

WESTERN ASSET PREMIER BOND FUND
Form N-CSRS
August 22, 2014

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)

620 Eighth Avenue, 49th Floor, New York, NY 10018
(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: June 30, 2014

ITEM 1. REPORT TO STOCKHOLDERS.

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

Semi-Annual Report

June 30, 2014

WESTERN ASSET

PREMIER BOND FUND (WEA)

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

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Fund objective

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

Letter from the president

Dear Shareholder,

We are pleased to provide the semi-annual report of Western Asset Premier Bond Fund for the six-month reporting period ended June 30, 2014. Please read on for Fund performance information and a detailed look at prevailing economic and market conditions during the Fund's reporting period.

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.lmcef.com. 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,

Kenneth D. Fuller

President and Chief Executive Officer

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July 31, 2014

II Western Asset Premier Bond Fund

Investment commentary

Economic review

Since the end of the Great Recession, the U.S. economy has expanded at a slower than usual pace, compared to recent history. U.S. gross domestic product (GDP) growth, as reported by the U.S. Department of Commerce's revised figures, was 4.5% during the third quarter of 2013, its best reading since the fourth quarter of 2011. At the beginning of the six months ended June 30, 2014 (the reporting period), the severe winter weather of January and February played a key role in a sharp reversal in the economy, a 2.1% contraction during the first quarter of 2014. This was the first negative GDP report in three years. Negative contributions were widespread: private inventory investment, exports, state and local government spending, nonresidential and residential fixed investment. Thankfully, this setback was very brief, as the initial reading for second quarter GDP growth, released after the reporting period ended, was 4.0%, suggesting the recovery has some resilience and continues to recover from the severe consequences of the Great Recession. The second quarter rebound in GDP growth was driven by several factors, including increased private inventory investment and exports, as well as an acceleration in personal consumption expenditures and an upturn in state and local government spending.

The U.S. manufacturing sector continued to support the economy during the reporting period. Based on figures for the Institute for Supply Management's Purchasing Managers' Index (PMI), U.S. manufacturing expanded during all six months of the reporting period (a reading below 50 indicates a contraction, whereas a reading above 50 indicates an expansion). After a reading of 56.5 in December 2013, the PMI fell to 51.3 in January 2014, its weakest reading since May 2013. However, the PMI moved up the next four months and was 55.4 in May 2014, and slipped to 55.3 in June, with fifteen of the eighteen industries within the PMI expanding.

The U.S. job market improved during the reporting period. When the period began, unemployment, as reported by the U.S. Department of Labor, was 6.6%. Unemployment then ticked up to 6.7% in February and held steady in March 2014. Unemployment then fell to 6.3% in April and was unchanged in May. The labor market then gathered additional momentum in June, as the unemployment rate fell to 6.1%, the lowest level since September 2008. However, falling unemployment during the period was partially due to a decline in the workforce participation rate, which was 62.8% from May through June 2014, matching the lowest level since 1978. The number of longer-term unemployed, however, declined, as 32.8% of the 9.5 million Americans looking for work in June 2014 had been out of work for more than six months. In contrast, 37.7% of the 10.4 million Americans looking for work in December 2013 had been out of work for more than six months.

Investment commentary (cont d)

Market review

Q. How did the Federal Reserve Board (Fedⁱⁱ) respond to the economic environment?

A. The Fed took a number of actions as it sought to meet its dual mandate of fostering maximum employment and price stability. As has been the case since December 2008, the Fed kept the federal funds rate^{iv} at a historically low range between zero and 0.25%. At its meeting in December 2012, prior to the beginning of the reporting period, the Fed announced that it would continue purchasing \$40 billion per month of agency mortgage-backed securities (MBS), as well as initially purchasing \$45 billion per month of longer-term Treasuries. Following the meeting that concluded on December 18, 2013, the Fed announced that it would begin tapering its monthly asset purchases, saying Beginning in January 2014, the Committee will add to its holdings of agency MBS at a pace of \$35 billion per month rather than \$40 billion per month, and will add to its holdings of longer-term Treasury securities at a pace of \$40 billion per month rather than \$45 billion per month.

At each of the Fed s next four meetings (January, March, April and June 2014), it announced further \$10 billion tapering of its asset purchases. Finally, at its meeting that ended on July 30, 2014, after the reporting period ended, the Fed again cut its monthly asset purchases. Beginning in August, it will buy a total of \$25 billion per month (\$10 billion per month of agency MBS and \$15 billion per month of longer-term Treasuries).

