

FLAHERTY & CRUMRINE/CLAYMORE TOTAL RETURN FUND INC

Form N-30B-2

April 28, 2011

ITEM 1. SCHEDULE OF INVESTMENTS.

The Schedule(s) of Investment is attached herewith.

FLAHERTY & CRUMRINE/CLAYMORE TOTAL RETURN FUND

To the Shareholders of Flaherty & Crumrine/Claymore Total Return Fund:

During the first fiscal quarter of 2011, the total return on net asset value(1) of the Fund was +5.8%. Since the depth of the financial crisis, the Fund has delivered eight consecutive quarters of positive returns. We never tire of reporting positive returns, but our focus remains on providing high current income to shareholders.

Present conditions for the Fund's dividend are about as good as we can recall. Low short-term interest rates have continued to amplify the Fund's leverage strategy - we are able to borrow funds at historically attractive levels. At the same time, the investment portfolio is generating relatively high levels of income. We don't see anything on the immediate horizon to change these conditions, but one or both sides of the equation is likely to come under pressure sometime down the road.

As of this writing, the world is still dealing with the devastating events in Japan. Our thoughts go out to the people of Japan in these difficult times. Global financial markets were weaker in the immediate aftermath of the disaster, as investors assessed the impact. The Fund has very little direct exposure to the Japanese economy, and we do not anticipate any material decline in the credit quality of our holdings as a result of these events. Rest assured we are monitoring the impact very closely.

The situation at the Fukushima Dai-Ichi nuclear plant has raised fresh questions about nuclear power safety around the world. Since the Fund must have at least 25% of the portfolio invested in the utility industry, the topic is very relevant. We do not believe the incident in Japan will negatively impact utility positions owned by the Fund in any material way. In the U.S., most regulated utility companies have reduced their exposure to nuclear energy, and very few have "bet the farm" on this form of power generation.

The European sovereign debt situation continues to simmer. It may boil over in Portugal and require a bailout similar to those in Greece and Ireland. This may create some turbulence in the preferred market, but the overall impact on the Fund should be modest. The Fund has no direct investments in Portuguese banks or sovereign debt. Although it does own securities issued by companies with exposure to Portugal, we believe those exposures are manageable given the strength and diversification of those companies' activities.

Preferred securities issued by banks comprise the largest portion of the Fund's portfolio and, thus, play a critical role in the Fund's strategy. Bank regulators here and abroad have analyzed bank securities in light of the financial crisis, and some conclusions have begun to trickle out. The Basel Committee on Bank Supervision, the body charged with setting global capital standards, has finalized its recommendations for bank capital, although it will be up to regulators in individual countries to adopt these standards. Bank regulators in the U.S. have until July of this year to propose new capital rules, and we expect final rules will be issued before year-end. Over time, we expect the current crop of preferred securities issued by banks to be replaced with new securities designed to conform to the new standards. As details of the new securities become known, we will study them carefully and determine their

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appropriateness for the Fund. Based on the information currently available, we are optimistic about the transition.

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- (1) Following the methodology required by the SEC, total return includes income, principal change and the impact of the Fund's leverage.

We encourage you to visit the Fund's website [www.fcclaymore.com](http://www.fcclaymore.com) for a more in-depth discussion of conditions in the preferred markets, as well as the broader economy.

Sincerely,

/s/ Donald F. Crumrine

/s/ Robert M. Ettinger

Donald F. Crumrine  
Chairman

Robert M. Ettinger  
President

April 5, 2011

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Flaherty & Crumrine/Claymore Total Return Fund Incorporated  
PORTFOLIO OVERVIEW  
FEBRUARY 28, 2011 (UNAUDITED)

FUND STATISTICS

-----

|                                 |    |           |
|---------------------------------|----|-----------|
| Net Asset Value                 | \$ | 18.02     |
| Market Price                    | \$ | 17.87     |
| Discount                        |    | 0.83%     |
| Yield on Market Price           |    | 9.07%     |
| Common Stock Shares Outstanding |    | 9,807,738 |

MOODY'S RATINGS

-----

% OF  
NET ASSETS+

|                          |       |
|--------------------------|-------|
| A                        | 7.0%  |
| BBB                      | 71.9% |
| BB                       | 16.6% |
| Below "BB"               | 2.3%  |
| Not Rated*               | 0.9%  |
| Below Investment Grade** | 15.5% |

\* Does not include net other assets and liabilities of 1.3%.

