WESTERN ASSET PREMIER BOND FUND
Form N-CSRS
August 31, 2009

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)

385 East Colorado Boulevard, Pasadena, CA 91101
(Address of principal executive offices) (Zip code)

Robert I. Frenkel, Esq
Legg Mason & Co., LLC
100 First Stanford Place
Stanford, 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: June 30, 2009

ITEM 1. REPORT TO STOCKHOLDERS.

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

Western Asset Premier Bond Fund

New York Stock Exchange Symbol: WEA

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For more information, visit us on the web
at www.leggmason.com/cef.

Investment Commentary

Western Asset Premier Bond Fund

Fund Performance

Total returns for the Fund for various periods ended June 30, 2009 are presented below, along with those of comparative indices:

			Average Annual Total Returns	
	Six Months	One Year	Five Years	Since Inception
Fund Total Return Based on:				
Net Asset Value	+23.81%	-9.99%	+2.02%	+4.41%
Market Value	+36.55%	+5.65%	+5.65%	+5.53%
Barclays Capital U.S. Corporate High Yield IndexA	+30.43%	-2.40%	+4.33%	+6.39%
Barclays Capital U.S. Credit IndexB	+6.87%	+4.08%	+4.08%	+5.30%
Lipper Corporate Debt Closed-End Funds BBB-Rated Category AverageC	+12.61%	-1.83%	+3.39%	+5.06%

The performance data quoted represent past performance and do not guarantee future results. Current performance may be lower or higher than the performance data quoted. The investment return and principal value of the Fund will fluctuate so that an investor s shares, when sold, may be worth more or less than the original cost. Calculations assume the reinvestment of dividends and capital gain distributions. Performance figures for periods shorter than one year represent cumulative figures and are not annualized.

The inception date of the Fund is March 28, 2002. Index and Lipper inception returns are for the period beginning March 31, 2002. All Index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

For the six months ended June 30, 2009, Western Asset Premier Bond Fund returned 23.81% based on its net asset value (NAV)D and 36.55% 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 and the Barclays Capital U.S. Credit Index, returned 30.43% and 6.87%, respectively, over the same time frame. The Lipper Corporate Debt Closed-End Funds BBB-Rated Category Average returned 12.61% for the same period. Please note that Lipper performance returns are based on each fund s NAV.

During this six-month period, the Fund made distributions to shareholders totaling $0.57 per share, which may have included a return of capital.

The largest contributors to the Fund s performance were its exposures to high-yield and investment grade corporate bonds. In particular, the Fund s holdings in the Industrials and Utilities sectors were rewarded as their spreads substantially narrowed versus their historically wide levels that occurred during the financial crisis in 2008. It s interesting to note that returns for the April to May 2009 period were among the highest total returns ever in the U.S. corporate bond market, according to Barclays Capital. The use of leverage was beneficial, as it served to magnify the

Fund s positive underlying returns. Also enhancing the Fund s results was its exposure to structured mortgage credits. These securities, which detracted from performance in 2008, were positive contributors to performance as their spreads also narrowed during the reporting period.

Marginally offsetting these strong results was the Fund s cash exposure. During the six-month period, we modestly reduced the Fund s investment grade bond position and raised its cash exposure. This was done to increase the Fund s liquidity and to have greater flexibility to pursue changing opportunities in the marketplace.

During the reporting period, the Fund held credit default swaps, which had an overall negative impact on performance. The swaps we utilized to gain exposure to select individual high-yield companies and the overall high-yield market contributed slightly to performance as high-yield spreads tightened during the reporting period. In addition, the swaps we held during the period allowed us to gain exposure to the subprime component of the non-agency mortgage-backed securities (MBS) market. The Fund s exposure to these swaps detracted from performance as poor liquidity and weak fundamentals on the underlying collateral drove prices of non-agency MBS lower. Within the residential MBS market, swaps were utilized to hedge our exposure to non-agency MBS. These swaps marginally contributed to performance as prices on subordinate non-agency MBS were lower during the reporting period.

Financial Market Overview

To a great extent, the financial markets in 2008 were characterized by periods of extreme volatility, illiquidity, frozen credit conditions and heightened risk aversion. Collectively, this caused investors to flock to the safety of short-term Treasuries, driving their yields lower and their prices higher. In contrast, non-Treasuries generally performed poorly, with their spreads moving, in some cases, to historically wide levels.

