

WESTERN ASSET PREMIER BOND FUND

Form N-Q

November 29, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number: 811-10603

Western Asset Premier Bond Fund

(Exact Name of Registrant as Specified In Its Charter)

Address of Principal Executive Offices: 385 East Colorado Boulevard

Pasadena, CA 91101

Name and address of agent for service: Charles A. Ruys de Perez
385 East Colorado Boulevard

Pasadena, CA 91101

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

Date of fiscal year end: December 31, 2007

Date of reporting period: September 30, 2007

Item 1 Schedule of Investments

Portfolio of Investments**Western Asset Premier Bond Fund**

September 30, 2007 (Unaudited)

(Amounts in Thousands)

| | | Maturity | | |
|----------------------------------|---------|----------|------------|--------------------|
| | Rate | Date | Par/Shares | Value |
| Long-Term Securities | 147.2% | | | |
| Corporate Bonds and Notes | 76.6% | | | |
| Aerospace and Defense | 1.5% | | | |
| DRS Technologies Inc. | 6.625% | 2/1/16 | \$ 300 | \$ 296 |
| L-3 Communications Corp. | 6.375% | 10/15/15 | 430 | 423 |
| Northrop Grumman Corp. | 7.750% | 2/15/31 | 1,000 | 1,173 |
| The Boeing Co. | 6.125% | 2/15/33 | 600 | 599 |
| | | | | 2,491 |
| Airlines | 9.6% | | | |
| America West Airlines Inc. | 8.057% | 7/2/20 | 3,042 | 3,239 |
| Continental Airlines Inc. | 7.160% | 3/24/13 | 914 | 905 |
| Continental Airlines Inc. | 6.900% | 1/2/18 | 1,016 | 1,038 |
| Continental Airlines Inc. | 6.820% | 5/1/18 | 959 | 948 |
| Continental Airlines Inc. | 6.545% | 2/2/19 | 1,853 | 1,864 |
| Continental Airlines Inc. | 8.048% | 11/1/20 | 708 | 758 |
| Continental Airlines Inc. | 6.703% | 6/15/21 | 965 | 965 |
| DAE Aviation Holdings Inc. | 11.250% | 8/1/15 | 460 | 481 ^A |
| Northwest Airlines Inc. | 5.836% | 8/6/13 | 2,399 | 2,243 ^B |
| United Air Lines Inc. | 7.032% | 10/1/10 | 288 | 289 |
| United Air Lines Inc. | 7.186% | 4/1/11 | 60 | 61 |
| United Air Lines Inc. | 6.602% | 9/1/13 | 939 | 942 |
| US Airways Pass-Through Trust | 6.850% | 1/30/18 | 2,636 | 2,596 |
| | | | | 16,329 |
| Auto Components | 0.3% | | | |
| Visteon Corp. | 8.250% | 8/1/10 | 645 | 568 |
| Automobiles | 1.6% | | | |
| DaimlerChrysler NA Holding Corp. | 7.300% | 1/15/12 | 1,000 | 1,067 |
| DaimlerChrysler NA Holding Corp. | 8.500% | 1/18/31 | 1,000 | 1,240 |
| Ford Motor Co. | 4.250% | 12/15/36 | 80 | 93 ^C |
| General Motors Corp. | 8.375% | 7/15/33 | 420 | 368 |
| | | | | 2,768 |
| Building Products | 0.5% | | | |
| Associated Materials Inc. | 0.000% | 3/1/14 | 675 | 426 ^D |
| Nortek Inc. | 8.500% | 9/1/14 | 180 | 156 |
| NTK Holdings Inc. | 0.000% | 3/1/14 | 550 | 338 ^D |

| | | | | |
|------------------------------|--------|---------|-------|-------|
| Capital Markets 2.4% | | | | |
| Credit Suisse USA Inc. | 6.500% | 1/15/12 | 1,125 | 1,176 |
| E*Trade Financial Corp. | 7.375% | 9/15/13 | 160 | 150 |
| E*Trade Financial Corp. | 7.875% | 12/1/15 | 35 | 32 |
| Morgan Stanley | 6.600% | 4/1/12 | 1,500 | 1,558 |
| The Goldman Sachs Group Inc. | 6.600% | 1/15/12 | 1,200 | 1,257 |
| | | | | 4,173 |

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| | | Maturity | | | |
|---------------------------------------|---------|----------|------------|-----------------|-------|
| | Rate | Date | Par/Shares | Value | |
| Long-Term Securities Continued | | | | | |
| Corporate Bonds and Notes Continued | | | | | |
| Chemicals 1.9% | | | | | |
| Georgia Gulf Corp. | 9.500% | 10/15/14 | \$ 310 | \$ 284 | |
| Huntsman International LLC | 7.875% | 11/15/14 | 95 | 101 | |
| Lyondell Chemical Co. | 10.500% | 6/1/13 | 135 | 145 | |
| The Dow Chemical Co. | 6.000% | 10/1/12 | 2,500 | 2,563 | |
| Westlake Chemical Corp. | 6.625% | 1/15/16 | 70 | 66 | |
| | | | | | 3,159 |
| Commercial Services and Supplies 1.7% | | | | | |
| Allied Security Escrow Corp. | 11.375% | 7/15/11 | 60 | 60 | |
| Interface Inc. | 10.375% | 2/1/10 | 400 | 422 | |
| Rental Service Corp. | 9.500% | 12/1/14 | 200 | 191 | |
| Waste Management Inc. | 7.375% | 5/15/29 | 2,000 | 2,146 | |
| Waste Management Inc. | 7.750% | 5/15/32 | 40 | 45 | |
| | | | | | 2,864 |
| Communications Equipment N.M. | | | | | |
| Motorola Inc. | 7.625% | 11/15/10 | 64 | 68 | |
| Computers and Peripherals 0.1% | | | | | |
| International Business Machines Corp. | 4.750% | 11/29/12 | 240 | 236 | |
| Consumer Finance 1.9% | | | | | |
| Ford Motor Credit Co. | 8.110% | 1/13/12 | 70 | 66 ^B | |
| GMAC LLC | 6.875% | 8/28/12 | 150 | 141 | |
| GMAC LLC | 8.000% | 11/1/31 | 1,530 | 1,501 | |
| HSBC Finance Corp. | 4.750% | 7/15/13 | 1,670 | 1,589 | |
| | | | | | 3,297 |
| Containers and Packaging 0.3% | | | | | |
| Graham Packaging Co. Inc. | 9.875% | 10/15/14 | 298 | 295 | |
| Graphic Packaging International Corp. | 9.500% | 8/15/13 | 210 | 216 | |
| | | | | | 511 |
| Distributors 0.2% | | | | | |
| Keystone Automotive Operations Inc. | 9.750% | 11/1/13 | 480 | 391 | |
| Diversified Consumer Services 0.4% | | | | | |
| Education Management LLC | 8.750% | 6/1/14 | 155 | 159 | |
| Education Management LLC | 10.250% | 6/1/16 | 240 | 248 | |
| Service Corp. International | 6.750% | 4/1/16 | 140 | 136 | |
| Service Corp. International | 7.625% | 10/1/18 | 5 | 5 | |
| Service Corp. International | 7.500% | 4/1/27 | 60 | 56 | |
| | | | | | 604 |
| Diversified Financial Services 6.3% | | | | | |

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| | | | | |
|-------------------------|--------|---------|-------|--------------------|
| AAC Group Holding Corp. | 0.000% | 10/1/12 | 440 | 392 ^D |
| Air 2 US | 8.027% | 10/1/19 | 506 | 513 ^A |
| Boeing Capital Corp. | 6.500% | 2/15/12 | 1,000 | 1,054 |
| Boeing Capital Corp. | 5.800% | 1/15/13 | 400 | 409 |
| CCM Merger Inc. | 8.000% | 8/1/13 | 140 | 136 ^A |
| Citigroup Inc. | 6.625% | 6/15/32 | 1,000 | 1,044 |
| DI Finance LLC | 9.500% | 2/15/13 | 502 | 520 |
| Fuji Co. Ltd. | 9.870% | 6/30/08 | 790 | 811 ^{A,D} |

