

WESTERN ASSET CLAYMORE US TREASURY INFLATION PRO SEC FUND 2

Form N-Q

May 31, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-Q

**QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES**

| | |
|---|--|
| Investment Company Act file number: | 811-21477 |
| Name of Fund: | Western Asset/Claymore U.S. Treasury Inflation Protected Securities Fund 2 |
| Fund Address: | 385 East Colorado Boulevard Pasadena, CA 91101 |
| Name and address of agent for service: | Gregory B. McShea 385 East Colorado Boulevard Pasadena, CA 91101 |
| Registrant's telephone number, including area code: | (626) 844 9400 |
| Date of fiscal year end: | 12/31/2005 |
| Date of reporting period: | 3/31/2005 |

Item 1 Schedule of Investments

Portfolio of Investments

March 31, 2005 (Unaudited)

(Amounts in Thousands)

Western Asset/Claymore U.S. Treasury Inflation Protected Securities Fund 2

| | <u>Rate</u> | <u>Maturity Date</u> | <u>Par/Shares</u> | <u>Value</u> |
|--|-------------|----------------------|-------------------|---------------------|
| Long-Term Securities 158.8% | | | | |
| <i>Corporate Bonds and Notes 4.2%</i> | | | | |
| Automotive 0.6% | | | | |
| General Motors Corporation | 8.375% | 7/15/33 | \$ 6,000 | \$ 5,134 |
| Electric 0.6% | | | | |
| The AES Corporation | 8.875% | 2/15/11 | 5,000 | 5,413 |
| Gas and Pipeline Utilities 1.2% | | | | |
| Dynegy Holdings Inc. | 8.750% | 2/15/12 | 5,000 | 4,787 |
| The Williams Companies, Inc. | 7.500% | 1/15/31 | 5,000 | 5,250 |
| | | | | <u>10,037</u> |
| Health Care 0.6% | | | | |
| Tenet Healthcare Corporation | 7.375% | 2/1/13 | 5,000 | 4,713 |
| Oil and Gas 1.2% | | | | |
| El Paso Corporation | 7.750% | 1/15/32 | 5,000 | 4,713 |
| Pemex Project Funding Master Trust | 8.625% | 12/1/23 | 4,410 | 4,994 _A |
| | | | | <u>9,707</u> |
| Total Corporate Bonds and Notes (Identified Cost \$34,102) | | | | <u>35,004</u> |
| <i>Asset-Backed Securities 0.2%</i> | | | | |
| Indexed Securities^B 0.2% | | | | |
| Mutual Fund Fee Trust XIII Series 2000-3 | 9.070% | 7/1/08 | 5,076 | 1,530 _C |
| Total Asset-Backed Securities (Identified Cost \$1,372) | | | | 1,530 |
| <i>U.S. Government and Agency Obligations 129.8%</i> | | | | |
| Indexed Securities^D 129.8% | | | | |
| United States Treasury Inflation-Protected Security | 0.875% | 4/15/10 | 122,931 | 120,249 |
| United States Treasury Inflation-Protected Security | 1.875% | 7/15/13 | 53,469 | 54,401 _E |

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| | | | | |
|---|--------|---------|---------|---------|
| United States Treasury Inflation-Protected Security | 2.000% | 1/15/14 | 819,583 | 838,896 |
| United States Treasury Inflation-Protected Security | 1.625% | 1/15/15 | 62,865 | 61,937 |

*Portfolio of Investments - Continued**Western Asset/Claymore U.S. Treasury Inflation Protected Securities Fund 2 - Continued*

