

F&C/CLAYMORE PREFERRED SECURITIES INCOME FUND INC

Form N-30B-2

April 19, 2005

FLAHERTY & CRUMRINE/CLAYMORE PREFERRED SECURITIES  
INCOME FUND

Dear Shareholder:

The Flaherty & Crumrine/Claymore Preferred Securities Income Fund ("FFC") delivered very respectable results during the most recently concluded fiscal quarter. For the three month period ending February 28, 2005, the Fund produced a total return on net asset value ("NAV") of 4.4%(1). All segments of the investment portfolio performed well during the period. The Fund's hedges were a modest drag on investment results, as long-term interest rates declined during the period.

In recent letters, we have indicated that the Fund is susceptible to the same factors that have forced many other income-oriented funds to reduce their dividend distributions. In April, the Fund's monthly dividend was set at \$0.1550 per share, a 10.1% reduction from the prior month.

As is the case with other leveraged funds, rising short-term interest rates have increased the amount the Fund must pay on its Auction Market Preferred Stock ("AMPS"). Typically, rising short-term interest rates are accompanied by rising long-term rates, which should increase the value of the Fund's hedges. The gains on the hedges can then be invested in additional securities, which in turn increase the Fund's income, and, on balance, help keep the Fund's dividend relatively stable.

U.S. TREASURY YIELD CURVES

[GRAPHIC OMITTED]

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

Maturity	4/30/04	2/28/05
0.25	0.97	2.74
0.50	1.14	2.97
2.00	2.31	3.58
3.00	2.75	3.75
5.00	3.61	3.99
10.00	4.50	4.36
30.00	5.28	4.71

As the above chart shows, current market conditions are anything but typical--since the Federal Reserve signaled its intent to raise short-term interest rates last April, short-term interest rates have increased by approximately 175 basis points, while long-term interest rates have FALLEN by over 50 basis points! As a result, the Fund's AMPS expense is significantly higher, but the hedges have not enabled us to produce more income. While we do not expect these conditions to persist for long periods, at this time it is necessary to adjust the monthly distribution to a more sustainable amount.

Over the longer term, a "flatter" yield curve (as measured by the difference in short- and long-term interest rates) is not a bad thing for the Fund. Obviously, the cost of the Fund's leverage will go up, but at

-----

(1) Based on monthly data provided by Lipper Inc. Distributions are assumed to be reinvested at NAV in accordance with Lipper's practice.

## Edgar Filing: F&C/CLAYMORE PREFERRED SECURITIES INCOME FUND INC - Form N-30B-2

the same time, the cost of the Fund's hedging strategy should go down. This effect can be significant since the leverage comprises roughly 34% of the Fund's assets, while the ENTIRE portfolio is hedged. The impact of the higher leverage cost occurs almost immediately, while the benefits of lower hedging costs take a bit longer to impact the Fund's income. The mathematics of all this can be a bit daunting, but over the long run, these two effects have tended to offset each other.

As a rule, we don't comment on the market price of the Fund's common shares; however, recent market activity certainly does warrant some observations. Over the long run, the market price SHOULD track the net asset value. From time to time we expect to see some deviation due to factors or circumstances unique to the Fund. For example, most investors cannot replicate FFC's investment portfolio, hedging strategy, or leverage, and therefore may be willing to pay a premium to the NAV.

The chart below plots the recent market price and net asset value of FFC. For much of this period, the market price traded at a premium to the NAV. We attributed this in part to the Fund's strategy plus an attractive dividend rate. During late February of this year, shares were trading around \$25 1/2; as of this writing, they are trading around \$22. During the same period, the net asset value declined less than \$0.75!

[GRAPHIC OMITTED]

EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC  
Flaherty & Crumrine/Claymore Preferred Securities Income Fund  
Market Price vs. Net Asset Value

2/6/04	26.98	25.5
2/13/04	26.99	25.55
2/20/04	26.91	25.36
2/27/04	27.07	25.61
3/5/04	27.13	25.84
3/12/04	27.27	25.87
3/19/04	27.59	25.94
3/26/04	27.76	25.61
4/2/04	27.31	25.39
4/9/04	26.63	25.25
4/16/04	25.89	24.93
4/23/04	24.45	24.54
4/30/04	24.45	24.49
5/7/04	23.52	23.72
5/14/04	24.25	23.68
5/21/04	23.89	23.8
5/28/04	24.49	24
6/4/04	24.4	24
6/11/04	24.39	23.89
6/18/04	24.22	23.85
6/25/04	23.74	23.67
7/2/04	24.06	23.72
7/9/04	24.28	23.83
7/16/04	24.7	24.11
7/23/04	24.3	23.85
7/30/04	24.67	23.86
8/6/04	24.84	24.04
8/13/04	25.01	24.14
8/20/04	24.9	24.02
8/27/04	25.21	24.11
9/3/04	25.2	24.08
9/10/04	25.37	24.32
9/17/04	25.4	24.55
9/24/04	25.26	24.64

