

WESTERN ASSET/CLAYMORE INFLATION-LINKED SECURITIES & INCOME FUND
Form N-CSR
March 04, 2010

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 811-21403

Western Asset/Claymore Inflation-Linked Securities & Income Fund
(Exact name of registrant as specified in charter)

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

91101
(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: December 31, 2009

ITEM 1.

REPORT TO STOCKHOLDERS.

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

Western Asset/Claymore Inflation-Linked Securities & Income Fund

New York Stock Exchange Symbol: WIA

Contents

Commentary

Letter to Shareholders	ii
Investment Commentary	iv

Annual Report to Shareholders

Management's Discussion of Fund Performance	1
Fund Highlights	3
Portfolio Diversification	6
Spread Duration	7
Effective Duration	8
Portfolio of Investments	9
Financial Statements	15
Notes to Financial Statements	20
Report of Independent Registered Public Accounting Firm	31
Important Tax Information	32
Trustees and Officers	33
Trustee Consideration of the Management and Advisory Agreements	37

*For more information, visit us on the web
at www.claymore.com/wia.*

Letter to Shareholders

Dear Shareholder:

We thank you for your investment in Western Asset/Claymore Inflation-Linked Securities & Income Fund (the Fund). As investment adviser for the Fund, we are pleased to submit the Fund's shareholder report for the twelve months ended December 31, 2009.

For the twelve months ended December 31, 2009, Western Asset/Claymore Inflation-Linked Securities & Income Fund returned 16.39% based on its net asset value (NAV) and 18.51% based on its New York Stock Exchange (NYSE) market price per share. The Fund's unmanaged benchmarks, the Barclays U.S. Government Inflation-Linked 1-10 Year Index and the Barclays U.S. Government Inflation-Linked All Maturities Index, returned 11.14% and 10.48%, respectively, over the same time frame.

During 2009, the Fund provided its investors with monthly distributions of \$0.046 per share in January and February and monthly distributions of \$0.038 per share in each month from March through December.

The Fund outperformed its benchmarks during the period as the overall bond market rallied and investor risk appetite increased. The largest contributor to the Fund's relative performance for the period was its allocation to investment grade corporate bonds, as spreads narrowed during the reporting period. In particular, our holdings in the Industrials and Financials sectors generated strong returns. Within the investment grade sector, Energy company **Hess Corp.**, Media companies **Comcast Corp.** and **Time Warner Inc.** and Financials firms **SLM Corp.** and **JPMorgan Chase and Co.** were significant contributors. Our exposure to several fallen angels (investment grade corporate bonds that were subsequently downgraded to non-investment grade status) also contributed to performance. Within this area, the Fund's holdings in **General Motors Corp.** and **Ford Motor Co.** produced strong returns.

Also significantly contributing to performance was the Fund's holdings of U.S. Treasury Inflation-Protected Securities (TIPS). At times during the reporting period, we boosted our TIPS exposure through the use of leverage. Elsewhere, our exposure to structured mortgage-backed securities (MBS), namely collateralized mortgage obligations, was also rewarded.

Somewhat detracting from results was the Fund's holding of a Citigroup Depositary Receipt, which performed poorly.

The Fund's investment objective is to provide current income. Capital appreciation, when consistent with current income, is a secondary objective. Under normal market conditions, the Fund will invest:

- At least 80% of its total managed assets in inflation-linked securities

- At least 60% of its total managed assets in U.S. Treasury Inflation Protected-Securities (TIPS)
- No more than 40% of its total managed assets in non-U.S. dollar investments, which gives the Fund the flexibility to invest up to 40% of its total managed assets in non-U.S. dollar inflation-linked securities (no more than 20% of its non-U.S. dollar exposure may be unhedged)

The Fund continues its policy of not investing in bonds that are below investment grade quality at the time of purchase. Up to 20% of the Fund's portfolio securities may represent corporate debt securities of investment grade quality at the time of their purchase that are not inflation-linked securities. The Fund currently expects that the average effective duration of its portfolio will range between zero and fifteen years, although this target duration may change from time to time. The Fund expects to continue its use of credit default swaps.

On July 17, 2009, Claymore Group Inc., the parent of Claymore Securities, Inc. (the Servicing Agent), entered into an Agreement and Plan of Merger between and among Claymore Group Inc., Claymore Holdings, LLC and GuggClay Acquisition, Inc. (with the latter two entities being wholly-owned, indirect subsidiaries of Guggenheim Partners, LLC (Guggenheim)). The transaction closed on October 14, 2009, whereby GuggClay Acquisition, Inc. merged into Claymore Group Inc., the surviving entity. The transaction resulted in a change-of-control whereby Claymore Group Inc. and its subsidiaries, including the Servicing Agent, became indirect,

The Letter to Shareholders is not a part of the Annual Report to Shareholders.

Letter to Shareholders

wholly-owned subsidiaries of Guggenheim. The transaction has not affected the daily operations of the Fund or the services provided by the Servicing Agent.

The servicing agreement for the Fund automatically terminated as a result of the Guggenheim transaction. The Fund's Board of Trustees considered and approved a new servicing agreement for the Fund; however, shareholder approval of the new agreement is not required.

Shareholders have the opportunity to reinvest their dividends from the Fund through the Dividend Reinvestment Plan (DRIP), which is described in detail on page 4 of this report. If shares are trading at a discount to NAV, the DRIP takes advantage of the discount by reinvesting the monthly dividend distribution in common shares of the Fund purchased in the market at a price less than NAV. Conversely, when the market price of the Fund's common shares is at a premium above NAV, the DRIP reinvests participants' dividends in newly-issued common shares at NAV, subject to an IRS limitation that the purchase price cannot be more than 5% below the market price per share. The DRIP provides a cost-effective means to accumulate additional shares.

We appreciate your investment and look forward to serving your investment needs in the future. For the most up-to-date information on your investment, please visit the Fund's website at www.claymore.com/wia.

Sincerely,

Western Asset Management Company

January 20, 2010

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- i 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.
 - ii The Barclays U.S. Government Inflation-Linked 1-10 Year Index measures the performance of the intermediate U.S. TIPS market.
 - iii The Barclays U.S. Government Inflation-Linked All Maturities Index measures the performance of the U.S. TIPS market. The Index includes TIPS with one or more years remaining maturity with total outstanding issue size of \$500 million or more.
 - iv U.S. Treasury Inflation-Protected Securities (TIPS) are inflation-indexed securities issued by the U.S. Treasury in five-year, ten-year and twenty-year maturities. The principal is adjusted to the Consumer Price Index, the commonly used measure of inflation. The coupon rate is constant, but generates a different amount of interest when multiplied by the inflation-adjusted principal.