Q. Did Treasury yields trend higher or lower during the six months ended June 30, 2014?

A. Short-term Treasury yields moved higher, whereas long-term Treasury yields declined during the reporting period. When the reporting period began, the yield on the two-year Treasury was 0.38%. It fell as low as 0.30% in early February 2014, and was as high as 0.51% on June 17, 2014, before ending the period at 0.47%. The yield on the ten-year Treasury began the period at 3.04%, its peak for the period. The ten-year Treasury fell as low as 2.44% on May 28, 2014 and ended the period at 2.53%.

Q. What factors impacted the spread sectors (non-Treasuries) during the reporting period?

A. The spread sectors generated positive results during the reporting period, rallying in January and February 2014, as investor demand was solid overall. The majority of spread sectors then modestly declined in March as interest rates moved higher. However, the reporting period ended on an upbeat note as the spread sectors generated positive results from April through June. The overall bond market, as measured by the Barclays U.S. Aggregate Index^v, gained 3.93% during the six months ended June 30, 2014.

Q. How did the high-yield bond market perform over the six months ended June 30, 2014?

A. The U.S. high-yield bond market was among the best performing spread sectors during the reporting period, gaining 5.46% for the six months ended June 30, 2014. The asset class, as measured by the Barclays U.S. Corporate High Yield 2% Issuer Cap Inde^x, posted positive returns during all six months covered by the reporting period. Supporting the high yield market was generally solid investor demand and low defaults.

Performance review

For the six months ended June 30, 2014, Western Asset Premier Bond Fund returned 7.69% based on its net asset value (NAVⁱⁱ) and 6.53% based on its New York Stock Exchange (NYSE) market price per share. The Fund’s unmanaged benchmarks, the Barclays U.S. Corporate High Yield Index^{viii} and the Barclays U.S. Credit Index^{ix}, returned 5.46% and 5.70%, respectively, for the same period. The Lipper Corporate BBB-Rated Debt Closed-End Funds Category Average^x returned 7.21% over the same time frame. 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 \$0.54 per share. As of June 30, 2014, the Fund estimates that all of the distributions were sourced from net investment income.* The performance table shows the Fund’s six-month total return based on its NAV and market price as of June 30, 2014. **Past performance is no guarantee of future results.**

Performance Snapshot as of June 30, 2014
(unaudited)

price per share	6-month total return**
\$15.39 (NAV)	7.69%
\$14.93 (Market Price)	6.53%

All figures represent past performance and are not a guarantee of future results. Performance figures for periods shorter than one year represent cumulative figures and are not annualized.

**** Total returns are based on changes in NAV or market price, respectively. Returns reflect the deduction of all Fund expenses, including management fees, operating expenses, and other Fund expenses. Returns do not reflect the deduction of brokerage commissions or taxes that investors may pay on distributions or the sale of shares.**

Total return assumes the reinvestment of all distributions, including returns of capital, if any, at NAV.

Total return assumes the reinvestment of all distributions, including returns of capital, if any, in additional shares in accordance with the Fund’s Dividend Reinvestment Plan.

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.lmcef.com.

*This estimate is not for tax purposes. The Fund will issue a Form 1099 with final composition of the distributions for tax purposes after year-end. A return of capital is not taxable and results in a reduction in the tax basis of a shareholder’s investment. For more information about a distribution’s composition, please refer to the Fund’s distribution press release or, if applicable, the Section 19 notice located in the press release section of our website, www.lmcef.com.

Investment commentary (cont d)

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,

Kenneth D. Fuller

President and Chief Executive Officer

July 31, 2014

***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.*

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 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 U.S. 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} 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.
- ^v The Barclays 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 U.S. Corporate High Yield 2% Issuer Cap Index is an index of the 2% Issuer Cap component of the Barclays U.S. Corporate High Yield Index, which covers the U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bond market.
- ^{vii} 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.
- ^{viii} The Barclays 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-A securities are also included.
- ^{ix} The Barclays U.S. Credit Index is an index composed of corporate and non-corporate debt issues that are investment grade (rated Baa3/BBB- or higher).
- ^x Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the six-month period ended June 30, 2014, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 8 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 June 30, 2014 and December 31, 2013 and does not include derivatives such as futures contracts and forward foreign currency contracts. 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 June 30, 2014

Total Spread Duration

WEA 4.04 years
Benchmark 4.04 years

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 relative to the selected benchmark sectors as of the end of the reporting period.

