WESTERN ASSET PREMIER BOND FUND
Form N-CSR/A
March 01, 2011

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED MANAGEMENT INVESTMENT COMPANIES

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	10041
(Address of principal executive offices)	(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: December 31, 2010

ITEM 1. REPORT TO STOCKHOLDERS.

The **Annual** Report to Stockholders is filed herewith.

December 31, 2010

Annual Report

Western Asset Premier Bond Fund
(WEA)

INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

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Western Asset Premier Bond Fund

Fund objective

The Fund s investment objective is to provide current income and capital appreciation.

What s inside

Letter from the president

Dear Shareholder,

We are pleased to provide the annual report of Western Asset Premier Bond Fund for the twelve-month reporting period ended December 31, 2010. Please read on for a detailed look at prevailing economic and market conditions during the Fund s reporting period and to learn how those conditions have affected Fund performance.

As always, we remain committed to providing you with excellent service and a full spectrum of investment choices. We also remain committed to supplementing the support you receive from your financial advisor. One way we accomplish this is through our website, www.leggmason.com/cef. Here you can gain immediate access to market and investment information, including:

- Fund prices and performance,
- Market insights and commentaries from our portfolio managers, and
- A host of educational resources.

We look forward to helping you meet your financial goals.

Sincerely,

R. Jay Gerken, CFA

President

February 9, 2011

Investment commentary

Economic review

Despite continued headwinds from high unemployment and issues in the housing market, the U.S. economy continued to expand over the twelve months ended December 31, 2010. Toward the end of the reporting period, fears regarding moderating economic growth were replaced with optimism for a strengthening economy in 2011. With investor sentiment improving, U.S. equities moved sharply higher in the fourth quarter, while rising interest rates negatively impacted some sectors of the fixed-income market. All told, during 2010, investors who took on additional risk in their portfolios were generally rewarded.

In September 2010, the National Bureau of Economic Research (NBER), the organization charged with determining when recessions start and end, announced that the recession that began in December 2007 had concluded in June 2009. However, the NBER said, In determining that a trough occurred in June 2009, the committee did not conclude that economic conditions since that month have been favorable or that the economy has returned to operating at normal capacity. The NBER s point is well-taken given continued areas of weakness in the U.S. economy.

Although the U.S. Department of Commerce continued to report positive U.S. gross domestic product (GDP)i growth, the expansion has moderated since peaking at 5.0% in the fourth quarter of 2009. A slower drawdown in business inventories and renewed consumer spending were contributing factors spurring the economy s solid growth at the end of 2009. However, the economy grew at a more modest pace in 2010. According to the Commerce Department, GDP growth was 3.7%, 1.7% and 2.6% during the first, second and third quarters of 2010, respectively. The initial estimate for fourth quarter GDP was a 3.2% expansion.

Turning to the job market, while the unemployment rate moved lower in December 2010, it remained elevated throughout the reporting period. While 384,000 new jobs were created during the fourth quarter and the unemployment rate fell from 9.8% in November to 9.4% in December 2010, there continued to be some disturbing trends in the labor market. The unemployment rate has now exceeded 9.0% for twenty consecutive months, the longest period since the government began tracking this data in 1949. In addition, the U.S. Department of Labor reported in December that a total of 14.5 million Americans looking for work have yet to find a job, and 44% of these individuals have been out of work for more than six months.

There was mixed news in the housing market during the period. According to the National Association of Realtors (NAR), existing-home sales increased 7.0% and 8.0% in March and April, respectively, after sales had fallen for the period from December 2009 through February 2010. The rebound was largely attributed to people rushing to take advantage of the government s $8,000 tax credit for first-time home buyers that expired at the end of April. However, with the end of the tax credit, existing-home sales then declined from May through July. Sales then generally rose from August through the end of the year. In total, existing-home sales volume in 2010 was 4.9 million, the lowest amount since 1997. Looking at home prices, the NAR reported that the median existing-home price for all housing types rose a tepid 0.3% in 2010. The inventory of unsold homes was an 8.1 month supply in December at the current sales level, versus a 9.5 month supply in November.

