WESTERN ASSET/CLAYMORE INFLATION-LINKED SECURITIES & INCOME FUND
Form N-CSR
February 25, 2011

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	91101
(Address of principal executive offices)	(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: (800) 345-7999

Date of fiscal year end: December 31

Date of reporting period: December 31, 2010

ITEM 1. REPORT TO STOCKHOLDERS.

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

December 31, 2010

Annual Report

Western Asset/Claymore Inflation-Linked Securities & Income Fund
(WIA)

INVESTMENT PRODUCTS: NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

Investment objectives

The Fund s primary investment objective is to provide current income. Capital appreciation, when consistent with current income, is a secondary investment objective.

What s inside

Letter to shareholders

Dear Shareholder,

We thank you for your investment in Western Asset/Claymore Inflation-Linked Securities & Income Fund. As investment adviser for the Fund, we are pleased to submit the Fund s annual shareholder report for the twelve months ended December 31, 2010.

For the twelve months ended December 31, 2010, the Fund returned 5.91% based on its net asset value (NAV)[i] and 7.99% 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[ii] and the Barclays U.S. Government Inflation-Linked All Maturities Index[iii], returned 5.19% and 6.33%, respectively, for the same period. The Barclays World Government Inflation-Linked All Maturities Index[iv] and the Fund s Custom Benchmark[v] returned 3.95% and 6.55%, respectively, over the same time frame. All Fund returns cited whether based on NAV or market price assume the reinvestment of all distributions. Past performance does not guarantee future results. The market price of the Fund s shares fluctuates from time to time, and it may be higher or lower than the Fund s NAV.

The largest contributor to the Fund s absolute performance during the reporting period was our exposure to the investment grade bond market. The asset class performed well due to generally better-than-expected corporate profits and overall robust demand. In particular, our holdings in **Citigroup Inc.** and **Kraft Foods Inc.** were beneficial for performance. The Fund s exposure to high-yield bonds was also rewarded as the sector was among the best-performing fixed-income sectors during the reporting period given declining default rates and solid demand from investors looking to generate incremental yield. Among the Fund s strongest high-yield holdings were positions in **Motors Liquidation Co.** and **HCA Inc.**

Exposures to Australian inflation-linked bonds and non-agency mortgage-backed securities were also additive to performance.

Finally, the Fund s use of leverage contributed to results as the leverage amplified the positive performance in the fixed-income market during the reporting period.

The largest detractor from the Fund s absolute performance for the period was our exposure to longer-duration[vi] U.S. Treasury Inflation-Protected Securities (TIPS)[vii]. After falling during the first nine months of the year, real yields moved up sharply in November and December as the market s expectations for economic growth in 2011 were revised upward following the Fed s implementation of additional securities purchases and the administration s tax law changes.

A short position in the Japanese yen was also a drag on results as the yen appreciated versus most other currencies over the twelve months ended December 31, 2010.

The Fund employed U.S. Treasury and Eurodollar futures and options during the reporting period to manage its yield curveviii positioning and duration. We used currency forwards to hedge our currency exposure. Credit default swaps were utilized to manage our exposure to the credit market. Overall, the use of these derivative instruments was a negative for performance.

As of December 31, 2010, the Fund s market price of $12.82 per share represented a discount of 2.51% to its NAV of $13.15 per share. In each month from January through November of 2010, the Fund provided its investors with monthly distributions of $0.038 per share. In December 2010, the Fund paid a monthly distribution of $0.035 per share. The most recent dividend represents an annualized distribution rate of 3.28% based on the Fund s closing market price of $12.82 on December 31, 2010.

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 and at the time of purchase, the Fund will invest:

- At least 80% of its total managed assetsix 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, 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)

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. The Fund will not invest 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. 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 currently expects that the average effective durationx 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.

Shareholders have the opportunity to reinvest their dividends from the Fund through the Dividend Reinvestment Plan

Western Asset/Claymore Inflation-Linked Securities & Income Fund

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Letter to shareholders (cont d)

(DRIP), which is described in detail on page 44 of this report. In general, 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.guggenheimfunds.com/wia.

Sincerely,

Western Asset Management Company

January 11, 2011

i Net asset value (NAV) is calculated by subtracting total liabilities, including liabilities representing financial leverage (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 The Barclays World Government Inflation-Linked All Maturities Index measures the performance of the major government inflation-linked bond markets.

v The Custom Benchmark is comprised of 90% Barclays U.S. Government Inflation-Linked All Maturities Index and 10% Barclays Capital U.S. Credit Index. 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).

vi 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.

vii 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.

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

x Effective duration measures the expected sensitivity of market price to changes in interest rates, taking into account the effects of structural complexities. (For example, some bonds can be prepaid by the issuer.)

Investment commentary

Economic review

Despite continued headwinds from high unemployment and issues in the housing market, the U.S. economy continued to expand over the twelve months ended December 31, 2010. Toward the end of the reporting period, fears regarding moderating economic growth were replaced with optimism for a strengthening economy in 2011. With investor sentiment improving, U.S. equities moved sharply higher in the fourth quarter, while rising interest rates negatively impacted some sectors of the fixed-income market. All told, during 2010, investors who took on additional risk in their portfolios were generally rewarded.

