



Investment Commentary and Annual Report to Shareholders

December 31, 2008

Western Asset/Claymore Inflation-Linked Opportunities
& Income Fund

New York Stock Exchange Symbol: WIW

Commentary

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Annual Report to Shareholders

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

Dear Shareholder:

We thank you for your investment in Western Asset/Claymore Inflation-Linked Opportunities & 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, 2008.

The Fund’s investment objective is to provide current income. Capital appreciation, when consistent with current income, is a secondary objective. Under the Fund’s revised investment policies, which became effective in November 2007, under normal market conditions, the Fund will invest:

- At least 80% of its total managed assets in inflation-linked securities
- No more than 40% of its total managed assets in below investment grade securities
- Up to 100% of its total managed assets in non-U.S. dollar investments (up to 100% of its non-U.S. dollar exposure may be unhedged).

Each of the foregoing investment policies is a non-fundamental policy that may be changed by the Board of Trustees without shareholder approval. The Fund has also adopted the following non-fundamental policy which, to the extent required by applicable law, may be changed only after providing 60-days written 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 may invest up to 20% of the portfolio in debt instruments of emerging markets issuers that are not inflation-linked securities. The Fund currently expects that the average effective duration^A of its portfolio will range between zero and 15 years, although this target duration may change from time to time.

Western Asset Management Company (“Western Asset”), a subsidiary of Legg Mason, Inc., is the Fund’s Investment Manager and manages the Fund’s portfolio on a day-to-day basis. The firm was founded in 1971 and has offices in Pasadena, New York, London, Tokyo, Singapore, Hong Kong, Melbourne and Sao Paulo. As of December 31, 2008, Western Asset managed more than \$513 billion in assets, all in fixed-income securities. Claymore Advisors, LLC (“Claymore Advisors”) serves as the Fund’s Investment Adviser. Claymore entities provide supervision, management, servicing and/or distribution on more than \$10.4 billion in assets as of December 31, 2008. Claymore Securities, Inc., an affiliate of Claymore Advisors, currently offers closed-end funds, unit investment trusts and exchange-traded funds.

All Fund returns cited – whether based on net asset value (“NAV”)^B or market price – assume the reinvestment of all distributions. For the twelve-month period ended December 31, 2008, the Fund generated a total return of -9.50% based on NAV. This represents a change in NAV to \$11.39 on December 31, 2008, from \$13.53 on December 31, 2007. On a market price basis, the Fund’s total return was -3.37%, which reflects a market price of \$10.49 at the close of the period versus \$11.76 on December 31, 2007. Since the Fund’s inception on February 25, 2004, through December 31, 2008, the Fund generated an average annual total return of 1.65% based on NAV and -0.38% based on market price. 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. We are confident that, over the long-term, the progress of the NAV will be reflected in the return to shareholders. During 2008, the

^ADuration 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.

^BNet asset value (“NAV”) is calculated by subtracting total liabilities 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.

Letter to Shareholders

Fund provided its investors with monthly distributions of \$0.0625 per share. In addition, the Fund paid a year-end supplemental dividend of \$0.160 per share. The source of this supplemental dividend, which was made to allow the Fund to meet its distribution requirements for income, was net investment income earned by the Fund. In December 2008, the Fund announced a reduction of \$0.0125 per share in its monthly dividend; beginning in January 2009, the monthly dividend will be \$0.0500 per share.

Shareholders have the opportunity to reinvest their dividends from the Fund through the Dividend Reinvestment Plan (“DRIP”), which is described in detail on page 3 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 and enjoy the benefits of compounding returns over time.

We encourage you to read the *Investment Commentary* section beginning on page iv for detailed information about the factors affecting the Fund’s performance during 2008. You’ll find information on what impacted the performance of the Fund during the fiscal period and Western Asset’s views on the overall market environment.

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/wiw.

Sincerely,

Claymore Advisors, LLC

January 30, 2009

Western Asset/Claymore Inflation-Linked Opportunities & Income Fund

The Market

The 12 months ended December 31, 2008 marked a year in which the Federal Reserve Board (“Fed”)^A intensified its campaign against downside risks to growth in response to the deepening financial crisis. The TED spread^B surged beyond previous extreme levels and, without the provision of credit, investors began to question the durability of the underlying economy. The federal funds rate^C was reduced a cumulative 425 basis points^D (“bps”) over the year (525 bps since September 2007) to near 0% by year end, which essentially moved the Fed beyond its traditional form of stimulus. A number of new lending facilities, designed to meet the liquidity demands of financial intermediaries across the full banking spectrum, were implemented. The Fed and the U.S. Department of the Treasury recently announced plans to channel up to \$600 billion directly to the mortgage market, and up to \$200 billion directly to consumer and small business finance, including credit card, auto and student loans. Details emerged that much of this funding would be unsterilized, that is, would result in a major increase in the money supply. Yields on 30-year fixed-rate conventional mortgages declined roughly 1% as a result, to the lowest level in the 37 year history of Freddie Mac. The Treasury allocated the first \$250 billion of funds authorized under the Troubled Asset Relief Program (“TARP”) by taking direct equity stakes in the U.S. banking system. Economic data was negative and third quarter gross domestic product (“GDP”)^E contracted 0.5% on falling consumption expenditures. Consumer confidence fell as labor market conditions deteriorated and equity prices plunged. For the year, the unemployment rate increased 2.3% to 7.2%, though the U.S. dollar gained close to 6% against a trade-weighted basket of currencies. The dollar’s negative correlation with oil held strong as the price per barrel fell 54% after temporarily spiking in the summer. All in all, the reporting period was the worst year for risk-taking in a quarter century. Spreads widened over 350 bps on investment grade issues and more than 1,100 bps on high-yield issues. Mortgage-backed securities (“MBS”) performed better, though even these government-backed securities underperformed Treasuries by 2.32% over the period. The S&P 500 Index^F lost 37% as volatility soared, making 2008 the worst year for equities since 1937.

On the inflation front, headline inflation in the U.S., as measured by the Consumer Price Index for All Urban Consumers (“CPI-U”)^G, decreased significantly from 4.1% at the end of December 2007 to 0.1% at the end of December 2008. Core CPI (which excludes the effects of food and energy) decreased from 2.4% to 1.8% during the same period. Personal Consumption Expenditures (“PCE”)^H core deflator, which we believe is the Fed’s favorite inflation measure, was 1.9% at the end of November 2008, down from 2.3% in December 2007.

The Barclays U.S. Government Inflation-Linked All Maturities Index^I returned -1.71% for the year, underperforming its nominal (non-inflation indexed) equivalent, the Barclays U.S. Government Breakeven Treasury Index^J, by 18.36%. Consumer Price Index (“CPI”)^K accretion was moderately positive early in the year but gradually became negative as inflation decreased sharply beginning in September.

^AThe 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.

^BThe TED spread is the price difference between three-month futures contracts for U.S. Treasuries and three-month contracts for euros having identical expiration months.

^CThe 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.

^DA basis point is one one-hundredth (1/100 or 0.01) of one percent.

^EGross domestic product (“GDP”) is the market value of all final goods and services produced within a country in a given period of time.

^FThe S&P 500 Index is an unmanaged index of 500 stocks and is generally representative of the performance of larger companies in the U.S.

^GThe 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.

^HPersonal Consumption Expenditures (“PCE”) is a measure of price changes in consumer goods and services. Personal consumption expenditures consist of the actual and imputed expenditures of households; the measure includes data pertaining to durables, non-durables and services. It is essentially a measure of goods and services targeted toward individuals and consumed by individuals.

^IThe 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.

^JThe Barclays U.S. Government Breakeven Treasury Index is composed of nominal U.S. Treasuries corresponding to the maturity of each TIPS issue.

^KThe Consumer Price Index (“CPI”) 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.

Outlook and Strategy

It's difficult to forecast when the current state of disequilibrium will end or when liquidity will return to the marketplace, but policy-makers seem determined to avoid erring on the side of doing too little. While the economy has become less responsive to traditional policy measures, the Fed has successfully provided stimulus through nontraditional measures. Mortgage yields have fallen to the lowest level on record as the market prepares for up to \$500 billion of direct purchases of fixed-rate agency MBS. The Fed is essentially printing money and channeling it directly to the housing market to help arrest the decline in home prices. Therefore, we are currently assigning a high probability to policy-makers' success, not in restoring growth, but simply in ending the vicious cycle and restoring some semblance of equilibrium. Once liquidity returns to the marketplace, pricing in the fixed-income market should, in our opinion, improve. We would also emphasize, however, that any new equilibrium will not necessarily be rosy. Policy-makers may be empowered to end the vicious cycle of debt-deflation but they cannot provide a sustainable engine of growth to replace the overspent U.S. consumer. We believe that credit spreads will likely not enjoy as sharp a reversal as they had when past financial crises came to an end. Nevertheless, we believe there is a profitable opportunity for investors with time on their side. The market has priced in a debt-deflationary vicious cycle for years to come, and anything less catastrophic would be positive for investors with a bias away from risk-free government debt.

Inflation expectations have shifted dramatically in recent months as economic conditions have changed. As recently as August 2008, trailing one-year inflation was 5.4% (measured through July) and fears of inflation were rising as rapidly and as strongly as oil prices. Since then, oil prices have staged an unprecedented decline, economic growth has shifted into reverse and inflation has been negative in every month. This is why U.S. Treasury Inflation-Protected Securities ("TIPS")^L so dramatically underperformed nominal Treasuries in the second half of the year.

However, the Fed has reminded us on numerous occasions that they are committed to preventing deflation. They have many tools at their disposal to prevent deflation and they have not been shy about using them. The federal funds rate has been reduced to near 0%, monetary aggregates have been increased significantly, and they are now going to embark on an asset purchase plan that will include \$500 billion in agency MBS and \$100 billion in agency debentures. Collectively, these programs will expand the Fed's balance sheet by an additional \$600 billion on top of the \$1.2 trillion expansion they have engineered so far. If inflation is indeed a monetary phenomenon, as we believe that it is, then these efforts would serve to a) forestall deflation and b) ultimately create inflation.

Real yields on TIPS are very attractive relative to nominal Treasury securities across the entire yield curve^M. As of year-end, one-year TIPS had a real yield of 5.65% versus one-year Treasury bills at 0.35%. The incremental yields on these TIPS suggest that a TIPS investor could withstand 5.3% deflation over the next year and still get the same return as a Treasury investor. While there is some uncertainty about the Fed's ability to prevent deflation in the short term, we believe that there is little uncertainty about their ability to prevent it in the longer term. As of year-end, five-year TIPS offered a real yield of 3.26% versus nominal Treasuries at 1.55%, implying 1.71% deflation per year over the next five years. Ten-year TIPS offered a real yield of 2.09% versus a nominal yield of 2.25%. This suggests that expectations are for inflation to average 16 bps per year over the next ten years. We believe that the market is fairly to modestly over-estimating deflation for the next twelve months and that the market is under-estimating inflation over the next five to ten years.

We believe that TIPS currently offer attractive real yield levels and protection from long-term inflation. While the current economic environment suggests that deflation is a potential problem, the Fed is actively engaged in preventing this. They have significant power to win the battle against deflation and, in unleashing the full capabilities that they possess, it is possible, even likely, that they will force the pendulum in the opposite direction creating inflation. This suggests that TIPS are a good long-term investment today.

^L U.S. Treasury Inflation-Protected Securities ("TIPS") are inflation-indexed securities issued by the U.S. Treasury in 5-year, 10-year and 20-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.

^M The yield curve is the graphical depiction of the relationship between the yield on bonds of the same credit quality but different maturities.

TIPS are designed to offer inflation protection, but they also offer deflation protection. They are guaranteed to mature at a minimum of par or at par plus the accretion of inflation over their lifetime. Therefore, if we do experience a significant period of deflation, the investor will receive less interest than anticipated, but the principal of the investment will be preserved. This assumes that investments are made in new issue TIPS with no accrued inflation. Seasoned TIPS with accrued inflation are subject to additional risk as the accreted value is not guaranteed at maturity.

Relative to non-U.S. inflation-linked securities, U.S. TIPS currently offer attractive real yield levels and protection from long-term inflation. Since U.S. TIPS suffered the most as inflation fell, we believe that they stand to improve the most in a reflationary environment.