Edgar Filing: F&C/CLAYMORE PREFERRED SECURITIES INCOME FUND INC - Form N-30B-2

10/1/04	25.35	24.34
10/8/04	25.68	24.47
10/15/04	25.82	24.55
10/22/04	25.49	24.34
10/29/04	25.86	24.38
11/5/04	25.4	24.33
11/12/04	25.73	24.36
11/19/04	25.86	24.3
11/26/04	25.9	24.36
12/3/04	25.22	24.3
12/10/04	25.34	24.55
12/17/04	25.34	24.55
12/24/04	25.55	24.21
12/31/04	26	24.32
1/7/05	25.74	24.21
1/14/05	25.44	24.4
1/21/05	25.41	24.38
1/28/05	25.35	24.47
2/4/05	26.1	24.8
2/11/05	25.62	24.77
2/18/05	25.26	24.42
2/25/05	25.38	24.49
3/4/05	25.38	24.53
3/11/05	24.45	24.4
3/18/05	23.2	24.2
3/25/05	22.53	23.75
4/1/05	22.08	23.85

Unlike open-end mutual funds, investors in closed-end funds should have a longer investment horizon in order to weather swings in the relationship between market price and NAV. In that same vein, investors with a long-term investment horizon should stay focused on the NAV performance and dividend history of the Fund. We plan to stay the course and hopefully will continue to meet and exceed the objectives of the Fund.

Please take advantage of the Fund's website, [www.fcclaymore.com](http://www.fcclaymore.com). It contains a wide range of useful and up-to-date information about the Fund. We have also addressed in greater detail many of the topics discussed in this letter.

Sincerely,

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

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

April 5, 2005

-----  
Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated  
PORTFOLIO OVERVIEW  
FEBRUARY 28, 2005 (UNAUDITED)  
-----

FUND STATISTICS ON 2/28/05  
-----

Net Asset Value \$ 24.46

Edgar Filing: F&C/CLAYMORE PREFERRED SECURITIES INCOME FUND INC - Form N-30B-2

Market Price	\$ 25.54
Premium	4.42%
Yield on Market Price	8.10%
Common Shares Outstanding	42,541,051

INDUSTRY CATEGORIES % OF PORTFOLIO

---

[GRAPHIC OMITTED]  
EDGAR REPRESENTATION OF DATA POINTS USED IN PRINTED GRAPHIC

Banks	34%
Utilities	27%
Financial Services	16%
Insurance	15%
REITs	4%
Oil and Gas	2%
Other	2%

MOODY'S RATINGS % OF PORTFOLIO

---

Aaa	0.9%
Aa	7.5%
A	34.0%
Baa	44.9%
Ba	5.8%
Not Rated	3.2%

Below Investment Grade\* 5.1%

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

TOP 10 HOLDINGS BY ISSUER % OF PORTFOLIO

---

Lehman Brothers	4.5%
J.P. Morgan Chase	4.2%
Wachovia Corp.	4.1%
Duke Energy	3.3%
Zurich RegCaPS	3.2%
Bank of America	3.2%
Ace Ltd.	2.9%
North Fork Bancorporation	2.9%
Countrywide Financial	2.7%
Fannie Mae	2.7%

-----  
 Holdings Generating Qualified Dividend Income (QDI) for Individuals  
 Holdings Generating Income Eligible for the Corporate Dividend Received Deduction (DRD)  
 -----

\*\* 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.