The Investment Commentary is not a part of the Semi-Annual Report to Shareholders.

Investment Commentary

The market then largely stabilized during the six-month reporting period ended June 30, 2009. A return to more normal market conditions was due, in part, to the aggressive actions taken by the Federal Reserve Board (Fed)E, the U.S. Department of the Treasury and other government agencies. Looking back, in 2008 the Fed took several actions to improve liquidity in the credit markets. In March 2008, it established a new lending program allowing certain brokerage firms, known as primary dealers, to also borrow from its discount window. In mid-September 2008, it announced an $85 billion rescue plan for ailing AIG and pumped $70 billion into the financial system as the Lehman Brothers bankruptcy and mounting troubles at other financial firms roiled the markets. Toward the end of the year, the Fed took additional measures to thaw the frozen credit markets, including the purchase of debt issued by Fannie Mae and Freddie Mac, as well as introducing the Term Asset-Backed Securities Loan Facility (TALF).

In March 2009, the Fed continued to pursue aggressive measures as it announced its intentions to:

- Purchase up to an additional $750 billion of agency mortgage-backed securities, bringing its total purchases of these securities to up to $1.25 trillion in 2009.

- Increase its purchases of agency debt this year by up to $100 billion to a total of up to $200 billion.

- Buy up to $300 billion of longer-term Treasury securities over the next six months.

After reducing the federal funds rateF from 5.25% in August 2007 to a range of 0 to 1/4 percent in December 2008 a historic low the Fed has maintained this stance thus far in 2009. In conjunction with its June meeting, the Fed stated that it will maintain the target range for the federal funds rate at 0 to 1/4 percent and continues to anticipate that economic conditions are likely to warrant exceptionally low levels of the federal funds rate for an extended period.

The U.S. Department of the Treasury has also taken an active role in attempting to stabilize the financial system, as it orchestrated the government s takeover of mortgage giants Fannie Mae and Freddie Mac in September 2008. In October, the Treasury s $700 billion Troubled Asset Relief Program (TARP) was approved by Congress and signed into law by former President Bush. Then, in March 2009, Treasury Secretary Geithner introduced the Public-Private Partnership Investment Program (PPIP), which is intended to facilitate the purchase of troubled mortgage assets from bank balance sheets. The Treasury also announced its intentions to conduct stress tests for major banks to determine if they needed to bolster their capital levels. The results of the stress tests were released in May, and were not as dire as initially feared.

Economic Review

Even though conditions in the financial markets improved during the first half of 2009, the U.S. economy continued to face numerous headwinds. Looking back, the U.S. Department of Commerce reported that third and fourth quarter 2008 U.S. gross domestic product (GDP)G contracted 2.7% and 5.4%, respectively. Economic contraction has continued in 2009 as GDP fell 6.4% during the first quarter and the advance estimate for the second quarter is a 1.0% decline. The economy s more modest contraction in the second quarter was due, in part, to smaller declines in exports and business spending.

While economic news was largely bleak during the first quarter of 2009, there were some indications that things were becoming less negative during the second quarter. While the unemployment rate continued to move higher, the number of jobs lost on a monthly basis subsided from the pace earlier in the year. Another strain on the economy, the long-ailing housing market, may also be getting closer to reaching a bottom. After plunging late last year, new single-family home starts have been fairly stable in recent months. In addition, while home prices continued to fall, the pace of the decline has moderated. Other recent economic news also seemed to be less negative. Inflation remained low, manufacturing contracted at a slower pace than during the first quarter of the year and inventory levels were drawn down.

Market Review

Both short- and long-term Treasury yields fluctuated during the reporting period. This was often prompted by changing perceptions regarding the economy, future Fed policy decisions and the government s initiatives to stabilize the financial system. When the reporting period began, Treasury yields were extremely low, given numerous flights to quality in 2008 that were triggered by the financial crisis. After starting the period at 0.76% and 2.25%, respectively, two- and ten-year Treasury yields drifted even lower (and their prices higher) in mid-January 2009. Yields generally moved higher (and their prices lower) until early June. Two- and ten-year yields peaked at 1.42% and 3.98%, respectively, before falling and ending the period at 1.11% and 3.53%.