We are viewing the current investment grade corporate market as two markets, essentially: financials, and everything else. The cataclysm in the financial market this year was extraordinary. The myriad programs devised by the Fed and the Treasury to support the banking system give us hope that we are nearing the end of financial spread widening. TARP was converted to a bank-recapitalization scheme from an asset-purchase scheme. The Temporary Liquidity Guarantee Program implemented by the Federal Deposit Insurance Corporation ("FDIC") has removed the near-term refinancing risk that bank holding companies and their banking subsidiaries faced. The Commercial Paper Funding Facility is accomplishing the same for the rolling over of commercial paper by A1/P1 issuers. We know that the credit quality cycle commercial banks face will continue to deteriorate, and, therefore, downgrades will continue, but the near nationalization of the banking system should provide a backstop to bank spreads, and we feel that bank debt will be among the first sectors to recover in the corporate market. The pain of the current credit crunch was felt first in the banking system, and as the economic malaise moves from Wall Street to Main Street, the effects should move from the Financials sector to the Industrials sector. We believe that issuer credit metrics will generally deteriorate. At the same time, we are coming off a protracted period of underperformance in the corporate market and spread levels that have not been seen since the Great Depression. That puts investors in the difficult position of having to evaluate credits in light of a pessimistic view of credit quality over the medium term, with pricing that has rarely been seen. Given the year-end price and spread of the Barclays Capital Corporate Bond Index^N, we can calculate the breakeven default rate under varying recovery assumptions. Looking at the swap curve, presuming 30% recoveries (below the historical 38% recovery), the swaps-neutral cumulative default rate over five years is 27.6%. The worst five-year rate ever experienced was 4.7%, which means that a default rate of 27.6% seems remote.

We believe that current valuations in today's high-yield market offer investors a very attractive risk/reward profile. Both yields and spreads have far surpassed anything ever witnessed in past markets, including the Great Depression. That having been said, we recognize that the credit cycle has certainly taken a turn for the worse and we expect to see a dramatic rise in defaults over the next twelve months. These defaults should take the form of both traditional restructurings, as well as selective defaults generated by proactive bond exchanges. This rise in defaults should be somewhat tempered by the fact that refinancing risk does not become elevated until the year 2011 and beyond. Furthermore, current valuations suggest that such a default trend is widely anticipated by the market; as evidence, consider the fact that the average dollar price of a high-yield bond now stands at just \$61.50. With a yield to worst^O of 19.5%, the market should be able to absorb a combination of elevated defaults and depressed recoveries while still generating strong overall returns. Generous coupon income combined with marginal spread tightening should partially offset the impairment caused by an inevitable rise in default activity.

^NThe Barclays Capital Corporate Bond Index is composed of all publicly issued, fixed-rate, non-convertible, U.S. dollar-denominated, investment grade corporate debt.

^OThe yield to worst is the lowest potential yield that can be received on a bond without the issuer actually defaulting. Yield to worst is calculated on all possible call dates. Yield to worst may be the same as yield to maturity but never higher.

Our other large sector exposure remains in MBS, particularly agency pass-throughs, since they are immune to default risk and have traditionally performed well during times of slowing growth. Agency mortgage yields have fallen to the lowest level on record as the market prepares for the Fed's direct purchase of up to \$500 billion of fixed-rate agency MBS. Fed purchases totaled \$10 billion in the first three days of buying in 2009. The U.S. Treasury and the Fed are expected to purchase more agency mortgages than produced, so spreads should trade near current levels. Relative to Treasuries, we believe yields are still attractive and agency mortgages should achieve their yield advantage in excess spread.

Western Asset Management Company

January 20, 2009

Investment 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. Please see the Fund's prospectus for more information on these and other risks. 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 fluctuation, social, economic and political risk. These risks are magnified in emerging markets.

The views expressed in this commentary reflect those of the Portfolio Management Team as of the date of this commentary and may differ from those of the firm as a whole or from the portfolio managers of Legg Mason, Inc.'s other affiliates. Any such views are subject to change at any time based on market or other conditions, and Western Asset/Claymore Inflation-Linked Opportunities & Income Fund and Western Asset Management Company disclaim any responsibility to update such views. These views are not intended to be a forecast of future events, a guarantee of future results or investment advice. Because investment decisions for the Fund are based on numerous factors, these views may not be relied upon as an indication of trading intent on behalf of the Fund. The information contained herein has been prepared from sources believed to be reliable, but is not guaranteed by Western Asset/Claymore Inflation-Linked Opportunities & Income Fund or Western Asset Management Company as to its accuracy or completeness.

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

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

Annual Report to Shareholders

December 31, 2008

Management's Discussion of Fund Performance

The year ended December 31, 2008 was a very difficult period for U.S. Treasury Inflation-Protected Securities ("TIPS")^A, as the rise in real yields, along with a switch in CPI^B accretion from positive to negative, combined to produce the largest underperformance since TIPS were first introduced in 1997. The Barclays U.S. Government Inflation-Linked All Maturities Index^C generated a total return of -1.71%, while the Barclays U.S. Government Breakeven Treasury Index^D returned 16.65%. Although the Federal Reserve Board ("Fed")^E cut short-term interest rates from 4.25% to 0%, 10-year TIPS real yields rose from approximately 1.70% at the end of 2007 to approximately 2.09% at the end of December 2008. At the same time, inflation in the U.S., as measured by the Consumer Price Index for All Urban Consumers ("CPI-U")^F, slowed sharply from 4.1% at the end of December 2007 to 0.1% at the end of December 2008, mainly as a result of the collapse in commodity prices in the second half of the year. This combination of increasing real yields and falling inflation accretion resulted in massive underperformance for TIPS.

For the twelve months ended December 31, 2008, the Fund paid dividends of \$0.0625 per share monthly plus a year-end supplemental dividend of \$0.160 per share and generated a total return of -9.50% on a net asset value ("NAV")^G basis (including reinvestment of dividends). On a market price basis, the Fund performed better, returning -3.37% during the same period (including reinvestment of dividends). The Fund underperformed U.S. Treasuries, as the Barclays U.S. Treasury Index^H returned 13.74% during the year. Agency mortgage-backed securities ("MBS") suffered for a majority of the period until the U.S. Treasury took the government-sponsored enterprises ("GSEs") into conservatorship in September 2008. A major rally was set off in the beginning weeks of September 2008 as spreads began to compress. Overall, for the twelve months ended December 31, 2008, the Fund's exposure to agency MBS contributed to performance. A series of bankruptcies, government conservatorships and mergers stemming from the credit crisis affected the Fund's investment grade and high-yield positions. In September 2008, the federal government placed Fannie Mae and Freddie Mac, the GSEs, into conservatorship, purchased \$1 billion in senior preferred stock in each GSE, and indefinitely suspended the dividend on the existing preferred shares, thereby subordinating the interests of the existing preferred shareholders to the Treasury's. The Fund's exposure to Fannie Mae and Freddie Mac preferreds significantly detracted from performance. The Fund's exposure to Financials issues, specifically Icelandic banks *Kaupthing Bank HF* and *Glitnir Banki HF*, and *Citigroup Inc.* detracted from performance, as spreads within this sector widened through the financial crisis. The Fund's high-yield exposure also detracted from performance as spreads widened significantly as well.

As mentioned in the December 31, 2007 annual report, the Fund removed its permanent leverage by redeeming its Auction Market Preferred Shares ("AMPS") in November 2006. During the financial crisis, the decision to replace permanent leverage via AMPS, while still utilizing opportunistic leverage via repurchase agreements, was a positive for the Fund. Due to the liquidity/credit crunch in February 2008, the cost of AMPS' leverage would have increased dramatically as many AMPS auctions failed and issuers were forced to pay the higher stop-out rate. At the peak of the crisis, some issuers were forced to pay double-digit annualized rates to maintain their leverage. This would have been a large detractor from performance. Instead, since TIPS are Treasury securities, the Fund was able to finance its positions at much lower general collateral repurchase rates. During the past twelve months, the Fund's opportunistic use of reverse repurchase agreements to leverage TIPS was a positive contributor to total NAV returns.

Western Asset Management Company

January 20, 2009

^AU.S. Treasury Inflation-Protected Securities ("TIPS") are inflation-indexed securities issued by the U.S. Treasury in 5-year, 10-year and 20-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.

^BThe Consumer Price Index ("CPI") 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.

^CThe 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.

^DThe Barclays U.S. Government Breakeven Treasury Index is composed of nominal U.S. Treasuries corresponding to the maturity of each TIPS issue.

^EThe 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.

^FThe 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.

^GNet 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.

^HThe Barclays Capital U.S. Treasury Index is a measure of the public obligations of the U.S. Treasury.

Fund Highlights

	December 31,	
	2008	2007
Net Asset Value	\$696,832,887	\$827,799,488
Per Share	\$11.39	\$13.53
Market Value Per Share	\$10.49	\$11.76
Net Investment Income	\$52,375,796	\$43,937,350
Per Common Share	\$0.86	\$0.72
Dividends Paid to Common Shareholders	\$55,680,481	\$45,398,628
Per Common Share from Net Income	\$0.91	\$0.74

The Fund

Western Asset/Claymore Inflation-Linked Opportunities & Income Fund (WIW 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 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 WIW.

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.

	Fourth Quarter 2008	Year Ended December 31, 2008	Average Annual Return	
			Three Years	Since Inception ^A
Total Return Based on:				
Market Value	+3.87%	(3.37)%	+2.55%	(0.38)%
Net Asset Value	(3.78)%	(9.50)%	+0.37%	+1.65%
Barclays U.S. Government Inflation-Linked 1-10 Year Index ^{B,C}	(4.43)%	(1.74)%	+3.64%	+3.47%
Barclays U.S. Government Inflation-Linked All Maturities Index ^{C,D}	(2.66)%	(1.71)%	+3.35%	+3.63%

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.

^AThe Fund's inception date is February 27, 2004.

^BThis 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.

^CThis return does not include reinvestment of dividends or capital gain distributions.

^DThis 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.

General Market Performance

	Fourth Quarter 2008	Year Ended December 31, 2008	Average Annual Returns	
			Three Years	Since Inception
S&P 500 Index ^E	(21.94)%	(37.00)%	(8.36)%	(2.91)%
Barclays Capital U.S. Aggregate Index ^F	+4.58%	+5.24%	+5.51%	+4.41%
Barclays Capital U.S. Mortgage Backed Securities Index ^G	+4.34%	+8.34%	+6.81%	+2.26%
Barclays Capital U.S. Credit Index ^H	+4.03%	(3.08)%	+2.03%	+5.41%
Barclays Capital U.S. Corporate High Yield 2% Issuer Constrained Index ^I	(18.06)%	(25.88)%	(5.66)%	(1.21)%
JPMorgan Emerging Market Bond Index ^J	(6.01)%	(10.91)%	+1.32%	+5.17%

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.

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^K in inflation-linked securities
- No more than 40% of its total managed assets in below investment grade securities
- Up to 100% of its total managed assets in non-U.S. dollar investments (up to 100% 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.

The Fund may invest up to 20% of the portfolio in debt instruments of emerging markets issuers that are not inflation-linked securities. Reverse repurchase agreements and other forms of leverage will not exceed 38% of the Fund's total managed assets.

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

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

^E The S&P 500 Index is a market capitalization-weighted index of 500 widely held common stocks. Please note that an investor cannot invest directly in an index.

^F 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. Please note that an investor cannot invest directly in an index.

^G The Barclays U.S. Morgaged Back Securities Index covers the mortgage-backed pass-through securities of Ginnie Mae (GNMA), Fannie Mae (FNMA), and Freddie Mac (FHLMC). The MBS Index is formed by grouping the universe of over 600,000 individual fixed rate MBS pools into approximately 3,500 generic aggregates.

^H 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). An investor cannot invest directly in an index.

^I 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. An investor cannot invest directly in an index.

^J The JPMorgan Emerging Markets Bond Index ("EMBI Global") tracks total returns for U.S. dollar denominated debt instruments issued by emerging market sovereign and quasisovereign entities: Brady bonds, loans, Eurobonds, and local market instruments. Investors cannot invest in an index.

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

Fund Highlights—Continued

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.

Dividend Reinvestment Plan

The Fund and American Stock Transfer and Trust Company LLC (“Agent”), as the Transfer Agent (previously Computershare Trust Company N.A.) and Registrar of WIW, offer a convenient way to add shares of WIW to your account. WIW 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 WIW 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 WIW, 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 WIW 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

WIW 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 American Stock Transfer and Trust Company LLC, P.O. Box 922, Wall Street Station, New York, NY 10269-0560. Investor Relations telephone number (888) 888-0151.

