

Flaherty & Crumrine/CLAYMORE PREFERRED SECURITIES INCOME FUND INC

Form N-30B-2

October 28, 2010

FLAHERTY & CRUMRINE/CLAYMORE PREFERRED SECURITIES INCOME FUND

To the Shareholders of Flaherty & Crumrine/Claymore Preferred Securities Income Fund:

The combination of falling interest rates and ongoing demand for preferred securities helped the Fund produce excellent returns during its third fiscal period ending August 31, 2010. For the three month period, total return on net asset value was +12.5%. Total return using market price of Fund shares was +13.7% during the period.

It has been quite an eventful summer in the preferred securities market. We'll hit the highlights here, and readers willing to do a little extra-credit homework will find more detailed discussions on the Fund's website.

In addition to strong performance of the Fund's investment portfolio, the monthly dividend paid to shareholders was increased to \$0.125 per share from \$0.12, commencing with the August distribution. This 4.2% increase reflects the ongoing favorable environment of relatively high yields on Fund investments and the low cost of Fund borrowings.

We expect the level of economic growth to remain tepid over the coming quarters and then to show gradual improvement. We anticipate the Fund's cost of borrowing will follow a similar path, remaining low for a period, then increasing gradually. Of course, unless income from the Fund's investments also increases, a rise in the cost of borrowing would negatively impact the distribution to shareholders.

Although economic activity has slowed recently, we do not expect the economy to fall back into recession. In fact, we see some healthy signs, such as a substantial increase in personal savings and steady levels of business investment aimed at improving productivity. As individuals save more, some of these dollars are likely to find their way into the preferred market. As companies become more efficient, their financial condition generally improves. These trends, along with declining interest rates, have helped boost the Fund's investment performance.

In the aftermath of the financial meltdown, Congress and various bank regulators set out to establish new rules to hopefully prevent a repeat of the crisis. We are now getting a better sense of how new regulations will impact the market. With passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act in July, along with increasing clarification from international bank regulators, the fog is beginning to lift on the future role of preferred securities as a source of capital for the banking industry(1).

Since our last letter, rule makers have indicated which security structures they don't like, but have yet to decide what will be okay. It is now clear that trust preferred securities, which are favored by banks as a form of capital, will not meet the new standards. As a result, not only will there be no new issues of this type, issuers will want to redeem or replace outstanding trust preferreds sooner than was previously expected. In response, prices of many bank trust preferred securities have moved higher--contributing to the Fund's strong performance.

It is less clear what types of securities banks will be allowed to issue to meet future capital requirements. We are monitoring the debate closely and throwing in our two cents whenever appropriate. At this time, we believe the

parties are moving toward a sensible conclusion and will ultimately induce banks to issue preferred securities suitable for the Fund's portfolio. Of course, we will stay on top of this and report important developments in these letters or on the Fund's website.

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(1) The treatment of preferred securities issued by NON-BANKS has not changed in any meaningful way.

As of this writing, roughly 24% of the Fund's portfolio is invested in trust preferred securities issued by U.S. banks. In light of the new rules, we think it is likely that many of these issues will be redeemed, beginning in 2013. We'll have our work cut out for us trying to replace the income on these securities, but until we have a better idea how the banks will replace these issues, it is difficult to predict the impact on the Fund.

As always, we encourage you to visit [www.fcclaymore.com](http://www.fcclaymore.com) to read our Quarterly Economic Update as well as a more detailed discussion of factors affecting the wonderful world of preferred securities.

Sincerely,

/s/ Donald F. Crumrine  
Donald F. Crumrine  
Chairman of the Board

/s/ Robert M. Ettinger  
Robert M. Ettinger  
President

October 15, 2010

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Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated  
PORTFOLIO OVERVIEW  
AUGUST 31, 2010 (UNAUDITED)

FUND STATISTICS

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Net Asset Value	\$	15.86
Market Price	\$	16.50
Premium		4.04%
Yield on Market Price		9.09%
Common Stock Shares Outstanding		42,794,496

MOODY'S RATINGS

% OF NET ASSETS+

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AAA	0.5%
A	8.0%
BBB	70.2%
BB	16.5%
Below "BB"	2.1%

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Not Rated*	0.4%
Below Investment Grade**	15.3%

\* Does not include net other assets and liabilities of 2.3%.