In September 2010, the National Bureau of Economic Research (NBER), the organization charged with determining when recessions start and end, announced that the recession that began in December 2007 had concluded in June 2009. However, the NBER said, In determining that a trough occurred in June 2009, the committee did not conclude that economic conditions since that month have been favorable or that the economy has returned to operating at normal capacity. The NBER s point is well-taken given continued areas of weakness in the U.S. economy.

Although the U.S. Department of Commerce continued to report positive U.S. gross domestic product (GDP)i growth, the expansion has moderated since peaking at 5.0% in the fourth quarter of 2009. A slower drawdown in business inventories and renewed consumer spending were contributing factors spurring the economy s solid growth at the end of 2009. However, the economy grew at a more modest pace in 2010. According to the Commerce Department, GDP growth was 3.7%, 1.7% and 2.6% during the first, second and third quarters of 2010, respectively. The initial estimate for fourth quarter GDP was a 3.2% expansion.

Turning to the job market, while the unemployment rate moved lower in December 2010, it remained elevated throughout the reporting period. While 384,000 new jobs were created during the fourth quarter and the unemployment rate fell from 9.8% in November to 9.4% in December 2010, there continued to be some disturbing trends in the labor market. The unemployment rate has now exceeded 9.0% for twenty consecutive months, the longest period since the government began tracking this data in 1949. In addition, the U.S. Department of Labor reported in December that a total of 14.5 million Americans looking for work have yet to find a job, and 44% of these individuals have been out of work for more than six months.

There was mixed news in the housing market during the period. According to the National Association of Realtors (NAR), existing-home sales increased 7.0% and 8.0% in March and April, respectively, after sales had fallen for the period from December 2009 through February 2010. The rebound was largely attributed to people rushing to take advantage of the government s $8,000 tax credit for first-time home buyers that expired at the end of April. However, with the end of the tax credit, existing-home sales then declined from May through July. Sales then generally rose from August through the end of the year. In total, existing-home sales volume in 2010 was 4.9 million, the lowest amount since 1997. Looking at home prices, the NAR reported that the median existing-home price for all housing types rose a tepid 0.3% in 2010. The inventory of unsold homes was an 8.1 month supply in December at the

Western Asset/Claymore Inflation-Linked Securities & Income Fund

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Investment commentary (cont d)

current sales level, versus a 9.5 month supply in November.

The manufacturing sector was one area of the economy that remained relatively strong during 2010. Based on the Institute for Supply Management s PMIii, the manufacturing sector has grown seventeen consecutive months since it began expanding in August 2009. After reaching a six-year peak of 60.4 in April 2010 (a reading below 50 indicates a contraction, whereas a reading above 50 indicates an expansion), PMI data indicated somewhat more modest growth through the remainder of the year. However, in December, the manufacturing sector expanded at its fastest pace in seven months, with a reading of 57.0 versus 56.6 in November.

Financial market overview

The financial markets experienced several periods of volatility during the reporting period that tested the resolve of novice and experienced investors alike. During most of the first four months of the reporting period, the financial markets were largely characterized by healthy investor risk appetite and solid results by stocks and lower-quality bonds. The market then experienced sharp sell-offs in late April and in May, and again beginning in mid-November. During those periods, investors tended to favor the relative safety of U.S. Treasury securities. However, these setbacks proved to be only temporary and, in each case, risk aversion was replaced with solid demand for riskier assets.

Due to signs that certain areas of the economy were moderating in the second half of the reporting period, the Federal Reserve Board (Fed)iii took further actions to spur the economy. At its August 10th meeting, the Fed announced an ongoing program that calls for using the proceeds from expiring agency debt and agency mortgage-backed securities to purchase longer-dated Treasury securities.

In addition, the Fed remained cautious throughout the reporting period given pockets of weakness in the economy. At its meeting in September 2010, the Fed said, The Committee will continue to monitor the economic outlook and financial developments and is prepared to provide additional accommodation if needed to support the economic recovery. . . . This led to speculation that the Fed may again move to purchase large amounts of agency and Treasury securities in an attempt to avoid a double-dip recession and ward off deflation.

The Fed then took additional action in early November. Citing that the pace of recovery in output and employment continues to be slow, the Fed announced another round of quantitative easing to help stimulate the economy, entailing the purchase of $600 billion of long-term U.S. Treasury securities by the end of the second quarter of 2011. This, coupled with the Fed s previously announced program to use the proceeds of expiring securities to purchase Treasuries, means it could buy a total of $850 billion to $900 billion of Treasury securities by the end of June 2011. At its final meeting of the year in December, the Fed said it will regularly review the pace of its securities purchases and the overall size of the asset-purchase program in light of incoming information and will adjust the program as needed to best foster maximum employment and price stability.

Fixed-income market review

Continuing the trend that began in the second quarter of 2009, nearly every spread sector (non-Treasury) outperformed equal-duration[iv] Treasuries during most of the first four months of the reporting period. Over that time, investor confidence was high given encouraging economic data, continued low interest rates, benign inflation and rebounding corporate profits. Robust investor appetite was then replaced with heightened risk aversion toward the end of April and during the month of May. This was due to the escalating sovereign debt crisis in Europe, uncertainties regarding new financial reforms in the U.S. and some worse-than-expected economic data. Most spread sectors then produced positive absolute returns in June and July, as investor demand for these securities again increased. There was another bout of risk aversion in August, given fears that the economy may slip back into a recession. However, with the Fed indicating the possibility of another round of quantitative easing, most spread sectors rallied in September and October. The spread sectors started to weaken again toward the middle of November as financial troubles in Ireland resulted in a re-emergence of the European sovereign debt crisis. While several spread sectors regained their footing in December, others remained weak given ongoing uncertainties in Europe and concerns regarding economic growth in China and its potential impact on the global economy.

