

WESTERN ASSET PREMIER BOND FUND
Form N-CSRS
August 29, 2006

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

Name of Registrant: Western Asset Premier Bond Fund

Address of Principal Executive Offices: 385 East Colorado Boulevard, Pasadena, CA 91101

Name and address of agent for service:

Gregory B. McShea

385 East Colorado Boulevard

Pasadena, CA 91101

Registrant's telephone number, including area code: (410) 539-0000

Date of fiscal year end: 12/31/2006

Date of reporting period: 06/30/2006

Item 1. Report to Shareholders.

Western Asset
Premier Bond Fund

Semi-Annual
Report to Shareholders

June 30, 2006

Semi-Annual Report to Shareholders

FUND HIGHLIGHTS

(Amounts in Thousands, except per share amounts) (Unaudited)

	Six Months Ended June 30, 2006	Year Ended December 31, 2005
Net Asset Value	\$165,856	\$171,010
Per Share	\$14.48	\$14.93
Market Value Per Share	\$14.20	\$13.72
Net Investment Income	\$7,544	\$15,672
Per Common Share	\$0.66	\$1.37
Dividends Paid to Common Shareholders	\$6,443	\$13,713
Per Common Share	\$0.56	\$1.20
Dividends paid to Preferred Shareholders	\$1,667	\$2,458
Per Common Share	\$0.15	\$0.21

Dividend Reinvestment Plan

Western Asset Premier Bond Fund (the Fund) and Computershare Trust Company N.A. (Agent), as the Transfer Agent and Registrar of the Fund, offer a convenient way to add shares of the Fund to your account. The Fund offers to all common shareholders a Dividend Reinvestment Plan (Plan). Under the Plan, cash distributions (e.g., dividends and capital gains) on the common shares are automatically invested in shares of the Fund unless the shareholder elects otherwise by contacting the Agent at the address set forth below.

As a participant in the Dividend Reinvestment Plan you will automatically receive your dividend or net capital gains distribution in newly issued shares of the Fund if the market price of a share on the date of the distribution is at or above the net asset value (NAV) of a Fund share, minus estimated brokerage commissions that would be incurred upon the purchase of common shares on the open market. The number of shares to be issued to you will be determined by dividing the amount of the cash distribution to which you are entitled (net of any applicable withholding taxes) by the greater of the NAV per share on such date or 95% of the market price of a share on such date. If the market price of a share on such distribution date is below the NAV, minus estimated brokerage commissions that would be incurred upon the purchase of common shares on the open market, the Agent will, as agent for the participants, buy shares of the Fund through a broker on the open market. All common shares acquired on your behalf through the Plan will be automatically credited to an account maintained on the books of the Agent. Full and fractional shares will be voted by Computershare in accordance with your instructions.

Additional Information Regarding the Plan

The Fund will pay all costs applicable to the Plan, except for brokerage commissions for open market purchases by the Agent under the Plan, which will be charged to participants. All shares acquired through the Plan receive voting rights and are eligible for any stock split, stock dividend, or other rights accruing to shareholders that the Board of Trustees may declare.

You may terminate participation in the Plan at any time by giving written notice to the Agent. Such termination shall be effective prior to the record date next succeeding the receipt of such instructions or by a later date of termination specified in such instructions. Upon termination, a participant will receive a certificate for the full shares credited to his or her account or may request the sale of all or part of such shares. Fractional shares credited to a terminating account will be paid for in cash at the current market price at the time of termination.

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Dividends and other distributions invested in additional shares under the Plan are subject to income tax just as if they had been received in cash. After year end, dividends paid on the accumulated shares will be included in the Form 1099-DIV information return to the Internal Revenue Service (IRS) and only one Form 1099-DIV will be sent to participants each year.

Inquiries regarding the Plan, as well as notices of termination, should be directed to Computershare Trust Company, N.A. P.O. Box 43010, Providence, Rhode Island 02940-3010 Investor Relations telephone number 1-800-426-5523.

Semi-Annual Report to Shareholders

FUND HIGHLIGHTS Continued

Schedule of Portfolio Holdings

The Fund files a complete schedule of its portfolio holdings with the SEC for the first and third quarters of each fiscal year on Form N-Q. You may obtain a free copy of the Fund's Form N-Q by calling 1-800-799-4932 or by writing to the Fund, or you may obtain a copy of this report (and other information relating to the Fund) from the Securities and Exchange Commission's (SEC) website (<http://www.sec.gov>). Additionally, the Fund's Form N-Q can be viewed or copied at the SEC's Public Reference Room in Washington D.C. Information about the operation of the Public Reference Room can be obtained by calling 1-202-551-8090.