- ^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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Investment Commentary

Western Asset/Claymore Inflation-Linked Securities & Income Fund

Financial Market Overview

While 2008 was characterized by upheaval in the financial markets, periods of extreme volatility, illiquidity and heightened risk aversion, 2009 was largely a return to more normal conditions and increased investor risk appetite.

Looking back at the tail end of 2008, investors fled fixed-income securities that were seen as being risky and flocked to the relative safety of short-term Treasuries, driving the latter's prices higher and their yields to historically low levels. In contrast, non-Treasury spreads widened to historically wide levels in some cases, as the market priced in worst-case scenarios. This caused nearly every spread sector to lag equal-duration Treasuries during the year. While this trend continued in early 2009, some encouraging economic data and a thawing of the once frozen credit markets helped bolster investor confidence.

In a stunning turnaround, by the end of the first quarter of 2009, risk aversion had been replaced by robust demand for riskier, and higher-yielding, fixed-income securities. Despite some temporary setbacks, riskier assets continued to perform well during the remainder of the year. Looking at 2009 as a whole, every spread sector outperformed equal-duration Treasuries.

While economic news often surprised on the upside during 2009, incoming economic data did not suggest a dramatic rebound in growth in 2010. As such, the Federal Reserve Board (Fed)ⁱⁱ continued its accommodative monetary policy during 2009. The Fed met eight times in 2009 and, on each occasion, kept the federal funds rateⁱⁱⁱ in a range of 0 to 1/4 percent. This trend continued at the Fed's meeting in January 2010. At that time, the Fed said that it will maintain the target range for the federal funds rate at 0 to 1/4 percent and continues to anticipate that economic conditions, including low rates of resource utilization, subdued inflation trends, and stable inflation expectations, are likely to warrant exceptionally low levels of the federal funds rate for an extended period.

Economic Review

While the U.S. economy was weak during the first half of the twelve-month reporting period ended December 31, 2009, the lengthiest recession since the Great Depression finally appeared to have ended during the second half of the year.

Looking back, the U.S. Department of Commerce reported that first quarter 2009 U.S. gross domestic product (GDP)^{iv} contracted 6.4%. The economic environment then started to get relatively better during the second quarter, as GDP fell 0.7%. The economy's more modest contraction was due, in part, to smaller declines in both exports and business spending. After contracting four consecutive quarters, the Commerce Department reported that third quarter 2009 GDP growth was 2.2%. A variety of factors helped the economy to expand, including the government's \$787 billion stimulus program, its Cash for Clunkers car rebate program, which helped spur an increase in car sales, and tax credits for first-time home buyers. Economic growth then accelerated during the fourth quarter of 2009, as the advance estimate for GDP growth was 5.7%. The Commerce Department cited a slower drawdown in business inventories and consumer spending as contributing factors spurring the economy's higher growth rate.

Even before GDP advanced in the third quarter, there were signs that the economy was starting to regain its footing. The manufacturing sector, as measured by the Institute for Supply Management's PMI^{iv}, rose to 52.9 in August 2009, the first time it surpassed 50 since January 2008 (a reading below 50 indicates a contraction, whereas a reading above 50 indicates an expansion). PMI data subsequently showed that manufacturing expanded from September through December as well. In addition, December's PMI reading of 55.9 was the highest since April 2006.

There were some mixed signals from the housing market toward the end of the reporting period. According to its most recent data, the S&P/Case-Shiller Home Price Index^{vi} indicated that month-over-month home prices rose for the sixth straight month in November. However, according to the National Association of Realtors, while existing home sales rose 7.4% in November, sales fell by nearly 17% in December.

One area that remained weak and could hamper the magnitude of economic recovery was the labor market. While monthly job losses have moderated compared to earlier in the year, the unemployment rate remained elevated during the reporting period. After reaching a twenty-six-year high of 10.1% in October 2009, the unemployment rate fell to 10.0% in November and remained unchanged the following month. Since December 2007, the unemployment rate has more than doubled and the number of unemployed workers has risen by more than eight million.

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

Investment Commentary

Market Review

Both short- and long-term Treasury yields fluctuated during the reporting period. When the period began, Treasury yields were extremely low, given numerous flights to quality that were triggered by the fallout from the financial crisis in 2008. After starting the period at 0.76% and 2.25%, respectively, two- and ten-year Treasury yields then generally moved higher (and their prices lower) until early June. Two- and ten-year yields peaked at 1.42% and 3.98%, respectively, before falling and ending the reporting period at 1.14% and 3.85%, respectively. Over the twelve months ended December 31, 2009, longer-term yields moved higher than their shorter-term counterparts as economic data improved and there were concerns regarding future inflation given the government's massive stimulus program. In a reversal from 2008, investor risk aversion faded during the twelve-month reporting period, driving spread sector (non-Treasury) prices higher. For the twelve months ended December 31, 2009, the Barclays Capital U.S. Aggregate Index^{vii} returned 5.93%.

During the reporting period, there was a shift in terms of expectations for inflation. Fears of inflation had increased in mid-2008 (before the reporting period began). This was, in part, due to sharply rising oil prices, which peaked at \$145 a barrel in July 2008. Fears of inflation were then replaced with fears of deflation, as global economic conditions weakened and the financial crisis took hold in the fall of 2008. By the end of 2008, oil prices had fallen to \$45 a barrel as demand waned and oil reserves moved higher. While inflation, as measured by the Consumer Price Index for All Urban Consumers (CPI-U)^{viii}, was 2.7% during the twelve-month period ended December 31, 2009, there were fears of higher inflation in the future. This was due to central banks' accommodative monetary policies, signs that the global economy was recovering and rising oil prices, which hit \$79 a barrel in December 2009. Inflation expectations led to increased demand for U.S. Treasury Inflation-Protected Securities (TIPS)^{ix}, and the Barclays Capital Global Real Index: U.S. TIPS^x gained 11.41% during the twelve months ended December 31, 2009.

The investment grade bond market generated solid results during the reporting period. Spreads on these securities had moved to extremely wide levels in late 2008, as the weakening economy and credit crunch triggered fears of escalating default rates. Investment grade bond spreads then significantly narrowed in 2009, as the economic environment improved and corporate profits were often better than expected. All told, the investment grade bond asset class, as measured by the Barclays Capital U.S. Credit Index^{xi}, returned 16.04% during the twelve-month period ended December 31, 2009.

In the mortgage-backed securities market, both agency and non-agency issues did well during the year. Agencies were supported by the government's purchase programs of these securities as they sought to keep long-term interest rates low in an attempt to revive the housing market. The non-agency sector improved, particularly later in the year, as housing data stabilized and there was positive sentiment surrounding the launch of the Public-Private Investment Program (PPIP).

