

FLAHERTY & CRUMRINE/CLAYMORE TOTAL RETURN FUND INC

Form N-30B-2

April 21, 2006

FLAHERTY & CRUMRINE/CLAYMORE TOTAL RETURN FUND

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

The first fiscal quarter of 2006 was a mixed bag for FLC. On the plus side, for the three-month period ended February 28, 2006, the Fund produced a total return on net asset value of +2.9%. Despite this strong investment performance, net income available to shareholders has declined, and the Fund reduced its monthly dividend by 8.9% (from \$0.14/share to \$0.1275/share) beginning with the March distribution. The primary focus of the Fund is income, so the decision to reduce the dividend was difficult, but necessary.

The total return calculation mentioned above has two basic components--net income earned and net change in principal value. Recently, the latter has done well while the former has come under some pressure.

Net income earned, the amount of investment income left over after payments on the Fund's Auction Market Preferred Stock ("AMPS") and other expenses, is what the Fund can pay out in monthly distributions to common shareholders. Although investment income has increased recently, payments to AMPS Shares have risen at a faster pace. As a result, the Fund could not continue to distribute common dividends at the same rate.

The AMPS rate is closely correlated to other short-term interest rates, all of which have moved up in concert with the Federal Reserve's efforts to influence the pace of economic activity. Two years ago, the Fund was paying roughly 1% to "borrow" money via its AMPS shares; these rates are now closer to 4.7%. Despite this jump in rates, the use of leverage continues to add incremental income for common shares because the money we obtain from leverage is being invested in securities with much higher yields.

The other component of total return, principal change, normally is not distributed to common shareholders, but instead is reflected by changes in the Fund's net asset value. During the fiscal period, the Fund's NAV rose 1.0%.

One last comment on total return--whatever the breakdown between net income and principal change, the entire amount belongs to common shareholders. In addition, the two tend to "merge" over time. For example, if principal value increases and the Fund can realize gains, the Fund will have more money to invest and can generate additional income. Or, shareholders can use the income they receive to purchase additional shares via the Dividend Reinvestment Plan to increase the value of their investment.

As readers may recall from previous discussions of market conditions, the preferred securities market has two main segments--issues that pay interest and those that pay dividends. We refer to the first type as "hybrid" preferred securities and the second as "traditional" preferred stock.

Demand for hybrid preferred securities has been strong for some time; the supply of new issues, however, has been plentiful. During the period there were thirty new issues with a market value of \$13.2 BILLION. As expected, many of these new issues were structured like the "ECAP" issues we discussed in our last letter (and on the Fund's website). Even with this sizable amount of new supply, the performance of this segment kept pace with most other types of fixed-income securities during the quarter.

Many of the recent hybrid preferred securities have terms and features

that require very close scrutiny. While the basic structure of the enhanced capital security is now fairly well established, with each new issue we are observing small but important differences. This evolutionary process is typical of new structures--our job is to dissect each issue until we fully understand every twist and turn.

Investor demand for traditional preferred stock has also been consistently strong for some time now; however new issue supply has not kept up--during the fiscal quarter there were only two new issues totaling a meager \$300 million. As a result of this imbalance, this segment has slowly and steadily outperformed other types of fixed-income securities. The traditional preferred component of FLC is relatively small, but it made a meaningful contribution to overall investment performance.

The Fund's hedge positions are intended to provide shareholders with some protection against significant increases in long-term interest rates. Over the course of the fiscal quarter, long-term interest rates barely moved, so the hedging strategy had little impact on the Fund's performance. The Fund's hedging strategy did benefit from the "flat" U.S. Treasury yield curve, since the cost of our hedges tends to be lower in this environment.

We hope investors will take advantage of the Fund's website, WWW.FCCLAYMORE.COM. It contains a wide range of useful and up-to-date information about the Fund. In addition, some of the topics mentioned above are analyzed in greater depth in the Frequently Asked Questions section of the website.

