

FLAHERTY & CRUMRINE/CLAYMORE TOTAL RETURN FUND INC
Form N-Q
October 20, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED MANAGEMENT
INVESTMENT COMPANY

Investment Company Act file number 811-21380

FLAHERTY & CRUMRINE/CLAYMORE TOTAL RETURN FUND INCORPORATED

(Exact name of registrant as specified in charter)

301 E. Colorado Boulevard, Suite 720
PASADENA, CA 91101

(Address of principal executive offices) (Zip code)

Donald F. Crumrine
Flaherty & Crumrine Incorporated
301 E. Colorado Boulevard, Suite 720
PASADENA, CA 91101

(Name and address of agent for service)

Registrant's telephone number, including area code: 626-795-7300

Date of fiscal year end: NOVEMBER 30, 2006

Date of reporting period: AUGUST 31, 2006

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (ss.ss. 239.24 and 274.5 of this chapter), to file reports with the Commission, not later than 60 days after the close of the first and third fiscal quarters, pursuant to rule 30b1-5 under the Investment Company Act of 1940 (17 CFR 270.30b1-5). The Commission may use the information provided on Form N-Q in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-Q, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-Q unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to the Secretary, Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

ITEM 1. SCHEDULE OF INVESTMENTS.
The Schedule(s) of Investments is attached herewith.

FLAHERTY & CRUMRINE/CLAYMORE TOTAL RETURN FUND

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

During the Fund's 3rd fiscal quarter, the economy slowed from its rapid growth earlier in the year and, for the first time in two years, the Federal Reserve paused in its ratcheting up of short-term interest rates. In this environment, the Fund performed very well, earning a total return of +2.9% on its net asset value (NAV) in the three months ended August 31st and +5.5% over its fiscal year-to-date.

In a reversal of the weak markets for Treasury securities earlier in the year, when the Fund's hedging strategies contributed significantly to results, long-term interest rates declined during the recent fiscal quarter and the interest-rate hedge proved unnecessary. However, as always, we follow the Fund's investment strategy of maintaining the hedge in place, while attempting to control its cost. Doing so helps protect the value of the Fund's holdings against significant increases in long-term interest rates and potentially results in an increase in the Fund's distributable income. During the recent fiscal quarter, the Fund's NAV performed very well, even after absorbing the cost of the hedge.

Conditions in the market for preferred securities continue to be positive. This market is somewhat amorphous, so we find it useful to break it down into smaller groups of similarly-structured issues. Fully taxable or "hybrid" preferred securities comprise the lion's share of the preferred market, and this segment continues to grow rapidly. Over \$24 billion of new taxable preferred securities have come to market in 2006. Income from these issues is taxed as ordinary income to investors and is a deductible expense for the issuer. As of August 31st, 67% of the Fund's portfolio was invested in fully-taxable preferred securities.

Much of the recent growth in taxable preferred securities has come from issuance of "enhanced" preferreds. These issues have certain terms and conditions which may result in better credit ratings for the issuer (which in turn helps keep their borrowing costs down). Since most of these features favor the issuer, investors should require a higher return. In our view, too often this is not the case. As a result, the portfolio's allocation to enhanced preferreds has increased at a much slower pace than that of the overall market.

The market for traditional preferred stock (issues that pay dividends and may have tax advantages to certain investors which the Fund can pass through to its shareholders) has been delivering strong relative returns for some time. As of August 31st, this type of security comprised 19% of the Fund's portfolio.

Since the beginning of 2006, fourteen new traditional preferred stock issues totaling \$5.7 billion have been brought to market (increasing the sector total by roughly 10%); the additional supply has helped focus interest on traditional preferred stock and appears to have attracted new investors. Several of these recent issues have dividend rates that adjust every quarter to reflect changes in short-term interest rates. This floating-rate feature fits the Fund nicely because it tends to offset changes in the cost of the Fund's leverage and requires only a minimal interest-rate hedge. However, unless the level of income we can earn on this type of security goes up, we don't anticipate increasing the Fund's holdings much beyond present levels.

While changes in short-term interest rates affect the valuation of some of the Fund's securities (and therefore its NAV), short-term rates more directly affect the Fund's income and the amount of its dividend by influencing both the cost of its Auction Market Preferred Stock (AMPS) leverage and its hedging strategy. The Fund's leverage generally produces additional distributable income for its Common Stock shareholders. The amount of this additional income is

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influenced by the "spread" between the income generated by the portfolio and the cost of leverage.

As the Fed increased short-term interest rates through June 2006, these spreads narrowed significantly and the Fund generated less additional distributable income. If the Fed maintains its pause on short-term rates, and long-term rates do not decrease materially, the Fund's leverage should continue to produce the same additional distributable income as it does now. Of course, if the Fed lowers short-term interest rates, the Fund should see a greater benefit from its use of leverage and consequently have more additional distributable income for its Common Stock shareholders.