The high-yield bond market produced very strong results during the twelve months ended December 31, 2009. In sharp contrast to its poor results in 2008, the asset class posted positive returns during eleven of the twelve months of the reporting period. This strong rally was due to a variety of factors, including the unfreezing of the credit markets, improving economic data and strong investor demand. All told, the Barclays Capital U.S. Corporate High Yield 2% Issuer Cap Index^{xii} returned 58.76% for the twelve months ended December 31, 2009.

Emerging market debt prices rallied sharply posting positive returns during every month but February of 2009. This rally was triggered by rising commodity prices, optimism that the worst of the global recession was over and increased investor risk appetite. Over the twelve months ended December 31, 2009, the JPMorgan Emerging Markets Bond Index Global (EMBI Global)^{xiii} returned 28.18%.

Market Outlook

Some economists have floated the notion of a double-dip economic recession because of the expiration of various fiscal and monetary stimulus programs. However, we believe this economic phenomenon seems unlikely. As long as the Fed maintains the current low rate environment, which we believe it will, access to credit should remain sufficient. Given the elevated levels of unemployment, the recent dip in jobless claims is a positive sign that the labor market is stabilizing. The financial market is focused on consumer spending, but we believe more sustained gains in capital expenditures and exports will be key to the U.S. recovery.

We believe that the Fed is likely to keep the federal funds rate anchored at 0 to 1/4 percent in the near future. A large concern the Fed now faces is excess bank reserves. Government support from the Troubled Asset Relief Program (TARP) and the Fed 's various special liquidity programs helped banks restore their balance sheets, but banks then held on to reserves in excess of their capital

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

Investment Commentary

requirements. As the recovery accelerates, banks may quickly reduce these excess reserves by extending credit. We believe increased lending should stimulate economic activity but, in doing so, might also contribute to inflationary pressures. Therefore, as the Fed manages the level of bank reserves, in our opinion, it must be careful not to inhibit economic growth and increase inflation. As long as the economic recovery is still in its infancy, we believe the Fed should continue its current policies.

Although the labor market is stabilizing, the declining trend in jobless claims reflects a drop-off in layoffs rather than an increase in hires. For unemployment to truly decline, we will need to see specific types of job growth. We believe the source of new job growth will probably have to come from the service sector, as the housing market remains weak and is unlikely to contribute significant new jobs any time soon. The recent increase in industrial production and capacity utilization indicates that factory-related jobs could increase in the coming year.

Despite an uptick in consumer spending in November, most likely due to the holidays, we think consumers will likely continue to demonstrate a more conservative mindset with increased savings and less consumption. Businesses, especially those that are export-oriented, should benefit from a lower U.S. dollar and increased future spending. Corporate profits in the fourth quarter of 2009 showed improvement, leading to a better outlook for the business sector compared to a year ago. Therefore, we think that businesses, rather than consumers, are likely to be the primary contributors to future economic growth. Considering current Fed policies, the likelihood of moderate inflation in the months ahead, a stabilizing labor market and an improved business climate, we find fears of a double-dip recession to be exaggerated.

Western Asset Management Company

January 29, 2010

All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

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- i *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.*
 - ii *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.*
 - iii *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.*
 - iv *Gross domestic product (GDP) is the market value of all final goods and services produced within a country in a given period of time.*
 - v *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.*
 - vi *The S&P/Case-Shiller Home Price Index measures the residential housing market, tracking changes in the value of the residential real estate market in twenty metropolitan regions across the United States.*
 - vii

The Barclays Capital 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.

- viii *The Consumer Price Index for All Urban Consumers (CPI-U) is a measure of the average change in prices over time of goods and services purchased by households, which covers approximately 87% of the total population and includes, in addition to wage earners and clerical worker households, groups such as professional, managerial and technical workers, the self-employed, short-term workers, the unemployed and retirees and others not in the labor force.*
- ix *U.S. Treasury Inflation-Protected Securities (TIPS) are inflation-indexed securities issued by the U.S. Treasury in five-year, ten-year and twenty-year maturities. The principal is adjusted to the Consumer Price Index, the commonly used measure of inflation. The coupon rate is constant, but generates a different amount of interest when multiplied by the inflation-adjusted principal.*
- x *The Barclays Capital Global Real Index: U.S. TIPS represents an unmanaged market index made up of U.S. Treasury Inflation-Linked Index securities.*
- xi *The Barclays Capital U.S. Credit Index is an index composed of corporate and non-corporate debt issues that are investment grade (rated Baa3/BBB- or higher).*
- xii *The Barclays Capital U.S. Corporate High Yield 2% Issuer Cap Index is an index of the 2% Issuer Cap component of the Barclays Capital U.S. Corporate High Yield Index, which covers the U.S. dollar-denominated, non-investment grade, fixed-rate, taxable corporate bond market.*
- xiii *The JPMorgan Emerging Markets Bond Index Global (EMBI Global) tracks total returns for U.S. dollar-denominated debt instruments issued by emerging market sovereign and quasi-sovereign entities: Brady bonds, loans, Eurobonds and local market instruments.*

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

*Western Asset/Claymore Inflation-Linked
Securities & Income Fund*

Annual Report to Shareholders

December 31, 2009

Annual Report to Shareholders

Management’s Discussion of Fund Performance

Performance Review

For the twelve months ended December 31, 2009, Western Asset/Claymore Inflation-Linked Securities & Income Fund returned 16.39% based on its net asset value (NAV)i and 18.51% based on its New York Stock Exchange (NYSE) market price per share. The Fund’s unmanaged benchmarks, the Barclays U.S. Government Inflation-Linked 1-10 Year Indexii and the Barclays U.S. Government Inflation-Linked All Maturities Indexiii, returned 11.14% and 10.48%, respectively, over the same time frame. The Lipper Corporate Debt Closed-End Funds BBB-Rated Category Averageiv returned 28.22% for the same period. Please note that Lipper performance returns are based on each fund’s NAV.

During the twelve-month period, the Fund made distributions to shareholders totaling \$0.47 per share, which included a return of capital of \$0.10 per share. The performance table shows the Fund’s twelve-month total return based on its NAV and market price as of December 31, 2009. **Past performance is no guarantee of future results.**

PERFORMANCE SNAPSHOT as of December 31, 2009

PRICE PER SHARE	12-MONTH TOTAL RETURN*
\$12.85 (NAV)	16.39%
\$12.30 (Market Price)	18.51%

All figures represent past performance and are not a guarantee of future results.

* Total returns are based on changes in NAV or market price, respectively. Total returns assume the reinvestment of all distributions in additional shares.