\*\* Below investment grade by both Moody's and S&P.

(PIE CHART)

| INDUSTRY CATEGORIES<br>----- | % OF<br>NET ASSETS+ |
|------------------------------|---------------------|
| Banking                      | 38%                 |
| Utilities                    | 26%                 |
| Insurance                    | 25%                 |
| Energy                       | 5%                  |
| Financial Services           | 3%                  |
| Other                        | 3%                  |

| TOP 10 HOLDINGS BY ISSUER<br>----- | % OF<br>NET ASSETS+ |
|------------------------------------|---------------------|
| Liberty Mutual Group               | 5.3%                |
| Banco Santander                    | 4.8%                |
| Capital One Financial              | 4.1%                |
| Metlife                            | 3.9%                |
| Wells Fargo                        | 3.7%                |
| Georgia Power                      | 3.0%                |
| Enbridge Energy Partners           | 2.9%                |
| Unum Group                         | 2.8%                |
| HSBC Plc                           | 2.5%                |
| Axis Capital                       | 2.5%                |

|   | % OF N<br>ASSETS* |
|---|-------------------|
| Holdings Generating Qualified Dividend Income (QDI) for Individuals                     | 30%               |
| Holdings Generating Income Eligible for the Corporate Dividend Received Deduction (DRD) | 18%               |

\*\*\* 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.

+ Net Assets includes assets attributable to the use of leverage.

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PREFERRED SECURITIES -- 92.1%

BANKING -- 37.3%

|               |   |
|---------------|---|
| \$ 4,850,000  | Astoria Capital Trust I, 9.75% 11/01/29, Series B .....                   |
| 439,755       | Banco Santander, 10.50% Pfd., Series 10 .....                             |
| 25,760        | Bank of America Corporation, 8.625% Pfd. ....                             |
| \$ 1,000,000  | BankAmerica Institutional, Series A, 8.07% 12/31/26, 144A**** .....       |
|               | Barclays Bank PLC:  |
| \$ 3,600,000  | 6.278% .....  |
| 1,900         | 7.75% Pfd., Series 4 .....  |
| 126,900       | 8.125% Pfd., Series 5 .....   |
| 10,000        | BB&T Capital Trust V, 8.95% Pfd. 09/15/63 .....                           |
| 84,100        | BB&T Capital Trust VI, 9.60% Pfd. 08/01/64 .....                          |
| \$ 2,050,000  | BBVA International Preferred, 5.919% .....                                |
| \$ 1,000,000  | BNP Paribas, 7.195%, 144A**** .....                                       |
| \$ 7,250,000  | Capital One Capital III, 7.686% 08/15/36 .....                            |
| \$ 1,500,000  | Capital One Capital V, 10.25% 08/15/39 .....                              |
| \$ 1,643,000  | Capital One Capital VI, 8.875% 05/15/40 .....                             |
| 83,300        | Citigroup Capital XIII, 7.875% Pfd. 10/30/40 .....                        |
| \$ 10,000,000 | Colonial BancGroup, 7.114%, 144A**** .....                                |
| 7,000         | FBOP Corporation, Adj. Rate Pfd., 144A**** .....                          |
| \$ 2,150,000  | Fifth Third Capital Trust IV, 6.50% 04/15/37 .....                        |
| 128,000       | Fifth Third Capital Trust VI, 7.25% Pfd. 11/15/67 .....                   |
| 21,200        | Fifth Third Capital Trust VII, 8.875% Pfd. 05/15/68 .....                 |
| 2,000         | First Republic Preferred Capital Corporation, 10.50% Pfd., 144A**** ..... |
| 3,900         | First Tennessee Bank, Adj. Rate Pfd., 144A**** .....                      |
| \$ 600,000    | First Union Capital II, 7.95% 11/15/29 .....                              |
| \$ 1,000,000  | First Union Institutional Capital I, 8.04% 12/01/26 .....                 |
| \$ 500,000    | Fleet Capital Trust II, 7.92% 12/11/26 .....                              |
| 2             | FT Real Estate Securities Company, 9.50% Pfd., 144A**** .....             |
|               | Goldman Sachs:  |
| \$ 865,000    | Capital I, 6.345% 02/15/34 .....  |
| \$ 881,000    | Capital II, 5.793% .....  |
| 1,500         | STRIPES Custodial Receipts, Pvt. ....                                     |
| 172,000       | HSBC Holdings PLC, 8.00% Pfd., Series 2 .....                             |
| \$ 1,000,000  | HSBC USA Capital Trust II, 8.38% 05/15/27, 144A**** .....                 |
|               | HSBC USA, Inc.:   |
| 37,500        | 6.50% Pfd., Series H .....  |
| 1,828         | \$2.8575 Pfd. ....  |
| 41,175        | ING Groep NV, 8.50% Pfd. ....   |

