

WESTERN ASSET PREMIER BOND FUND

Form N-Q

November 24, 2010

**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)

55 Water Street New York, NY  
(Address of principal executive offices)

10041  
(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: September 30, 2010

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ITEM 1. SCHEDULE OF INVESTMENTS

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**WESTERN ASSET PREMIER BOND FUND**

FORM N-Q

SEPTEMBER 30, 2010

## WESTERN ASSET PREMIER BOND FUND

Schedule of investments (unaudited)

September 30, 2010

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
CORPORATE BONDS & NOTES 55.0%				
CONSUMER DISCRETIONARY 7.5%				
<b>Automobiles 1.5%</b>				
DaimlerChrysler NA Holding Corp., Notes	8.500%	1/18/31	1,000,000	\$ 1,374,549
DaimlerChrysler North America Holding Corp., Notes	7.300%	1/15/12	1,000,000	1,075,456
Ford Motor Credit Co., LLC, Senior Notes	7.500%	8/1/12	70,000	74,309
<i>Total Automobiles</i>				2,524,314
<b>Diversified Consumer Services 0.0%</b>				
Service Corp. International, Senior Notes	7.625%	10/1/18	5,000	5,350
Service Corp. International, Senior Notes	7.500%	4/1/27	60,000	57,300
<i>Total Diversified Consumer Services</i>				62,650
<b>Hotels, Restaurants &amp; Leisure 0.9%</b>				
CCM Merger Inc., Notes	8.000%	8/1/13	140,000	128,100(a)
El Pollo Loco Inc., Senior Notes	11.750%	11/15/13	375,000	270,000
Harrah's Operating Co. Inc., Senior Notes	10.750%	2/1/16	300,000	241,500
Inn of the Mountain Gods Resort & Casino, Senior Notes	12.000%	11/15/10	530,000	217,300(b)(c)
Landry's Restaurants Inc., Senior Secured Notes	11.625%	12/1/15	110,000	116,050
Mohegan Tribal Gaming Authority, Senior Secured Notes	11.500%	11/1/17	170,000	152,150(a)
NCL Corp. Ltd., Senior Secured Notes	11.750%	11/15/16	170,000	190,400
Sbarro Inc., Senior Notes	10.375%	2/1/15	90,000	54,000
Snoqualmie Entertainment Authority, Senior Secured Notes	4.428%	2/1/14	110,000	90,750(a)(d)
Station Casinos Inc., Senior Notes	7.750%	8/15/16	205,000	20(b)(c)
Station Casinos Inc., Senior Subordinated Notes	6.625%	3/15/18	100,000	391(b)(c)
<i>Total Hotels, Restaurants &amp; Leisure</i>				1,460,661
<b>Leisure Equipment &amp; Products 0.4%</b>				
Eastman Kodak Co., Senior Notes	7.250%	11/15/13	640,000	614,400
<b>Media 4.1%</b>				
Cablevision Systems Corp., Senior Notes	7.750%	4/15/18	30,000	31,725
CCH II LLC/CCH II Capital Corp., Senior Notes	13.500%	11/30/16	108,083	128,349
Cengage Learning Acquisitions Inc., Senior Notes	10.500%	1/15/15	270,000	268,312(a)
Charter Communications Operating LLC/Charter Communications Operating Capital, Senior Secured Notes	10.875%	9/15/14	280,000	317,100(a)
CMP Susquehanna Corp.	3.531%	5/15/14	14,000	9,940(a)(d)
Comcast Corp.	5.900%	3/15/16	400,000	462,054
Comcast Corp., Notes	7.050%	3/15/33	1,000,000	1,171,402
CSC Holdings Inc., Senior Notes	6.750%	4/15/12	250,000	261,563
DISH DBS Corp., Senior Notes	7.000%	10/1/13	600,000	636,750
DISH DBS Corp., Senior Notes	7.750%	5/31/15	120,000	127,950
DISH DBS Corp., Senior Notes	7.875%	9/1/19	385,000	414,356
News America Holdings Inc.	8.875%	4/26/23	400,000	546,949
Sun Media Corp., Senior Notes	7.625%	2/15/13	55,000	55,275

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Time Warner Inc., Senior Debentures	7.700%	5/1/32	1,150,000	1,437,063
Univision Communications Inc., Senior Secured Notes	12.000%	7/1/14	420,000	459,375(a)
Virgin Media Finance PLC, Senior Notes	9.125%	8/15/16	335,000	358,450
<i>Total Media</i>				<i>6,686,613</i>
<b>Multiline Retail 0.3%</b>				
Neiman Marcus Group Inc., Senior Notes	9.000%	10/15/15	279,478	290,308(e)
Neiman Marcus Group Inc., Senior Secured Notes	7.125%	6/1/28	330,000	311,025
<i>Total Multiline Retail</i>				<i>601,333</i>
<b>Specialty Retail 0.1%</b>				
American Greetings Corp., Senior Notes	7.375%	6/1/16	20,000	20,350
Michaels Stores Inc., Senior Notes	10.000%	11/1/14	80,000	84,300
<i>Total Specialty Retail</i>				<i>104,650</i>
<b>Textiles, Apparel &amp; Luxury Goods 0.2%</b>				
Oxford Industries Inc., Senior Secured Notes	11.375%	7/15/15	255,000	286,875
<b>TOTAL CONSUMER DISCRETIONARY</b>				<b>12,341,496</b>

*See Notes to Schedule of Investments.*

## WESTERN ASSET PREMIER BOND FUND

Schedule of investments (unaudited) (cont d)

