

Flaherty & Crumrine/CLAYMORE PREFERRED SECURITIES INCOME FUND INC

Form N-30B-2

April 21, 2006

FLAHERTY & CRUMRINE/CLAYMORE PREFERRED SECURITIES INCOME FUND

To the Shareholders of the Flaherty & Crumrine/Claymore Preferred Securities Income Fund ("FFC"):

The first fiscal quarter of 2006 was a mixed bag for FFC. On the plus side, for the three-month period ended February 28, 2006, the Fund produced a total return on net asset value of +2.9%. Despite this strong investment performance, the net income available to shareholders has declined, and the Fund reduced the monthly dividend by 8.9% (from \$0.14/share to \$0.1275/share) beginning with the March distribution. The focus of the Fund is income, so the decision to reduce the dividend was difficult, but necessary.

The total return calculation mentioned above has two basic components--net income earned and net change in principal value. Recently, the latter has done well while the former has come under some pressure.

Net income earned, the amount of investment income left over after payments on the Fund's Auction Market Preferred Stock ("AMPS") and other expenses, is what the Fund can pay out in monthly distributions to common shareholders. Although investment income has increased recently, payments to AMPS shares have risen at a faster pace. As a result, the Fund could not continue to distribute common dividends at the same rate.

The AMPS rate is closely correlated to other short-term interest rates, all of which have moved up in concert with the Federal Reserve's efforts to influence the pace of economic activity. Two years ago, the Fund was paying roughly 1% to "borrow" money via its AMPS shares; these rates are now closer to 4.7%. Despite this jump in rates, the use of leverage continues to add incremental income for common shares because the money we obtain from leverage is being invested in securities with much higher yields.

The other component of total return, principal change, normally is not distributed to common shareholders, but instead is reflected by changes in the Fund's net asset value. During the fiscal period, the Fund's NAV rose 1.0%.

One last comment on total return--whatever the breakdown between net income and principal change, the entire amount belongs to common shareholders. In addition, the two tend to "merge" over time. For example, if principal value increases and the Fund can realize gains, the Fund will have more money to invest and can generate additional income. Or, shareholders can use the income they receive to purchase additional shares via the Dividend Reinvestment Plan to increase the value of their investment.

As readers may recall from previous discussions of market conditions, the preferred securities market has two main segments--issues that pay interest and those that pay dividends. We refer to the first type as "hybrid" preferred securities and the second as "traditional" preferred stock.

Demand for hybrid preferred securities has been strong for some time; the supply of new issues, however, has been plentiful. During the period there were thirty new issues with a market value of \$13.2 BILLION. As expected, many of these new issues were structured like the "ECAP" issues we discussed in our last letter (and on the Fund's website). Even with this sizable amount of new supply, the performance of this segment kept pace with most other types of fixed-income securities during the quarter.

Many of the recent hybrid preferred securities have terms and features that require very close scrutiny. While the basic structure of the enhanced

capital security is now fairly well established, with each new issue we are observing small but important differences. This evolutionary process is typical of new structures--our job is to dissect each issue until we fully understand every twist and turn.

Investor demand for traditional preferred stock has also been consistently strong for some time now; however new issue supply has not kept up--during the fiscal quarter there were only two new issues totaling a meager \$300 million. As a result of this imbalance, this segment has slowly and steadily outperformed other types of fixed-income securities. The traditional preferred component of FFC is relatively small, but it made a meaningful contribution to overall investment performance.

The Fund's hedge positions are intended to provide shareholders with some protection against significant increases in long-term interest rates. Over the course of the fiscal quarter, long-term interest rates barely moved, so the hedging strategy had little impact on the Fund's performance. The Fund's hedging strategy did benefit from the "flat" U.S. Treasury yield curve, since the cost of our hedges tends to be lower in this environment.

We hope investors will take advantage of the Fund's website, WWW.FCCLAYMORE.COM. It contains a wide range of useful and up-to-date information about the Fund. In addition, some of the topics mentioned above are analyzed in greater depth in the Frequently Asked Questions section of the website.