Flaherty & Crumrine/Claymore Total Return Fund Incorporated  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 FEBRUARY 28, 2011 (UNAUDITED)

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PREFERRED SECURITIES -- (CONTINUED)

BANKING -- (CONTINUED)

|              |   |
|--------------|---|
| \$ 1,850,000 | JPMorgan Chase Capital XVIII, 6.95% 08/17/36, Series R .....  |
| \$ 500,000   | JPMorgan Chase Capital XXVII, 7.00% 11/01/39, Series AA ..... |

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|                            |           |  |
|----------------------------|-----------|--|
|                            | 7,065     | Keycorp Capital VIII, 7.00% Pfd. 06/15/66 .....            |
|                            | 72,935    | Keycorp Capital IX, 6.75% Pfd. 12/15/66 .....              |
|                            | 72,900    | Keycorp Capital X, 8.00% Pfd. 03/15/68 .....               |
| \$                         | 1,000,000 | Lloyds Banking Group PLC, 6.657%, 144A**** .....           |
|                            | 20,000    | Morgan Stanley Capital Trust VI, 6.60% Pfd. 02/01/46 ..... |
|                            | 5,300     | National City Capital Trust II, 6.625% Pfd. 11/15/36 ..... |
| \$                         | 2,500,000 | National City Preferred Capital Trust I, 12.00% .....      |
| \$                         | 1,150,000 | NB Capital Trust IV, 8.25% 04/15/27 .....                  |
|                            | 54,995    | PNC Financial Services, 9.875% Pfd., Series L .....        |
| \$                         | 1,000,000 | PNC Preferred Funding Trust III, 8.70%, 144A**** .....     |
|                            | 3,000     | Sovereign REIT, 12.00% Pfd., Series A, 144A**** .....      |
| \$                         | 2,000,000 | Wachovia Capital Trust I, 7.64% 01/15/27, 144A**** .....   |
| \$                         | 1,500,000 | Wachovia Capital Trust III, 5.80% .....                    |
| \$                         | 1,000,000 | Wachovia Capital Trust V, 7.965% 06/01/27, 144A**** .....  |
|                            | 45,637    | Wachovia Preferred Funding, 7.25% Pfd., Series A .....     |
| \$                         | 2,800,000 | Webster Capital Trust IV, 7.65% 06/15/37 .....             |
|                            | 50,000    | Wells Fargo & Company, 8.00% Pfd., Series J .....          |
| \$                         | 1,000,000 | Wells Fargo Capital XV, 9.75% .....                        |
|                            |           |  |
| FINANCIAL SERVICES -- 2.6% |           |  |
| \$                         | 250,000   | Ameriprise Financial, Inc., 7.518% 06/01/66 .....          |
| \$                         | 3,000,000 | Gulf Stream-Compass 2005 Composite Notes, 144A**** .....   |
|                            |           | Heller Financial, Inc.:                                    |
|                            | 40,000    | 6.687% Pfd., Series C .....                                |
|                            | 7,750     | 6.95% Pfd., Series D .....                                 |
|                            |           | Lehman Brothers Holdings, Inc.:                            |
|                            | 20,000    | 5.67% Pfd., Series D .....                                 |
|                            | 85,000    | 7.95% Pfd. ....  |
|                            |           |  |
| INSURANCE -- 20.9%         |           |  |
| \$                         | 1,550,000 | Ace Capital Trust II, 9.70% 04/01/30 .....                 |
| \$                         | 1,775,000 | AON Corporation, 8.205% 01/01/27 .....                     |
|                            | 12,150    | Arch Capital Group Ltd., 7.875% Pfd., Series B .....       |

