

FLAHERTY & CRUMRINE/CLAYMORE TOTAL RETURN FUND INC  
Form N-Q  
October 21, 2004

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

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(Exact name of registrant as specified in charter)

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

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(Address of principal executive offices) (Zip code)

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

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(Name and address of agent for service)

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

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Date of fiscal year end: NOVEMBER 30, 2004

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Date of reporting period: AUGUST 31, 2004  
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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, 450 Fifth Street, NW, Washington, DC 20549-0609. 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 of Investments is attached herewith.

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 Flaherty & Crumrine/Claymore Total Return Fund Incorporated  
 PORTFOLIO OF INVESTMENTS  
 AUGUST 31, 2004 (UNAUDITED)  
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SHARES/\$ PAR  
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PREFERRED SECURITIES -- 70.6%  
 BANKING -- 34.2%

28,000	ABN AMRO Capital Fund Trust VII, 6.08% Pfd. ....
1,000	ABN AMRO North America, Inc., 6.59% Pfd., 144A**** .....
\$4,500,000	Astoria Capital Trust I, 9.75% 11/01/29 Capital Security, Series B .....
38,800	BAC Capital Trust I, 7.00% Pfd. ....
25,000	BAC Capital Trust III, 7.00% Pfd. ....
10,900	BAC Capital Trust V, 7.00% Pfd. ....
4,700	Bank One Capital Trust I, 8.00% Pfd. ....
50,900	Bank One Capital Trust VI, 7.20% Pfd. ....
\$1,000,000	BT Preferred Capital Trust II, 7.875% 02/25/27 Capital Security .....
\$10,000,000	Chase Capital I, 7.67% 12/01/26 Capital Security .....
79,300	Chase Capital VII, 7.00% Pfd., Series G .....
19,400	Chase Capital XI, 5.875% Pfd. 06/15/33 .....
30,000	Citigroup, Inc., 6.231% Pfd., Series H .....
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. ....
\$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 .....
\$1,500,000	First Tennessee Capital Trust II, 6.30% 04/15/34 Capital Security, Series B .....
\$2,000,000	First Union Institutional Capital II, 7.85% 01/01/27 Capital Security .....
18,000	Fleet Capital Trust VII, 7.20% Pfd. ....
2	FT Real Estate Securities Company, 9.50% Pfd., 144A**** .....
\$2,795,000	Great Western Finance Trust II, 8.206% 02/01/27 Capital Security, Series A .....
\$6,000,000	GreenPoint Capital Trust I, 9.10% 06/01/27 Capital Security .....
\$8,000,000	HBOS Capital Funding LP, 6.85% Pfd. ....
\$6,820,000	HSBC Capital Funding LP, 10.176% 144A**** .....
\$855,000	HSBC Capital Trust II, 8.38% 05/15/2027 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. ....
1,940,000	J.P. Morgan Capital Trust I, 7.54% 01/15/27 Capital Security .....
6,455	J.P. Morgan Chase & Co., 6.625% Pfd., Series H .....
\$5,000,000	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 .....
\$4,000,000	RBS Capital Trust B, 6.80% Pfd. ....

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 Flaherty & Crumrine/Claymore Total Return Fund Incorporated  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 AUGUST 31, 2004 (UNAUDITED)  
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PREFERRED SECURITIES -- (CONTINUED)  
 BANKING -- (CONTINUED)

2,100	Regions Financial Trust I, 8.00% 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 .....
20	Roslyn Real Estate, 8.95% Pfd., Pvt., Series C, 144A**** .....
20,000	Royal Bank of Scotland Group PLC, 6.40% Pfd., Series M .....
\$5,050,000	Union Planters Capital Trust, 8.20% 12/15/26 Capital Security .....
19,000	USB Capital V, 7.25% Pfd. ....
\$5,000,000	Wachovia Capital Trust I, 7.64% 01/15/27 Capital Security, 144A**** .....
350,000	Wachovia Preferred Funding, 7.25% Pfd., Series A .....
7,900	Wells Fargo Capital Trust IV, 7.00% Pfd. ....
100,000	Wells Fargo Capital Trust IX, 5.625% Pfd. ....