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Western Asset Premier Bond Fund

Investment commentary (cont d)

The manufacturing sector was one area of the economy that remained relatively strong during 2010. Based on the Institute for Supply Management s PMIii, the manufacturing sector has grown seventeen consecutive months since it began expanding in August 2009. After reaching a six-year peak of 60.4 in April 2010 (a reading below 50 indicates a contraction, whereas a reading above 50 indicates an expansion), PMI data indicated somewhat more modest growth through the remainder of the year. However, in December, the manufacturing sector expanded at its fastest pace in seven months, with a reading of 57.0 versus 56.6 in November.

Financial market overview

The financial markets experienced several periods of volatility during the reporting period that tested the resolve of novice and experienced investors alike. During most of the first four months of the reporting period, the financial markets were largely characterized by healthy investor risk appetite and solid results by stocks and lower-quality bonds. The market then experienced sharp sell-offs in late April and in May, and again beginning in mid-November. During those periods, investors tended to favor the relative safety of U.S. Treasury securities. However, these setbacks proved to be only temporary and, in each case, risk aversion was replaced with solid demand for riskier assets.

Due to signs that certain areas of the economy were moderating in the second half of the reporting period, the Federal Reserve Board (Fed)iii took further actions to spur the economy. At its August 10th meeting, the Fed announced an ongoing program that calls for using the proceeds from expiring agency debt and agency mortgage-backed securities to purchase longer-dated Treasury securities.

In addition, the Fed remained cautious throughout the reporting period given pockets of weakness in the economy. At its meeting in September 2010, the Fed said, The Committee will continue to monitor the economic outlook and financial developments and is prepared to provide additional accommodation if needed to support the economic recovery. . . . This led to speculation that the Fed may again move to purchase large amounts of agency and Treasury securities in an attempt to avoid a double-dip recession and ward off deflation.

The Fed then took additional action in early November. Citing that the pace of recovery in output and employment continues to be slow, the Fed announced another round of quantitative easing to help stimulate the economy, entailing the purchase of $600 billion of long-term U.S. Treasury securities by the end of the second quarter of 2011. This, coupled with the Fed s previously announced program to use the proceeds of expiring securities to purchase Treasuries, means it could buy a total of $850 billion to $900 billion of Treasury securities by the end of June 2011. At its final meeting of the year in December, the Fed said it will regularly review the pace of its securities purchases and the overall size of the asset-purchase program in light of incoming information and will adjust the program as needed to best foster maximum employment and price stability.

Fixed-income market review

Continuing the trend that began in the second quarter of 2009, nearly every spread sector (non-Treasury) outperformed equal-durationiv Treasuries during most of the first four months of the reporting period. Over that time, investor confidence was high given encouraging economic data, continued low interest rates, benign inflation and rebounding corporate profits. Robust investor appetite was then replaced with heightened risk aversion toward the end of April and during the month of May. This was due to the escalating sovereign debt crisis in Europe, uncertainties regarding new financial reforms in the U.S. and some worse-than-expected economic data. Most spread sectors then produced positive absolute returns in June and July, as investor demand for these securities again increased. There was another bout of risk aversion in August, given fears that the economy may slip back into a recession. However, with the Fed indicating the possibility of another round of quantitative easing, most spread sectors rallied in September and October. The spread sectors started to weaken again toward the middle of November as financial troubles in Ireland resulted in a re-emergence of the European sovereign debt crisis. While several spread sectors regained their footing in December, others remained weak given ongoing uncertainties in Europe and concerns regarding economic growth in China and its potential impact on the global economy.

Both short- and long-term Treasury yields fluctuated but, overall, moved lower during the twelve months ended December 31, 2010. When the period began, two- and ten-year Treasury yields were 1.14% and 3.85%, respectively. On April 5, 2010, two- and ten-year Treasury yields peaked at 1.18% and 4.01%, respectively. Subsequent to hitting their highs for the period, yields largely declined during much of the next six months, with two-year Treasuries hitting their low for the year of 0.33% on November 4, 2010. Ten-year Treasuries reached their 2010 trough of 2.41% in early October. Yields then moved sharply higher given expectations for stronger growth in 2011 and the potential for rising inflation. When the period ended on December 31, 2010, two-year Treasury yields were 0.61% and ten-year Treasury yields were 3.30%. For the twelve months ended December 31, 2010, the Barclays Capital U.S. Aggregate Indexv returned 6.54%.