Both short- and long-term Treasury yields fluctuated but, overall, moved lower during the twelve months ended December 31, 2010. When the period began, two- and ten-year Treasury yields were 1.14% and 3.85%, respectively. On April 5, 2010, two- and ten-year Treasury yields peaked at 1.18% and 4.01%, respectively. Subsequent to hitting their highs for the period, yields largely declined during much of the next six months, with two-year Treasuries hitting their low for the year of 0.33% on November 4, 2010. Ten-year Treasuries reached their 2010 trough of 2.41% in early October. Yields then moved sharply higher given expectations for stronger growth in 2011 and the potential for rising inflation. When the period ended on December 31, 2010, two-year Treasury yields were 0.61% and ten-year Treasury yields were 3.30%. For the twelve months ended December 31, 2010, the Barclays Capital U.S. Aggregate Index[v] returned 6.54%.

Inflation generally remained well-contained during the reporting period. For the twelve months ended December 31, 2010, the seasonally unadjusted rate of inflation, as measured by the Consumer Price Index for All Urban Consumers (CPI-U)[vi], was 1.5%. The CPI-U less food and energy was 0.8% over the same time frame. Despite tepid inflation, the price of gold, which is often a signal of rising prices, reached an all-time high of $1,421 an ounce in November 2010. Inflation-protected securities generated solid results during the twelve months ended December 31, 2010, with the Barclays U.S. Government Inflation-Linked All Maturities Index[vii] returning 6.33%.

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

Sincerely,

Western Asset Management Company

January 28, 2011

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.

Western Asset/Claymore Inflation-Linked Securities & Income Fund

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Investment commentary (cont d)

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 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.

v 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.

vi 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.

vii 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.

Fund overview

Q. What is the Fund s investment strategy?

A. The Fund s investment objective is to provide current income. Capital appreciation, when consistent with current income, is a secondary investment objective. Under normal market conditions and at the time of purchase, the Fund will invest at least 80% of its total assets in inflation-linked securities and at least 60% of its total managed assetsi in U.S. Treasury Inflation-Protected Securities (TIPS)ii. The Fund may also invest up to 40% of its total managed assets in non-U.S. dollar investments, which gives the Fund 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 will not invest in bonds that are below investment grade quality at the time of purchase. The Fund currently expects that the average effective durationiii of its portfolio will range between zero and fifteen years, although this target duration may change from time to time. There can be no assurance that the Fund will achieve its investment objectives.

At Western Asset Management Company (Western Asset), the Fund s investment adviser, we utilize a fixed-income team approach, with decisions derived from interaction among various investment management sector specialists. The sector teams are comprised of Western Asset s senior portfolio managers, research analysts and an in-house economist. Under this team approach, management of client fixed-income portfolios will reflect a consensus of interdisciplinary views within the Western Asset organization.

Q. What were the overall market conditions during the Fund s reporting period?

A. During the twelve months ended December 31, 2010, the riskier segments of the fixed-income market produced strong results and outperformed U.S. Treasuries. This was due, in part, to improving economic conditions following the lengthy downturn from mid-2008 through mid-2009. Also supporting the spread sectors (non-U.S. Treasuries) was overall solid demand from investors seeking incremental yields given the low rates available from short-term fixed-income securities.

The spread sectors rallied during most of the reporting period, with notable exceptions being in late April and May 2010, as well as August and November 2010. Starting toward the end of April, there was a flight to quality, triggered by concerns regarding the escalating sovereign debt crisis in Europe. In addition, investor sentiment was negatively impacted by uncertainties surrounding financial reform legislation in the U.S. and signs that economic growth was moderating. Collectively, this caused investors to flock to the relative safety of Treasury securities, driving their yields lower and prices higher.

Robust investor risk appetite largely resumed during June and July, and again in September and October. These turnarounds occurred as the situation in Europe appeared to stabilize, the financial reform bill was signed into law and the Federal Reserve Board (Fed)iv continued to indicate that it would keep short-term rates low for an extended period. Investor risk aversion briefly returned in November when fears regarding the

Fund overview (cont d)

European debt crisis re-emerged. However, investor sentiment improved in December, given expectations for strengthening economic conditions in 2011.

The yields on two- and ten-year Treasuries began the fiscal year at 1.14% and 3.85%, respectively. Treasury yields fluctuated during the twelve-month reporting period given mixed signals regarding the economy and uncertainties regarding Fed monetary policy. Yields moved sharply lower in October 2010 in anticipation of additional quantitative easing (QE2) by the Fed. Yields then reversed course toward the end of the period as certain economic data were stronger than expected and there were concerns regarding future inflation. During the fiscal year, two-year Treasury yields moved as high as 1.18% and as low as 0.33%, while ten-year Treasuries rose as high as 4.01% and fell as low as 2.41%. On December 31, 2010, yields on two- and ten-year Treasuries were 0.61% and 3.30%, respectively. All told, the Barclays Capital U.S. Aggregate Index[v] returned 6.54% for the twelve months ended December 31, 2010.