Annual Certifications

In May 2006, the Fund submitted its annual CEO certification to the New York Stock Exchange (NYSE) in which the Fund's principal executive officer certified that he was not aware, as of the date of the certification, of any violation by the Fund of the NYSE's Corporate Governance listing standards. In addition, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and related Securities and Exchange Commission (SEC) rules, the Fund's principal executive and principal financial officers have made quarterly certifications, included in filings with the SEC on Forms N-CSR and N-Q, relating to, among other things, the Fund's disclosure controls and procedures and internal control over financial reporting.

Proxy Voting

You may request a free description of the policies and procedures that the Fund uses to determine how proxies relating to the Fund's portfolio securities are voted by calling 1-800-799-4932 or by writing to the Fund, or you may obtain a copy of these policies and procedures (and other information relating to the Fund) from the SEC's web site (<http://www.sec.gov>). You may request a free report regarding how the Fund voted proxies relating to portfolio securities during the most recent twelve-month period ended June 30 by calling 1-800-799-4932 or by writing to the Fund, or you may obtain a copy of this report (and other information relating to the Fund), from the SEC's website (<http://www.sec.gov>).

Quarterly Comparison of Market Price and Net Asset Value (NAV), Discount or Premium to NAV and Average Daily Volume of Shares Traded

	Market Value	Net Asset Value	Premium/ (Discount)	Average Daily Volume/ Shares
September 30, 2005	\$ 14.86	\$ 15.26	(2.62)%	10,644
December 31, 2005	\$ 13.72	\$ 14.93	(8.10)%	15,905
March 31, 2006	\$ 14.22	\$ 14.74	(3.53)%	18,400
June 30, 2006	\$ 14.20	\$ 14.48	(1.93)%	16,300

Semi-Annual Report to Shareholders

PORTFOLIO DIVERSIFICATION

June 30, 2006

The pie chart and bar chart above represent the Fund's portfolio as of June 30, 2006. The Fund's portfolio is actively managed, and its portfolio composition, credit quality breakdown, and other portfolio characteristics will vary from time to time.

^A *Ratings shown are expressed as a percentage of the portfolio. Standard & Poor's Ratings Services provides capital markets with credit ratings for the evaluation and assessment of credit risk.*

^B *Expressed as a percentage of the portfolio.*

Semi-Annual Report to Shareholders

PORTFOLIO OF INVESTMENTS

June 30, 2006 (Unaudited)

(Amounts in Thousands)

Western Asset Premier Bond Fund

	% OF NET ASSETS	RATE	MATURITY DATE	PAR	VALUE
Long-Term Securities	153.6%				
Corporate Bonds and Notes	78.7%				
<i>Advertising</i>	<i>0.1%</i>				
Affinion Group, Inc.		10.125%	10/15/13	\$ 100	\$ 101 _A
Lamar Media Corporation		6.625%	8/15/15	120	111
					212
<i>Aerospace/Defense</i>	<i>2.1%</i>				
Northrop Grumman Corporation		7.750%	2/15/31	1,000	1,168
Raytheon Company		6.750%	8/15/07	584	590
Raytheon Company		7.200%	8/15/27	1,000	1,101
The Boeing Company		6.125%	2/15/33	600	603
TransDigm Inc.		7.750%	7/15/14	40	40 _A
					3,502
<i>Apparel</i>	<i>0.5%</i>				
Levi Strauss & Co.		9.750%	1/15/15	225	225
Levi Strauss & Co.		8.875%	4/1/16	70	67 _A
Oxford Industries, Inc.		8.875%	6/1/11	270	270
Russell Corporation		9.250%	5/1/10	290	303
					865
<i>Auto Parts and Equipment</i>	<i>0.8%</i>				
Commercial Vehicle Group, Inc.		8.000%	7/1/13	250	239
Keystone Automotive Operations Inc.		9.750%	11/1/13	480	454
Tenneco Automotive Inc.		10.250%	7/15/13	230	252
Visteon Corporation		8.250%	8/1/10	410	383
					1,328
<i>Automotive</i>	<i>1.7%</i>				
Asbury Automotive Group Inc.		9.000%	6/15/12	235	233
DaimlerChrysler NA Holdings Corp.		7.300%	1/15/12	1,000	1,041