September 30, 2010

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
CONSUMER STAPLES 6.0%				
<b>Food &amp; Staples Retailing 5.4%</b>				
CVS Corp.	9.350%	1/10/23	700,000	\$ 738,052(a)
CVS Corp.	5.789%	1/10/26	811,636	846,537(a)
CVS Pass-Through Trust	7.507%	1/10/32	1,978,212	2,321,155(a)
CVS Pass-Through Trust, Secured Notes	5.880%	1/10/28	916,640	967,935
CVS Pass-Through Trust, Secured Notes	6.036%	12/10/28	907,807	960,614
CVS Pass-Through Trust, Secured Notes	6.943%	1/10/30	1,887,578	2,125,809
Delhaize America Inc., Debentures	9.000%	4/15/31	166,000	234,604
Safeway Inc., Notes	5.800%	8/15/12	500,000	540,627
<i>Total Food &amp; Staples Retailing</i>				8,735,333
<b>Food Products 0.5%</b>				
Ahold Lease USA Inc., Pass-Through Certificates, Series 2001 A-2	8.620%	1/2/25	714,462	819,846(f)
<b>Tobacco 0.1%</b>				
Alliance One International Inc., Senior Notes	10.000%	7/15/16	160,000	173,200
<b>TOTAL CONSUMER STAPLES</b>				9,728,379
ENERGY 6.9%				
<b>Energy Equipment &amp; Services 0.7%</b>				
Complete Production Services Inc., Senior Notes	8.000%	12/15/16	150,000	154,500
GulfMark Offshore Inc., Senior Subordinated Notes	7.750%	7/15/14	270,000	271,013
Hercules Offshore LLC, Senior Secured Notes	10.500%	10/15/17	155,000	128,650(a)
Sonat Inc., Notes	7.625%	7/15/11	500,000	518,345
<i>Total Energy Equipment &amp; Services</i>				1,072,508
<b>Oil, Gas &amp; Consumable Fuels 6.2%</b>				
Anadarko Finance Co., Senior Notes	7.500%	5/1/31	570,000	616,461
Belden & Blake Corp., Secured Notes	8.750%	7/15/12	750,000	735,000
Berry Petroleum Co., Senior Notes	10.250%	6/1/14	160,000	180,400
Burlington Resources Finance Co.	7.400%	12/1/31	450,000	579,505
Chesapeake Energy Corp., Senior Notes	7.250%	12/15/18	300,000	323,250
Colorado Interstate Gas Co., Senior Notes	6.800%	11/15/15	150,000	176,763
Compagnie Generale de Geophysique-Veritas, Senior Notes	7.500%	5/15/15	210,000	213,675
CONSOL Energy Inc., Senior Notes	8.250%	4/1/20	440,000	480,700(a)
Devon Energy Corp., Debentures	7.950%	4/15/32	310,000	420,138
Devon Financing Corp. ULC, Notes	6.875%	9/30/11	1,000,000	1,057,917
El Paso Corp., Medium-Term Notes	7.800%	8/1/31	190,000	197,195
Hess Corp., Notes	7.875%	10/1/29	1,640,000	2,123,003
Hess Corp., Notes	7.300%	8/15/31	60,000	73,813
Kinder Morgan Energy Partners LP, Senior Notes	7.125%	3/15/12	500,000	536,756
LUKOIL International Finance BV, Bonds	6.356%	6/7/17	340,000	354,875(a)
OPTI Canada Inc., Senior Secured Notes	7.875%	12/15/14	45,000	33,863
OPTI Canada Inc., Senior Secured Notes	8.250%	12/15/14	190,000	144,400
Plains Exploration & Production Co., Senior Notes	10.000%	3/1/16	140,000	159,600
Plains Exploration & Production Co., Senior Notes	8.625%	10/15/19	125,000	136,563

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Quicksilver Resources Inc., Senior Notes	11.750%	1/1/16	185,000	216,912
Teekay Corp., Senior Notes	8.500%	1/15/20	310,000	337,512
TNK-BP Finance SA, Senior Notes	7.875%	3/13/18	220,000	248,050(a)
Williams Cos. Inc., Debentures	7.500%	1/15/31	668,000	755,817
Williams Cos. Inc., Senior Notes	8.750%	3/15/32	63,000	78,946
<i>Total Oil, Gas &amp; Consumable Fuels</i>				<i>10,181,114</i>
TOTAL ENERGY				11,253,622
FINANCIALS 8.2%				
<b>Capital Markets 1.2%</b>				
Goldman Sachs Group Inc., Notes	6.600%	1/15/12	900,000	959,199
Morgan Stanley, Notes	6.600%	4/1/12	1,000,000	1,075,420
<i>Total Capital Markets</i>				<i>2,034,619</i>
<b>Commercial Banks 0.1%</b>				
ICICI Bank Ltd., Subordinated Bonds	6.375%	4/30/22	184,000	184,948(a)(d)
<b>Consumer Finance 2.4%</b>				
Ford Motor Credit Co., LLC, Senior Notes	12.000%	5/15/15	1,030,000	1,297,251

*See Notes to Schedule of Investments.*

## WESTERN ASSET PREMIER BOND FUND

Schedule of investments (unaudited) (cont d)