The U.S. high-yield bond market produced strong results during the reporting period. The asset class posted positive returns during each month, except for May and November 2010 when risk aversion rose sharply. The high-yield market was supported by better-than-expected corporate profits and overall strong investor demand. All told, the Barclays Capital U.S. High Yield 2% Issuer Cap Indexvi returned 14.94% for the twelve months ended December 31, 2010.

As always, thank you for your confidence in our stewardship of your assets.

Sincerely,

R. Jay Gerken, CFA

President

January 28, 2011

All investments are subject to risk including the possible loss of principal. Past performance is no guarantee of future results. All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

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Western Asset Premier Bond Fund

Investment commentary (cont d)

i Gross domestic product (GDP) is the market value of all final goods and services produced within a country in a given period of time.

ii The Institute for Supply Management s PMI is based on a survey of purchasing executives who buy the raw materials for manufacturing at more than 350 companies. It offers an early reading on the health of the manufacturing sector.

iii The Federal Reserve Board (Fed) is responsible for the formulation of policies designed to promote economic growth, full employment, stable prices and a sustainable pattern of international trade and payments.

iv Duration is the measure of the price sensitivity of a fixed-income security to an interest rate change of 100 basis points. Calculation is based on the weighted average of the present values for all cash flows.

v The Barclays Capital U.S. Aggregate Index is a broad-based bond index comprised of government, corporate, mortgage- and asset-backed issues, rated investment grade or higher, and having at least one year to maturity.

vi The Barclays Capital U.S. High Yield 2% Issuer Cap Index is an index of the 2% Issuer Cap component of the Barclays Capital U.S. Corporate High Yield Index, which covers the U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bond market.

Fund overview

Q. What is the Fund s investment strategy?

A. The Fund s investment objective is to provide current income and capital appreciation by investing primarily in a diversified portfolio of investment grade bonds. Under normal market conditions, the Fund expects to invest substantially all (but at least 80%) of its total managed assets in bonds, including corporate bonds, U.S. government and agency securities and mortgage-related securities, and at least 65% of its total managed assets in bonds that, at the time of purchase, are of investment grade quality. The Fund may invest up to 35% of its total managed assets in bonds of below investment grade quality at the time of purchase. The Fund may invest in securities or instruments other than bonds (including preferred stock) and may invest up to 10% of its total managed assets in instruments denominated in currencies other than the U.S. dollar. The Fund expects that the average effective durationi of its portfolio will range between 3.5 and seven years, although this target duration may change from time to time.

At Western Asset Management Company (Western Asset), the Fund s adviser, we utilize a fixed-income team approach, with decisions derived from interaction among various investment management sector specialists. The sector teams are comprised of Western Asset s senior portfolio managers, research analysts and an in-house economist. Under this team approach, management of client fixed-income portfolios will reflect a consensus of interdisciplinary views within the Western Asset organization. The portfolio managers responsible for development of investment strategy, day-to-day portfolio management, oversight and coordination of the Fund are Stephen A. Walsh, S. Kenneth Leech, Ronald D. Mass and Michael C. Buchanan.

Q. What were the overall market conditions during the Fund s reporting period?

A. During the twelve months ended December 31, 2010, the riskier segments of the fixed-income market produced strong results and outperformed U.S. Treasuries. This was due, in part, to improving economic conditions following the lengthy downturn from mid-2008 through mid-2009. Also supporting the spread sectors (non-U.S. Treasuries) was overall solid demand from investors seeking incremental yields given the low rates available from short-term fixed-income securities.

The spread sectors rallied during most of the reporting period, with notable exceptions being in late April and May 2010, as well as August and November 2010. Starting toward the end of April, there was a flight to quality, triggered by concerns regarding the escalating sovereign debt crisis in Europe. In addition, investor sentiment was negatively impacted by uncertainties surrounding financial reform legislation in the U.S. and signs that economic growth was moderating. Collectively, this caused investors to flock to the relative safety of Treasury securities, driving their yields lower and prices higher.