| | Rate | Maturity Date | Par/Shares | Value |
|--|---------|------------------|------------|---------------------|
| Inflation-Protected Security | 2.375% | 1/15/25 | 1,568 | 1,687 |
| Total U.S. Government and Agency Obligations (Identified Cost \$1,091,299) | | | | 1,077,170 |
| Yankee Bonds^F 24.6% | | | | |
| Electric 0.7% | | | | |
| Empresa Nacional de Electricidad S.A. | 7.875% | 2/1/27 | 5,000 | 5,417 |
| Foreign Governments 21.6% | | | | |
| Federative Republic of Brazil | 14.500% | 10/15/09 | 15,510 | 19,480 |
| Federative Republic of Brazil | 1.000% | 4/15/14 | 7,342 | 7,269 |
| Federative Republic of Brazil | 10.125% | 5/15/27 | 19,915 | 20,911 |
| Federative Republic of Brazil | 11.000% | 8/17/40 | 11,710 | 13,033 |
| Republic of Colombia | 11.750% | 2/25/20 | 15,980 | 19,016 |
| Republic of Ecuador | 8.000% | 8/15/30 | 6,670 | 5,936 _G |
| Republic of El Salvador | 8.250% | 4/10/32 | 5,030 | 5,080 _A |
| Republic of Panama | 9.375% | 1/16/23 | 13,940 | 15,613 |
| Republic of Peru | 8.750% | 11/21/33 | 15,260 | 15,871 |
| Russian Federation | 5.000% | 3/31/30 | 40,400 | 41,390 _G |
| United Mexican States | 11.500% | 5/15/26 | 2,680 | 4,054 |
| United Mexican States | 7.500% | 4/8/33 | 11,240 | 11,914 |
| | | | | 179,567 |
| Special Purpose 1.6% | | | | |
| Aries Vermögensverwaltungs | 9.600% | 10/25/14 | 2,000 | 2,405 _A |
| Petrozuata Finance, Inc. | 8.220% | 4/1/17 | 11,525 | 10,833 _A |
| | | | | 13,238 |
| Telecommunications 0.4% | | | | |
| Axtel SA | 11.000% | 12/15/13 | 500 | 529 |
| Innova S. de R.L. | 9.375% | 9/19/13 | 2,300 | 2,547 |
| | | | | 3,076 |
| Transportation 0.3% | | | | |
| Grupo Transportacion Ferroviaria Mexicana, S.A. de C.V. | 1.000% | 6/15/09 | 2,440 | 2,440 _G |
| Total Yankee Bonds (Identified Cost \$196,930) | | | | 203,738 |
| Total Long-Term Securities (Identified Cost \$1,323,703) | | | | 1,317,442 |

*Portfolio of Investments - Continued**Western Asset/Claymore U.S. Treasury Inflation Protected Securities Fund 2 - Continued*

| | <u>Rate</u> | <u>Maturity Date</u> | <u>Par/Share</u> | <u>value</u> |
|---|-------------|--------------------------|-------------------------|------------------|
| Short-Term Securities 0.7% | | | | |
| <i>Options Purchased 0.5%</i> | | | | |
| Emerging Markets Bond Index Futures Put, April 2005, Strike Price \$365.18 | | | 50,000,000 ^H | 0 |
| Eurodollar Futures Call, October 2005, Strike Price \$96.00. | | | 600 ^H | 233 |
| U. S. Treasury Note Futures Put, June 2005, Strike Price \$108.00. | | | 1,148 ^H | 484 |
| U. S. Treasury Note Futures Put, June 2005, Strike Price \$109.00. | | | 2,457 ^H | 1,804 |
| U. S. Treasury Note Futures Put, June 2005, Strike Price \$110.00. | | | 1,148 ^H | 1,507 |
| | | | | <u>4,028</u> |
| Repurchase Agreements 0.2% | | | | |
| Nomura Securities Co. Ltd. | | | | |
| 2.81%, dated 3/31/05, to be repurchased at \$1,306 on 4/1/05 (Collateral: \$1,340 Freddie Mac notes, 3.75%, due 4/15/07, value \$1,339) | | | 1,306 | 1,306 |
| Total Short-Term Securities (Identified Cost \$6,039) | | | | <u>5,334</u> |
| Total Investments 159.5% (Identified Cost \$1,329,742) | | | | 1,322,776 |
| Other Assets Less Liabilities (59.5%) | | | | (83,211) |
| Liquidation value of Preferred Shares | | | | <u>(410,000)</u> |