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DaimlerChrysler NA Holdings Corp.	8.500%	1/18/31	1,000	1,132
General Motors Corporation	8.375%	7/15/33	420	338
				2,744
<i>Banking and Finance</i>		3.3%		
Boeing Capital Corporation	6.500%	2/15/12	1,000	1,034
Boeing Capital Corporation	5.800%	1/15/13	400	401
E*TRADE Financial Corporation	7.875%	12/1/15	55	56
Fuji JGB Inv	9.870%	6/30/08	790	846 _{A,B}
General Motors Acceptance Corp.	6.875%	8/28/12	150	141
General Motors Acceptance Corp.	8.000%	11/1/31	1,530	1,471

Semi-Annual Report to Shareholders

	% OF NET ASSETS	RATE	MATURITY DATE	PAR	VALUE
Corporate Bonds and Notes Continued					
<i>Banking and Finance</i> Continued					
HSBC Finance Corporation		4.750%	7/15/13	\$ 1,670	\$ 1,553 _C
					<u>5,502</u>
<i>Banks</i>					
	0.3%				
Washington Mutual Bank FA		5.500%	1/15/13	440	427
<i>Builders-Residential/Commercial</i>					
	0.3%				
Beazer Homes USA, Inc.		8.125%	6/15/16	145	139 _A
K Hovnanian Enterprises, Inc.		8.625%	1/15/17	430	427
					<u>566</u>
<i>Building Materials</i>					
	0.5%				
Associated Materials Inc.		0.000%	3/1/14	720	434 _D
NTK Holdings Inc.		0.000%	3/1/14	145	105 _D
Nortek Inc.		8.500%	9/1/14	365	353
					<u>892</u>
<i>Cable</i>					
	2.1%				
Charter Communication Holdings LLC		8.625%	4/1/09	60	46
Charter Communication Holdings LLC		9.625%	11/15/09	130	100
Charter Communication Holdings II		10.250%	9/15/10	492	493
Comcast Cable Communications, Inc.		6.750%	1/30/11	500	516
Comcast Corporation		5.900%	3/15/16	400	384
Comcast Corporation		7.050%	3/15/33	1,000	1,014
CSC Holdings Inc.		7.250%	4/15/12	250	241 _A
CSC Holdings Inc.		7.875%	2/15/18	380	379
LodgeNet Entertainment Corporation		9.500%	6/15/13	321	342
					<u>3,515</u>
<i>Casino Resorts</i>					
	1.0%				
Inn of The Mountain Gods		12.000%	11/15/10	530	563
Pinnacle Entertainment, Inc.		8.250%	3/15/12	250	251
Premier Entertainment Biloxi LLC		10.750%	2/1/12	707	730
Station Casinos, Inc.		6.625%	3/15/18	150	136
					<u>1,680</u>
<i>Chemicals</i>					
	1.5%				

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The Dow Chemical Company		6.000%	10/1/12	2,500	<u>2,518</u>
<i>Coal</i>		<i>0.4%</i>			
Alpha Natural Resources		10.000%	6/1/12	350	375

*Semi-Annual Report to Shareholders***PORTFOLIO OF INVESTMENTS** Continued

Western Asset Premier Bond Fund Continued

	% OF NET ASSETS	RATE	MATURITY DATE	PAR	VALUE
Corporate Bonds and Notes Continued					
<i>Coal</i> Continued					
International Coal Group, Inc.		10.250%	7/15/14	\$ 260	\$ 260 _A
					<u>635</u>
<i>Computer Services and Systems</i> 1.6%					
DynCorp Inc.		9.500%	2/15/13	502	522
Electronic Data Systems Corporation		7.125%	10/15/09	700	723
Electronic Data Systems Corporation		7.450%	10/15/29	500	515
International Business Machines Corporation		4.750%	11/29/12	240	227
Sungard Data Systems Inc.		10.250%	8/15/15	630	651 _A
					<u>2,638</u>
<i>Containers and Packaging</i> 0.5%					
Graham Packaging Company Inc.		9.875%	10/15/14	243	241
Graphic Packaging International Corp.		9.500%	8/15/13	250	247
Owens-Brockway Glass Container Inc.		8.750%	11/15/12	330	344
					<u>832</u>
<i>Construction Machinery</i> 0.3%					
H&E Equipment/Finance Corp.		11.125%	6/15/12	390	431
<i>Consumer Products</i> 0.1%					
American Greetings Corporation		7.375%	6/1/16	20	20
FTD, Inc.		7.750%	2/15/14	85	84
Playtex Products, Inc.		8.000%	3/1/11	80	83
					<u>187</u>
<i>Diversified Financial Services</i> 3.1%					
AAC Group Holding Corp.		0.000%	10/1/12	440	343 _D
CIT Group Inc.		7.750%	4/2/12	1,600	1,734
Citigroup Inc.		6.625%	6/15/32	1,000	1,030
CitiSteel USA Inc.		12.490%	9/1/10	350	361 _B
General Electric Capital Corporation		3.750%	12/15/09	740	696
General Electric Capital Corporation		6.000%	6/15/12	700	708
General Electric Capital Corporation		5.450%	1/15/13	250	246