Annual Certifications

In May 2008, the Fund submitted its annual CEO 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 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

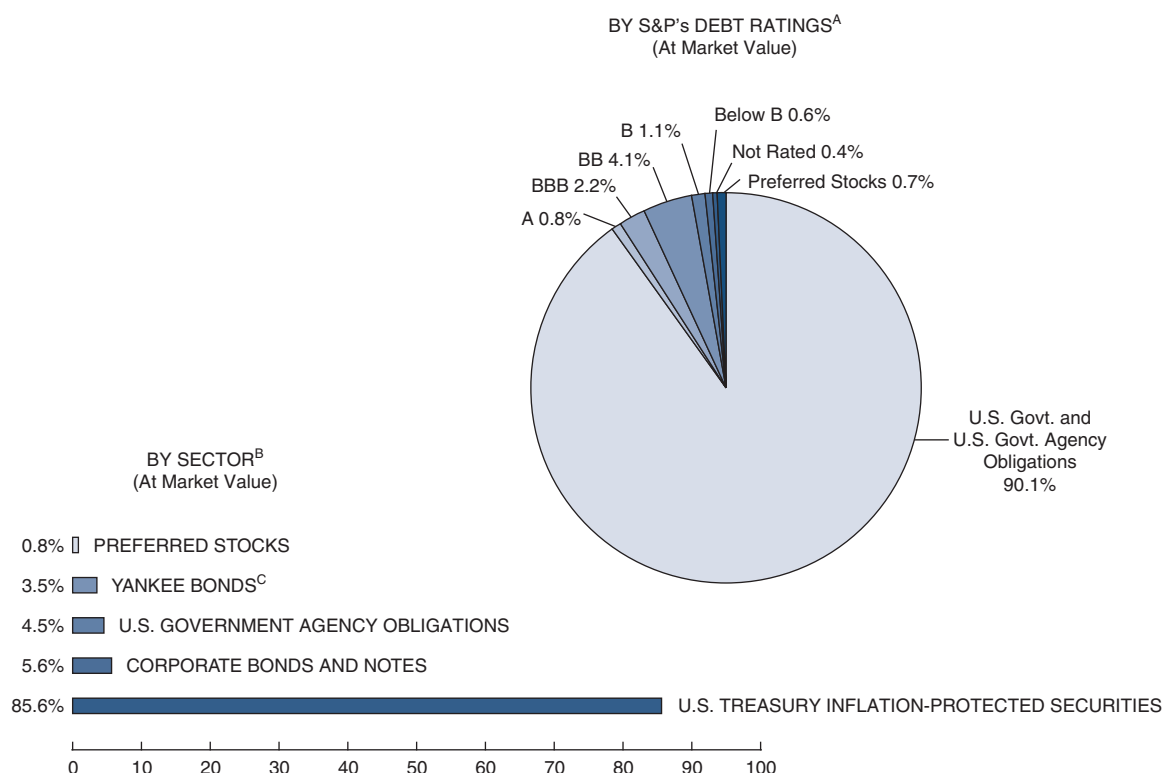
the SEC's Public Reference Room in Washington D.C. Information about the operation of the Public Reference Room can be obtained by calling 1-800-732-0330.

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>).

Portfolio Diversification

December 31, 2008



The pie and bar charts above represent the Fund's portfolio as of December 31, 2008 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 manager 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, 2008	\$11.97	\$13.93	(14.07)%	253,515
June 30, 2008	\$12.27	\$13.67	(10.24)%	203,432
September 30, 2008	\$10.44	\$12.21	(14.50)%	211,843
December 31, 2008	\$10.49	\$11.39	(7.90)%	197,651

^ARatings 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.

^BExpressed as a percentage of the portfolio.

^CYankee Bond - a dollar denominated bond issued in the U.S. by Foreign entities.

Portfolio of Investments

December 31, 2008

Western Asset/Claymore Inflation-Linked Opportunities & Income Fund

	% OF NET ASSETS	RATE	MATURITY DATE	PAR/ SHARES	VALUE
Long-Term Securities	112.5%				
U.S. Government and Agency Obligations	96.4%				
<i>Treasury Inflation-Protected Securities^A</i>	<i>96.4%</i>				
United States Treasury Inflation-Protected Security		0.875%	4/15/10	\$ 57,464,393	\$ 54,007,564
United States Treasury Inflation-Protected Security		2.375%	4/15/11	87,094,537	85,060,096
United States Treasury Inflation-Protected Security		2.000%	4/15/12	32,509,334	31,701,672
United States Treasury Inflation-Protected Security		3.000%	7/15/12	45,967,698	45,051,929 ^B
United States Treasury Inflation-Protected Security		1.875%	7/15/13	32,308,422	30,417,863
United States Treasury Inflation-Protected Security		1.625%	1/15/15	47,652,780	44,190,520
United States Treasury Inflation-Protected Security		2.000%	1/15/16	66,092,142	63,293,536
United States Treasury Inflation-Protected Security		2.375%	1/15/17	23,967,187	23,778,062
United States Treasury Inflation-Protected Security		1.625%	1/15/18	38,686,429	36,718,876
United States Treasury Inflation-Protected Security		1.375%	7/15/18	30,883,248	28,883,064
United States Treasury Inflation-Protected Security		2.375%	1/15/25	11,493,300	11,295,753
United States Treasury Inflation-Protected Security		2.000%	1/15/26	165,082,997	155,500,424 ^C
United States Treasury Inflation-Protected Security		1.750%	1/15/28	37,641,968	34,777,640
United States Treasury Inflation-Protected Security		3.875%	4/15/29	21,744,360	<u>26,855,981</u>
Total U.S. Government and Agency Obligations (Cost—\$683,741,790)					<u>671,532,980</u>

Portfolio of Investments—Continued

Western Asset/Claymore Inflation-Linked Opportunities & Income Fund—Continued

	% OF NET ASSETS	RATE	MATURITY DATE	PAR/ SHARES	VALUE
Long-Term Securities—Continued					
U.S. Government Agency Mortgage-Backed Securities					
	5.0%				
<i>Fixed Rate Securities</i>					
	<i>5.0%</i>				
Fannie Mae		6.000%	1/1/37 to 6/1/37	\$ 33,981,866	<u>\$35,022,463^D</u>
Total U.S. Government Agency Mortgage-Backed Securities					
(Cost—\$33,359,939)					35,022,463
Corporate Bonds and Notes					
	6.3%				
<i>Automobiles</i>					
	<i>0.3%</i>				
Ford Motor Co.		7.450%	7/16/31	5,000,000	1,400,000
General Motors Corp.		8.375%	7/15/33	4,000,000	<u>700,000</u>
					<u>2,100,000</u>
<i>Consumer Finance</i>					
	<i>0.4%</i>				
GMAC LLC		7.500%	12/31/13	522,000	381,060 ^E
GMAC LLC		8.000%	12/31/18	626,000	313,000 ^E
SLM Corp.		6.220%	2/1/10	2,500,000	<u>1,958,225^F</u>
					<u>2,652,285</u>
<i>Diversified Financial Services</i>					
	<i>1.0%</i>				
Bank of America Corp.		8.000%	12/29/49	3,700,000	2,661,366 ^G
JPMorgan Chase and Co.		7.900%	12/31/49	4,120,000	3,427,139 ^G
TNK-BP Finance SA		7.875%	3/13/18	2,120,000	<u>1,060,000^E</u>
					<u>7,148,505</u>
<i>Electric Utilities</i>					
	<i>0.1%</i>				
Energy Future Holdings Corp.		10.875%	11/1/17	4,000	2,840 ^E
Energy Future Holdings Corp.		11.250%	11/1/17	1,966,000	<u>953,510^{E,H}</u>
					<u>956,350</u>
<i>Energy Equipment and Services</i>					
	<i>0.6%</i>				
EEB International Ltd.		8.750%	10/31/14	4,090,000	<u>3,793,475^E</u>
<i>Health Care Providers and Services</i>					
	<i>0.5%</i>				
Tenet Healthcare Corp.		7.375%	2/1/13	5,000,000	<u>3,562,500</u>

	% OF NET ASSETS	RATE	MATURITY DATE	PAR/ SHARES	VALUE
Corporate Bonds and Notes—Continued					
<i>Independent Power Producers and Energy Traders</i>					
	1.0%				
Dynegy Holdings Inc.		8.750%	2/15/12	\$1,610,000	\$ 1,416,800
The AES Corp.		8.875%	2/15/11	5,000,000	4,675,000
TXU Corp.		6.550%	11/15/34	3,000,000	1,012,776
					<u>7,104,576</u>
<i>Metals and Mining</i>					
	1.1%				
CII Carbon LLC		11.125%	11/15/15	2,060,000	1,318,400 ^E
Freeport-McMoRan Copper & Gold Inc.		8.375%	4/1/17	3,460,000	2,837,200
GTL Trade Finance Inc.		7.250%	10/20/17	4,073,000	3,416,677 ^E
					<u>7,572,277</u>
<i>Oil, Gas and Consumable Fuels</i>					
	1.3%				
El Paso Corp.		7.750%	1/15/32	5,000,000	3,245,605
KazMunaiGaz Exploration Production— GDR		8.375%	7/2/13	860,000	670,800 ^E
Pemex Project Funding Master Trust		6.625%	6/15/35	2,350,000	1,989,275 ^E
The Williams Cos. Inc.		7.500%	1/15/31	5,000,000	3,350,000
					<u>9,255,680</u>
Total Corporate Bonds and Notes					
(Cost—\$61,867,302)					44,145,648
Yankee Bonds¹					
	4.0%				
<i>Commercial Banks</i>					
	1.5%				
ATF Capital BV		9.250%	2/21/14	4,280,000	2,782,000 ^E
Glitnir Banki Hf		6.693%	6/15/16	2,540,000	381 ^{E,G,J}
HSBK Europe BV		7.250%	5/3/17	3,280,000	1,771,200 ^E
HSBK Europe BV		7.250%	5/3/17	1,570,000	894,900 ^E
ICICI Bank Ltd.		6.375%	4/30/22	1,052,000	552,418 ^{E,G}
ICICI Bank Ltd.		6.375%	4/30/22	3,533,000	1,862,315 ^{E,G}
Kaupthing Bank Hf		7.125%	5/19/16	4,410,000	33,075 ^{E,J}
TuranAlem Finance BV		8.250%	1/22/37	2,280,000	980,400 ^E
TuranAlem Finance BV		8.250%	1/22/37	2,830,000	1,216,900 ^E
					<u>10,093,589</u>
<i>Construction and Engineering</i>					
	0.3%				
Odebrecht Finance Ltd.		7.500%	10/18/17	2,973,000	2,378,400 ^E
<i>Diversified Financial Services</i>					
	0.2%				
Lukoil International Finance BV		6.356%	6/7/17	1,570,000	957,700 ^E
Lukoil International Finance BV		6.656%	6/7/22	570,000	330,600 ^E
					<u>1,288,300</u>

Portfolio of Investments—Continued

Western Asset/Claymore Inflation-Linked Opportunities & Income Fund—Continued

	% OF NET ASSETS	RATE	MATURITY DATE	PAR/ SHARES	VALUE
Yankee Bonds—Continued					
<i>Diversified Telecommunication Services</i> 0.6%					
Axtel SA		11.000%	12/15/13	\$ 325,000	\$ 258,375
Axtel SA		7.625%	2/1/17	3,643,000	2,477,240 ^E
UBS Luxembourg SA for OJSC Vimpel Communications		8.250%	5/23/16	1,870,000	1,009,800 ^E
VIP Finance Ireland Ltd		8.375%	4/30/13	300,000	192,000 ^E
					3,937,415
<i>Foreign Government</i> 0.2%					
Republic of Argentina		7.000%	9/12/13	3,550,000	1,176,825
<i>Metals and Mining</i> 0.6%					
Evraz Group SA		8.875%	4/24/13	1,280,000	652,800 ^E
Vale Overseas Ltd.		6.875%	11/21/36	3,390,000	3,077,103
Vedanta Resources PLC		8.750%	1/15/14	870,000	522,000 ^E
					4,251,903
<i>Oil, Gas and Consumable Fuels</i> 0.3%					
Gazprom		6.212%	11/22/16	1,790,000	1,181,400 ^E
Gazprom		6.510%	3/7/22	1,430,000	850,850 ^E
					2,032,250
<i>Road and Rail</i> 0.1%					
Grupo Transportacion Ferroviaria Mexicana SA de CV		9.375%	5/1/12	1,010,000	924,150
<i>Wireless Telecommunication Services</i> 0.2%					
True Move Co. Ltd.		10.750%	12/16/13	2,040,000	754,800 ^E
True Move Co. Ltd.		10.750%	12/16/13	1,910,000	772,310 ^E
					1,527,110
Total Yankee Bonds (Cost—\$53,498,846)					27,609,942
Preferred Stocks 0.8%					
Citigroup Inc.		8.125%		312,000 shs	4,976,400
Fannie Mae		8.250%		675,425	560,603 ^{D,G}
Freddie Mac		8.375%		757,850	295,561 ^{D,G}
Total Preferred Stocks (Cost—\$43,932,269)					5,832,564
Total Long-Term Securities (Cost—\$876,400,146)					784,143,597
Total Investments (Cost—\$876,400,146) ^K	112.5%				784,143,597
Reverse Repurchase Agreements	(13.3)%				(92,986,000)
Other Assets Less Liabilities	0.8%				5,675,290
Net Assets	100.0%				\$696,832,887

	EXPIRATION	ACTUAL CONTRACTS	DEPRECIATION
Futures Contracts Written^L			
U.S. Treasury Bond Futures	March 2009	274	\$(3,509,853)
U.S. Treasury Note Futures	March 2009	131	(1,022,890)
			<u>\$(4,532,743)</u>

^{N.M.} Not Meaningful.