*Portfolio of Investments - Continued**Western Asset/Claymore U.S. Treasury Inflation Protected Securities Fund 2 - Continued*

| | <u>Rate</u> | <u>Maturity Date</u> | <u>Par/Shares</u> | <u>value</u> |
|--------------------------|-------------|--------------------------|-------------------|-------------------|
| Net Assets 100.0% | | | | \$ 829,565 |

| | <u>Expiration Date</u> | <u>Actual Contracts</u> | <u>Appreciation/ (Depreciation)</u> |
|----------------------------------|----------------------------|-----------------------------|---|
| Futures Contracts Written | | | |
| U.S. Treasury Bond Futures | June 2005 | 153 | \$ (40) |
| U.S. Treasury Note Futures | June 2005 | 1,737 | (702) |
| | | | \$ (742) |

- ^A 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 represent 2.81% of net assets.
- ^B Indexed security The rates of interest earned on these securities are tied to the London Interbank Offered Rate (LIBOR). The coupon rates are the rates as of March 31, 2005.
- ^C Private placement.
- ^D 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.
- ^E Collateral to cover futures and written option contracts.
- ^F Yankee Bond A dollar-denominated bond issued in the U.S. by foreign entities.
- ^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.
- ^H Par shown represents actual number of contracts.

Security Valuation

Securities owned by the Fund for which market quotations are readily available are valued at current market value. Current market value means the last sale price of the day or, in the absence of any such sales, the bid price obtained from quotation reporting systems, pricing services or other approved methods. Other assets and securities for which no quotations are readily available are valued at fair value as determined in good faith by the Board of Trustees or persons acting under their supervision. The factors considered in making such valuations are subject to change over time and are reviewed periodically. The values assigned to fair valued investments are based on available information and do not necessarily represent amounts that might ultimately be realized, since such amounts depend on future developments inherent in long-term investments. Further, because of the inherent uncertainty of valuation, such estimated values may differ significantly from the values that would have been used had a ready market for the investments existed, and the differences could be material. Securities with remaining maturities of 60 days or less are generally valued at a readily available market price, or, if a market price is not readily available, fair valued at amortized cost.

Options, Swaps, and Futures

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 by or received by the Fund each day, depending on the daily fluctuations 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 quotations from brokers and the change, if any, is recorded as unrealized appreciation or depreciation.

Other information regarding the Fund is available in the Fund's most recent Report to Shareholders. This information is available on the Securities and Exchange Commission's website (www.sec.gov).

The following is a summary of open swap contracts outstanding at March 31, 2005.

| | | | | | |
|--|-------------------|--|-----------------|---------|---|
| Deutsche Bank AG | December 20, 2005 | Specified amount upon credit event notice ^A | 1.75% Quarterly | \$7,500 | 0 |
| (General Motors Acceptance Corporation, 6.75%, due 12/1/14) ¹ | | | | | |

^A Upon bankruptcy or failure to make a scheduled interest payment, the fund will pay \$1,000.

Item 2 Controls and Procedures

- (a) The principal executive and principal financial officers of Western Asset Claymore U.S. Treasury Inflation Protected Securities Fund 2 (the Registrant) have concluded, based on their evaluation of the Registrant's disclosure controls and procedures as of a date within 90 days of the filing date of this report, that the Registrant's disclosure controls and procedures are reasonably designed to ensure that information required to be disclosed by the Registrant on Form N-Q is recorded, processed, summarized and reported within the required time periods in the Securities and Exchange Commission's rules and forms and that information required to be disclosed by the Registrant in the reports that it files or submits on Form N-Q is accumulated and communicated to the Registrant's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

- (b) There were no changes in the Registrant's internal control over financial reporting during the Registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the internal control over financial reporting.

Item 3 Exhibits

Certifications pursuant to Rule 30a-2(a) under the Investment Company Act of 1940 are attached hereto.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Western Asset/Claymore U.S. Treasury Inflation Protected Securities Fund 2

By: /s/ RANDOLPH L. KOHN
Randolph L. Kohn

President

Western Asset/Claymore U.S. Treasury Inflation Protected Securities Fund 2

Date: May 27, 2005

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ RANDOLPH L. KOHN
Randolph L. Kohn

President

Western Asset/Claymore U.S. Treasury Inflation Protected Securities Fund 2

Date: May 27, 2005

By: /s/ MARIE K. KARPINSKI
Marie K. Karpinski

**Treasurer and Principal Financial and Accounting
Officer**

Western Asset/Claymore U.S. Treasury Inflation Protected Securities Fund 2

Date: May 27, 2005