3

-----  
 Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated  
 PORTFOLIO OF INVESTMENTS  
 FEBRUARY 28, 2005 (UNAUDITED)  
 -----

SHARES/\$ PAR  
 -----

PREFERRED SECURITIES -- 78.7%  
 BANKING -- 33.6%

108,197	Abbey National Group, 7.375% Pfd., Series C .....
15,000	ABN AMRO Capital Fund Trust VII, 6.08% Pfd. ....
	ABN AMRO North America, Inc.:
2,015	6.46% Pfd., 144A**** .....
12,301	6.59% Pfd., 144A**** .....
\$ 18,000,000	Astoria Capital Trust I, 9.75% 11/01/29 Capital Security, Series B .....
19,500	BAC Capital Trust III, 7.00% Pfd. ....
754,000	BAC Capital Trust IV, 5.875% Pfd. ....
600	BAC Capital Trust V, 7.00% Pfd. ....
\$ 1,240,000	BankBoston Capital Trust I, 8.25% 12/15/26 Capital Security .....
\$ 16,155,000	BankBoston Capital Trust II, 7.75% 12/15/26 Capital Security, Series B .....
468,100	Bank of New York Capital V, 5.95% Pfd. ....
51,000	Bank One Capital Trust VI, 7.20% Pfd. ....
\$ 500,000	BT Capital Trust B, 7.90% 01/15/27 Capital Security .....
\$ 1,000,000	BT Preferred Capital Trust II, 7.875% 02/25/27 Capital Security .....
\$ 6,500,000	Chase Capital I, 7.67% 12/01/26 Capital Security .....
426,250	Chase Capital XI, 5.875% Pfd. 06/15/33 .....
18,800	Citigroup, Inc., 6.231% Pfd., Series H .....
105,000	Cobank, ACB, 7.00% Pfd., 144A**** .....
27,900	Comerica (Imperial) Capital Trust I, 7.60% Pfd. ....
\$ 800,000	CoreStates Capital Trust I, 8.00% 12/15/26 Capital Security, 144A**** .....
\$ 11,000,000	Cullen/Frost Capital Trust I, 8.42% 02/01/27 Capital Security, Series A .....
\$ 2,500,000	Dime Capital Trust I, 9.33% 05/06/27 Capital Security, Series A .....
\$ 5,600,000	First Chicago NBD Capital A, 7.95% 12/01/26 Capital Security, 144A**** .....
\$ 875,000	First Chicago NBD Capital B, 7.75% 12/01/26 Capital Security, 144A**** .....
\$ 3,000,000	First Midwest Capital Trust I, 6.95% 12/01/33 Capital Security .....
\$ 3,500,000	First Tennessee Capital Trust II, 6.30% 04/15/34 Capital Security, Series B .....
\$ 3,000,000	Fleet Capital Trust II, 7.92% 12/11/26 Capital Security .....

Edgar Filing: F&C/CLAYMORE PREFERRED SECURITIES INCOME FUND INC - Form N-30B-2

62,600	Fleet Capital Trust VII, 7.20% Pfd. ....
86,500	Fleet Capital Trust VIII, 7.20% Pfd. ....
3	FT Real Estate Securities Company, 9.50% Pfd., 144A**** ....
\$ 37,550,000	GreenPoint Capital Trust I, 9.10% 06/01/27 Capital Security ....
\$ 23,725,000	HBOS Capital Funding LP, 6.85% Pfd. ....
6,300	Household Capital Trust VI, 8.25% Pfd. ....
\$ 14,357,000	J.P. Morgan Capital Trust I, 7.54% 01/15/27 Capital Security ....
\$ 11,908,000	J.P. Morgan Capital Trust II, 7.95% 02/01/27 Capital Security ....
282,800	J.P. Morgan Chase Capital XIV, 6.20% Pfd., 10/15/34 ....

4

-----  
 Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 FEBRUARY 28, 2005 (UNAUDITED)  
 -----