^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 and options contracts written.

^C Position, or a portion thereof, with an aggregate market value of \$89,485,535 has been segregated to collateralize reverse repurchase agreements.

^D On September 7, 2008, the Federal Housing Finance Agency placed Fannie Mae and Freddie Mac into Conservatorship.

^E Rule 144a Security – A security purchased pursuant to Rule 144a under the Securities Act of 1933 which may not be resold subject to that rule except to qualified institutional buyers. These securities, which the Fund's investment adviser has determined to be liquid, represent 5.18% of net assets.

^F 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, 2008.

^G 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.

^H Pay-in-Kind ("PIK") security – A security in which interest or dividends during the initial few years is paid in additional PIK securities rather than in cash.

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

^J Bond is currently in default.

^K At December 31, 2008, the aggregate gross unrealized appreciation and depreciation of investments for federal income tax purposes were substantially as follows:

Gross unrealized appreciation	\$ 11,591,681
Gross unrealized depreciation	(103,848,230)
Net unrealized depreciation	<u>\$ (92,256,549)</u>

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

See notes to financial statements.

Statement of Assets and Liabilities

December 31, 2008

Western Asset/Claymore Inflation-Linked Opportunities & Income Fund

Assets:

Investment securities at market value (Cost—\$876,400,146)	\$ 784,143,597
Cash	6,565,996
Foreign currency at value (Cost—\$33)	35
Interest receivable	8,113,758
Restricted cash pledged as collateral for swaps	4,100,000
Unrealized appreciation of forward foreign currency contracts	1,553,946
Receivable for securities sold	1,238,475
Futures variation margin receivable	1,127,391
Interest receivable for open swaps	68,353
Deposits with brokers for open futures contracts	129
Total assets	<u>806,911,680</u>

Liabilities:

Payable for open reverse repurchase agreement	\$92,986,000
Unrealized depreciation on swaps	11,125,342
Income distribution payable	2,389,134
Unrealized depreciation of forward foreign currency contracts	1,327,455
Premium received on open swaps	876,519
Payable for securities purchased	711,280
Accrued advisory fee	396,213
Accrued administrative fee	10,587
Interest expense payable	3,616
Accrued expenses	252,647
Total liabilities	<u>110,078,793</u>

Net Assets

\$ 696,832,887

Summary of Shareholders' Equity:

Common shares, no par value, unlimited number of shares authorized, 61,184,134 shares issued and outstanding (Note 4)	\$ 856,453,286
Undistributed net investment income	397,395
Accumulated net realized loss on investments, options, futures, swaps and foreign currency transactions	(52,329,653)
Unrealized depreciation of investments, futures, swaps and foreign currency translations	(107,688,141)

Net Assets

\$ 696,832,887

Net asset value per common share:

(\$696,832,887 ÷ 61,184,134 common shares issued and outstanding) \$11.39

See notes to financial statements.

Statement of Operations

Western Asset/Claymore Inflation-Linked Opportunities & Income Fund

	FOR THE YEAR ENDED DECEMBER 31, 2008	
Investment Income:		
Interest	\$ 59,015,359	
Dividends	1,671,003	
Income from securities loaned	1,273,526	
Total income		<u>\$ 61,959,888</u>
Expenses:		
Advisory fees	5,683,485	
Administration fee	125,000	
Audit and legal fees	264,110	
Custodian fees	108,773	
Trustees' fees and expenses	86,642	
Registration fees	48,366	
Reports to shareholders	74,927	
Proxy expense	57,641	
Transfer agent and shareholder servicing expense	41,184	
Other expenses	86,676	
	<u>6,576,804</u>	
Less: Compensating balance credits	(14,435)	
Interest expense	3,021,723	
Net expenses		<u>9,584,092</u>
Net Investment Income		<u>52,375,796</u>
Net Realized and Unrealized Gain/(Loss) on Investments:		
Net realized gain/(loss) on:		
Investments	11,047,564	
Options	2,703,899	
Futures	(1,168,602)	
Swaps	2,257,244	
Foreign currency transactions	2,390,018	
		<u>17,230,123</u>
Change in unrealized appreciation/(depreciation) of:		
Investments, options, futures, swaps and foreign currency translations	(144,684,210)	
Assets and liabilities denominated in foreign currency	(207,829)	
		<u>(144,892,039)</u>
Net Realized and Unrealized Loss on Investments		<u>(127,661,916)</u>
Change in Net Assets Resulting From Operations		<u>\$ (75,286,120)</u>

See notes to financial statements.

Statement of Changes in Net Assets

Western Asset/Claymore Inflation-Linked Opportunities & Income Fund

	FOR THE YEARS ENDED DECEMBER 31,	
	2008	2007
Change in Net Assets:		
Net investment income	\$ 52,375,796	\$ 43,937,350
Net realized gain	17,230,123	4,772,295
Change in unrealized appreciation/(depreciation)	<u>(144,892,039)</u>	<u>27,172,276</u>
Change in net assets resulting from operations	<u>(75,286,120)</u>	<u>75,881,921</u>
Distributions to common shareholders from:		
Net investment income	<u>(55,680,481)</u>	<u>(45,398,628)</u>
Change in net assets	<u>(130,966,601)</u>	<u>30,483,293</u>
Net Assets:		
Beginning of year	<u>827,799,488</u>	<u>797,316,195</u>
End of year	<u>\$ 696,832,887</u>	<u>\$827,799,488</u>
Undistributed net investment income	<u>\$ 397,395</u>	<u>\$ 362,286</u>

See notes to financial statements.

Statement of Cash Flows

Western Asset/Claymore Inflation-Linked Opportunities and Income Fund

FOR THE
YEAR ENDED
DECEMBER 31, 2008

Cash flows provided (used) by operating activities:	
Interest and dividends received	\$ 31,291,190
Operating expenses paid	(6,612,644)
Realized gain on foreign currency transactions	2,390,018
Realized gain on options	2,703,899
Realized loss on futures contracts	(1,168,602)
Realized gain on swap contracts	2,257,244
Net change in unrealized depreciation on futures contracts	(4,806,466)
Net change in unrealized appreciation on foreign currencies	2
Purchases of long-term investments	(539,942,291)
Proceeds from disposition of long-term investments	473,369,511
Realized gain on investments	11,047,564
Premium for written swaps	876,519
Change in payable to broker—variation margin	(911,918)
Change in payable for open forward currency contracts	(18,662)
Interest paid	(3,018,107)
Net cash used by operating activities	<u>(32,542,744)</u>
Cash flows provided (used) by financing activities:	
Cash distributions paid on common stock	(54,376,243)
Deposits with brokers for reverse repurchase agreements	399,871
Proceeds from reverse repurchase agreements	92,986,000
Net cash provided by financing activities	<u>39,009,628</u>
Net increase in cash	6,466,885
Cash, beginning of year	99,146
Cash, end of year	<u>\$ 6,566,031</u>

Reconciliation of Increase in Net Assets From Operations to Net Cash Flows Provided (Used) by Operating Activities:

Increase in Net Assets From Operations	\$ (75,286,120)
Change in unrealized depreciation	144,684,210
Decrease in cost of investments	(99,978,841)
Increase in payable for securities purchased	711,280
Decrease in interest and dividends receivable	486,395
Decrease in premium for written swaps	(524,208)
Decrease in premium for written options	(419,746)
Increase in receivable for securities sold	(1,238,475)
Decrease in payable for open forward currency contracts	(18,662)
Decrease in payable to broker—variation margin	(911,918)
Increase in interest payable	3,616
Decrease in accrued expenses	(50,274)
Total adjustments	<u>42,743,377</u>
Net cash flows provided by operating activities	<u>(32,542,743)</u>

Non-cash financing activities not included herein consist of reinvestment of distributions \$1,304,238.

See notes to financial statements.

Financial Highlights

Contained below is per share operating performance data for a share of common stock outstanding throughout each period shown, total investment return, ratios to average net assets and other supplemental data. This information has been derived from information in the financial statements.

	YEARS ENDED DECEMBER 31,				
	2008	2007	2006	2005	2004 ^A
Net asset value, beginning of year	\$13.53	\$13.03	\$13.46	\$14.00	\$14.33 ^B
Investment operations:					
Net investment income	.86 ^C	.72 ^C	.71 ^C	1.15	.97
Net realized and unrealized gain/(loss)	(2.09)	.52	(.19)	(.53)	(.32)
Total from investment operations	(1.23)	1.24	.52	.62	.65
Dividends paid to preferred shareholders from:					
Net investment income	—	—	(.29)	(.22)	(.08)
Total from investment operations applicable to common shareholders	(1.23)	1.24	.23	.40	.57
Distributions paid to common shareholders from:					
Net investment income	(.91)	(.74)	(.44)	(.94)	(.87)
Return of capital	—	—	(.22)	—	—
Total distributions	(.91)	(.74)	(.66)	(.94)	(.87)
Offering costs charged to paid in capital	—	—	—	—	(.03)
Net asset value, end of year	\$11.39	\$13.53	\$13.03	\$13.46	\$14.00
Market value, end of year	\$10.49	\$11.76	\$11.57	\$11.87	\$12.82
Average market value per share	\$11.51	\$11.68	\$11.59	\$12.58	\$13.33
Total Investment Return Based On:^D					
Market value	(3.37)%	8.21%	3.15%	(.26)%	(8.73)% ^E
Net asset value	(9.50)%	9.81%	1.76%	2.94%	3.99% ^{E,F}
Ratios and Supplemental Data:					
Ratio of total expense to average weekly net assets (including interest expense) attributable to:					
Common shares ^G	1.20%	.92%	1.43%	1.47%	1.30% ^H
Total managed assets ^{G,J,K}	1.01%	.90%	.95%	.93%	.83% ^H
Ratio of net expense to average weekly net assets (including interest expense) attributable to:					
Common shares ^I	1.20%	.92%	1.43%	1.47%	1.30% ^H
Total managed assets ^{I,J,K}	1.01%	.90%	.94%	.93%	.83% ^H
Ratio of net expense to average weekly net assets (excluding interest expense) attributable to:					
Common shares ^I	.82%	.75%	1.15%	1.20%	1.09% ^H
Total managed assets ^{I,J,K}	.69%	.73%	.76%	.76%	.70% ^H
Ratio of net investment income to average weekly net assets attributable to:					
Common shares	6.57%	5.46%	5.39%	8.46%	8.42% ^H
Total managed assets ^{I,K}	5.53%	5.31%	3.56%	5.37%	5.42% ^H
Asset coverage on preferred shares, end of year ^L	N/A	N/A	N/A ^K	301%	308% ^E
Portfolio turnover rate	52%	82%	112%	113%	54% ^E
Net assets, end of year (in thousands)	\$696,833	\$827,799	\$797,316	\$823,471	\$856,560

^AFor the period February 27, 2004 (commencement of operations) to December 31, 2004.

^BNet of sales load of \$0.675 on initial shares issued.

^CComputed using average daily shares outstanding.

^DTotal return based on market value reflects changes in market value. Total return based on net asset value reflects changes in the Fund's net asset value during the period. Each figure includes reinvestments of dividends and distributions. These figures will differ depending upon the level of any discount from or premium to net asset value at which the Fund's shares trade during the period. Total investment return is not annualized for periods of less than one year. Brokerage commissions are not reflected in the calculations.

^ENot annualized.

^FTotal return on NAV includes offering costs. If offering costs were excluded, the total return would be 4.20%.

^GThis ratio reflects total expenses before compensating balance credits.

^HAnnualized.

^IThis ratio reflects expenses net of compensating balance credits.

^JTotal managed assets included the liquidation value of preferred shares through November 22, 2006.

^KThe last series of preferred shares was redeemed on November 22, 2006.

^LAsset coverage on preferred shares equals net assets of common shares plus the redemption value of the preferred shares divided by the value of outstanding preferred stock.

See notes to financial statements.

Notes to Financial Statements

1. Significant Accounting Policies:

Western Asset/Claymore Inflation-Linked Opportunities & Income Fund (Fund) is registered under the Investment Company Act of 1940 (1940 Act), as amended, as a diversified, closed-end management investment company. The Fund commenced operations on February 27, 2004.