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					5,118
<i>Drug & Grocery Store Chains</i>					
	1.3%				
CVS Lease Pass Through		5.880%	1/10/28	1,587	1,523 ^A
Delhaize America, Inc.		9.000%	4/15/31	180	197
Safeway Inc.		5.800%	8/15/12	500	488
					2,208

Semi-Annual Report to Shareholders

	% OF NET ASSETS	RATE	MATURITY DATE	PAR	VALUE
Corporate Bonds and Notes Continued					
<i>Education</i> 0.1%					
Education Management LLC		8.750%	6/1/14	\$ 140	\$ 139 _A
<i>Electric</i> 6.7%					
Dominion Resources, Inc.		5.700%	9/17/12	770	753
Duke Energy Corporation		6.250%	1/15/12	250	254
Edison Mission Energy		7.500%	6/15/13	20	20 _A
Edison Mission Energy		7.750%	6/15/16	180	177 _A
Elwood Energy LLC		8.159%	7/5/26	358	387
Exelon Generation Co. LLC		6.950%	6/15/11	2,000	2,085
FirstEnergy Corp.		6.450%	11/15/11	610	621
FirstEnergy Corp.		7.375%	11/15/31	3,040	3,261
MidAmerican Energy Holdings Company		5.875%	10/1/12	250	248
Niagara Mohawk Power Corporation		7.750%	10/1/08	1,500	1,561
Progress Energy, Inc.		7.100%	3/1/11	250	261
Progress Energy, Inc.		6.850%	4/15/12	750	777
The AES Corporation		9.000%	5/15/15	440	473 _A
TXU Electric Delivery Company		7.000%	9/1/22	250	259
					11,137
<i>Energy</i> 0.6%					
Midwest Generation LLC		8.560%	1/2/16	89	93
Midwest Generation LLC		8.750%	5/1/34	325	345
NRG Energy, Inc.		7.375%	2/1/16	505	492
					930
<i>Entertainment</i> 0.4%					
AMC Entertainment Inc.		11.000%	2/1/16	560	599
Warner Music Group		7.375%	4/15/14	110	107
					706
<i>Environmental Services</i> 1.3%					
Waste Management, Inc.		7.375%	5/15/29	2,000	2,174
Waste Management, Inc.		7.750%	5/15/32	40	45
					2,219
<i>Food, Beverage and Tobacco</i> 2.1%					
Altria Group, Inc.		7.000%	11/4/13	250	264
Altria Group, Inc.		7.750%	1/15/27	1,000	1,122
Kraft Foods Inc.		5.250%	10/1/13	400	382

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Nabisco Inc.	7.550%	6/15/15	1,500	1,652
				<u>3,420</u>
<i>Gaming</i>	0.2%			
Pokagon Gaming Authority	10.375%	6/15/14	250	<u>258_A</u>