SHARES/\$ PAR  
 -----

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

	J.P. Morgan Chase & Co.:
15,000	6.625% Pfd., Series H ....
74,558	Adj. Rate Pfd. ....
23,800	Keycorp Capital V, 5.875% Pfd., Series A ....
\$ 12,595,000	Keycorp Institutional Capital A, 7.826% 12/01/26 Capital Security, Series A ....
\$ 4,000,000	Lloyds TSB Bank PLC, Tier I, 6.90% 10/22/49 ....
\$ 25,280,000	Marshall & Ilesley Capital Trust A, 7.65% 12/01/26 Capital Security ....
20	Marshall & Ilesley Investment II, 8.875% Pfd., 144A**** ....
25,000	Merrill Lynch Preferred Capital, Adj. Rate Pfd., Series G ....
\$ 4,000,000	NB Capital Trust IV, 8.25% Capital Security ....
\$ 3,000,000	North Fork Capital Trust I, 8.70% 12/15/26 Capital Security ....
\$ 13,750,000	RBS Capital Trust B, 6.80% Pfd. ....
\$ 15,600,000	Republic New York Capital I, 7.75% 11/15/26 Capital Security ....
\$ 17,127,000	Republic New York Capital II, 7.53% 12/04/26 Capital Security ....
	Roslyn Real Estate:
40	8.95% Pfd., Pvt., Series C, 144A**** ....
30	Adj. Rate Pfd., Series D, 144A**** ....
	Royal Bank of Scotland Group PLC:
597,500	5.75% Pfd., Series L ....
209,500	6.40% Pfd., Series M ....
\$ 14,167,000	Union Planters Capital Trust, 8.20% 12/15/26 Capital Security ....
60	Union Planters Preferred Funding, 7.75% Pfd., Series 144A**** ....
23,500	VNB Capital Trust I, 7.75% Pfd. ....
\$ 300,000	Wachovia Capital Trust V, 7.965% 06/01/27 Capital Security, 144A**** ....
2,217,200	Wachovia Preferred Funding, 7.25% Pfd., Series A ....
\$ 20,750,000	Washington Mutual, Inc., 8.36% 12/01/26 Capital Security, 144A**** ....
\$ 8,000,000	Webster Capital Trust II, 10.00% 04/01/27 Capital Security ....
365,000	Wells Fargo Capital Trust VII, 5.85% Pfd. ....
45,000	Wells Fargo Capital Trust IX, 5.625% Pfd. ....

-----  
 FINANCIAL SERVICES -- 13.3%

---

58,500	The Bear Stearns Companies, Inc., 5.49% Pfd., Series G .....
30,000	Corporate-Backed Trust Certificates, 7.75% Pfd., Series CIT .....
\$ 15,459,000	Countrywide Capital I, 8.00% 12/15/26 Capital Security .....
1,030,200	Countrywide Capital IV, 6.75% Pfd. ....

5

---

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 FEBRUARY 28, 2005 (UNAUDITED)

---

SHARES/\$ PAR

---

PREFERRED SECURITIES -- (CONTINUED)  
 FINANCIAL SERVICES -- (CONTINUED)

---

Fannie Mae:	
480,420	5.10% Pfd., Series E .....
96,300	5.125% Pfd. ....
300,000	Adj. Rate Pfd. ....
Freddie Mac:	
20,000	5.00% Pfd., Series F .....
19,900	5.30% Pfd. ....
42,500	5.79% Pfd. ....
483,052	General Electric Capital Corporation, 5.875% Pfd. ....
Lehman Brothers Holdings, Inc.:	
277,000	5.67% Pfd., Series D .....
85,000	5.94% Pfd., Series C .....
1,349,750	6.50% Pfd., Series F .....
35,000	Lehman Capital Trust III, 6.375% Pfd. Series K .....
5,000	Lehman Capital Trust V, 6.00% Pfd., Series M .....
31,400	Lehman Capital Trust VI, 6.24% Pfd., Series N .....
138,975	Merrill Lynch Capital Trust V, 7.28% Pfd. ....
10,000	Merrill Lynch Preferred Capital Trust IV, 7.12% Pfd. ....
64,300	Morgan Stanley Capital Trust II, 7.25% Pfd. ....
1,101,398	Morgan Stanley Capital Trust III, 6.25% Pfd. ....
202,000	Morgan Stanley Capital Trust IV, 6.25% Pfd. ....
9,000	Morgan Stanley Capital Trust V, 5.75% Pfd. ....
160,000	SLM Corporation, 6.97% Pfd., Series A .....

---

INSURANCE -- 13.4%

---

1,719,980	ACE Ltd., 7.80% Pfd., Series C .....
\$ 16,551,000	AON Capital Trust A, 8.205% 01/01/27 Capital Security .....
48,100	Corporate-Backed Trust Certificates, 8.00% Pfd., Series AON .....
106,000	Corts-AON Capital, 8.205% Pfd. ....
37,000	Corts-UnumProvident Corporation, 8.50% Pfd. ....
142,300	Everest Re Capital Trust II, 6.20% Pfd., Series B .....
ING Groep NV:	
36,000	7.05% Pfd. ....
489,000	7.20% Pfd. ....

Edgar Filing: F&C/CLAYMORE PREFERRED SECURITIES INCOME FUND INC - Form N-30B-2

\$ 10,000,000	Mangrove Bay Passthru Trust, 6.102% 07/15/33 Capital Security, 144A****	.....
\$ 2,200,000	MMI Capital Trust I, 7.625% 12/15/27 Capital Security, Series B	.....
270,989	PartnerRe Ltd., 6.75% Pfd., Series C	.....