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|---|--|----------|----------|------------|---------|
| | | Rate | Date | Par/Shares | Value |
| Long-Term Securities Continued | | | | | |
| Corporate Bonds and Notes Continued | | | | | |
| Diversified Financial Services Continued | | | | | |
| General Electric Capital Corp. | | 3.750% | 12/15/09 | \$ 740 | \$ 721 |
| General Electric Capital Corp. | | 6.000% | 6/15/12 | 700 | 722 |
| General Electric Capital Corp. | | 5.450% | 1/15/13 | 250 | 252 |
| GrafTech Finance Inc. | | 10.250% | 2/15/12 | 33 | 34 |
| JPMorgan Chase and Co. | | 5.750% | 1/2/13 | 1,750 | 1,775 |
| JPMorgan Chase and Co. | | 5.125% | 9/15/14 | 1,300 | 1,268 |
| Milacron Escrow Corp. | | 11.500% | 5/15/11 | 410 | 385 |
| Vanguard Health Holding Co. II LLC | | 9.000% | 10/1/14 | 735 | 713 |
| | | | | | 10,749 |
| Diversified Telecommunication Services 3.0% | | | | | |
| AT&T Inc. | | 6.250% | 3/15/11 | 1,000 | 1,029 E |
| BellSouth Corp. | | 6.000% | 10/15/11 | 1,000 | 1,024 |
| Cincinnati Bell Inc. | | 7.000% | 2/15/15 | 270 | 261 |
| Cincinnati Bell Inc. | | 6.300% | 12/1/28 | 25 | 22 |
| Citizens Communications Co. | | 9.250% | 5/15/11 | 90 | 98 |
| Citizens Communications Co. | | 7.875% | 1/15/27 | 115 | 112 |
| Citizens Communications Co. | | 7.050% | 10/1/46 | 25 | 20 |
| Hawaiian Telcom Communications Inc. | | 12.500% | 5/1/15 | 215 | 232 |
| Level 3 Financing Inc. | | 9.250% | 11/1/14 | 320 | 315 |
| Level 3 Financing Inc. | | 9.150% | 2/15/15 | 50 | 48 B |
| MetroPCS Wireless Inc. | | 9.250% | 11/1/14 | 35 | 36 A |
| NTL Cable PLC | | 8.750% | 4/15/14 | 280 | 287 |
| Qwest Communications International Inc. | | 7.250% | 2/15/11 | 160 | 162 |
| Qwest Corp. | | 7.875% | 9/1/11 | 390 | 409 |
| Qwest Corp. | | 8.875% | 3/15/12 | 140 | 153 |
| Qwest Corp. | | 7.500% | 10/1/14 | 150 | 156 |
| Telcordia Technologies Inc. | | 10.000% | 3/15/13 | 485 | 400 A |
| Windstream Corp. | | 8.625% | 8/1/16 | 330 | 352 |
| | | | | | 5,116 |
| Electric Utilities 4.4% | | | | | |
| Duke Energy Corp. | | 6.250% | 1/15/12 | 250 | 259 |
| Edison Mission Energy | | 7.500% | 6/15/13 | 20 | 20 |
| Edison Mission Energy | | 7.750% | 6/15/16 | 180 | 186 |
| FirstEnergy Corp. | | 6.450% | 11/15/11 | 610 | 631 |
| FirstEnergy Corp. | | 7.375% | 11/15/31 | 3,040 | 3,327 |
| IPALCO Enterprises Inc. | | 8.625% | 11/14/11 | 130 | 137 F |
| Midwest Generation LLC | | 8.560% | 1/2/16 | 83 | 89 |
| Niagara Mohawk Power Corp. | | 7.750% | 10/1/08 | 1,500 | 1,530 |
| Orion Power Holdings Inc. | | 12.000% | 5/1/10 | 150 | 164 |
| Progress Energy Inc. | | 7.100% | 3/1/11 | 117 | 123 |
| Progress Energy Inc. | | 6.850% | 4/15/12 | 750 | 790 |
| TXU Electric Delivery Co. | | 7.000% | 9/1/22 | 250 | 255 |
| | | | | | 7,511 |
| Energy Equipment and Services 0.4% | | | | | |
| Complete Production Services Inc. | | 8.000% | 12/15/16 | 150 | 148 |
| Gulfmark Offshore Inc. | | 7.750% | 7/15/14 | 270 | 272 |

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Pride International Inc.

7.375%

7/15/14

240

246

666

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| | | Maturity | | | |
|--|--|----------|----------|------------|---------------------|
| | | Rate | Date | Par/Shares | Value |
| Long-Term Securities Continued | | | | | |
| Corporate Bonds and Notes Continued | | | | | |
| Food and Staples Retailing 2.0% | | | | | |
| CVS Corp. | | 5.789% | 1/10/26 | \$ 905 | \$ 894 ^A |
| CVS Lease Pass-Through Trust | | 5.880% | 1/10/28 | 981 | 935 ^A |
| CVS Lease Pass-Through Trust | | 6.036% | 12/10/28 | 984 | 955 ^A |
| Delhaize America Inc. | | 9.000% | 4/15/31 | 166 | 198 |
| Safeway Inc. | | 5.800% | 8/15/12 | 500 | 509 |
| | | | | | 3,491 |
| Food Products 0.2% | | | | | |
| Dole Food Co. Inc. | | 7.250% | 6/15/10 | 285 | 269 |
| Gas Utilities 0.6% | | | | | |
| Panhandle Eastern Pipe Line Co. | | 4.800% | 8/15/08 | 400 | 397 |
| Southern Natural Gas Co. | | 8.000% | 3/1/32 | 20 | 23 |
| Suburban Propane Partners LP | | 6.875% | 12/15/13 | 580 | 565 |
| | | | | | 985 |
| Health Care Equipment and Supplies 0.1% | | | | | |
| Fresenius Medical Care Capital Trust II | | 7.875% | 2/1/08 | 250 | 251 |
| Health Care Providers and Services 2.5% | | | | | |
| Community Health Systems Inc. | | 8.875% | 7/15/15 | 460 | 473 ^A |
| DaVita Inc. | | 6.625% | 3/15/13 | 100 | 99 |
| DaVita Inc. | | 7.250% | 3/15/15 | 300 | 301 |
| HCA Inc. | | 6.250% | 2/15/13 | 85 | 75 |
| HCA Inc. | | 6.500% | 2/15/16 | 105 | 89 |
| HCA Inc. | | 9.250% | 11/15/16 | 195 | 207 ^A |
| HCA Inc. | | 9.625% | 11/15/16 | 275 | 294 ^{A,B} |
| HCA Inc. | | 7.690% | 6/15/25 | 90 | 74 |
| HCA Inc. | | 7.500% | 11/15/95 | 185 | 141 |
| Tenet Healthcare Corp. | | 9.250% | 2/1/15 | 2,810 | 2,480 |
| | | | | | 4,233 |
| Hotels, Restaurants and Leisure 1.3% | | | | | |
| Buffets Inc. | | 12.500% | 11/1/14 | 275 | 193 |
| Denny's Holdings Inc. | | 10.000% | 10/1/12 | 90 | 93 |
| El Pollo Loco Inc. | | 11.750% | 11/15/13 | 195 | 201 |
| Inn of the Mountain Gods Resort and Casino | | 12.000% | 11/15/10 | 530 | 559 |
| MGM MIRAGE | | 8.500% | 9/15/10 | 10 | 10 |
| Pinnacle Entertainment Inc. | | 8.250% | 3/15/12 | 250 | 253 |
| Pokagon Gaming Authority | | 10.375% | 6/15/14 | 250 | 274 ^A |
| River Rock Entertainment Authority | | 9.750% | 11/1/11 | 180 | 186 |
| Sbarro Inc. | | 10.375% | 2/1/15 | 100 | 91 |
| Snoqualmie Entertainment Authority | | 9.063% | 2/1/14 | 110 | 107 ^{A,B} |
| Station Casinos Inc. | | 7.750% | 8/15/16 | 205 | 203 |
| Station Casinos Inc. | | 6.625% | 3/15/18 | 100 | 84 |
| | | | | | 2,254 |

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| | | | | | |
|------------------------------|------|--------|---------|-----|-----|
| Household Durables | 0.5% | | | | |
| American Greetings Corp. | | 7.375% | 6/1/16 | 20 | 19 |
| K Hovnanian Enterprises Inc. | | 8.625% | 1/15/17 | 300 | 247 |
| Norcraft Cos. | | 9.000% | 11/1/11 | 360 | 362 |