Robust investor risk appetite largely resumed during June and July, and again in September and October. These turnarounds occurred as the situation in Europe appeared to stabilize, the financial reform bill was signed into law and the Federal Reserve Board (Fed)ii continued to indicate that it would keep short-term rates low for an

Fund overview (cont d)

extended period. Investor risk aversion briefly returned in November when fears regarding the European debt crisis re-emerged. However, investor sentiment improved in December, given expectations for strengthening economic conditions in 2011.

The yields on two- and ten-year Treasuries began the fiscal year at 1.14% and 3.85%, respectively. Treasury yields fluctuated during the twelve-month reporting period given mixed signals regarding the economy and uncertainties regarding Fed monetary policy. Yields moved sharply lower in October 2010 in anticipation of additional quantitative easing (QE2) by the Fed. Yields then reversed course toward the end of the period as certain economic data were stronger than expected and there were concerns regarding future inflation. During the fiscal year, two-year Treasury yields moved as high as 1.18% and as low as 0.33%, while ten-year Treasuries rose as high as 4.01% and fell as low as 2.41%. On December 31, 2010, yields on two- and ten-year Treasuries were 0.61% and 3.30%, respectively.

The Barclays Capital U.S. Aggregate Index[iii] returned 6.54% for the twelve months ended December 31, 2010. Comparatively, riskier fixed-income securities, including high-yield bonds, produced stronger results. Over the fiscal year, the Barclays Capital U.S. High Yield 2% Issuer Cap Index[iv] (the Index) returned 14.94%. During this period, as measured by the Index, lower-quality CCC-rated bonds outperformed higher-quality BB-rated securities, returning 16.29% and 14.34%, respectively.

Q. How did we respond to these changing market conditions?

A. A number of adjustments were made to the Fund during the reporting period. We reduced our exposures to investment grade bonds, cash, high-yield bonds and agency mortgage-backed securities (MBS). We increased the Fund s exposure to non-agency MBS and modestly increased our exposure to commercial MBS.

During the reporting period, the Fund held credit default swaps to gain exposure to select individual high-yield companies and the overall high-yield market. Within the residential MBS market, swaps were also utilized to hedge our exposure to individual non-agency MBS. Overall, the use of these derivative instruments contributed to performance.

Performance review

For the twelve months ended December 31, 2010, Western Asset Premier Bond Fund returned 25.50% based on its net asset value (NAV)[v] and 17.56% based on its New York Stock Exchange (NYSE) market price per share. The Fund s unmanaged benchmarks, the Barclays Capital U.S. Corporate High Yield Index[vi] and the Barclays Capital U.S. Credit Index[vii], returned 15.12% and 8.47%, respectively, over the same time frame. The Lipper Corporate Debt Closed-End Funds BBB-Rated Category Average[viii] returned 12.90% for the same period. Please note that Lipper performance returns are based on each fund s NAV.

During the twelve-month period, the Fund made distributions to shareholders totaling $1.45 per share. The performance table shows the Fund s twelve-month total return based on its NAV and market price as of

December 31, 2010. **Past performance is no guarantee of future results.**

Performance Snapshot as of December 31, 2010

Price Per Share	**12-Month Total Return***
$13.96 (NAV)	25.50%
$14.13 (Market Price)	17.56%

All figures represent past performance and are not a guarantee of future results.

* **Total returns are based on changes in NAV or market price, respectively. Total returns assume the reinvestment of all distributions in additional shares.**

Q. What were the leading contributors to performance?

A. The largest contributor to the Fund s absolute performance during the reporting period was our exposure to non-agency MBS. The combination of the government s aggressive programs to aid the housing market and signs that housing prices appeared to be stabilizing helped these securities generate strong results. The sector was supported by ongoing demand from a broader investor base, asset managers participating in the Public-Private Investment Program (PPIP), as well as insurance companies buying non-agency MBS as a result of changing capital requirements. The non-agency MBS investable universe has shrunk 16% in 2010, with virtually no new issuance, which has helped contribute to strong supply/demand trends in the sector. In addition, the reinvestment of paydowns from many existing investors helped the sector to generate strong performance.