The Fund outperformed its benchmarks during the period as the overall bond market rallied and investor risk appetite increased. The largest contributor to the Fund’s relative performance for the period was its allocation to investment grade corporate bonds, as spreads narrowed during the reporting period. In particular, our holdings in the Industrials and Financials sectors generated strong returns. Within the investment grade sector, Energy company **Hess Corp.**, Media companies **Comcast Corp.** and **Time Warner Inc.** and Financials firms **SLM Corp.** and **JPMorgan Chase and Co.** were significant contributors. Our exposure to several fallen angels (investment grade corporate bonds that were subsequently downgraded to non-investment grade status) also contributed to performance. Within this area, the Fund’s holdings in **General Motors Corp.** and **Ford Motor Co.** produced strong returns.

Also significantly contributing to performance was the Fund's holdings of U.S. Treasury Inflation-Protected Securities (TIPS)^v. At times during the reporting period, we boosted our TIPS exposure through the use of leverage. Elsewhere, our exposure to structured mortgage-backed securities (MBS), namely collateralized mortgage obligations, was also rewarded.

Somewhat detracting from results was the Fund's holding of a Citigroup Depositary Receipt, which performed poorly.

The market rebounded during 2009. Nominal Treasuries, however, suffered as investors sold them for riskier assets. TIPS, on the other hand, outperformed as fears of deflation subsided and future inflation became a concern due to the various fiscal and monetary stimulus programs created. There were a number of adjustments made to the portfolio during the reporting period. We tactically adjusted our TIPS exposure during the fiscal year as opportunities changed. TIPS began the year priced for deflation while the corporate bond market was priced for disaster. At the beginning of the period, we were underweight TIPS, favoring mortgage-backed security pass-throughs as we thought they would be the first sector to recover once the Federal Reserve Board (Fed)^{vi} began its purchase program. We then increased our TIPS exposure, taking full advantage of our ability to use leverage, in the spring of 2009, as economic conditions started to become less negative and monthly changes in inflation (as measured by the Consumer Price Index^{vii}) turned positive. We maintained this posture through the spring and then gradually began decreasing leverage and moving back to a neutral position, having found more compelling opportunities elsewhere. By the end of November, the Fund had no leverage at all. We also moved from agency MBS to non-agency MBS because we felt the latter represented greater potential after the government had been supporting the agency mortgage market. We also pared our exposure to investment grade Industrials bonds in the fourth quarter after spreads narrowed significantly and reached pre-Lehman Brothers collapse levels. In contrast, throughout the period, we increased the Fund's exposure to investment grade Financials and Canadian and Australian inflation-linked bonds as we believed these asset classes represented further growth opportunities.

During the fiscal year, we employed the use of Treasury futures and options, Eurodollar futures and interest rate swaps to manage the portfolio's yield curve^{viii} strategy and duration^{ix}. Credit default swaps were also used during the fiscal year to increase the portfolio's corporate exposure. Currency contracts were used to hedge our non-U.S. dollar security exposure. The use of these derivative instruments was, overall, positive for performance.

Western Asset Management Company

January 19, 2010

Annual Report to Shareholders

Management's Discussion of Fund Performance

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.

Portfolio holdings and breakdowns are as of December 31, 2009 and are subject to change and may not be representative of the portfolio managers' current or future investments. Please refer to pages 9 through 14 for a list and percentage breakdown of the Fund's holdings.

The mention of sector breakdowns is for informational purposes only and should not be construed as a recommendation to purchase or sell any securities. The information provided regarding such sectors is not a sufficient basis upon which to make an investment decision. Investors seeking financial advice regarding the appropriateness of investing in any securities or investment strategies discussed should consult their financial professional. The Fund's top five sector holdings (as a percentage of net assets) as of December 31, 2009 were: U.S. Government and Agency Obligations (84.0%), Foreign Government Obligations (5.2%), Corporate Bonds and Notes (3.0%), Mortgage-Backed Securities (3.0%) and Yankee Bonds (0.9%). The Fund's portfolio composition is subject to change at any time.

***RISKS:** Bonds are subject to a variety of risks, including interest rate, credit and inflation risk. As interest rates rise, bond prices fall, reducing the value of a fixed-income investment's price. The Fund is subject to the additional risks associated with inflation-protected securities, including liquidity risk, prepayment risk, extension risk and deflation risk. Investments in foreign companies, including emerging markets, involve risks beyond those inherent solely in domestic investments. Leverage may cause a fund to be more volatile than if the fund had not been leveraged, which may increase the risk of investment loss. 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. International investments are subject to currency fluctuations, social, economic and political risk. These risks are magnified in emerging markets.*

All index performance reflects no deduction for fees, expenses or taxes. Please note that an investor cannot invest directly in an index.

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- i 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.*
 - ii The Barclays U.S. Government Inflation-Linked 1-10 Year Index measures the performance of the intermediate U.S. TIPS market.*
 - iii The Barclays U.S. Government Inflation-Linked All Maturities Index measures the performance of the U.S. TIPS market. The Index includes TIPS with one or more years remaining maturity with total outstanding issue size of \$500 million or more.*
 - iv Lipper, Inc., a wholly-owned subsidiary of Reuters, provides independent insight on global collective investments. Returns are based on the twelve-month period ended December 31, 2009, including the reinvestment of all distributions, including returns of capital, if any, calculated among the 21 funds in the Fund's Lipper category.*
 - v U.S. Treasury Inflation-Protected Securities (TIPS) are inflation-indexed securities issued by the U.S. Treasury in five-year, ten-year and twenty-year maturities. The principal is adjusted to the Consumer Price Index, the commonly used measure of inflation. The coupon rate is*

constant, but generates a different amount of interest when multiplied by the inflation-adjusted principal.

- vi 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.*
- vii The Consumer Price Index measures the average change in U.S. consumer prices over time in a fixed market basket of goods and services determined by the U.S. Bureau of Labor Statistics.*
- viii The yield curve is the graphical depiction of the relationship between the yield on bonds of the same credit quality but different maturities.*
- ix 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.*

*Annual Report to Shareholders***Fund Highlights**

	December 31,	
	2009	2008
Net Asset Value	\$374,527,079	\$334,566,563
Per Share	\$12.85	\$11.48
Market Value Per Share	\$12.30	\$10.80
Net Investment Income	\$10,276,219	\$23,779,618
Per Common Share	\$0.35	\$0.82
Dividends Paid to Common ShareholdersA	\$13,760,131	\$24,635,209
Per Common Share from Net Income	\$0.37	\$0.85
Per Common Share from Tax Return of Capital	\$0.10	

The Fund

Western Asset/Claymore Inflation-Linked Securities & Income Fund (WIA or the Fund) is a diversified, closed-end management investment company which seeks to provide current income for its shareholders. Capital appreciation, when consistent with current income, is a secondary investment objective. Substantially all of the Fund's net investment income (after payment of any interest expense in connection with forms of leverage (if applicable)) is distributed to the Fund's shareholders. A Dividend Reinvestment Plan is available to those shareholders of record desiring to participate in it. The Fund's common shares are listed on the New York Stock Exchange (NYSE) where they are traded under the symbol WIA.