Sincerely,

/s/ Donald F. Crumrine

/s/ Robert M. Ettinger

Donald F. Crumrine  
Chairman of the Board

Robert M. Ettinger  
President

April 17, 2006

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Flaherty & Crumrine/Claymore Total Return Fund Incorporated  
PORTFOLIO OVERVIEW  
FEBRUARY 28, 2006 (UNAUDITED)  
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FUND STATISTICS ON 02/28/06

Net Asset Value	\$	22.62
Market Price	\$	20.69
Discount		8.53%
Yield on Market Price		8.12%
Common Shares Outstanding		9,776,333

MOODY'S RATINGS	% OF PORTFOLIO
AAA	0.3%
AA	1.7%
A	28.2%
BBB	48.8%
BB	13.2%

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B	1.6%
Not Rated	5.4%
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Below Investment Grade*	14.2%

\* BELOW INVESTMENT GRADE BY BOTH MOODY'S AND S&P.

[THE FOLLOWING TABLE WAS REPRESENTED BY A PIE CHART IN THE PRINTED MATERIAL.]

INDUSTRY CATEGORIES	% OF PORTFOLIO
-----	
Banks	32%
Utilities	26%
Insurance	18%
REITs	9%
Financial Services	6%
Other	5%
Oil and Gas	4%

TOP 10 HOLDINGS BY ISSUER	% OF PORTFOLIO
-----	
Wachovia Corp	4.2%
J.P. Morgan Chase	3.8%
North Fork Bancorporation	3.2%
Dominion Resources	3.1%
PS Business Parks	2.9%
Nexen, Inc.	2.6%
Interstate Power	2.3%
TXU Corp	2.2%
Merrill Lynch	2.2%
UnumProvident	2.1%

% OF P

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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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PREFERRED SECURITIES -- 77.1%  
BANKING -- 32.2%

\$	5,750,000	Astoria Capital Trust I, 9.75% 11/01/29 Capital Security, Series B .....
	10,900	BAC Capital Trust II, 7.00% Pfd. ....
	25,000	BAC Capital Trust III, 7.00% Pfd. ....
	50,900	Bank One Capital Trust VI, 7.20% Pfd. ....
\$	2,500,000	Barclays Bank PLC, Adj. Rate Pfd. ....
\$	6,500,000	Chase Capital I, 7.67% 12/01/26 Capital Security .....
	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. ....
	4,000	FBOP Corporation, Adj. Rate Pfd., 144A**** .....
\$	2,000,000	First Chicago NBD Capital A, 7.95% 12/01/26 Capital Security, 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 .....
\$	2,000,000	First Midwest Capital Trust I, 6.95% Pfd. 12/01/33, Capital Security .....
	160,000	First Republic Bank, 6.25% Pfd. ....
\$	1,000,000	Fleet Capital Trust II, 7.92% 12/11/26 Capital Security .....
	18,000	Fleet Capital Trust VII, 7.20% Pfd. ....
	2	FT Real Estate Securities Company, 9.50% Pfd., 144A**** .....
\$	7,100,000	GreenPoint Capital Trust I, 9.10% 06/01/27 Capital Security .....
\$	4,500,000	HBOS Capital Funding LP, 6.85% Pfd. ....
\$	855,000	HSBC Capital Trust II, 8.38% 05/15/27 Capital Security, 144A**** .....
\$	3,000,000	Haven Capital Trust I, 10.46% 02/01/27 Capital Security .....
	4,200	Household Capital Trust VI, 8.25% Pfd. ....
\$	2,944,000	J.P. Morgan Capital Trust I, 7.54% 01/15/27 Capital Security .....
\$	6,000,000	Keycorp Institutional Capital A, 7.826% 12/01/26 Capital Security, Series A ....
	10	Marshall & Ilsley Investment II, 8.875% Pfd., 144A**** .....
\$	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. ....
\$	4,000,000	RBS Capital Trust B, 6.80% Pfd. ....
\$	1,600,000	Republic New York Capital I, 7.75% 11/15/26 Capital Security .....
\$	716,000	Republic New York Capital II, 7.53% 12/04/26 Capital Security .....
		Roslyn Real Estate:
	25	8.95% Pfd., Series C, 144A**** .....
	10	Adj. Rate Pfd., Series D, 144A**** .....
\$	5,050,000	Union Planters Capital Trust, 8.20% 12/15/26 Capital Security .....
	19,000	USB Capital V, 7.25% Pfd. ....
	6,500	USB Capital VIII, 6.35% Pfd., 12/29/65 .....
\$	5,000,000	Wachovia Capital Trust I, 7.64% 01/15/27 Capital Security, 144A**** .....