Over the six months ended June 30, 2009, longer-term yields moved higher than their shorter-term counterparts due to fears of future inflation given the government s massive stimulus program. In a reversal from 2008, investor risk aversion faded as the six-month reporting period progressed, driving spread sector (non-Treasury) prices higher. For the six-month period ended June 30, 2009, the Barclays Capital U.S. Aggregate IndexH returned 1.90%.

Looking more closely at the market, there was a dramatic shift in investor sentiment during the six-month reporting period. This, in turn, had a major impact on the corporate bond market. When the period began, investors were still reeling from last year s turmoil in the financial markets and data showing that the U.S. economy was rapidly contracting. This triggered periods of heightened risk

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Investment Commentary

aversion, as investors were drawn to the relative safety of U.S. Treasury securities. During the first half of the reporting period, investment grade corporate spreads remained at extremely wide levels that priced in future default levels that would surpass those experienced in previous recessions. This was reflected in the poor performance of the Barclays Capital U.S. Credit Index, as it returned -1.78% during the first quarter of 2009. Over the same period, while the high-yield bond market generated solid results, BB-rated bonds outperformed riskier CCC-rated securities (9.01% versus 5.54%).[1] Overall, the Barclays Capital U.S. Corporate High Yield 2% Issuer Cap Index[I] gained 6.61% during the first quarter.

Then, in the second half of the reporting period, investor sentiment greatly improved. The government s many initiatives to stabilize the financial system began to bear fruit as the frozen credit markets showed signs of thawing and liquidity also improved. This, coupled with tentative signs that the global economy was nearing a bottom, served to increase investor risk appetite. As a result, demand for spread sectors rose, in particular, lifting the prices of investment grade and high-yield corporate bonds. During the second quarter of 2009, the Barclays Capital U.S. Credit Index rose an impressive 8.81% and ended the six-month reporting period returning a solid 6.87%. Within the high-yield market, BB-rated and CCC-rated bonds returned 14.93% and 40.71%, respectively, during the second quarter of 2009.[1] All told, during the six-month reporting period, the Barclays Capital U.S. Corporate High Yield 2% Issuer Cap Index returned an outstanding 30.92%.

Outlook

We believe the credit markets are likely to take a breather in the third quarter following the exceptionally strong performance posted in the second quarter of 2009. While the magnitude of spread compression in high-yield and investment grade corporates was impressive, the improvement was largely driven by a return to valuations that were more consistent with underlying fundamentals. For spreads to tighten further, we will likely need to see some positive signals from the economy, rather than merely a leveling off of the rate of decline.

Spread volatility is likely to decline as we are now at levels that are consistent with a weaker economy and reduced availability of credit, rather than the economic Armageddon that pre-March 2009 spread levels suggested. Corporations with strong balance sheets should continue to issue debt at yields close to those on outstanding debt. Companies that are challenged by high-debt loads will likely have a more difficult time raising new debt and their outstanding issues are likely to be more volatile. Financial issuers should continue to benefit from increasingly stable loan values and from improved capital bases, thanks to recent equity issuance.

With investment grade financial spreads at 400 basis points[J] (bps) over Treasuries as of June 30, 2009 and the Barclays Capital Corporate Index[K] as a whole at 300 bps over Treasuries, we believe there is currently significant compensation for the elevated risk due to economic uncertainty. With high-yield spreads at 945 bps over Treasuries as of June 30, 2009, there should be similarly adequate compensation in the high-yield sector despite the continuing increase in restructurings and defaults.

Interest rates are likely to be stable to modestly rising through the summer months as the U.S. Treasury continues to issue debt at what can only be described as an unprecedented pace, and as investors continue to dip their toes into more risky waters. Inflation remains a key concern of bond market participants. We believe that price levels should stabilize and deflationary forces will ebb as both monetary and fiscal stimuli work their way through the system. Higher levels of inflation are unlikely to be realized as resource and capacity utilization remains low, and the Fed is likely to begin reducing the size of its balance sheet in the face of any economic growth. Absent any improvement on the growth front, the current level of announced monetary stimulus should persist. We expect little, if any, additional action from the Fed and expect very low short-term rates and continued purchases of mortgage-backed securities, Treasuries and agencies to continue.