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| | | Maturity | | | |
|---|--|----------|----------|------------|---------------------|
| | | Rate | Date | Par/Shares | Value |
| Long-Term Securities Continued | | | | | |
| Corporate Bonds and Notes Continued | | | | | |
| Household Durables Continued | | | | | |
| Norcraft Holdings LP | | 0.000% | 9/1/12 | \$ 155 | \$ 139 _D |
| | | | | | 767 |
| Independent Power Producers and Energy Traders 2.4% | | | | | |
| Dynegy Holdings Inc. | | 7.750% | 6/1/19 | 450 | 430 _A |
| Exelon Generation Co. LLC | | 6.950% | 6/15/11 | 2,000 | 2,095 |
| Mirant North America LLC | | 7.375% | 12/31/13 | 350 | 355 |
| NRG Energy Inc. | | 7.375% | 2/1/16 | 505 | 506 |
| NRG Energy Inc. | | 7.375% | 1/15/17 | 225 | 225 |
| The AES Corp. | | 9.000% | 5/15/15 | 440 | 462 _A |
| | | | | | 4,073 |
| Internet and Catalog Retail N.M. | | | | | |
| FTD Inc. | | 7.750% | 2/15/14 | 60 | 57 |
| IT Services 1.1% | | | | | |
| Electronic Data Systems Corp. | | 7.125% | 10/15/09 | 700 | 713 |
| Electronic Data Systems Corp. | | 7.450% | 10/15/29 | 500 | 506 |
| SunGard Data Systems Inc. | | 10.250% | 8/15/15 | 630 | 658 |
| | | | | | 1,877 |
| Leisure Equipment and Products 1.0% | | | | | |
| Eastman Kodak Co. | | 7.250% | 11/15/13 | 1,800 | 1,786 |
| Media 7.1% | | | | | |
| Affinion Group Inc. | | 10.125% | 10/15/13 | 180 | 190 |
| Affinion Group Inc. | | 11.500% | 10/15/15 | 225 | 236 |
| AMC Entertainment Inc. | | 11.000% | 2/1/16 | 55 | 59 |
| CCH I Holdings LLC | | 11.750% | 5/15/14 | 470 | 435 |
| CCH I Holdings LLC | | 12.125% | 1/15/15 | 125 | 117 |
| CCH I Holdings LLC | | 11.000% | 10/1/15 | 337 | 341 |
| CCH II Holdings LLC | | 10.250% | 9/15/10 | 280 | 286 |
| Charter Communications Holdings LLC | | 11.750% | 5/15/11 | 110 | 105 |
| Charter Communications Holdings LLC | | 12.125% | 1/15/12 | 60 | 57 |
| Clear Channel Communications Inc. | | 4.900% | 5/15/15 | 700 | 527 |
| CMP Susquehanna Corp. | | 9.875% | 5/15/14 | 190 | 177 |
| Comcast Cable Communications Inc. | | 6.750% | 1/30/11 | 500 | 519 |
| Comcast Corp. | | 5.900% | 3/15/16 | 400 | 398 |
| Comcast Corp. | | 7.050% | 3/15/33 | 1,000 | 1,054 |
| CSC Holdings Inc. | | 8.125% | 7/15/09 | 30 | 30 |
| CSC Holdings Inc. | | 8.125% | 8/15/09 | 40 | 41 |
| CSC Holdings Inc. | | 7.625% | 4/1/11 | 50 | 50 |
| CSC Holdings Inc. | | 6.750% | 4/15/12 | 250 | 241 |
| CSC Holdings Inc. | | 7.875% | 2/15/18 | 45 | 44 |
| Dex Media East LLC | | 12.125% | 11/15/12 | 122 | 130 |
| EchoStar DBS Corp. | | 7.000% | 10/1/13 | 600 | 613 |
| Idearc Inc. | | 8.000% | 11/15/16 | 180 | 179 |
| ION Media Networks Inc. | | 11.610% | 1/15/13 | 55 | 56 _{A,B} |
| Lamar Media Corp. | | 6.625% | 8/15/15 | 120 | 116 |

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| | | | | |
|----------------------------|--------|----------|-------|--------------------|
| Liberty Media LLC | 3.750% | 2/15/30 | 1,860 | 1,079 _C |
| News America Holdings Inc. | 8.875% | 4/26/23 | 400 | 474 |
| News America Inc. | 6.625% | 1/9/08 | 300 | 301 |
| R.H. Donnelley Corp. | 8.875% | 10/15/17 | 710 | 721 _A |

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| | | Maturity | | |
|-------------------------------------|---------|----------|------------|----------------------|
| | Rate | Date | Par/Shares | Value |
| Long-Term Securities Continued | | | | |
| Corporate Bonds and Notes Continued | | | | |
| Media Continued | | | | |
| Time Warner Inc. | 6.875% | 5/1/12 | \$ 1,400 | \$ 1,469 |
| Time Warner Inc. | 7.700% | 5/1/32 | 1,150 | 1,263 |
| TL Acquisitions Inc. | 10.500% | 1/15/15 | 270 | 267 ^A |
| Tube City IMS Corp. | 9.750% | 2/1/15 | 185 | 181 |
| Univision Communications Inc. | 9.750% | 3/15/15 | 115 | 112 ^{A,G} |
| WMG Acquisition Corp. | 7.375% | 4/15/14 | 160 | 139 |
| XM Satellite Radio Inc. | 9.856% | 5/1/13 | 80 | 79 ^B |
| XM Satellite Radio Inc. | 9.750% | 5/1/14 | 110 | 110 |
| | | | | 12,196 |
| Metals and Mining 1.4% | | | | |
| Alcoa Inc. | 5.375% | 1/15/13 | 750 | 740 |
| Freeport-McMoRan Copper & Gold Inc. | 8.375% | 4/1/17 | 960 | 1,049 |
| Metals USA Inc. | 11.125% | 12/1/15 | 445 | 474 |
| Noranda Aluminium Holding Corp. | 11.146% | 11/15/14 | 195 | 181 ^{A,B,G} |
| | | | | 2,444 |
| Multi-Utilities 0.6% | | | | |
| Dominion Resources Inc. | 5.700% | 9/17/12 | 770 | 773 |
| MidAmerican Energy Holdings Co. | 5.875% | 10/1/12 | 250 | 254 |
| | | | | 1,027 |
| Multiline Retail 0.2% | | | | |
| The Neiman-Marcus Group Inc. | 9.000% | 10/15/15 | 260 | 277 ^G |
| Oil, Gas and Consumable Fuels 9.9% | | | | |
| Belden and Blake Corp. | 8.750% | 7/15/12 | 750 | 763 |
| Chesapeake Energy Corp. | 6.375% | 6/15/15 | 480 | 471 |
| Chesapeake Energy Corp. | 6.625% | 1/15/16 | 30 | 30 |
| Colorado Interstate Gas Co. | 6.800% | 11/15/15 | 150 | 155 |
| ConocoPhillips | 4.750% | 10/15/12 | 900 | 880 |
| DCP Midstream LP | 7.875% | 8/16/10 | 750 | 800 |
| Devon Energy Corp. | 7.950% | 4/15/32 | 1,000 | 1,192 |
| Devon Financing Corp. ULC | 6.875% | 9/30/11 | 2,000 | 2,114 |
| El Paso Corp. | 6.375% | 2/1/09 | 333 | 334 |
| El Paso Corp. | 7.750% | 6/15/10 | 1,496 | 1,550 |
| El Paso Corp. | 7.800% | 8/1/31 | 190 | 193 |
| Exco Resources Inc. | 7.250% | 1/15/11 | 275 | 274 |
| Gazprom | 6.790% | 10/29/09 | 31,200 RUB | 1,272 |
| Gazprom | 7.000% | 10/27/11 | 10,400 RUB | 428 |
| Hess Corp. | 7.875% | 10/1/29 | 1,640 | 1,885 |
| Hess Corp. | 7.300% | 8/15/31 | 60 | 66 |
| International Coal Group Inc. | 10.250% | 7/15/14 | 220 | 211 |
| Kinder Morgan Energy Partners LP | 7.125% | 3/15/12 | 500 | 527 |
| Occidental Petroleum Corp. | 6.750% | 1/15/12 | 500 | 529 |
| Parker Drilling Co. | 9.625% | 10/1/13 | 300 | 321 |
| Petrohawk Energy Corp. | 9.125% | 7/15/13 | 145 | 153 |
| Pogo Producing Co. | 6.875% | 10/1/17 | 290 | 291 |
| SemGroup LP | 8.750% | 11/15/15 | 305 | 298 ^A |

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| | | | | |
|--------------------|--------|----------|-----|-----|
| SESI LLC | 6.875% | 6/1/14 | 10 | 10 |
| Sonat Inc. | 7.625% | 7/15/11 | 500 | 517 |
| Stone Energy Corp. | 8.250% | 12/15/11 | 160 | 160 |