September 30, 2010

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Consumer Finance continued</b>				
Ford Motor Credit Co., LLC, Senior Notes	8.000%	12/15/16	680,000	\$ 768,652
GMAC Inc., Senior Notes	6.875%	8/28/12	94,000	98,113
HSBC Finance Corp.	4.750%	7/15/13	1,670,000	1,778,538
<i>Total Consumer Finance</i>				<i>3,942,554</i>
<b>Diversified Financial Services 3.8%</b>				
Air 2 US, Notes	8.027%	10/1/19	373,624	364,284(a)
Citigroup Inc.	6.625%	6/15/32	1,000,000	1,033,423
International Lease Finance Corp., Senior Notes	8.750%	3/15/17	1,380,000	1,480,050(a)
JPMorgan Chase & Co., Subordinated Notes	5.125%	9/15/14	1,300,000	1,425,366
Liberty Media LLC	3.750%	2/15/30	1,860,000	1,041,600
Smurfit Kappa Funding PLC, Senior Subordinated Notes	7.750%	4/1/15	150,000	151,500
UFJ Finance Aruba AEC	6.750%	7/15/13	500,000	563,542
Unitymedia GmbH, Senior Secured Bonds	8.125%	12/1/17	100,000	104,000(a)
<i>Total Diversified Financial Services</i>				<i>6,163,765</i>
<b>Insurance 0.7%</b>				
XL Capital Ltd.	5.250%	9/15/14	1,000,000	1,065,616
<b>TOTAL FINANCIALS</b>				<b>13,391,502</b>
<b>HEALTH CARE 1.3%</b>				
<b>Health Care Providers &amp; Services 1.3%</b>				
Community Health Systems Inc., Senior Notes	8.875%	7/15/15	200,000	212,500
HCA Inc., Debentures	7.500%	11/15/95	185,000	146,150
HCA Inc., Notes	6.375%	1/15/15	430,000	428,925
HCA Inc., Notes	7.690%	6/15/25	90,000	84,150
HCA Inc., Senior Notes	6.250%	2/15/13	85,000	86,488
HCA Inc., Senior Secured Notes	9.250%	11/15/16	195,000	211,087
HCA Inc., Senior Secured Notes	9.625%	11/15/16	399,000	432,915(e)
US Oncology Holdings Inc., Senior Notes	6.737%	3/15/12	292,477	277,122(d)(e)
Vanguard Health Holdings Co., II LLC, Senior Notes	8.000%	2/1/18	215,000	218,225
<b>TOTAL HEALTH CARE</b>				<b>2,097,562</b>
<b>INDUSTRIALS 11.2%</b>				
<b>Aerospace &amp; Defense 1.7%</b>				
Boeing Co., Notes	6.125%	2/15/33	600,000	709,155
L-3 Communications Corp., Senior Subordinated Notes	6.375%	10/15/15	535,000	551,719
Northrop Grumman Corp., Debentures	7.750%	2/15/31	1,000,000	1,373,042
Systems 2001 Asset Trust	6.664%	9/15/13	152,575	168,321(a)
<i>Total Aerospace &amp; Defense</i>				<i>2,802,237</i>
<b>Airlines 8.2%</b>				
America West Airlines Inc., Ambac Assurance Corp.	8.057%	7/2/20	2,398,107	2,506,022
Continental Airlines Inc.	7.160%	9/24/14	429,450	430,524(f)
Continental Airlines Inc.	6.820%	5/1/18	913,728	934,286
Continental Airlines Inc., Pass-Through Certificates	6.900%	1/2/18	889,557	934,035
Continental Airlines Inc., Pass-Through Certificates	6.545%	2/2/19	1,139,496	1,187,925
Continental Airlines Inc., Pass-Through Certificates	6.703%	6/15/21	749,748	783,487



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Continental Airlines Inc., Pass-Through Certificates, 2000-1 A-1	8.048%	11/1/20	528,655	570,947
DAE Aviation Holdings Inc., Senior Notes	11.250%	8/1/15	460,000	463,496(a)
Delta Air Lines Inc., Pass-Through Certificates, Secured Notes	8.021%	8/10/22	187,269	188,206
Delta Air Lines Inc., Senior Secured Notes	9.500%	9/15/14	67,000	72,695(a)
Northwest Airlines Corp., Pass-Through Certificates	7.575%	9/1/20	503,014	496,726
Northwest Airlines Inc.	0.758%	2/6/15	2,744,643	2,456,456(d)
US Airways Pass-Through Trust	6.850%	1/30/18	2,483,746	2,384,396
<i>Total Airlines</i>				<i>13,409,201</i>
<b>Building Products 0.0%</b>				
Ashton Woods USA LLC/Ashton Woods Finance Co., Senior Subordinated Notes, step bond	0.000%	6/30/15	65,000	32,500(a)(c)

*See Notes to Schedule of Investments.*

## WESTERN ASSET PREMIER BOND FUND

Schedule of investments (unaudited) (cont d)

September 30, 2010

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Commercial Services &amp; Supplies 0.7%</b>				
AAC Group Holding Corp., Senior Discount Notes	10.250%	10/1/12	440,000	\$ 431,200(a)
ACCO Brands Corp., Senior Secured Notes	10.625%	3/15/15	220,000	245,850
Altegrity Inc., Senior Subordinated Notes	10.500%	11/1/15	310,000	307,287(a)
RSC Equipment Rental Inc./RSC Holdings III LLC, Senior Secured Notes	10.000%	7/15/17	170,000	189,125(a)
<i>Total Commercial Services &amp; Supplies</i>				<i>1,173,462</i>
<b>Marine 0.1%</b>				
Trico Shipping AS, Senior Secured Notes	11.875%	11/1/14	200,000	178,500(a)
<b>Road &amp; Rail 0.2%</b>				
Kansas City Southern de Mexico, Senior Notes	12.500%	4/1/16	111,000	132,923
RailAmerica Inc., Senior Secured Notes	9.250%	7/1/17	208,000	228,020
<i>Total Road &amp; Rail</i>				<i>360,943</i>
<b>Trading Companies &amp; Distributors 0.3%</b>				
Ashtead Capital Inc., Notes	9.000%	8/15/16	129,000	133,515(a)
H&E Equipment Services Inc., Senior Notes	8.375%	7/15/16	245,000	245,000
<i>Total Trading Companies &amp; Distributors</i>				<i>378,515</i>
<b>TOTAL INDUSTRIALS</b>				<b>18,335,358</b>
<b>INFORMATION TECHNOLOGY 0.5%</b>				
<b>IT Services 0.5%</b>				
Ceridian Corp., Senior Notes	12.250%	11/15/15	138,450	131,181(e)
Electronic Data Systems Corp., Notes	7.450%	10/15/29	500,000	668,625
<i>Total IT Services</i>				<i>799,806</i>
<b>Semiconductors &amp; Semiconductor Equipment 0.0%</b>				
Freescall Semiconductor Inc., Senior Subordinated Notes	10.125%	12/15/16	80,000	72,800
<b>TOTAL INFORMATION TECHNOLOGY</b>				<b>872,606</b>
<b>MATERIALS 3.4%</b>				
<b>Chemicals 0.7%</b>				
Dow Chemical Co.	6.000%	10/1/12	1,000,000	1,083,524
Westlake Chemical Corp., Senior Notes	6.625%	1/15/16	70,000	70,525
<i>Total Chemicals</i>				<i>1,154,049</i>
<b>Metals &amp; Mining 1.6%</b>				
Alcoa Inc.	5.375%	1/15/13	570,000	606,026
CII Carbon LLC	11.125%	11/15/15	580,000	603,925(a)
Freeport-McMoRan Copper & Gold Inc., Senior Notes	8.375%	4/1/17	730,000	814,863
Metals USA Inc., Senior Secured Notes	11.125%	12/1/15	445,000	471,700
Vedanta Resources PLC, Senior Notes	8.750%	1/15/14	130,000	139,750(a)
<i>Total Metals &amp; Mining</i>				<i>2,636,264</i>
<b>Paper &amp; Forest Products 1.1%</b>				
Appleton Papers Inc., Senior Secured Notes	11.250%	12/15/15	235,000	173,900(a)
NewPage Corp., Senior Secured Notes	11.375%	12/31/14	595,000	538,475
PE Paper Escrow GmbH, Senior Secured Notes	12.000%	8/1/14	100,000	115,500(a)