The cost of the Fund's hedging strategy is also directly affected by the slope of the yield curve (in other words, the difference between short- and long-term interest rates). When the yield curve is steep - as it was for most of the period from mid-2001 through 2004 - hedging tends to be expensive, because the market charges the difference between long- and short-term yields to those hedging. However, if the slope of the yield curve is as flat as it has been this year, the market will not charge as much to hedge and the Fund should not need to spend as much on its hedging strategy as it has over the past few years.

We hope investors will take advantage of the Fund's website, WWW.FCCLAYMORE.COM. On it, there is a more extensive discussion of enhanced hybrid preferred securities, the impact of changing short-term interest rates on the additional distributable income provided by the Fund's leverage and how the slope of the yield curve affects the cost of the Fund's hedging strategy. It also contains a wide range of additional information about the Fund.

Sincerely,

/S/ DONALD F. CRUMRINE
Donald F. Crumrine
Chairman of the Board

/S/ ROBERT M. ETTINGER
Robert M. Ettinger
President

October 19, 2006

Flaherty & Crumrine/Claymore Total Return Fund Incorporated
PORTFOLIO OVERVIEW
AUGUST 31, 2006 (UNAUDITED)

FUND STATISTICS ON 08/31/06

Net Asset Value	\$	22.41
Market Price	\$	20.44
Discount		8.79%
Yield on Market Price		7.49%
Common Stock Shares Outstanding		9,776,333

INDUSTRY CATEGORIES % OF PORTFOLIO

 Flaherty & Crumrine/Claymore Total Return Fund Incorporated
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 AUGUST 31, 2006 (UNAUDITED)

SHARES/\$ PAR

PREFERRED SECURITIES -- (CONTINUED)
 BANKING -- (CONTINUED)

	141,059	PFGI Capital Corporation, 7.75% Pfd.....
\$	1,500,000	RBS Capital Trust B, 6.80% Pfd.....
		Roslyn Real Estate:
	25	8.95% Pfd., Series C, 144A****
	10	Adj. Rate Pfd., Series D, 144A****
	33,100	Sovereign Bancorp, 7.30% Pfd., Series C.....
	191,525	Sovereign Capital Trust V, 7.75% Pfd. 05/22/36.....
	4,100	SunTrust Capital IV, 7.125% Pfd. 10/15/31.....
	10,000	SunTrust Capital V, 7.05% Pfd. 12/15/31.....
\$	5,050,000	Union Planters Capital Trust, 8.20% 12/15/26 Capital Security.....
	19,000	USB Capital V, 7.25% Pfd. 12/15/31.....
	12,600	USB Capital VIII, 6.35% Pfd. 12/29/65.....
	17,500	USB Capital X, 6.50% Pfd. 04/12/66.....
\$	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.....
\$	1,800,000	Washington Mutual Preferred Funding, Variable Rate Pfd., 144A****.....
\$	4,000,000	Webster Capital Trust I, 9.36% 01/29/27 Capital Security, 144A****.....

FINANCIAL SERVICES -- 3.0%

		Goldman Sachs Group, Inc.:
	50,000	Adj. Rate Pfd., Series D
	1,500	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.....
	15,000	Morgan Stanley Capital Trust IV, 6.25% Pfd.....
	9,100	Morgan Stanley Capital Trust V, 5.75% Pfd.....
	19,200	Morgan Stanley Capital Trust VI, 6.60% Pfd.....

INSURANCE -- 13.8%

	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.
\$	4,920,000	AON Capital Trust A, 8.205% 01/01/27 Capital Security

 Flaherty & Crumrine/Claymore Total Return Fund Incorporated
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 AUGUST 31, 2006 (UNAUDITED)

SHARES/\$ PAR

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

		Arch Capital Group Ltd.:
	28,650	7.875% Pfd., Series B.....
	7,100	8.00% Pfd.....
		Axis Capital Holdings:
	116,150	7.25% Pfd., Series A.....
	27,900	Variable Rate Pfd., Series B.....
	53,400	Berkley W.R. Capital Trust II, 6.75% Pfd. 07/26/45
	84,800	Endurance Specialty Holdings, 7.75% Pfd.
	166,700	Everest Re Capital Trust II, 6.20% Pfd., Series B.....
	5,800	Hartford Capital III, 7.45% Pfd. 10/31/50, Series C
\$	2,050,000	Oil Insurance Ltd., Variable Rate Pfd., 144A****.....
		PartnerRe Ltd.:
	10,000	6.50% Pfd., Series D.....
	33,000	6.75% Pfd., Series C.....
	86,000	Principal Financial Group, 6.518% Pfd.
\$	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.
	53,360	St. Paul Capital Trust I, 7.60% Pfd. 10/15/50
\$	1,906,000	Sun Life Canada Capital Trust, 8.526% Capital Security, 144A****.....
	32,800	Torchmark Capital Trust III, 7.10% Pfd.
\$	4,815,000	USF&G Capital, 8.312% 07/01/46 Capital Security, 144A****
	30,000	XL Capital Ltd., 7.625% Pfd., Series B