6

-----  
 Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 FEBRUARY 28, 2005 (UNAUDITED)  
 -----

SHARES/\$ PAR  
 -----

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

\$ 8,000,000	Provident Financing Trust I, 7.405% 03/15/38 Capital Security	.....
	Renaissancere Holding:	
20,000	6.08% Pfd., Series C	.....
332,235	7.30% Pfd., Series B	.....
94,900	Saturns-AON 2003-3, 8.00% Pfd., Series AON	.....
56,000	Saturns-SAFC 2001-7, 8.25% Pfd., Series SAFC	.....
22,390	St. Paul Capital Trust I, 7.60% Pfd.	.....
\$ 8,075,000	USF&G Capital, 8.312% 07/01/46 Capital Security, 144A****	.....
\$ 17,000,000	USF&G Capital I, 8.50% 12/15/45 Capital Security, 144A****	.....
15,000	XL Capital Ltd., 7.625% Pfd., Series B	.....
	Zurich RegCaPS Funding Trust:	
13,100	6.01% Pfd., 144A****	.....
35,900	6.58% Pfd., 144A****	.....

-----  
 UTILITIES -- 12.9%

\$ 3,750,000	AGL Capital Trust, 8.17% 06/01/37 Capital Security	.....
	Alabama Power Company:	
55,000	5.20% Pfd.	.....
275,000	5.30% Pfd.	.....
10,000	Baltimore Gas & Electric Company, 6.70% Pfd., Series 1993	.....
50,000	Baltimore Gas & Electricity, 7.125% Pfd., Series 1993	.....
35,000	Central Maine Power, 5.25% Pfd., Pvt.	.....
\$ 8,700,000	COMED Financing II, 8.50% 01/15/27 Capital Security, Series B	.....
\$ 10,395,000	COMED Financing III, 6.35% 03/15/33 Capital Security	.....
23,883	Delmarva Power & Light, 5.00% Pfd.	.....
50,000	Dominion CNG Cap Trust I, 7.80% Pfd.	.....
\$ 8,082,000	Dominion Resources Capital Trust I, 7.83% 12/01/27 Capital Security	.....
	Duke Energy Corporation:	
85,385	4.50% Pfd., Series C, Pvt.	.....
59,662	7.04% Pfd., Series Y	.....
51,331	7.85% Pfd., Series S	.....
96,450	Duquesne Light Company, 6.50% Pfd.	.....
67,700	Energy East Capital Trust I, 8.25% Pfd.	.....
	Entergy Arkansas, Inc.:	
10,240	4.56% Pfd., Series 1965	.....
5,692	7.40% Pfd.	.....



Edgar Filing: F&C/CLAYMORE PREFERRED SECURITIES INCOME FUND INC - Form N-30B-2

11,675 Entergy Louisiana, Inc., 8.00% Pfd., Series 92 .....

-----  
 Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 FEBRUARY 28, 2005 (UNAUDITED)  
 -----

SHARES/\$ PAR  
 -----

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

	Florida Power Company:
49,750	4.40% Pfd. ....
37,088	4.58% Pfd. ....
21,585	4.60% Pfd. ....
60,000	FPC Capital I, 7.10% Pfd., Series A .....
12,442	Great Plains Energy, Inc., 4.20% Pfd. ....
5,000	Gulf Power Capital Trust III, 7.375% Pfd. ....
\$ 17,262,000	Houston Light & Power, Capital Trust II, 8.257% 02/01/37 Capital Security .....
119,805	Indianapolis Power & Light Company, 5.65% Pfd. ....
	Interstate Power & Light Company:
110,000	7.10% Pfd., Series C .....
11,000	8.375% Pfd., Series B .....
15,017	Kentucky Energy Corp., 4.75% Pfd. ....
32,300	Laclede Capital Trust I, 7.70% Pfd. ....
5,000	Northern Indiana Public Service Company, Adj. Rate Pfd., Series A .....
	Pacific Enterprises:
4,550	\$4.40 Pfd. ....
4,510	\$4.50 Pfd. ....
23,085	\$4.75 Pfd., Series 53 .....
3,500	PacifiCorp, \$7.48 Sinking Fund Pfd. ....
\$ 2,337,000	PECO Energy Capital Trust III, 7.38% 04/06/28 Capital Security, Series D .....
\$ 27,000,000	PECO Energy Capital Trust IV, 5.75% 06/15/33 Capital Security .....
13,061	Portland General Electric, 7.75% Sinking Fund Pfd. ....
215,750	PSEG Funding Trust II, 8.75% Pfd. ....
\$ 6,000,000	Puget Capital Trust, 8.231% 06/01/27 Capital Security, Series B .....
200,000	San Diego Gas & Electric Company, \$1.70 Pfd. ....
42,000	Savannah Electric & Gas Company, 6.00% Pfd. ....
190,000	Southern Union Company, 7.55% Pfd. ....
34,252	TXU US Holdings Company, \$4.00 Pfd., Series TES .....
\$ 2,500,000	Union Electric Company, 7.69% 12/15/36 Capital Security, Series A .....
	Virginia Electric & Power Company:
14,985	\$4.12 Pfd. ....
21,684	\$4.80 Pfd. ....
78,700	Virginia Power Capital Trust, 7.375% Pfd. 07/30/42 .....
15,000	Wisconsin Power & Light Company, 6.20% Pfd. ....
	Xcel Energy, Inc.:
7,110	\$4.10 Pfd., Series C .....
10,210	\$4.11 Pfd., Series D .....

