

WESTERN ASSET PREMIER BOND FUND
Form N-CSRS
August 23, 2012

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
(Address of principal executive offices)

10018
(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, 2012

ITEM 1. REPORT TO STOCKHOLDERS.

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

June 30, 2012

Semi-Annual Report

**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 by investing primarily in a diversified portfolio of investment grade bonds.

What's inside

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Letter from the president

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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, 2012. 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,

R. Jay Gerken, CFA

President

July 27, 2012

Investment commentary**Economic review**

The U.S. economy continued to grow over the six months ended June 30, 2012, albeit at an uneven pace. Looking back, U.S. gross domestic product (GDP) growth, as reported by the U.S. Department of Commerce, was 4.1% in the fourth quarter of 2011. Economic growth in the U.S. then decelerated, as the Commerce Department reported that first quarter 2012 GDP growth was 2.0%. The preliminary estimate for GDP growth in the second quarter was 1.5%. Moderating growth was partially due to weaker consumer spending, which rose 1.5% in the second quarter, versus 2.4% during the first three months of the year.

Two factors constraining economic growth were the weak job market and continued troubles in the housing market. While there was some improvement during the reporting period, unemployment remained elevated. When the reporting period began, unemployment, as reported by the U.S. Department of Labor, was 8.5%. Unemployment then generally declined over the next four months and was 8.1% in April 2012, the lowest rate since January 2009. However, the unemployment rate then moved up to 8.2% in May and was unchanged in June. Within the housing market, sales are still a bit soft, though home prices appear to be firming. According to the National Association of Realtors (NAR), existing-home sales fluctuated throughout the period. Existing-home sales fell 5.4% on a seasonally adjusted basis in June 2012 versus the previous month. However, the NAR reported that the median existing-home price for all housing types was \$189,400 in June 2012, up 7.9% from June 2011. This marked the fourth consecutive month that home prices rose from a year earlier, the first such occurrence since February through May 2006. In addition, the inventory of unsold homes fell 3.2% in June versus the previous month.

The manufacturing sector, a relative pillar of strength since the end of the Great Recession, weakened during the reporting period. Based on the Institute for Supply Management's PMI (PMI)ii, in December 2011 it had a reading of 53.9 (a reading below 50 indicates a contraction, whereas a reading above 50 indicates an expansion). Activity in the manufacturing sector fluctuated during the first half of the period and was 54.8 in April, its highest reading since June 2011. The PMI then dipped to 53.5 in May 2012 and fell to 49.7 in June. The latter represented the first contraction in the manufacturing sector since July 2009. In addition, whereas thirteen of the eighteen industries in the PMI grew in May, only seven expanded in June.

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Investment commentary (continued)

Market review

Q. Did Treasury yields trend higher or lower during the six months ended June 30, 2012?

A. Both short- and long-term Treasury yields fluctuated during the reporting period. When the period began, two- and ten-year Treasury yields were 0.25% and 1.89%, respectively. With the economy initially gathering some momentum, Treasury yields moved higher during the first half of the period. Two-year Treasury yields rose as high as 0.41% on March 20, 2012 and ten-year Treasuries peaked at 2.39% around the same time. Yields then fell in late March, as well as in April, May and early June, given renewed fears over the European sovereign debt crisis. On June 1, 2012, ten-year Treasuries closed at an all-time low of 1.47%. Yields then moved higher as the month progressed due to some positive developments in Europe and hopes for additional Federal Reserve Board (Fed)iii actions to stimulate the economy. When the reporting period ended on June 30, 2012, two-year Treasury yields were 0.33% and ten-year Treasury yields were 1.67%.

Q. How did the Fed 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. Looking back, in September 2011, the Fed announced its intention to purchase \$400 billion of longer-term Treasury securities and to sell an equal amount of shorter-term Treasury securities by June 2012 (often referred to as Operation Twist). In January 2012, the Fed extended the period it expects to keep the federal funds rateiv at a historically low range between zero and 0.25%, saying economic conditions including low rates of resource utilization and a subdued outlook for inflation over the medium run are likely to warrant exceptionally low levels for the federal funds rate at least through late 2014. In June, the Fed announced that it would extend Operation Twist until the end of 2012 and that it was prepared to take further action as appropriate to promote a stronger economic recovery and sustained improvement in labor market conditions in a context of price stability.