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| | | Maturity | | |
|---|---------|----------|------------|--------|
| | Rate | Date | Par/Shares | Value |
| Long-Term Securities Continued | | | | |
| Corporate Bonds and Notes Continued | | | | |
| Oil, Gas and Consumable Fuels Continued | | | | |
| The Williams Cos. Inc. | 7.500% | 1/15/31 | \$ 902 | \$ 936 |
| The Williams Cos. Inc. | 8.750% | 3/15/32 | 85 | 98 |
| Valero Energy Corp. | 7.500% | 4/15/32 | 400 | 439 |
| | | | | 16,897 |
| Paper and Forest Products 2.5% | | | | |
| Appleton Papers Inc. | 8.125% | 6/15/11 | 5 | 5 |
| Appleton Papers Inc. | 9.750% | 6/15/14 | 305 | 304 |
| NewPage Corp. | 12.000% | 5/1/13 | 260 | 279 |
| Verso Paper Holdings LLC | 11.375% | 8/1/16 | 185 | 195 |
| Weyerhaeuser Co. | 6.750% | 3/15/12 | 2,400 | 2,492 |
| Weyerhaeuser Co. | 7.375% | 3/15/32 | 1,000 | 1,003 |
| | | | | 4,278 |
| Pharmaceuticals 0.1% | | | | |
| Leiner Health Products Inc. | 11.000% | 6/1/12 | 280 | 235 |
| Real Estate Investment Trusts (REITs) 0.2% | | | | |
| Ventas Inc. | 6.750% | 4/1/17 | 260 | 259 |
| Real Estate Management and Development 0.3% | | | | |
| Ashton Woods USA LLC | 9.500% | 10/1/15 | 125 | 99 |
| Kimball Hill Inc. | 10.500% | 12/15/12 | 45 | 31 |
| Realogy Corp. | 12.375% | 4/15/15 | 495 | 374 A |
| | | | | 504 |
| Road and Rail 1.9% | | | | |
| Hertz Corp. | 10.500% | 1/1/16 | 645 | 697 |
| Kansas City Southern Railway | 7.500% | 6/15/09 | 150 | 152 |
| Saint Acquisition Corp. | 13.308% | 5/15/15 | 135 | 92 A,B |
| Saint Acquisition Corp. | 12.500% | 5/15/17 | 405 | 271 A |
| Union Pacific Corp. | 6.125% | 1/15/12 | 2,000 | 2,049 |
| | | | | 3,261 |
| Semiconductors and Semiconductor Equipment 0.1% | | | | |
| Freescale Semiconductor Inc. | 8.875% | 12/15/14 | 235 | 227 |
| Software 0.1% | | | | |
| Activant Solutions Inc. | 9.500% | 5/1/16 | 165 | 145 |
| Specialty Retail 0.1% | | | | |
| Blockbuster Inc. | 9.000% | 9/1/12 | 230 | 207 |
| Eye Care Centers of America Inc. | 10.750% | 2/15/15 | 40 | 43 |
| | | | | 250 |

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| | | | | | |
|------------------------------------|--------|----------|-----|-----|---|
| Textiles, Apparel and Luxury Goods | 0.3% | | | | |
| Levi Strauss and Co. | 9.750% | 1/15/15 | 120 | 126 | |
| Levi Strauss and Co. | 8.875% | 4/1/16 | 50 | 51 | |
| Oxford Industries Inc. | 8.875% | 6/1/11 | 180 | 182 | |
| Simmons Co. | 0.000% | 12/15/14 | 90 | 72 | D |
| | | | | 431 | |
| Thrifts and Mortgage Finance | 0.3% | | | | |
| Washington Mutual Bank | 5.500% | 1/15/13 | 440 | 424 | |

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| | | Maturity | | |
|---|---------|----------|------------|---------|
| | Rate | Date | Par/Shares | Value |
| Long-Term Securities Continued | | | | |
| Corporate Bonds and Notes Continued | | | | |
| Tobacco 1.0% | | | | |
| Alliance One International Inc. | 11.000% | 5/15/12 | \$ 135 | \$ 143 |
| Altria Group Inc. | 7.000% | 11/4/13 | 250 | 272 |
| Altria Group Inc. | 7.750% | 1/15/27 | 1,000 | 1,229 |
| | | | | 1,644 |
| Trading Companies and Distributors 0.5% | | | | |
| Ashtead Capital Inc. | 9.000% | 8/15/16 | 129 | 127 A |
| H&E Equipment Services Inc. | 8.375% | 7/15/16 | 345 | 336 |
| Penhall International Corp. | 12.000% | 8/1/14 | 390 | 394 A |
| | | | | 857 |
| Transportation Infrastructure 0.2% | | | | |
| Hawker Beechcraft Acquisition Co. | 8.875% | 4/1/15 | 20 | 20 A,G |
| Hawker Beechcraft Acquisition Co. | 9.750% | 4/1/17 | 380 | 389 A |
| | | | | 409 |
| Wireless Telecommunication Services 1.6% | | | | |
| AT&T Mobility LLC | 6.500% | 12/15/11 | 250 | 261 |
| New Cingular Wireless Services Inc. | 8.125% | 5/1/12 | 500 | 554 |
| Rural Cellular Corp. | 9.875% | 2/1/10 | 100 | 104 |
| Rural Cellular Corp. | 8.250% | 3/15/12 | 135 | 140 |
| Sprint Capital Corp. | 8.375% | 3/15/12 | 1,450 | 1,597 |
| | | | | 2,656 |
| Total Corporate Bonds and Notes (Cost \$129,508) | | | | 130,885 |
| Asset-Backed Securities 13.1% | | | | |
| Fixed Rate Securities 6.2% | | | | |
| ACE Securities Corp. 2002-M Trust | 0.000% | 10/13/17 | 312 | 9 A,H |
| America West Airlines 1996-1 A | 6.850% | 7/2/09 | 200 | 200 |
| Captiva CBO 1997-1A A | 6.860% | 11/30/09 | 326 | 326 A,I |
| Contimortgage Home Equity Trust 1997-4 B1F | 7.330% | 10/15/28 | 689 | 477 |
| Firstfed Corp. Manufactured Housing Contract 1996-1 B | 8.060% | 10/15/22 | 2,100 | 3,290 A |
| Global Franchise Trust 1998-1 A2 | 6.659% | 10/10/11 | 2,147 | 2,103 A |
| Green Tree Financial Corp. 1992-2 B | 9.150% | 1/15/18 | 414 | 336 |
| Green Tree Financial Corp. 1993-1 B | 8.450% | 4/15/18 | 550 | 501 |
| Green Tree Financial Corp. 1999-4 A5 | 6.970% | 5/1/31 | 51 | 51 |
| Green Tree Home Improvement Loan Trust 1996-D HIB2 | 8.000% | 9/15/27 | 149 | 104 |
| Indymac Manufactured Housing Contract 1997-1 A5 | 6.970% | 2/25/28 | 404 | 401 |
| Mutual Fund Fee 2002-2 | 9.550% | 4/30/08 | 561 | 11 A |
| Mutual Fund Fee Trust XIII Series 2000-3 | 9.070% | 7/1/08 | 2,883 | 149 |
| Pegasus Aviation Lease Securitization 2000-1 A2 | 8.370% | 3/25/30 | 1,300 | 780 A |
| Structured Asset Securities Corp. 2002-AL1 A3 | 3.450% | 2/25/32 | 1,355 | 1,221 |
| Vanderbilt Mortgage Finance 1997-B 1B2 | 8.155% | 10/7/26 | 561 | 573 |
| | | | | 10,532 |

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| | | | | | |
|--|------|--------|----------|-------|------------------|
| Indexed Securities ^B | 2.9% | | | | |
| ACE Securities Corp. 2005-SD1 A1 | | 5.531% | 11/25/50 | 288 | 287 |
| Bayview Financial Asset Trust 2004-SSRA A1 | | 5.731% | 12/25/39 | 719 | 684 ^A |
| Countrywide Home Equity Loan Trust 2007-GW A | | 6.303% | 11/15/28 | 2,949 | 2,895 |

