

FLAHERTY & CRUMRINE/CLAYMORE TOTAL RETURN FUND INC
Form N-Q
April 26, 2011

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

Date of reporting period: February 28, 2011

Form N-Q is to be used by management investment companies, other than small business investment companies registered on Form N-5 (Sections 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. Section 3507.

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:

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

(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 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 | % OF NET ASSETS+ |
|---------------------|---------------------|
| ----- | ----- |
| Banking | 38% |
| Utilities | 26% |
| Insurance | 25% |
| Energy | 5% |

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| | |
|--------------------|----|
| Financial Services | 3% |
| Other | 3% |

| TOP 10 HOLDINGS BY ISSUER | % OF 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 NET 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.

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

SHARES/\$ PAR

| ----- | |
|-------------------------------|---|
| 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 |

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| | |
|---------------|---|
| 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 | FBOF 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)

SHARES/\$ PAR

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 |
| 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**** |

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| | |
|--------------|---|
| \$ 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 |

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

SHARES/\$ PAR

| | |
|-------------------------------------|---|
| 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**** |
| \$ 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 |

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| | |
|--------------|--|
| | 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 |

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

SHARES/\$ PAR

| | |
|--------------|---|
| | 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 |
| \$ 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) |

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| | |
|--------------|---|
| | 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)

SHARES/\$ PAR

| | |
|--------------|---|
| | 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) |
| | 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 |

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| | |
|--|------|
| (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 | |

-
- * 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 |
| | ===== |

 (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.

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 |

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| | |
|--|------------|
| 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%* |

(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.

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

| | TOTAL DIVIDENDS PAID | NET ASSET VALUE | NYSE CLOSING PRICE | DIVIDEND REINVESTMENT PRICE (1) |
|------------------------------|----------------------------|--------------------|-----------------------|---------------------------------------|
| | ----- | ----- | ----- | ----- |
| December 31, 2010 - Extra .. | \$0.0400 | \$17.44 | \$17.26 | \$17.26 |
| December 31, 2010 | 0.1350 | 17.44 | 17.26 | 17.26 |
| January 31, 2011 | 0.1350 | 17.66 | 17.51 | 17.64 |

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February 28, 2011 0.1350 18.02 17.87 17.99

 (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 reinvestment 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)

1. AGGREGATE INFORMATION FOR FEDERAL INCOME TAX PURPOSES

At February 28, 2011, the aggregate cost of securities for federal income tax purposes was \$262,928,716, the aggregate gross unrealized appreciation for all securities in which there is an excess of value over tax cost was \$26,693,942 and the aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value was \$28,526,123.

2. ADDITIONAL ACCOUNTING STANDARDS

Fair Value Measurement: The inputs and valuation techniques used to measure fair value of the Fund's investments are summarized into three levels as described in the hierarchy below:

- Level 1 - quoted prices in active markets for identical securities
- Level 2 - other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 - significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. Transfers in and out of levels are recognized at market value at the end of the period. A summary of the inputs used to value the Fund's investments as of February 28, 2011 is as follows:

| | TOTAL VALUE AT FEBRUARY 28, 2011 | LEVEL 1 QUOTED PRICE | LEVEL 2 SIGNIFICANT OBSERVABLE INPUTS | LEVEL 3 SIGNIFICANT UNOBSERVABLE 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 | -- |

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| | | | | |
|---------------------------|---------------|--------------|---------------|-------------|
| 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 | PREFERRED SECURITIES | | CORPORATE DEBT |
|--|-------------|----------------------|--------------------|----------------|
| | INVESTMENTS | BANKING | FINANCIAL SERVICES | 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/ (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

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.

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 4/21/11

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 4/21/11

By (Signature and Title)* /s/ R. Eric Chadwick

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

Date 4/21/11

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