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

The following is a summary of significant accounting policies followed by the Fund in the preparation of its financial statements:

Investment Valuation

The Fund's securities are valued under policies approved by and under the general oversight of the Board of Trustees. Effective January 1, 2008, the Fund adopted Statement of Financial Accounting Standards No. 157 (FAS 157). FAS 157 establishes a single definition of fair value, creates a three-tier hierarchy as a framework for measuring fair value based on inputs used to value the Fund's investments, and requires additional disclosure about fair value. The hierarchy of inputs is summarized below.

- Level 1—quoted prices in active markets for identical investments
- Level 2—other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3—significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

Debt securities are valued at the last quoted bid prices provided by an independent pricing service that are based on transactions in debt obligations, quotations from bond dealers, market transactions in comparable securities and various other relationships between securities. Equity securities for which market quotations are available are valued at the last reported sales price or official closing price on the primary market or exchange on which they trade. Publicly traded foreign government debt securities are typically traded internationally in the over-the-counter market, and are valued at the bid price as of the close of business of that market. When prices are not readily available, or are determined not to reflect fair value, such as when the value of a security has been significantly affected by events after the close of the exchange or market on which the security is principally traded, but before the Fund calculates its net asset value, the Fund may value these securities at fair value as determined in accordance with the procedures approved by the Fund's Board of Trustees.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used in valuing the Fund's assets carried at fair value:

	December 31, 2008	Quoted Prices (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments in Securities	\$784,143,597	\$ 5,832,564	\$778,311,033	\$—
Other Financial Instruments*				
Derivatives	(15,658,085)	(4,532,743)	(11,125,342)	—
Foreign Forward Currency Contracts	226,491	—	226,491	—
Reverse Repurchase Agreement	(92,986,000)	—	(92,986,000)	—
Total Value	<u>\$675,726,003</u>	<u>\$ 1,299,821</u>	<u>\$674,426,182</u>	<u>\$—</u>

*Other financial instruments include reverse repurchase agreements, forward foreign currency contracts and derivatives, e.g. options, futures, and swap contracts.

Notes to Financial Statements—Continued

Security Transactions

Security transactions are accounted for as of the trade date. Realized gains and losses from security transactions are reported on an identified cost basis for both financial reporting and federal income tax purposes.

For the year ended December 31, 2008, security transactions (excluding short-term investments) were as follows:

Purchases		Proceeds From Sales	
U.S. Gov't Securities	Other	U.S. Gov't Securities	Other
\$465,256,661	\$72,205,630	\$460,602,999	\$21,382,598

Foreign Currency Translation

Assets and liabilities initially expressed in non-U.S. currencies are translated into U.S. dollars using currency exchange rates determined prior to the close of trading on the New York Stock Exchange, usually at 2:00 p.m. Eastern time. Purchases and sales of securities and income and expenses are translated into U.S. dollars at the prevailing market rates on the dates of such transactions. The effects of changes in non-U.S. currency exchange rates on investment securities and other assets and liabilities are included with the net realized and unrealized gain or loss on investment securities.

Repurchase Agreements

The Fund may enter into repurchase agreements with institutions that its investment adviser has determined are creditworthy. Each repurchase agreement is recorded at cost. Under the terms of a typical repurchase agreement, a fund takes possession of an underlying debt obligation subject to an obligation of the seller to repurchase, and of the fund to resell, the obligation at an agreed-upon price and time, thereby determining the yield during a fund's holding period. When entering into repurchase agreements, it is the Fund's policy that its custodian acting on the fund's behalf, or a third party custodian take possession of the underlying collateral securities, the market value of which, at all times, at least equals the principal amount of the repurchase transaction, including accrued interest. To the extent that any repurchase transaction exceeds one business day, the value of the collateral is marked to market to ensure the adequacy of the collateral. If the counterparty defaults, the Fund generally has the right to use the collateral to satisfy the terms of the repurchase transaction. However, if the market value of the collateral declines during the period in which the Fund seeks to assert its rights or if bankruptcy proceedings are commenced with respect to the seller of the security, realization of the collateral by the Fund may be delayed or limited.

Reverse Repurchase Agreements

The Fund may enter into reverse repurchase agreements. Under the terms of a typical reverse repurchase agreement, a fund sells a security subject to an obligation to repurchase the security from the buyer at an agreed-upon time and price, thereby determining the yield to the buyer during the buyer's holding period. A reverse repurchase agreement involves the risk, among others, that the market value of the collateral retained by the fund may decline below the price of the securities the fund has sold but is obligated to repurchase under the agreement. In the event the buyer of securities under a reverse repurchase agreement files for bankruptcy or becomes insolvent, the fund's use of the proceeds of the agreement may be restricted pending a determination by the party, or its trustee or receiver, whether to enforce the Fund's obligation to repurchase the securities. In entering into reverse repurchase agreements, the Fund will maintain cash, U.S. government securities or other liquid high grade debt obligations at least equal in value to its obligations with respect to reverse repurchase agreements or will take other actions permitted by law to cover its obligations.

Options, Futures and Swap Agreements

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

Short Sales

The Fund may sell a security it does not own in anticipation of a decline in the market price of that security. The Fund must then borrow the security sold short and deliver it to the dealer that brokered the short sale. A gain, limited to the price at which the security was sold short, or a loss, potentially unlimited in size, will be recognized upon the termination of the short sale. With respect to each short sale, the Fund must maintain collateral in a segregated account consisting of liquid assets with a value at least equal to the current market value of the shorted securities, marked-to-market daily, or take other actions permitted by law to cover its obligations. Dividend expenses and fees paid to brokers to borrow securities in connection with short sales are considered part of the cost of short sale transactions. The Fund had no open short sales as of December 31, 2008.

Distributions to Common Shareholders

Distributions to shareholders are recorded on the ex-dividend date. Dividends from net investment income are declared and paid monthly. Net capital gain distributions may be paid after the end of the tax year in which the gain is realized and in December to the extent necessary in order to comply with federal excise tax requirements. Distributions are determined in accordance with federal income tax regulations, which may differ from accounting principles generally accepted in the United States of America; accordingly, periodic reclassifications are made within the Fund's capital accounts to reflect income and gains available for distribution under federal income tax regulations. Income and expenses are recorded on the accrual basis. Bond discounts and premiums are amortized and included in interest income for financial reporting and federal income tax purposes.

Compensating Balance Credits

The Fund has an arrangement with its custodian bank, whereby a portion of the custodian's fee is paid indirectly by credits earned on the Fund's cash on deposit with the bank. This deposit arrangement is an alternative to purchasing overnight investments.

Use of Estimates

The preparation of the financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from these estimates.

Credit and Market Risk

Investments in structured securities collateralized by residential real estate mortgages are subject to certain credit and liquidity risks. When market conditions result in an increase in default rates of the underlying mortgages and the foreclosure values of underlying real estate properties are materially below the outstanding amount of these underlying mortgages, collection of accrued interest and principal on these investments may be doubtful. Such market conditions may significantly impair the value of these investments resulting in a lack of correlation between their credit ratings and values.

Other

In the normal course of business, the Fund enters into contracts that provide general indemnifications. The Fund's maximum exposure under these arrangements is dependent upon claims that may be made against the Fund in the future and, therefore, cannot be estimated; however, based on experience, the risk of material loss from such claims is considered remote.

2. Federal Income Taxes:

It is the Fund's policy to continue to comply with the federal income and excise tax requirements of the Internal Revenue Code of 1986, as amended, applicable to regulated investment companies. Accordingly, the Fund intends to distribute substantially all of its income and net realized gains on investments, if any, to shareholders each year. Therefore, no federal income tax provision is required in the Fund's financial statements. Under the applicable foreign tax laws, a withholding tax may be imposed on interest, dividends and capital gains at various rates.

Management has analyzed the Fund's tax positions taken on federal income tax returns for all open tax years and has concluded that as of December 31, 2008, no provision for income tax would be required in the Fund's financial statements. The Fund's federal and state income and federal excise tax returns for tax years for which the applicable statutes of limitations have not expired are subject to examination by the Internal Revenue Service and state departments of revenue.

Notes to Financial Statements—Continued

Reclassifications:

Accounting principles generally accepted in the United States of America requires that certain components of net assets be adjusted to reflect permanent differences between financial and tax reporting. These reclassifications have no effect on net assets or net asset values per share. During the current year, the following reclassifications have been made:

	<u>Undistributed Net Investment Income</u>	<u>Accumulated Net Realized Loss</u>
(a)	<u>\$3,339,794</u>	<u>\$(3,339,794)</u>

^(a) Reclassifications are primarily due to foreign currency transactions treated as ordinary income for tax purposes and book/tax differences in the treatment of credit default swap contracts.

Distributions to Shareholders:

Subsequent to the fiscal year end, the Fund has made the following distributions:

<u>Record Date</u>	<u>Payable Date</u>	<u>Per Share Distribution</u>
1/15/2009	1/30/2009	\$0.050000
2/13/2009	2/27/2009	\$0.050000

The tax character of distributions paid during the fiscal years ended December 31, were as follows:

	<u>2008</u>	<u>2007</u>
Distributions paid from:		
Ordinary Income	<u>\$55,680,481</u>	<u>\$45,398,628</u>

Accumulated Earnings on a Tax Basis:

As of December 31, 2008, the components of accumulated earnings on a tax basis were as follows:

Undistributed ordinary income—net	\$ 1,373,109
Capital loss carryforward*	(50,195,179)
Other book/tax temporary differences ^(a)	(3,110,188)
Unrealized appreciation/(depreciation)	<u>(107,688,141)</u>
Total accumulated earnings/(losses)—net	<u>\$(159,620,399)</u>

*During the taxable year ended December 31, 2008, the Fund utilized \$ 12,194,075 of its capital loss carryover available from prior years. As of December 31, 2008, the Fund had the following net capital loss carryforwards remaining:

<u>Year of Expiration</u>	<u>Amount</u>
12/31/2012	\$(10,084,162)
12/31/2013	(10,088,445)
12/31/2014	<u>(30,022,572)</u>
	<u>\$(50,195,179)</u>

These amounts will be available to offset any future taxable capital gains.

^(a) Other book/tax temporary differences are attributable primarily to the realization for tax purposes of unrealized gains/(losses) on certain futures and foreign currency contracts, the deferral of post-October capital losses for tax purposes, differences between book/tax accrual of interest income on certain securities and book/tax differences in the timing of the deductibility of various expenses.

Tax Cost of Investments:

As of December 31, 2008, the aggregate cost of investments for federal tax purposes was \$876,400,146.

3. Financial Instruments:

Emerging Markets

The Fund may invest in securities denominated in the currencies of emerging market countries, as well as in securities issued by companies located in emerging market countries and by governments of emerging market countries. Future economic or political developments could adversely affect the liquidity or value, or both, of such securities.

Forward Currency Exchange Contracts

As part of its investment program, the Fund may utilize forward currency exchange contracts. The nature and risks of these financial instruments and the reasons for using them are set forth more fully in the Trust's prospectus and statement of additional information.

Forward foreign exchange contracts are marked-to-market daily using foreign currency exchange rates supplied by an independent pricing service. The change in the contract's market value is recorded by the Fund as an unrealized gain or loss. When a contract is closed or delivery is taken, the Fund records a realized gain or loss equal to the difference between the value of the contract at the time it was opened and the value at the time it was closed.

The use of forward foreign currency exchange contracts does not eliminate fluctuations in the underlying prices of the Fund's securities, but it does establish a rate of exchange that can be achieved in the future. These forward foreign currency exchange contracts involve market risk in excess of amounts reflected in the financial statements. Although forward foreign currency exchange contracts used for hedging purposes limit the risk of loss due to the decline in the value of the hedged currency, they also limit any potential gain that might result should the value of the currency increase. In addition, the Fund could be exposed to risks if the counterparties to the contracts are unable to meet the terms of their contracts.

At December 31, 2008, open forward currency exchange contracts (expressed in the contractual currency) were:

Broker	Settlement Date	Contract to		Unrealized Gain/(Loss)
		Receive ^A	Deliver ^A	
Deutsche Bank AG London	2/3/09	JPY 1,861,112,700	USD 18,990,946	\$ 1,553,946
Deutsche Bank AG London	2/3/09	USD 19,217,437	JPY 1,861,112,700	(1,327,455)
				<u>\$ 226,491</u>

^ADefinitions of currency abbreviations:

JPY – Japanese Yen
USD – United States Dollar

Option Transactions

As part of its investment program, the Fund may utilize options and futures. Options may be written (sold) or purchased by the Fund. When the Fund purchases a put or call option, the premium paid is recorded as an investment and its value is marked-to-market daily. When the Fund writes a put or call option, an amount equal to the premium received by the Fund is recorded as a liability and its value is marked-to-market daily.

