

FLAHERTY & CRUMRINE/CLAYMORE TOTAL RETURN FUND INC

Form N-30B-2

April 24, 2007

FLAHERTY & CRUMRINE/CLAYMORE TOTAL RETURN FUND

To the Shareholders of the Flaherty & Crumrine/Claymore Total Return Fund ("FLC"):

During the Fund's first fiscal quarter ended February 28, 2007, the Fund performed well in choppy, but ultimately little-changed, fixed-income markets by earning a total return of 2.0% on its net asset value (NAV). These three months saw the Fund continue its recent strong performance.

Interest rates were unchanged to slightly higher over the quarter, as the Federal Reserve left the federal funds rate unchanged and long-term Treasury rates rose only slightly. Corporate credit spreads also ended the quarter little changed, while the Fund's interest-rate hedge had only a minimal impact. Both the recent quarter and trailing twelve-month periods delivered what the Fund is intended to produce - current income and stability of principal.

As you can see on the following pages detailing actual holdings in the Fund's portfolio, the Fund invests in a relatively small number of industries, including utilities and insurers, banks and other finance companies. In fact, the Fund has an investment mandate to concentrate at least 25% of its assets in each of the banking and utilities industries. In terms of the industries the Fund's assets are in, its portfolio is no different than the overall preferred securities market. Because of the preferred securities market's overall emphasis in financial services, a portfolio of preferred securities, including the Fund's, can be at risk if the U.S. economy goes into recession.

One important area of recent concern for the U.S. economy in general, and U.S. credit markets in particular, is subprime mortgage lending, which has experienced increasing default and delinquency rates in recent months. The numbers here are large in an absolute sense, but they are small relative to a \$13 trillion U.S. economy and to the mortgage market as a whole. Because of this, while we cannot entirely rule it out, we currently do not believe that problems in subprime mortgages will push the economy into recession.

The Fund holds no positions in securities issued by mortgage brokers or subprime specialty lenders. Nonetheless, many of the banks and insurance companies in which we have invested do have some exposure to subprime mortgages in their lending or investment portfolios. While we are examining these companies very closely, the lack of detailed disclosure about subprime mortgages makes it impossible for us to make definitive statements about the Fund's potential exposure to the problem. However, given what we now know and can infer about the companies in which we invest, we expect that EARNINGS (which flow to the companies' common shareholders) will be reduced at some of the companies we hold as a result of the problems in subprime lending. However, we currently do not expect that they will suffer losses large enough to cut meaningfully into CAPITAL (which support the debt and preferred securities owned by the Fund). Although we cannot rule out the possibility - despite our best judgment to the contrary - that some of the Fund's investments could be seriously affected, we do not currently see any serious subprime credit problems in the holdings of the Fund.

The Fund's website at [WWW.FCCLAYMORE.COM](http://WWW.FCCLAYMORE.COM) has more information about Fund performance and a more complete discussion of the state of the economy (in our First Quarter Economic Update) and of subprime mortgages and their potential impact on the economy and the Fund's portfolio (in the "FAQ" section). We



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Utilities 27%  
 Insurance 17%  
 Financial Services 4%  
 REITs 6%

TOP 10 HOLDINGS BY ISSUER	% OF PORTFOLIO
Capital One Financial	5.2%
Banco Santander	4.3%
Dominion Resources	3.7%
Entergy Louisiana	3.6%
Liberty Mutual Group	3.5%
Wachovia Corp	3.4%
Midamerican Energy	3.1%
Nexen, Inc	2.6%
Interstate Power & Light	2.2%
UnumProvident Corp	2.1%

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 Holdings Generating Qualified Dividend Income (QDI) for Individuals  
 Holdings Generating Income Eligible for the Corporate Dividend Received Deduction (DRD)  
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\*\* THIS DOES NOT REFLECT YEAR-END RESULTS OR ACTUAL TAX CATEGORIZATION OF FUND DISTRIBUTIONS. THESE PERCENTAGES CAN, AND DO, CHANGE, PERHAPS SIGNIFICANTLY, DEPENDING ON MARKET CONDITIONS. INVESTORS SHOULD CONSULT THEIR TAX ADVISOR REGARDING THEIR PERSONAL SITUATION.