Semi-Annual Report to Shareholders

PORTFOLIO OF INVESTMENTS Continued

Western Asset Premier Bond Fund Continued

	% OF NET ASSETS	RATE	MATURITY DATE	PAR	VALUE
Corporate Bonds and Notes Continued					
<i>Gas and Pipeline Utilities</i> 2.9%					
Colorado Interstate Gas Company		6.800%	11/15/15	\$ 150	\$ 145
Duke Energy Field Services Corporation		7.875%	8/16/10	750	802
Kinder Morgan Energy Partners, L.P.		7.125%	3/15/12	500	518
Panhandle Eastern Pipe Line Company		4.800%	8/15/08	400	390
Texas Eastern Transmission		5.250%	7/15/07	750	744
The Williams Companies, Inc.		7.500%	1/15/31	902	870
The Williams Companies, Inc.		8.750%	3/15/32	1,200	1,305
					<u>4,774</u>
<i>Healthcare</i> 2.7%					
Fresenius Medical Care Capital Trust II		7.875%	2/1/08	250	254
Tenet Healthcare Corporation		9.875%	7/1/14	713	713
Tenet Healthcare Corporation		9.500%	2/1/15	2,810	2,761 _A
Vanguard Health Holding Co. I, LLC		0.000%	10/1/15	345	243 _D
Vanguard Health Holding Co. II, LLC		9.000%	10/1/14	450	449
					<u>4,420</u>
<i>Insurance</i> 0.1%					
Crum & Forster Holdings Corporation		10.375%	6/15/13	180	183
<i>Investment Banking/Brokerage</i> 4.2%					
Credit Suisse First Boston, USA		6.500%	1/15/12	1,125	1,161
J.P. Morgan Chase & Co.		5.750%	1/2/13	1,750	1,732 _C
J.P. Morgan Chase & Co.		5.125%	9/15/14	1,300	1,228
Morgan Stanley		6.600%	4/1/12	1,500	1,557
The Goldman Sachs Group, Inc.		6.600%	1/15/12	1,200	1,238
					<u>6,916</u>
<i>Machinery</i> 0.2%					
Terex Corporation		7.375%	1/15/14	270	269
<i>Manufacturing (Diversified)</i> 2.3%					
Eastman Kodak Co.		7.250%	11/15/13	1,800	1,734
Interface, Inc.		10.375%	2/1/10	400	438
Jacuzzi Brands, Incorporated		9.625%	7/1/10	535	565

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Koppers Inc.	9.875%	10/15/13	138	148
Leiner Health Products L.P.	11.000%	6/1/12	280	265
Norcraft Companies, L.P.	9.000%	11/1/11	480	488
Rayovac Corporation	8.500%	10/1/13	270	231
				<hr/>
				3,869
				<hr/>

Semi-Annual Report to Shareholders

	% OF NET ASSETS	RATE	MATURITY DATE	PAR	VALUE
Corporate Bonds and Notes Continued					
<i>Media</i>	3.5%				
AOL Time Warner Inc.		6.150%	5/1/07	\$ 250	\$ 251
AOL Time Warner Inc.		6.875%	5/1/12	1,400	1,447
AOL Time Warner Inc.		7.700%	5/1/32	1,150	1,250
Clear Channel Communications, Inc.		4.900%	5/15/15	700	598
Liberty Media Corporation		3.750%	2/15/30	1,860	1,046 _E
LIN Television Corporation		6.500%	5/15/13	120	110
News America Holdings Inc.		6.625%	1/9/08	300	304
News America Holdings Inc.		8.875%	4/26/23	400	468
Sinclair Broadcast Group, Inc.		8.000%	3/15/12	305	310
					5,784
<i>Medical Care Facilities</i>	0.4%				
DaVita, Inc.		7.250%	3/15/15	300	288
HCA, Inc.		7.690%	6/15/25	120	113
HCA, Inc.		7.500%	11/6/33	280	256
HCA, Inc.		7.500%	11/15/95	35	29
					686
<i>Metals and Mining</i>	0.6%				
Alcoa Inc.		5.375%	1/15/13	750	729
Metals USA, Inc.		11.125%	12/1/15	235	257 _A
					986
<i>Oil and Gas</i>	7.3%				
Amerada Hess Corporation		7.300%	8/15/31	1,700	1,802
AmeriGas Partners, L.P.		7.250%	5/20/15	90	85
Belden & Blake Corporation		8.750%	7/15/12	750	761
Chesapeake Energy Corporation		7.625%	7/15/13	480	483
ConocoPhillips		4.750%	10/15/12	1,000	951
Devon Energy Corporation		7.950%	4/15/32	1,000	1,152
Devon Finance Corp. ULC		6.875%	9/30/11	2,000	2,079
El Paso Corporation		6.375%	2/1/09	333	327 _A
El Paso Corporation		7.750%	6/15/10	1,496	1,518 _A
El Paso Corporation		7.625%	7/15/11	500	505
El Paso Corporation		7.800%	8/1/31	210	204
Occidental Petroleum Corporation		6.750%	1/15/12	500	526
Parker Drilling Company		9.625%	10/1/13	300	326
Plains Exploration & Production Company		7.125%	6/15/14	190	187
Pride International, Inc.		7.375%	7/15/14	240	241
SESI LLC		6.875%	6/1/14	10	10 _A
Suburban Propane Partners, LP		6.875%	12/15/13	580	542