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Weyerhaeuser Co., Debentures	7.375%	3/15/32	1,000,000	1,018,407
<i>Total Paper &amp; Forest Products</i>				<i>1,846,282</i>
TOTAL MATERIALS				5,636,595
TELECOMMUNICATION SERVICES 4.4%				
<b>Diversified Telecommunication Services 2.8%</b>				
Angel Lux Common SA, Senior Secured Bonds	8.875%	5/1/16	285,000	302,813(a)
Cincinnati Bell Telephone Co., Senior Debentures	6.300%	12/1/28	25,000	19,000
Deutsche Telekom International Finance BV	5.250%	7/22/13	600,000	658,138
France Telecom SA, Notes	8.500%	3/1/31	600,000	867,822
Frontier Communications Corp., Senior Notes	8.750%	4/15/22	91,000	100,100
Hawaiian Telcom Communications Inc., Senior Subordinated Notes	12.500%	5/1/15	135,000	14(b)(c)
Intelsat Jackson Holdings Ltd., Senior Notes	9.500%	6/15/16	35,000	37,319
Intelsat Jackson Holdings Ltd., Senior Notes	11.250%	6/15/16	340,000	369,750
Level 3 Financing Inc., Senior Notes	9.250%	11/1/14	280,000	263,200

*See Notes to Schedule of Investments.*

## WESTERN ASSET PREMIER BOND FUND

Schedule of investments (unaudited) (cont d)

September 30, 2010

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Diversified Telecommunication Services</b> continued				
Qwest Communications International Inc., Senior Notes	7.500%	2/15/14	140,000	\$ 142,800
Qwest Corp., Senior Notes	7.875%	9/1/11	390,000	412,912
Qwest Corp., Senior Notes	7.500%	10/1/14	150,000	169,500
Wind Acquisition Finance SA, Senior Bonds	12.000%	12/1/15	500,000	529,375(a)
Windstream Corp., Senior Notes	8.625%	8/1/16	635,000	671,512
<i>Total Diversified Telecommunication Services</i>				4,544,255
<b>Wireless Telecommunication Services</b>				
<b>1.6%</b>				
Cingular Wireless LLC	6.500%	12/15/11	250,000	266,703
Sprint Capital Corp., Senior Notes	8.375%	3/15/12	1,450,000	1,551,500
True Move Co., Ltd.	10.750%	12/16/13	590,000	626,875(a)
True Move Co., Ltd., Notes	10.750%	12/16/13	200,000	212,500(a)
<i>Total Wireless Telecommunication Services</i>				2,657,578
<b>TOTAL TELECOMMUNICATION SERVICES</b>				7,201,833
<b>UTILITIES 5.6%</b>				
<b>Electric Utilities 2.9%</b>				
Duke Energy Corp., Notes	6.250%	1/15/12	250,000	267,569
EEB International Ltd., Senior Bonds	8.750%	10/31/14	820,000	893,800(a)
FirstEnergy Corp., Notes	6.450%	11/15/11	27,000	28,293
FirstEnergy Corp., Notes	7.375%	11/15/31	3,040,000	3,303,100
MidAmerican Energy Holdings Co., Senior Notes	5.875%	10/1/12	250,000	271,281
<i>Total Electric Utilities</i>				4,764,043
<b>Gas Utilities 0.0%</b>				
Southern Natural Gas Co., Senior Notes	8.000%	3/1/32	20,000	23,471
<b>Independent Power Producers &amp; Energy Traders 2.2%</b>				
AES Corp., Senior Notes	9.750%	4/15/16	360,000	414,000
AES Corp., Senior Notes	8.000%	10/15/17	525,000	567,000
AES Corp., Senior Notes	8.000%	6/1/20	100,000	108,500
Edison Mission Energy, Senior Notes	7.750%	6/15/16	180,000	140,850
Edison Mission Energy, Senior Notes	7.625%	5/15/27	179,000	120,378
Energy Future Holdings Corp., Senior Notes	11.250%	11/1/17	369,805	176,582(e)
Energy Future Intermediate Holding Co. LLC/EFIH Finance Inc., Senior Secured Notes	10.000%	12/1/20	885,531	878,814
NRG Energy Inc., Senior Notes	7.375%	2/1/16	815,000	838,431
NRG Energy Inc., Senior Notes	7.375%	1/15/17	225,000	230,625
<i>Total Independent Power Producers &amp; Energy Traders</i>				3,475,180
<b>Multi-Utilities 0.5%</b>				
Dominion Resources Inc., Senior Notes	5.700%	9/17/12	770,000	839,490
<b>TOTAL UTILITIES</b>				9,102,184