Fund Performance

Total return for the Fund for various periods ended December 31 are presented below, along with those of comparative indices.

	Year Ended December 31, 2009	Three Years	Average Annual Return Five Years	Since InceptionB
Total Return Based on:				
Market Value	18.51%	8.56%	4.50%	2.81%
Net Asset Value	16.39%	5.50%	3.21%	3.83%
Barclays U.S. Government Inflation-Linked 1-10 year IndexC,D	11.14%	6.78%	4.74%	5.03%
Barclays U.S. Government Inflation-Linked All Maturities IndexD,E	10.48%	6.67%	4.62%	5.31%

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

-
- A Total dividend distribution of \$13,760,131 of which \$10,901,459 was from net investment income and \$2,858,672 was from tax return of capital.
- B The Fund's inception date is September 26, 2003.
- C This index is the U.S. component of the 1 to 10 year Barclays Global Inflation-Linked Bond Index, which measures the performance of the major government inflation-linked bond markets. Although it is not possible to invest directly in an index, it is possible to purchase investment vehicles designed to track the performance of certain indexes. The performance of the index does not reflect deductions for fees, expenses or taxes.
- D This return does not include reinvestment of dividends or capital gain distributions.
- E This index is the U.S. component of the all maturities Barclays Global Inflation-Linked Bond Index, which measures the performance of the major government inflation-linked bond markets.
Index return is for the period beginning September 30, 2003.

Annual Report to Shareholders

Fund Highlights Continued

Investment Policies

The Fund's investment policies provide that under normal market conditions and at the time of purchase, its portfolio will be invested as follows:

- At least 80% of its total managed assets in inflation-linked securities
- At least 60% of its total managed assets in U.S. Treasury Inflation-Protected Securities
- No more than 40% of its total managed assets in non-U.S. dollar investments (no more than 20% of its non-U.S. dollar exposure may be unhedged)

Each of the foregoing policies is a non-fundamental policy that may be changed without shareholder approval. The Fund has also adopted the following non-fundamental policy, which, to the extent required by applicable law, may only be changed after notice to shareholders: under normal market conditions, the Fund will invest at least 80% of its total managed assets in inflation protected securities and non-inflation protected securities and instruments with the potential to enhance the Fund's income.

Up to 20% of the Fund's portfolio securities may represent corporate debt securities of investment-grade quality at the time of their purchase that are not inflation-linked securities. In addition, to the extent permitted by the foregoing policies, the Fund may invest in emerging market debt securities. Reverse repurchase agreements and other forms of leverage will not exceed 38% of the Fund's total managed assets.

Dividend Reinvestment Plan

The Fund and American Stock Transfer & Trust Company LLC (the Agent), as the Transfer Agent and Registrar of WIA, offer a convenient way to add shares of WIA to your account. WIA offers to all common shareholders a Dividend Reinvestment Plan (the Plan). Under the Plan, cash distributions (e.g., dividends and capital gains) on the common shares are automatically invested in shares of WIA unless the shareholder elects otherwise by contacting the Agent at the address set forth below.

As a participant in the Dividend Reinvestment Plan, you will automatically receive your dividend or net capital gains distribution in newly issued shares of WIA, if the market price of the shares on the date of the distribution is at or above the net asset value (NAV) of the shares, minus estimated brokerage commissions that would be incurred upon the purchase of common shares on the open market. The number of shares to be issued to you will be determined by dividing the amount of the cash distribution to which you are entitled (net of any applicable withholding taxes) by the greater of the NAV per share on such date or 95% of the market price of a share on such date. If the market price of a share on such distribution date is below the NAV, less estimated brokerage commissions that would be incurred upon the purchase of common shares on the open market, the Agent will, as agent for the participants, buy shares of WIA through a broker on the open market. All common shares acquired on your behalf through the Plan will be automatically credited to an account maintained on the books of the Agent.

Additional Information Regarding the Plan

WIA will pay all costs applicable to the Plan, except for brokerage commissions for open market purchases by the Agent under the Plan, which will be charged to participants. All shares acquired through the Plan receive voting rights and are eligible for any stock split, stock dividend, or other rights accruing to shareholders that the Board of Trustees may declare.

You may terminate participation in the Plan at any time by giving notice to the Agent. Such termination will be effective prior to the record date next succeeding the receipt of such instructions or by a later date of termination specified in such instructions. Upon termination, a participant will receive a certificate for the full shares credited to his or her account or may request the sale of all or part of such shares. Fractional shares credited to a terminating account will be paid for in cash at the current market price at the time of termination.

F Total managed assets means the total assets of the Fund (including any assets attributable to leverage) minus accrued liabilities (other than liabilities representing leverage).

Annual Report to Shareholders

Dividends and other distributions invested in additional shares under the Plan are subject to income tax just as if they had been received in cash. After year end, dividends paid on the accumulated shares will be included in the Form 1099-DIV information return to the Internal Revenue Service and only one Form 1099-DIV will be sent to participants each year.

Inquiries regarding the Plan, as well as notices of termination, should be directed to American Stock Transfer & Trust Company LLC, 59 Maiden Lane, New York, NY 10038. Investor Relations telephone number 1-888-888-0151.

Annual Certifications

In May 2009, the Fund submitted its annual Chief Executive Officer certification to the NYSE in which the Fund's principal executive officer certified that he was not aware, as of the date of the certification, of any violation by the Fund of the NYSE's Corporate Governance listing standards. In addition, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and related U.S. Securities and Exchange Commission (SEC) rules, the Fund's principal executive and principal financial officers have made quarterly certifications, included in filings with the SEC on Forms N-CSR and N-Q, relating to, among other things, the Fund's disclosure controls and procedures and internal control over financial reporting.

Schedule of Portfolio Holdings

The Fund files its complete schedule of 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 1-800-345-7999, by visiting the Fund's website (<http://www.westernclaymore.com>), or by writing to the Fund, or you may obtain a copy of this report (and other information relating to the Fund) from the SEC's 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 1-800-SEC-0330.

Proxy Voting

You may request a free description of the policies and procedures that the Fund uses to determine how proxies relating to the Fund's portfolio securities are voted by calling 1-800-345-7999 or by writing to the Fund, or you may obtain a copy of these policies and procedures (and other information relating to the Fund) from the SEC's website (<http://www.sec.gov>). You may request a free report regarding how the Fund voted proxies relating to portfolio securities during the most recent 12-month period ended June 30, by calling 1-800-345-7999 or by writing to the Fund, or you may obtain a copy of this report (and other information relating to the Fund) from the SEC's website (<http://www.sec.gov>).