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

(PIE CHART)

INDUSTRY CATEGORIES	% OF NET ASSETS+
Banking	38%
Utilities	26%
Insurance	24%
Energy	5%
Financial Services	3%
Other	4%

TOP 10 HOLDINGS BY ISSUER	% OF NET ASSETS+
Banco Santander	5.9%
Liberty Mutual Group	5.6%
Capital One Financial	4.6%
Dominion Resources	3.6%
Comerica	3.2%
HSBC Plc	3.2%
Wells Fargo	3.1%
Metlife	3.1%
Puget Energy	3.0%
Southern Union	3.0%

	% OF NET ASSETS***+
Holdings Generating Qualified Dividend Income (QDI) for Individuals	28%
Holdings Generating Income Eligible for the Corporate Dividend Received Deduction (DRD)	14%

\*\*\* This does not reflect year-end results or actual tax categorization of Fund distributions. These percentages can, and do, change, perhaps significantly, depending on market conditions. Investors should consult their tax advisor regarding their personal situation.

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

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PORTFOLIO OF INVESTMENTS  
AUGUST 31, 2010 (UNAUDITED)

SHARES/\$ PAR		VALU
-----		-----
PREFERRED SECURITIES -- 93.5%		
BANKING -- 38.0%		
\$ 17,750,000	Astoria Capital Trust I, 9.75% 11/01/29, Series B .....	\$ 18,49
2,046,320	Banco Santander, 10.50% Pfd., Series 10 .....	59,53
87,400	Bank of America Corporation, 8.625% Pfd., Series 8 .....	2,24
\$ 1,815,000	BankAmerica Institutional, Series A, 8.07% 12/31/26, 144A**** .....	1,86
Barclays Bank PLC:		
\$ 13,500,000	6.278% .....	11,35
345,000	6.625% Pfd., Series 2 .....	8,21
17,000	7.75% Pfd., Series 4 .....	43
200,000	8.125% Pfd., Series 5 .....	5,25
35,000	BB&T Capital Trust V, 8.95% Pfd. ....	96
216,000	BB&T Capital Trust VI, 9.60% Pfd. ....	6,11
115,700	BB&T Capital Trust VII, 8.10% Pfd. ....	3,10
\$ 34,490,000	Capital One Capital III, 7.686% 08/15/36 .....	34,92
\$ 5,362,000	Capital One Capital V, 10.25% 08/15/39 .....	5,82
\$ 5,350,000	Capital One Capital VI, 8.875% 05/15/40 .....	5,67
\$ 35,100,000	Colonial BancGroup, 7.114%, 144A**** .....	93
\$ 34,500,000	Comerica Capital Trust II, 6.576% 02/20/37 .....	32,43
28,800	FBOP Corporation, Adj. Rate Pfd., 144A**** .....	11
\$ 7,500,000	Fifth Third Capital Trust IV, 6.50% 04/15/37 .....	6,52
35,000	Fifth Third Capital Trust V, 7.25% Pfd. 08/15/67 .....	87
12,100	Fifth Third Capital Trust VII, 8.875% Pfd. 05/15/68 .....	32
7,850	First Republic Preferred Capital Corporation, 10.50% Pfd., 144A**** .....	8,10
14,500	First Tennessee Bank, Adj. Rate Pfd., 144A**** .....	8,74
\$ 3,000,000	First Tennessee Capital I, 8.07% 01/06/27, Series A .....	2,88
\$ 9,000,000	First Union Institutional Capital I, 8.04% 12/01/26 .....	9,22
\$ 1,500,000	Fleet Capital Trust II, 7.92% 12/11/26 .....	1,51
6	FT Real Estate Securities Company, 9.50% Pfd., 144A**** .....	5,55
Goldman Sachs:		
\$ 1,500,000	Capital I, 6.345% 02/15/34 .....	1,40
\$ 12,537,000	Capital II, 5.793% .....	10,13
3,600	STRIPES Custodial Receipts, Pvt .....	1,89
720,000	HSBC Holdings PLC, 8.00% Pfd., Series 2 .....	19,12
\$ 1,500,000	HSBC USA Capital Trust II, 8.38% 05/15/27, 144A**** .....	1,58
HSBC USA, Inc.:		
109,900	Adj. Rate Pfd., Series D .....	2,65
344,300	6.50% Pfd., Series H .....	8,68
60,000	ING Groep NV, 8.50% Pfd. ....	1,49
\$ 725,000	JPMorgan Chase Capital XVIII, 6.95% 08/17/36, Series R .....	74