Sincerely,

/s/ Donald F. Crumrine

/s/ Robert M. Ettinger

Donald F. Crumrine
Chairman of the Board

Robert M. Ettinger
President

April 17, 2006

 Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
 PORTFOLIO OVERVIEW
 FEBRUARY 28, 2006 (UNAUDITED)

FUND STATISTICS ON 02/28/06

Net Asset Value	\$	22.87
Market Price	\$	21.30
Discount		6.86%
Yield on Market Price		7.89%
Common Shares Outstanding		42,601,719

MOODY'S RATINGS	% OF PORTFOLIO
AAA	0.9%
AA	4.1%
A	32.0%
BBB	47.7%
BB	10.4%
B	0.1%

Not Rated	4.4%

Below Investment Grade*	9.7%

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

[THE FOLLOWING TABLE WAS REPRESENTED BY A PIE CHART IN THE PRINTED MATERIAL.]

INDUSTRY CATEGORIES	% OF PORTFOLIO

Banks	35%
Utilities	25%
Insurance	16%
Financial Services	12%
REITs	6%
Oil and Gas	3%
Other	3%

TOP 10 HOLDINGS BY ISSUER	% OF PORTFOLIO

Wachovia Corp	3.8%
J.P. Morgan Chase	3.3%
Bank of America	3.1%
Ace Ltd.	3.0%
North Fork Bancorporation	2.9%
HSBC	2.9%
Morgan Stanley	2.5%
Countrywide Financial	2.5%
Washington Mutual	2.3%
Public Service Enterprise Group	2.3%

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 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.

 Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
 PORTFOLIO OF INVESTMENTS
 FEBRUARY 28, 2006 (UNAUDITED)

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PREFERRED SECURITIES -- 82.8%
 BANKING -- 34.7%

\$	19,000,000	Astoria Capital Trust I, 9.75% 11/01/29 Capital Security, Series B
	40,000	BAC Capital Trust I, 7.00% Pfd. 12/15/31
	6,750	BAC Capital Trust III, 7.00% Pfd.
	738,400	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
	1,800	Bank of New York Capital IV, 6.875% Pfd., Series E
	51,000	Bank One Capital Trust VI, 7.20% Pfd.
\$	6,500,000	Barclays Bank PLC, Adj. Rate Pfd.
	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
	12,300	FBOP Corporation, Adj. Rate Pfd., 144A****
\$	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
	400,000	First Republic Bank, 6.25% Pfd.
\$	3,000,000	Fleet Capital Trust II, 7.92% 12/11/26 Capital Security
	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
\$	30,725,000	HBOS Capital Funding LP, 6.85% Pfd.
	6,300	Household Capital Trust VI, 8.25% Pfd.
	7,500	HSBC Series II, Variable Inverse Pfd., Pvt.
	45,000	HSBC Holdings PLC, 6.20% Pfd., Series A
\$	14,357,000	J.P. Morgan Capital Trust I, 7.54% 01/15/27 Capital Security
\$	11,271,000	J.P. Morgan Capital Trust II, 7.95% 02/01/27 Capital Security
	175,450	J.P. Morgan Chase Capital XI, 5.875% Pfd., 06/15/33
	147,800	J.P. Morgan Chase Capital XIV, 6.20% Pfd., 10/15/34
	255,000	J.P. Morgan Chase Capital XVI, 6.35% Pfd., 06/01/35
	23,800	Keycorp Capital V, 5.875% Pfd., Series A
\$	14,295,000	Keycorp Institutional Capital A, 7.826% 12/01/26 Capital Security, Series A
\$	4,000,000	Lloyds TSB Bank PLC, 6.90% Pfd.
\$	25,280,000	Marshall & Ilsley Capital Trust A, 7.65% 12/01/26 Capital Security
	20	Marshall & Ilsley Investment II, 8.875% Pfd., 144A****

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 FEBRUARY 28, 2006 (UNAUDITED)

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

\$	2,000,000	NB Capital Trust IV, 8.25% Capital Security
\$	3,000,000	North Fork Capital Trust I, 8.70% 12/15/26 Capital Security
	265,000	PFGI Capital Corporation, 7.75% Pfd.
\$	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., Series C, 144A****
	135	Adj. Rate Pfd., Series D, 144A****
		Royal Bank of Scotland Group PLC:
	558,000	5.75% Pfd., Series L
	129,500	6.35% Pfd., Series N
	110,000	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****
	89,200	USB Capital VIII, 6.35% Pfd., 12/29/65
	23,500	VNB Capital Trust I, 7.75% Pfd.
	2,017,200	Wachovia Preferred Funding, 7.25% Pfd., Series A
\$	20,750,000	Washington Mutual, Inc., 8.36% 12/01/26 Capital Security, 144A****
\$	10,500,000	Washington Mutual Preferred Funding, Variable Rate Pfd. 03/29/49, 144A****
\$	8,000,000	Webster Capital Trust II, 10.00% 04/01/27 Capital Security