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Flaherty & Crumrine/Claymore Total Return Fund Incorporated  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 FEBRUARY 28, 2011 (UNAUDITED)

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PREFERRED SECURITIES -- (CONTINUED)

|                          |           |   |
|--------------------------|-----------|---|
| INSURANCE -- (CONTINUED) |           |   |
| AXA SA:                  |           |   |
| \$                       | 500,000   | 6.379%, 144A**** .....                                |
| \$                       | 950,000   | 6.463%, 144A**** .....                                |
|                          | 66,600    | Axis Capital Holdings, 7.50% Pfd., Series B .....     |
|                          | 160,000   | Delphi Financial Group, 7.376% Pfd. 05/15/37 .....    |
| \$                       | 5,760,000 | Everest Re Holdings, 6.60% 05/15/37 .....             |
| \$                       | 8,300,000 | Liberty Mutual Group, 10.75% 06/15/58, 144A**** ..... |

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|              |  |
|--------------|--|
| \$ 1,700,000 | MetLife Capital Trust IV, 7.875% 12/15/37, 144A****        |
| \$ 4,330,000 | MetLife Capital Trust X, 9.25% 04/08/38, 144A****          |
| \$ 2,250,000 | MetLife, Inc., 10.75% 08/01/39                             |
|              | Principal Financial Group:                                 |
| 18,000       | 5.563% Pfd., Series A                                      |
| 87,800       | 6.518% Pfd., Series B                                      |
| 109,000      | Scottish Re Group Ltd., 7.25% Pfd.                         |
| \$ 1,750,000 | Stancorp Financial Group, 6.90% 06/01/67                   |
| \$ 3,615,000 | USF&G Capital, 8.312% 07/01/46, 144A****                   |
| \$ 1,800,000 | XL Capital Ltd., 6.50%, Series E                           |
|              |  |
|              | UTILITIES -- 24.9%   |
| 75,000       | Alabama Power Company, 6.45% Pfd.                          |
| 33,700       | Baltimore Gas & Electric Company, 6.70% Pfd., Series 1993  |
| 118,380      | Calenergy Capital Trust III, 6.50% Pfd. 09/01/27           |
| \$ 3,700,000 | COMED Financing III, 6.35% 03/15/33                        |
| 10,170       | Constellation Energy Group, 8.625% Pfd. 06/15/63, Series A |
| \$ 2,500,000 | Dominion Resources Capital Trust I, 7.83% 12/01/27         |
|              | Dominion Resources, Inc.:                                  |
| \$ 3,500,000 | 7.50% 06/30/66   |
| 5,700        | 8.375% Pfd. 06/15/64, Series A                             |
| 83,000       | Entergy Arkansas, Inc., 6.45% Pfd.                         |
| 55,000       | Entergy Louisiana, Inc., 6.95% Pfd.                        |
|              | FPL Group Capital, Inc.:                                   |
| \$ 3,697,000 | 6.65% 06/15/67   |
| \$ 1,975,000 | 7.30% 09/01/67, Series D                                   |
| 75,000       | Georgia Power Company, 6.50% Pfd., Series 2007A            |
| 30,445       | Indianapolis Power & Light Company, 5.65% Pfd.             |
| 95,000       | Interstate Power & Light Company, 8.375% Pfd., Series B    |
| \$ 4,000,000 | PECO Energy Capital Trust IV, 5.75% 06/15/33               |
| \$ 825,000   | PPL Capital Funding, 6.70% 03/30/67, Series A              |

Flaherty & Crumrine/Claymore Total Return Fund Incorporated  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 FEBRUARY 28, 2011 (UNAUDITED)