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

A. The spread sectors experienced periods of volatility during the period. Risk appetite was often robust over the first half of the period, due to some better-than-expected economic data and signs of progress in the European sovereign debt crisis. However, fears related to the situation in Europe caused a number of spread sectors to weaken in April. While the spread sectors posted positive absolute returns in April, they generally lagged equal-durationv Treasuries. Several of the riskiest spread sectors then performed poorly in May given a flight to quality that was triggered by escalating fears of contagion from Europe and some disappointing economic data in the U.S. The spread sectors then rallied in June as investor sentiment improved. For the six months ended June 30, 2012, the Barclays U.S. Aggregate Indexvi returned 2.37%.

Q. How did the high-yield market perform over the six months ended June 30, 2012?

A. The U.S. high-yield bond market generated a strong return during the reporting period. The asset class, as measured by the Barclays U.S. Corporate High Yield 2% Issuer Cap

Indexvii, posted positive returns during four of the six months of the period. Risk appetite was often solid as investors were drawn to higher yielding securities. While the high-yield market faltered in March and May given increased risk aversion, they proved to be temporary setbacks. All told, the high-yield market gained 7.23% for the six months ended June 30, 2012.

Performance review

For the six months ended June 30, 2012, Western Asset Premier Bond Fund returned 10.93% based on its net asset value (NAV)viii and 1.49% based on its New York Stock Exchange (NYSE) market price per share. The Fund's unmanaged benchmarks, the Barclays U.S. Corporate High Yield Indexix and the Barclays U.S. Credit Indexx, returned 7.27% and 4.55%, respectively, for the same period. The Lipper Corporate Debt Closed-End Funds BBB-Rated Category Averagexi returned 6.09% 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 \$0.66 per share, which may have included a return of capital. The performance table shows the Fund's six-month total return based on its NAV and market price as of June 30, 2012. **Past performance is no guarantee of future results.**

Performance Snapshot as of June 30, 2012 (unaudited)

Price Per Share	6-Month Total Return*
\$13.79 (NAV)	10.93%
\$15.50 (Market Price)	1.49%

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.

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.

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.

As always, thank you for your confidence in our stewardship of your assets.

Sincerely,

R. Jay Gerken, CFA

President

July 27, 2012

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Investment commentary (cont d)

***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 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 Duration is the measure of the price sensitivity of a fixed-income security to an interest rate change of 100 basis points. Calculation is based on the weighted average of the present values for all cash flows.

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- vi 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.
- vii The Barclays Corporate U.S. 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.
- viii 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.
- ix 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.
- x 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).
- xi 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, 2012, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 27 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, 2012 and December 31, 2011 and does not include derivatives such as forward foreign currency contracts and swap 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.

Represents less than 0.1%.

* Prior year percentages have been restated to reflect current period classifications.

Spread duration (unaudited)

Economic Exposure June 30, 2012

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
BI	Barclays U.S. Credit Index
BHY	Barclays U.S. Corporate High Yield
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, 2012

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
BI	Barclays U.S. Credit Index
BHY	Barclays U.S. Corporate High Yield
HY	High Yield
IG Credit	Investment Grade Credit
MBS	Mortgage Backed Securities
WEA	Western Asset Premier Bond Fund

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Schedule of investments (unaudited)