-----  
 Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 FEBRUARY 28, 2005 (UNAUDITED)  
 -----

SHARES/\$ PAR  
 -----

PREFERRED SECURITIES -- (CONTINUED)  
 OIL AND GAS -- 1.8%

13,200	EOG Resources, Inc., 7.195% Pfd., Series B .....
\$ 13,315,000	Phillips 66 Capital Trust II, 8.00% 01/15/37 Capital Security .....

REAL ESTATE INVESTMENT TRUST (REIT) -- 3.2%

AMB Property Corporation:	
54,405	6.50% Pfd., REIT, Series L .....
30,000	6.75% Pfd., REIT, Series M .....
160,000	BRE Properties, Inc., 6.75% Pfd., REIT, Series C .....
228,250	Duke Realty Corporation, 6.60% Pfd., REIT, Series L .....
19,100	Equity Office Property Trust, 7.75% Pfd., REIT, Series G .....
51,000	Equity Residential Properties, 8.29% Pfd., REIT, Series K .....
PS Business Parks, Inc.:	
167,640	6.875% Pfd., REIT, Series I .....
32,464	7.00% Pfd., REIT, Series H .....
203,400	7.60% Pfd., REIT, Series L .....
60,000	7.95% Pfd., REIT, Series K .....
Public Storage, Inc.:	
14,700	7.625% Pfd., REIT, Series U .....
18,000	8.00% Pfd., REIT, Series R .....
440,000	Realty Income Corporation, 7.375% Pfd., REIT, Series D .....
263,000	Regency Centers Corporation, 7.25% Pfd., REIT .....
162,000	Weingarten Realty Investment, 6.95% Pfd., REIT .....

MISCELLANEOUS INDUSTRIES -- 0.5%

100,000	Ocean Spray Cranberries, Inc., 6.25% Pfd., 144A**** .....
---------	---

TOTAL PREFERRED SECURITIES  
 (Cost \$1,191,695,456) .....

CORPORATE DEBT SECURITIES -- 16.1%  
 BANKING -- 0.2%

\$ 2,500,000	Citigroup, Inc., 6.00% 10/31/33 .....
--------------	---------------------------------------

FINANCIAL SERVICES -- 2.7%

46,200	Corp-Backed Trust Certificates, 5.80% Series Goldman Sachs .....
\$ 25,000,000	General Motors Acceptance Corporation, 8.00% 11/01/31, Senior Bonds .....

9

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 FEBRUARY 28, 2005 (UNAUDITED)

SHARES/\$ PAR

CORPORATE DEBT SECURITIES -- (CONTINUED)  
 FINANCIAL SERVICES -- (CONTINUED)

Lehman Brothers:

\$ 5,018,000	Guaranteed Note, Variable Rate, 12/16/16, 144A**** .....
\$ 9,282,000	Guaranteed Note, Variable Rate, 10/15/15, 144A**** .....
\$ 2,200,000	Morgan Stanley Finance, 8.03% 02/28/17, Capital Units .....

INSURANCE -- 0.9%

239,000	Delphi Financial, 8.00% 05/15/33, Senior Notes .....
\$ 6,400,000	OneAmerica Financial Partners, 7.00% 10/15/33 144A**** .....
\$ 1,000,000	UnumProvident Corporation, 7.25% 03/15/28, Senior Notes .....