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TOTAL CORPORATE BONDS & NOTES (Cost \$85,398,260)				89,961,137
ASSET-BACKED SECURITIES 26.0%				
FINANCIALS 26.0%				
<b>Automobiles 0.0%</b>				
AmeriCredit Automobile Receivables Trust, 2007-CM A3B	0.288%	5/7/12	76,971	76,971(d)
<b>Diversified Financial Services 1.5%</b>				
Global Franchise Trust, 1998-1 A2	6.659%	10/10/11	611,495	579,142(a)
Green Tree Recreational Equipment & Consumer Trust, 1996-C CTFS	7.650%	10/15/17	128,023	111,416
PAMCO CLO, 1997-1A B	7.910%	8/6/11	778,115	155,623(b)
Pegasus Aviation Lease Securitization, 2000-1 A2	8.370%	3/25/30	1,600,000	640,000(a)(f)
Settlement Fee Finance LLC, 2004-1A A	9.100%	7/25/34	1,029,177	926,259(a)(f)
<i>Total Diversified Financial Services</i>				<i>2,412,440</i>
<b>Home Equity 16.8%</b>				
ABFS Mortgage Loan Trust, 2002-3 M1	5.902%	9/15/33	1,130,000	875,174
ACE Securities Corp., 2005-SD1 A1	0.656%	11/25/50	28,631	28,138(d)
Bayview Financial Acquisition Trust, 2007-B 2A1	0.556%	8/28/47	1,104,308	1,048,967(d)
Bayview Financial Asset Trust, 2004-SSRA A1	0.856%	12/25/39	422,562	291,568(a)(d)(f)
Bayview Financial Asset Trust, 2007-SR1A A	0.706%	3/25/37	2,364,083	1,702,140(a)(d)(f)
Bayview Financial Asset Trust, 2007-SR1A M3	1.406%	3/25/37	589,681	235,872(a)(d)(f)

See Notes to Schedule of Investments.

## WESTERN ASSET PREMIER BOND FUND

Schedule of investments (unaudited) (cont d)

September 30, 2010

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Home Equity continued</b>				
Bayview Financial Asset Trust, 2007-SR1A M4	1.756%	3/25/37	160,822	\$ 53,071(a)(d)(f)
Bear Stearns Asset Backed Securities Trust, 2006-SD3 1P0, STRIPS	0.000%	8/25/36	1,336,363	963,919
Bear Stearns Asset Backed Securities Trust, 2007-SD1 1A3A	6.500%	10/25/36	1,354,871	970,922
Centex Home Equity Loan Trust, 2003-B AF4	3.735%	2/25/32	349,152	329,321
Citigroup Mortgage Loan Trust Inc., 2006-SHL1 A1	0.456%	11/25/45	233,327	191,725(a)(d)
Citigroup Mortgage Loan Trust Inc., 2007-SHL1 A	0.656%	11/25/46	1,134,438	587,706(a)(d)
Contimortgage Home Equity Trust, 1997-4 B1F	7.330%	10/15/28	460,650	444,030
Countrywide Asset-Backed Certificates, 2007-13 2A1	1.156%	10/25/47	1,233,807	827,628(d)
Countrywide Asset-Backed Certificates, 2007-SEA2 1A1	1.256%	8/25/47	65,509	38,949(a)(d)
Countrywide Home Equity Loan Trust, 2006-HW 2A1B	0.407%	11/15/36	629,547	456,598(d)
Countrywide Home Equity Loan Trust, 2007-B A	0.407%	2/15/37	760,321	560,412(d)
Countrywide Home Equity Loan Trust, 2007-GW A Credit-Based Asset Servicing and Securitization LLC, 2004-CB2 M1	0.807%	8/15/37	1,521,752	1,221,821(d)
Credit-Based Asset Servicing and Securitization LLC, 2005-RP1 M1	0.776%	7/25/33	2,209,205	1,564,833(d)
CS First Boston Mortgage Securities Corp., 2004-CF2 2A1	0.876%	1/25/35	780,000	679,686(a)(d)
Ellington Loan Acquisition Trust, 2007-1 A2A1	0.726%	5/25/44	56,453	55,417(a)(d)
EMC Mortgage Loan Trust, 2003-B A1	1.256%	5/26/37	249,341	222,962(a)(d)
EMC Mortgage Loan Trust, 2003-B A1	0.806%	11/25/41	118,876	105,462(a)(d)
First Horizon ABS Trust, 2007-HE1 A	0.386%	9/25/29	947,665	700,422(d)
Fremont Home Loan Trust, 2006-2 2A2	0.366%	2/25/36	348,949	344,732(d)
GMAC Mortgage Corp. Loan Trust, 2004-VF1 A1	1.006%	2/25/31	565,669	435,644(a)(d)
Green Tree Home Improvement Loan Trust, 1996-D HIB2	8.000%	9/15/27	57,726	41,593
GSAA Home Equity Trust, 2006-19 A3A	0.496%	12/25/36	914,594	488,212(d)
GSAMP Trust, 2003-SEA2 A1	4.422%	7/25/33	2,135,987	1,865,237
Lehman XS Trust, 2006-GP4 3A1A	0.326%	8/25/46	57,858	56,945(d)
Lehman XS Trust, 2007-1 WF1	7.000%	1/25/37	999,436	587,629
Morgan Stanley ABS Capital I, 2003-SD1 A1	0.756%	3/25/33	25,114	20,870(d)
MSDWCC Heloc Trust, 2003-2 A	0.516%	4/25/16	164,708	141,439(d)
New Century Home Equity Loan Trust, 2004-2 A2	0.626%	8/25/34	475,320	357,812(d)
New Century Home Equity Loan Trust, 2004-3 M1	1.186%	11/25/34	917,006	657,549(d)
Park Place Securities Inc., 2004-WCW1 M2	0.936%	9/25/34	1,900,000	1,690,939(d)
Park Place Securities Inc., 2004-WHQ2 M2	0.886%	2/25/35	750,000	655,723(d)
People's Choice Home Loan Securities Trust, 2004-1 A3	1.296%	6/25/34	400,842	356,521(d)
RAAC Series, 2007-RP1 M1	0.806%	5/25/46	210,000	5,801(a)(d)
Renaissance Home Equity Loan Trust, 2004-2 AF4	5.392%	7/25/34	664,718	672,030
Renaissance Home Equity Loan Trust, 2005-3 AV3	0.636%	11/25/35	800,000	662,715(d)
	0.736%	3/25/34	396,083	238,761(d)

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Residential Asset Mortgage Products Inc., 2004-RZ1