Semi-Annual Report to Shareholders

PORTFOLIO OF INVESTMENTS Continued

Western Asset Premier Bond Fund Continued

	% OF NET ASSETS	RATE	MATURITY DATE	PAR	VALUE
Corporate Bonds and Notes Continued					
<i>Oil and Gas</i> Continued					
Valero Energy Corporation		7.500%	4/15/32	\$ 400	\$ 434
					<u>12,133</u>
<i>Paper and Forest Products</i> 2.5%					
NewPage Corporation		12.000%	5/1/13	730	756
Weyerhaeuser Company		6.750%	3/15/12	2,400	2,452
Weyerhaeuser Company		7.375%	3/15/32	1,000	1,012
					<u>4,220</u>
<i>Publishing</i> 0.3%					
Dex Media East LLC		12.125%	11/15/12	122	137
PRIMEDIA Inc.		8.875%	5/15/11	315	302
					<u>439</u>
<i>Real Estate</i> 0.3%					
Kimball Hill Inc.		10.500%	12/15/12	170	157
Ventas, Inc.		6.625%	10/15/14	260	252
					<u>409</u>
<i>Rental Auto/Equipment</i> 0.6%					
Hertz Corporation		10.500%	1/1/16	500	530 _A
NationsRent Inc.		9.500%	10/15/10	340	362
NationsRent Inc.		9.500%	5/1/15	70	74
					<u>966</u>
<i>Retail</i> 0.4%					
EPL Finance Corporation		11.750%	11/15/13	195	223 _A
Neiman Marcus Group, Inc.		9.000%	10/15/15	190	199 _A
Neiman Marcus Group, Inc.		10.375%	10/15/15	130	138 _A
Stater Bros. Holdings Inc.		8.829%	6/15/10	170	172 _B
					<u>732</u>

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<i>Retail (Food Chains)</i>		<i>0.2%</i>			
Denny's Corporation/Denny's Holdings	10.000%	10/1/12	90	90	
Domino's Inc.	8.250%	7/1/11	248	257	
				347	
<i>Services (Diversified)</i>		<i>0.1%</i>			
Service Corporation International	7.500%	6/15/17	140	131 _A	
<i>Special Purpose</i>		<i>1.3%</i>			
Air 2 U.S.	8.027%	10/1/19	290	291 _A	

Semi-Annual Report to Shareholders

	% OF NET ASSETS	RATE	MATURITY DATE	PAR	VALUE
Corporate Bonds and Notes Continued					
<i>Special Purpose</i> Continued					
Hexion US Finance Corp.		9.000%	7/15/14	\$ 280	\$ 283
Hughes Network Systems		9.500%	4/15/14	125	123 _A
Milacron Escrow Corp.		11.500%	5/15/11	410	380
Rainbow National Services LLC		8.750%	9/1/12	100	105 _A
Rainbow National Services LLC		10.375%	9/1/14	250	277 _A
River Rock Entertainment		9.750%	11/1/11	380	400
UGS Corp.		10.000%	6/1/12	305	328
					2,187
<i>Telecommunications</i> 4.1%					
BellSouth Corporation		6.000%	10/15/11	1,000	999
Cincinnati Bell Inc.		7.000%	2/15/15	355	335
Citizens Communications Company		9.250%	5/15/11	90	97
Citizens Communications Company		9.000%	8/15/31	80	81
Qwest Communications International Inc.		7.250%	2/15/11	160	155
Qwest Corporation		7.875%	9/1/11	390	395
Qwest Corporation		8.875%	3/15/12	140	148
SBC Communications Inc.		6.250%	3/15/11	1,000	1,010 _F
Sprint Capital Corp.		6.000%	1/15/07	1,500	1,502
Sprint Capital Corp.		8.375%	3/15/12	1,450	1,602
XM Satellite Radio, Inc.		9.750%	5/1/14	460	421 _A
					6,745
<i>Telecommunications (Cellular/Wireless)</i> 2.1%					
AT&T Wireless Services, Inc.		7.500%	5/1/07	500	507
AT&T Wireless Services, Inc.		8.125%	5/1/12	500	550
Cingular Wireless LLC		6.500%	12/15/11	250	256
Hawaiian Telecom Communications, Inc.		12.500%	5/1/15	635	665
L-3 Communications Corporation		6.375%	10/15/15	430	411
Motorola, Inc.		7.625%	11/15/10	64	69
Rural Cellular Corp.		9.875%	2/1/10	235	242
Telcordia Technologies Inc.		10.000%	3/15/13	485	410 _A
Ubiquitel Operating Co.		9.875%	3/1/11	150	163
Verizon Wireless Capital LLC		5.375%	12/15/06	250	250
					3,523
<i>Transportation</i> 9.7%					
America West Airlines, Inc.		8.057%	7/2/20	1,926	2,041
American Airlines, Inc.		7.800%	10/1/06	310	310
American Commercial Lines/ACL Finance Corp.		9.500%	2/15/15	136	149
Continental Airlines, Inc.		6.900%	1/2/18	1,170	1,175