Our allocation to high-yield bonds also enhanced results. The asset class was among the best-performing fixed-income sectors during the reporting period given declining default rates and solid demand from investors looking to generate incremental yield. Among the Fund s strongest high-yield holdings were **Ford Motor Credit Co., LLC** and **GMAC Inc.**

Our allocation to the investment grade bond market was also rewarded. The sector performed well due to generally better-than-expected corporate profits and overall robust demand. Within the sector, our Airlines holdings **Continental Airlines Inc.**, **Northwest Airlines**, **America West Airlines Inc.** and **US Airways** were the top contributors.

The Fund s exposure to asset-backed securities, namely franchise-backed bonds and manufactured housing, contributed to results. Elsewhere, our allocation to Brazilian inflation-linked bonds was a positive for performance. Finally, the Fund s use of leverage contributed to results as the leverage amplified the positive performance in the fixed-income market during the reporting period.

Q. What were the leading detractors from performance?

A. On an absolute basis, the Fund s senior secured bonds issued by **Trico Shipping AS** detracted from results. Trico Shipping suffered over the year as its parent company, Trico Marine SA, defaulted on an interest payment in May 2010. Trico Marine had been weathering a downturn in its towing, supply and subsea businesses, as exploration spending by major and national oil companies their key customers has been suppressed over the last two years, following the global recession. Trico Shipping subsequently defaulted on an interest payment due in November 2010. Although trading levels are volatile and continue to be

Fund overview (cont d)

influenced by ongoing headlines, our expectations for recoveries are high, with the backing of a strong collateral package on our secured position.

Looking for additional information?

The Fund is traded under the symbol WEA and its closing market price is available in most newspapers under the NYSE listings. The daily NAV is available on-line under the symbol XWEAX on most financial websites. *Barron s* and the *Wall Street Journal s* Monday edition both carry closed-end fund tables that provide additional information. In addition, the Fund issues a quarterly press release that can be found on most major financial websites as well as www.leggmason.com/cef.

In a continuing effort to provide information concerning the Fund, shareholders may call 1-888-777-0102 (toll free), Monday through Friday from 8:00 a.m. to 5:30 p.m. Eastern Time, for the Fund s current NAV, market price and other information.

Thank you for your investment in Western Asset Premier Bond Fund. As always, we appreciate that you have chosen us to manage your assets and we remain focused on achieving the Fund s investment goals.

Sincerely,

Western Asset Management Company

January 18, 2011

RISKS: Bonds are subject to a variety of risks, including interest rate, credit and inflation risks. As interest rates rise, bond prices fall, reducing the value of a fixed-income investment s price. The Fund may invest in high-yield bonds, which are rated below investment grade and carry more risk than higher-rated securities. To the extent that the Fund invests in asset-backed, mortgage-backed or mortgage-related securities, its exposure to prepayment and extension risks may be greater than investments in other fixed-income securities. Leverage may result in greater volatility of NAV and the market price of common shares and increases a shareholder s risk of loss. The Fund may invest, to a limited extent, in foreign securities, including emerging markets, which involve additional risks. The Fund may make significant investments in derivative instruments. Derivative instruments can be illiquid, may disproportionately increase losses, and have a potentially large impact on Fund *performance.*

Portfolio holdings and breakdowns are as of December 31, 2010 and are subject to change and may not be representative of the portfolio managers current or future investments. Please refer to pages 9 through 24 for a list and percentage breakdown of the Fund s holdings.

The mention of sector breakdowns is for informational purposes only and should not be construed as a recommendation to purchase or sell any securities. The information provided regarding such sectors is not a sufficient basis upon which to make an investment decision. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies discussed should consult their financial professional. The Fund s top five sector holdings (as a percentage of net assets) as of December 31, 2010 were: Corporate Bonds & Notes (54.5%), Collateralized Mortgage Obligations (38.6%), Asset-Backed Securities (30.5%), Collateralized Senior Loans (7.4%) and Non-U.S. Treasury Inflation Protected Securities (5.7%). The Fund s portfolio composition is subject to change at any time.