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| | | Maturity | | | |
|---|--------|----------|------------|--------|------|
| | Rate | Date | Par/Shares | Value | |
| Long-Term Securities Continued | | | | | |
| Asset-Backed Securities Continued | | | | | |
| Indexed Securities Continued | | | | | |
| CS First Boston Mortgage Securities Corp. 2004-CF2 2A1 | 5.601% | 5/25/44 | \$ 136 | \$ 134 | A |
| Residential Asset Mortgage Products Inc. 2004-RZ1 AII | 5.371% | 3/25/34 | 494 | 477 | |
| Residential Asset Securities Corp. 2001-KS3 AII | 5.591% | 9/25/31 | 451 | 443 | |
| | | | | 4,920 | |
| Stripped Securities 1.0% | | | | | |
| Bear Stearns Asset Backed Securities Trust 2006-SD3 1P0 | 0.000% | 8/25/36 | 1,939 | 1,600 | J2 |
| Oakwood Mortgage Investors Inc. 2002-C AIO | 6.000% | 8/15/10 | 734 | 90 | J1 |
| | | | | 1,690 | |
| Variable Rate Securities ^K 3.0% | | | | | |
| BankAmerica Manufactured Housing Contract 1997-2 M | 6.900% | 4/10/28 | 100 | 122 | |
| Conseco Finance Securitizations Corp. 2002-1 A | 6.681% | 12/1/33 | 811 | 817 | |
| Greenpoint Manufactured Housing 1999-5 A5 | 7.820% | 12/15/29 | 706 | 747 | |
| GSAMP Trust 2003-SEA2 A1 | 4.422% | 7/25/33 | 2,772 | 2,530 | |
| Oakwood Mortgage Investors Inc. 2002-B A3 | 6.060% | 3/15/25 | 384 | 359 | |
| Saxon Asset Securities Trust 2000-2 MF1 | 8.870% | 7/25/30 | 586 | 584 | |
| | | | | 5,159 | |
| Total Asset-Backed Securities (Cost \$22,900) | | | | 22,301 | |
| Mortgage-Backed Securities 7.5% | | | | | |
| Fixed Rate Securities 2.0% | | | | | |
| Bear Stearns Asset Backed Securities Trust 2002-AC1 B4 | 7.000% | 1/25/32 | 1,337 | 1,319 | A |
| Enterprise Mortgage Acceptance Co. 1999-1 A1 | 6.420% | 10/15/25 | 44 | 28 | A |
| GMAC Commercial Mortgage Securities Inc. 1998-C1 A2 | 6.700% | 5/15/30 | 230 | 231 | |
| GMAC Commercial Mortgage Securities Inc. 1998-C1 D | 6.974% | 5/15/30 | 1,000 | 1,002 | |
| Metropolitan Asset Funding Inc. 1998-BI B1 | 8.000% | 11/20/24 | 995 | 864 | |
| | | | | 3,444 | |
| Indexed Securities ^B 3.9% | | | | | |
| Bayview Commercial Asset Trust 2005-3A A2 | 5.531% | 11/25/35 | 1,145 | 1,083 | A |
| BlackRock Capital Finance LP 1997-R2 B5 | 6.866% | 12/25/35 | 696 | 174 | A |
| CNL Funding 1998-1 C2 | 6.364% | 9/18/11 | 3,360 | 3,226 | A |
| Harborview Mortgage Loan Trust 2004-8 3A2 | 5.903% | 11/19/34 | 337 | 337 | |
| Harborview Mortgage Loan Trust 2005-9 B10 | 7.246% | 6/20/35 | 1,334 | 1,088 | |
| Merit Securities Corp. 11PA B3 | 7.755% | 9/28/32 | 850 | 170 | A |
| Regal Trust IV 1999-1 A | 5.724% | 9/29/31 | 204 | 200 | A |
| Washington Mutual Inc. 2004-AR12 A2A | 5.953% | 10/25/44 | 323 | 321 | |
| | | | | 6,599 | |
| Stripped Securities 1.0% | | | | | |
| LB-UBS Commercial Mortgage Trust 2001-C3 X | 1.164% | 6/15/36 | 2,689 | 80 | A,J1 |
| Prime Mortgage Trust 2005-2 2XB | 1.743% | 10/25/32 | 4,066 | 413 | J1 |
| Prime Mortgage Trust 2005-5 1X | 0.888% | 7/25/34 | 15,351 | 417 | J1 |
| Prime Mortgage Trust 2005-5 1XB | 1.570% | 7/25/34 | 3,285 | 313 | J1 |

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Residential Asset Mortgage Products, Inc. 2005-SL2 AP0

0.000%

2/25/32

663

535 12

1,758

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| | Rate | Maturity Date | Par/Shares | Value |
|--|--------|---------------|------------|---------------------|
| Long-Term Securities Continued | | | | |
| Mortgage-Backed Securities Continued | | | | |
| Variable Rate Securities^K 0.6% | | | | |
| Banc of America Commercial Mortgage Inc. 2005-5 A4 | 5.115% | 10/10/45 | \$ 1,050 | \$ 1,026 |
| Total Mortgage-Backed Securities (Cost \$13,018) | | | | 12,827 |
| U.S. Government and Agency Obligations 8.8% | | | | |
| Fixed Rate Securities 3.3% | | | | |
| United States Treasury Bonds | 5.375% | 2/15/31 | 2,500 | 2,676 L |
| United States Treasury Bonds | 4.500% | 2/15/36 | 850 | 806 L |
| United States Treasury Notes | 4.625% | 2/15/17 | 610 | 613 L |
| United States Treasury Notes | 4.500% | 5/15/17 | 1,560 | 1,551 L |
| | | | | 5,646 |
| Treasury Inflation-Protected Securities^M 5.5% | | | | |
| United States Treasury Inflation-Protected Security | 3.625% | 1/15/08 | 2,966 | 2,962 L |
| United States Treasury Inflation-Protected Security | 3.000% | 7/15/12 | 2,954 | 3,075 L |
| United States Treasury Inflation-Protected Security | 2.000% | 7/15/14 | 3,315 | 3,270 L |
| | | | | 9,307 |
| Total U.S. Government and Agency Obligations (Cost \$14,723) | | | | 14,953 |
| U.S. Government Agency Mortgage-Backed Securities 7.6% | | | | |
| Fixed Rate Securities 7.6% | | | | |
| Fannie Mae | 6.000% | 12/1/37 | 12,000 | 12,004 _N |
| Fannie Mae | 6.500% | 8/25/44 | 937 | 962 |
| Total U.S. Government Agency Mortgage-Backed Securities (Cost \$12,980) | | | | 12,966 |
| Yankee Bonds^L 22.3% | | | | |
| Aerospace and Defense 0.2% | | | | |
| Systems 2001 Asset Trust | 6.664% | 9/15/13 | 229 | 241 A |
| Chemicals 0.2% | | | | |
| Methanex Corp. | 8.750% | 8/15/12 | 195 | 207 |
| Montell Finance Co. BV | 8.100% | 3/15/27 | 200 | 174 A |
| | | | | 381 |
| Commercial Banks 1.3% | | | | |
| ATF Capital BV | 9.250% | 2/21/14 | 660 | 672 A |
| HSBK Europe BV | 7.250% | 5/3/17 | 600 | 541 A |
| ICICI Bank Ltd. | 6.375% | 4/30/22 | 284 | 266 A,D |
| TuranAlem Finance BV | 8.250% | 1/22/37 | 440 | 372 A |
| TuranAlem Finance BV | 8.250% | 1/22/37 | 440 | 384 A |
| | | | | 2,235 |
| Containers and Packaging 0.1% | | | | |
| Smurfit Kappa Funding PLC | 7.750% | 4/1/15 | 230 | 224 |

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Diversified Financial Services 0.6%

| | | | | |
|---------------------------------|--------|---------|-----|------------------|
| Basell AF SCA | 8.375% | 8/15/15 | 150 | 137 ^A |
| Lukoil International Finance BV | 6.356% | 6/7/17 | 340 | 324 ^A |
| UFJ Finance Aruba AEC | 6.750% | 7/15/13 | 500 | 517 |

978

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| | | Maturity | | | |
|---|--|----------|----------|------------|---------|
| | | Rate | Date | Par/Shares | Value |
| Long-Term Securities Continued | | | | | |
| Yankee Bonds Continued | | | | | |
| Diversified Telecommunication Services 1.8% | | | | | |
| Axtel SA | | 11.000% | 12/15/13 | \$ 221 | \$ 240 |
| Deutsche Telekom International Finance BV | | 5.250% | 7/22/13 | 600 | 587 |
| France Telecom SA | | 8.500% | 3/1/31 | 600 | 771 F |
| Intelsat Bermuda Ltd. | | 9.250% | 6/15/16 | 225 | 234 |
| Intelsat Bermuda Ltd. | | 11.250% | 6/15/16 | 340 | 364 |
| Nordic Telephone Co. Holdings ApS | | 8.875% | 5/1/16 | 220 | 232 A |
| NTL Cable PLC | | 9.125% | 8/15/16 | 140 | 145 |
| Wind Acquisition Finance SA | | 10.750% | 12/1/15 | 500 | 554 A |
| | | | | | 3,127 |
| Electric Utilities 1.1% | | | | | |
| Hydro-Quebec | | 6.300% | 5/11/11 | 1,700 | 1,784 |
| Energy Equipment and Services 0.1% | | | | | |
| Compagnie Generale de Geophysique-Veritas | | 7.500% | 5/15/15 | 210 | 216 |
| Foreign Governments 8.3% | | | | | |
| Dominican Republic | | 9.500% | 9/27/11 | 366 | 387 A |
| Federative Republic of Brazil | | 7.125% | 1/20/37 | 856 | 956 |
| Republic of Argentina | | 7.000% | 9/12/13 | 818 | 713 |
| Republic of Colombia | | 11.750% | 2/25/20 | 768 | 1,125 |
| Republic of Ecuador | | 10.000% | 8/15/30 | 605 | 545 A |
| Republic of El Salvador | | 8.250% | 4/10/32 | 412 | 488 A |
| Republic of Honduras | | 5.566% | 10/1/11 | 151 | 148 B |
| Republic of Panama | | 9.375% | 4/1/29 | 1,147 | 1,537 |
| Republic of Panama | | 6.700% | 1/26/36 | 542 | 557 |
| Republic of Peru | | 8.750% | 11/21/33 | 700 | 919 |
| Republic of Peru | | 6.550% | 3/14/37 | 427 | 441 |
| Republic of Venezuela | | 9.375% | 1/13/34 | 2 | 2 |
| Russian Federation | | 7.500% | 3/31/30 | 3,815 | 4,303 A |
| United Mexican States | | 7.500% | 4/8/33 | 49 | 58 |
| United Mexican States | | 6.750% | 9/27/34 | 1,900 | 2,066 |
| | | | | | 14,245 |
| Industrial Conglomerates 2.1% | | | | | |
| Tyco International Group SA | | 6.375% | 10/15/11 | 1,000 | 1,023 |
| Tyco International Group SA | | 6.875% | 1/15/29 | 2,615 | 2,625 |
| | | | | | 3,648 |
| Insurance 0.6% | | | | | |
| XL Capital Ltd. | | 5.250% | 9/15/14 | 1,000 | 958 |
| Media N.M. | | | | | |
| Sun Media Corp. | | 7.625% | 2/15/13 | 55 | 54 |
| Metals and Mining 0.6% | | | | | |
| Novelis Inc. | | 7.250% | 2/15/15 | 105 | 101 |
| Vale Overseas Ltd. | | 6.875% | 11/21/36 | 920 | 948 |