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 Flaherty & Crumrine/Claymore Total Return Fund Incorporated  
 PORTFOLIO OF INVESTMENTS  
 FEBRUARY 28, 2007 (UNAUDITED)  
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SHARES/\$ PAR  
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PREFERRED SECURITIES -- 79.0%  
 BANKING -- 35.1%

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 \$ 5,750,000 Astoria Capital Trust I, 9.75% 11/01/29 Capital Security, Series B.....

		Auction Pass-Through Trust, Cl. B:
	15	Series 2006-5, Variable Rate Pfd., 144A****
	15	Series 2006-6, Variable Rate Pfd., 144A****
	10,900	BAC Capital Trust II, 7.00% Pfd. 02/01/32
	17,000	BAC Capital Trust XII, 6.875% Pfd. 08/02/55
		Banco Santander:
	235,920	6.80% Pfd., 144A****
	360,000	6.50% Pfd., 144A****
	50,900	Bank One Capital Trust VI, 7.20% Pfd.
\$	2,600,000	Barclays Bank PLC, 6.278% Pfd.
	68,750	Capital One Capital II, 7.50% Pfd. 06/15/66
\$	5,000,000	Capital One Capital III, 7.686% Pfd.
	20,000	Citigroup Capital VIII, 6.95% Pfd. 09/15/31
	40,000	Citizens Funding Trust I, 7.50% Pfd. 09/15/66
	40,000	Cobank, ACB, 7.00% Pfd., 144A****
	20,000	Colonial Capital Trust IV, 7.875% Pfd.
	11,000	Comerica (Imperial) Capital Trust I, 7.60% Pfd. 07/01/50
	7,000	FBOP Corporation, Adj. Rate Pfd., 144A****
\$	400,000	First Empire Capital Trust I, 8.234% 02/01/27 Capital Security
\$	1,900,000	First Hawaiian Capital I, 8.343% 07/01/27 Capital Security, Series B
		First Republic Bank:
	160,000	6.25% Pfd.
	23,898	7.25% Pfd.
	1,500	First Republic Preferred Capital Corporation, 10.50% Pfd., 144A****
	2	FT Real Estate Securities Company, 9.50% Pfd., 144A****
\$	7,100,000	GreenPoint Capital Trust I, 9.10% 06/01/27 Capital Security
		HBOS Capital Funding LP:
\$	2,000,000	6.85% Pfd.
\$	3,750,000	6.413% Pfd., 144A****
\$	3,000,000	Haven Capital Trust I, 10.46% 02/01/27 Capital Security
\$	855,000	HSBC Capital Trust II, 8.38% 05/15/27 Capital Security, 144A****
		ING Groep NV:
	36,000	7.05% Pfd.
	20,500	7.20% Pfd.
\$	2,550,000	JPMorgan Capital Trust I, 7.54% 01/15/27 Capital Security
	42,000	Keycorp Capital IX, 6.75% Pfd. 12/15/66
\$	1,000,000	Lloyds TSB Group PLC, 6.267% Pfd., 144A****
	10	Marshall & Ilsley Investment II, 8.875% Pfd., 144A****

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 Flaherty & Crumrine/Claymore Total Return Fund Incorporated  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 FEBRUARY 28, 2007 (UNAUDITED)  
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PREFERRED SECURITIES -- (CONTINUED)  
 BANKING -- (CONTINUED)

	18,570	National City Capital Trust II, 6.625% Pfd. 11/15/36
\$	2,500,000	North Fork Capital Trust I, 8.70% 12/15/26 Capital Security
\$	810,000	North Fork Capital Trust II, 8.00% 12/15/27 Capital Security
	141,059	PFGI Capital Corporation, 7.75% Pfd.
\$	1,500,000	RBS Capital Trust B, 6.80% Pfd.

