

WESTERN ASSET PREMIER BOND FUND
Form N-CSR
March 08, 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 Fund:	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:	(626) 844-9400
Date of fiscal year end:	December 31, 2005
Date of reporting period:	December 31, 2005

Item 1. Report to Shareholders

Western Asset
Premier Bond Fund

Annual Report to Shareholders

December 31, 2005

Annual Report to Shareholders

FUND PERFORMANCE^A

The total return of Western Asset Premier Bond Fund (the Fund) including reinvestment of dividends for the year ended December 31, 2005 was -7.83% as measured by price and 4.31% as measured by NAV. We believe the major reason for the difference between the 2 measures is attributable to a reduction in the Fund's monthly dividend that was declared on April 1, 2005. The reduction was primarily a result of the flattening of the yield curve due to the continued general decline in the level of intermediate and long yields. For example, from December 31, 2004 to December 31, 2005 the yield curve as measured by comparing 2 year to 30 year US Treasury rates flattened over 150 basis points. The flattening of the curve had a negative impact on the Fund's use of leverage and the decline in rates reduced its reinvestment yields. The Fund maintained a position in US Governments (primarily inflation-protected securities), asset-backed securities, mortgages, investment grade credit, high yield credit and emerging market sovereign debt. All of these sectors generated positive absolute returns for the period.

PORTFOLIO DIVERSIFICATION

December 31, 2005

The pie chart and bar chart above represent the Fund's portfolio as of December 31, 2005. The Fund's portfolio is actively managed, and its portfolio composition, credit quality breakdown, and other portfolio characteristics will vary from time to time.

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
March 31, 2005	\$ 14.32	\$ 14.97	(4.34)%	16,610
June 30, 2005	15.37	15.41	(0.26)%	11,342
September 30, 2005	14.86	15.26	(2.62)%	10,644
December 31, 2005	13.72	14.93	(8.10)%	15,905

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.

^A Past performance does not guarantee future results. The investment return and principal value of the Fund will fluctuate so that an investor's shares, when redeemed, may be worth more or less than the original cost. Calculations are based on net asset value or market values and assume reinvestment of dividends and capital gain distributions. Returns do not reflect the deduction of taxes that a shareholder would pay on Fund distributions or the sale of Fund shares.

^B Ratings shown are expressed as a percentage of the Fund's portfolio.

^C Expressed as a percentage of the Fund's portfolio.

Annual Report to Shareholders

PORTFOLIO OF INVESTMENTS

December 31, 2005

(Amounts in Thousands)

Western Asset Premier Bond Fund

	% OF NET ASSETS	RATE	MATURITY DATE	PAR	VALUE
Long-Term Securities	153.8%				
Corporate Bonds and Notes	75.8%				
<i>Advertising</i>	<i>0.1%</i>				
World Directories Acquisition Subsidiary Corp.		8.375%	12/01/14	\$ 230	\$ 223 _A
<i>Aerospace/Defense</i>	<i>2.3%</i>				
Northrop Grumman Corporation		7.750%	02/15/31	1,000	1,278
Raytheon Company		6.750%	08/15/07	584	598
Raytheon Company		7.200%	08/15/27	1,000	1,182
The Boeing Company		6.125%	02/15/33	600	660
TransDigm Inc.		8.375%	07/15/11	130	137
					<u>3,855</u>
<i>Apparel</i>	<i>0.4%</i>				
Levi Strauss & Co.		8.804%	04/01/12	215	217 _B
Oxford Industries, Inc.		8.875%	06/01/11	270	275
Russell Corporation		9.250%	05/01/10	220	223
					<u>715</u>
<i>Auto Parts and Equipment</i>	<i>1.1%</i>				
Commercial Vehicle Group, Inc.		8.000%	07/01/13	250	247 _A
Keystone Automotive Operations Inc.		9.750%	11/01/13	480	415
Tenneco Automotive Inc.		10.250%	07/15/13	230	251
TRW Automotive Inc.		11.000%	02/15/13	120	135
TRW Automotive Inc.		9.375%	02/15/13	180	195
Visteon Corporation		8.250%	08/01/10	680	578
					<u>1,821</u>
<i>Automotive</i>	<i>1.5%</i>				
Asbury Automotive Group Inc.		9.000%	06/15/12	235	235
DaimlerChrysler NA Holdings Corp.		7.300%	01/15/12	1,000	1,079
DaimlerChrysler NA Holdings Corp.		8.500%	01/18/31	1,000	1,210

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					2,524
					<hr/>
<i>Banking and Finance</i>		<i>2.3%</i>			
Boeing Capital Corporation	6.500%	02/15/12	1,000	1,079	
Boeing Capital Corporation	5.800%	01/15/13	400	419	
Fuji JGB Inv	9.870%	06/30/08	790	874 _{A,B}	
HSBC Finance Corporation	4.750%	07/15/13	1,670	1,614 _C	
					<hr/>
					3,986
					<hr/>