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1,049

Oil, Gas and Consumable Fuels 4.0%

| | | | | |
|----------------------------------|--------|---------|-------|-------|
| Anadarko Finance Co. | 6.750% | 5/1/11 | 750 | 784 |
| Anadarko Finance Co. | 7.500% | 5/1/31 | 1,000 | 1,089 |
| Burlington Resources Finance Co. | 7.400% | 12/1/31 | 450 | 515 |

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| | Rate | Maturity Date | Par/Shares | Value |
|--|---------|---------------|------------|---------------|
| Long-Term Securities Continued | | | | |
| Yankee Bonds Continued | | | | |
| Oil, Gas and Consumable Fuels Continued | | | | |
| Gazprom | 6.212% | 11/22/16 | \$ 540 | \$ 535 A |
| Gazprom | 6.510% | 3/7/22 | 230 | 228 A |
| OPTI Canada Inc. | 7.875% | 12/15/14 | 240 | 240 A |
| OPTI Canada Inc. | 8.250% | 12/15/14 | 205 | 207 A |
| Petrozuata Finance Inc. | 8.220% | 4/1/17 | 2,880 | 2,873 A |
| Western Oil Sands Inc. | 8.375% | 5/1/12 | 342 | 377 |
| | | | | 6,848 |
| Paper and Forest Products 0.2% | | | | |
| Abitibi-Consolidated Co. of Canada | 8.375% | 4/1/15 | 350 | 255 |
| Road and Rail 0.7% | | | | |
| Canadian Pacific Railway Co. | 6.250% | 10/15/11 | 1,000 | 1,030 |
| Grupo Transportacion Ferroviaria Mexicana SA de CV | 9.375% | 5/1/12 | 170 | 178 |
| | | | | 1,208 |
| Semiconductors and Semiconductor Equipment 0.1% | | | | |
| NXP BV/NXP Funding LLC | 7.875% | 10/15/14 | 150 | 144 |
| NXP BV/NXP Funding LLC | 9.500% | 10/15/15 | 45 | 42 |
| | | | | 186 |
| Wireless Telecommunication Services 0.3% | | | | |
| True Move Co. Ltd. | 10.750% | 12/16/13 | 200 | 202 A |
| Vodafone Group PLC | 7.750% | 2/15/10 | 250 | 264 |
| | | | | 466 |
| Total Yankee Bonds (Cost \$35,779) | | | | 38,103 |
| Foreign Government Obligations 4.2% | | | | |
| Federative Republic of Brazil | 6.000% | 5/15/15 | 4 BRL | 3,130 O |
| Federative Republic of Brazil | 6.000% | 5/15/45 | 4 BRL | 3,357 O |
| Republic of Argentina | 4.008% | 1/3/10 | 1,672 ARS | 680O |
| Total Foreign Government Obligations (Cost \$5,762) | | | | 7,167 |
| Preferred Stocks 3.7% | | | | |
| Chesapeake Energy Corp. | 6.250% | | 0.3 shs | 96 C |
| Fannie Mae | 5.375% | | P | 1,467 C |
| Freddie Mac | 5.160% | | 0.1 | 5 B |
| Freddie Mac | 5.000% | | 0.2 | 8 |
| General Motors Corp. | 5.250% | | 225 | 4,790C |
| Total Preferred Stocks (Cost \$5,140) | | | | 6,366 |
| Trust Preferred Securities 3.4% | | | | |
| Corp-Backed Trust Certificates | 7.375% | | 34 | 656 |

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| | | | |
|---|--------|-----|---------|
| Corp-Backed Trust Certificates | 8.000% | 16 | 281 |
| CORTS Trust for Ford Motor Co. | 8.000% | 155 | 2,869 |
| PreferredPlus TR-CCR1 | 8.250% | 5 | 102 |
| SATURNS-F 2003-5 | 8.125% | 104 | 1,954 |
| Total Trust Preferred Securities (Cost \$5,034) | | | 5,862 |
| Total Long-Term Securities (Cost \$244,844) | | | 251,430 |

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| | Rate | Maturity Date | Par/Shares | Value |
|--|-------------------------|---------------|------------|--------------------|
| Short-Term Securities | 7.1% | | | |
| Foreign Government Obligations | 1.0% | | | |
| Egypt Treasury Bills | 0.000% | 11/6/07 | 450 EGP | \$ 80 ^H |
| Egypt Treasury Bills | 0.000% | 10/30/07 | 9,375 EGP | 1,666 ^H |
| | | | | 1,746 |
| Repurchase Agreement | 6.1% | | | |
| Lehman Brothers Inc. | | | | |
| 4.75%, dated 9/28/07, to be repurchased at \$10,433 on 10/1/07(Collateral: \$10,575 Fannie Mae note, 5.00%, due 9/15/08, value \$10,638) | | | | |
| | | | \$ 10,429 | 10,429 |
| Total Short-Term Securities (Cost \$12,131) | | | | 12,175 |
| Total Investments | 154.3% (Cost \$256,978) | | | 263,605 |
| Other Assets Less Liabilities | (12.2)% | | | (20,763) |
| Liquidation value of preferred shares | (42.1)% | | | (72,000) |
| Net Assets Applicable to Common Shareholders | 100.0% | | | \$ 170,842 |

| | Expiration | Actual Contracts | Appreciation/ (Depreciation) |
|--|---------------|------------------|------------------------------|
| Futures Contracts Written ^R | | | |
| U.S. Treasury Bond Futures | December 2007 | 104 | (15) |

N.M. Not Meaningful.

- A Rule 144a Security - A security purchased pursuant to Rule 144a under the Securities Act of 1933 which may not be resold subject to that rule except to qualified institutional buyers. These securities, which the Fund's investment adviser has determined to be liquid, represent 22.38% of net assets.
- B Indexed Security - The rates of interest earned on these securities are tied to the London Interbank Offered Rate (LIBOR), the Euro Interbank Offered Rate (EURIBOR) Index, the Consumer Price Index (CPI), the one-year Treasury Bill Rate or the ten-year Japanese Government Bond Rate. The coupon rates are the rates as of September 30, 2007.
- C Convertible Security - Security may be converted into the issuer's common stock.
- D Stepped Coupon Security - A security with a predetermined schedule of interest or dividend rate changes at which time it begins to accrue interest or pay dividends according to the predetermined schedule.
- E All or a portion of this security is collateral to cover futures contracts.
- F Credit Linked Security - The rates of interest earned on these securities are tied to the credit rating assigned by Standard & Poor's Rating Service and/or Moody's Investors Services.
- G Pay-in-Kind (PIK) security - A security in which interest or dividends during the initial few years is paid in additional PIK securities rather than in cash.
- H Zero coupon bond - A bond with no periodic interest payments which is sold at such a discount as to produce a current yield to maturity.
- I Yankee Bond - A dollar-denominated bond issued in the U.S. by foreign entities.
- J Stripped Security - Security with interest-only or principal-only payment streams, denoted by a 1 or 2, respectively. For interest-only securities, the amount shown as principal is the notional balance used to calculate the amount of interest due.
- K The coupon rates shown on variable rate securities are the rates at September 30, 2007. These rates vary with the weighted average coupon of the underlying loans.
- L Position, or a portion thereof, with an aggregate market value of \$14,953 has been segregated to collateralize reverse repurchase agreements.
- M Treasury Inflation-Protected Security Treasury security whose principal value is adjusted daily in accordance with changes to the Consumer Price Index for All Urban Consumers. Interest is calculated on the basis of the current adjusted principal value.
- N When-issued Security - Security purchased on a delayed delivery basis. Final settlement amount and maturity date have not yet been announced.