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		Roslyn Real Estate:
	25	8.95% Pfd., Series C, 144A****
	10	Adj. Rate Pfd., Series D, 144A****
\$	500,000	Sovereign Capital Trust VI, 7.908% 06/13/36 Capital Security
	33,100	Sovereign Bancorp, 7.30% Pfd., Series C
	191,525	Sovereign Capital Trust V, 7.75% Pfd. 05/22/36
\$	5,050,000	Union Planters Capital Trust, 8.20% 12/15/26 Capital Security
	14,320	USB Capital X, 6.50% Pfd. 04/12/66
	3,180	USB Capital XI, 6.60% Pfd. 09/15/66
\$	5,000,000	Wachovia Capital Trust I, 7.64% 01/15/27 Capital Security, 144A****
\$	670,000	Wachovia Capital Trust V, 7.965% 06/01/27 Capital Security, 144A****
	217,200	Wachovia Preferred Funding, 7.25% Pfd., Series A
\$	4,000,000	Webster Capital Trust I, 9.36% 01/29/27 Capital Security, 144A****
	43,200	Wells Fargo Capital Trust IV, 7.00% Pfd. 09/01/31

FINANCIAL SERVICES -- 2.8%

	36,000	CABCO Trust for Goldman Sachs, Variable Rate Pfd.
	1,500	Goldman Sachs Group, Inc., STRIPES Custodial Receipts, Pvt.
\$	3,000,000	Gulf Stream-Compass 2005 Composite Notes, 144A****
	4,500	Merrill Lynch Capital Trust III, 7.00% Pfd.
	3,000	Merrill Lynch Series II STRIPES Custodial Receipts, Pvt.
	17,200	Morgan Stanley Capital Trust II, 7.25% Pfd.
	4,100	Morgan Stanley Capital Trust V, 5.75% Pfd.
	9,200	Morgan Stanley Capital Trust VI, 6.60% Pfd.

INSURANCE -- 12.1%

	15,000	AAG Holding Company, Inc., 7.25% Pfd.
	177,380	ACE Ltd., 7.80% Pfd., Series C
\$	6,420,000	AON Capital Trust A, 8.205% 01/01/27 Capital Security
		Arch Capital Group Ltd.:
	28,650	7.875% Pfd., Series B
	7,100	8.00% Pfd.

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Flaherty & Crumrine/Claymore Total Return Fund Incorporated  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 FEBRUARY 28, 2007 (UNAUDITED)

SHARES/\$ PAR

PREFERRED SECURITIES -- (CONTINUED)  
 INSURANCE -- (CONTINUED)

\$	500,000	AXA SA, 6.463% Pfd., 144A****
		Axis Capital Holdings:
	96,150	7.25% Pfd., Series A
	35,100	7.50% Pfd., Series B
	70,400	Berkley W.R. Capital Trust II, 6.75% Pfd. 07/26/45
	48,800	Endurance Specialty Holdings, 7.75% Pfd.

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	166,700	Everest Re Capital Trust II, 6.20% Pfd., Series B.....
\$	4,500,000	Liberty Mutual Group, 7.80% Pfd., 144A****.....
\$	1,250,000	Renaissancere Capital Trust, 8.54% 03/01/27 Capital Security, Series B.....
	128,350	Renaissancere Holdings Ltd., 6.08% Pfd., Series C.....
	109,000	Scottish Re Group Ltd., 7.25% Pfd.....
\$	1,906,000	Sun Life Canada Capital Trust, 8.526% Capital Security, 144A****.....
	31,600	Torchmark Capital Trust III, 7.10% Pfd.....
\$	1,215,000	USF&G Capital, 8.312% 07/01/46 Capital Security, 144A****.....
	10,067	XL Capital Ltd., 7.625% Pfd., Series B.....

UTILITIES -- 20.3%

\$	362,000	AGL Capital Trust, 8.17% 06/01/37 Capital Security.....
	45,700	Baltimore Gas & Electric Company, 6.70% Pfd., Series 1993.....
	230,000	Calenergy Capital Trust III, 6.50% Pfd. 09/01/27.....
\$	500,000	COMED Financing II, 8.50% 01/15/27 Capital Security, Series B.....
\$	2,375,000	COMED Financing III, 6.35% 03/15/33 Capital Security.....
\$	4,500,000	Dominion Resources Capital Trust I, 7.83% 12/01/27 Capital Security.....
\$	6,750,000	Dominion Resources Capital Trust III, 8.40% 01/15/31 Capital Security.....
	50,000	Dominion CNG Capital Trust I, 7.80% Pfd.....
	145,000	Entergy Arkansas, Inc., 6.45% Pfd.....
	50,000	Entergy Louisiana, Inc., 6.95% Pfd.....
	103,500	FPC Capital I, 7.10% Pfd., Series A.....
	129,400	FPL Group Capital, Inc., 6.60% Pfd. 10/01/66, Series A.....
	48,700	Georgia Power Capital Trust V, 7.125% Pfd. 03/31/42.....
	30,445	Indianapolis Power & Light Company, 5.65% Pfd.....
		Interstate Power & Light Company:
	90,000	7.10% Pfd., Series C.....
	38,600	8.375% Pfd., Series B.....
\$	5,000,000	PECO Energy Capital Trust IV, 5.75% 06/15/33 Capital Security.....
\$	1,800,000	Puget Sound Energy Capital Trust, 8.231% 06/01/27 Capital Security, Series B.....
	22,500	Southern California Edison, 6.00% Pfd.....
	130,550	Southern Union Company, 7.55% Pfd.....