U.S. industrial sectors led the economy s plunge during the fourth quarter of 2008 and first quarter of 2009, as inventories, capital expenditure budgets and procurement plans were slashed on fears of credit unavailability. Stabilization in the economy should help these activities return to more sustainable levels, which would provide an immediate boost to industrial-sector output. Merchant inventory investment has already displayed some stabilization at weak levels and factory orders have displayed an incipient upturn. In order for an economic rebound to take hold, these improvements will have to be sustained and built upon. In addition, we feel they should soon trigger upturns in industrial production and factory production hours, neither of which has yet to show any signs of stabilization. We will track these four indicators for early signs of a recovery and, thus, impetus for substantial further downward pressure on credit spreads.

Market participants will be intensely focused on profit reports to determine the presence, pace and strength of the anticipated economic recovery. These reports should have a significant impact on equity prices, which would also influence the mood of the corporate bond market.

Western Asset Management Company

July 31, 2009

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1 Returns cited represent respective position and/or sector return within the Barclays Capital U.S. Corporate High Yield 2% Issuer Cap Index.

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Investment Commentary

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. Portfolio holdings are subject to change at any time and may not be representative of the portfolio managers current or future investments. The Fund s top five sector holdings (as a percentage of net assets) as of June 30, 2009 were: Corporate Bonds (77.1%), Mortgage-Backed Securities (29.4%), Asset-Backed Securities (29.0%), Repurchase Agreements (10.0%) and Yankee Bonds (9.5%). The Fund s portfolio composition is subject to change at any time.

Investment Risks: Bonds are subject to a variety of risks, including interest rate, credit and inflation risk. 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.

The views expressed in this commentary reflect those solely of Western Asset Management Company s Investment Advisory Team as of the date of this commentary and may differ from those of Legg Mason, Inc. as a whole or from the other portfolio managers of its affiliates. Any such views are subject to change at any time based on market or other conditions, and Western Asset Premier Bond Fund (the Fund) and Western Asset Management Company disclaim any responsibility to update such views. These views are not intended to be a forecast of future events, a guarantee of future results or advice. Because investment decisions for the Fund are based on numerous factors, these views may not be relied upon as an indication of trading intent on behalf of the Fund or any Legg Mason Fund. Forecasts are inherently limited and should not be relied upon as an indicator of future results or used as the basis for investment decisions. The information contained herein has been prepared from sources believed to be reliable, but is not guaranteed by the Fund or Western Asset Management Company as to its accuracy or completeness.

Please note that an investor cannot invest directly in an index.

A *The Barclays Capital (former Lehman Brothers) 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.*

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

C *Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. The Lipper Corporate Debt Closed-End Funds BBB-Rated Category Average is comprised of the Fund s peer group of mutual funds.*

D *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.*

E *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.*

F *The federal funds rate is the rate charged by one depository institution on an overnight sale of immediately available funds (balances at the Federal Reserve) to another depository institution; the rate may vary from depository institution to depository institution and from day to day.*

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

H *The Barclays Capital (formerly Lehman Brothers) 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.*

I *The Barclays Capital (formerly Lehman Brothers) U.S. Corporate 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.*

J *A basis point is one one-hundredth (1/100 or 0.01) of one percent.*

K *The Barclays Capital (formerly Lehman Brothers) Corporate Bond Index is composed of all publicly issued, fixed-rate, non-convertible, U.S. dollar-denominated, investment grade corporate debt.*

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Western Asset

Premier Bond Fund

Semi-Annual Report to Shareholders

June 30, 2009

Semi-Annual Report to Shareholders

Fund Highlights

(Unaudited)

	Six Months Ended June 30, 2009	Year Ended December 31, 2008
Net Asset Value	$117,143,417	$100,102,064
Per Share	$10.13	$8.72
Market Value Per Share	$11.45	$8.90
Net Investment Income	$9,505,781	$16,751,431
Per Common Share	$0.83	$1.46
Dividends Paid to Common Shareholders:		
Ordinary Income	$6,551,799	$12,090,786
Per Common Share	$0.57	$1.05
Long-Term Capital Gains		$1,121,178
Per Common Share		$0.10
Dividends Paid to Preferred Shareholders:		
Ordinary Income	$169,577	$2,236,599
Per Common Share	$0.01	$0.19
Long-Term Capital Gains		$238,432
Per Common Share		$0.02

The Fund

Western Asset Premier Bond Fund (WEA or the Fund) is a diversified, closed-end management investment company which seeks to provide current income and capital appreciation for its shareholders by investing primarily in a diversified portfolio of investment grade bonds. Substantially all of the Fund s net investment income (after payment of dividends to holders of preferred shares and interest in connection with other forms of leverage (if applicable)) is distributed to the Fund s common shareholders. A Dividend Reinvestment Plan is available to those common shareholders of record desiring it. The Fund s common shares are listed on the New York Stock Exchange (NYSE) where they trade under the symbol WEA.