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Flaherty & Crumrine/Claymore Total Return Fund Incorporated  
PORTFOLIO OF INVESTMENTS (CONTINUED)  
FEBRUARY 28, 2006 (UNAUDITED)  
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PREFERRED SECURITIES -- (CONTINUED)  
 BANKING -- (CONTINUED)

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\$	670,000	Wachovia Capital Trust V, 7.965% 06/01/27 Capital Security, 144A**** .....
	307,500	Wachovia Preferred Funding, 7.25% Pfd., Series A .....
\$	2,500,000	Washington Mutual Preferred Funding, Variable Rate Pfd. 03/29/49, 144A**** .....
\$	4,000,000	Webster Capital Trust I, 9.36% 01/29/27 Capital Security, 144A**** .....
	7,900	Wells Fargo Capital Trust IV, 7.00% Pfd. ....

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FINANCIAL SERVICES -- 4.4%

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	84,500	CIT Group Inc., 6.35% Pfd., Series A .....
\$	3,000,000	Gulf Stream-Compass 2005 Composite Notes, 144A**** .....
	9,700	Merrill Lynch Capital Trust III, 7.00% Pfd. ....
	162,750	Merrill Lynch Capital Trust V, 7.28% Pfd. ....
	3,000	Merrill Lynch Series II STRIPES Custodial Receipts, Pvt. ....
	17,200	Morgan Stanley Capital Trust II, 7.25% Pfd. ....
	15,000	Morgan Stanley Capital Trust IV, 6.25% Pfd. ....
	66,800	Morgan Stanley Capital Trust VI, 6.60% Pfd. ....

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INSURANCE -- 13.8%

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	15,000	AAG Holding Company, Inc., 7.25% Pfd. ....
	177,380	ACE Ltd., 7.80% Pfd., Series C .....
	30,000	Aegon NV, 6.50% Pfd. ....
\$	5,920,000	AON Capital Trust A, 8.205% 01/01/27 Capital Security .....
	30,600	Arch Capital Group Ltd., 8.00% Pfd. ....
		Axis Capital Holdings:
	25,550	7.25% Pfd., Series A .....
	27,900	Variable Rate Pfd., Series B .....
	70,900	Berkley W.R. Capital Trust II, 6.75% 07/26/45 .....
	29,400	Endurance Specialty Holdings, 7.75% Pfd. ....
	191,700	Everest Re Capital Trust II, 6.20% Pfd., Series B .....
		ING Groep NV:
	36,000	7.05% Pfd. ....
	67,500	7.20% Pfd. ....
	10,000	PartnerRe Ltd., 6.50% Pfd., Series D .....
	200,000	Principal Financial Group, 6.518% Pfd. ....
	120,600	Renaissancere Holdings Ltd., 6.08% Pfd., Series C .....
	119,000	Scottish Re Group Ltd., 7.25% Pfd. ....
	40,000	St. Paul Capital Trust I, 7.60% Pfd. ....

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Flaherty & Crumrine/Claymore Total Return Fund Incorporated  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 FEBRUARY 28, 2006 (UNAUDITED)

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

\$	1,906,000	Sun Life Canada Capital Trust, 8.526% Capital Security, 144A****
\$	4,815,000	USF&G Capital, 8.312% 07/01/46 Capital Security, 144A****
	30,000	XL Capital Ltd., 7.625% Pfd., Series B

