by investing substantially all of its assets in bonds, including corporate bonds, U.S. government and agency securities and mortgage-related securities. The ability of the issuers of the securities held by the Fund to meet their obligations might be affected by, among other things, economic developments in a specific state, industry or region.

The following are significant accounting policies consistently followed by the Fund and are in conformity with U.S. generally accepted accounting principles (GAAP).

**(a) Investment valuation.** The valuations for fixed income securities (which may include, but are not limited to, corporate, government, municipal, mortgage-backed, collateralized mortgage obligations and asset-backed securities) and certain derivative instruments are typically the prices supplied by independent third party pricing services, which may use market prices or broker/dealer quotations or a variety of valuation techniques and methodologies. The independent third party pricing services' internal models use inputs that are observable such as issuer details, interest rates, yield curves, prepayment speeds, credit risks/spreads, default rates and quoted prices for similar securities. Short-term fixed income securities that will mature in 60 days or less are valued at amortized cost, unless it is determined that using this method would not reflect an investment's fair value. Equity securities for which market quotations are available are valued at the last reported sales price or official closing price on the primary market or exchange on which they trade. When the Fund holds securities or other assets that are denominated in a foreign currency, the Fund will normally use the currency exchange rates as of 4:00 p.m. (Eastern Time). If independent third party pricing services are unable to supply prices for a portfolio investment, or if the prices supplied are deemed by the manager to be unreliable, the market price may be determined by the manager using quotations from one or more broker/dealers or at the transaction price if the security has recently been purchased and no value has yet been obtained from a pricing service or pricing broker. When reliable prices are not readily available, 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 values these securities as determined in accordance with procedures approved by the Fund's Board of Trustees.

The Board of Trustees is responsible for the valuation process and has delegated the supervision of the daily valuation process to the Legg Mason North American Fund Valuation Committee (the Valuation Committee). The Valuation Committee, pursuant to the policies adopted by the Board of Trustees, is responsible for making fair value determinations, evaluating the effectiveness of the Fund's pricing policies, and reporting to the Board of Trustees. When determining the reliability of third party pricing information for investments owned by the Fund, the Valuation Committee, among other things, conducts due diligence reviews of pricing vendors, monitors the daily change in prices and reviews transactions among market participants.

The Valuation Committee will consider pricing methodologies it deems relevant and appropriate when making fair value determinations. Examples of possible methodologies include, but are not limited to, multiple of earnings; discount from market of a similar freely traded

## Edgar Filing: WESTERN ASSET PREMIER BOND FUND - Form N-Q

security; discounted cash-flow analysis; book value or a multiple thereof; risk premium/yield analysis; yield to maturity; and/or fundamental investment analysis. The Valuation Committee will also consider factors it deems relevant and appropriate in light of the facts and circumstances. Examples of possible factors include, but are not limited to, the type of security; the issuer's financial statements; the purchase price of the security; the discount from market value of unrestricted securities of the same class at the time of purchase; analysts' research and observations from financial institutions; information regarding any transactions or offers with respect to the security; the existence of merger proposals or tender offers affecting the security; the price and extent of public trading in similar securities of the issuer or comparable companies; and the existence of a shelf registration for restricted securities.

For each portfolio security that has been fair valued pursuant to the policies adopted by the Board of Trustees, the fair value price is compared against the last available and next available market quotations. The Valuation Committee reviews the results of such back testing monthly and fair valuation occurrences are reported to the Board of Trustees quarterly.

**Notes to schedule of investments (unaudited) (continued)**

The Fund uses valuation techniques to measure fair value that are consistent with the market approach and/or income approach, depending on the type of security and the particular circumstance. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable securities. The income approach uses valuation techniques to discount estimated future cash flows to present value.