All investments are subject to risk including the possible loss of principal. Past performance is no guarantee of future results. All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

The information provided is not intended to be a forecast of future events, a guarantee of future results or investment advice. Views expressed may differ from those of the firm as a whole.

i Effective duration measures the expected sensitivity of market price to changes in interest rates, taking into account the effects of structural complexities. (For example, some bonds can be prepaid by the issuer.)

ii The Federal Reserve Board (Fed) is responsible for the formulation of policies designed to promote economic growth, full employment, stable prices and a sustainable pattern of international trade and payments.

iii The Barclays Capital U.S. Aggregate Index is a broad-based bond index comprised of government, corporate, mortgage- and asset-backed issues, rated investment grade or higher, and having at least one year to maturity.

iv The Barclays Capital U.S. High Yield 2% Issuer Cap Index is an index of the 2% Issuer Cap component of the Barclays Capital U.S. Corporate High Yield Index, which covers the U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bond market.

v Net asset value (NAV) is calculated by subtracting total liabilities and outstanding preferred stock (if any) from the closing value of all securities held by the Fund (plus all other assets) and dividing the result (total net assets) by the total number of the common shares outstanding. The NAV fluctuates with changes in the market prices of securities in which the Fund has invested. However, the price at which an investor may buy or sell shares of the Fund is the Fund s market price as determined by supply of and demand for the Fund s shares.

vi The Barclays Capital U.S. Corporate High Yield Index covers the universe of fixed-rate, non-investment grade debt, including corporate and non-corporate sectors. Pay-in-kind (PIK) bonds, Eurobonds and debt issues from countries designated as emerging markets are excluded, but Canadian and global bonds (SEC registered) of issuers in non-emerging market countries are included. Original issue zero coupon bonds, step-up coupon structures and 144-As are also included.

vii The Barclays Capital U.S. Credit Index is an index composed of corporate and non-corporate debt issues that are investment grade (rated Baa3/BBB- or higher).

viii Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the twelve-month period ended December 31, 2010, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 26 funds in the Fund s Lipper category.

Fund at a glance (unaudited)

Investment breakdown (%) as a percent of total investments

The bar graph above represents the Fund s portfolio as of December 31, 2010 and does not include derivatives such as futures contracts and swaps. The Fund s portfolio is actively managed. As a result, the composition of its portfolio holdings and sectors is subject to change at any time.

Spread duration (unaudited)

Economic Exposure December 31, 2010

Spread duration measures the sensitivity to changes in spreads. The spread over Treasuries is the annual risk-premium demanded by investors to hold non-Treasury securities. Spread duration is quantified as the % change in price resulting from a 100 basis points change in spreads. For a security with positive spread duration, an increase in spreads would result in a price decline and a decline in spreads would result in a price increase. This chart highlights the market sector exposure of the Fund s sectors and the exposure relative to the selected benchmark sectors as of the end of the reporting period.

ABS	Asset Backed Securities
BCI	Barclays Capital U.S. Credit Index
CMBS	Commerical Mortgage Backed Securities
HY	High Yield
IG Credit	Investment Grade Credit
MBS	Mortgage Backed Securities
WEA	Western Asset Premier Bond Fund

Effective duration (unaudited)

Interest Rate Exposure December 31, 2010

Effective duration measures the sensitivity to changes in relevant interest rates. Effective duration is quantified as the % change in price resulting from a 100 basis points change in interest rates. For a security with positive effective duration, an increase in interest rates would result in a price decline and a decline in interest rates would result in a price increase. This chart highlights the interest rate exposure of the Fund s portfolio relative to the selected benchmark sectors as of the end of the reporting period.