AII				
Residential Asset Securities Corp., 2001-KS3 AII	0.716%	9/25/31	300,571	246,244(d)
Residential Asset Securities Corp., 2002-KS2 AI6	6.228%	4/25/32	698,163	713,064(d)
Residential Asset Securities Corp., 2003-KS8 AI6	4.830%	10/25/33	1,036,054	1,007,747(d)
Saxon Asset Securities Trust, 2000-2 MF1	8.870%	7/25/30	45,687	46,002(d)
Structured Asset Securities Corp., 2002-AL1 A3	3.450%	2/25/32	888,153	842,012
Structured Asset Securities Corp., 2003-AL1 A	3.357%	4/25/31	127,395	121,275(a)
Structured Asset Securities Corp., 2005-4XS 2A1A	2.062%	3/25/35	594,954	472,947(d)
Structured Asset Securities Corp., 2007-BC1 A2	0.306%	2/25/37	657,068	632,059(d)
<i>Total Home Equity</i>				<i>27,518,245</i>
<b>Manufactured Housing 7.1%</b>				
Associates Manufactured Housing Pass Through Certificates, 1997-CLB2	8.900%	6/15/28	2,942,177	2,942,177(f)
Associates Manufactured Housing Pass-Through Certificates, 1997-1 B1	7.600%	6/15/28	400,000	430,745(c)(d)
Bank of America Manufactured Housing Contract Trust, 1997-2M	6.900%	4/10/28	100,000	128,331(d)
Conseco Finance Securitizations Corp., 2002-1 A	6.681%	12/1/33	382,763	404,879(d)

*See Notes to Schedule of Investments.*

## WESTERN ASSET PREMIER BOND FUND

Schedule of investments (unaudited) (cont d)

September 30, 2010

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
<b>Manufactured Housing continued</b>				
Firstfed Corp. Manufactured Housing Contract, 1996-1 B	8.060%	10/15/22	2,100,000	\$ 1,858,874(a)
Green Tree Financial Corp., 1992-2 B	9.150%	1/15/18	167,628	99,650
Green Tree Financial Corp., 1993-1 B	8.450%	4/15/18	226,593	204,337
Greenpoint Manufactured Housing, 1999-5 A5	7.820%	12/15/29	706,000	746,152(d)
Indymac Manufactured Housing Contract, 1997-1 A5	6.970%	2/25/28	254,936	241,080
Merit Securities Corp., 13 A4	7.944%	12/28/33	3,063,872	3,128,740(d)
Oakwood Mortgage Investors Inc., 2002-B A3	6.060%	3/15/25	282,800	257,586(d)
Vanderbilt Mortgage Finance, 1997-B 1B2	8.155%	10/7/26	439,962	413,438
Vanderbilt Mortgage Finance, 1997-C 1B2	7.830%	8/7/27	109,997	108,651(d)
Vanderbilt Mortgage Finance, 2000-B 1B2	9.250%	7/7/30	827,501	679,738(d)
<i>Total Manufactured Housing</i>				<i>11,644,378</i>
<b>Student Loan 0.6%</b>				
SLM Student Loan Trust, 2001-4 B	0.998%	1/25/21	1,000,000	941,600(d)
TOTAL ASSET-BACKED SECURITIES (Cost \$38,899,210)				42,593,634
COLLATERALIZED MORTGAGE OBLIGATIONS 36.1%				
American Home Mortgage Investment Trust, 2007-A 4A	0.706%	7/25/46	834,060	290,478(a)(d)
Bayview Commercial Asset Trust, 2005-3A A2	0.656%	11/25/35	731,428	514,998(a)(d)(f)
Bayview Commercial Asset Trust, 2005-4A A1	0.556%	1/25/36	421,890	303,556(a)(d)
BCAP LLC Trust, 2009-RR12 2A2	0.689%	3/26/35	1,844,014	663,845(a)(d)(f)
Bear Stearns Alt-A Trust, 2004-3 A1	0.896%	4/25/34	506,640	390,659(d)
Bear Stearns Alt-A Trust, 2004-8 1A	0.606%	9/25/34	272,861	222,728(d)
Bear Stearns Alt-A Trust, 2005-10 21A1	3.261%	1/25/36	1,257,672	711,281(d)
Bear Stearns Asset Backed Securities Trust, 2002-AC1 B4	7.000%	1/25/32	950,501	143,458(a)
Bella Vista Mortgage Trust, 2004-2 A1	0.626%	2/25/35	2,229,673	1,332,830(d)
BlackRock Capital Finance LP, 1997-R2 B5	6.188%	12/25/35	433,950	21,698(a)(d)(f)
CBA Commercial Small Balance Commercial Trust, 2005-1A	0.576%	7/25/35	1,709,452	1,020,503(a)(d)
Chevy Chase Mortgage Funding Corp., 2004-3A A1	0.506%	8/25/35	1,588,760	983,768(a)(d)
Chevy Chase Mortgage Funding Corp., 2004-4A A1	0.486%	10/25/35	2,207,202	1,306,267(a)(d)
	0.456%	10/25/36	2,077,698	1,075,670(a)(d)