Certain Investment Policies

Each limitation below applies only at the time a transaction is entered into. Any subsequent change in a rating assigned to a security, or change in the percentage of the Fund s assets invested in certain securities or other instruments, resulting from market fluctuations or other changes in the Fund s total assets, will not require the Fund to dispose of an investment.

Under normal market conditions, the Fund expects to:

- Invest substantially all (but at least 80%) of its total managed assets (the total assets of the Fund, including any assets attributable to leverage, less accrued liabilities) in bonds, including corporate bonds, U.S. government and agency securities and mortgage related securities.

- Invest at least 65% of its total managed assets in bonds that at the time of investment are investment grade quality. The Fund may invest up to 35% of its total managed assets in bonds of below investment grade quality.

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.

Dividend Reinvestment Plan

The Fund and American Stock Transfer & Trust Company LLC (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) of registered shareholders (those who own shares in their own name on the Fund s records) on the common shares are automatically invested in shares of the Fund unless the shareholder elects

Semi-Annual Report to Shareholders

Fund Highlights Continued

otherwise by contacting the Agent at the address set forth below. Shareholders who own shares in a brokerage, bank or other financial institution account must contact the company where their account is held in order to participate in the Plan.

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 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. The price per share of shares purchased for each participant s account with respect to a particular dividend or other distribution will be the average price (including brokerage commissions, transfer taxes and any other costs of purchase) of all shares purchased with respect to that dividend or other distribution. 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 the Agent 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.

Registered shareholder may terminate participation in the Plan at any time by giving notice to the Agent. Such termination will 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. Shareholders who own shares in a brokerage, bank or other financial institution account must contact the company where their account is held in order to terminate participation in the Plan.

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 American Stock Transfer & Trust Company LLC, 59 Maiden Lane, New York, NY, 10038. Investor Relations Telephone number 1-888-888-0151.

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

	Market Price	Net Asset Value	Premium/ (Discount)	Average Daily Volume/(Shares)
September 30, 2008	$ 9.20	$10.82	(14.97)%	24,108
December 31, 2008	8.90	8.72	2.06	43,032
March 31, 2009	9.10	8.44	7.82	37,089
June 30, 2009	11.45	10.13	13.03	32,450

Semi-Annual Report to Shareholders

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.

Semi-Annual Report to Shareholders

Special Shareholder Notices

On May 20, 2009, the Fund announced monthly distributions of $0.1000 per common share for the months of June, July, August and September 2009. The Fund had previously paid a monthly distribution of $0.09375 per share since March 2005. In declaring the new rate, the Fund cited an increase in net investment income generated by its investment portfolio as a result of high reinvestment rates on the types of securities in which it invests. The lower cost of leverage on the Fund s preferred shares also contributed to the increase in net investment income available to common shareholders.

Additionally, the Fund announced that it will declare distributions quarterly while maintaining its policy of paying distributions monthly, effective with the July 2009 distribution.

This information is not for tax reporting purposes, but is being provided to announce the amount of the Fund s distributions that have been declared by the Board of Trustees. In early 2010, after definitive information is available, the Fund will send shareholders a Form 1099-DIV, if applicable, specifying how the distributions paid by the Fund during the prior calendar year should be characterized for purposes of reporting the distributions on a shareholder s tax return (e.g., ordinary income, long-term capital gain or return of capital).

Portfolio Diversification

June 30, 2009[A]

The pie and bar charts above represent the composition of the Fund s portfolio as of June 30, 2009 and do not include derivatives such as Futures Contracts, Options Written, and Credit Default Swaps.