When options, whether written or purchased, expire, are exercised or are closed (by entering into a closing purchase or sale transaction), the Fund realizes a gain or loss as described in the chart below:

Notes to Financial Statements—Continued

Purchased option:	Impact on the Fund:
The option expires	Realize a loss in the amount of the cost of the option.
The option is closed through a closing sale transaction	Realize a gain or loss depending on whether the proceeds from the closing sale transaction are greater or less than the cost of the option.
The Fund exercises a call option	The cost of the security purchased through the exercise of the option will be increased by the premium originally paid to purchase the option.
The Fund exercises a put option	Realize a gain or loss from the sale of the underlying security. The proceeds of that sale will be reduced by the premium originally paid to purchase the put option.
Written option:	Impact on the Fund:
The option expires	Realize a gain equal to the amount of the premium received.
The option is closed through a closing purchase transaction	Realize a gain or loss without regard to any unrealized gain or loss on the underlying security and eliminate the option liability. The Fund will realize a loss in this transaction if the cost of the closing purchase exceeds the premium received when the option was written.
A written call option is exercised by the option purchaser	Realize a gain or loss from the sale of the underlying security. The proceeds of that sale will be increased by the premium originally received when the option was written.
A written put option is exercised by the option purchaser	The amount of the premium originally received will reduce the cost of the security that the Fund purchased when the option was exercised.

The risk associated with purchasing options is limited to the premium originally paid. Options written by the Fund involve, to varying degrees, risk of loss in excess of the option value reflected in the statement of assets and liabilities. The risk in writing a covered call option is that the Fund may forgo the opportunity of profit if the market price of the underlying security increases and the option is exercised. The risk in writing a put option is that the Fund may incur a loss if the market price of the underlying security decreases and the option is exercised. In addition, there is the risk the Fund may not be able to enter into a closing transaction because of an illiquid secondary market or, for over-the-counter options, because of the counterparty's inability or unwillingness to perform.

Activity in written call and put options during the year ended December 31, 2008, was as follows:

	<u>Actual Contracts</u>	<u>Premiums</u>
Options outstanding at December 31, 2007	682	\$ 419,746
Options written	4,218	2,451,709
Options closed	(15)	(12,972)
Options expired	(4,232)	(2,462,561)
Options exercised	(653)	(395,922)
Options outstanding at December 31, 2008	<u>—</u>	<u>\$ —</u>

Swap Agreements

The Fund may invest in swaps for the purpose of managing its exposure to interest rate, credit or market risk, or for other purposes. The use of swaps involves risks that are different from those associated with ordinary portfolio transactions.

The Fund may enter into credit default swap ("CDS") contracts for investment purposes, to manage its credit risk or to add leverage. CDS agreements involve one party making a stream of payments to another party in exchange for the right to receive a specified return in the event of a default by a third party, typically corporate issuers or sovereign issuers of an emerging country, on a specified obligation or in the event of a write-down, principal shortfall, interest shortfall or default of all or part of the refer-

enced entities comprising a credit index. The Fund may use a CDS to provide a measure of protection against defaults of the issuers (i.e., to reduce risk where a Fund has exposure to the sovereign issuer) or to take an active long or short position with respect to the likelihood of a particular issuer's default. As a seller of protection, the Fund generally receives an upfront payment or a stream of payments throughout the term of the swap provided that there is no credit event. If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the maximum potential amount of future payments (undiscounted) that the Fund could be required to make under a credit default swap agreement, would be an amount equal to the notional amount of the agreement. These amounts of potential payments will be partially offset by any recovery of values from the respective referenced obligations. As a seller of protection, the Fund effectively adds leverage to its portfolio because, in addition to its total net assets, the Fund would be subject to investment exposure on the notional amount of the swap. As a buyer of protection, the Fund generally receives an amount up to the notional value of the swap if a credit event occurs.

Implied spreads are the theoretical price a lender receives for credit default protection. When spreads rise, market perceived credit risk rises and when spreads fall, market perceived credit risk falls. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to enter into the agreement. Wider credit spreads and decreasing market values, when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement. Credit spreads utilized in determining the period end market value of credit default swap agreements on corporate issues or sovereign issues of an emerging country are disclosed in the Notes to Financial Statements and serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for credit derivatives. For credit default swap agreements on asset-backed securities and credit indices, the quoted market prices and resulting values particularly in relation to the notional amount of the contract, as well as the annual payment rate serve as an indication of the current status of the payment/performance risk.

Payments received or made at the beginning of the measurement period are reflected as a premium or deposit, respectively, on the Statement of Assets and Liabilities. These upfront payments are amortized over the life of the swap and are recognized as realized gain or loss on the Statement of Operations. A liquidation payment received or made at the termination of the swap is recognized as realized gain or loss on the Statement of Operations. Net periodic payments received or paid by the Fund are recognized as realized gain or loss at the time of receipt or payment on the Statement of Operations.

Entering into a CDS agreement involves, to varying degrees, elements of credit, market and documentation risk in excess of the related amounts recognized on the Statement of Assets and Liabilities. Such risks involve the possibility that there will be no liquid market for these agreements, that the counterparty to the agreement may default on its obligation to perform or disagree as to the meaning of the contractual terms in the agreement, and that there will be unfavorable changes in net interest rates.

Swaps are marked-to-market daily and changes in value are recorded as unrealized appreciation/(depreciation). Collateral, in the form of restricted cash or securities, may be required to be held in segregated accounts with the Fund's custodian in compliance with swap contracts.

Notes to Financial Statements—Continued

The following is a summary of open credit default swap contracts outstanding as of December 31, 2008.

CREDIT DEFAULT SWAP ON CORPORATE ISSUES—SELL PROTECTION¹

Swap Counterparty (Reference Entity)	Termination Date	Implied Credit Spread At December 31, 2008 ²	Periodic Payment Received by the Fund [‡]	Contract Notional Amount ³	Market Value	Upfront Premiums Paid/ (Received)	Unrealized Appreciation/ (Depreciation)
JP Morgan Chase & Co. (Ford Motor Credit Corporation, 7%, due 10/1/13)	March 20, 2011	11.91%	5.1% Quarterly	\$10,000,000	\$(1,250,958)	\$—	\$(1,250,958)
JP Morgan Chase & Co. (General Motors Acceptance Corporation, 6.875%, due 8/28/12)	March 20, 2011	8.57%	4.17% Quarterly	10,000,000	(860,046)	—	(860,046)
JP Morgan Chase & Co. (SLM Corporation, 5.125%, due 8/27/12)	December 20, 2012	8.76%	2.50% Quarterly	8,100,000	(1,448,641)	—	(1,448,641)

Net unrealized depreciation on sales of credit default swaps on corporate issues

\$(3,559,645)

CREDIT DEFAULT SWAP ON CREDIT INDICES—SELL PROTECTION¹

Swap Counterparty (Reference Entity)	Termination Date	Periodic Payment Received by the Fund [‡]	Contract Notional Amount ³	Market Value ⁴	Upfront Premiums Paid/ (Received)	Unrealized Appreciation/ (Depreciation)
Barclays Capital Inc. (CDX HVOL 7)	June 20, 2012	0.75% Quarterly	\$17,000,000	\$(1,997,204)	\$(74,944)	\$(1,922,260)
Barclays Capital Inc. (CDX HY 8)	June 20, 2012	2.75% Quarterly	8,232,000	(1,397,654)	(346,550)	(1,051,104)
Barclays Capital Inc. (CDX IG 8)	June 20, 2012	0.35% Quarterly	39,625,600	(2,401,799)	(238,545)	(2,163,254)
JP Morgan Chase & Co. (CDX HY 8)	June 20, 2012	2.75% Quarterly	15,582,000	(2,645,559)	(216,480)	(2,429,079)

Net unrealized depreciation on sales of credit default swaps on credit indices

\$(7,565,697)

¹ If the Fund is a seller of protection and a credit event occurs, as defined under the terms of that particular swap agreement, the Fund will either (i) pay to the buyer of protection an amount equal to the notional amount of the swap and take delivery of the referenced obligation or underlying securities comprising the referenced index or (ii) pay a net settlement amount in the form of cash or securities equal to the notional amount of the swap less the recovery value of the referenced obligation or underlying securities comprising the referenced index.

² Implied credit spreads, utilized in determining the market value of credit default swap agreements on corporate issues or sovereign issues of an emerging country as of period end serve as an indicator of the current status of the payment/performance risk and represent the likelihood or risk of default for the credit derivative. The implied credit spread of a particular referenced entity reflects the cost of buying/selling protection and may include upfront payments required to be made to enter into the agreement. Wider credit spreads represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement. A credit spread identified as "Defaulted" indicates a credit event has occurred for the referenced entity or obligation.

³ The maximum potential amount the Fund could be required to make as a seller of credit protection or receive as a buyer of credit protection if a credit event occurs as defined under the terms of that particular swap agreement.

⁴ The quoted market prices and resulting values for credit default swap agreements on asset-backed securities and credit indices serve as an indicator of the current status of the payment/performance risk and represent the likelihood of an expected liability (or profit) for the credit derivative should the notional amount of the swap agreement have been closed/sold as of the period end. Decreasing market values when compared to the notional amount of the swap, represent a deterioration of the referenced entity's credit soundness and a greater likelihood or risk of default or other credit event occurring as defined under the terms of the agreement.

[‡] Percentage shown is an annual percentage rate.

Futures

Upon entering into a futures contract, the Fund is required to deposit with the broker an amount of cash or cash equivalents equal to a percentage of the contract amount. This is known as the "initial margin." Subsequent payments ("variation margin") are made or received by the Fund each day, depending on the daily fluctuation in the value of the contract. For non-U.S. and foreign denominated futures held by the Fund, payment is not sent daily, but is recorded as a net payable or receivable by the Fund to or from the futures broker, which holds cash collateral from the Fund. The daily changes in contract value are recorded as unrealized gains or losses and the Fund recognizes a realized gain or loss when the contract is closed. Futures contracts are valued daily at the settlement price established by the board of trade or exchange on which they are traded.

The Fund may enter into futures contracts for various reasons, including in connection with its interest rate management strategy. Futures contracts involve, to varying degrees, risk of loss in excess of the amounts reflected in the financial statements. The change in the value of futures contracts primarily corresponds with the value of their underlying instruments, which may not correlate with changes in interest rates, if applicable. In addition, there is the risk that the Fund may not be able to enter into a closing transaction because of an illiquid secondary market. The nature and risks of these Financial instruments and other reasons for using them are set forth more fully in the Trust's prospectus and statement of additional information.

The open futures positions and related appreciation or depreciation at December 31, 2008 are listed at the end of the Fund's portfolio of investments.

Reverse Repurchase Agreements

For the year ended December 31, 2008, the average amount of reverse repurchase agreements outstanding was \$157,479,224 and the daily weighted average interest rate was 1.92%.

As of December 30, 2008, the Fund entered into a reverse repurchase agreement ("Reverse Repurchase Agreement") with Bank of New York for \$92,986,000. The Reverse Repurchase Agreement, which matured on January 5, 2009, was recorded at cost and was collateralized by a U.S. Treasury Inflation Protected Security with a par value of \$95,000,000 and a market value as of December 31, 2008, of \$89,485,535. The implied interest rate on the Reverse Repurchase Agreement was 0.70% at December 31, 2008.

4. Common Shares:

Of the 61,184,134 shares of common stock outstanding at December 31, 2008, the Investment Manager owned 6,981 shares.

5. Securities Lending:

The Fund may lend its securities to approved brokers to earn additional income and receives cash and U.S. government securities as collateral against the loans. Cash collateral received is invested in a money market pooled account by the Fund's lending agent. Collateral is maintained over the life of the loan in an amount not less than 100% of the value of loaned securities. At December 31, 2008 there were no securities on loan.

6. Transactions With Affiliates and Certain Other Parties:

The Fund has entered into an Investment Advisory Agreement with Claymore Advisors, LLC (Investment Adviser), which provides for payment of a monthly fee computed at the annual rate of 0.60% of the Fund's average weekly assets. The Investment Adviser has, in turn, entered into an Investment Management Agreement with Western Asset Management Company ("Investment Manager"), pursuant to which the Investment Manager provides investment management services to the Fund. In exchange for the services provided by the Investment Manager, the Investment Adviser pays a portion of the fees it receives from the Fund to the Investment Manager, at the annual rate of 0.27% of the Fund's average weekly assets. "Average weekly assets" means the average weekly value of the total assets of the Fund (including any assets attributable to leverage) minus accrued liabilities (other than liabilities representing leverage). For purposes of calculating "average weekly assets," neither the liquidation preference of any preferred shares outstanding nor any liabilities associated with any instrument or transactions used by the Investment Manager to leverage the Fund's portfolio (whether or not such instruments or transactions are "covered" as described in the prospectus) is considered a liability.