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- O Inflation-Protected Security - Security whose principal value is adjusted daily or monthly in accordance with changes to the relevant country's Consumer Price Index or its equivalent used as an inflation proxy. Interest is calculated on the basis of the current adjusted principal value.
- P Amount represents less than \$0.50.
- Q Aggregate cost for federal income tax purposes is substantially the same as book cost. At September 30, 2007, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows:

| | |
|-------------------------------|-----------|
| Gross unrealized appreciation | \$ 12,485 |
| Gross unrealized depreciation | (5,855) |
| Net unrealized appreciation | \$ 6,630 |

- R Futures are described in more detail in the notes to financial statements.
Securities are denominated in U.S. Dollars, unless otherwise noted.

ARS Argentine Peso
BRL Brazilian Real
EGP Egyptian Pound
RUB Russian Ruble

Security Valuation

The Fund's securities are valued on the basis of readily available market quotations or, lacking such quotations, at fair value as determined under policies approved by and under the general oversight of the Board of Trustees. In determining fair value, all relevant qualitative and quantitative factors available are considered. These factors are subject to change over time and are reviewed periodically. The Fund may use fair value pricing instead of market quotations to value one or more securities if the Fund believes that, because of special circumstances, doing so would more accurately reflect the prices the Fund expects to realize on the current sale of those securities. Further, because of the inherent uncertainty of valuation, those estimated values may differ significantly from quoted or published values or from the values that would have been used had a ready market for the investments existed, and the differences could be material.

With respect to the Fund, where a security is traded on more than one market, which may include foreign markets, the securities are generally valued on the market considered by the Fund's adviser to be the primary market. The Fund will value its foreign securities in U.S. dollars on the basis of the then-prevailing exchange rates.

Options, Futures and Swap Agreements

The current market value of an exchange traded option is the last sale price or, in the absence of a sale, the price obtained by reference to broker-dealer quotations. Futures contracts are valued daily at the settlement price established by the board of trade or exchange on which they are traded. Futures contracts are marked-to-market on a daily basis. As the contract's value fluctuates, payments known as variation margin are made or received by the Fund each day, depending on the daily fluctuation in the value of the contract. The daily changes in contract value are recorded as unrealized gains or losses, and the Fund recognizes a gain or loss when the contract is closed.

Swap agreements are generally priced daily based upon quotations from brokers and the change, if any, is recorded as unrealized appreciation or depreciation.

Credit default swaps (denoted in the table below by a superscript 1) involve the exchange of a fixed rate premium for protection against the loss in value of an underlying debt instrument in the event of a defined credit event (such as payment default or bankruptcy). Interest rate swap contracts (denoted in the table below by a superscript 2) involve the exchange of commitments to pay and receive interest based on a notional principal amount. Commodity swaps (denoted in the table below by a superscript 3) are agreements to exchange cash flows at specified intervals to gain investment exposure to the relevant spread of commodity reference prices. Total return swaps (denoted in the table below by a superscript 4) are agreements to exchange the return generated by one instrument for the return generated by another instrument.

If the fund is a seller of protection and a credit event occurs, as defined under the terms of the particular swap agreement, the portfolio will pay to the buyer of the protection an amount up to the notional value of the swap and in certain instances, take delivery of the security.

As of September 30, 2007, the one-and three-month London Interbank Offered Rates were 5.12% and 5.23%, respectively. The year-to-date Dow Jones-AIG Commodity Total Return Index return was 10.98%. The Lehman Brothers US ABS AAA Floating Home Equities Index was 5.33%. The 28 day Mexican Interbank Deposit Rate was 7.68%.

Other information regarding the Fund is available in the Fund's most recent Report to Shareholders. This information is available on the Securities and Exchange Commission's website (www.sec.gov).

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The following is a summary of open swap contracts outstanding at September 30, 2007:

| | | The Fund | The Fund | Contract Notional Amount | Unrealized Appreciation/ (Depreciation) |
|---|-------------------|---|---|--------------------------------|---|
| Agreement With: | Termination Date | Agrees to Pay | Will Receive | | |
| Credit Suisse First Boston USA (AAMES Mortgage Investment Trust 2005-1 M8, 1-Month LIBOR + 160 bp, due 6/25/35) ¹ | June 25, 2035 | 1.28% Monthly | Specified amount upon credit event notice | \$ 43 | \$ 14 |
| Credit Suisse First Boston USA (AAMES Mortgage Investment Trust 2005-1 M9, 1-Month LIBOR + 250 bp, due 6/25/35) ¹ | June 25, 2035 | 2.05% Monthly | Specified amount upon credit event notice | 43 | 13 |
| Credit Suisse First Boston USA (ABX.HE-AAA 06-2) ¹ | May 25, 2046 | Specified amount upon credit event notice | 0.11% Monthly | 300 | 2 |
| Credit Suisse First Boston USA (ACE Securities Corp. 2005-HE1 M8, 1-Month LIBOR + 138 bp, due 2/25/35) ¹ | February 25, 2035 | 1.31% Monthly | Specified amount upon credit event notice | 43 | 9 |
| Credit Suisse First Boston USA (ACE Securities Corp. 2005-HE1 M9, 1-Month LIBOR + 220bp, due 2/25/35) ¹ | February 25, 2035 | 2.06% Monthly | Specified amount upon credit event notice | 43 | 11 |
| Credit Suisse First Boston USA (Aegis Asset Backed Securities Trust 2004-4 B2, 1-Month LIBOR + 190bp, due 10/25/34) ¹ | October 25, 2034 | 1.37% Monthly | Specified amount upon credit event notice | 58 | 12 |
| Credit Suisse First Boston USA (Aegis Asset Backed Securities Trust 2005 B2, 1-Month LIBOR + 130 bp, due 3/25/35) ¹ | March 25, 2035 | 1.31% Quarterly | Specified amount upon credit event notice | 43 | 15 |
| Credit Suisse First Boston USA (Aegis Asset Backed Securities Trust 2005 B3, 1-Month LIBOR + 200 bp, due 3/25/35) ¹ | March 25, 2035 | 2.18% Quarterly | Specified amount upon credit event notice | 43 | 17 |
| Credit Suisse First Boston USA (Argent Securities Inc. 2004-W11 M10, | November 25, 2034 | 2.15% Monthly | Specified amount upon credit event notice | 43 | 7 |

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1-Month LIBOR + 350bp,
due 11/25/34)¹

| | | | | | |
|---|-------------------|---------------|---|----|---|
| Credit Suisse First Boston USA (Argent Securities Inc. 2004-W11 M9, 1-Month LIBOR + 225bp, due 11/25/34) ¹ | November 25, 2034 | 1.33% Monthly | Specified amount upon credit event notice | 43 | 6 |
|---|-------------------|---------------|---|----|---|

| | | | | | |
|--|----------------|--------------|---|----|---|
| Credit Suisse First Boston USA (Argent Securities Inc. 2004-W4 M3, 1-Month LIBOR + 300 bp, due 3/25/34) ¹ | March 25, 2034 | 2.2% Monthly | Specified amount upon credit event notice | 22 | 3 |
|--|----------------|--------------|---|----|---|

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| | | | | | |
|--|-------------------|---------------|---|----|----|
| Credit Suisse First Boston USA (Finance America Mortgage Loan Trust 2004-3 M8, 1-Month LIBOR + 180bp, due 11/25/34) ¹ | November 25, 2034 | 1.31% Monthly | Specified amount upon credit event notice | 16 | 5 |
| Credit Suisse First Boston USA (Finance America Mortgage Loan Trust 2004-3 M9, 1-Month LIBOR + 315bp, due 11/25/34) ¹ | November 25, 2034 | 2.18% Monthly | Specified amount upon credit event notice | 16 | 7 |
| Credit Suisse First Boston USA (Fremont Home Loan Trust 2005-A M8, 1-Month LIBOR + 135 bp, due 1/25/35) ¹ | January 25, 2035 | 1.31% Monthly | Specified amount upon credit event notice | 43 | 6 |
| Credit Suisse First Boston USA (Fremont Home Loan Trust 2005-A, 1-Month LIBOR + 100bp, due 1/25/35) ¹ | January 25, 2035 | 2.08% Monthly | Specified amount upon credit event notice | 27 | 7 |
| Credit Suisse First Boston USA (IndyMac Home Equity Loan Asset-Backed, Trust 2004-C M8, 1-Month LIBOR + 190bp, due 3/25/35) ¹ | March 25, 2035 | 1.28% Monthly | Specified amount upon credit event notice | 43 | 11 |
| Credit Suisse First Boston USA (IndyMac Home Equity Loan Asset-Backed, Trust 2004-C M9, 1-Month LIBOR + 325bp, due 3/25/35) ¹ | March 25, 2035 | 2.05% Monthly | Specified amount upon credit event notice | 43 | 12 |
| Credit Suisse First Boston USA (Long Beach Mortgage Loan Trust 2004-1 M9, 1-Month LIBOR + 350bp, due 2/25/34) ¹ | February 25, 2034 | 2.15% Monthly | Specified amount upon credit event notice | 17 | 3 |
| Credit Suisse First Boston USA (Long Beach Mortgage Loan Trust 2005-1 M8, 1-Month LIBOR + 170 bp, due 2/25/35) ¹ | February 25, 2035 | 1.31% Monthly | Specified amount upon credit event notice | 43 | 13 |
| Credit Suisse First Boston USA (Long Beach Mortgage Loan Trust 2005-1 M9, 1-Month LIBOR + 275bp, due 2/25/35) ¹ | February 25, 2035 | 2.08% Monthly | Specified amount upon credit event notice | 43 | 14 |