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 UTILITIES -- 16.0%

\$	357,000	AGL Capital Trust, 8.17% 06/01/37 Capital Security
	45,700	Baltimore Gas & Electric Company, 6.70% Pfd., Series 1993
\$	2,750,000	COMED Financing II, 8.50% 01/15/27 Capital Security, Series B
\$	2,500,000	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
	20,000	Duquesne Light Company, 6.50% Pfd.
	20,000	Energy East Capital Trust I, 8.25% Pfd.
	1,008	Entergy Arkansas, Inc., 7.40% Pfd.
	50,000	Entergy Louisiana, Inc., 6.95% Pfd., 144A****
	70,000	FPC Capital I, 7.10% Pfd., Series A
\$	4,500,000	Houston Light & Power Capital Trust II, 8.257%, 02/01/37 Capital Security
	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
	16,200	PSEG Funding Trust II, 8.75% Pfd.
		Puget Sound Energy Capital Trust:
\$	1,800,000	8.231% 06/01/27 Capital Security, Series B
	14,100	8.40% Pfd. 06/30/41
	22,500	Southern California Edison, 6.00% Pfd.
	151,100	Southern Union Company, 7.55% Pfd.
	10,000	Southwest Gas Capital II, 7.70% Pfd.
	5,000	Union Electric Company, \$7.64 Pfd.
	18,000	Vectren Utility Holdings, 7.25% Pfd. 10/15/31
	85,137	Wisconsin Power & Light Company, 6.50% Pfd.

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 OIL AND GAS -- 0.8%

	2,750	EOG Resources, Inc., 7.195% Pfd., Series B
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PREFERRED SECURITIES -- (CONTINUED)

REAL ESTATE INVESTMENT TRUST (REIT) -- 9.0%

35,000	AMB Property Corporation, 7.00% Pfd., REIT, Series O .....
	BRE Properties, Inc.:
6,000	6.75% Pfd., REIT, Series C .....
44,000	6.75% Pfd., REIT, Series D .....
38,750	Carramerica Realty Corporation, 7.50% Pfd., REIT, Series E .....
	Duke Realty Corporation:
45,000	6.50% Pfd., REIT, Series K .....
6,700	6.60% Pfd., REIT, Series L .....
15,849	6.625% Pfd., REIT, Series J .....
53,050	6.95% Pfd., REIT, Series M .....
85,000	Equity Residential Properties, 8.29% Pfd., REIT, Series K .....
	PS Business Parks, Inc.:
57,000	6.875% Pfd., REIT, Series I .....
81,900	7.00% Pfd., REIT, Series H .....
174,500	7.20% Pfd., REIT, Series M .....
44,500	7.60% Pfd., REIT, Series L .....
45,000	7.95% Pfd., REIT, Series K .....
	Public Storage, Inc.:
25,100	6.18% Pfd. REIT, Series D .....
122,850	6.45% Pfd., REIT, Series F .....
32,400	6.60% Pfd., REIT, Series C .....
6,500	7.125% Pfd., REIT .....
44,200	7.50% Pfd., REIT, Series V .....
1,400	7.625% Pfd., REIT, Series T .....
48,600	8.00% Pfd., REIT, Series R .....
125,000	Regency Centers Corporation, 7.25% Pfd., REIT .....
5,000	Vornado Realty Trust, 6.625% Pfd., REIT, Series I .....

MISCELLANEOUS INDUSTRIES -- 0.9%

40,000	Ocean Spray Cranberries, Inc., 6.25% Pfd., 144A**** .....
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TOTAL PREFERRED SECURITIES  
(Cost \$263,017,332) .....

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Flaherty & Crumrine/Claymore Total Return Fund Incorporated  
PORTFOLIO OF INVESTMENTS (CONTINUED)  
FEBRUARY 28, 2006 (UNAUDITED)  
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CORPORATE DEBT SECURITIES -- 21.6%  
FINANCIAL SERVICES -- 1.3%

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\$ 4,902,500 Lehman Brothers, Guaranteed Note, Variable Rate, 12/16/16, 144A\*\*\*\* .....

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INSURANCE -- 4.4%

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20,000 American Financial Group, Inc., 7.125% 02/03/34, Senior Note .....  
\$ 107,000 Liberty Mutual Group, 6.50% 03/15/35, 144A\*\*\*\* .....  
\$ 2,984,000 Liberty Mutual Insurance, 7.697% 10/15/97 144A\*\*\*\* .....  
\$ 3,700,000 OneAmerica Financial Partners, 7.00% 10/15/33, 144A\*\*\*\* .....  
\$ 7,000,000 UnumProvident Corporation, 7.25% 03/15/28, Senior Notes .....