Under an administrative agreement with the Fund, Legg Mason Fund Adviser, Inc. (Administrator), an affiliate of the Investment Manager, provides certain administrative and accounting functions for the Fund. In consideration for these services, the Fund pays the Administrator a monthly fee at an annual rate of \$125,000.

7. Trustee Compensation:

Each Independent Trustee receives a fee of \$15,000 for serving as a Trustee of the Fund and a fee of \$1,500 and related expenses for each meeting of the Board of Trustees attended. The Chairman of the Board receives an additional \$5,000 for serving in that capacity. The Audit Committee Chairman and the Governance and Nominating Committee Chairman each receive an additional \$3,000 for serving in their respective capacities. Members of the Audit Committee and the Governance and Nominating Committee receive \$500 for each committee meeting attended.

8. Recent Accounting Pronouncement:

In March 2008, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 161, "Disclosures about Derivative Instruments and Hedging Activities" ("FAS 161"). FAS 161 is effective for fiscal years and interim periods beginning after November 15, 2008. FAS 161 requires enhanced disclosures about a fund's derivative and hedging activities, including how such activities are accounted for and their effect on a fund's financial position, performance and cash flows. Management is currently evaluating the impact the adoption of FAS 161 will have on the Fund's financial statements and related disclosures.

Report of Independent Registered Public Accounting Firm

To the Board of Trustees and Shareholders of Western Asset/Claymore Inflation-Linked Opportunities & Income Fund:

In our opinion, the accompanying statement of assets and liabilities, including the portfolio of investments, and the related statements of operations and of changes in net assets and the financial highlights present fairly, in all material respects, the financial position of Western Asset/Claymore Inflation-Linked Opportunities & Income Fund (the “Fund”) at December 31, 2008, the results of its operations, the changes in its net assets, and the financial highlights for each of the periods presented, in conformity with accounting principles generally accepted in the United States of America. These financial statements and financial highlights (hereafter referred to as “financial statements”) are the responsibility of the Fund’s management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these financial statements in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits, which included confirmation of securities at December 31, 2008 by correspondence with the custodian and brokers, provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

Baltimore, Maryland

February 27, 2009

Important Tax Information (Unaudited)

The following information is provided with respect to the distributions paid during the taxable year ended December 31, 2008:

<u>Record Date:</u> <u>Payable Date:</u>	<u>Monthly</u> <u>Monthly</u>
Ordinary Income:	
Qualified Dividend Income for Individuals	<u>2.25%</u>
Dividends Qualifying for the Dividends Received Deduction for Corporations	<u>2.25%</u>
Interest from Federal Obligations*	<u>65.83%</u>

**The Fund has met the quarterly asset requirements for California, Connecticut and New York Resident Shareholders.*

The law varies in each state as to whether and what percentage of dividend income attributable to Federal obligations is exempt from state income tax. We recommend that you consult with your tax adviser to determine if any portion of the dividends you received is exempt from state tax.

Please retain this information for your records.

Trustees and Officers

The Trustees and officers of the Fund, their ages (as of December 31, 2008), and a description of their principal occupations during the past five years are listed below. Except as noted, each Trustee's and officer's principal occupation and business experience for the last five years has been with the employer(s) indicated, although in some cases the Trustee or officer may have held different positions with such employer(s). Unless otherwise indicated, the business address of the persons listed below is c/o Western Asset Management Company, 385 East Colorado Boulevard, Pasadena, CA 91101.

Name and Age	Position(s) Held With Fund	Term of Office and Length of Time Served	Principal Occupations During the Past 5 Years	Number of Portfolios in Fund Complex* Overseen by Trustee ^A	Other Directorships Held by Trustee
Independent Trustees					
Michael Larson 49	Trustee and Chairman of the Board of Trustees ^{B,C}	Term expires in 2011; served since September 2004	Chief Investment Officer for William H. Gates III (1994-present).	2	Pan American Silver Corp. (silver mining, development and exploration company) (1999-present).
Ronald A. Nyberg 55	Trustee ^{B,C}	Term expires in 2009; served since January 2004	Principal of Nyberg & Cassioppi, LLC, a law firm specializing in corporate law, estate planning and business transactions (2000- present).	44	None
Ronald E. Toupin, Jr. 50	Trustee ^{B,C}	Term expires in 2010; served since January 2004	Formerly: Vice President, Manager and Portfolio Manager of Nuveen Asset Management, an investment advisory firm (1998-1999); Vice President and Portfolio Manager of Nuveen Investment Advisory Corporation, an investment advisory firm (1992-1999); Vice President and Manager of Nuveen Unit Investment Trusts (1991-1999); and Assistant Vice President and Portfolio Manager of Nuveen Unit Trusts (1988-1999), and John Nuveen & Company, Inc. (1982-1999)	44	None
Interested Trustees					
Nicholas Dalmaso 43	Trustee ^D	Term expires in 2011; served since January 2004	Attorney. Formerly, Senior Managing Director and Chief Administrative Officer (2007-2008) and General Counsel (2001-2007) of Claymore Advisors, LLC and Claymore Securities, Inc. Formerly, Assistant General Counsel, John Nuveen and Company (1999-2001). Formerly Vice President and Associate General Counsel of Van Kampen Investments (1992-1999).	45	None

Name and Age	Position(s) Held With Fund	Term of Office and Length of Time Served	Principal Occupations During the Past 5 Years	Number of Portfolios in Fund Complex* Overseen by Trustee ^A	Other Directorships Held by Trustee
R. Jay Gerken 57	Trustee and President ^E	Term expires 2010; served since March 2007	Managing Director of Legg Mason & Co., Chairman, President and Chief Executive Officer of certain mutual funds associated with Legg Mason & Co., LLC (“Legg Mason & Co.”) or its affiliates (2005-present); President of Legg Mason Partners Fund Advisor, LLC (“LMPFA”) (2006-present); Chairman of Smith Barney Fund Management LLC and Citi Fund Management Inc. (2002-2005); Chairman, President and Chief Executive Officer of Travelers Investment Adviser, Inc. (2002-2005).	159	None
Officers^F					
Charles A. Ruys de Perez 51	Vice President	Served since March 2007	General Counsel of Western Asset Management Company (2007-present). Formerly: Chief Compliance Officer, Putnam Investments (2004-2007); Managing Director and Senior Counsel of Putnam Investments (2001-2004).	N/A	N/A
Marie K. Karpinski 59 100 Light Street Baltimore, MD 21202	Treasurer and Principal Financial and Accounting Officer	Served since January 2004	Vice President, Legg Mason & Co. (2005-present); Vice President and Chief Financial Officer (1986-present) and Treasurer (1986-2006) of all Legg Mason retail, open-end investment companies; Vice President, Legg Mason Wood Walker, Incorporated (1992-2005); Treasurer and Principal Financial and Accounting Officer of Western Asset/ Claymore Inflation-Linked Securities & Income Fund (2003-present); Principal Financial and Accounting Officer of Western Asset Funds, Inc. (1990-present), Western Asset Income Fund and Western Asset Premier Bond Fund (2001-present); Treasurer of Western Asset Funds, Inc. (1990-2006), Western Asset Income Fund and Western Asset Premier Bond Fund (2001-2006).	N/A	N/A

Trustees and Officers—Continued

Name and Age	Position(s) Held With Fund	Term of Office and Length of Time Served	Principal Occupations During the Past 5 Years	Number of Portfolios in Fund Complex* Overseen by Trustee ^A	Other Directorships Held by Trustee
<p>Steven M. Hill 44 2455 Corporate West Drive Lisle, IL 60532</p>	<p>Assistant Treasurer</p>	<p>Served since May 2004</p>	<p>Senior Managing Director of Claymore Advisors, LLC and Claymore Securities, Inc. (2005-present); Chief Financial Officer of Claymore Group Inc. (2005-2006); Managing Director of Claymore Advisors, LLC and Claymore Securities, Inc. (2003-2005); Chief Financial and Accounting Officer and Treasurer or Assistant Treasurer of certain closed-end investment companies in the Claymore fund complex; Treasurer of Henderson Global Funds and Operations Manager for Henderson Global Investors (North America) Inc. (2002-2003).</p>	<p>N/A</p>	<p>N/A</p>
<p>Susan C. Curry 42 125 Broad St. New York, NY 10004</p>	<p>Assistant Treasurer</p>	<p>Served since February 2007</p>	<p>Director of Tax-Mutual Funds, Legg Mason & Co. (2005-present); Director of Tax-Mutual Funds, Citigroup (2004- 2005); Assistant Treasurer, Western Asset Funds, Inc., Western Asset Income Fund, Western Asset Premier Bond Fund, Western Asset/Claymore Inflation-Linked Securities & Income Fund (2007-present); Partner, Deloitte & Touche (1990-2004).</p>	<p>N/A</p>	<p>N/A</p>
<p>Erin K. Morris 42 100 Light Street Baltimore, MD 21202</p>	<p>Assistant Treasurer</p>	<p>Served since January 2004</p>	<p>Vice President and Manager, Global Funds Administration, Legg Mason & Co. (2005-present); Assistant Vice President of Legg Mason Wood Walker, Incorporated (2002-2005); Treasurer of Legg Mason Income Trust, Inc., Legg Mason Tax-Free Income Fund, Western Asset Income Fund, Western Asset Funds, Inc. and Western Asset Premier Bond Fund (2006-present); Assistant Treasurer Legg Mason Partners Fixed Income Fund complex (2007-present); Assistant Treasurer of Western Asset/Claymore Inflation-Linked Securities & Income Fund (2003-present); Assistant Treasurer, Western Asset Income Fund, Western Asset Funds, Inc., Western Asset Premier Bond Fund, Legg Mason Income Trust, Inc. and Legg Mason Tax-Free Income Fund (2001-2006); Manager, Funds Accounting, Legg Mason Wood Walker, Incorporated (2000-2005).</p>	<p>N/A</p>	<p>N/A</p>

Name and Age	Position(s) Held With Fund	Term of Office and Length of Time Served	Principal Occupations During the Past 5 Years	Number of Portfolios In Fund Complex* Overseen by Trustee ^A	Other Directorships Held by Trustee
Todd F. Kuehl 39 100 Light Street Baltimore, MD 21202	Chief Compliance Officer	Served since February 2007	Vice President, Legg Mason & Co. (2006-present); Chief Compliance Officer of Western Asset/Claymore Inflation-Linked Securities & Income Fund, Western Asset Income Fund, Western Asset Premier Bond Fund, Western Asset Funds, Inc. (2007-present) and Barrett Growth Fund and Barrett Opportunity Fund (2006-present); Branch Chief, Division of Investment Management, U.S. Securities and Exchange Commission (2002-2006).	N/A	N/A
Melissa J. Nguyen 30 2455 Corporate West Drive Lisle, IL 60532	Secretary	Served since February 2006	Vice President and Assistant General Counsel of Claymore Group, Inc. (2005-present); Secretary of certain funds in the Claymore fund complex (2005-present). Formerly, Associate, Vedder Price, P.C. (2003-2005).	N/A	N/A
Mark E. Mathiasen 30 2455 Corporate West Drive Lisle, IL 60532	Assistant Secretary	Served since May 2007.	Assistant Vice President and Assistant General Counsel of Claymore Advisors, LLC (2007 to present). Secretary of certain funds in the Claymore fund complex. Previously, Law Clerk for the Idaho State Courts (2003-2007).	N/A	N/A

^A Each Trustee also serves as a Trustee of Western Asset/Claymore Inflation-Linked Securities & Income Fund, a closed-end investment company, which is considered part of the same Fund Complex as the Fund. The Investment Manager serves as investment adviser to Western Asset/Claymore Inflation-Linked Securities & Income Fund. Messrs. Nyberg, Toupin and Dalmaso also serve as Trustees of Dreman/Claymore Dividend & Income Fund, MBIA Capital/Claymore Managed Duration Investment Grade Municipal Fund, TSEW/Claymore Tax-Advantaged Balanced Fund, Madison/Claymore Covered Call & Equity Strategy Fund, Fiduciary/Claymore MLP Opportunity Fund, Fiduciary/Claymore Dynamic Equity Fund, Old Mutual/Claymore Long-Short Fund, and Claymore/Guggenheim Strategic Opportunities Fund, each of which is a closed-end management investment company, Claymore Exchange-Traded Fund Trust (consisting of 20 separate portfolios) and Claymore Exchange Traded Fund Trust 2 (consisting of 14 separate portfolios), each an open-end management investment company. Additionally, Messrs. Nyberg and Dalmaso serve as Trustees for Advent Claymore Convertible Securities & Income Fund, Advent/Claymore Enhanced Growth & Income Fund and Advent/Claymore Global Convertible Securities and Income Fund, each a closed-end investment company. Mr. Gerken serves as Director/Trustee to 159 other portfolios associated with Legg Mason & Co., LLC or its affiliates. Legg Mason & Co., LLC is an affiliate of the Investment Manager.