GAAP establishes a disclosure hierarchy that categorizes the inputs to valuation techniques used to value assets and liabilities at measurement date. These inputs are summarized in the three broad levels listed below:

- Level 1 quoted prices in active markets for identical investments
- Level 2 other significant observable inputs (including quoted prices for similar investments, interest
- Level 3 significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodologies used to value 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 and liabilities carried at fair value:

| DESCRIPTION                                      | QUOTED<br>PRICES<br>(LEVEL 1) | ASSETS<br>OTHER<br>SIGNIFICANT<br>OBSERVABLE<br>INPUTS<br>(LEVEL 2) | SIGNIFICANT<br>UNOBSERVABLE<br>INPUTS<br>(LEVEL 3) | TOTAL          |
|--------------------------------------------------|-------------------------------|---------------------------------------------------------------------|----------------------------------------------------|----------------|
| Long-term investments :                          |                               |                                                                     |                                                    |                |
| Corporate bonds & notes                          |                               | \$ 68,377,403                                                       | \$ 893,078                                         | \$ 69,270,481  |
| Asset-backed securities                          |                               | 55,661,120                                                          | 4,186,016                                          | 59,847,136     |
| Collateralized mortgage obligations              |                               | 57,022,579                                                          | 9,577                                              | 57,032,156     |
| Collateralized senior loans                      |                               | 8,107,080                                                           |                                                    | 8,107,080      |
| Mortgage-backed securities                       |                               | 475,514                                                             |                                                    | 475,514        |
| Municipal bonds                                  |                               | 14,171,125                                                          | 156,000                                            | 14,327,125     |
| Non-U.S. treasury inflation protected securities |                               | 9,586,187                                                           |                                                    | 9,586,187      |
| Sovereign bonds                                  |                               | 2,908,654                                                           |                                                    | 2,908,654      |
| Common stocks                                    | \$ 313,818                    | 148,405                                                             |                                                    | 462,223        |
| Convertible preferred stocks                     |                               | 43,500                                                              |                                                    | 43,500         |
| Preferred stocks                                 |                               | 32,255                                                              |                                                    | 32,255         |
| Warrants                                         |                               | 30,827                                                              | 1,327                                              | 32,154         |
| Total long-term investments                      | \$ 313,818                    | \$ 216,564,649                                                      | \$ 5,245,998                                       | \$ 222,124,465 |
| Short-term investments                           |                               | 9,250,000                                                           |                                                    | 9,250,000      |

Edgar Filing: WESTERN ASSET PREMIER BOND FUND - Form N-Q

|                                                           |    |         |    |             |    |           |    |             |
|-----------------------------------------------------------|----|---------|----|-------------|----|-----------|----|-------------|
| Total investments                                         | \$ | 313,818 | \$ | 225,814,649 | \$ | 5,245,998 | \$ | 231,374,465 |
| Other financial instruments:                              |    |         |    |             |    |           |    |             |
| Forward foreign currency contracts                        |    |         | \$ | 126,907     |    |           | \$ | 126,907     |
| Credit default swaps on corporate issues - buy protection |    |         |    | 7,116       |    |           |    | 7,116       |
| Credit default swaps on credit indices - sell protection  |    |         |    | 21,065      |    |           |    | 21,065      |
| Credit default swaps on credit indices - buy protection   |    |         |    | 13,945      |    |           |    | 13,945      |
| Total other financial instruments                         |    |         | \$ | 169,033     |    |           | \$ | 169,033     |
| Total                                                     | \$ | 313,818 | \$ | 225,983,682 | \$ | 5,245,998 | \$ | 231,543,498 |

**Notes to schedule of investments (unaudited) (continued)**

| DESCRIPTION                                               | LIABILITIES<br>OTHER          |                     |                     | TOTAL      |
|-----------------------------------------------------------|-------------------------------|---------------------|---------------------|------------|
|                                                           | QUOTED<br>PRICES<br>(LEVEL 1) | SIGNIFICANT         | SIGNIFICANT         |            |
|                                                           |                               | OBSERVABLE          | UNOBSERVABLE        |            |
|                                                           |                               | INPUTS<br>(LEVEL 2) | INPUTS<br>(LEVEL 3) |            |
| Other financial instruments:                              |                               |                     |                     |            |
| Credit default swaps on corporate issues - buy protection |                               | \$ 156,560          |                     | \$ 156,560 |
| Credit default swaps on credit indices - sell protection  |                               | 14,714              |                     | 14,714     |
| Total                                                     |                               | \$ 171,274          |                     | \$ 171,274 |

See Schedule of Investments for additional detailed categorizations.