FINANCIAL SERVICES -- 3.9%

9,900	The Bear Stearns Companies Inc., 5.49% Pfd., Series G .....
	Lehman Brothers Holdings, Inc.:
50,000	5.94% Pfd., Series C .....
192,100	6.50% Pfd., Series F .....
9,700	Merrill Lynch Capital Trust III, 7.00% Pfd. ....
168,650	Merrill Lynch Capital Trust V, 7.28% Pfd. ....
17,200	Morgan Stanley Capital Trust II, 7.25% Pfd. ....
30,000	Morgan Stanley Capital Trust III, 6.25% Pfd. ....
6,000	Morgan Stanley Capital Trust V, 5.75% Pfd. ....

INSURANCE -- 9.9%

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 .....
189,400	Everest Re Capital Trust II, 6.20% Pfd., Series B .....
	ING Groep NV:
36,000	7.05% Pfd. ....
125,000	7.20% Pfd. ....
40,000	St. Paul Capital Trust I, 7.60% 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 .....
6,675	Zurich RegCaPS Funding Trust, 6.58% Pfd., 144A**** .....

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PREFERRED SECURITIES -- (CONTINUED)

UTILITIES -- 13.9%

225,000	Alabama Power Company, 5.30% Pfd. ....
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 .....
	Duke Energy Corporation:
50,214	7.04% Pfd., Series Y .....
22,934	7.85% Pfd., Series S .....
37,000	Duquesne Light Company, 6.50% Pfd. ....
20,000	Energy East Capital Trust I, 8.25% Pfd. ....
758	Entergy Arkansas, Inc., 7.40% Pfd. ....
70,000	Florida Power Company, 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. ....
30,000	Public Service Electric & Gas, 4.30% Pfd., Series C .....
120,000	Southern Union Company, 7.55% Pfd. ....
10,000	Southwest Gas Capital II, 7.70% Pfd. ....
5,000	Union Electric Company, \$7.64 Pfd. ....
82,717	Wisconsin Power & Light Company, 6.50% Pfd. ....

OIL AND GAS -- 0.8%

2,750	EOG Resources, Inc., 7.195% Pfd., Series B .....
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REAL ESTATE INVESTMENT TRUST (REIT) -- 6.6%

16,020	AMB Property Corporation, 6.75% Pfd., REIT, Series M .....
40,000	BRE Properties, Inc., 6.75% Pfd., REIT, Series C .....
38,750	Carramerica Realty Corporation, 7.50% Pfd., REIT, Series E .....
	Duke Realty Corporation:
19,549	6.625% Pfd., REIT, Series J .....
50,000	6.50% Pfd., REIT, Series K .....
	Equity Residential Properties:
18,962	6.48% Pfd., REIT, Series N .....
85,000	8.29% Pfd., REIT, Series K .....
100,000	Health Care Property Investment, 7.10% Pfd., REIT, Series F .....

AUGUST 31, 2004 (UNAUDITED)

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PREFERRED SECURITIES -- (CONTINUED)

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

	PS Business Parks, Inc.:	
57,000	6.875% Pfd., REIT, Series I	.....
34,500	7.60% Pfd., REIT, Series L	.....
45,000	7.95% Pfd., REIT, Series K	.....
	Public Storage, Inc.:	
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	.....
95,000	Weingarten Realty Investment, 6.95% Pfd., REIT	.....

MISCELLANEOUS INDUSTRIES -- 1.3%

65,300	Delphi Trust I, 8.25% Pfd.	.....
34,000	Ocean Spray Cranberries, Inc., 6.25% Pfd., 144A****	.....