Annual Report to Shareholders

Portfolio Diversification

December 31, 2009

The pie and bar charts above represent the Fund's portfolio as of December 31, 2009 and do not include derivatives such as Futures Contracts and Swaps. The Fund's portfolio is actively managed, and its portfolio composition, credit quality breakdown, and other portfolio characteristics will vary from time to time. U.S. Treasury Inflation Protected Securities are unrated, but are backed by the full faith and credit of the government of the United States of America and are therefore considered by the Fund's investment adviser to be comparable to bonds rated AAA/Aaa.

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

Market Price	Net Asset Value	Premium/ (Discount)	Average Daily Volume (Shares)
-----------------	--------------------	------------------------	----------------------------------

March 31, 2009	\$11.49	\$11.89	(3.36)%	101,108
June 30, 2009	\$11.80	\$12.23	(3.52)%	77,332
September 30, 2009	\$12.04	\$12.65	(4.82)%	66,784
December 31, 2009	\$12.30	\$12.85	(4.28)%	69,509

A Ratings shown are expressed as a percentage of the portfolio. Standard & Poor's Ratings Services provide capital markets with credit ratings for the evaluation and assessment of credit risk.

B Expressed as a percentage of the portfolio.

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

Annual Report to Shareholders

Spread Duration

Western Asset/Claymore Inflation-Linked Securities & Income Fund

December 31, 2009

Economic Exposure

Spread duration is defined as the change in value for a 100 basis point change in the spread relative to Treasuries. The spread over Treasuries is the annual risk-premium demanded by investors to hold non-Treasury securities. This chart highlights the market sector exposure of the Fund's portfolio and the exposure relative to the selected benchmark as of the end of the reporting period.

ABS Asset Backed Securities

HY High Yield

IG Credit Investment Grade Credit

MBS Mortgage Backed Securities

90% BCIL/10% BCUSC 90% Barclays Capital Inflation Linked U.S. All Maturity/10% Barclays Capital U.S. Credit

Annual Report to Shareholders

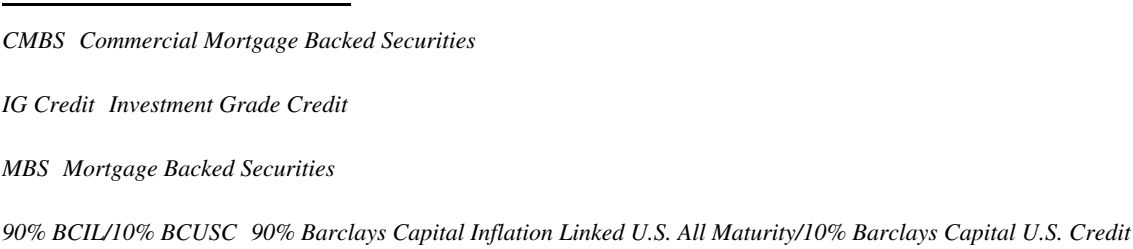
Effective Duration

Western Asset/Claymore Inflation-Linked Securities & Income Fund

December 31, 2009

Interest Rate Exposure

Effective duration is defined as the change in value for a 100 basis point change in Treasury yields. This chart highlights the interest rate exposure of the Fund's portfolio relative to the selected benchmark as of the end of the reporting period.



Annual Report to Shareholders

Portfolio of Investments

December 31, 2009

Western Asset/Claymore Inflation-Linked Securities & Income Fund

	% OF NET ASSETS	RATE	MATURITY DATE	PAR/ SHARES	VALUE
Long-Term Securities	96.9%				
U.S. Government and Agency Obligations	84.0%				
<i>Treasury Inflation-Protected Securities</i> ^A	<i>84.0%</i>				
United States Treasury Inflation-Protected Security		2.375%	4/15/11	13,297,789	\$ 13,690,486
United States Treasury Inflation-Protected Security		3.375%	1/15/12	3,481,821	3,723,916
United States Treasury Inflation-Protected Security		3.000%	7/15/12	27,532,212	29,601,423 ^B
United States Treasury Inflation-Protected Security		1.875%	7/15/13	41,194,300	43,385,960
United States Treasury Inflation-Protected Security		2.000%	1/15/14	6,855,731	7,249,936 ^C
United States Treasury Inflation-Protected Security		1.625%	1/15/15	19,698,714	20,486,663
United States Treasury Inflation-Protected Security		2.000%	1/15/16	16,010,358	16,907,194
United States Treasury Inflation-Protected Security		2.375%	1/15/17	10,558,511	11,404,015
United States Treasury Inflation-Protected Security		1.625%	1/15/18	22,236,583	22,762,967
United States Treasury Inflation-Protected Security		1.375%	7/15/18	14,686,039	14,715,866
United States Treasury Inflation-Protected Security		2.125%	1/15/19	2,819,180	2,989,653
United States Treasury Inflation-Protected Security		1.875%	7/15/19	7,491,908	7,776,368
United States Treasury Inflation-Protected Security		2.375%	1/15/25	8,027,670	8,470,444
United States Treasury Inflation-Protected Security		2.000%	1/15/26	74,344,696	74,664,156
United States Treasury Inflation-Protected Security		1.750%	1/15/28	16,200,202	15,534,471 ^B
		2.500%	1/15/29	7,350,005	7,883,454

United States Treasury Inflation-Protected Security				
United States Treasury Inflation-Protected Security	3.875%	4/15/29	10,453,932	13,452,088
Total U.S. Government and Agency Obligations				
(Cost \$294,398,727)				314,699,060