ABS	Asset Backed Securities
BCI	Barclays Capital U.S. Credit Index
CMBS	Commercial Mortgage Backed Securities
HY	High Yield
IG Credit	Investment Grade Credit
MBS	Mortgage Backed Securities
Non $	Non-U.S. Dollar
WEA	Western Asset Premier Bond Fund

Schedule of investments

December 31, 2010

Western Asset Premier Bond Fund

Security	Rate	Maturity Date	Face Amount	Value
Corporate Bonds & Notes 54.5%				
Consumer Discretionary 7.5%				
Automobiles 1.5%				
DaimlerChrysler NA Holding Corp., Notes	8.500%	1/18/31	1,000,000	$1,336,243
DaimlerChrysler North America Holding Corp., Notes	7.300%	1/15/12	1,000,000	1,062,483
Ford Motor Credit Co., LLC, Senior Notes	7.500%	8/1/12	70,000	74,425
Total Automobiles				***2,473,151***
Diversified Consumer Services 0.0%				
Service Corp. International, Senior Notes	7.625%	10/1/18	5,000	5,250
Service Corp. International, Senior Notes	7.500%	4/1/27	60,000	57,450
Total Diversified Consumer Services				***62,700***
Hotels, Restaurants & Leisure 1.0%				
CCM Merger Inc., Notes	8.000%	8/1/13	140,000	136,150(a)
El Pollo Loco Inc., Senior Notes	11.750%	11/15/13	375,000	303,750
Harrah s Operating Co. Inc., Senior Notes	10.750%	2/1/16	300,000	287,250
Inn of the Mountain Gods Resort & Casino, Senior Notes	12.000%	11/15/10	530,000	276,262(b)(c)(i)
Landry s Restaurants Inc., Senior Secured Notes	11.625%	12/1/15	110,000	117,425
Mohegan Tribal Gaming Authority, Senior Secured Notes	11.500%	11/1/17	170,000	156,825(a)
NCL Corp. Ltd., Senior Secured Notes	11.750%	11/15/16	170,000	198,262
Sbarro Inc., Senior Notes	10.375%	2/1/15	90,000	40,500
Snoqualmie Entertainment Authority, Senior Secured Notes	4.428%	2/1/14	110,000	94,050(a)(d)
Station Casinos Inc., Senior Notes	7.750%	8/15/16	205,000	21(b)(c)
Station Casinos Inc., Senior Subordinated Notes	6.625%	3/15/18	100,000	10(b)(c)
Total Hotels, Restaurants & Leisure				***1,610,505***
Leisure Equipment & Products 0.4%				
Eastman Kodak Co., Senior Notes	7.250%	11/15/13	640,000	***628,800***
Media 4.0%				
Cablevision Systems Corp., Senior Notes	7.750%	4/15/18	30,000	31,425
CCH II LLC/CCH II Capital Corp., Senior Notes	13.500%	11/30/16	108,083	128,889
Cengage Learning Acquisitions Inc., Senior Notes	10.500%	1/15/15	270,000	278,775(a)
Charter Communications Operating LLC/Charter Communications Operating Capital, Senior Secured Notes	10.875%	9/15/14	280,000	312,900(a)
CMP Susquehanna Corp.	3.443%	5/15/14	14,000	9,800(a)(d)(e)
Comcast Corp.	5.900%	3/15/16	400,000	447,812
Comcast Corp., Notes	7.050%	3/15/33	1,000,000	1,142,386
CSC Holdings Inc., Senior Notes	6.750%	4/15/12	250,000	259,687
DISH DBS Corp., Senior Notes	7.000%	10/1/13	600,000	640,500

See Notes to Financial Statements.

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Western Asset Premier Bond Fund 2010 Annual Report

Schedule of investments (cont d)