ABS	Asset-Backed Securities
Benchmark	Barclays U.S. Credit Index
EM	Emerging Markets
HY	High Yield
IG Credit	Investment Grade Credit
MBS	Mortgage-Backed Securities
WEA	Western Asset Premier Bond Fund

Effective duration (unaudited)

Interest rate exposure June 30, 2014

Total Effective Duration

WEA 3.19 years
Benchmark 4.04 years

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 sectors relative to the selected benchmark sectors as of the end of the reporting period.

ABS	Asset-Backed Securities
Benchmark	Barclays U.S. Credit Index
EM	Emerging Markets
HY	High Yield
IG Credit	Investment Grade Credit
MBS	Mortgage-Backed Securities
WEA	Western Asset Premier Bond Fund

Schedule of investments (unaudited)

June 30, 2014

Western Asset Premier Bond Fund

	Rate	Maturity Date	Face Amount	Value
Security				
Corporate Bonds & Notes	80.8%			
Consumer Discretionary	10.5%			
<i>Automobiles 2.4%</i>				
DaimlerChrysler NA Holding Corp., Notes	8.500%	1/18/31	1,000,000	\$ 1,516,881
Ford Motor Credit Co., LLC, Senior Notes	12.000%	5/15/15	1,030,000	1,131,589
Ford Motor Credit Co., LLC, Senior Notes	8.000%	12/15/16	680,000	789,908
Ford Motor Credit Co., LLC, Senior Notes	2.375%	1/16/18	1,000,000	1,021,510
<i>Total Automobiles</i>				<i>4,459,888</i>
<i>Diversified Consumer Services 0.0%</i>				
Service Corp. International, Senior Notes	7.625%	10/1/18	5,000	5,863
Service Corp. International, Senior Notes	7.500%	4/1/27	60,000	66,300
<i>Total Diversified Consumer Services</i>				<i>72,163</i>
<i>Hotels, Restaurants & Leisure 1.1%</i>				
Arcos Dorados Holdings Inc., Senior Notes	6.625%	9/27/23	120,000	126,000 ^(a)
Caesars Entertainment Operating Co. Inc., Senior Secured Notes	9.000%	2/15/20	160,000	133,200
CCM Merger Inc., Senior Notes	9.125%	5/1/19	570,000	611,325 ^(a)
Greektown Holdings LLC/Greektown Mothership Corp., Senior Secured Notes	8.875%	3/15/19	280,000	285,600 ^(a)
Landry's Holdings II Inc., Senior Notes	10.250%	1/1/18	720,000	763,200 ^(a)
<i>Total Hotels, Restaurants & Leisure</i>				<i>1,919,325</i>
<i>Household Durables 0.2%</i>				
William Lyon Homes Inc., Senior Notes	8.500%	11/15/20	390,000	436,313
<i>Media 6.6%</i>				
21st Century Fox America Inc., Notes	8.875%	4/26/23	400,000	539,134
Comcast Corp., Notes	5.900%	3/15/16	400,000	435,468
Comcast Corp., Notes	7.050%	3/15/33	1,000,000	1,347,731
CSC Holdings LLC, Senior Notes	6.750%	11/15/21	1,000,000	1,100,000
DISH DBS Corp., Senior Notes	7.875%	9/1/19	385,000	457,187
Nara Cable Funding Ltd., Senior Secured Notes	8.875%	12/1/18	1,500,000	1,601,250 ^(a)
New Cotai LLC/New Cotai Capital Corp., Senior Secured Notes	10.625%	5/1/19	344,967	396,712 ^{(a)(b)}
Time Warner Cable Inc., Debentures	7.300%	7/1/38	720,000	968,561
Time Warner Cable Inc., Senior Notes	5.850%	5/1/17	500,000	562,334
Time Warner Inc., Senior Debentures	7.700%	5/1/32	980,000	1,360,871
UPC Holding BV, Junior Secured Subordinated Notes	6.375%	9/15/22	1,820,000 ^{EUR}	2,716,418 ^(a)
WMG Acquisition Corp., Senior Notes	6.750%	4/15/22	530,000	530,000 ^(a)
<i>Total Media</i>				<i>12,015,666</i>
<i>Specialty Retail 0.2%</i>				
Hot Topic Inc., Senior Secured Notes	9.250%	6/15/21	270,000	299,700 ^(a)
Total Consumer Discretionary				19,203,055

See Notes to Financial Statements.