Annual Report to Shareholders

Portfolio of Investments Continued

Western Asset/Claymore Inflation-Linked Securities & Income Fund Continued

	% OF NET ASSETS	RATE	MATURITY DATE	PAR/ SHARES	VALUE
Corporate Bonds and Notes	3.0%				
<i>Automobiles</i>	<i>0.4%</i>				
Motors Liquidation Co.		8.375%	7/15/33	5,880,000	\$ 1,587,600D
<i>Consumer Finance</i>	<i>0.5%</i>				
SLM Corp.		0.000%	2/1/10	2,000,000	2,001,720E
<i>Diversified Financial Services</i>	<i>1.1%</i>				
Citigroup Inc.		6.010%	1/15/15	2,070,000	2,113,673
JPMorgan Chase and Co.		7.900%	12/31/49	1,940,000	2,001,032F 4,114,705
<i>Health Care Providers and Services</i>	<i>1.0%</i>				
HCA Inc.		5.750%	3/15/14	4,000,000	3,760,000
Total Corporate Bonds and Notes (Cost \$14,482,619)					11,464,025
Asset-Backed Securities	0.6%				
<i>Fixed Rate Securities</i>	<i>0.1%</i>				
Structured Asset Securities Corp. 2002-AL1 A3		3.450%	2/25/32	348,538	285,318
<i>Indexed SecuritiesE</i>	<i>0.5%</i>				
Amerquest Mortgage Securities Inc. 2005-R11 A2D		0.561%	1/25/36	50,000	32,465
Amresco Residential Securities Mortgage Loan Trust 1997-3 M1A		0.786%	9/25/27	3,007	2,226
Asset Backed Funding Certificates 2004-OPT2 M1		0.781%	8/25/33	40,000	28,551
Countrywide Asset-Backed Certificates 2002-4 A1		0.971%	2/25/33	3,575	2,826
Countrywide Home Equity Loan Trust 2007-GW A		0.983%	8/15/37	1,125,913	795,881
EMC Mortgage Loan Trust 2004-C A1		0.781%	3/25/31	40,959	35,726G
Novastar Home Equity Loan 2003-2 A1		0.841%	9/25/33	1,407,411	922,671 1,820,346
<i>Variable Rate SecuritiesH</i>	<i>N.M.</i>				
SLC Student Loan Trust 2008-1 A4A		1.854%	12/15/32	100,000	104,764

Total Asset-Backed Securities				
(Cost \$1,369,584)				
Mortgage-Backed Securities	3.0%			2,210,428
<i>Fixed Rate Securities</i>	<i>0.2%</i>			
Countrywide Alternative Loan Trust				
2004-J1	6.000%	2/25/34	16,833	16,481
Countrywide Alternative Loan Trust				
2004-2 CB	4.250%	3/25/34	56,180	53,501

Annual Report to Shareholders

	% OF NET ASSETS	RATE	MATURITY DATE	PAR/ SHARES	VALUE
Mortgage-Backed Securities Continued					
<i>Fixed Rate Securities</i> Continued					
Residential Asset Mortgage Products Inc. 2004-SL2		8.500%	10/25/31	21,284	\$ 20,193
Residential Asset Mortgage Products Inc. 2004-SL4		7.500%	7/25/32	172,501	163,445
Washington Mutual MSC Mortgage Pass-Through Certificates 2002-MS12 B2		6.500%	5/25/32	672,988	436,948
Washington Mutual MSC Mortgage Pass-Through Certificates 2004-RA1		7.000%	3/25/34	68,494	69,575
					760,143
<i>Indexed Securities</i> ^E					
	1.2%				
Banc of America Mortgage Securities 2003-D		4.569%	5/25/33	98,992	89,344
Banc of America Mortgage Securities 2005-F		4.982%	7/25/35	166,620	140,345
Bear Stearns Adjustable Rate Mortgage Trust 2004-9 24A1		5.405%	11/25/34	238,590	227,713
Countrywide Home Loan Mortgage Pass-Through Trust 2003-56 6A1		3.461%	12/25/33	645,698	531,972
Countrywide Home Loans 2005-09 1A1		0.531%	5/25/35	203,641	110,688
Countrywide Home Loans 2005-R2 1AF1		0.571%	6/25/35	788,742	693,927 ^G
Countrywide Home Loans 2005-R3		0.631%	9/25/35	1,548,159	1,161,245 ^G
IndyMac Inda Mortgage Loan Trust 2007-AR7 1A1		6.158%	11/25/37	252,070	174,883
JPMorgan Mortgage Trust 2004-A1 1A1		4.306%	10/25/33	132,175	125,317
JPMorgan Mortgage Trust 2004-A1 1A1		4.794%	2/25/34	53,320	50,934
MASTR Adjustable Rate Mortgages Trust 2004-13		3.096%	11/21/34	350,000	284,016
MLCC Mortgage Investors Inc. 2003-H		2.412%	1/25/29	14,121	12,639
Sequoia Mortgage Trust 2003-8 A1		0.553%	1/20/34	40,593	30,575
Structured Adjustable Rate Mortgage Loan Trust 2005-3XS A3		0.601%	1/25/35	777,581	602,742 ^I
WaMu Mortgage Pass-Through Certificates 2003-AR8 A		2.851%	8/25/33	41,626	38,605
WaMu Mortgage Pass-Through Certificates 2003-AR10		2.825%	10/25/33	145,072	129,133
					4,404,078
<i>Variable Rate Securities</i> ^H					
	1.6%				
Chase Mortgage Finance Corp. 2007-A1 2A3		4.128%	2/25/37	62,397	57,791
CS First Boston Mortgage Securities Corp. 2004-AR6 2A1		3.578%	10/25/34	55,473	47,903
GSR Mortgage Loan Trust 2004-11 1A1		3.787%	9/25/34	347,568	276,767
JPMorgan Mortgage Trust 2006-A2 5A1		3.445%	11/25/33	23,030	21,206
		4.258%	2/25/35	1,772,177	1,538,669

Merrill Lynch Mortgage Investors Inc.				
2005-A2				
Merrill Lynch Mortgage Investors Trust				
2004-A1 2A1	3.789%	2/25/34	41,699	40,520

Annual Report to Shareholders

Portfolio of Investments Continued

Western Asset/Claymore Inflation-Linked Securities & Income Fund Continued

	% OF NET ASSETS	RATE	MATURITY DATE	PAR/ SHARES	VALUE
Mortgage-Backed Securities Continued					
<i>Variable Rate Securities</i> ^H Continued					
Morgan Stanley Capital I 2004-RR2 X		0.932%	10/28/33	966,493	\$ 14,275 ^{G,I,J}
Thornburg Mortgage Securities Trust 2007-4 2A1		6.200%	9/25/37	374,962	299,516
WaMu Mortgage Pass-Through Certificates 2005-AR3 A2		4.610%	3/25/35	4,005,892	3,412,929
WaMu Mortgage Pass-Through Certificates 2007-HY1 1A1		5.673%	2/25/37	445,339	283,379
					5,992,955
Total Mortgage-Backed Securities					
(Cost \$8,717,982)					11,157,176
Yankee Bonds ^K	0.9%				
<i>Commercial Banks</i>	<i>N.M.</i>				
Glitnir Banki Hf		6.693%	6/15/16	1,240,000	124 ^{D,F,G,J}
Kaupthing Bank Hf		7.125%	5/19/16	2,060,000	206 ^{D,G,J}
					330
<i>Diversified Financial Services</i>	<i>0.3%</i>				
UFJ Finance Aruba AEC		6.750%	7/15/13	1,025,000	1,141,191
<i>Foreign Government</i>	<i>0.5%</i>				
Russian Federation		7.500%	3/31/30	1,748,400	1,973,506 ^G
<i>Oil, Gas and Consumable Fuels</i>	<i>0.1%</i>				
Gazprom		6.510%	3/7/22	190,000	174,325 ^G
Total Yankee Bonds					
(Cost \$6,233,636)					3,289,352
Foreign Government Obligations	5.2%				
Canadian Government Bond		4.250%	12/1/21	6,690,478 ^{CAD}	8,433,579 ^L
Commonwealth of Australia		4.000%	8/20/20	7,930,000 ^{AUD}	11,029,512 ^L
Total Foreign Government Obligations					
(Cost \$17,476,242)					19,463,091