FINANCIAL SERVICES -- 9.7%

	315,000	CIT Group, Inc., 6.35% Pfd., Series A
	30,000	Corporate-Backed Trust Certificates, 7.75% Pfd., Series CIT
\$	15,459,000	Countrywide Capital I, 8.00% 12/15/26 Capital Security
	860,100	Countrywide Capital IV, 6.75% Pfd.
	41,500	Fannie Mae, 5.125% Pfd.
\$	7,000,000	Gulf Stream-Compass 2005 Composite Notes, 144A****
		Lehman Brothers Holdings, Inc.:
	181,400	5.67% Pfd., Series D
	85,000	5.94% Pfd., Series C
	481,850	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.
	4,000	Merrill Lynch Series II STRIPES Custodial Receipts, Pvt.

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 FEBRUARY 28, 2006 (UNAUDITED)

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

	10,000	Merrill Lynch Preferred Capital Trust IV, 7.12% Pfd.
	64,300	Morgan Stanley Capital Trust II, 7.25% Pfd.
	849,098	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.
	329,700	Morgan Stanley Capital Trust VI, 6.60% Pfd.
\$	10,000,000	RACERS(R) Series 2005 AMMC V Trust, 144A****
	160,000	SLM Corporation, 6.97% Pfd., Series A

INSURANCE -- 15.1%

	1,719,980	ACE Ltd., 7.80% Pfd., Series C
		Aegon NV:
	420,900	6.375% Pfd.
	60,000	6.50% Pfd.
\$	16,051,000	AON Capital Trust A, 8.205% 01/01/27 Capital Security
	83,800	Arch Capital Group Ltd., 8.00% Pfd.
		Axis Capital Holdings:
	156,800	7.25% Pfd., Series A
	77,655	Variable Rate Pfd., Series B
	288,200	Berkley W.R. Capital Trust II, 6.75% 07/26/45
	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.
	62,200	Endurance Specialty Holdings, 7.75% Pfd.
	154,300	Everest Re Capital Trust II, 6.20% Pfd., Series B
		ING Groep NV:
	36,000	7.05% Pfd.
	394,600	7.20% Pfd.
\$	10,000,000	Mangrove Bay Passthru Trust, 6.102% 07/15/33 Capital Security, 144A****
	50,000	PartnerRe Capital Trust I, 7.90% 12/31/31 Pfd.
	220,989	PartnerRe Ltd., 6.75% Pfd., Series C
	849,000	Principal Financial Group, 6.518% Pfd.
\$	8,000,000	Provident Financing Trust I, 7.405% 03/15/38 Capital Security
	110,000	Prudential PLC, 6.50% Pfd
		Renaissancere Holdings:
	105,000	6.08% Pfd., Series C
	308,935	7.30% Pfd., Series B
	15,000	8.10% Pfd., Series A

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
 PORTFOLIO OF INVESTMENTS (CONTINUED)
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PREFERRED SECURITIES -- (CONTINUED)
 INSURANCE -- (CONTINUED)

	94,900	Saturns-AON 2003-3, 8.00% Pfd., Series AON
	56,000	Saturns-SAFC 2001-7, 8.25% Pfd., Series SAFC
	432,200	Scottish Re Group Ltd., 7.25% Pfd.
	22,390	St. Paul Capital Trust I, 7.60% Pfd.
\$	8,675,000	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

UTILITIES -- 14.7%

\$	3,750,000	AGL Capital Trust, 8.17% 06/01/37 Capital Security
	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.
	61,800	Dominion CNG Cap Trust I, 7.80% Pfd.
\$	10,175,000	Dominion Resources Capital Trust I, 7.83% 12/01/27 Capital Security
\$	12,250,000	Dominion Resources Capital Trust III, 8.40% 01/15/31
	96,450	Duquesne Light Company, 6.50% Pfd.
	161,400	Energy East Capital Trust I, 8.25% Pfd.
		Entergy Arkansas, Inc.:
	10,240	4.56% Pfd., Series 1965
	5,692	7.40% Pfd.
		Entergy Louisiana, Inc.:
	85,000	6.95% Pfd., 144A****
	60,792	8.00% Pfd., Series 92
		Florida Power Company:
	49,750	4.40% Pfd.
	21,585	4.60% Pfd.
	104,400	FPC Capital I, 7.10% Pfd., Series A
	12,442	Great Plains Energy, Inc., 4.20% Pfd.
	37,800	Gulf Power Capital Trust III, 7.375% Pfd.
	19,000	Gulf Power Company, 6.00% Pfd., Series 1
\$	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.