 UTILITIES -- 20.5%

\$	357,000	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
\$	2,500,000	Dominion Resources Capital Trust I, 7.83% 12/01/27 Capital Security
	10,000	Dominion Resources Capital Trust II, 8.40% Pfd. 01/30/41
\$	6,750,000	Dominion Resources Capital Trust III, 8.40% 01/15/31 Capital Security
	20,000	Duquesne Light Company, 6.50% Pfd.
	145,000	Entergy Arkansas, Inc., 6.45% Pfd.
	50,000	Entergy Louisiana, Inc., 6.95% Pfd., 144A****
	83,500	FPC Capital I, 7.10% Pfd., Series A
	48,700	Georgia Power Capital Trust V, 7.125% Pfd. 03/31/42

 Flaherty & Crumrine/Claymore Total Return Fund Incorporated
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 AUGUST 31, 2006 (UNAUDITED)

SHARES/\$ PAR

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

\$	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.
\$	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.
	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.
	5,000	Virginia Electric & Power Company, \$6.98 Pfd.
	30,000	Virginia Power Capital Trust, 7.375% Pfd. 07/30/42
	18,000	Vectren Utility Holdings, 7.25% Pfd. 10/15/31
	85,137	Wisconsin Power & Light Company, 6.50% Pfd.

OIL AND GAS -- 1.7%

\$	2,793,000	Enterprise Products Partners, Variable Rate Pfd.
	2,750	EOG Resources, Inc., 7.195% Pfd., Series B

REAL ESTATE INVESTMENT TRUST (REIT) -- 7.4%

		BRE Properties, Inc.:
	6,000	6.75% Pfd., Series C.....
	24,500	8.08% Pfd., Series B.....
	15,849	Duke Realty Corporation, 6.625% Pfd., Series J
	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.:
	81,900	7.00% Pfd., Series H
	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

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Flaherty & Crumrine/Claymore Total Return Fund Incorporated
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 AUGUST 31, 2006 (UNAUDITED)

SHARES/\$ PAR

PREFERRED SECURITIES -- (CONTINUED)
 REAL ESTATE INVESTMENT TRUST (REIT) -- (CONTINUED)

	Public Storage, Inc.:	
25,100	6.18% Pfd., Series D	
122,850	6.45% Pfd., Series F	
38,900	6.60% Pfd., Series C	
30,000	6.85% Pfd., Series Y	
120,000	7.25% Pfd., Series K	
44,200	7.50% Pfd., Series V	
5,100	7.625% Pfd., Series T	
48,600	8.00% Pfd., Series R	

MISCELLANEOUS INDUSTRIES -- 1.5%

1,395	Centaur Funding Corporation, 9.08% Pfd. 04/21/20 144A****
40,000	Ocean Spray Cranberries, Inc., 6.25% Pfd., 144A****

TOTAL PREFERRED SECURITIES
 (Cost \$278,656,959)

CORPORATE DEBT SECURITIES -- 17.3%
 FINANCIAL SERVICES -- 1.6%

\$ 4,853,000	Lehman Brothers, Guaranteed Note, Variable Rate, 12/16/16, 144A****
40,900	Saturns-GS, 6.00% 02/15/33, Series Goldman Sachs

INSURANCE -- 4.9%

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****
	Liberty Mutual Insurance:
\$ 914,000	7.50% 08/15/36, 144A****
\$ 6,638,000	7.697% 10/15/97, 144A****
\$ 7,000,000	UnumProvident Corporation, 7.25% 03/15/28, Senior Notes

UTILITIES -- 5.1%

27,200	Corp-Backed Trust Certificates, 7.875% 02/15/32, Series Duke Capital
\$ 4,000,000	Duquesne Light Holdings, 6.25% 08/15/35
5,000	Entergy Mississippi, Inc., 7.25%, 1st Mortgage
\$ 4,000,000	Interstate Power & Light Company, 6.45% 10/15/33, Senior Notes

 Flaherty & Crumrine/Claymore Total Return Fund Incorporated
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 AUGUST 31, 2006 (UNAUDITED)

SHARES/\$ PAR

CORPORATE DEBT SECURITIES -- (CONTINUED)
 UTILITIES -- (CONTINUED)

\$ 2,070,000	Oncor Electric Delivery Company, 7.25% 01/15/33.....
62,000	PPL Energy Supply LLC, 7.00% 07/15/46.....
\$ 1,200,000	TXU Corporation, 6.50% 11/15/24.....
\$ 4,000,000	Wisconsin Electric Power Company, 6.875% 12/01/95.....