OIL AND GAS -- 0.4%

238,261	Nexen, Inc., 7.35% Subordinated Notes .....
---------	---

UTILITIES -- 11.2%

\$ 32,000,000	AEP Texas Central Company, 6.65% 02/15/33, Senior Notes, Series E .....
\$ 19,000,000	Constellation Energy Group, 7.60% Pfd., 04/01/32, Senior Notes .....
\$ 1,000,000	DTE Energy Company, 6.375% 04/15/33, Senior Notes .....
	Duke Capital Corporation:
\$ 11,179,000	6.75% 02/15/32, Senior Notes .....
\$ 10,000,000	8.00% 10/01/19, Senior Notes .....
\$ 5,000,000	Entergy Gulf States, Inc., 6.20% 07/01/33, 1st Mortgage .....
16,500	Entergy Mississippi, Inc., 7.25% Pfd., 1st Mortgage .....
	Georgia Power Company:
567,015	5.90% 04/15/33, Senior Notes .....
125,000	6.00% 10/15/33, Senior Notes .....
60,000	6.00% 08/15/44, Senior Notes, FGIC Insured .....
\$ 3,000,000	Indianapolis Power & Light Company, 6.60% 01/01/34, 1st Mortgage, 144A**** .....

Edgar Filing: F&C/CLAYMORE PREFERRED SECURITIES INCOME FUND INC - Form N-30B-2

40,000	Northern States Power Company, 8.00% .....
\$ 10,000,000	Oncor Electric Delivery Company, 7.25% 01/15/33, Secured .....
\$ 18,268,000	PSEG Power LLC, 8.625% 04/15/31 .....
\$ 6,300,000	TXU Corporation, 6.55% 11/15/34, 144A**** .....
\$ 10,250,000	TXU U.S. Holdings Company, 7.00% 03/15/13 .....
\$ 6,000,000	Wisconsin Electric Power Company, 6.875% 12/01/95 .....

10

-----  
 Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 FEBRUARY 28, 2005 (UNAUDITED)  
 -----

SHARES/\$ PAR  
 -----

CORPORATE DEBT SECURITIES -- (CONTINUED)  
 REAL ESTATE INVESTMENT TRUST (REIT) -- 0.2%

\$ 2,780,000	EOP Operating LP, 7.875% 07/15/31, REIT .....
--------------	---

MISCELLANEOUS -- 0.5%

\$ 390,000	BellSouth Telecommunication, 7.00% 12/01/95 .....
\$ 5,000,000	Ford Motor Company, 7.45% 07/16/31 .....
30,000	Maytag Corporation, 7.875% 08/01/31 .....
\$ 1,945,000	Verizon Maryland, 7.15% 05/01/23 .....

TOTAL CORPORATE DEBT SECURITIES  
 (Cost \$233,523,168) .....

COMMON STOCKS AND CONVERTIBLE SECURITIES -- 3.1%  
 INSURANCE -- 0.3%

20,000	Hartford Financial Services, 7.00% Mandatory Convertible, 08/16/06 .....
45,000	UnumProvident Corporation, 8.25% Mandatory Convertible, 05/16/06 .....
54,000	XL Capital Ltd., 6.50% Mandatory Convertible, 05/15/07 .....

UTILITIES -- 2.6%

170,700	Ameren Corporation, 9.75% Mandatory Convertible, 05/15/05 .....
75,000	American Electric Power, 9.25% Mandatory Convertible, 08/16/05 .....
300,000	Duke Energy Corporation .....
261,450	FPL Group, Inc. ....
100,000	Keyspan Corporation, 8.75% Mandatory Convertible, 05/16/05 .....

MISCELLANEOUS -- 0.2%

-----  
 65,000 Alltel Corporation, 7.75% Pfd. Mandatory Convertible, 05/17/05 .....  
 -----

TOTAL COMMON STOCKS AND CONVERTIBLE SECURITIES

(Cost \$41,201,814) .....

OPTION CONTRACTS -- 1.1%

10,000 June Put Options on June U.S. Treasury Bond Futures, Expiring 05/20/05 .....

TOTAL OPTION CONTRACTS

(Cost \$12,521,776) .....

-----  
 Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 FEBRUARY 28, 2005 (UNAUDITED)  
 -----

SHARES/\$ PAR  
 -----

MONEY MARKET FUND -- 0.1%

899,863 BlackRock Provident Institutional, TempFund .....