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 FEBRUARY 28, 2006 (UNAUDITED)

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

Interstate Power & Light Company:

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	110,000	7.10% Pfd., Series C
	11,000	8.375% Pfd., Series B
	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
	3,000	PacifiCorp, \$7.48 Sinking Fund Pfd.
\$	2,386,000	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
	11,278	Portland General Electric, 7.75% Sinking Fund Pfd.
	365,750	PSEG Funding Trust II, 8.75% Pfd.
		Puget Sound Energy Capital Trust:
\$	8,200,000	8.231% 06/01/27 Capital Security, Series B
	50,000	8.40% Pfd. 06/30/41
	200,000	San Diego Gas & Electric Company, \$1.70 Pfd.
		Southern California Edison:
	117,500	6.00% Pfd.
	31,900	6.125% Pfd.
	264,700	Southern Union Company, 7.55% Pfd.
\$	4,200,000	Union Electric Company, 7.69% 12/15/36 Capital Security, Series A
		Virginia Electric & Power Company:
	21,684	\$4.80 Pfd.
	14,985	\$4.12 Pfd.
	103,700	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

OIL AND GAS -- 2.2%

	13,200	EOG Resources, Inc., 7.195% Pfd., Series B
\$	5,000,000	KN Capital Trust III, 7.63% 04/15/28 Capital Security
\$	13,315,000	Phillips 66 Capital Trust II, 8.00% 01/15/37 Capital Security

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 FEBRUARY 28, 2006 (UNAUDITED)

SHARES/\$ PAR

PREFERRED SECURITIES -- (CONTINUED)

REAL ESTATE INVESTMENT TRUST (REIT) -- 5.8%

48,000	AMB Property Corporation, 7.00% Pfd., REIT, Series O
	BRE Properties, Inc.:
76,200	6.75% Pfd., REIT, Series C
203,800	6.75% Pfd., REIT, Series D
260,000	Carramerica Realty Corporation, 7.50% Pfd., REIT, Series E
	Duke Realty Corporation:
65,500	6.50% Pfd., REIT, Series K
228,250	6.60% Pfd., REIT, Series L
20,000	6.625% Pfd., REIT, Series J
128,750	6.95% Pfd., REIT, Series M
51,000	Equity Residential Properties, 8.29% Pfd., REIT, Series K
65,000	HRPT Properties Trust, 7.125% Pfd., REIT, Series C
4,980	Prologis Trust, 8.54% Pfd., REIT, Series C
	PS Business Parks, Inc.:
167,640	6.875% Pfd., REIT, Series I
192,464	7.00% Pfd., REIT, Series H
502,000	7.20% Pfd., REIT, Series M
203,400	7.60% Pfd., REIT, Series L
60,000	7.95% Pfd., REIT, Series K
	Public Storage, Inc.:
19,900	6.18% Pfd., REIT, Series D
201,770	6.45% Pfd., REIT, Series F
62,700	6.75% Pfd., REIT, Series E
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
	Regency Centers Corporation:
39,700	6.70% Pfd., REIT
263,000	7.25% Pfd., REIT
61,000	Vornado Realty Trust, 6.625% Pfd., REIT, Series I

MISCELLANEOUS INDUSTRIES -- 0.6%

112,750	Ocean Spray Cranberries, Inc., 6.25% Pfd., 144A****
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TOTAL PREFERRED SECURITIES
(Cost \$1,222,579,770)

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
PORTFOLIO OF INVESTMENTS (CONTINUED)
FEBRUARY 28, 2006 (UNAUDITED)

SHARES/\$ PAR

CORPORATE DEBT SECURITIES -- 16.0%
FINANCIAL SERVICES -- 2.2%

	200,000	Ford Motor Credit Company, 7.375% 10/15/31
\$	25,000,000	General Motors Acceptance Corporation, 8.00% 11/01/31, Senior Bonds
\$	4,902,500	Lehman Brothers, Guaranteed Note, Variable Rate, 12/16/16, 144A****
\$	2,200,000	Morgan Stanley Finance, 8.03% 02/28/17, Capital Units