Western Asset Premier Bond Fund

Security	Rate	Maturity Date	Face Amount	Value
Consumer Staples 4.6%				
<i>Food & Staples Retailing 2.1%</i>				
CVS Pass-Through Trust, Secured Bonds	5.789%	1/10/26	468,280	\$ 524,834 ^(a)
CVS Pass-Through Trust, Secured Notes	5.880%	1/10/28	470,148	529,259
CVS Pass-Through Trust, Secured Notes	6.036%	12/10/28	467,028	537,623
CVS Pass-Through Trust, Secured Notes	6.943%	1/10/30	447,446	540,853
CVS Pass-Through Trust, Secured Notes	7.507%	1/10/32	434,882	542,932 ^(a)
Kroger Co., Senior Notes	6.400%	8/15/17	1,090,000	1,248,726
<i>Total Food & Staples Retailing</i>				<i>3,924,227</i>
<i>Food Products 2.5%</i>				
Ahold Lease USA Inc., Pass-Through Certificates	8.620%	1/2/25	686,921	830,687
Chiquita Brands International Inc./Chiquita Brands LLC, Senior Secured Notes	7.875%	2/1/21	465,000	506,269
Hearthside Group Holdings LLC/Hearthside Finance Co., Senior Notes	6.500%	5/1/22	500,000	498,750 ^(a)
Simmons Foods Inc., Senior Secured Notes	10.500%	11/1/17	500,000	535,625 ^(a)
Wells Enterprises Inc., Senior Secured Notes	6.750%	2/1/20	176,000	185,020 ^(a)
WM Wrigley Jr. Co., Senior Notes	2.000%	10/20/17	2,000,000	2,029,348 ^(a)
<i>Total Food Products</i>				<i>4,585,699</i>
Total Consumer Staples				8,509,926
Energy 9.5%				
<i>Energy Equipment & Services 1.2%</i>				
CGG, Senior Notes	6.500%	6/1/21	750,000	744,375
FTS International Inc., Senior Secured Notes	6.250%	5/1/22	370,000	378,325 ^(a)
Hercules Offshore Inc., Senior Notes	8.750%	7/15/21	410,000	433,575 ^(a)
Hercules Offshore Inc., Senior Notes	7.500%	10/1/21	650,000	645,125 ^(a)
<i>Total Energy Equipment & Services</i>				<i>2,201,400</i>
<i>Oil, Gas & Consumable Fuels 8.3%</i>				
Anadarko Finance Co., Senior Notes	7.500%	5/1/31	570,000	776,013
Arch Coal Inc., Senior Notes	7.000%	6/15/19	1,080,000	818,100
Atlas Pipeline Partners LP/Atlas Pipeline Finance Corp., Senior Notes	6.625%	10/1/20	170,000	180,625
Burlington Resources Finance Co., Senior Notes	7.400%	12/1/31	450,000	634,919
Calumet Specialty Products Partners LP/Calumet Finance Corp., Senior Notes	6.500%	4/15/21	900,000	918,000 ^(a)
Colorado Interstate Gas Co., Senior Notes	6.800%	11/15/15	150,000	161,985
CONSOL Energy Inc., Senior Notes	8.250%	4/1/20	440,000	476,300
Devon Energy Corp., Debentures	7.950%	4/15/32	310,000	438,977
Devon Energy Corp., Senior Notes	1.875%	5/15/17	1,000,000	1,017,275
Ecopetrol SA, Senior Notes	5.875%	9/18/23	55,000	61,738

See Notes to Financial Statements.

Schedule of investments (unaudited) (cont d)