Values include any premiums paid or received with respect to swap contracts.

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

|                                                                                                                    | CORPORATE |             | ASSET-     |           | COLLATERALIZED |          |           |         |
|--------------------------------------------------------------------------------------------------------------------|-----------|-------------|------------|-----------|----------------|----------|-----------|---------|
|                                                                                                                    | BONDS &   |             | BACKED     |           | MORTGAGE       |          | MUNICIPAL |         |
| INVESTMENTS IN SECURITIES                                                                                          | NOTES     |             | SECURITIES |           | OBLIGATIONS    |          | BONDS     |         |
| Balance as of December 31, 2011                                                                                    | \$        | 3,155,267   | \$         | 4,034,660 | \$             | 11,655   | \$        | 154,000 |
| Accrued premiums/discounts                                                                                         |           | 25,613      |            | 18,169    |                | (5,274)  |           | 1,030   |
| Realized gain (loss)(1)                                                                                            |           |             |            | (45,104)  |                | (18,978) |           |         |
| Change in unrealized appreciation (depreciation)(2)                                                                |           | 70,126      |            | (71,339)  |                | 22,174   |           | 970     |
| Purchases                                                                                                          |           |             |            |           |                |          |           |         |
| Sales                                                                                                              |           | (51,786)    |            | (8,738)   |                |          |           |         |
| Transfers into Level 3(3)                                                                                          |           |             |            | 258,368   |                |          |           |         |
| Transfers out of Level 3(4)                                                                                        |           | (2,306,142) |            |           |                |          |           |         |
| Balance as of March 31, 2012                                                                                       | \$        | 893,078     | \$         | 4,186,016 | \$             | 9,577    |           | 156,000 |
| Net change in unrealized appreciation (depreciation) for investments in securities still held at March 31, 2012(2) | \$        | 82,268      | \$         | (71,339)  | \$             | 22,174   | \$        | 970     |

**COMMON**

| INVESTMENTS IN SECURITIES       | STOCKS |         | WARRANTS |       | TOTAL        |
|---------------------------------|--------|---------|----------|-------|--------------|
| Balance as of December 31, 2011 | \$     | 141,760 | \$       | 6,197 | \$ 7,503,539 |
| Accrued premiums/discounts      |        |         |          |       | 39,538       |

Edgar Filing: WESTERN ASSET PREMIER BOND FUND - Form N-Q

|                                                                                                                    |           |         |              |
|--------------------------------------------------------------------------------------------------------------------|-----------|---------|--------------|
| Realized gain (loss)(1)                                                                                            |           |         | (64,082)     |
| Change in unrealized appreciation (depreciation)(2)                                                                | 6,645     | 1,289   | 29,865       |
| Purchases                                                                                                          |           |         |              |
| Sales                                                                                                              |           |         | (60,524)     |
| Transfers into Level 3(3)                                                                                          |           |         | 258,368      |
| Transfers out of Level 3(4)                                                                                        | (148,405) | (6,159) | (2,460,706)  |
| Balance as of March 31, 2012                                                                                       | \$        | 1,327   | \$ 5,245,998 |
| Net change in unrealized appreciation (depreciation) for investments in securities still held at March 31, 2012(2) | \$        | (230)   | \$ 33,843    |



**Notes to schedule of investments (unaudited) (continued)**

The Fund's policy is to recognize transfers between levels as of the end of the reporting period.

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

(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.

(3) Transferred into Level 3 as a result of the unavailability of a quoted price in an active market for an identical investment or the unavailability of other significant observable inputs.