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OIL AND GAS -- 2.6%

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356,200 Nexen, Inc., 7.35% Subordinated Notes .....

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UTILITIES -- 10.0%

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27,200 Corp-Backed Trust Certificates, 7.875% 02/15/32, Series Duke Capital .....  
\$ 5,000,000 Duke Capital Corporation, 8.00% 10/01/19, Senior Notes .....  
\$ 4,000,000 Duquesne Light Holdings, 6.25% 08/15/35 .....  
5,000 Entergy Mississippi, Inc., 7.25%, 1st Mortgage .....  
\$ 4,000,000 Indianapolis Power & Light Company, 6.60% 01/01/34, 1st Mortgage, 144A\*\*\*\* .....  
\$ 4,000,000 Interstate Power & Light Company, 6.45% 10/15/33, Senior Notes .....  
\$ 5,670,000 Oncor Electric Delivery Company, 7.25% 01/15/33 .....  
\$ 2,500,000 PSEG Power LLC, 8.625% 04/15/31 .....  
\$ 1,200,000 TXU Corporation, 6.50% 11/15/24 .....  
\$ 4,000,000 Wisconsin Electric Power Company, 6.875% 12/01/95 .....

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MISCELLANEOUS -- 3.3%

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19,625 Ford Motor Company, 7.50% 06/10/43, Senior Notes .....  
\$ 6,265,000 General Motors Corporation, 8.80% 03/01/21 .....  
42,300 Maytag Corporation, 7.875% 08/01/31 .....

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Flaherty & Crumrine/Claymore Total Return Fund Incorporated  
PORTFOLIO OF INVESTMENTS (CONTINUED)  
FEBRUARY 28, 2006 (UNAUDITED)  
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CORPORATE DEBT SECURITIES -- (CONTINUED)  
 MISCELLANEOUS -- (CONTINUED)

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	Pulte Homes, Inc.:	
\$	3,550,000	6.375% 05/15/33, Senior Notes .....
\$	1,450,000	7.875% 06/15/32, Senior Notes .....
\$	605,000	Verizon Maryland, 7.15% 05/01/23 .....

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TOTAL CORPORATE DEBT SECURITIES  
 (Cost \$76,071,341) .....

OPTION CONTRACTS -- 0.5%

	375	April Put Options on June U.S. Treasury Bond Futures, Expiring 03/24/06 .....
	345	June Call Options on June U.S. Treasury Bond Futures, Expiring 05/26/06 .....
	585	June Put Options on June U.S. Treasury Bond Futures, Expiring 05/26/06 .....
	1,370	June Put Options on June U.S. Treasury Bond Futures, Expiring 05/26/06 .....

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TOTAL OPTION CONTRACTS  
 (Cost \$1,960,292) .....

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Flaherty & Crumrine/Claymore Total Return Fund Incorporated  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 FEBRUARY 28, 2006 (UNAUDITED)

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SHARES/\$ PAR

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MONEY MARKET FUND -- 0.3%

	1,005,768	BlackRock Provident Institutional, TempFund .....
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TOTAL MONEY MARKET FUND  
 (Cost \$1,005,768) .....

SECURITIES LENDING COLLATERAL -- 0.3%

	1,099,800	Institutional Money Market Trust .....
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TOTAL SECURITIES LENDING COLLATERAL  
 (Cost \$1,099,800) .....

TOTAL INVESTMENTS (Cost \$343,154,533***) .....	99.8%
OTHER ASSETS AND LIABILITIES (Net) .....	0.2%

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TOTAL NET ASSETS AVAILABLE TO COMMON STOCK AND PREFERRED STOCK .....

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AUCTION MARKET PREFERRED STOCK (AMPS) REDEMPTION VALUE .....

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TOTAL NET ASSETS AVAILABLE TO COMMON STOCK .....