June 30, 2014

Western Asset Premier Bond Fund

Security	Rate	Maturity Date	Face Amount	Value
<i>Oil, Gas & Consumable Fuels continued</i>				
Ecopetrol SA, Senior Notes	5.875%	5/28/45	130,000	\$ 134,456
El Paso Corp., Medium-Term Notes	7.800%	8/1/31	190,000	206,150
EXCO Resources Inc., Senior Notes	8.500%	4/15/22	320,000	345,600
Halcon Resources Corp., Senior Notes	9.750%	7/15/20	670,000	731,138
Hess Corp., Notes	7.875%	10/1/29	350,000	482,294
Lonestar Resources America Inc., Senior Notes	8.750%	4/15/19	180,000	181,800 ^(a)
Magnum Hunter Resources Corp., Senior Notes	9.750%	5/15/20	740,000	817,700
MEG Energy Corp., Senior Notes	7.000%	3/31/24	840,000	926,100 ^(a)
Natural Resource Partners LP/Natural Resource Partners Finance Corp., Senior Notes	9.125%	10/1/18	370,000	388,500 ^(a)
Parsley Energy LLC/Parsley Finance Corp., Senior Notes	7.500%	2/15/22	150,000	160,125 ^(a)
Petrobras International Finance Co., Senior Notes	5.375%	1/27/21	960,000	1,000,541
Plains Exploration & Production Co., Senior Notes	8.625%	10/15/19	125,000	133,750
Plains Exploration & Production Co., Senior Notes	6.500%	11/15/20	429,000	478,871
Plains Exploration & Production Co., Senior Notes	6.875%	2/15/23	650,000	760,500
Regency Energy Partners LP/Regency Energy Finance Corp., Senior Notes	5.875%	3/1/22	80,000	86,900
Reliance Holdings USA Inc., Senior Notes	5.400%	2/14/22	250,000	269,940 ^(c)
Sanchez Energy Corp., Senior Notes	7.750%	6/15/21	710,000	770,350 ^(a)
Summit Midstream Holdings LLC/Summit Midstream Finance Corp., Senior Notes	7.500%	7/1/21	230,000	250,700
Transocean Inc., Senior Notes	5.050%	12/15/16	1,000,000	1,086,322
Williams Cos. Inc., Debentures	7.500%	1/15/31	413,000	488,480
Williams Cos. Inc., Senior Notes	8.750%	3/15/32	39,000	50,847
<i>Total Oil, Gas & Consumable Fuels</i>				<i>15,234,996</i>
Total Energy				17,436,396
Financials 23.5%				
<i>Banks 16.2%</i>				
Bank of America Corp., Senior Notes	3.750%	7/12/16	1,000,000	1,051,959
Bank of America Corp., Senior Notes	5.000%	5/13/21	1,100,000	1,227,809
Barclays Bank PLC, Subordinated Notes	10.179%	6/12/21	610,000	843,758 ^(a)
Barclays Bank PLC, Subordinated Notes	7.625%	11/21/22	2,500,000	2,853,750
Capital One N.A., Senior Notes	1.500%	3/22/18	1,810,000	1,793,124
Citigroup Inc., Senior Notes	1.700%	7/25/16	1,000,000	1,013,144
Citigroup Inc., Subordinated Notes	3.500%	5/15/23	500,000	486,723
Citigroup Inc., Subordinated Notes	6.625%	6/15/32	1,000,000	1,203,296
Credit Agricole SA, Subordinated Notes	8.375%	10/13/19	1,610,000	1,901,812 ^{(a)(d)(e)}
HBOS PLC, Subordinated Notes	6.750%	5/21/18	700,000	806,420 ^(a)
Intesa Sanpaolo SpA, Senior Notes	3.625%	8/12/15	300,000	306,512 ^(a)

See Notes to Financial Statements.