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PREFERRED SECURITIES -- (CONTINUED)

|              |  |
|--------------|--|
|              | UTILITIES -- (CONTINUED)                         |
| \$ 53,000    | PPL Electric Utilities Corporation, 6.25% Pfd.   |
| \$ 5,175,000 | Puget Sound Energy, Inc., 6.974% 06/01/67        |
| 17,000       | Southern California Edison, 6.00% Pfd., Series C |
| \$ 705,000   | Southern Union Company, 7.20% 11/01/66           |
| \$ 1,900,000 | Wisconsin Energy Corporation, 6.25% 05/15/67     |
| \$ 3,615,000 | WPS Resources Corporation, 6.11% 12/01/66        |
|              |  |
|              | ENERGY -- 5.2%                                   |
| \$ 7,250,000 | Enbridge Energy Partners LP, 8.05% 10/01/37      |

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|              |   |
|--------------|---|
| \$ 5,450,000 | Enterprise Products Partners, 8.375% 08/01/66, Series A .....             |
|              | MISCELLANEOUS INDUSTRIES -- 1.2%  |
| 40,000       | Ocean Spray Cranberries, Inc., 6.25% Pfd., 144A**** .....                 |
|              | TOTAL PREFERRED SECURITIES  |
|              | (Cost \$239,490,480) .....  |
|              | CORPORATE DEBT SECURITIES -- 6.4%   |
|              | BANKING -- 0.3%   |
| \$ 635,000   | Goldman Sachs Group, 6.75% 10/01/37, Sub Notes .....                      |
|              | FINANCIAL SERVICES -- 0.3%  |
| \$ 4,726,012 | Lehman Brothers, Guaranteed Note, Variable Rate, 12/16/16, 144A**** ..... |
|              | INSURANCE -- 3.9%   |
| \$ 3,400,000 | Liberty Mutual Insurance, 7.697% 10/15/97, 144A**** .....                 |
| \$ 7,000,000 | UnumProvident Corporation, 7.25% 03/15/28 .....                           |

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Flaherty & Crumrine/Claymore Total Return Fund Incorporated  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 FEBRUARY 28, 2011 (UNAUDITED)

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|              |   |
|--------------|---|
|              | UTILITIES -- 0.7%   |
|              | Southern Union Company:   |
| \$ 1,000,000 | 7.60% 02/01/24, Senior Notes .....                                  |
| \$ 700,000   | 8.25% 11/15/29, Senior Notes .....                                  |
|              | MISCELLANEOUS INDUSTRIES -- 1.2%                                    |
| 16,500       | Corp-Backed Trust Certificates, 7.00% 11/15/28, Series Sprint ..... |
|              | Pulte Homes, Inc.:  |
| 25,844       | 7.375% 06/01/46 .....   |
| \$ 2,160,000 | 7.875% 06/15/32 .....   |
|              | TOTAL CORPORATE DEBT SECURITIES                                     |
|              | (Cost \$20,254,246) .....   |

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|  |   |       |
|--|---|-------|
| COMMON STOCK -- 0.2%                       |   |       |
|  | BANKING -- 0.2%                         |       |
| 13,500                                     | CIT Group, Inc. ....                    |       |
|  | TOTAL COMMON STOCK                      |       |
|  | (Cost \$2,533,093) .....                |       |
| MONEY MARKET FUND -- 0.1%                  |   |       |
| 297,495                                    | BlackRock Liquidity Funds, T-Fund ..... |       |
|  | TOTAL MONEY MARKET FUND                 |       |
|  | (Cost \$297,495) .....                  |       |
| TOTAL INVESTMENTS (Cost \$262,575,314***)  | .....                                   | 98.   |
| OTHER ASSETS AND LIABILITIES (Net)         | .....                                   | 1.    |
|  |   | ----- |
| TOTAL MANAGED ASSETS                       | .....                                   | 100.  |
|  |   | ----- |
| LOAN PRINCIPAL BALANCE                     | .....                                   |       |
| TOTAL NET ASSETS AVAILABLE TO COMMON STOCK | .....                                   |       |

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\* 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. At February 28, 2011, these securities amounted to \$51,073,289 or 19.3% of total managed assets.

Flaherty & Crumrine/Claymore Total Return Fund Incorporated  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 FEBRUARY 28, 2011 (UNAUDITED)

(1) All or a portion of this security is pledged as collateral for the Fund's loan. The total value of such securities was \$189,269,382 at February 28, 2011.