December 31, 2010

Western Asset Premier Bond Fund

Security	Rate	Maturity Date	Face Amount		Value
Media continued					
DISH DBS Corp., Senior Notes	7.875%	9/1/19	385,000	$	402,325
EchoStar DBS Corp., Senior Notes	7.125%	2/1/16	120,000		123,900
News America Holdings Inc.	8.875%	4/26/23	400,000		520,942
Time Warner Inc., Senior Debentures	7.700%	5/1/32	1,150,000		1,403,795
Univision Communications Inc., Senior Secured Notes	12.000%	7/1/14	420,000		459,900(a)
Virgin Media Finance PLC, Senior Notes	9.125%	8/15/16	335,000		356,775
Total Media					***6,519,811***
Multiline Retail 0.4%					
Neiman Marcus Group Inc., Senior Notes	9.000%	10/15/15	279,478		292,753(f)
Neiman Marcus Group Inc., Senior Secured Notes	7.125%	6/1/28	330,000		316,800
Total Multiline Retail					***609,553***
Specialty Retail 0.0%					
American Greetings Corp., Senior Notes	7.375%	6/1/16	20,000		***20,725***
Textiles, Apparel & Luxury Goods 0.2%					
Oxford Industries Inc., Senior Secured Notes	11.375%	7/15/15	255,000		***286,238***
Total Consumer Discretionary					**12,211,483**
Consumer Staples 5.7%					
Food & Staples Retailing 5.1%					
CVS Corp.	9.350%	1/10/23	700,000		721,378(a)
CVS Corp.	5.789%	1/10/26	803,056		811,970(a)
CVS Pass-Through Trust	7.507%	1/10/32	1,968,523		2,236,715(a)
CVS Pass-Through Trust, Secured Notes	5.880%	1/10/28	908,954		922,261
CVS Pass-Through Trust, Secured Notes	6.036%	12/10/28	900,848		923,900
CVS Pass-Through Trust, Secured Notes	6.943%	1/10/30	1,875,852		2,039,239
Delhaize Group, Senior Notes	5.700%	10/1/40	235,000		223,694(a)
Safeway Inc., Notes	5.800%	8/15/12	500,000		538,111
Total Food & Staples Retailing					***8,417,268***
Food Products 0.5%					
Ahold Lease USA Inc., Pass-Through Certificates, Series 2001 A-2	8.620%	1/2/25	714,462		***843,066***(e)
Tobacco 0.1%					
Alliance One International Inc., Senior Notes	10.000%	7/15/16	160,000		***164,000***
Total Consumer Staples					**9,424,334**
Energy 6.4%					
Energy Equipment & Services 0.4%					
Complete Production Services Inc., Senior Notes	8.000%	12/15/16	150,000		155,250
GulfMark Offshore Inc., Senior Subordinated Notes	7.750%	7/15/14	270,000		274,050
Hercules Offshore LLC, Senior Secured Notes	10.500%	10/15/17	155,000		128,263(a)
Total Energy Equipment & Services					***557,563***

See Notes to Financial Statements.

Western Asset Premier Bond Fund

Security	Rate	Maturity Date	Face Amount		Value
Oil, Gas & Consumable Fuels 6.0%					
Anadarko Finance Co., Senior Notes	7.500%	5/1/31	570,000	$	630,277
Belden & Blake Corp., Secured Notes	8.750%	7/15/12	750,000		716,250
Berry Petroleum Co., Senior Notes	10.250%	6/1/14	160,000		183,600
Burlington Resources Finance Co.	7.400%	12/1/31	450,000		543,343
Chesapeake Energy Corp., Senior Notes	7.250%	12/15/18	300,000		310,500
Colorado Interstate Gas Co., Senior Notes	6.800%	11/15/15	150,000		172,804
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		475,200(a)
Devon Energy Corp., Debentures	7.950%	4/15/32	310,000		411,618
Devon Financing Corp. ULC, Notes	6.875%	9/30/11	1,000,000		1,044,708
El Paso Corp., Medium-Term Notes	7.800%	8/1/31	190,000		189,001
Hess Corp., Notes	7.875%	10/1/29	1,640,000		2,058,233
Hess Corp., Notes	7.300%	8/15/31	60,000		71,959
Kinder Morgan Energy Partners LP, Senior Notes	7.125%	3/15/12	500,000		533,397
LUKOIL International Finance BV, Bonds	6.356%	6/7/17	340,000		355,300(a)
OPTI Canada Inc., Senior Secured Notes	7.875%	12/15/14	45,000		31,781
Plains Exploration & Production Co., Senior Notes	10.000%	3/1/16	140,000		156,450
Plains Exploration & Production Co., Senior Notes	8.625%	10/15/19	125,000		136,875
Quicksilver Resources Inc., Senior Notes	11.750%	1/1/16	185,000		215,525
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		249,436(a)
Williams Cos. Inc., Debentures	7.500%	1/15/31	668,000		750,199
Williams Cos. Inc., Senior Notes	8.750%	3/15/32	63,000		77,077
Total Oil, Gas & Consumable Fuels					***9,864,720***
Total Energy					**10,422,283**
Financials 9.6%					