Western Asset Premier Bond Fund

Security	Rate	Maturity Date	Face Amount	Value
<i>Banks continued</i>				
Intesa Sanpaolo SpA, Senior Notes	3.875%	1/16/18	1,000,000	\$ 1,053,937
Intesa Sanpaolo SpA, Subordinated Bonds	5.017%	6/26/24	910,000	920,752 ^(a)
JPMorgan Chase & Co., Junior Subordinated Bonds	6.000%	8/1/23	1,910,000	1,948,200 ^{(d)(e)}
JPMorgan Chase & Co., Subordinated Notes	5.125%	9/15/14	1,300,000	1,312,329
M&T Bank Corp., Junior Subordinated Bonds	6.875%	6/15/16	760,000	768,881 ^(e)
Royal Bank of Scotland Group PLC, Subordinated Notes	6.100%	6/10/23	1,470,000	1,609,053
Royal Bank of Scotland Group PLC, Subordinated Notes	6.000%	12/19/23	150,000	162,181
Royal Bank of Scotland Group PLC, Subordinated Notes	5.125%	5/28/24	1,580,000	1,604,330
Royal Bank of Scotland NV, Subordinated Notes	7.750%	5/15/23	140,000	160,628
Santander UK PLC, Subordinated Notes	5.000%	11/7/23	510,000	550,816 ^(a)
Santander US Debt SA Unipersonal, Senior Notes	3.724%	1/20/15	300,000	304,439 ^(a)
Wachovia Capital Trust III, Junior Subordinated Bonds	5.570%	8/11/14	2,530,000	2,454,100 ^{(d)(e)}
Wells Fargo & Co., Junior Subordinated Bonds	5.900%	6/15/24	3,090,000	3,275,400 ^{(d)(e)}
<i>Total Banks</i>				<i>29,613,353</i>
<i>Capital Markets 2.8%</i>				
Deutsche Bank AG, Subordinated Notes	4.296%	5/24/28	2,000,000	1,960,240 ^(d)
Goldman Sachs Group Inc., Senior Notes	6.150%	4/1/18	1,000,000	1,146,820
Goldman Sachs Group Inc., Senior Notes	5.250%	7/27/21	800,000	898,346
Goldman Sachs Group Inc., Subordinated Notes	6.750%	10/1/37	1,000,000	1,203,034
<i>Total Capital Markets</i>				<i>5,208,440</i>
<i>Consumer Finance 0.5%</i>				
Ally Financial Inc., Senior Notes	8.000%	3/15/20	350,000	425,250
Capital One Financial Corp., Subordinated Notes	6.150%	9/1/16	500,000	553,333
<i>Total Consumer Finance</i>				<i>978,583</i>
<i>Diversified Financial Services 2.5%</i>				
General Electric Capital Corp., Notes	5.300%	2/11/21	450,000	511,704
General Electric Capital Corp., Subordinated Debentures	6.375%	11/15/67	500,000	557,500 ^(d)
International Lease Finance Corp., Senior Notes	8.750%	3/15/17	1,380,000	1,604,250
International Lease Finance Corp., Senior Notes	5.875%	8/15/22	750,000	819,375
International Lease Finance Corp., Senior Secured Notes	7.125%	9/1/18	400,000	464,000 ^(a)
ZFS Finance USA Trust II, Bonds	6.450%	12/15/65	500,000	538,750 ^{(a)(d)}
<i>Total Diversified Financial Services</i>				<i>4,495,579</i>
<i>Insurance 1.1%</i>				
Liberty Mutual Group Inc., Junior Subordinated Bonds	7.800%	3/15/37	200,000	236,000 ^(a)
Metlife Inc., Junior Subordinated Notes	10.750%	8/1/39	500,000	794,375
XL Capital Ltd., Senior Notes	5.250%	9/15/14	1,000,000	1,009,864
<i>Total Insurance</i>				<i>2,040,239</i>

See Notes to Financial Statements.

Schedule of investments (unaudited) (cont d)

June 30, 2014

Western Asset Premier Bond Fund

	Rate	Maturity Date	Face Amount	Value
Security				
<i>Real Estate Management & Development</i> 0.4%				
Howard Hughes Corp., Senior Notes	6.875%	10/1/21	690,000	\$ 738,300 ^(a)
Total Financials				43,074,494
Health Care 1.3%				
<i>Health Care Equipment & Supplies</i> 0.5%				
ConvaTec Finance International SA, Senior Notes	8.250%	1/15/19	340,000	347,650 ^{(a)(b)}
Lantheus Medical Imaging Inc., Senior Notes	9.750%	5/15/17	610,000	633,638
<i>Total Health Care Equipment & Supplies</i>				<i>981,288</i>
<i>Health Care Providers & Services</i> 0.8%				
HCA Inc., Debentures	7.500%	11/15/95	475,000	446,500
HCA Inc., Notes	7.690%	6/15/25	90,000	101,475
IASIS Healthcare LLC/IASIS Capital Corp., Senior Notes	8.375%	5/15/19	230,000	245,237
Tenet Healthcare Corp., Senior Notes	8.125%	4/1/22	480,000	555,600
<i>Total Health Care Providers & Services</i>				<i>1,348,812</i>
Total Health Care				2,330,100
Industrials 11.4%				
<i>Aerospace & Defense</i> 0.6%				
Boeing Co., Notes	6.125%	2/15/33	600,000	771,800
GenCorp Inc., Secured Notes	7.125%	3/15/21	250,000	273,125
<i>Total Aerospace & Defense</i>				<i>1,044,925</i>
<i>Airlines</i> 6.8%				
Air 2 US, Notes	8.027%	10/1/19	1,406,763	1,491,168 ^(a)
America West Airlines Inc., Pass-Through Certificates, Ambac Assurance Corp.	8.057%	7/2/20	1,654,421	1,906,720
Delta Air Lines Inc., Pass-Through Certificates, Secured Notes	8.021%	8/10/22	128,654	150,525
Northwest Airlines Corp., Pass-Through Certificates	7.575%	3/1/19	362,043	408,203
United Airlines Inc., Pass-Through Certificates	6.900%	1/2/18	533,354	573,355
United Airlines Inc., Pass-Through Certificates	6.820%	5/1/18	587,355	646,091
United Airlines Inc., Pass-Through Certificates	6.545%	2/2/19	823,076	912,544
United Airlines Inc., Pass-Through Certificates	8.048%	11/1/20	455,416	524,001
United Airlines Inc., Pass-Through Certificates	6.703%	6/15/21	663,211	724,558
United Airlines Inc., Pass-Through Certificates, Secured Notes	6.250%	4/11/20	898,647	979,526
US Airways, Pass-Through Trust, Pass-Through Certificates	6.850%	1/30/18	2,082,883	2,249,514
US Airways, Pass-Through Trust, Secured Notes	7.125%	10/22/23	1,692,653	1,984,636
<i>Total Airlines</i>				<i>12,550,841</i>
<i>Commercial Services & Supplies</i> 0.4%				
Taylor Morrison Communities Inc./Monarch Communities Inc., Senior Notes	7.750%	4/15/20	590,000	644,575 ^(a)
Taylor Morrison Communities Inc./Monarch Communities Inc., Senior Notes	7.750%	4/15/20	72,000	78,660 ^(a)
<i>Total Commercial Services & Supplies</i>				<i>723,235</i>