When the reporting period began in January 2010, there continued to be concerns regarding future inflation given signs of improving economic conditions in many regions of the world. However, fears of inflation were then replaced with fears of deflation as economic data pointed to a slowdown in developed country growth. There was another turnaround in the expectations for inflation during the latter portion of the period, given the prospect for additional quantitative easing in a number of developed countries, including the U.S. and Japan. This was evident by the solid performance of many inflation-linked bonds, as well as rising oil prices and record-high gold prices. Even though inflation, as measured by the Consumer Price Index for All Urban Consumers (CPI-U)[vi] was a relatively tepid 1.5% during the twelve-month period ended December 31, 2010, inflation-protected securities produced solid results. Over the reporting period, the Barclays U.S. Government Inflation-Linked All Maturities Index[vii] gained 6.33%.

Q. How did we respond to these changing market conditions?

A. A number of adjustments were made to the Fund during the reporting period. We used leverage to increase our exposure to U.S. TIPS. We reduced the portfolio s allocation to high-yield bonds and non-U.S. dollar securities, while increasing our exposure to investment grade bonds.

The Fund employed U.S. Treasury and Eurodollar futures and options during the reporting period to manage its yield curve[viii] positioning and duration[ix]. We used currency forwards to hedge our currency exposure. Credit default swaps were utilized to manage our exposure to the credit market. Overall, the use of these derivative instruments was a negative for performance.

Performance review

For the twelve months ended December 31, 2010, Western Asset/Claymore Inflation-Linked Securities & Income Fund returned 5.91% based on its net asset value (NAV)[x] and 7.99% 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[xi] and the Barclays U.S.

Government Inflation-Linked All Maturities Index, returned 5.19% and 6.33%, respectively, over the same time frame. The Barclays World Government Inflation-Linked All Maturities Indexxii and the Fund s Custom Benchmarkxiii returned 3.95% and 6.55%, respectively, for the same period.

During the twelve-month period, the Fund made distributions to shareholders totaling $0.45 per share, which included a return of capital of $0.09 per share. The performance table shows the Fund s twelve-month total return based on its NAV and market price as of December 31, 2010. **Past performance is no guarantee of future results.**

Performance Snapshot as of December 31, 2010

Price Per Share	**12-Month Total Return***
$13.15 (NAV)	5.91%
$12.82 (Market Price)	7.99%

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.**

Q. What were the leading contributors to performance?

A. The largest contributor to the Fund s absolute performance during the reporting period was our exposure to the investment grade bond market. The asset class performed well due to generally better-than-expected corporate profits and overall robust demand. In particular, our holdings in **Citigroup Inc.** and **Kraft Foods Inc.** were beneficial for performance. The Fund s exposure to high-yield bonds was also rewarded as the sector was among the best-performing fixed-income sectors during the reporting period given declining default rates and solid demand from investors looking to generate incremental yield. Among the Fund s strongest high-yield holdings were positions in **Motors Liquidation Co.** and **HCA Inc.**

An exposure to Australian inflation-linked bonds also enhanced results. These securities performed well as Australia s economy strengthened, triggering rising inflation expectations.

Elsewhere, an exposure to non-agency mortgage-backed securities was a positive for performance. The combination of the government s aggressive programs to aid the housing market and signs that housing prices appeared to be stabilizing helped these securities generate strong results. In addition, the sector was supported by ongoing demand from asset managers participating in the Public-Private Investment Program

(PPIP).

Finally, the Fund s use of leverage contributed to results as the leverage amplified the positive performance in the fixed-income market during the reporting period.

Q. What were the leading detractors from performance?

A. The largest detractor from the Fund s absolute performance for the period was our exposure to longer-duration U.S. TIPS. After falling during the first nine months of the year, real yields moved up sharply in November and December as the market s expectations for economic growth in 2011 were revised upward following the Fed s implementation of additional securities purchases and the administration s tax law changes.

Fund overview (cont d)

A short position in the Japanese yen was also a drag on results as the yen appreciated versus most other currencies over the twelve months ended December 31, 2010.

Thank you for your investment in Western Asset/Claymore Inflation-Linked Securities & Income Fund. As always, we appreciate that you have chosen us to manage your assets and we remain focused on achieving the Fund s investment goals.

Sincerely,

Western Asset Management Company

January 18, 2011

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 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, as well as social, economic and political risk. These risks are magnified in emerging markets.*

Portfolio holdings and breakdowns are as of December 31, 2010 and are subject to change and may not be representative of the portfolio managers current or future investments. Please refer to pages 9 through 12 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, 2010 were: U.S. Treasury Inflation Protected Securities (97.8%), Corporate Bonds & Notes (3.2%), Non-U.S. Treasury Inflation Protected Security (2.9%), Collateralized Mortgage Obligations (2.3%) and Asset-Backed Securities (0.7%). The Fund s portfolio composition is subject to change at any time.

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

ii 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.

iii Effective duration measures the expected sensitivity of market price to changes in interest rates, taking into account the effects of structural complexities. (For example, some bonds can be prepaid by the issuer.)

iv 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.

v 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.

vi 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.

vii 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.

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.

x 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.

xi The Barclays U.S. Government Inflation-Linked 1-10 Year Index measures the performance of the intermediate U.S. TIPS market.

xii The Barclays World Government Inflation-Linked All Maturities Index measures the performance of the major government inflation-linked bond markets.

xiii The Custom Benchmark is comprised of 90% Barclays U.S. Government Inflation-Linked All Maturities Index and 10% Barclays Capital U.S. Credit Index. 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).