(4) Transferred out of Level 3 as a result of the availability of a quoted price in an active market for an identical investment or the availability of other significant observable inputs.

**(b) Repurchase agreements.** The Fund may enter into repurchase agreements with institutions that its investment adviser has determined are creditworthy. Each repurchase agreement is recorded at cost. Under the terms of a typical repurchase agreement, the Fund acquires a debt security subject to an obligation of the seller to repurchase, and of the Fund to resell, the security at an agreed-upon price and time, thereby determining the yield during the Fund's holding period. When entering into repurchase agreements, it is the Fund's policy that its custodian or a third party custodian, acting on the Fund's behalf, take possession of the underlying collateral securities, the market value of which, at all times, at least equals the principal amount of the repurchase transaction, including accrued interest. To the extent that any repurchase transaction maturity exceeds one business day, the value of the collateral is marked-to-market and measured against the value of the agreement in an effort to ensure the adequacy of the collateral. If the counterparty defaults, the Fund generally has the right to use the collateral to satisfy the terms of the repurchase transaction. However, if the market value of the collateral declines during the period in which the Fund seeks to assert its rights or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited.

**(c) Loan participations.** The Fund may invest in loans arranged through private negotiation between one or more financial institutions. The Fund's investment in any such loan may be in the form of a participation in or an assignment of the loan. In connection with purchasing participations, the Fund generally will have no right to enforce compliance by the borrower with the terms of the loan agreement related to the loan, or any rights of off-set against the borrower and the Fund may not benefit directly from any collateral supporting the loan in which it has purchased the participation.

The Fund assumes the credit risk of the borrower, the lender that is selling the participation and any other persons interpositioned between the Fund and the borrower. In the event of the insolvency of the lender selling the participation, the Fund may be treated as a general creditor of the lender and may not benefit from any off-set between the lender and the borrower.

**(d) Unfunded loan commitments.** The Fund may enter into certain credit agreements all or a portion of which may be unfunded. The Fund is obligated to fund these commitments at the borrower's discretion. The commitments are disclosed in the accompanying Schedule of Investments. At March 31, 2012, the Fund had sufficient cash and/or securities to cover these commitments.

## Edgar Filing: WESTERN ASSET PREMIER BOND FUND - Form N-Q

**(e) Stripped securities.** The Fund may invest in Stripped Securities, a term used collectively for components, or strips, of fixed income securities. Stripped securities can be principal only securities ( PO ), which are debt obligations that have been stripped of unmatured interest coupons or, interest only securities ( IO ), which are unmatured interest coupons that have been stripped from debt obligations. The market value of Stripped Securities will fluctuate in response to changes in economic conditions, rates of pre-payment, interest rates and the market's perception of the securities. However, fluctuations in response to interest rates may be greater in Stripped Securities than for debt obligations of comparable maturities that pay interest currently. The amount of fluctuation may increase with a longer period of maturity.

The yield to maturity on IO s is sensitive to the rate of principal repayments (including prepayments) on the related underlying debt obligation and principal payments may have a material effect on yield to maturity. If the underlying debt obligation experiences greater than anticipated prepayments of principal, the Fund may not fully recoup its initial investment in IO s.

**(f) Inflation-indexed bonds.** Inflation-indexed bonds are fixed-income securities whose principal value or interest rate is periodically adjusted according to the rate of inflation. As the index measuring inflation changes, the principal value or interest rate of inflation-indexed bonds will be adjusted accordingly. Repayment of the original bond principal upon

**Notes to schedule of investments (unaudited) (continued)**

maturity (as adjusted for inflation) is guaranteed in the case of U.S. Treasury inflation-indexed bonds. For bonds that do not provide a similar guarantee, the adjusted principal value of the bond repaid at maturity may be less than the original principal.

**(g) Swap agreements.** The Fund invests in swaps for the purpose of managing its 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 other portfolio transactions.