OIL AND GAS -- 3.2%

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

MISCELLANEOUS INDUSTRIES -- 2.5%

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 \$62,508,351)

OPTION CONTRACTS -- 0.1%

281	December Call Options on December U.S. Treasury Bond Futures, Expiring 11/21/06..
1,757	December Put Options on December U.S. Treasury Bond Futures, Expiring 11/21/06...
563	October Put Options on December U.S. Treasury Bond Futures, Expiring 09/22/06....

TOTAL OPTION CONTRACTS
 (Cost \$1,365,081)

 Flaherty & Crumrine/Claymore Total Return Fund Incorporated
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 AUGUST 31, 2006 (UNAUDITED)

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SHARES/\$ PAR

MONEY MARKET FUND -- 0.1%	
216,758 BlackRock Provident Institutional, TempFund	

TOTAL MONEY MARKET FUND	
(Cost \$216,758)	

TOTAL INVESTMENTS (Cost \$342,747,149***)	99.1%
OTHER ASSETS AND LIABILITIES (Net)	0.9%

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	

-
- * 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.
 - + 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:

- PFD. -- Preferred Securities
- PVT. -- Private Placement Securities
- REIT -- Real Estate Investment Trust

OPEN OPTION CONTRACTS WRITTEN

CONTRACTS	CONTRACT DESCRIPTION
-----	-----
225	December Call Options on December U.S. Treasury Bond Futures, Expiring 11/21/06, Strike Price 108
56	December Call Options on December U.S. Treasury Bond Futures, Expiring 11/21/06, Strike Price 110

TOTAL OPEN OPTION CONTRACTS WRITTEN (Cost \$701,447)	

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 AUGUST 31, 2006 (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 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, 2005 THROUGH AUGUST 31, 2006 (UNAUDITED)
FOR A COMMON STOCK 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 Stock 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	NY CLOSING
	-----	-----	-----
December 31, 2005	\$0.1400	\$22.59	\$19.
January 31, 2006.....	0.1400	22.58	20.
February 28, 2006	0.1400	22.62	20.
March 31, 2006	0.1275	22.41	19.
April 30, 2006	0.1275	22.18	19.
May 31, 2006	0.1275	22.15	19.

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June 30, 2006	0.1275	21.93	19.
July 31, 2006	0.1275	21.87	19.
August 31, 2006	0.1275	22.41	20.

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

1. AGGREGATE INFORMATION FOR FEDERAL INCOME TAX PURPOSES

At August 31, 2006, the aggregate cost of securities for federal income tax purposes was \$343,750,843, the aggregate gross unrealized appreciation for all securities in which there is an excess of value over tax cost was \$6,312,354, and the aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value was \$6,493,845.

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[GRAPHIC OMITTED]
 LIGHTHOUSE ART

FLAHERTY & CRUMRINE/CLAYMORE
 =====
 TOTAL RETURN FUND

QUARTERLY
 REPORT

AUGUST 31, 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,

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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

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.

ITEM 2. CONTROLS AND PROCEDURES.

- (a) The registrant's principal executive and principal financial officers, or persons performing similar functions, have concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940, as amended (the "1940 Act") (17 CFR 270.30a-3(c))) are effective, as of a date within 90 days of the filing date of the report that includes the disclosure required by this paragraph, based on their evaluation of these controls and procedures required by Rule 30a-3(b) under the 1940 Act (17 CFR 270.30a-3(b)) and Rules 13a-15(b) or 15d-15(b) under the Securities Exchange Act of 1934, as amended (17 CFR 240.13a-15(b) or 240.15d-15(b)).
- (b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the 1940 Act (17 CFR 270.30a-3(d)) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

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Certifications pursuant to Rule 30a-2(a) under the 1940 Act and Section 302 of the Sarbanes-Oxley Act of 2002 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.

(Registrant) FLAHERTY & CRUMRINE/CLAYMORE TOTAL RETURN FUND INCORPORATED

By (Signature and Title)* /S/ DONALD F. CRUMRINE

Donald F. Crumrine, Director, Chairman of the Board and Chief Executive Officer (principal executive officer)

Date OCTOBER 16, 2006

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 (Signature and Title)* /S/ DONALD F. CRUMRINE

Donald F. Crumrine, Director, Chairman of the Board and Chief Executive Officer (principal executive officer)

Date OCTOBER 16, 2006

By (Signature and Title)* /S/ R. ERIC CHADWICK

R. Eric Chadwick, Chief Financial Officer, Treasurer and Vice President (principal financial officer)

Date OCTOBER 16, 2006

* Print the name and title of each signing officer under his or her signature.