Fund at a glance (unaudited)

Investment breakdown (%) as a percent of total investments

The bar graph above represents the composition of the Fund s investments as of December 31, 2010 and does not include derivatives such as futures contracts and swaps. The Fund is actively managed. As a result, the composition of the Fund s investments is subject to change at any time.

Spread duration

Economic Exposure December 31, 2010

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
BCGIMI	Barclays U.S. Government Inflation-Linked All Maturities Index
HY	High Yield
IG Credit	Investment Grade Credit
MBS	Mortgage Backed Securities
Non-$	Non U.S. dollar
TIPS	U.S. Treasury Inflation-Protected Securities
WIA	Western Asset/Claymore Inflation-Linked Securities & Income Fund

Effective duration

Interest Rate Exposure December 31, 2010

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
BCGIMI	Barclays U.S. Government Inflation-Linked All Maturities Index
HY	High Yield
IG Credit	Investment Grade Credit
MBS	Mortgage Backed Securities
Non-$	Non U.S. dollar
TIPS	U.S. Treasury Inflation-Protected Securities
WIA	Western Asset/Claymore Inflation-Linked Securities & Income Fund

Schedule of investments

December 31, 2010

Western Asset/Claymore Inflation-Linked Securities & Income Fund

Security	Rate	Maturity Date	Face Amount		Value
U.S. Treasury Inflation Protected Securities 97.8%					
U.S. Treasury Bonds, Inflation Indexed	1.875%	7/15/13	40,724,334	$	43,425,498
U.S. Treasury Bonds, Inflation Indexed	2.375%	1/15/25	8,121,680		9,037,903
U.S. Treasury Bonds, Inflation Indexed	2.000%	1/15/26	75,215,694		79,863,798(a)
U.S. Treasury Bonds, Inflation Indexed	1.750%	1/15/28	24,689,181		25,132,821(a)
U.S. Treasury Bonds, Inflation Indexed	2.500%	1/15/29	3,473,562		3,941,410
U.S. Treasury Bonds, Inflation Indexed	3.875%	4/15/29	7,383,498		9,902,541
U.S. Treasury Bonds, Inflation Indexed	2.125%	2/15/40	11,686,983		12,369,947
U.S. Treasury Notes, Inflation Indexed	2.375%	4/15/11	21,089,409		21,277,231(b)
U.S. Treasury Notes, Inflation Indexed	0.625%	4/15/13	9,995,299		10,297,496
U.S. Treasury Notes, Inflation Indexed	2.000%	1/15/14	37,923,185		40,714,104(b)
U.S. Treasury Notes, Inflation Indexed	1.250%	4/15/14	8,618,556		9,063,627
U.S. Treasury Notes, Inflation Indexed	2.000%	7/15/14	4,803,394		5,191,791
U.S. Treasury Notes, Inflation Indexed	1.625%	1/15/15	11,568,237		12,335,535
U.S. Treasury Notes, Inflation Indexed	0.500%	4/15/15	11,706,488		11,966,231
U.S. Treasury Notes, Inflation Indexed	1.875%	7/15/15	1,467,316		1,589,515
U.S. Treasury Notes, Inflation Indexed	2.000%	1/15/16	7,768,395		8,459,052
U.S. Treasury Notes, Inflation Indexed	2.375%	1/15/17	14,575,546		16,242,624
U.S. Treasury Notes, Inflation Indexed	1.625%	1/15/18	15,398,115		16,477,184
U.S. Treasury Notes, Inflation Indexed	1.375%	7/15/18	8,772,830		9,245,054
U.S. Treasury Notes, Inflation Indexed	2.125%	1/15/19	2,852,192		3,156,127
U.S. Treasury Notes, Inflation Indexed	1.250%	7/15/20	24,659,590		25,249,102
Total U.S. Treasury Inflation Protected Securities (Cost $352,263,785)					**374,938,591**
Asset-Backed Securities 0.7%					
Ameriquest Mortgage Securities Inc., 2005-R11 A2D	0.591%	1/25/36	50,000		39,339(c)
Amresco Residential Securities Mortgage Loan Trust, 1997-3 M1A	0.816%	9/25/27	2,616		2,154(c)
Asset Backed Funding Certificates, 2004-OPT2 M1	1.086%	8/25/33	40,000		33,261(c)
Bayview Financial Asset Trust, 2007-SR1A A	0.711%	3/25/37	575,574		433,120(c)(d)
Countrywide Asset-Backed Certificates, 2002-4 A1	1.001%	2/25/33	2,619		2,374(c)
Countrywide Home Equity Loan Trust, 2007-GW A	0.810%	8/15/37	956,623		734,754(c)
EMC Mortgage Loan Trust, 2004-C A1	0.811%	3/25/31	36,529		30,694(c)(d)
Novastar Home Equity Loan, 2003-2 A1	0.871%	9/25/33	1,143,695		1,008,429(c)
SLC Student Loan Trust, 2008-1 A4A	1.902%	12/15/32	100,000		103,470(c)
Structured Asset Securities Corp., 2002-AL1 A3	3.450%	2/25/32	302,268		287,884
Total Asset-Backed Securities (Cost $1,613,677)					**2,675,479**
Collateralized Mortgage Obligations 2.3%					
Banc of America Mortgage Securities, 2003-D	2.958%	5/25/33	76,301		73,917(c)
Banc of America Mortgage Securities, 2005-F 2A2	2.945%	7/25/35	133,292		114,186(c)

See Notes to Financial Statements.