Swap contracts are marked-to-market daily and changes in value are recorded as unrealized appreciation (depreciation). Gains or losses are realized upon termination of the swap agreement. Collateral, in the form of restricted cash or securities, may be required to be held in segregated accounts with the Fund's custodian in compliance with the terms of the swap contracts. Securities posted as collateral for swap contracts are identified in the Schedule of Investments.

The Fund's maximum exposure in the event of a defined credit event on a credit default swap to sell protection is the notional amount. As of March 31, 2012, the total notional value of all credit default swaps to sell protection is \$21,441,577. This amount would be offset by the value of the swap's reference entity, upfront premiums received on the swap and any amounts received from the settlement of a credit default swap where the Fund bought protection for the same referenced security/entity.

For the average notional amounts of swaps held during the period ended March 31, 2012, see Note 3.

**Credit default swaps**

The Fund enters 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 the Fund has exposure to an 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 is 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

## Edgar Filing: WESTERN ASSET PREMIER BOND FUND - Form N-Q

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, 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). As the protection seller, the Fund's maximum risk is the notional amount of the contract. 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.

Entering into a CDS agreement involves, to varying degrees, elements of credit, market and documentation risk. 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.

**Notes to schedule of investments (unaudited) (continued)**

**Total return swaps**

The Fund may enter into total return swaps for investment purposes. Total return swaps are agreements to exchange the return generated by one instrument for the return generated by another instrument. For example, the agreement to pay a predetermined or fixed interest rate in exchange for a market-linked return based on a notional amount. To the extent the total return of a referenced index or instrument exceeds the offsetting interest obligation, the Fund will receive a payment from the counterparty. To the extent it is less, the Fund will make a payment to the counterparty.

**(h) Forward foreign currency contracts.** The Fund may enter into a forward foreign currency contract to hedge against foreign currency exchange rate risk on its non-U.S. dollar denominated securities or to facilitate settlement of a foreign currency denominated portfolio transaction. A forward foreign currency contract is an agreement between two parties to buy and sell a currency at a set price with delivery and settlement at a future date. The contract is marked-to-market daily and the change in value is recorded by the Fund as an unrealized gain or loss. When a forward foreign currency contract is closed, through either delivery or offset by entering into another forward foreign currency contract, the Fund recognizes a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value of the contract at the time it is closed.

When entering into a forward foreign currency contract, the Fund bears the risk of an unfavorable change in the foreign exchange rate underlying the forward foreign currency contract. Risks may also arise upon entering into these contracts from the potential inability of the counterparties to meet the terms of their contracts.

**(i) Foreign currency translation.** Investment securities and other assets and liabilities denominated in foreign currencies are translated into U.S. dollar amounts based upon prevailing exchange rates on the date of valuation. Purchases and sales of investment securities and income and expense items denominated in foreign currencies are translated into U.S. dollar amounts based upon prevailing exchange rates on the respective dates of such transactions.

Foreign security and currency transactions may involve certain considerations and risks not typically associated with those of U.S. dollar denominated transactions as a result of, among other factors, the possibility of lower levels of governmental supervision and regulation of foreign securities markets and the possibility of political or economic instability.

**(j) Credit and market risk.** The Fund invests in high-yield and emerging market instruments that are subject to certain credit and market risks. The yields of high-yield and emerging market debt obligations reflect, among other things, perceived credit and market risks. The Fund's investment in securities rated below investment grade typically involve risks not associated with higher rated securities including, among others, greater risk related to timely and ultimate payment of interest and principal, greater market price volatility and less liquid secondary market trading. The consequences of political, social, economic or diplomatic changes may have disruptive effects on the market prices of investments held by the Fund. The Fund's investment in non-U.S. dollar denominated securities may also result in foreign currency losses caused by devaluations and exchange rate fluctuations.