INSURANCE -- 1.4%

	239,000	Delphi Financial, 8.00% 05/15/33, Senior Notes
\$	214,000	Liberty Mutual Group, 6.50% 03/15/35, 144A****
\$	6,067,000	Liberty Mutual Insurance, 7.697% 10/15/97 144A****
\$	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 -- 0.5%

	296,911	Nexen, Inc., 7.35% Subordinated Notes
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UTILITIES -- 10.8%

\$	31,000,000	AEP Texas Central Company, 6.65% 02/15/33, Senior Notes, Series E
\$	12,500,000	Constellation Energy Group, 7.60% 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
\$	8,000,000	Duquesne Light Holdings, 6.25% 08/15/35
\$	5,000,000	Entergy Gulf States, Inc., 6.20% 07/01/33, 1st Mortgage
	16,500	Entergy Mississippi, Inc., 7.25% 1st Mortgage
	502,115	Georgia Power Company, 5.90% 04/15/33, Senior Notes
\$	3,000,000	Indianapolis Power & Light Company, 6.60% 01/01/34, 1st Mortgage, 144A****
	40,000	Northern States Power Company, 8.00%
\$	10,000,000	Oncor Electric Delivery Company, 7.25% 01/15/33
\$	18,768,000	PSEG Power LLC, 8.625% 04/15/31
\$	6,300,000	TXU Corporation, 6.50% 11/15/24
\$	7,250,000	TXU Energy Company, 7.00% 03/15/13
\$	2,000,000	Westar Energy, Inc., 5.875% 07/15/36 1st Mortgage
\$	6,000,000	Wisconsin Electric Power Company, 6.875% 12/01/95

SHARES/\$ PAR

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

\$ 3,500,000 Realty Income Corporation, 5.875% 03/15/35

MISCELLANEOUS -- 0.9%

\$ 390,000 BellSouth Telecommunication, 7.00% 12/01/95
47,000 Maytag Corporation, 7.875% 08/01/31
Pulte Homes, Inc.:
\$ 8,000,000 6.375% 05/15/33, Senior Notes
\$ 1,950,000 7.875% 06/15/32, Senior Notes
\$ 1,945,000 Verizon Maryland, 7.15% 05/01/23

TOTAL CORPORATE DEBT SECURITIES
(Cost \$231,956,244)

OPTION CONTRACTS -- 0.5%

1,800 April Put Options on June U.S. Treasury Bond Futures, Expiring 03/24/06
1,500 June Call Options on June U.S. Treasury Bond Futures, Expiring 05/26/06
2,491 June Put Options on June U.S. Treasury Bond Futures, Expiring 05/26/06
5,609 June Put Options on June U.S. Treasury Bond Futures, Expiring 05/26/06

TOTAL OPTION CONTRACTS
(Cost \$8,697,197)

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
PORTFOLIO OF INVESTMENTS (CONTINUED)
FEBRUARY 28, 2006 (UNAUDITED)

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MONEY MARKET FUND -- 0.7%

10,989,748 BlackRock Provident Institutional, TempFund

TOTAL MONEY MARKET FUND
(Cost \$10,989,748)

SECURITIES LENDING COLLATERAL -- 1.8%

27,697,960 Institutional Money Market Trust

TOTAL SECURITIES LENDING COLLATERAL
(Cost \$27,697,960)

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TOTAL INVESTMENTS (Cost \$1,501,920,919***)	101.8%
OTHER ASSETS AND LIABILITIES (Net)	(1.8%)

TOTAL NET ASSETS AVAILABLE TO COMMON STOCK AND PREFERRED STOCK	100.0%+

AUCTION MARKET PREFERRED STOCK (AMPS) REDEMPTION VALUE	
TOTAL NET ASSETS AVAILABLE TO COMMON STOCK	

* Securities eligible for the Dividends Received Deduction and distributing Qualified Dividend Income.

** Securities distributing Qualified Dividend Income only.

*** Aggregate cost of securities held.

**** Securities exempt from registration under Rule 144A of the Securities Act of 1933. These securities may be resold in transactions exempt from registration to qualified institutional buyers. These securities have been determined to be liquid under the guidelines established by the Board of Directors.

(1) Foreign Issuer.

(2) All or a portion of this security has been pledged as collateral for written option positions.

(3) Security on loan.

+ Non-income producing.

++ The percentage shown for each investment category is the total value of that category as a percentage of net assets available to Common and Preferred Stock.