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| | | | | | |
|---|-------------------|---------------|---|----|---|
| Credit Suisse First Boston USA (MASTR Asset Backed Securities Trust 2005-NC1 M8, 1-Month LIBOR + 153bp, due 12/25/34) ¹ | December 25, 2034 | 1.31% Monthly | Specified amount upon credit event notice | 43 | 6 |
|---|-------------------|---------------|---|----|---|

| | | | | | |
|---|-------------------|---------------|---|----|----|
| Credit Suisse First Boston USA (MASTR Asset Backed Securities Trust 2005-NC1 M9, 1-Month LIBOR + 240bp, due 12/25/34) ¹ | December 25, 2034 | 2.08% Monthly | Specified amount upon credit event notice | 43 | 12 |
|---|-------------------|---------------|---|----|----|

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| | | | | | |
|---|--------------------|---------------|---|----|---|
| Credit Suisse First Boston USA (Merrill Lynch Mortgage Investors, Inc. 2004-WMC1 B3, 1-Month LIBOR + 225bp, due 9/25/35) ¹ | September 25, 2035 | 2.05% Monthly | Specified amount upon credit event notice | 43 | 6 |
| Credit Suisse First Boston USA (Merrill Lynch Mortgage Investors, Inc. 2004-WMC4 B3, 1-Month LIBOR + 375bp, due 4/25/35) ¹ | April 25, 2035 | 2.15% Monthly | Specified amount upon credit event notice | 58 | 7 |
| Credit Suisse First Boston USA (Merrill Lynch Mortgage Investors, Inc. 2005-NC1 B2, 1-Month LIBOR + 130bp, due 10/25/35) ¹ | October 25, 2035 | 1.28% Monthly | Specified amount upon credit event notice | 43 | 6 |
| Credit Suisse First Boston USA (Merrill Lynch Mortgage Investors, Inc. 2005-NC1 B3, 1-Month LIBOR + 205bp, due 10/25/35) ¹ | October 25, 2035 | 2.05% Monthly | Specified amount upon credit event notice | 43 | 7 |
| Credit Suisse First Boston USA (Merrill Lynch Mortgage Investors, Inc. 2005-WMC1 B2, 1-Month LIBOR + 135bp, due 9/25/35) ¹ | September 25, 2035 | 1.28% Monthly | Specified amount upon credit event notice | 43 | 9 |
| Credit Suisse First Boston USA (Morgan Stanley ABS Capital I 2005-WMC1 B2, 1-Month LIBOR + 130 bp, due 1/25/35) ¹ | January 25, 2035 | 1.31% Monthly | Specified amount upon credit event notice | 43 | 8 |
| Credit Suisse First Boston USA (Morgan Stanley ABS Capital I 2005-WMC1 B3, 1-Month LIBOR + 215bp, due 1/25/35) ¹ | January 25, 2035 | 2.18% Monthly | Specified amount upon credit event notice | 40 | 5 |
| Credit Suisse First Boston USA (New Century Home Equity Loan Trust 2004-2 M9, 1-Month LIBOR + 325bp, due 8/25/34) ¹ | August 25, 2034 | 2.15% Monthly | Specified amount upon credit event notice | 58 | 9 |
| Credit Suisse First Boston USA (New Century Home Equity Loan Trust 2005-1 M8, 1-Month LIBOR + 140 bp, due 3/25/35) ¹ | March 25, 2035 | 1.31% Monthly | Specified amount upon credit event notice | 43 | 6 |

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| | | | | | |
|---|----------------|---------------|---|----|----|
| Credit Suisse First Boston USA (New Century Home Equity Loan Trust 2005-1 M9, 1-Month LIBOR + 205 bp, due 3/25/35) ¹ | March 25, 2035 | 2.18% Monthly | Specified amount upon credit event notice | 43 | 13 |
| Credit Suisse First Boston USA (Novastar Home Equity Loan 2005-1 B2, 1-Month LIBOR + 135 bp, due 6/25/35) ¹ | June 25, 2035 | 1.28% Monthly | Specified amount upon credit event notice | 43 | 7 |

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| | | | | | |
|--|------------------|---|---|--------|-------|
| Credit Suisse First Boston USA (Novastar Home Equity Loan 2005-4 B3, 1-Month LIBOR + 195 bp, due 6/25/35) ¹ | June 25, 2035 | 2.05% Monthly | Specified amount upon credit event notice | 43 | 9 |
| Credit Suisse First Boston USA (Park Place Securities Inc. 2005-WCH1 M8, 1-Month LIBOR + 155bp, due 1/25/36) ¹ | January 25, 2036 | 1.36% Monthly | Specified amount upon credit event notice | 43 | 14 |
| Credit Suisse First Boston USA (Park Place Securities, Inc. 2005-WCH1 M9, 1-Month LIBOR + 250 bp, due 1/25/36) ¹ | January 25, 2036 | 2.18% Monthly | Specified amount upon credit event notice | 43 | 16 |
| Credit Suisse First Boston USA (People's Choice Home Loan Securities Trust 2004-1 M6, 1-Month LIBOR + 230bp, due 6/25/34) ¹ | June 25, 2034 | 1.37% Quarterly | Specified amount upon credit event notice | 58 | 10 |
| Credit Suisse First Boston USA (People's Choice Home Loan Securities Trust 2005-1 B3, 1-Month LIBOR + 260bp, due 1/25/35) ¹ | January 25, 2035 | 2.05% Monthly | Specified amount upon credit event notice | 43 | 16 |
| Credit Suisse First Boston USA (People's Choice Home Loan Securities Trust 2005-1, 1-Month LIBOR + 165bp, due 1/25/35) ¹ | January 25, 2035 | 1.28% Monthly | Specified amount upon credit event notice | 43 | 11 |
| JP Morgan Chase & Co. (ABX.HE-AAA 07-2) ¹ | January 25, 2038 | Specified amount upon credit event notice | 0.76% Monthly | 20,000 | (500) |
| Merrill Lynch & Co., Inc. (CDX HY 8) ¹ | June 20, 2012 | Specified amount upon credit event notice | 0.86% Quarterly | 30,000 | 396 |
| Merrill Lynch & Co., Inc. (CDX HY 8) ¹ | June 20, 2012 | Specified amount upon credit event notice | 1.135% Quarterly | 10,000 | 588 |
| Merrill Lynch & Co., Inc. (CDX HY 8) ¹ | June 20, 2012 | Specified amount upon credit event notice | 1.4% Quarterly | 15,000 | 773 |
| Merrill Lynch & Co., Inc. (iBoxx IG) ¹ | June 20, 2010 | Specified amount upon credit event notice | 0.4% Quarterly | 15,000 | 106 |

\$ 91,874

\$ 1,727

Item 2 Controls and Procedures

- (a) Western Asset Premier Bond Fund (the Registrant) principal executive and principal financial officers have concluded, based on their evaluation of the Registrant s disclosure controls and procedures as of a date within 90 days of the filing date of this report, that the Registrant s disclosure controls and procedures are reasonably designed to ensure that information required to be disclosed by the Registrant on Form N-Q is recorded, processed, summarized and reported within the required time periods in the Securities and Exchange Commission s rules and forms and that information required to be disclosed by the Registrant in the reports that it files or submits on Form N-Q is accumulated and communicated to the Registrant s management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

- (b) There were no changes in the Registrant s internal control over financial reporting during the Registrant s last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Registrant s internal control over financial reporting.

Item 3 Exhibits

Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 filed as an exhibit hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Western Asset Premier Bond Fund

By: /s/ R. Jay Gerken
R. Jay Gerken
President
Western Asset Premier Bond Fund

Date: November 27, 2007

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ R. Jay Gerken
R. Jay Gerken
President
Western Asset Premier Bond Fund
Date: November 27, 2007

By: /s/ Marie K. Karpinski
Marie K. Karpinski
Principal Financial and Accounting Officer
Western Asset Premier Bond Fund
Date: November 20, 2007