Schedule of investments (cont d)

December 31, 2010

Western Asset/Claymore Inflation-Linked Securities & Income Fund

Security	**Rate**	**Maturity Date**	**Face Amount**	**Value**
Collateralized Mortgage Obligations continued				
Bear Stearns Adjustable Rate Mortgage Trust, 2004-9 24A1	5.393%	11/25/34	191,315	$ 190,414(c)
Chase Mortgage Finance Corp., 2007-A1 2A3	2.891%	2/25/37	49,298	47,660(c)
Countrywide Alternative Loan Trust, 2004-2 CB	4.250%	3/25/34	16,121	16,126
Countrywide Alternative Loan Trust, 2004-J1	6.000%	2/25/34	12,466	12,649
Countrywide Home Loan Mortgage Pass-Through Trust, 2003-56 6A1	3.150%	12/25/33	584,397	520,536(c)
Countrywide Home Loan Mortgage Pass-Through Trust, 2005-9 1A1	0.561%	5/25/35	189,064	122,964(c)
Countrywide Home Loans, 2005-R2 1AF1	0.601%	6/25/35	635,788	546,405(c)(d)
Countrywide Home Loans, 2005-R3 AF	0.661%	9/25/35	1,191,739	1,018,439(c)(d)
CS First Boston Mortgage Securities Corp., 2004-AR6 2A1	2.791%	10/25/34	48,256	45,420(c)
GSR Mortgage Loan Trust, 2004-11 1A1	3.075%	9/25/34	310,696	250,971(c)
Indymac Inda Mortgage Loan Trust, 2007-AR7 1A1	5.944%	11/25/37	208,949	167,910(c)
JPMorgan Mortgage Trust, 2003-A1 1A1	2.344%	10/25/33	86,649	85,726(c)
JPMorgan Mortgage Trust, 2004-A1 1A1	4.754%	2/25/34	38,465	38,633(c)
JPMorgan Mortgage Trust, 2006-A2 5A1	2.970%	11/25/33	18,437	18,323(c)
MASTR Adjustable Rate Mortgages Trust, 2004-13 3A7	2.899%	11/21/34	350,000	324,835(c)
Merrill Lynch Mortgage Investors Inc., 2003-H A3	2.105%	1/25/29	12,086	11,629(c)
Merrill Lynch Mortgage Investors Trust, 2004-A1 2A1	2.892%	2/25/34	36,603	34,831(c)
Morgan Stanley Capital I, 2004-RR2 X	0.849%	10/28/33	871,960	8,580(c)(d)(e)(f)
Residential Asset Mortgage Products Inc., 2004-SL2 A4	8.500%	10/25/31	18,541	18,704
Residential Asset Mortgage Products Inc., 2004-SL4 A5	7.500%	7/25/32	148,382	147,678
Sequoia Mortgage Trust, 2003-8 A1	0.901%	1/20/34	36,715	32,431(c)
Structured Adjustable Rate Mortgage Loan Trust, 2005-3XS A3	0.631%	1/25/35	491,904	483,072(c)
Thornburg Mortgage Securities Trust, 2007-4 2A1	6.190%	9/25/37	296,680	276,259(c)
WaMu Mortgage Pass-Through Certificates, 2003-AR8 A	2.716%	8/25/33	35,496	35,763(c)
WaMu Mortgage Pass-Through Certificates, 2005-AR3 A2	2.725%	3/25/35	3,423,605	3,206,829(c)
WaMu Mortgage Pass-Through Certificates, 2007-HY1 1A1	5.488%	2/25/37	387,252	282,395(c)
Washington Mutual Inc., MSC Pass-Through Certificates, 2004-RA1 2A	7.000%	3/25/34	52,374	54,467
Washington Mutual Inc., Pass-Through Certificates, 2003-AR10 A7	2.621%	10/25/33	123,688	119,459(c)

See Notes to Financial Statements.