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Chevy Chase Mortgage Funding Corp., 2005-4A A1				
CNL Funding, 1998-1 C2	1.007%	9/18/11	3,360,000	3,020,640(a)(d)
Countrywide Home Loan Mortgage Pass-Through Trust, 2004-HYB5 7A1	2.405%	4/20/35	3,542,859	2,859,385(d)
Countrywide Home Loans, 2004-R1 IAF	0.656%	11/25/34	1,806,236	1,506,607(a)(d)
Countrywide Home Loans, 2004-R2 IAF1	0.676%	11/25/34	557,459	452,878(a)(d)
Countrywide Home Loans, 2005-7 1A1	0.526%	3/25/35	1,529,799	1,155,167(d)
Countrywide Home Loans Mortgage Pass-Through Trust, 2005-9 1A1	0.556%	5/25/35	1,760,339	1,098,402(d)
Credit Suisse Mortgage Capital Certificates, 2007-C3 A4	5.910%	6/15/39	242,000	241,198(d)
GMAC Commercial Mortgage Securities Inc., 1998-C2 F	6.500%	5/15/35	1,000,000	1,047,330(a)
Greenpoint Mortgage Funding Trust, 2005-AR5 2A2	0.526%	11/25/46	3,170,656	824,371(d)
Greenpoint Mortgage Funding Trust, 2005-AR5 3A2	0.526%	11/25/46	1,925,153	488,330(d)
GS Mortgage Securities Corp., 2010-C1 X	1.725%	8/10/43	13,065,256	1,264,595(a)(d)
GSMPS Mortgage Loan Trust, 2001-2 A	7.500%	6/19/32	1,663,898	1,449,482(a)(d)
GSMPS Mortgage Loan Trust, 2005-RP1 1AF	0.606%	1/25/35	293,501	239,998(a)(d)
GSMPS Mortgage Loan Trust, 2005-RP1 2A1	4.455%	1/25/35	1,685,459	1,448,127(a)(d)
GSMPS Mortgage Loan Trust, 2005-RP3 1AF	0.606%	9/25/35	1,357,001	1,141,439(a)(d)
Harborview Mortgage Loan Trust, 2004-10 4A	2.792%	1/19/35	468,716	462,225(d)
Harborview Mortgage Loan Trust, 2004-8 3A2	0.657%	11/19/34	191,909	111,483(d)

*See Notes to Schedule of Investments.*

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**WESTERN ASSET PREMIER BOND FUND**

Schedule of investments (unaudited) (cont d)

September 30, 2010

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Harborview Mortgage Loan Trust, 2005-9 B10	2.007%	6/20/35	1,117,506	\$ 85,293(d)
Impac CMB Trust, 2004-9 1A1	1.016%	1/25/35	59,164	43,160(d)
Impac CMB Trust, 2A-10	0.896%	3/25/35	493,453	286,796(d)
Indymac Index Mortgage Loan Trust, 2005-AR14 BX, STRIPS	2.400%	7/25/35	1,320,468	26,409(c)(f)
Indymac Index Mortgage Loan Trust, 2007-AR15 2A1	5.307%	8/25/37	5,435,830	3,461,912(d)
Jefferies & Co., 2009-B 9A	0.588%	11/21/35	199,000	322,361(a)(d)(f)
JPMorgan Mortgage Trust, 2007-A2 4A2	5.975%	4/25/37	300,000	251,569(d)
LB-UBS Commercial Mortgage Trust, 2001-C3 X, STRIPS	1.127%	6/15/36	2,416,183	9,506(a)(c)(d)
Luminent Mortgage Trust, 2006-6 A1	0.456%	10/25/46	1,183,452	759,205(d)
MASTR Adjustable Rate Mortgages Trust, 2004-13 3A7	2.903%	11/21/34	2,000,000	1,810,896(d)
MASTR Alternative Loans Trust, PAC, 2003-7 7A1	0.656%	11/25/33	318,704	309,357(d)
MASTR ARM Trust, 2004-7 6M1	0.906%	8/25/34	800,000	630,908(d)
Merit Securities Corp., 11PA B3	2.506%	9/28/32	850,000	277,892(a)(d)
Merrill Lynch Mortgage Investors Inc., 2005-A2	2.799%	2/25/35	401,516	381,413(d)
Metropolitan Asset Funding Inc., 1998-BI B1	8.000%	11/20/24	896,761	362,259(d)
Morgan Stanley Capital I, 1999-LIFE E	7.065%	4/15/33	1,656,127	1,661,545(d)
Nomura Asset Acceptance Corp., 2004-AR4 1A1	2.454%	12/25/34	509,199	477,709(d)
Prime Mortgage Trust, 2005-2 2XB, STRIPS	1.740%	10/25/32	3,617,235	161,329(d)
Prime Mortgage Trust, 2005-5 1X, STRIPS	0.920%	7/25/34	8,260,989	187,150(d)
Prime Mortgage Trust, 2005-5 1XB, STRIPS	1.390%	7/25/34	3,134,661	41,691(d)
Regal Trust IV, 1999-1 A	3.297%	9/29/31	115,412	108,874(a)(d)
Residential Asset Mortgage Products Inc., 2004-SL4 A5	7.500%	7/25/32	1,408,418	1,444,502
Residential Asset Mortgage Products, Inc., 2005-SL2 AP0, STRIPS	0.010%	2/25/32	335,155	275,251
Residential Asset Securitization Trust, 2003-A1 A2	0.756%	3/25/33	323,123	307,286(d)
Sequoia Mortgage Trust, 2003-2 A2	1.144%	6/20/33	54,669	44,818(d)
Sequoia Mortgage Trust, 2004-10 A1A	0.567%	11/20/34	30,030	28,348(d)
Sequoia Mortgage Trust, 2004-11 A1	0.557%	12/20/34	46,241	39,794(d)
Sequoia Mortgage Trust, 2004-12 A1	0.527%	1/20/35	369,958	303,720(d)
Structured Asset Securities Corp., 1998-RF2 A	8.081%	7/15/27	488,475	492,443(a)(d)
Structured Asset Securities Corp., 2002-9 A2	0.556%	10/25/27	1,085,188	955,496(d)
Structured Asset Securities Corp., 2004-NP1 A	0.656%	9/25/33	262,201	222,871(a)(d)(f)
Structured Asset Securities Corp., 2005-4XS 3A4	4.790%	3/25/35	890,000	826,346
Structured Asset Securities Corp., 2005-RF2 A	0.606%	4/25/35	1,331,918	1,105,994(a)(d)
Structured Asset Securities Corp., 2005-RF3 2A	4.490%	6/25/35	2,243,775	1,895,312(a)(d)
Thornburg Mortgage Securities Trust, 2003-4 A1	0.576%	9/25/43	1,003,397	930,317(d)
Thornburg Mortgage Securities Trust, 2004-03 A	0.626%	9/25/44	980,537	928,776(d)
Thornburg Mortgage Securities Trust, 2007-4 2A1	6.188%	9/25/37	780,307	741,130(d)
Thornburg Mortgage Securities Trust, 2007-4 3A1	6.178%	9/25/37	823,130	801,396(d)
	0.683%	11/25/34	2,060,747	1,542,954(d)