- 
- \* Securities eligible for the Dividends Received Deduction and distributing Qualified Dividend Income.
  - \*\* Securities distributing Qualified Dividend Income only.
  - \*\*\* Aggregate cost of securities held.
  - \*\*\*\* Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional buyers. These securities have been determined to be liquid under the guidelines established by the Board of Directors.
- (1) Foreign Issuer
  - (2) All or a portion of this security has been pledged as collateral for written option positions.
  - (3) Security on loan.
- + Non-income producing.
  - ++ The percentage shown for each investment category is the total value of that category as a percentage of net assets available to Common and Preferred Stock.

ABBREVIATIONS:

REIT -- Real Estate Investment Trust

PFD. -- Preferred Securities

PVT. -- Private Placement Securities

OPEN OPTION CONTRACTS WRITTEN

CONTRACTS      CONTRACT DESCRIPTION

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345 June Call Options on June U.S. Treasury Bond Futures,  
 Expiring 05/26/06, Strike Price 112 .....

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TOTAL OPEN OPTION CONTRACTS WRITTEN (premiums received: \$737,628) .....

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Flaherty & Crumrine/Claymore Total Return Fund Incorporated  
 STATEMENT OF CHANGES IN NET ASSETS AVAILABLE TO COMMON STOCK(1)  
 FOR THE PERIOD FROM DECEMBER 1, 2005 THROUGH FEBRUARY, 2006 (UNAUDITED)

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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 .....

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 NET ASSETS AVAILABLE TO COMMON STOCK:

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

- 
- (1) These tables summarize the three months ended February 28, 2006 and should be read in conjunction with the Fund's audited financial statements, including footnotes, in its Annual Report dated November 30, 2005.
  - (2) May include income earned, but not paid out, in prior fiscal year.

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 Flaherty & Crumrine/Claymore Total Return Fund Incorporated  
 FINANCIAL HIGHLIGHTS(1)  
 FOR THE PERIOD FROM DECEMBER 1, 2005 THROUGH FEBRUARY 28, 2006 (UNAUDITED)  
 FOR A COMMON SHARE OUTSTANDING THROUGHOUT THE PERIOD.  
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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 .....

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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 .....

(1) These tables summarize the three months ended February 28, 2006 and should be read in conjunction with the Fund's audited financial statements, including footnotes, in its Annual Report dated November 30, 2005.

\* Auction Market Preferred Stock.

\*\* Annualized.

\*\*\* Not annualized.

+ The net investment income ratios reflect income net of operating expenses and payments to AMPS\* Shareholders.

++ Information presented under heading Supplemental Data includes AMPS\*.

	TOTAL DIVIDENDS PAID	NET ASSET VALUE	NYSE CLOSING PRICE	DIVIDEND REINVESTMENT PRICE (1)
	-----	-----	-----	-----
December 31, 2005 .....	\$0.1400	\$22.59	\$19.16	\$19.39
January 31, 2006 .....	0.1400	22.58	20.43	20.52
February 28, 2006 .....	0.1400	22.62	20.69	20.87

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(1) Whenever the net asset value per share of the Fund's Common Stock is less than or equal to the market price per share on the payment date, new shares issued will be valued at the higher of net asset value or 95% of the then current market price. Otherwise, the reinvestment shares of Common Stock will be purchased in the open market.

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

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1. AGGREGATE INFORMATION FOR FEDERAL INCOME TAX PURPOSES

At February 28, 2006, the aggregate cost of securities for federal income tax purposes was \$344,122,046, the aggregate gross unrealized appreciation for all securities in which there is an excess of value over tax cost was \$8,840,392 and the aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value was \$4,617,515.

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[LOGO] Flaherty & Crumrine/Claymore  
 =====  
 TOTAL RETURN FUND

Quarterly  
 Report

February 28, 2006

www.fcclaymore.com

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  
Christopher D. Ryan, CFA  
Vice President  
Laurie C. Lodolo  
Assistant Compliance Officer,  
Assistant Treasurer and  
Assistant Secretary

INVESTMENT ADVISER

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

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 & Shareholder Servicing Agent --

PFPC Inc.  
P.O. Box 43027  
Providence, RI 02940-3027  
1-800-331-1710

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