Annual Report to Shareholders

	% OF NET ASSETS	RATE	MATURITY DATE	PAR	VALUE
Corporate Bonds and Notes Continued					
<i>Banks</i> 0.3%					
Washington Mutual Bank FA		5.500%	01/15/13	\$ 440	\$ 447
<i>Building Materials</i> 0.5%					
Associated Materials Inc.		0.000%	03/01/14	720	353 _D
NTK Holdings, Inc.		0.000%	03/01/14	260	163 _D
Nortek Inc.		8.500%	09/01/14	290	280
					796
<i>Cable</i> 2.2%					
Charter Communication Holdings I		0.000%	05/15/14	370	205 _{A,D}
Charter Communication Holdings II		10.250%	09/15/10	492	490
Comcast Cable Communications, Inc.		6.750%	01/30/11	500	529
Comcast Corporation		6.500%	01/15/15	400	423
Comcast Corporation		7.050%	03/15/33	1,000	1,080
CSC Holdings Inc.		8.125%	08/15/09	383	387
CSC Holdings Inc.		7.000%	04/15/12	250	236 _A
LodgeNet Entertainment Corporation		9.500%	06/15/13	321	349
					3,699
<i>Casino Resorts</i> 0.7%					
Ameristar Casinos, Inc.		10.750%	02/15/09	500	530
Inn of The Mountain Gods		12.000%	11/15/10	530	525
Pinnacle Entertainment, Inc.		8.250%	03/15/12	250	258
Premier Entertainment Biloxi LLC		10.750%	02/01/12	707	682
					1,995
<i>Chemicals</i> 1.7%					
The Dow Chemical Company		6.000%	10/01/12	2,500	2,627
Westlake Chemical Corporation		8.750%	07/15/11	234	250
					2,877
<i>Coal</i> 0.2%					
Alpha Natural Resources		10.000%	06/01/12	350	378
<i>Computers Services and Systems</i> 1.7%					
Activant Solutions, Inc.		10.054%	04/01/10	250	258 _{A,B}
DynCorp Inc.		9.500%	02/15/13	550	572 _A
Electronic Data Systems Corporation		7.125%	10/15/09	700	744
Electronic Data Systems Corporation		7.450%	10/15/29	500	532

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International Business Machines Corporation	4.750%	11/29/12	240	238
Sungard Data Systems Inc.	10.250%	08/15/15	630	630 ^A
				<hr/>
				2,974
				<hr/>

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>Containers and Packaging</i> 0.5%					
Graham Packaging Company Inc.		9.875%	10/15/14	\$ 238	\$ 232
Graphic Packaging International Corp.		9.500%	08/15/13	250	239
Owens-Brockway Glass Container Inc.		8.750%	11/15/12	330	355
					826
<i>Construction Machinery</i> 0.2%					
H&E Equipment/Finance Corp.		11.125%	06/15/12	390	431
<i>Diversified Financial Services</i> 3.1%					
AAC Group Holding Corp.		0.000%	10/01/12	440	318 ^D
CIT Group Inc.		7.750%	04/02/12	1,600	1,815 ^C
Citigroup Inc.		6.625%	06/15/32	1,000	1,130 ^C
CitiSteel USA Inc.		11.553%	09/01/10	350	348 ^{A,B}
General Electric Capital Corporation		3.750%	12/15/09	740	710
General Electric Capital Corporation		6.000%	06/15/12	700	737
General Electric Capital Corporation		5.450%	01/15/13	250	256
					5,314
<i>Drug & Grocery Store Chains</i> 1.5%					
CVS Lease Pass Through		5.880%	01/10/28	1,600	1,615 ^A
Delhaize America, Inc.		8.125%	04/15/11	230	251
Delhaize America, Inc.		9.000%	04/15/31	180	212
Safeway Inc.		5.800%	08/15/12	500	503
					2,581
<i>Electric</i> 7.1%					
Dominion Resources, Inc.		5.700%	09/17/12	770	783
Duke Energy Corporation		6.250%	01/15/12	250	263
Elwood Energy LLC		8.159%	07/05/26	373	401
Exelon Generation Co. LLC		6.950%	06/15/11	2,000	2,156
FirstEnergy Corp.		6.450%	11/15/11	610	647
FirstEnergy Corp.		7.375%	11/15/31	3,040	3,587
MidAmerican Energy Holdings Company		5.875%	10/01/12	250	258
Niagara Mohawk Power Corporation		7.750%	10/01/08	1,500	1,602
Progress Energy, Inc.		7.100%	03/01/11	250	270
Progress Energy, Inc.		6.850%	04/15/12	750	805
Texas Genco LLC		6.875%	12/15/14	86	93 ^A
The AES Corporation		7.750%	03/01/14	430	451