A *The Fund is actively managed. As a result, the composition of its portfolio holdings and sectors is subject to change at any time.*

B *Standard & Poor s Ratings Services provides capital markets with credit ratings for the evaluation and assessment of credit risk.*

C *Yankee Bond A dollar-denominated bond issued in the U.S. by foreign entities.*

Semi-Annual Report to Shareholders

Portfolio of Investments

June 30, 2009 (Unaudited)

Western Asset Premier Bond Fund

	% OF NET ASSETS	RATE	MATURITY DATE		PAR/ SHARES		VALUE
Long-Term Securities	**149.6%**						
Corporate Bonds and Notes	**77.1%**						
Aerospace and Defense	*2.0%*						
L-3 Communications Corp.		6.375%	10/15/15	$	535,000	$	485,512
Northrop Grumman Corp.		7.750%	2/15/31		1,000,000		1,251,334
The Boeing Co.		6.125%	2/15/33		600,000		610,883
							2,347,729
Airlines	*10.5%*						
America West Airlines Inc.		8.057%	7/2/20		2,755,598		2,232,035
Continental Airlines Inc.		7.160%	3/24/13		669,978		559,432
Continental Airlines Inc.		6.900%	1/2/18		946,155		823,155
Continental Airlines Inc.		6.820%	5/1/18		913,728		721,845
Continental Airlines Inc.		6.545%	2/2/19		1,737,143		1,606,858
Continental Airlines Inc.		8.048%	11/1/20		636,843		534,948
Continental Airlines Inc.		6.703%	6/15/21		819,937		688,747
DAE Aviation Holdings Inc.		11.250%	8/1/15		460,000		266,800A
Northwest Airlines Corp.		7.575%	9/1/20		611,898		458,924
Northwest Airlines Inc.		1.487%	8/6/13		3,003,56		2,072,796B,C
United Air Lines Inc.		7.032%	10/1/10		82,728		81,074
United Air Lines Inc.		7.186%	4/1/11		17,378		17,117
United Air Lines Inc.		6.602%	9/1/13		51,805		51,287
US Airways Pass-Through Trust		6.850%	1/30/18		2,937,253		2,144,194
							12,259,212
Auto Components	*N.M.*						
Visteon Corp.		8.250%	8/1/10		122,000		3,660D
Visteon Corp.		12.250%	12/31/16		306,000		10,710A,D
							14,370
Automobiles	*1.8%*						
DaimlerChrysler NA Holding Corp.		7.300%	1/15/12		1,000,000		1,035,545
DaimlerChrysler NA Holding Corp.		8.500%	1/18/31		1,000,000		1,051,965
General Motors Corp.		8.375%	7/15/33		410,000		52,275D
							2,139,785
Building Products	*0.3%*						

Associated Materials Inc.	11.250%	3/1/14	590,000	259,600
Nortek Inc.	8.500%	9/1/14	45,000	12,825
NTK Holdings Inc.	0.000%	3/1/14	500,000	40,000E
				312,425

Semi-Annual Report to Shareholders

	% OF NET ASSETS	RATE	MATURITY DATE	PAR/ SHARES	VALUE
Corporate Bonds and Notes Continued					
Capital Markets	*1.7%*				
Morgan Stanley		6.600%	4/1/12	$ 1,000,000	$ 1,058,756
The Goldman Sachs Group Inc.		6.600%	1/15/12	900,000	958,253
					2,017,009
Chemicals	*1.0%*				
Georgia Gulf Corp.		9.500%	10/15/14	20,000	6,000F
Georgia Gulf Corp.		10.750%	10/15/16	415,000	41,500F
The Dow Chemical Co.		6.000%	10/1/12	1,000,000	1,012,409
Westlake Chemical Corp.		6.625%	1/15/16	70,000	61,250
					1,121,159
Commercial Services and Supplies	*2.1%*				
Rental Service Corp.		9.500%	12/1/14	300,000	240,750
US Investigations Services Inc.		10.500%	11/1/15	310,000	252,650A
Waste Management Inc.		7.375%	5/15/29	2,000,000	1,972,088
Waste Management Inc.		7.750%	5/15/32	40,000	42,397
					2,507,885
Communications Equipment	*0.6%*				
EchoStar DBS Corp.		7.000%	10/1/13	600,000	570,000
EchoStar DBS Corp.		7.750%	5/31/15	120,000	114,300