TOTAL MONEY MARKET FUND

(Cost \$899,863) .....

TOTAL INVESTMENTS (Cost \$1,479,842,077\*\*\*) ..... 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 .....

-----  
 Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated  
 STATEMENT OF CHANGES IN NET ASSETS AVAILABLE TO COMMON STOCK(1)  
 FOR THE PERIOD FROM DECEMBER 1, 2004 THROUGH FEBRUARY 28, 2005 (UNAUDITED)  
 -----

OPERATIONS:

Net investment income .....	\$
Net realized loss on investments sold during the period .....	
Change in net unrealized appreciation of investments held during the period .....	
Distributions to Auction Market Preferred Stock (AMPS) Shareholders from net investment income, including changes in accumulated undeclared distributions .....	
NET INCREASE IN NET ASSETS FROM OPERATIONS .....	

DISTRIBUTIONS:

Distributions paid from net investment income to Common Stock Shareholders(2) .....	
TOTAL DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS .....	

FUND SHARE TRANSACTIONS:

Increase from Common Stock Transactions .....	
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 .....	\$1
Net increase during the period .....	
End of period .....	\$1
	==

-----  
Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated  
FINANCIAL HIGHLIGHTS(1)  
FOR THE PERIOD FROM DECEMBER 1, 2004 THROUGH FEBRUARY 28, 2005 (UNAUDITED)  
FOR A COMMON SHARE OUTSTANDING THROUGHOUT THE PERIOD.  
-----

PER SHARE OPERATING PERFORMANCE:

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

INVESTMENT OPERATIONS:

Net investment income .....	
Net realized and unrealized gain on investments .....	

DISTRIBUTIONS TO AMPS\* SHAREHOLDERS:

From net investment income .....	
From net realized capital gains .....	

Edgar Filing: F&C/CLAYMORE PREFERRED SECURITIES INCOME FUND INC - Form N-30B-2

Total from investment operations .....	
DISTRIBUTIONS TO COMMON SHAREHOLDERS:	
From net investment income .....	
From net realized capital gains .....	
Total distributions to Common Shareholders .....	
Net asset value, end of period .....	
Market value, end of period .....	
Common shares outstanding, end of period .....	
RATIOS TO AVERAGE NET ASSETS AVAILABLE TO COMMON STOCK SHAREHOLDERS:	
Net investment income + .....	
Operating expenses .....	
-----	
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 Preferred Securities Income 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, 2004 - EXTRA .....	\$0.1625	\$24.32	\$26.00	\$24.70
December 31, 2004 .....	0.1725	24.32	26.00	24.70
January 31, 2005 .....	0.1725	24.56	25.58	24.56
February 28, 2005 .....	0.1725	24.46	25.54	24.46

[GRAPHIC OMITTED]

LIGHTHOUSE GRAPHIC

FLAHERTY & CRUMRINE/CLAYMORE  
 =====

PREFERRED SECURITIES  
INCOME FUND

QUARTERLY  
REPORT

FEBRUARY 28, 2005

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

DIRECTORS

Martin Brody  
Donald F. Crumrine, CFA  
Nicholas Dalmaso  
David Gale  
Morgan Gust  
Robert F. Wulf, CFA

OFFICERS

Donald F. Crumrine, CFA  
Chairman of the Board  
and Chief Executive Officer  
Robert M. Ettinger, CFA  
President  
R. Eric Chadwick, CFA  
Chief Financial Officer,  
Vice President, Treasurer  
and Secretary  
Peter C. Stimes, CFA  
Chief Compliance  
Officer and Vice President  
Nicholas Dalmaso  
Vice President  
Bradford S. Stone  
Vice President  
Laurie Lodolo  
Assistant Compliance Officer,  
Assistant Treasurer and  
Assistant Secretary

INVESTMENT ADVISER

Flaherty & Crumrine Incorporated  
e-mail: [flaherty@pfdincome.com](mailto:flaherty@pfdincome.com)

QUESTIONS CONCERNING YOUR SHARES OF FLAHERTY &  
CRUMRINE/CLAYMORE PREFERRED SECURITIES INCOME  
FUND?

- o If your shares are held in a Brokerage Account, contact your Broker.
- o If you have physical possession of your shares in certificate form, contact the Fund's Transfer Agent & Shareholder Servicing Agent --

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

THIS REPORT IS SENT TO SHAREHOLDERS OF FLAHERTY & CRUMRINE/CLAYMORE PREFERRED SECURITIES INCOME 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.