Preferred Stocks	0.2%		
Fannie Mae	8.250%	278,700shs	306,570F,M,N
Freddie Mac	8.375%	309,625	325,106F,M,N
Total Preferred Stocks			
(Cost \$14,820,998)			631,676
Total Long-Term Securities			
(Cost \$357,499,788)			362,914,808

Annual Report to Shareholders

	% OF NET ASSETS	PAR/ SHARES	VALUE
Short-Term Securities	2.4%		
<i>Repurchase Agreement</i>	<i>2.4%</i>		
Interest in \$8,952,000 repurchase agreement dated 12/31/09 with Banc of America, 0.010% due 1/4/10; Proceeds at maturity \$8,952,010; (Fully collateralized by U.S. Treasury Note, 4.125% due 5/15/15; Market value \$9,131,040)		8,952,000	\$ 8,952,000
Total Short-Term Securities (Cost \$8,952,000)			8,952,000
Total Investments (Cost \$366,451,788)O	99.3%		371,866,808
Other Assets Less Liabilities	0.7%		2,660,271
Net Assets	100.0%		\$374,527,079

	EXPIRATION	ACTUAL CONTRACTS	(DEPRECIATION)
Futures Contracts PurchasedP			
German Euro Bobl Futures	March 2010	47	\$ (58,955)
U.S. Treasury Note Futures	March 2010	32	(103,604)
			\$ (162,559)

N.M. Not Meaningful.

Securities are denominated in U.S. Dollars, unless otherwise noted.

- A 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.
- B All or a portion of this security is collateral to cover futures.
- C All or a portion of this security is collateral to cover swaps.
- D The coupon payment on these securities is currently in default as of December 31, 2009.
- E 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 December 31, 2009.
- F 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.
- G 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, unless otherwise noted, represent 1.08% of net assets.
- H The coupon rates shown on variable rate securities are the rates at December 31, 2009. These rates vary with the weighted average coupon of the underlying loans.
- I Security is valued in good faith at fair value by or under the direction of the Board of Trustees.
- J Illiquid security.
- K Yankee Bond A dollar-denominated bond issued in the U.S. by foreign entities.
- L 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.
- M On September 7, 2008, the Federal Housing Finance Agency placed Fannie Mae (FNMA) and Freddie Mac (FHLMC) into conservatorship.
- N Non-income producing.

Annual Report to Shareholders

Portfolio of Investments Continued

Western Asset/Claymore Inflation-Linked Securities & Income Fund Continued

O Aggregate cost for federal income tax purposes is \$367,611,515.

P Futures are described in more detail in the notes to financial statements.

Abbreviations used in this schedule:

AUD Australian Dollar

CAD Canadian Dollar

See notes to financial statements.

Annual Report to Shareholders

Statement of Assets and Liabilities

December 31, 2009

Western Asset/Claymore Inflation-Linked Securities & Income Fund

Assets:

Investment securities at value (Cost \$357,499,788)	\$362,914,808
Short-term securities at value (Cost \$8,952,000)	8,952,000
Cash	702
Foreign currency at value (Cost \$146,157)	146,977
Interest receivable	3,046,350
Deposits with brokers for open futures contracts	135,601
Unrealized appreciation of forward foreign currency contracts	133,693
Amounts receivable for open swaps	2,903
Total assets	375,333,034

Liabilities:

Unrealized depreciation of swaps	\$259,442
Accrued management fee	129,610
Unrealized depreciation of forward foreign currency contracts	78,256
Futures variation margin payable	71,455
Accrued servicing agent fees	48,604
Accrued administration fee	8,493
Accrued expenses	210,095
Total liabilities	805,955
Net Assets	\$374,527,079

Summary of Shareholders' Equity:

Common shares, no par value, unlimited number of shares authorized, 29,152,821 shares issued and outstanding (Note 5)	\$405,638,527
Overdistributed net investment income	(706,324)
Accumulated net realized loss on investments, options, futures, swaps and foreign currency transactions	(35,454,339)
Unrealized appreciation of investments, futures, swaps and foreign currency translations	5,049,215
Net Assets	\$374,527,079

Net Asset Value Per Common Share:

(\$374,527,079 ÷ 29,152,821 common shares issued and outstanding)	\$12.85
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See notes to financial statements.

Annual Report to Shareholders

Statement of Operations

Western Asset/Claymore Inflation-Linked Securities & Income Fund

	FOR THE YEAR ENDED DECEMBER 31, 2009	
Investment Income:		
Interest	\$13,645,690	
Dividends	75,156	
Total income		\$13,720,846
Expenses:		
Management fees (Note 2)	1,795,778	
Servicing agent fees (Note 2)	673,417	
Audit and legal fees	173,765	
Administration fee (Note 2)	100,000	
Trustees' fees and expenses	91,224	
Reports to shareholders	76,078	
Custodian fees	52,270	
Transfer agent and shareholder servicing expense	49,188	
Registration fees	24,156	
Taxes, other than federal income taxes	9,464	
Other expenses	37,650	
	3,082,990	
Interest expense (Note 3)	361,637	
Net expenses		3,444,627
Net Investment Income		10,276,219
Net Realized and Unrealized Gain/(Loss) on Investments (Notes 1, 3 and 4):		
Net realized gain/(loss) on:		
Investments	(7,205,046)	
Written options	351,145	
Futures	(555,154)	
Swaps	1,657,026	
Foreign currency transactions	(568,669)	
		(6,320,698)
Change in unrealized appreciation/(depreciation) of:		
Investments	45,513,676	
Futures	1,994,343	
Swaps	2,307,375	
Foreign currency translations	(50,268)	
		49,765,126
Net Realized and Unrealized Gain on Investments		43,444,428
Change in Net Assets Resulting From Operations		\$53,720,647

See notes to financial statements.

Annual Report to Shareholders

Statement of Changes in Net Assets

Western Asset/Claymore Inflation-Linked Securities & Income Fund

	FOR THE YEARS ENDED DECEMBER 31,	
	2009	2008
Change in Net Assets:		
Net investment income	\$ 10,276,219	\$ 23,779,618