June 30, 2012

Western Asset Premier Bond Fund

			Face	
Security	Rate	Maturity Date	Amount	Value
Corporate Bonds & Notes 43.7%				
Consumer Discretionary 6.3%				
Automobiles 2.2%				
DaimlerChrysler NA Holding Corp., Notes	8.500%	1/18/31	1,000,000	\$1,529,915
Ford Motor Credit Co., LLC, Senior Notes	12.000%	5/15/15	1,030,000	1,279,775
Ford Motor Credit Co., LLC, Senior Notes	8.000%	12/15/16	680,000	804,274
Total Automobiles				3,613,964
Diversified Consumer Services 0.0%				
Service Corp. International, Senior Notes	7.625%	10/1/18	5,000	5,675
Service Corp. International, Senior Notes	7.500%	4/1/27	60,000	61,500
Total Diversified Consumer Services				67,175
Hotels, Restaurants & Leisure 0.7%				
Caesars Entertainment Operating Co. Inc., Senior Notes	10.750%	2/1/16	300,000	237,000
El Pollo Loco Inc., Secured Notes	17.000%	1/1/18	388,122	357,072(a)
Inn of the Mountain Gods Resort & Casino, Senior Secured Notes	8.750%	11/30/20	99,000	95,535(a)
Mohegan Tribal Gaming Authority, Secured Notes	11.500%	11/1/17	170,000	175,100(a)
NCL Corp. Ltd., Senior Secured Notes	11.750%	11/15/16	170,000	195,075
Station Casinos Inc., Senior Subordinated Notes	6.625%	3/15/18	100,000	0(b)(c)(d)(e)
Total Hotels, Restaurants & Leisure				1,059,782
Media 3.2%				
CCH II LLC/CCH II Capital Corp., Senior Notes	13.500%	11/30/16	61,940	69,063
Cengage Learning Acquisitions Inc., Senior Notes	10.500%	1/15/15	270,000	205,200(a)
Comcast Corp., Notes	5.900%	3/15/16	400,000	460,660
Comcast Corp., Notes	7.050%	3/15/33	1,000,000	1,262,800
CSC Holdings LLC, Senior Notes	6.750%	11/15/21	1,000,000	1,065,000(a)
DISH DBS Corp., Senior Notes	7.875%	9/1/19	385,000	443,713
News America Inc.	8.875%	4/26/23	400,000	509,604
Time Warner Inc., Senior Debentures	7.700%	5/1/32	980,000	1,279,719
Total Media				5,295,759
Textiles, Apparel & Luxury Goods 0.2%				
Oxford Industries Inc., Senior Secured Notes	11.375%	7/15/15	255,000	269,984
Total Consumer Discretionary				10,306,664
Consumer Staples 2.8%				
Food & Staples Retailing 2.2%				
CVS Corp., Pass-Through Trust, Secured Bonds	5.789%	1/10/26	524,224	575,991(a)
CVS Corp., Pass-Through Trust, Secured Notes	6.943%	1/10/30	477,283	565,213
CVS Pass-Through Trust, Secured Notes	5.880%	1/10/28	512,929	562,278

See Notes to Financial Statements.

Western Asset Premier Bond Fund

			Face	
Security	Rate	Maturity Date	Amount	Value
Food & Staples Retailing continued				
CVS Pass-Through Trust, Secured Notes	6.036%	12/10/28	505,523	\$ 570,134
CVS Pass-Through Trust, Secured Notes	7.507%	1/10/32	457,542	568,323(a)
Delhaize Group, Senior Notes	5.700%	10/1/40	235,000	197,406
Safeway Inc., Notes	5.800%	8/15/12	500,000	502,839
Total Food & Staples Retailing				3,542,184
Food Products 0.5%				
Ahold Lease USA Inc., Pass-Through Certificates	8.620%	1/2/25	714,462	864,499(e)
Tobacco 0.1%				
Alliance One International Inc., Senior Notes	10.000%	7/15/16	160,000	160,400
Total Consumer Staples				4,567,083
Energy 4.5%				
Energy Equipment & Services 0.6%				
Compagnie Generale de Geophysique-Veritas, Senior Notes	6.500%	6/1/21	750,000	750,000
Hercules Offshore LLC, Senior Secured Notes	10.500%	10/15/17	155,000	155,000(a)
Total Energy Equipment & Services				905,000
Oil, Gas & Consumable Fuels 3.9%				
Anadarko Finance Co., Senior Notes	7.500%	5/1/31	570,000	717,593
Arch Coal Inc., Senior Notes	7.000%	6/15/19	750,000	633,750(a)
Burlington Resources Finance Co., Senior Notes	7.400%	12/1/31	450,000	636,255
Chesapeake Energy Corp., Senior Notes	7.250%	12/15/18	270,000	275,400
Colorado Interstate Gas Co., Senior Notes	6.800%	11/15/15	150,000	173,001
CONSOL Energy Inc., Senior Notes	8.250%	4/1/20	440,000	462,000
Devon Energy Corp., Debentures	7.950%	4/15/32	310,000	445,074
El Paso Corp., Medium-Term Notes	7.800%	8/1/31	190,000	213,251
EXCO Resources Inc., Senior Notes	7.500%	9/15/18	500,000	432,500