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The AES Corporation	9.000%	05/15/15	440	482 _A
TXU Electric Delivery Company	7.000%	09/01/22	250	278
				12,076
<i>Energy</i>	<i>0.2%</i>			
Midwest Generation LLC	8.750%	05/01/34	325	358

Annual Report to Shareholders

	% OF NET ASSETS	RATE	MATURITY DATE	PAR	VALUE
Corporate Bonds and Notes Continued					
<i>Entertainment</i> 0.1%					
Warner Music Group		7.375%	04/15/14	\$ 110	\$ 109
<i>Environmental Services</i> 1.7%					
Allied Waste North America Incorporated		8.875%	04/01/08	350	369
Waste Management, Inc.		7.375%	05/15/29	2,000	2,337
Waste Management, Inc.		7.750%	05/15/32	40	49
Waste Services Inc.		9.500%	04/15/14	230	230
					2,985
<i>Food, Beverage and Tobacco</i> 2.2%					
Altria Group, Inc.		7.000%	11/04/13	250	274
Altria Group, Inc.		7.750%	01/15/27	1,000	1,187
Kraft Foods Inc.		5.250%	10/01/13	400	400
Nabisco Inc.		7.550%	06/15/15	1,500	1,748
RJ Reynolds Tobacco		6.500%	07/15/10	160	159 _A
					3,768
<i>Gas and Pipeline Utilities</i> 3.9%					
Colorado Interstate Gas Company		6.800%	11/15/15	150	153 _A
Duke Energy Field Services Corporation		7.875%	08/16/10	750	829
Dynegy Holdings Inc.		8.750%	02/15/12	1,500	1,620
Kinder Morgan Energy Partners, L.P.		7.125%	03/15/12	500	547
Panhandle Eastern Pipe Line Company		4.800%	08/15/08	400	395
Texas Eastern Transmission		5.250%	07/15/07	750	752
The Williams Companies, Inc.		7.500%	01/15/31	902	934
The Williams Companies, Inc.		8.750%	03/15/32	1,200	1,392
					6,622
<i>Healthcare</i> 2.4%					
Fresenius Medical Care Capital Trust II		7.875%	02/01/08	250	258
Tenet Healthcare Corporation		9.875%	07/01/14	713	722
Tenet Healthcare Corporation		9.250%	02/01/15	2,810	2,789 _A
Vanguard Health Holding Co. I, LLC		0.000%	10/01/15	555	405 _D
					4,174
<i>Investment Banking/Brokerage</i> 4.2%					
Credit Suisse First Boston, USA		6.500%	01/15/12	1,125	1,204
J.P. Morgan Chase & Co.		5.750%	01/02/13	1,750	1,805 _C
J.P. Morgan Chase & Co.		5.125%	09/15/14	1,300	1,287

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Morgan Stanley	6.600%	04/01/12	1,500	1,612 _c
The Goldman Sachs Group, Inc.	6.600%	01/15/12	1,200	1,289 _c
				<u>7,197</u>

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>Machinery</i>	0.4%				
Case New Holland Inc.		9.250%	08/01/11	\$ 168	\$ 180
Terex Corporation		7.375%	01/15/14	500	495
					675
<i>Manufacturing (Diversified)</i>	2.2%				
Ames True Temper, Inc.		8.150%	01/15/12	260	244 ^B
Clarke American Corp.		11.750%	12/15/13	210	210 ^A
Eastman Kodak Co.		7.250%	11/15/13	850	812
Interface, Inc.		10.375%	02/01/10	400	433
Jacuzzi Brands, Incorporated		9.625%	07/01/10	535	568
KI Holdings Inc.		0.000%	11/15/14	220	144 ^D
Koppers Inc.		9.875%	10/15/13	298	323
Leiner Health Products L.P.		11.000%	06/01/12	280	263
Norcraft Companies, L.P.		9.000%	11/01/11	480	497
Rayovac Corporation		8.500%	10/01/13	210	183
Simmons Bedding Company		7.875%	01/15/14	99	92
					3,769
<i>Media</i>	3.5%				
AOL Time Warner Inc.		6.150%	05/01/07	250	253
AOL Time Warner Inc.		6.875%	05/01/12	1,400	1,490
AOL Time Warner Inc.		7.700%	05/01/32	1,150	1,293
Clear Channel Communications, Inc.		4.900%	05/15/15	700	633
Liberty Media Corporation		5.991%	09/17/06	88	89 ^B
Liberty Media Corporation		3.750%	02/15/30	1,860	1,025 ^E
LIN Television Corporation		6.500%	05/15/13	120	115
News America Holdings Inc.		6.625%	01/09/08	300	309
News America Holdings Inc.		8.875%	04/26/23	400	498
Sinclair Broadcast Group, Inc.		8.000%	03/15/12	330	340
					6,045
<i>Medical Care Facilities</i>	0.5%				
Community Health Systems Inc.		6.500%	12/15/12	70	68
DaVita, Inc.		7.250%	03/15/15	100	101
HCA, Inc.		7.690%	06/15/25	120	125
HCA, Inc.		7.500%	11/06/33	280	289
Select Medical Corporation		7.625%	02/01/15	240	231