*Semi-Annual Report to Shareholders***PORTFOLIO OF INVESTMENTS** Continued

Western Asset Premier Bond Fund Continued

	% OF NET ASSETS	RATE	MATURITY DATE	PAR	VALUE
Corporate Bonds and Notes Continued					
<i>Transportation</i> Continued					
Continental Airlines, Inc.		6.545%	2/2/19	\$ 1,927	\$ 1,908
Continental Airlines, Inc.		6.703%	6/15/21	74	74
Continental Airlines, Inc.		8.048%	11/1/20	744	785
GulfMark Offshore, Inc.		7.750%	7/15/14	270	263
H-Lines Finance Holding Corp.		0.000%	4/1/13	247	212 _D
Horizon Lines, LLC		9.000%	11/1/12	244	248
Kansas City Southern Railway Co.		7.500%	6/15/09	150	150
Northwest Airlines Inc.		5.640%	8/6/13	2,583	2,454
Progress Rail Services Corporation/Progress Metal Reclamation Co.		8.500%	4/1/12	270	292 _A
Sky EETC-Backed Trust Certificates		7.575%	3/1/19	323	328 _A
Union Pacific Corporation		6.125%	1/15/12	2,000	2,022
United Air Lines, Inc. Series 01-1		6.602%	9/1/13	1,109	1,113
US Airways, Inc. Series 89A2		9.820%	1/1/13	473	208 _G
US Airways, Inc. Series 93A3		10.375%	3/1/13	236	104 _G
US Airways, Inc. Series 98-1		6.850%	1/30/18	2,255	2,283
					16,119
Total Corporate Bonds and Notes (Identified Cost \$129,155)					130,447
Asset-Backed Securities	10.3%				
<i>Fixed Rate Securities</i>	<i>5.8%</i>				
ACE Securities Corporation 2002-M Trust		0.000%	10/13/17	312	6 _{A,H}
BankAmerica Manufactured Housing Contract 1997-2		6.900%	4/10/28	100	115
Captiva CBO 1997-1		6.860%	11/30/09	393	393 _{A,I}
Conseco Finance Securitizations Corp. 2002-1		6.681%	12/1/33	1,111	1,106
Contimortgage Home Equity Loan Trust 1997-4		7.330%	10/15/28	746	623
FirstFed Corporation Manufactured Housing Contract 1996-1		8.060%	10/15/22	2,100	2,970 _A
Green Tree Financial Corporation 1992-2		9.150%	1/15/18	622	538
Green Tree Financial Corporation 1993-1		8.450%	4/15/18	817	741
Green Tree Financial Corporation 1996-D		8.000%	9/15/27	235	221
Green Tree Financial Corporation 1999-4		6.970%	5/1/31	403	404
Mutual Fund Fee 2000-2		9.550%	4/30/08	561	46 _{A,G}
Mutual Fund Fee 2000-3		9.070%	7/1/08	2,909	410 _A
Oakwood Mortgage Investors Inc. 2002-B		6.060%	3/15/25	515	438
Pegasus Aviation Lease Securitization 2000-1		8.370%	3/25/30	1,300	808 _A
Vanderbilt Mortgage Finance 1997-B		8.155%	10/7/26	741	758
					9,577

Semi-Annual Report to Shareholders