## Edgar Filing: WESTERN ASSET PREMIER BOND FUND - Form N-Q

Investments in securities that are collateralized by residential real estate mortgages are subject to certain credit and liquidity risks. When market conditions result in an increase in default rates of the underlying mortgages and the foreclosure values of underlying real estate properties are materially below the outstanding amount of these underlying mortgages, collection of the full amount of accrued interest and principal on these investments may be doubtful. Such market conditions may significantly impair the value and liquidity of these investments and may result in a lack of correlation between their credit ratings and values.

**(k) Foreign investment risks.** The Fund's investments in foreign securities may involve risks not present in domestic investments. Since securities may be denominated in foreign currencies, may require settlement in foreign currencies or pay interest or dividends in foreign currencies, changes in the relationship of these foreign currencies to the U.S. dollar can significantly affect the value of the investments and earnings of the Fund. Foreign investments may also subject the Fund to foreign government exchange restrictions, expropriation, taxation or other political, social or economic developments, all of which affect the market and/or credit risk of the investments.

**(l) Counterparty risk and credit-risk-related contingent features of derivative instruments.** The Fund may invest in certain securities or engage in other transactions, where the Fund is exposed to counterparty credit risk in addition to broader market risks. The Fund may invest in securities of issuers, which may also be considered counterparties as trading partners in other transactions. This may increase the risk of loss in the event of default or bankruptcy by the counterparty or if the counterparty otherwise fails to meet its contractual obligations. The Fund's investment manager attempts to mitigate counterparty risk by (i) periodically assessing the creditworthiness of its trading partners, (ii) monitoring and/or limiting the amount of its net exposure to each individual counterparty based on its assessment and (iii) requiring collateral from the counterparty for certain transactions. Market events and changes in overall economic conditions may impact the assessment of such counterparty risk by the investment manager. In addition, declines in the values of underlying collateral received may expose the Fund to increased risk of loss.

The Fund has entered into master agreements with certain of its derivative counterparties that provide for general obligations, representations, agreements, collateral, events of default or termination and credit related contingent features. The credit related contingent features include, but are not limited to, a percentage decrease in the Fund's net assets or NAV over a specified period of time. If these credit related contingent features were triggered, the derivatives counterparty could terminate the positions and demand payment or require additional collateral.

As of March 31, 2012, the Fund held credit default swaps with credit related contingent features which had a liability position of \$171,274. If a contingent feature in the master agreements would have been triggered, the Fund would have been required to pay this amount to its derivatives counterparties. As of March 31, 2012, the Fund had posted with its

**Notes to schedule of investments (unaudited) (continued)**

counterparties cash and/or securities as collateral to cover the net liability of these derivatives amounting to \$100,000, which could be used to reduce the required payment.

**(m) Security transactions.** Security transactions are accounted for on a trade date basis.

**2. Investments**

At March 31, 2012, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows:

|                               |    |              |
|-------------------------------|----|--------------|
| Gross unrealized appreciation | \$ | 19,872,414   |
| Gross unrealized depreciation |    | (11,460,766) |
| Net unrealized appreciation   | \$ | 8,411,648    |

At March 31, 2012, the Fund had the following open forward foreign currency contracts:

|                           |               | LOCAL     | MARKET       | SETTLEMENT | UNREALIZED |
|---------------------------|---------------|-----------|--------------|------------|------------|
| FOREIGN CURRENCY          | COUNTERPARTY  | CURRENCY  | VALUE        | DATE       | GAIN       |
| <b>Contracts to Sell:</b> |               |           |              |            |            |
| Brazilian Real            | Citibank N.A. | 9,020,000 | \$ 4,922,072 | 4/16/12    | \$ 126,907 |