See Notes to Financial Statements.

Western Asset Premier Bond Fund

	Rate	Maturity Date	Face Amount	Value
Security				
<i>Construction & Engineering 0.9%</i>				
Ausdrill Finance Pty Ltd., Senior Notes	6.875%	11/1/19	270,000	\$ 251,775 (a)
Michael Baker International LLC/CDL Acquisition Co. Inc., Senior Secured Notes	8.250%	10/15/18	610,000	649,650 (a)
Modular Space Corp., Secured Notes	10.250%	1/31/19	360,000	378,900 (a)
OAS Investments GmbH, Senior Notes	8.250%	10/19/19	200,000	207,000 (a)
Odebrecht Offshore Drilling Finance Ltd., Senior Secured Notes	6.625%	10/1/22	197,780	210,643 (a)
<i>Total Construction & Engineering</i>				1,697,968
<i>Electrical Equipment 0.2%</i>				
International Wire Group Holdings Inc., Senior Secured Notes	8.500%	10/15/17	340,000	368,900 (a)
<i>Machinery 0.4%</i>				
SPL Logistics Escrow LLC/SPL Logistics Finance Corp., Senior Secured Notes	8.875%	8/1/20	710,000	795,200 (a)
<i>Marine 1.2%</i>				
Horizon Lines LLC, Senior Secured Notes	11.000%	10/15/16	1,673,000	1,677,182
Navios Maritime Acquisition Corp./Navios Acquisition Finance U.S. Inc., Senior Secured Notes	8.125%	11/15/21	470,000	491,150 (a)
<i>Total Marine</i>				2,168,332
<i>Road & Rail 0.5%</i>				
Florida East Coast Holdings Corp., Senior Notes	9.750%	5/1/20	620,000	654,875 (a)
Jurassic Holdings III Inc., Secured Notes	6.875%	2/15/21	280,000	285,600 (a)
<i>Total Road & Rail</i>				940,475
<i>Trading Companies & Distributors 0.4%</i>				
H&E Equipment Services Inc., Senior Notes	7.000%	9/1/22	590,000	651,950
Total Industrials				20,941,826
<i>Information Technology 2.1%</i>				
<i>IT Services 1.6%</i>				
Compiler Finance Subordinated Inc., Senior Notes	7.000%	5/1/21	465,000	471,975 (a)
Electronic Data Systems Corp., Notes	7.450%	10/15/29	500,000	613,609
First Data Corp., Senior Notes	12.625%	1/15/21	940,000	1,157,375
First Data Corp., Senior Secured Notes	6.750%	11/1/20	98,000	106,085 (a)
First Data Corp., Senior Subordinated Notes	11.750%	8/15/21	208,000	246,740
Interactive Data Corp., Senior Notes	5.875%	4/15/19	270,000	274,050 (a)
<i>Total IT Services</i>				2,869,834
<i>Software 0.2%</i>				
Interface Security Systems Holdings Inc./Interface Security Systems LLC, Senior Secured Notes	9.250%	1/15/18	340,000	349,350 (a)
<i>Technology Hardware, Storage & Peripherals 0.3%</i>				
Hewlett-Packard Co., Senior Notes	4.650%	12/9/21	500,000	545,506
Total Information Technology				3,764,690

See Notes to Financial Statements.

