

WESTERN ASSET CLAYMORE INFLATION-LINKED SECURITIES & INCOME FUND  
Form N-CSRS  
September 05, 2008

**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**

**Name of Registrant:**

**385 East Colorado Boulevard, Pasadena, CA 91101**  
**Address of Principal Executive Offices:**

**Charles A. Ruys de Perez**

**385 East Colorado Boulevard**

**Pasadena, CA 91101**

**Name and address of agent for service:**

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

Date of fiscal year end: 12/31/2008

Date of reporting period: 06/30/2008

**Item 1. Report to Shareholders.**

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

*Semi-Annual Report to Shareholders*

*June 30, 2008*

## Semi-Annual Report to Shareholders

### Fund Highlights

(Unaudited)

	Six Months Ended June 30, 2008	Year Ended December 31, 2007
Net Asset Value	\$394,644,371	\$389,980,044
Per Share	\$13.54	\$13.38
Market Value Per Share	\$12.39	\$11.73
Net Investment Income	\$15,506,570	\$20,475,534
Per Common Share	\$0.53	\$0.70
Dividends Paid to Common Shareholders	\$10,058,798	\$20,165,006
Per Common Share from Net Income	\$0.35	\$0.69

### 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 it. The Fund's common shares are listed on the New York Stock Exchange (NYSE) where they are traded under the symbol WIA.

### Performance Information

Total return on market value measures investment performance in terms of appreciation or depreciation in market value per share, plus dividends and any capital gain distributions. Total return on net asset value measures investment performance in terms of appreciation or depreciation in net asset value per share, plus dividends and any capital gain distributions. Total return on market value assumes that dividends and distributions were reinvested on payment date at prices obtained under the Fund's dividend reinvestment plan. Total return on net asset value assumes that dividends and distributions were reinvested on payment date at net asset value. Average annual returns tend to smooth out variations in a fund's return, so that they differ from actual year-to-year results. No adjustment has been made for any income taxes payable by shareholders.

	Second Quarter 2008	Six Months Ended June 30, 2008	One Year	Average Annual Return Three Year	Since Inception <sup>A</sup>
Total Return Based on:					
Market Value	4.80%	8.64%	15.69%	4.47%	2.03%
Net Asset Value	(0.77)%	3.78%	12.59%	3.85%	4.44%
Barclays U.S. Government Inflation-Linked 1-10 year Index <sup>B,C</sup>	0.87%	5.90%	15.17%	6.38%	5.92%
Barclays U. S. Government Inflation-Linked All Maturities Index <sup>C,D</sup>	0.47%	4.78%	15.15%	5.59%	6.24%

The performance data quoted represents past performance and does not guarantee future results. The performance stated may have been due to extraordinary market conditions, which may not be duplicated in the future. 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.

<sup>A</sup> *The Fund's inception date is September 30, 2003.*

<sup>B</sup> *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.*

<sup>C</sup> *This return does not include reinvestment of dividends or capital gain distributions.*

<sup>D</sup> *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.*

## *Semi-Annual Report to Shareholders*

### **Fund Highlights Continued**

#### **Investment Policies**

As previously announced, effective November 26, 2007, the Fund's investment policies were revised to include, among others, that, under normal market conditions and at the time of purchase, its portfolio be invested as follows:

at least 80% of its total managed assets<sup>F</sup> in inflation-linked securities

at least 60% of its total managed assets in U.S. TIPS

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. Pursuant to these new policies, the Fund is expected to expand its use of credit default swaps.

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. The Fund completed the redemption of its outstanding preferred shares on November 15, 2006.

Due to the investment policy changes described above, an investment in the Fund is now subject to the following additional risks:

*Currency Risk.* The risk that the value of the Fund's portfolio holdings that are denominated in non-U.S. currencies can be affected by changes in the rates of exchange between those currencies and the U.S. dollar. Although the Fund may at times seek to hedge its foreign currency risk, suitable hedges either may not be available or, if used, may not be effective and may result in losses.

*Emerging Markets Risk.* The risk that the value of the Fund's investments in emerging market countries are subject to economic and political developments in countries that are typically less fully developed and less stable. Additionally, emerging market countries may have policies that restrict investment by foreigners, or that prevent foreign investors from withdrawing their money at will.

#### **Dividend Reinvestment Plan**

The Fund and Computershare Trust Company N.A. (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 (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.

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



## *Semi-Annual Report to Shareholders*

### **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 shall 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.

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 Computershare Trust Company, N.A., P.O. Box 43010, Providence, Rhode Island 02940-3010 Investor Relations telephone number (800) 426-5523.

### **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 1-800-732-0330.

### **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 twelve-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>).

## Semi-Annual Report to Shareholders

### Portfolio Diversification

June 30, 2008

The pie and bar charts above represent the Fund's portfolio as of June 30, 2008 and do not include derivatives such as Futures Contracts, Options Written 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) <sup>C</sup>
September 30, 2007	\$ 11.67	\$ 13.07	(10.71)%	96,100
December 31, 2007	\$ 11.73	\$ 13.38	(12.33)%	82,836
March 31, 2008	\$ 11.99	\$ 13.82	(13.24)%	139,256
June 30, 2008	\$ 12.39	\$ 13.54	(8.49)%	118,694

<sup>A</sup> 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.

<sup>B</sup> Expressed as a percentage of the portfolio.