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Flaherty & Crumrine/Claymore Total Return Fund Incorporated  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 FEBRUARY 28, 2007 (UNAUDITED)

SHARES/\$ PAR

PREFERRED SECURITIES -- (CONTINUED)  
 UTILITIES -- (CONTINUED)

	10,000	Southwest Gas Capital II, 7.70% Pfd.....
	5,000	Union Electric Company, \$7.64 Pfd.....
	5,000	Virginia Electric & Power Company, \$6.98 Pfd.....
	30,000	Virginia Power Capital Trust, 7.375% Pfd. 07/30/42.....
	85,137	Wisconsin Power & Light Company, 6.50% Pfd.....

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OIL AND GAS -- 1.4%

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\$ 2,000,000	Enterprise Products Partners, 8.375% Pfd.....
2,750	EOG Resources, Inc., 7.195% Pfd., Series B.....

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REAL ESTATE INVESTMENT TRUST (REIT) -- 5.5%

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24,500	BRE Properties, Inc., 8.08% Pfd., Series B.....
20,000	Equity Office Property Trust, 7.75% Pfd., Series G.....
85,000	Equity Residential Properties, 8.29% Pfd., Series K.....
	PS Business Parks, Inc.:
124,620	7.20% Pfd., Series M.....
23,538	7.375% Pfd., Series O.....
44,500	7.60% Pfd., Series L.....
45,000	7.95% Pfd., Series K.....
	Public Storage, Inc.:
32,850	6.45% Pfd., Series F.....
45,100	6.625% Pfd., Series M.....
30,000	6.85% Pfd., Series Y.....
120,000	7.25% Pfd., Series K.....
60,000	Realty Income Corp., 6.75% Pfd., Series E.....

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MISCELLANEOUS INDUSTRIES -- 1.8%

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1,395	Centaur Funding Corporation, 9.08% Pfd. 04/21/20 144A****.....
40,000	Ocean Spray Cranberries, Inc., 6.25% Pfd., 144A****.....
\$ 1,000,000	TCI Comm Financing III, 9.65% 03/31/27 Capital Security.....

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TOTAL PREFERRED SECURITIES  
(Cost \$272,106,370).....

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Flaherty & Crumrine/Claymore Total Return Fund Incorporated  
PORTFOLIO OF INVESTMENTS (CONTINUED)  
FEBRUARY 28, 2007 (UNAUDITED)

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SHARES/\$ PAR  
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CORPORATE DEBT SECURITIES -- 20.9%  
FINANCIAL SERVICES -- 1.3%

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\$ 4,824,312	Lehman Brothers, Guaranteed Note, Variable Rate, 12/16/16, 144A****.....
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INSURANCE -- 5.2%

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	20,000	American Financial Group, Inc., 7.125% 02/03/34, Senior Note.....
\$	2,000,000	Farmers Exchange Capital, 7.20% 07/15/48, 144A****.....
\$	7,577,000	Liberty Mutual Insurance, 7.697% 10/15/97, 144A****.....
\$	7,000,000	UnumProvident Corporation, 7.25% 03/15/28, Senior Notes.....

UTILITIES -- 7.0%

	27,200	Corp-Backed Trust Certificates, 7.875% 02/15/32, Series Duke Capital.....
\$	1,000,000	Duke Capital Corporation, 8.00% 10/01/19, Senior Notes.....
\$	4,500,000	Duquesne Light Holdings, 6.25% 08/15/35.....
\$	7,562,000	Entergy Louisiana LLC, 6.30%, 09/01/35.....
	5,000	Entergy Mississippi, Inc., 7.25%, 1st Mortgage.....
\$	4,000,000	Interstate Power & Light Company, 6.45% 10/15/33, Senior Notes.....
	62,000	PPL Energy Supply LLC, 7.00% 07/15/46.....
\$	1,220,000	Southern Union Company, 7.60% 02/01/24, Senior Notes.....
\$	4,000,000	Wisconsin Electric Power Company, 6.875% 12/01/95.....