ABBREVIATIONS:

REIT -- Real Estate Investment Trust

PFD. -- Preferred Securities

PVT. -- Private Placement Securities

OPEN OPTION CONTRACTS WRITTEN

CONTRACTS	CONTRACT DESCRIPTION
-----	-----
1,500	June Call Options on June U.S. Treasury Bond Futures, Expiring 05/26/06, Strike Price 112

	TOTAL OPEN OPTION CONTRACTS WRITTEN (premiums received: \$3,206,956)

 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, 2005 THROUGH FEBRUARY 28, 2006 (UNAUDITED)

OPERATIONS:

Net investment income	\$ 2
Net realized gain/(loss) on investments sold during the period	(
Change in net unrealized appreciation/depreciation of investments held during the period	1
Distributions to Auction Market Preferred Stock (AMPS) Shareholders from net investment income, including changes in accumulated undeclared distributions	(
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	2

DISTRIBUTIONS:

Dividends paid from net investment income to Common Stock Shareholders(2)	(1
TOTAL DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS	(1

FUND SHARE TRANSACTIONS:

Increase from shares issued under the Dividend Reinvestment and Cash Purchase Plan	-----
NET INCREASE IN NET ASSETS AVAILABLE TO COMMON STOCK RESULTING FROM FUND SHARE TRANSACTIONS	-----

NET INCREASE IN NET ASSETS AVAILABLE TO COMMON STOCK FOR THE PERIOD	\$ =====
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 NET ASSETS AVAILABLE TO COMMON STOCK:

Beginning of period	\$ 96
Net increase in net assets during the period	-----
End of period	\$ 97 =====

 (1) These tables summarize the three months ended February 28, 2006 and should be read in conjunction with the Fund's audited financial statements, including footnotes, in its Annual Report dated November 30, 2005.

(2) May include income earned, but not paid out, in prior fiscal year.

 Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
 FINANCIAL HIGHLIGHTS(1)
 FOR THE PERIOD FROM DECEMBER 1, 2005 THROUGH FEBRUARY 28, 2006 (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/(loss) on investments

DISTRIBUTIONS TO AMPS* SHAREHOLDERS:

From net investment income

From net realized capital gains

Total from investment operations

DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS:

From net investment income

From net realized capital gains

Total distributions to Common Stock Shareholders

Net asset value, end of period

Market value, end of period

Common 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

(1) These tables summarize the three months ended February 28, 2006 and should be read in conjunction with the Fund's audited financial statements, including footnotes, in its Annual Report dated November 30, 2005.

* Auction Market Preferred Stock.

** Annualized.

*** Not annualized.

+ The net investment income ratios reflect income net of operating expenses and payments to AMPS* Shareholders.

++ Information presented under heading Supplemental Data includes AMPS*.

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 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, 2005	\$0.1400	\$22.82	\$19.30	\$19.65
January 31, 2006	0.1400	22.83	21.03	21.19
February 28, 2006	0.1400	22.87	21.30	21.60

 (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 payment 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.

 NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1. AGGREGATE INFORMATION FOR FEDERAL INCOME TAX PURPOSES

At February 28, 2006, the aggregate cost of securities for federal income tax purposes was \$1,509,818,589, the aggregate gross unrealized appreciation for all securities in which there is an excess of value over tax cost was \$40,073,760 and the aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value was \$9,794,365.

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[LOGO] Flaherty & Crumrine/Claymore
 =====
 PREFERRED SECURITIES
 INCOME FUND

Quarterly
 Report

February 28, 2006

www.fcclaymore.com

DIRECTORS

Donald F. Crumrine, CFA
 Chairman of the Board
 David Gale
 Morgan Gust

Karen H. Hogan
Robert F. Wulf, CFA

OFFICERS

Donald F. Crumrine, CFA
Chief Executive Officer
Robert M. Ettinger, CFA
President
R. Eric Chadwick, CFA
Chief Financial Officer,
Vice President and Treasurer
Chad C. Conwell
Chief Compliance Officer,
Vice President and Secretary
Bradford S. Stone
Vice President and
Assistant Treasurer
Nicholas Dalmaso
Vice President and Assistant Secretary
Christopher D. Ryan, CFA
Vice President
Laurie C. Lodolo
Assistant Compliance Officer,
Assistant Treasurer and
Assistant Secretary

INVESTMENT ADVISER

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

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
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