(2) Foreign Issuer.

(3) Illiquid

+ Non-income producing.

++ The issuer has filed for bankruptcy protection. As a result, the Fund may not be able to recover the principal invested and also does not expect to receive income on this security going forward.

+++ The percentage shown for each investment category is the total value of



that category as a percentage of total managed assets.

ABBREVIATIONS:

PFD. -- Preferred Securities  
 PVT. -- Private Placement Securities  
 REIT -- Real Estate Investment Trust  
 STRIPES -- Structured Residual Interest Preferred Enhanced Securities

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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, 2010 THROUGH FEBRUARY 28, 2011 (UNAUDITED)

|   | VALUE         |
|---|---------------|
|   | -----         |
| OPERATIONS:   |               |
| Net investment income .....   | \$ 3,927,476  |
| Net realized gain/(loss) on investments sold during the period .....          | 1,085,533     |
| Change in net unrealized appreciation/depreciation of investments .....       | 4,775,336     |
|   | -----         |
| NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS .....                    | 9,788,345     |
| DISTRIBUTIONS:  |               |
| Dividends paid from net investment income to Common Stock Shareholders(2) ... | (4,364,443)   |
|   | -----         |
| TOTAL DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS .....                        | (4,364,443)   |
| FUND SHARE TRANSACTIONS:  |               |
| Increase from shares issued under the Dividend Reinvestment and Cash          |               |
| Purchase Plan .....   | 63,241        |
|   | -----         |
| NET INCREASE IN NET ASSETS AVAILABLE TO COMMON STOCK RESULTING FROM FUND      |               |
| SHARE TRANSACTIONS .....  | 63,241        |
|   | -----         |
| NET INCREASE IN NET ASSETS AVAILABLE TO COMMON STOCK FOR THE PERIOD .....     | \$ 5,487,143  |
|   | =====         |
| NET ASSETS AVAILABLE TO COMMON STOCK:   |               |
| Beginning of period .....   | \$171,268,159 |
| Net increase in net assets during the period .....                            | 5,487,143     |
|   | -----         |
| End of period .....   | \$176,755,302 |
|   | =====         |

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(1) These tables summarize the three months ended February 28, 2011 and should be read in conjunction with the Fund's audited financial statements, including footnotes, in its Annual Report dated November 30, 2010.

(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, 2010 THROUGH FEBRUARY 28, 2011 (UNAUDITED)  
 FOR A COMMON STOCK SHARE OUTSTANDING THROUGHOUT THE PERIOD.

PER SHARE OPERATING PERFORMANCE:

Net asset value, beginning of period ..... \$ 17.47  
 -----

INVESTMENT OPERATIONS:

Net investment income ..... 0.40  
 Net realized and unrealized gain/(loss) on investments ..... 0.60  
 -----  
 Total from investment operations ..... 1.00  
 -----

DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS:

From net investment income ..... (0.45)  
 -----  
 Total distributions to Common Stock Shareholders ..... (0.45)  
 -----  
 Net asset value, end of period ..... \$ 18.02  
 =====  
 Market value, end of period ..... \$ 17.87  
 =====  
 Common Stock shares outstanding, end of period ..... 9,807,738  
 =====

RATIOS TO AVERAGE NET ASSETS AVAILABLE TO COMMON STOCK SHAREHOLDERS:

Net investment income+ ..... 9.24%\*  
 Operating expenses including interest expense ..... 2.07%\*  
 Operating expenses excluding interest expense ..... 1.42%\*

SUPPLEMENTAL DATA:++

Portfolio turnover rate ..... 4%\*\*  
 Total managed assets, end of period (in 000's) ..... \$ 264,255  
 Ratio of operating expenses including interest expense to total managed  
 assets ..... 1.39%\*  
 Ratio of operating expenses excluding interest expense to total managed  
 assets ..... 0.95%\*

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(1) These tables summarize the three months ended February 28, 2011 and should be read in conjunction with the Fund's audited financial statements, including footnotes, in its Annual Report dated November 30, 2010.

\* Annualized.

\*\* Not annualized.