Schedule of investments (unaudited) (cont d)

June 30, 2014

Western Asset Premier Bond Fund

	Rate	Maturity Date	Face Amount	Value
Security				
Materials 4.8%				
<i>Chemicals 0.3%</i>				
Braskem Finance Ltd., Senior Notes	5.375%	5/2/22	230,000	\$ 233,450 ^(a)
HIG BBC Intermediate Holdings LLC/HIG BBC Holdings Corp., Senior Notes	10.500%	9/15/18	250,000	256,250 ^{(a)(b)}
<i>Total Chemicals</i>				<i>489,700</i>
<i>Construction Materials 0.3%</i>				
Cemex SAB de CV, Senior Secured Notes	9.000%	1/11/18	560,000	602,000 ^(c)
<i>Containers & Packaging 1.1%</i>				
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	9.125%	10/15/20	415,000	457,537 ^(a)
Ardagh Packaging Finance PLC/Ardagh MP Holdings USA Inc., Senior Notes	7.000%	11/15/20	213,529	221,003 ^(a)
Exopack Holdings SA, Senior Notes	7.875%	11/1/19	590,000	631,300 ^(a)
Pactiv LLC, Senior Notes	7.950%	12/15/25	50,000	53,500
Reynolds Group Issuer Inc./Reynolds Group Issuer LLC/Reynolds Group Issuer (Luxembourg) SA, Senior Notes	9.875%	8/15/19	630,000	697,725
<i>Total Containers & Packaging</i>				<i>2,061,065</i>
<i>Metals & Mining 2.3%</i>				
AngloGold Ashanti Holdings PLC, Senior Notes	8.500%	7/30/20	198,000	221,760
Barrick Gold Corp., Senior Notes	6.950%	4/1/19	300,000	357,768
Cliffs Natural Resources Inc., Senior Notes	3.950%	1/15/18	960,000	972,796
Molycorp Inc., Senior Secured Notes	10.000%	6/1/20	370,000	340,400
Prince Mineral Holding Corp., Senior Secured Notes	12.000%	12/15/19	260,000	293,150 ^(a)
Ryerson Inc./Joseph T. Ryerson & Son Inc., Senior Notes	11.250%	10/15/18	620,000	691,300
SunCoke Energy Partners LP/SunCoke Energy Partners Finance Corp., Senior Notes	7.375%	2/1/20	200,000	213,500 ^(a)
SunCoke Energy Partners LP/SunCoke Energy Partners Finance Corp., Senior Notes	7.375%	2/1/20	90,000	96,075 ^(a)
Vedanta Resources PLC, Senior Bonds	8.250%	6/7/21	580,000	649,600 ^(c)
<i>Total Metals & Mining</i>				<i>4,257,749</i>
<i>Paper & Forest Products 0.8%</i>				
Fibria Overseas Finance Ltd., Senior Notes	5.250%	5/12/24	610,000	606,950
Weyerhaeuser Co., Debentures	7.375%	3/15/32	560,000	756,655
<i>Total Paper & Forest Products</i>				<i>1,363,605</i>
Total Materials				8,774,119
Telecommunication Services 10.9%				
<i>Diversified Telecommunication Services 9.8%</i>				
AT&T Inc., Senior Notes	5.625%	6/15/16	400,000	437,038
AT&T Inc., Senior Notes	5.350%	9/1/40	170,000	184,912

See Notes to Financial Statements.

Western Asset Premier Bond Fund

Security	Rate	Maturity Date	Face Amount	Value
<i>Diversified Telecommunication Services continued</i>				
Cincinnati Bell Telephone Co., Senior Debentures	6.300%	12/1/28	25,000	\$ 24,063
Intelsat Jackson Holdings SA, Senior Bonds	5.500%	8/1/23	750,000	746,250 ^(a)
Level 3 Financing Inc., Senior Notes	8.625%	7/15/20	290,000	324,800
Level 3 Financing Inc., Senior Notes	6.125%	1/15/21	530,000	567,762 ^(a)
Orange, Notes	9.000%	3/1/31	600,000	903,029
Qwest Corp., Senior Notes	7.500%	10/1/14	150,000	152,539
Qwest Corp., Senior Notes	6.750%	12/1/21	2,000,000	2,315,480
Telecom Italia SpA				