Western Asset/Claymore Inflation-Linked Securities & Income Fund

Security	Rate	Maturity Date	Face Amount	Value
Collateralized Mortgage Obligations continued				
Washington Mutual MSC Mortgage Pass-Through Certificates, 2002-MS12 B2	6.500%	5/25/32	550,986	$ 436,766
Total Collateralized Mortgage Obligations (Cost $6,232,514)				**8,743,977**
Corporate Bonds & Notes 3.2%				
Consumer Discretionary 0.5%				
Automobiles 0.5%				
Motors Liquidation Co., Senior Notes	8.375%	7/15/33	5,225,000	**1,867,937**(g)
Consumer Staples 0.6%				
Beverages 0.2%				
Anheuser-Busch InBev Worldwide Inc., Senior Notes	3.625%	4/15/15	680,000	***701,880***
Food Products 0.4%				
Kraft Foods Inc., Senior Notes	4.125%	2/9/16	1,650,000	***1,732,038***
Total Consumer Staples				**2,433,918**
Energy 0.1%				
Oil, Gas & Consumable Fuels 0.1%				
Gazprom, Loan Participation Notes, Senior Notes	6.510%	3/7/22	190,000	**193,800**(d)
Financials 1.7%				
Capital Markets 0.4%				
Goldman Sachs Group Inc., Senior Notes	4.750%	7/15/13	1,330,000	1,416,815
Kaupthing Bank HF, Subordinated Notes	7.125%	5/19/16	2,060,000	0(d)(e)(f)(g)(h)
Total Capital Markets				***1,416,815***
Commercial Banks 0.0%				
Glitnir Banki HF, Subordinated Notes	6.693%	6/15/16	1,240,000	***0***(d)(e)(f)(g)(h)
Diversified Financial Services 1.1%				
Bank of America Corp., Senior Notes	4.500%	4/1/15	940,000	955,355
Citigroup Inc., Senior Notes	6.010%	1/15/15	2,070,000	2,270,844
UFJ Finance Aruba AEC	6.750%	7/15/13	1,025,000	1,142,981
Total Diversified Financial Services				***4,369,180***
Insurance 0.2%				
Berkshire Hathaway Inc., Senior Notes	3.200%	2/11/15	830,000	***856,460***
Total Financials				**6,642,455**
Health Care 0.3%				
Health Care Providers & Services 0.3%				
HCA Inc., Senior Notes	5.750%	3/15/14	1,000,000	**985,000**
Total Corporate Bonds & Notes (Cost $16,938,708)				**12,123,110**
Non-U.S. Treasury Inflation Protected Securities 2.9%				
Australia 2.9%				
Australia Government, Bonds	4.000%	8/20/20	3,780,000AUD	6,253,864
Australia Government, Bonds	3.075%	9/20/25	4,270,000AUD	4,659,140
				10,913,004

Total Non-U.S. Treasury Inflation Protected Securities
(Cost $9,721,439)

See Notes to Financial Statements.

Schedule of investments (cont d)

December 31, 2010

Western Asset/Claymore Inflation-Linked Securities & Income Fund

Security	Rate	Maturity Date	Face Amount	Value
Sovereign Bonds 0.5%				
Russia 0.5%				
Russian Foreign Bond-Eurobond, Senior Bonds (Cost $1,619,072)	7.500%	3/31/30	1,664,700	$ **1,925,226**(d)
		Expiration Date	**Contracts**	
Purchased Options 0.0%				
U.S. Dollar/Euro, Call @ $1.33 (Cost $212,121)		1/5/11	15,540,000	**41,492**(f)
Total Investments before Short-Term Investments (Cost $388,601,316)				**411,360,879**
		Maturity Date	**Face Amount**	
Short-Term Investments 0.6%				
Repurchase Agreements 0.6%				
Banc of America repurchase agreement dated 12/31/10; Proceeds at maturity $2,441,018; (Fully collateralized by U.S. government obligations, 4.375% due 11/15/39 value $2,489,820) (Cost $2,441,000)	0.090%	1/3/11	2,441,000	**2,441,000**
Total Investments 108.0% (Cost $391,042,316#)				**413,801,879**
Liabilities in Excess of Other Assets (8.0)%				**(30,558,016)**
Total Net Assets 100.0%				**$383,243,863**

Face amount denominated in U.S. dollars, unless otherwise noted.

(a) All or a portion of this security is held at the broker as collateral for open futures contracts.

(b) All or a portion of this security is held by the counterparty as collateral for open reverse repurchase agreements.

(c) Variable rate security. Interest rate disclosed is as of the most recent information available.

(d) Security is exempt from registration under Rule 144A of the Securities Act of 1933. This security may be resold in transactions that are exempt from registration, normally to qualified institutional buyers. This security has been deemed liquid pursuant to guidelines approved by the Board of Trustees, unless otherwise noted.

(e) Illiquid security.

(f) Security is valued in good faith at fair value in accordance with procedures approved by the Board of Trustees (See Note 1).

(g) Securities are in default as of December 31, 2010.

(h) Value is less than $1.

\# Aggregate cost for federal income tax purposes is $392,077,423.

Abbreviation used in this schedule:

AUD Australian Dollar

See Notes to Financial Statements.

Statement of assets and liabilities

December 31, 2010

Assets:	
Investments, at value (Cost $391,042,316)	$413,801,879
Foreign currency, at value (Cost $2,183,520)	2,296,692
Cash	800
Interest receivable	3,009,297
Unrealized appreciation on forward foreign currency contracts	161,593
Unrealized appreciation on swaps	65,356
Receivable for open swap contracts	27,181
Receivable from broker variation margin on open futures contracts	8,100
Prepaid expenses	5,727
Total Assets	***419,376,625***
Liabilities:	
Payable for open reverse repurchase agreement	35,043,036
Unrealized depreciation on forward foreign currency contracts	725,540
Investment advisory fee payable	142,383
Servicing agent fees payable	53,394
Trustees fees payable	22,500
Administration fee payable	8,493
Interest payable	4,361
Accrued expenses	133,055
Total Liabilities	***36,132,762***
Total Net Assets	**$383,243,863**
Net Assets:	
Common shares, no par value, unlimited number of shares authorized, 29,152,821 shares issued and outstanding (Note 5)	402,876,426
Overdistributed net investment income	(754,345)
Accumulated net realized loss on investments, futures contracts, written options, swap contracts and foreign currency transactions	(41,247,960)
Net unrealized appreciation on investments, futures contracts, swap contracts and foreign currencies	22,369,742
Total Net Assets	**$383,243,863**
Shares Outstanding	29,152,821
Net Asset Value	$13.15

See Notes to Financial Statements.