Annual Report to Shareholders

	% OF NET ASSETS	RATE	MATURITY DATE	PAR	VALUE
Corporate Bonds and Notes Continued					
<i>Metals and Mining</i> 0.6%					
Alcoa Inc.		5.375%	01/15/13	\$ 750	\$ 762
Metals USA, Inc.		11.125%	12/01/15	200	205 _A
					967
<i>Oil and Gas</i> 7.6%					
Amerada Hess Corporation		7.300%	08/15/31	1,700	1,967
AmeriGas Partners, L.P.		7.250%	05/20/15	260	265
Belden & Blake Corporation		8.750%	07/15/12	750	765
ConocoPhillips		4.750%	10/15/12	1,000	994
Devon Energy Corporation		7.950%	04/15/32	1,000	1,290
Devon Finance Corp. ULC		6.875%	09/30/11	2,000	2,188
El Paso CPG Co.		6.375%	02/01/09	333	326
El Paso CPG Co.		7.750%	06/15/10	1,496	1,526
El Paso Corporation		7.625%	07/15/11	500	509
El Paso Corporation		7.800%	08/01/31	210	209
El Paso Production Holding Company		7.750%	06/01/13	250	259
Occidental Petroleum Corporation		6.750%	01/15/12	500	549
Parker Drilling Company		9.625%	10/01/13	300	335
Plains Exploration & Production Company		7.125%	06/15/14	190	197
Pride International, Inc.		7.375%	07/15/14	240	257
Superior Energy Services, Inc.		8.875%	05/15/11	170	178
Suburban Propane Partners, LP		6.875%	12/15/13	410	383
Valero Energy Corporation		7.500%	04/15/32	400	486
Vintage Petroleum, Inc.		7.875%	05/15/11	250	261
					12,944
<i>Paper and Forest Products</i> 2.5%					
NewPage Corporation		12.000%	05/01/13	730	672
Weyerhaeuser Company		6.750%	03/15/12	2,400	2,547
Weyerhaeuser Company		7.375%	03/15/32	1,000	1,112
					4,331
<i>Publishing</i> 0.5%					
Dex Media East LLC		9.875%	11/15/09	250	270
Dex Media East LLC		12.125%	11/15/12	122	143
PRIMEDIA Inc.		9.715%	05/15/10	360	346 _B
The Reader s Digest Association, Inc.		6.500%	03/01/11	100	98
					857
<i>Real Estate</i> 0.3%					
Kimball Hill Inc.		10.500%	12/15/12	170	167 _A

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Ventas Realty, Inc.	6.625%	10/15/14	260	<u>266</u>
				<u>433</u>

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>Rental Auto/Equipment</i>	0.5%				
Hertz Corporation		10.500%	01/01/16	\$ 400	\$ 412 _A
NationsRent Inc.		9.500%	10/15/10	340	371
NationsRent Inc.		9.500%	05/01/15	70	74
					857
<i>Retail</i>	0.2%				
EPL Finance Corp.		11.750%	11/15/13	195	194 _A
Stater Bros. Holdings Inc.		7.991%	06/15/10	170	170 _B
					364
<i>Retail (Food Chains)</i>	0.1%				
Domino's Inc.		8.250%	07/01/11	248	259
					259
<i>Services (Diversified)</i>	0.1%				
Service Corporation International		7.500%	06/15/17	140	139 _A
					139
<i>Special Purpose</i>	1.1%				
Air 2 U.S.		8.027%	10/01/19	252	246 _A
Milacron Escrow Corp.		11.500%	05/15/11	410	351
Rainbow National Services LLC		8.750%	09/01/12	100	107 _A
Rainbow National Services LLC		10.375%	09/01/14	250	280 _A
River Rock Entertainment		9.750%	11/01/11	380	409
UGS Corp.		10.000%	06/01/12	230	251
UCAR Finance Inc.		10.250%	02/15/12	300	317
					1,961
<i>Storage Facilities</i>	0.1%				
Mobile Mini, Inc.		9.500%	07/01/13	129	142
					142
<i>Telecommunications</i>	4.8%				
Alamosa Delaware Inc.		11.000%	07/31/10	319	360
BellSouth Corporation		6.000%	10/15/11	1,000	1,040