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WaMu Mortgage Pass-Through Certificates, 2004-AR13 A2A				
WaMu Mortgage Pass-Through Certificates, 2007-HY7 2A3	5.665%	7/25/37	2,000,000	1,296,634(d)
Washington Mutual Alternative Mortgage Pass-Through Certificates, 2006-5 3A3	6.221%	7/25/36	873,467	482,544
Washington Mutual Alternative Mortgage Pass-Through Certificates, 2006-7 A2A	5.667%	9/25/36	1,489,008	756,710
Washington Mutual Alternative Mortgage Pass-Through Certificates, 2006-7 A3	6.081%	9/25/36	181,384	119,654
Washington Mutual Inc., 2004-AR11	2.718%	10/25/34	87,835	81,453(d)
Washington Mutual Inc., 2004-AR12 A2A	0.703%	10/25/44	195,826	157,438(d)
Washington Mutual Inc., 2005-AR8 2A1A	0.546%	7/25/45	483,307	391,810(d)
Washington Mutual Inc. Mortgage Pass-Through Certificates, 2004-AR13 A1A	0.673%	11/25/34	1,465,339	1,257,189(d)

*See Notes to Schedule of Investments.*

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**WESTERN ASSET PREMIER BOND FUND**

Schedule of investments (unaudited) (cont d)

September 30, 2010

SECURITY	RATE	MATURITY DATE	FACE AMOUNT	VALUE
Washington Mutual Inc., Mortgage Pass-Through Certificates, 2005-AR06 2A1A	0.486%	4/25/45	435,481	\$ 358,697(d)
Washington Mutual Inc., Mortgage Pass-Through Certificates, 2005-AR08 1A1A	0.526%	7/25/45	32,294	26,398(d)
Washington Mutual Inc., Mortgage Pass-Through Certificates, 2005-AR13 A1A1	0.546%	10/25/45	391,798	317,690(d)
Washington Mutual Inc., Mortgage Pass-Through Certificates, 2005-AR19 A1A1	0.526%	12/25/45	802,064	666,885(d)
Washington Mutual Inc., Mortgage Pass-Through Certificates, 2005-AR9 A1A	0.576%	7/25/45	227,835	190,571(d)
Washington Mutual Inc., MSC Pass-Through Certificates, 2004-RA1 2A	7.000%	3/25/34	55,784	58,175
Washington Mutual Mortgage Pass-Through Certificates, 2006-AR5 3A	1.310%	7/25/46	1,414,505	661,363(d)
<b>TOTAL COLLATERALIZED MORTGAGE OBLIGATIONS (Cost \$57,643,318)</b>				<b>59,160,595</b>
<b>MORTGAGE-BACKED SECURITIES</b>				
<b>0.4%</b>				
<b>FNMA 0.4%</b>				
Federal National Mortgage Association (FNMA), Whole Loan (Cost - \$567,793)	6.500%	8/25/44	551,238	621,693
<b>MUNICIPAL BONDS 2.7%</b>				
<b>Pennsylvania 2.7%</b>				
Pennsylvania State Higher Education Assistance Agency, Student Loan Revenue (Cost - \$4,438,053)	0.957%	6/1/47	5,000,000	4,425,000(d)(f)
<b>SOVEREIGN BONDS 5.3%</b>				
<b>Brazil 5.3%</b>				
Brazil Nota do Tesouro Nacional	6.000%	5/15/45	4,700,000BRL	5,426,794
Brazil Nota do Tesouro Nacional, Notes	10.000%	1/1/14	280,000BRL	157,145
Brazil Nota do Tesouro Nacional, Notes	6.000%	8/15/50	5,023,478BRL	3,012,876
<i>Total Brazil</i>				<i>8,596,815</i>
<b>Honduras 0.0%</b>				
<i>Republic of Honduras</i>	0.235%	10/1/11	50,891	<i>50,437(d)</i>
<b>Venezuela 0.0%</b>				
Bolivarian Republic of Venezuela, Collective Action Securities, Global Senior Bonds	9.375%	1/13/34	2,000	<i>1,360</i>
<b>TOTAL SOVEREIGN BONDS (Cost \$8,093,174)</b>				<b>8,648,612</b>
<b>U.S. GOVERNMENT &amp; AGENCY OBLIGATIONS 1.9%</b>				
<b>U.S. Government Obligations 1.9%</b>				

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U.S. Treasury Bonds	4.500%	8/15/39	600,000	687,000
U.S. Treasury Notes	3.625%	8/15/19	570,000	626,822
U.S. Treasury Notes	3.375%	11/15/19	930,000	1,001,858
U.S. Treasury Notes	3.625%	2/15/20	650,000	712,918
TOTAL U.S. GOVERNMENT & AGENCY OBLIGATIONS (Cost \$2,759,207)				3,028,598

SHARES

COMMON STOCKS 0.2%				
CONSUMER DISCRETIONARY 0.1%				
<b>Media 0.1%</b>				
Charter Communications Inc., Class A Shares			4,936	160,420*
Dex One Corp.			1,048	12,870*
SuperMedia Inc.			568	6,005*
TOTAL CONSUMER DISCRETIONARY				179,295
ENERGY 0.0%				
<b>Oil, Gas &amp; Consumable Fuels 0.0%</b>				
SemGroup Corp., Class A Shares			789	18,349*
INDUSTRIALS 0.0%				
<b>Building Products 0.0%</b>				
Ashton Woods USA LLC, Class B Membership			20	9,001(c)(f)

*See Notes to Schedule of Investments.*

**WESTERN ASSET PREMIER BOND FUND**

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September 30, 2010

SECURITY	SHARES	VALUE
<b>Building Products continued</b>		
Nortek Inc.	1,206	\$ 47,094*
<b>TOTAL INDUSTRIALS</b>		<b>56,095</b>
<b>MATERIALS 0.1%</b>		