Statement of operations

For the Year Ended December 31, 2010

Investment Income:	
Interest	***$12,515,034***
Expenses:	
Investment management fee (Note 2)	1,663,098
Servicing agent fees (Note 2)	623,662
Administrative fees (Note 2)	100,000
Interest expense (Note 3)	90,014
Trustees fees	89,000
Legal fees	87,581
Transfer agent fees	61,098
Shareholder reports	59,179
Custody fees	52,414
Audit and tax	35,595
Stock exchange listing fees	23,090
Insurance	4,815
Miscellaneous expenses	110
Total Expenses	***2,889,656***
Less: Compensating balance arrangements (Note 1)	(755)
Net Expenses	***2,888,901***
Net Investment Income	**9,626,133**
Realized and Unrealized Gain (Loss) on Investments, Futures Contracts, Written Options, Swap Contracts and Foreign Currency Transactions (Notes 1, 3 and 4):	
Net Realized Gain (Loss) From:	
Investment transactions	(3,201,380)
Futures contracts	(580,070)
Written options	175,720
Swap contracts	96,319
Foreign currency transactions	(1,514,237)
Net Realized Loss	***(5,023,648)***
Change in Net Unrealized Appreciation (Depreciation) From:	
Investments	17,344,543
Futures contracts	156,193
Swap contracts	324,798
Foreign currencies	(505,007)
Change in Net Unrealized Appreciation (Depreciation)	***17,320,527***
Net Gain on Investments, Futures Contracts, Written Options, Swap Contracts and Foreign Currency Transactions	**12,296,879**
Increase in Net Assets from Operations	**$21,923,012**

See Notes to Financial Statements.

Statements of changes in net assets

For the Years Ended December 31,	**2010**	**2009**
Operations:		
Net investment income	$ 9,626,133	$ 10,276,219
Net realized loss	(5,023,648)	(6,320,698)
Change in net unrealized appreciation (depreciation)	17,320,527	49,765,126
Increase in Net Assets From Operations	***21,923,012***	***53,720,647***
Distributions to Shareholders From (Note 1):		
Net investment income	(10,444,127)	(10,901,459)
Return of capital	(2,762,101)	(2,858,672)
Decrease in Net Assets From Distributions to Shareholders	***(13,206,228)***	***(13,760,131)***
Increase in Net Assets	***8,716,784***	***39,960,516***
Net Assets:		
Beginning of year	374,527,079	334,566,563
End of year*	**$383,243,863**	**$374,527,079**
* Includes overdistributed net investment income of:	$(754,345)	$(706,324)

See Notes to Financial Statements.

Statement of cash flows

For the Year Ended December 31, 2010

Cash Flows Provided (Used) by Operating Activities:	
Interest and dividends received	$ 9,677,227
Operating expenses paid	(2,841,591)
Interest paid	(85,653)
Net sales and maturities of short-term investments	6,511,000
Realized loss on futures contracts	(580,070)
Realized loss on options	(368,756)
Realized gain on swap contracts	96,319
Realized loss on foreign currency transactions	(1,514,237)
Net change in unrealized appreciation on futures contracts	156,193
Net change in unrealized depreciation on foreign currencies	(505,007)
Purchases of long-term investments	(207,425,845)
Proceeds from disposition of long-term investments	176,509,206
Change in receivable/payable to broker variation margin	(70,766)
Change in receivable/payable for open forward currency contracts	619,384
Cash deposits with brokers for futures contracts	135,601
Net Cash Used By Operating Activities	***(19,686,995)***
Cash Flows Provided (Used) by Financing Activities:	
Cash distributions paid on Common Stock	(13,206,228)
Proceeds from reverse repurchase agreements	35,043,036
Net Cash Provided By Financing Activities	***21,836,808***
Net Increase in Cash	**2,149,813**
Cash, Beginning of year	147,679
Cash, End of year	$ 2,297,492
Reconciliation of Increase in Net Assets from Operations to Net Cash Flows Provided (Used) by Operating Activities:	
Increase in Net Assets From Operations	$ 21,923,012
Accretion of discount on investments	(5,132,025)
Amortization of premium on investments	2,281,443
Increase in investments, at value	(39,409,287)
Decrease in interest and dividends receivable	12,775
Increase in payable for open forward currency contracts	619,384
Decrease in payable to broker variation margin	(79,555)
Decrease in cash deposits with brokers for futures contracts	135,601
Increase in prepaid expenses	(5,727)
Increase in interest payable	4,361
Decrease in accrued expenses	(36,977)
Total Adjustments	***(41,610,007)***
Net Cash Flows Used by Operating Activities	**$ (19,686,995)**
Non-Cash Financing Activities:	
Proceeds from reinvestment of dividends	

See Notes to Financial Statements.

Financial highlights

For a share of beneficial interest outstanding throughout each year ended December 31:

	2010	**2009**	**2008**	**2007**	**2006**
Net asset value, beginning of year	$12.85	$11.48	$13.38	$12.83	$13.50
Income (loss) from operations:					
Net investment income[1]	0.33	0.35	0.82	0.70	0.72
Net realized and unrealized gain (loss)	0.42	1.49	(1.87)	0.54	(0.46)
Dividends paid to auction rate preferred stockholders from:					