^B Member of the Audit Committee of the Board of Trustees.

^C Member of the Governance and Nominating Committee of the Board of Trustees.

^D Mr. Dalmaso is an "interested person" (as defined in section 2(a)(19) of the Investment Company Act of 1940, as amended (the "1940 Act")) of the Fund because of his former position as an officer of Claymore Advisors, LLC (the "Investment Adviser") the Fund's investment adviser, and his ownership interest in Claymore Group Inc., the parent company of that entity.

^E Mr. Gerken is an "interested person" (as defined above) of the Fund because of his positions with subsidiaries of, and ownership of shares of common stock of, Legg Mason, Inc., the parent company of the Investment Manager.

^F Each officer shall hold office until his or her respective successor is chosen and qualified, or in each case until he or she sooner dies, resigns, is removed with or without cause or becomes disqualified.

Trustees Consideration of the Management and Advisory Agreements

The Independent Trustees considered the Investment Advisory Agreement (the “Advisory Agreement”) between Claymore Advisors, LLC (“Claymore”) and the Fund and the Investment Management Agreement (the “Management Agreement” and together with the Advisory Agreement, the “Agreements”) between Claymore and Western Asset Management Company (“Western Asset”) with respect to the Fund at meetings held on September 8, 2008 and October 31, 2008. At a meeting held on November 17, 2008, the Independent Trustees reported to the full Board of Trustees their considerations with respect to the Agreements, and the Board of Trustees, including a majority of the Independent Trustees, considered and approved renewal of the Agreements.

In arriving at their decision to renew the Agreements, the Trustees met with representatives of Claymore and Western Asset (together, the “Advisers”), including, in the case of Western Asset, relevant investment advisory personnel; reviewed a variety of information prepared by the Advisers and materials provided by Lipper Inc. (“Lipper”) and counsel to the Independent Trustees; reviewed performance and expense information for peer groups of comparable funds, selected and prepared by Lipper, and certain other products available from Western Asset for investments in U.S. TIPS; and requested and reviewed additional information as necessary. These reviews were in addition to information obtained by the Trustees at their regular quarterly meetings with respect to the Fund’s performance and other relevant matters, such as information on public trading in the Fund’s shares and differences between the Fund’s share price and net asset value per share, and related discussions with the Advisers’ personnel.

As part of their review, the Trustees examined Claymore’s ability to provide high quality oversight and administrative and shareholder support services to the Fund, and Western Asset’s ability to provide high quality investment management services to the Fund. The Trustees considered the experience of Claymore’s personnel in providing the types of services that Claymore is responsible for providing to the Fund, such as oversight of the Fund and Western Asset with respect to portfolio management, and written and oral communications with the closed-end fund analyst community, investment advisers and current and prospective shareholders; the ability of Claymore to attract and retain capable personnel; the capability and integrity of Claymore’s senior management and staff; and the level of skill required to provide such services to the Fund. The Trustees also considered the investment philosophy and research and decision-making processes of Western Asset; the experience of its key advisory personnel responsible for management of the Fund; the ability of Western Asset to attract and retain capable research and advisory personnel; the capability and integrity of Western Asset’s senior management and staff; and the level of skill required to manage the Fund, noting in particular the substantial complexities in purchasing fixed income securities of below investment grade quality and emerging markets debt instruments. In addition, the Trustees reviewed the quality of the Advisers’ services with respect to regulatory compliance and compliance with the investment policies of the Fund and conditions that might affect the Advisers’ ability to provide high quality services to the Fund in the future under the Agreements, including each Adviser’s business reputation, financial condition and operational stability. Based on the foregoing, the Trustees concluded that Western Asset’s investment process, research capabilities and philosophy were well suited to the Fund given its investment objectives and policies, that Claymore’s various services were valuable to the Fund and that the Advisers would be able to meet any reasonably foreseeable obligations under the Agreements.

In reviewing the quality of the services provided to the Fund, the Trustees also reviewed comparisons of the performance of the Fund to the performance of certain comparable peer groups selected by Lipper, including (i) a group consisting of the Fund and six leveraged closed-end funds that each invest at least 65% of their assets in corporate and government debt issues rated in the top four grades and (ii) a broader group consisting of the Fund and all leveraged closed-end funds that invest at least 65% of their assets in corporate and government debt issues rated in the top four grades regardless of asset size. The Trustees noted that the Fund had met its primary objective of producing current income and that the performance of the Fund over the one-year, three-year and since-inception periods ended August 31, 2008 was above that of each Lipper peer group. The Trustees concluded that the Advisers’ management of the Fund would continue to be in the best interests of the shareholders.

The Trustees also considered the advisory fee payable by the Fund to Claymore, the management fee payable by Claymore to Western Asset and the total expenses payable by the Fund. They reviewed information concerning fees paid to investment advisers of similarly-managed funds, the fees paid by Claymore’s other closed-end fund clients, as well as fees paid by Western Asset’s other clients, including separate accounts managed by Western Asset. The Trustees observed that the advisory fee paid by the Fund to Claymore and the Fund’s expense ratio were each at or below the corresponding medians of its Lipper peer groups. The Trustees considered that the advisory fee paid by the Fund to Claymore was below the average of the fees paid to Claymore

by other closed-end fund clients; that Claymore was responsible for payment of the management fees to Western Asset; and that the net fee retained by Claymore was below its fees from other closed-end fund clients. The Trustees noted that the management fee paid by Claymore to Western Asset was generally higher than the fees paid by clients of Western Asset for accounts with similar investment strategies, but that the administrative and operational responsibilities for Western Asset with respect to the Fund were also relatively higher and that the Fund's investment strategy included investments in asset classes other than U.S. TIPS, which was generally not the case for Western Asset's other clients. In light of these differences, the Trustees concluded that the differences in management fees from those paid by Western Asset's other clients were reasonable.

The Trustees further evaluated the benefits of the advisory relationship to the Advisers, including, among others, the profitability of the relationship to the Advisers; the direct and indirect benefits that the Advisers may receive from their relationship with the Fund, including the "fallout benefits," such as reputational value derived from serving as investment manager or adviser; and the affiliation between Western Asset and Legg Mason Fund Adviser, Inc., the Fund's administrator. In that connection, the Trustees concluded that the Advisers' profitability was consistent with levels of profitability that had been determined by courts not to be excessive.

Finally, the Trustees considered, in light of the profitability information provided by the Advisers, the extent to which economies of scale would be realized by the Advisers as the assets of the Fund grow. The Trustees concluded that, because the Fund is a closed-end fund and does not make a continuous offer of its securities, the Fund's size was relatively fixed and it would be unlikely that the Advisers would realize economies of scale from the Fund's growth. The Trustees further noted that, as the Advisers' profitability was consistent with levels of profitability that had been determined by courts not to be excessive, any economies of scale that may currently exist were being appropriately shared with shareholders.

In their deliberations with respect to these matters, the Independent Trustees were advised by their independent counsel, who are independent of the Advisers within the meaning of the SEC rules regarding the independence of counsel. The Independent Trustees weighed the foregoing matters in light of the advice given to them by their independent counsel as to the law applicable to the review of investment advisory contracts. In arriving at a decision, the Trustees, including the Independent Trustees, did not identify any single matter as all-important or controlling, and the foregoing summary does not detail all the matters considered. The Trustees judged the terms and conditions of the Agreements, including the investment advisory fees, in light of all of the surrounding circumstances.

Based upon their review, the Trustees, including all of the Independent Trustees, determined, in the exercise of their business judgment, that they were satisfied with the quality of investment advisory services being provided by Western Asset and the advisory, oversight, administrative and after-market support services being provided by Claymore; that the fees to be paid to the Advisers under the relevant Agreements were fair and reasonable, given the scope and quality of the services rendered by each Adviser; and that approval of the Agreements was in the best interest of the Fund and its shareholders.

Approval of Additional Subadvisers

At their September 8, 2008 meeting, the Trustees, including the Independent Trustees, approved the addition of the following three non-U.S. affiliates of Western Asset as additional investment subadvisers of the Fund: Western Asset Management Company Pte. Ltd. in Singapore ("Western Asset Singapore"), Western Asset Management Company Limited in London ("Western Asset London") and Western Asset Management Company Ltd in Japan ("Western Asset Japan" and together with Western Asset Singapore and Western Asset London, the "New Subadvisers"). In approving the addition of the New Subadvisers, the Trustees drew on their knowledge of and experience with Western Asset, its personnel, the quality of the services it has provided to the Fund and its investment philosophy and performance, as well as additional information relating to the New Subadvisers. The Trustees noted that the Fund is permitted to invest in non-U.S. dollar denominated securities and related foreign currency instruments and that the addition of the New Subadvisers will provide the Fund with greater global investment management and trading resources. The Trustees also noted that although the New Subadvisers are separate legal entities from Western Asset, senior investment personnel at Western Asset have supervisory oversight responsibility over the investment decisions made by the New Subadvisers. Finally, the Trustees noted that the management fees paid by the Fund would not change as a result of the addition of the New Subadvisers since the Fund would not be paying the fees of the New Subadvisers.

Privacy Policy

The Fund is committed to keeping nonpublic personal information secure and confidential. This notice is intended to help a shareholder understand how the Fund fulfills this commitment.

From time to time, the Fund, through its service providers, may collect a variety of personal information, including:

- Information received on applications and forms, via the telephone, and through websites;
- Information about transactions with the Fund, affiliates, or others (such as purchases, sales, or account balances); and
- Information about shareholders received from consumer reporting agencies.

The Fund does not disclose shareholder nonpublic personal information, except as permitted by applicable law or regulation. For example, the Fund may share this information with others in order to process transactions. Any information provided to companies that perform services on behalf of the Fund, such as printing and mailing, or to other financial institutions with which the Fund has joint marketing agreements are required to protect the confidentiality of shareholders' information and to use it only to perform the services for which the companies are hired.

The Fund, through its service providers, maintains physical, electronic, and procedural safeguards to protect shareholder nonpublic personal information access to this information is restricted.

If a shareholder decides at some point either to close his/her account(s) or become an inactive customer, the Fund will continue to adhere to these privacy policies and practices with respect to shareholder nonpublic personal information.

This notice is being provided on behalf of:

Western Asset/Claymore Inflation-Linked Opportunities & Income Fund

Western Asset/Claymore Inflation-Linked Opportunities & Income Fund

The Board of Trustees

Nicholas Dalmaso
R. Jay Gerken
Michael Larson
Ronald A. Nyberg
Ronald E. Toupin, Jr.

Officers

R. Jay Gerken, President
Charles A. Ruys de Perez, Vice-President
Todd F. Kuehl, Chief Compliance Officer
Marie K. Karpinski, Treasurer and Principal Financial
and Accounting Officer
Steven M. Hill, Assistant Treasurer
Erin K. Morris, Assistant Treasurer
Susan C. Curry, Assistant Treasurer
Melissa J. Nguyen, Secretary
Mark Mathiasen, Assistant Secretary

Investment Advisers

Claymore Advisors, LLC
2455 Corporate West Drive
Lisle, IL 60532

Western Asset Management Company Limited
10 Exchange Square
London, England ECZAZEN

Western Asset Management Company Pte. Ltd.
1 George Street #23-01
Singapore 049145

Investment Advisers (continued)

Western Asset Management Company Ltd
36F Shin-Marunouchi Building
5-1 Marunouchi 1-Chronu Chiyoda
Tokyo 100-6536

Investment Manager

Western Asset Management Company
385 East Colorado Boulevard
Pasadena, CA 91101

Custodian

State Street Bank & Trust Company
P.O. Box 1031
Boston, MA 02103

Counsel

Ropes & Gray LLP
1211 Avenue of the Americas
New York, NY 10036

Independent Registered Public Accounting Firm

PricewaterhouseCoopers LLP
100 East Pratt Street
Baltimore, MD 21202

Transfer Agent

American Stock Transfer and Trust Company LLC
6201 15th Avenue
Brooklyn, New York, NY 11219

This report is sent to shareholders of Western Asset/Claymore Inflation-Linked Opportunities & Income Fund for their information. It is not a Prospectus, circular or representation intended for use in the purchase or sale of shares of the Fund or of any securities mentioned in this report.

In accordance with Section 23(c) of the Investment Company Act of 1940, the Fund hereby gives notice that it may, from time to time, repurchase its shares in the open market at the option of the Board of Trustees, and on such terms as the Board of Trustees shall determine.