OIL AND GAS -- 4.4%

\$	2,500,000	KN Energy, Inc., 7.45% 03/01/98.....
	356,200	Nexen, Inc., 7.35% Subordinated Notes.....
\$	4,000,000	Noble Energy Inc, 7.25%, 08/01/97.....

MISCELLANEOUS INDUSTRIES -- 3.0%

	30,000	AT&T Inc, 6.375% 02/15/56.....
	20,000	Corp-Backed Trust Certificates, 7.00% 11/15/28, Series FON.....
	19,625	Ford Motor Company, 7.50% 06/10/43, Senior Notes.....
\$	6,265,000	General Motors Corporation, 8.80% 03/01/21.....
		Pulte Homes, Inc.:
	25,844	7.375% 06/01/46.....
\$	2,160,000	7.875% 06/15/32, Senior Notes.....

TOTAL CORPORATE DEBT SECURITIES

(Cost \$73,905,640).....

Flaherty & Crumrine/Claymore Total Return Fund Incorporated  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 FEBRUARY 28, 2007 (UNAUDITED)

SHARES/\$ PAR

COMMON STOCK -- 0.1%

BANKING -- 0.1%



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20,000	New York Community Bancorp, Inc.....	
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	TOTAL COMMON STOCKS	
	(Cost \$328,544).....	
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	OPTION CONTRACTS -- 0.1%	
2,360	June Put Options on June U.S Treasury Bond Futures, Expiring 05/25/07.....	
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	TOTAL OPTION CONTRACTS	
	(Cost \$1,002,073).....	

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Flaherty & Crumrine/Claymore Total Return Fund Incorporated  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 FEBRUARY 28, 2007 (UNAUDITED)

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SHARES/\$ PAR

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	MONEY MARKET FUND -- 0.1%	
353,336	BlackRock Provident Institutional, TempFund.....	
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	TOTAL MONEY MARKET FUND	
	(Cost \$353,336).....	

	SECURITIES LENDING COLLATERAL -- 0.2%	
	BANKING -- 0.2%	

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697,788	Institutional Money Market Trust.....	
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	TOTAL SECURITIES LENDING COLLATERAL	
	(Cost \$697,788).....	

	TOTAL INVESTMENTS (Cost \$348,393,751***).....	100.4%
	OTHER ASSETS AND LIABILITIES (Net).....	(0.4)%
	TOTAL NET ASSETS AVAILABLE TO COMMON STOCK AND PREFERRED STOCK.....	100.0%+
	AUCTION MARKET PREFERRED STOCK (AMPS) REDEMPTION VALUE.....	
	TOTAL NET ASSETS AVAILABLE TO COMMON STOCK.....	

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Flaherty & Crumrine/Claymore Total Return Fund Incorporated  
 STATEMENT OF CHANGES IN NET ASSETS AVAILABLE TO COMMON STOCK(1)

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FOR THE PERIOD FROM DECEMBER 1, 2006 THROUGH FEBRUARY 28, 2007 (UNAUDITED)

OPERATIONS:

Net investment income .....  
Net realized gain/(loss) on investments sold during the period.....  
Change in net unrealized appreciation/depreciation of investments held  
during the period .....  
Distributions to Auction Market Preferred Stock (AMPS) Shareholders from net  
investment income, including changes in accumulated undeclared distributions.....  
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS .....

DISTRIBUTIONS:

Dividends paid from net investment income to Common Stock Shareholders (2).....  
TOTAL DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS .....

FUND SHARE TRANSACTIONS:

Increase from shares issued under the Dividend Reinvestment  
and Cash Purchase Plan .....  
NET INCREASE IN NET ASSETS AVAILABLE TO COMMON STOCK RESULTING  
FROM FUND SHARE TRANSACTIONS .....

NET INCREASE IN NET ASSETS AVAILABLE TO COMMON STOCK

FOR THE PERIOD.....