+ The net investment income ratios reflect income net of operating expenses, including interest expense.

++ Information presented under heading Supplemental Data includes loan principal balance.



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|                           | TOTAL<br>VALUE AT<br>FEBRUARY 28, 2011 | LEVEL 1<br>QUOTED<br>PRICE | SIGNIFICANT<br>OBSERVABLE<br>INPUTS | SIGNIFICANT<br>UNOBSERVABLE<br>INPUTS |
|---------------------------|--|----------------------------|-------------------------------------|---------------------------------------|
| Preferred Securities      |  |                            |                                     |                                       |
| Banking                   | \$ 98,611,365                          | \$59,856,555               | \$ 38,682,150                       | \$ 72,660                             |
| Financial Services        | 6,936,115                              | --                         | 4,970,365                           | 1,965,750                             |
| Insurance                 | 55,103,968                             | 28,453,668                 | 26,650,300                          | --                                    |
| Utilities                 | 65,863,236                             | 6,800,517                  | 59,062,719                          | --                                    |
| Energy                    | 13,619,099                             | --                         | 13,619,099                          | --                                    |
| Miscellaneous Industries  | 3,230,000                              | --                         | 3,230,000                           | --                                    |
| Corporate Debt Securities | 16,850,437                             | 3,575,533                  | 12,414,770                          | 860,134                               |
| Common Stock              |  |                            |                                     |                                       |
| Banking                   | 584,820                                | 584,820                    | --                                  | --                                    |
| Money Market Fund         | 297,495                                | 297,495                    | --                                  | --                                    |
| Total Investments         | \$261,096,535                          | \$99,568,588               | \$158,629,403                       | \$2,898,544                           |

The Fund did not have any significant transfers in and out of Level 1 and Level 2 during the period.

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

The Fund's investments in Level 2 and Level 3 are based primarily on market information, where available. This includes, but is not limited to, prices provided by third-party providers, observable trading activity (including the recency, depth, and consistency of such information with quoted levels), and the depth and consistency of broker-quoted prices. In the event market information is not directly available, comparable information may be observed for securities that are similar in many respects to those being valued. The Fund may employ an income approach for certain securities that also takes into account credit risk, interest rate risk, and potential recovery prospects.

The following is a reconciliation of Level 3 investments for which significant unobservable inputs were used to determine fair value:

|  | TOTAL<br>INVESTMENTS | PREFERRED SECURITIES |                       |                              |
|--|----------------------|----------------------|-----------------------|------------------------------|
|  |                      | BANKING              | FINANCIAL<br>SERVICES | CORPORATE DEBT<br>SECURITIES |
| BALANCE AS OF 11/30/10                               | \$2,137,752          | \$30,968             | \$1,457,430           | \$649,354                    |
| Accrued discounts/premiums                           | --                   | --                   | --                    | --                           |
| Realized gain/(loss)                                 | --                   | --                   | --                    | --                           |
| Change in unrealized appreciation/<br>(depreciation) | 760,792              | 41,692               | 508,320               | 210,780                      |
| Net purchases/(sales)                                | --                   | --                   | --                    | --                           |
| Transfers in and/or out of Level 3                   | --                   | --                   | --                    | --                           |
| BALANCE AS OF 2/28/11                                | \$2,898,544          | \$72,660             | \$1,965,750           | \$860,134                    |

For the period ended February 28, 2011, total change in unrealized gain/(loss) on Level 3 securities still held at period-end and included in the change in net assets was \$760,792.

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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  
Laurie C. Lodolo  
Assistant Compliance Officer,  
Assistant Treasurer and  
Assistant Secretary  
Linda M. Puchalski  
Assistant Treasurer

INVESTMENT ADVISER

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

SERVICING AGENT

Guggenheim Funds Distributors, Inc.  
1-866-233-4001

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

- If your shares are held in a Brokerage Account, contact your Broker.
- If you have physical possession of your shares in certificate form,

contact the Fund's Transfer Agent --

BNY Mellon Shareowner Services  
1-866-351-7446

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.

(FLAHERTY & CRUMRINE/CLAYMORE LOGO)  
TOTAL RETURN FUND

Quarterly Report

February 28, 2011

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