At March 31, 2012, the Fund held the following credit default swap contracts:

| <b>CREDIT DEFAULT SWAPS ON CORPORATE ISSUES - BUY PROTECTION(1)</b>                    |              |             |                     |              |             |                |
|----------------------------------------------------------------------------------------|--------------|-------------|---------------------|--------------|-------------|----------------|
| SWAP COUNTERPARTY                                                                      |              |             | PERIODIC            |              | UPFRONT     | UNREALIZED     |
| (REFERENCE ENTITY)                                                                     | NOTIONAL     | TERMINATION | PAYMENTS            | MARKET       | PREMIUMS    | APPRECIATION   |
|                                                                                        | AMOUNT(2)    | DATE        | MADE BY             | VALUE        | PAID        | (DEPRECIATION) |
|                                                                                        |              |             | THE FUND            |              | (RECEIVED)  |                |
| Goldman Sachs Group Inc.<br>(Citigroup Inc., 6.125%, due<br>5/15/18)                   | \$ 1,700,000 | 3/20/14     | 4.700%<br>Quarterly | \$ (110,551) |             | \$ (110,551)   |
| Goldman Sachs Group Inc.<br>(CVS Corporation, 4.875%, due<br>9/15/14)                  | 2,000,000    | 12/20/14    | 0.680%<br>Quarterly | (42,755)     | \$ (13,705) | (29,050)       |
| Goldman Sachs Group Inc.<br>(Assured Guaranty Municipal<br>Corp., 0.480% due 11/15/13) | 100,000      | 3/20/15     | 5.000%<br>Quarterly | (573)        | 579         | (1,152)        |

Edgar Filing: WESTERN ASSET PREMIER BOND FUND - Form N-Q

|                                                                                         |              |         |                     |              |            |              |
|-----------------------------------------------------------------------------------------|--------------|---------|---------------------|--------------|------------|--------------|
| Goldman Sachs Group Inc.<br>(Assured Guaranty Municipal<br>Corp., 0.480% due 11/15/13)  | 130,000      | 3/20/20 | 5.000%<br>Quarterly | 5,139        | 2,728      | 2,411        |
| Goldman Sachs Group Inc.<br>(Assured Guaranty Municipal<br>Corp., 0.480%, due 11/15/13) | 70,000       | 3/20/13 | 5.000%<br>Quarterly | (930)        | (149)      | (781)        |
| Goldman Sachs Group Inc.<br>(Assured Guaranty Municipal<br>Corp., 0.480%, due 11/15/13) | 80,000       | 3/20/13 | 5.000%<br>Quarterly | (1,063)      | (102)      | (961)        |
| Goldman Sachs Group Inc.<br>(Assured Guaranty Municipal<br>Corp., 0.480%, due 11/15/13) | 120,000      | 3/20/15 | 5.000%<br>Quarterly | (688)        | 970        | (1,658)      |
| Goldman Sachs Group Inc.<br>(Assured Guaranty Municipal<br>Corp., 0.480%, due 11/15/13) | 50,000       | 3/20/20 | 5.000%<br>Quarterly | 1,977        | 1,272      | 705          |
| Total                                                                                   | \$ 4,250,000 |         |                     | \$ (149,444) | \$ (8,407) | \$ (141,037) |

**CREDIT DEFAULT SWAPS ON CREDIT INDICES - SELL PROTECTION(3)**  
PERIODIC

| SWAP COUNTERPARTY<br><br>(REFERENCE ENTITY)  | NOTIONAL<br><br>AMOUNT(2) | TERMINATION<br><br>DATE | PAYMENTS<br><br>RECEIVED |                        | UPFRONT<br><br>PREMIUMS |                                |
|----------------------------------------------|---------------------------|-------------------------|--------------------------|------------------------|-------------------------|--------------------------------|
|                                              |                           |                         | BY THE<br><br>FUND       | MARKET<br><br>VALUE(4) | PAID<br><br>(RECEIVED)  | UNREALIZED<br><br>APPRECIATION |
| Banc of America Securities LLC<br>(CDX HY 8) | \$ 21,255,577             | 6/20/12                 | 0.860%<br>Quarterly      | \$ 21,065              |                         | \$ 21,065                      |
| Goldman Sachs Group Inc.<br>(CMBX NA AM 1)   | 186,000                   | 10/12/52                | 0.500%<br>Monthly        | (14,714)               | \$ (16,926)             | 2,212                          |
| Total                                        | \$ 21,441,577             |                         |                          | \$ 6,351               | \$ (16,926)             | \$ 23,277                      |