NET ASSETS AVAILABLE TO COMMON STOCK:

Beginning of period.....  
Net increase in net assets during the period.....  
End of period .....

Flaherty & Crumrine/Claymore Total Return Fund Incorporated

FINANCIAL HIGHLIGHTS(1)

FOR THE PERIOD FROM DECEMBER 1, 2006 THROUGH FEBRUARY 28, 2007 (UNAUDITED)  
FOR A COMMON STOCK SHARE OUTSTANDING THROUGHOUT THE PERIOD.

PER SHARE OPERATING PERFORMANCE:

Net asset value, beginning of period .....

INVESTMENT OPERATIONS:

Net investment income.....  
 Net realized and unrealized gain/(loss) on investments .....

DISTRIBUTIONS TO AMPS\* SHAREHOLDERS:

From net investment income.....  
 From net realized capital gains.....

Total from investment operations.....

DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS:

From net investment income.....  
 From net realized capital gains.....

Total distributions to Common Stock Shareholders.....

Net asset value, end of period.....

Market value, end of period.....

Common shares outstanding, end of period.....

RATIOS TO AVERAGE NET ASSETS AVAILABLE TO COMMON STOCK SHAREHOLDERS:

Net investment income+.....  
 Operating expenses.....

SUPPLEMENTAL DATA:++

Portfolio turnover rate .....

Total net assets available to Common and Preferred Stock, end of period (in 000's) .....

Ratio of operating expenses to total average net assets available to  
 Common and Preferred Stock .....

Flaherty & Crumrine/Claymore Total Return Fund Incorporated  
 FINANCIAL HIGHLIGHTS (CONTINUED)  
 PER SHARE OF COMMON STOCK (UNAUDITED)

	TOTAL DIVIDENDS PAID	NET ASSET VALUE	NYSE CLOSING PRICE
December 31, 2006.....	\$0.1275	\$22.99	\$21.48
January 31, 2007.....	0.1275	23.01	21.70
February 28, 2007.....	0.1275	23.37	21.62

Flaherty & Crumrine/Claymore Total Return Fund Incorporated  
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1. AGGREGATE INFORMATION FOR FEDERAL INCOME TAX PURPOSES

At February 28, 2007 the aggregate cost of securities for federal income tax purposes was \$350,372,591, the aggregate gross unrealized appreciation for all securities in which there is an excess of value over tax cost was \$11,693,941 and the aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value was \$3,694,876.

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DIRECTORS

Donald F. Crumrine, CFA  
Chairman of the Board  
David Gale  
Morgan Gust  
Karen H. Hogan  
Robert F. Wulf, CFA

OFFICERS

Donald F. Crumrine, CFA  
Chief Executive Officer  
Robert M. Ettinger, CFA  
President  
R. Eric Chadwick, CFA  
Chief Financial Officer,  
Vice President and Treasurer  
Chad C. Conwell  
Chief Compliance Officer,  
Vice President and Secretary  
Bradford S. Stone  
Vice President and  
Assistant Treasurer  
Nicholas Dalmaso  
Vice President and Assistant Secretary  
Laurie C. Lodolo  
Assistant Compliance Officer,  
Assistant Treasurer and  
Assistant Secretary

INVESTMENT ADVISER

Flaherty & Crumrine Incorporated  
e-mail: flaherty@pfdincome.com

SERVICING AGENT

Claymore Securities, Inc.  
1-866-233-4001

QUESTIONS CONCERNING YOUR SHARES OF FLAHERTY &  
CRUMRINE/CLAYMORE TOTAL RETURN FUND?

- o If your shares are held in a Brokerage Account, contact your Broker.

- o If you have physical possession of your shares in certificate form, contact the Fund's Transfer Agent --

PFPC Inc. 1-800-331-1710

THIS REPORT IS SENT TO SHAREHOLDERS OF FLAHERTY & CRUMRINE/CLAYMORE TOTAL RETURN FUND INCORPORATED 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.

[GRAPHIC OMITTED]  
LIGHTHOUSE ART

FLAHERTY & CRUMRINE/CLAYMORE  
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TOTAL RETURN FUND

QUARTERLY  
REPORT  
FEBRUARY 28, 2007

[www.fcclaymore.com](http://www.fcclaymore.com)