TOTAL PREFERRED SECURITIES  
(Cost \$246,712,653)

CORPORATE DEBT SECURITIES -- 25.1%

FINANCIAL SERVICES -- 1.7%

45,000	Corp-Backed Trust Certificates, 5.80% Pfd., Series Goldman Sachs	.....
\$5,000,000	Lehman Brothers, Guaranteed Note, Variable Rate, 12/16/16, 144A****	.....

INSURANCE -- 8.1%

20,000	American Financial Group, Inc., 7.125% 02/03/34, Senior Note	.....
\$8,700,000	OneAmerica Financial Partners, 7.00% 10/15/33, 144A****	.....
\$10,455,000	Prudential Holdings LLC, 8.695% 12/18/23, 144A****	.....
\$7,000,000	UnumProvident Corporation, 7.25% 03/15/28, Senior Notes	.....

OIL AND GAS -- 2.6%

356,200	Nexen, Inc., 7.35% Subordinated Notes	.....
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 Flaherty & Crumrine/Claymore Total Return Fund Incorporated  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
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CORPORATE DEBT SECURITIES -- (CONTINUED)  
 UTILITIES -- 10.4%

\$2,000,000	AEP Texas Central Company, 6.65% 02/15/33, Senior Notes, Series E .....
\$6,100,000	Constellation Energy Group, 7.60% Pfd., 04/1/32, Senior Notes .....
	Duke Capital Corporation:
27,200	7.875% 02/15/32, Corp-Backed Trust .....
\$5,000,000	8.00% 10/01/19 Senior Notes .....
5,000	Entergy Mississippi, Inc., 7.25%, 1st Mortgage .....
75,000	Georgia Power Company, 6.00% Pfd., FGIC Insured .....
\$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, Secured .....
\$4,000,000	Wisconsin Electric Power Company, 6.875% 12/01/95 .....

MISCELLANEOUS -- 2.3%

35,325	Ford Motor Company, 7.50% 06/10/43, Senior Notes .....
\$6,265,000	General Motors Corporation, 8.80% 03/01/21 .....
25,300	Maytag Corporation, 7.875% 08/01/31 .....

TOTAL CORPORATE DEBT SECURITIES  
 (Cost \$88,274,341) .....

CONVERTIBLE SECURITIES -- 2.8%  
 INSURANCE -- 0.2%

36,000	XL Capital Ltd., 6.50% Mandatory Convertible, 05/15/07 .....
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UTILITIES -- 2.6%

161,500	FPL Group, Inc., 8.50% Mandatory Convertible, Series A 02/16/05
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TOTAL CONVERTIBLE SECURITIES  
 (Cost \$10,034,398) .....

OPTION CONTRACTS -- 0.1%

2,475	October Put Options on December U.S. Treasury Bond Futures, Expiring 9/25/04 ....
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TOTAL OPTION CONTRACTS  
 (Cost \$1,875,470) .....

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 Flaherty & Crumrine/Claymore Total Return Fund Incorporated  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 AUGUST 31, 2004 (UNAUDITED)  
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MONEY MARKET FUND -- 0.6%  
 2,059,710 BlackRock Provident Institutional, TempFund

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 TOTAL MONEY MARKET FUND  
 (Cost \$2,059,710) .....

TOTAL INVESTMENTS (Cost \$348,956,572***) .....	99.2%
OTHER ASSETS AND LIABILITIES (Net) .....	0.8%
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TOTAL NET ASSETS AVAILABLE TO COMMON STOCK AND PREFERRED STOCK .....	100.0%++
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AUCTION MARKET PREFERRED STOCK (AMPS) REDEMPTION VALUE .....	
ACCUMULATED UNDECLARED DISTRIBUTIONS TO AMPS .....	
TOTAL NET ASSETS AVAILABLE TO COMMON STOCK .....	

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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

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quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 3. EXHIBITS.

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 8, 2004  
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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 8, 2004  
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By (Signature and Title)\* /S/ R. ERIC CHADWICK

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

Date OCTOBER 8, 2004  
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\* Print the name and title of each signing officer under his or her signature.