**Notes to schedule of investments (unaudited) (continued)**

| <b>CREDIT DEFAULT SWAPS ON CREDIT INDICES - BUY PROTECTION(1)</b> |            |             |                   |           |            |              |
|-------------------------------------------------------------------|------------|-------------|-------------------|-----------|------------|--------------|
|                                                                   |            |             | PERIODIC          |           | UPFRONT    |              |
|                                                                   |            |             | PAYMENTS          |           | PREMIUMS   |              |
| SWAP COUNTERPARTY                                                 | NOTIONAL   | TERMINATION | MADE BY           | MARKET    | PAID       | UNREALIZED   |
| (REFERENCE ENTITY)                                                | AMOUNT(2)  | DATE        | THE FUND          | VALUE(4)  | (RECEIVED) | DEPRECIATION |
| Goldman Sachs Group Inc.<br>(CMBX 1 2006-1 AAA)                   | \$ 449,000 | 10/12/52    | 0.100%<br>Monthly | \$ 13,945 | \$ 18,221  | \$ (4,276)   |

(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 pay 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 (sell protection) or increasing market values (buy protection) 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.

**3. Derivative instruments and hedging activities**

Financial Accounting Standards Board Codification Topic 815 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, 2012.

**Forward Foreign Currency****Contracts**

Edgar Filing: WESTERN ASSET PREMIER BOND FUND - Form N-Q

| Primary Underlying Risk |                            | Swap Contracts, at  |                   |
|-------------------------|----------------------------|---------------------|-------------------|
| Disclosure              | Unrealized<br>Appreciation | value               | Total             |
| Foreign Exchange Risk   | \$ 126,907                 | \$                  | 126,907           |
| Credit Risk             | \$                         | (129,148)           | (129,148)         |
| <b>Total</b>            | <b>\$ 126,907</b>          | <b>\$ (129,148)</b> | <b>\$ (2,241)</b> |

During the period ended March 31, 2012, the volume of derivative activity for the Fund was as follows:

| Average Market                                     |              |
|----------------------------------------------------|--------------|
|                                                    | Value        |
| Forward foreign currency contracts (to sell)       | \$ 2,538,883 |
| Average Notional                                   |              |
|                                                    | Balance      |
| Credit default swap contracts (to buy protection)  | \$ 4,699,000 |
| Credit default swap contracts (to sell protection) | 21,482,899   |
| Total return swap contracts                        | 500,000      |

At March 31, 2012, there were no open positions held in this derivative.

**Notes to schedule of investments (unaudited) (continued)**

**4. Recent accounting pronouncement**

In May 2011, the Financial Accounting Standards Board issued Accounting Standard Update No. 2011-04, Fair Value Measurement (Topic 820) - Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs ( ASU No. 2011-04 ). ASU No. 2011-04 establishes common requirements for measuring fair value and for disclosing information about fair value measurements. ASU No. 2011-04 is effective during interim and annual periods beginning after December 15, 2011. Management has evaluated ASU No. 2011-04 and concluded that it does not materially impact the financial statement amounts; however, as required, additional disclosure has been included about fair value measurement.

ITEM 2. CONTROLS AND PROCEDURES.

- (a) The registrant's principal executive officer and principal financial officer have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act")) are effective as of a date within 90 days of the filing date of this report that includes the disclosure required by this paragraph, based on their evaluation of the disclosure controls and procedures required by Rule 30a-3(b) under the 1940 Act and 15d-15(b) under the Securities Exchange Act of 1934.
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are likely to materially affect the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940, as amended, 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

Date: May 29, 2012

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

Date: May 29, 2012

By /s/ Richard F. Sennett  
Richard F. Sennett  
Principal Financial Officer

Date: May 29, 2012

---