## Semi-Annual Report to Shareholders

### Portfolio of Investments

June 30, 2008 (Unaudited)

Western Asset/Claymore Inflation-Linked Securities & Income Fund

	% OF NET ASSETS	RATE	MATURITY DATE	PAR/ SHARES	VALUE
<b>Long-Term Securities</b>	<b>137.6%</b>				
<b>U.S. Government and Agency Obligations</b>	<b>116.2%</b>				
<i>Treasury Inflation-Protected Securities<sup>A</sup></i>	<i>116.2%</i>				
United States Treasury Inflation-Protected Security		0.875%	4/15/10	\$ 41,777,951	\$ 42,499,288 <sub>B</sub>
United States Treasury Inflation-Protected Security		2.375%	4/15/11	79,133,174	83,850,223 <sub>C</sub>
United States Treasury Inflation-Protected Security		2.000%	4/15/12	52,445,702	55,330,216 <sub>C</sub>
United States Treasury Inflation-Protected Security		3.000%	7/15/12	32,969,580	36,207,292 <sub>B</sub>
United States Treasury Inflation-Protected Security		1.875%	7/15/13	60,926,261	64,410,512 <sub>B,C</sub>
United States Treasury Inflation-Protected Security		1.625%	1/15/15	22,271,436	23,000,469 <sub>B</sub>
United States Treasury Inflation-Protected Security		2.000%	1/15/16	22,616,726	23,821,768 <sub>B</sub>
United States Treasury Inflation-Protected Security		2.375%	1/15/17	10,490,644	11,355,304 <sub>B</sub>
United States Treasury Inflation-Protected Security		1.625%	1/15/18	22,093,491	22,443,872 <sub>B</sub>
United States Treasury Inflation-Protected Security		2.375%	1/15/25	19,609,762	20,565,738 <sub>B</sub>
United States Treasury Inflation-Protected Security		2.000%	1/15/26	73,866,876	73,237,826
United States Treasury Inflation-Protected Security		1.750%	1/15/28	2,050,440	1,950,801 <sub>B</sub>
<b>Total U.S. Government and Agency Obligations</b> (Cost \$438,808,619)					458,673,309
<b>U.S. Government Agency Mortgage-Backed Securities</b>	<b>4.3%</b>				
<i>Fixed Rate Securities</i>	<i>4.3%</i>				
Fannie Mae		6.000%	1/1/37 to 6/1/37	16,641,635	16,810,085
<b>Total U.S. Government Agency Mortgage-Backed Securities</b> (Cost \$16,331,692)					16,810,085

## Semi-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
<b>Corporate Bonds and Notes</b>	<b>7.2%</b>				
<i>Automobiles</i>	<i>2.0%</i>				
Ford Motor Co.		7.450%	7/16/31	\$ 7,435,000	\$ 4,330,887
General Motors Corp.		8.375%	7/15/33	6,000,000	3,555,000 <sub>B</sub>
					7,885,887
<i>Consumer Finance</i>	<i>0.5%</i>				
SLM Corp.		5.261%	2/1/10	2,000,000	1,841,700 <sub>D</sub>
<i>Diversified Financial Services</i>	<i>0.9%</i>				
Bank of America Corp.		8.000%	12/29/49	1,740,000	1,630,154 <sub>E</sub>
JPMorgan Chase and Co.		7.900%	12/31/49	1,940,000	1,819,021 <sub>E</sub>
					3,449,175
<i>Health Care Providers and Services</i>	<i>0.8%</i>				
HCA Inc.		5.750%	3/15/14	4,000,000	3,330,000
<i>Leisure Equipment and Products</i>	<i>0.3%</i>				
Eastman Kodak Co.		7.250%	11/15/13	1,200,000	1,167,000
<i>Media</i>	<i>1.4%</i>				
Comcast Corp.		5.900%	3/15/16	1,900,000	1,856,467
News America Inc.		7.625%	11/30/28	1,790,000	1,902,545
Time Warner Inc.		7.700%	5/1/32	1,750,000	1,791,655
					5,550,667
<i>Oil, Gas and Consumable Fuels</i>	<i>1.3%</i>				
Hess Corp.		7.875%	10/1/29	2,880,000	3,303,092
Hess Corp.		7.300%	8/15/31	120,000	134,022
Hess Corp.		7.125%	3/15/33	895,000	977,236
Kinder Morgan Energy Partners LP		7.300%	8/15/33	900,000	920,853
					5,335,203

<b>Total Corporate Bonds and Notes</b>					
(Cost \$34,575,639)					
28,559,632					
<b>Yankee Bonds<sup>F</sup></b>	<b>2.9%</b>				
<i>Commercial Banks</i>					
0.6%					
Glitnir Banki Hf	6.693%	6/15/16	1,240,000	797,395 <sup>E,G</sup>	
Kaupthing Bank Hf	7.125%	5/19/16	2,060,000	1,451,694 <sup>G</sup>	
					2,249,089
<i>Diversified Financial Services</i>					
0.3%					
UFJ Finance Aruba AEC	6.750%	7/15/13	1,025,000	1,076,804	

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*Semi-Annual Report to Shareholders*

	% OF NET ASSETS	RATE	MATURITY DATE	PAR/ SHARES	VALUE
<b>Yankee Bonds</b> Continued					
<i>Diversified Telecommunication Services</i>	0.6%				