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SHARES/\$ PAR		VALU
-----		-----
PREFERRED SECURITIES -- (CONTINUED)		
BANKING -- (CONTINUED)		
\$ 6,500,000	JPMorgan Chase Capital XXVII, 7.00% 11/01/39, Series AA .....	\$ 6,91
7,000	Keycorp Capital VIII, 7.00% Pfd. 06/15/66 .....	17
172,000	Keycorp Capital X, 8.00% Pfd. ....	4,47
\$ 17,800,000	Lloyds Banking Group PLC, 6.657%, 144A**** .....	11,52
\$ 13,825,000	National City Preferred Capital Trust I, 12.00% .....	15,33
\$ 3,317,000	NB Capital Trust IV, 8.25% 04/15/27 .....	3,42
164,520	PNC Financial Services, 9.875% Pfd., Series F .....	4,69
\$ 2,500,000	PNC Preferred Funding Trust III, 8.70%, 144A**** .....	2,58
8,641	Sovereign REIT, 12.00% Pfd., Series A, 144A**** .....	10,06
60	Union Planters Preferred Funding, 7.75% Pfd., Series A, 144A**** ..	4,31
\$ 8,000,000	Wachovia Capital Trust V, 7.965% 06/01/27, 144A**** .....	8,28
509,900	Wachovia Preferred Funding, 7.25% Pfd., Series A .....	13,03
Washington Mutual:		
\$ 2,100,000	9.75%, 144A**** .....	13
\$ 10,050,000	6.534%, 144A**** .....	62
\$ 11,067,000	Webster Capital Trust IV, 7.65% 06/15/37 .....	8,76
\$ 650,000	Wells Fargo Capital XV, 9.75% .....	71
		-----
		383,99
		-----
FINANCIAL SERVICES -- 2.8%		
\$ 1,340,000	Ameriprise Financial, Inc., 7.518% 06/01/66 .....	1,32
\$ 7,000,000	Gulf Stream-Compass 2005 Composite Notes, 144A**** .....	2,69
155,225	Heller Financial, Inc., 6.687% Pfd., Series C .....	15,09
Lehman Brothers Holdings, Inc.:		
34,000	5.67% Pfd., Series D .....	
471,500	7.95% Pfd. ....	
20,000	Lehman Capital Trust III, 6.375% Pfd., Series K .....	
\$ 10,000,000	RACERS(R) Series 2005 AMMC V Trust, 144A**** .....	6,08
\$ 3,000,000	Schwab Capital Trust I, 7.50% 11/15/37 .....	3,04
		-----
		28,27
		-----
INSURANCE -- 22.5%		
\$ 3,291,000	Ace Capital Trust II, 9.70% 04/01/30 .....	4,03
\$ 455,000	AON Corporation, 8.205% 01/01/27 .....	49
Arch Capital Group Ltd.:		
117,750	7.875% Pfd., Series B .....	2,99
100,000	8.00% Pfd., Series A .....	2,58
\$ 8,500,000	AXA SA, 6.463%, 144A**** .....	6,80

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 AUGUST 31, 2010 (UNAUDITED)

SHARES/\$ PAR		VALU
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PREFERRED SECURITIES -- (CONTINUED)		

		INSURANCE -- (CONTINUED)		
		Axis Capital Holdings:		
	160,519	7.25% Pfd., Series A .....		\$ 4,02
	281,505	7.50% Pfd., Series B .....		25,09
	37,000	Corts Provident Financing Trust I, 8.50% Pfd. ....		98
	558,000	Delphi Financial Group, 7.376% Pfd. 05/15/37 .....		12,36
\$	20,919,000	Everest Re Holdings, 6.60% 05/15/37 .....		18,90
\$	4,650,000	Great West Life & Annuity Insurance, 7.153% 05/16/46, 144A**** ....		4,44
		Liberty Mutual Group:		
\$	2,000,000	7.80% 03/15/37, 144A**** .....		1,78
\$	35,418,000	10.75% 06/15/58, 144A**** .....		39,75
\$	12,000,000	MetLife Capital Trust X, 9.25% 04/08/38, 144A**** .....		13,86
\$	13,520,000	MetLife, Inc., 10.75% 08/01/39 .....		17,14
		Principal Financial Group:		
	90,000	5.563% Pfd., Series A .....		7,67
	352,000	6.518% Pfd., Series B .....		8,85
		Renaissancere Holdings Ltd.:		
	162,700	6.08% Pfd., Series C .....		3,70
	241,029	6.60% Pfd., Series D .....		6,00
	60,835	7.30% Pfd., Series B .....		1,52
	407,200	Scottish Re Group Ltd., 7.25% Pfd. ....		2,53
\$	7,500,000	Stancorp Financial Group, 6.90% 06/01/67 .....		6,47
\$	7,425,000	USF&G Capital, 8.312% 07/01/46, 144A**** .....		8,70
\$	13,000,000	USF&G Capital I, 8.50% 12/15/45, 144A**** .....		15,55
\$	12,200,000	XL Capital Ltd., 6.50%, Series E .....		9,31
\$	2,000,000	ZFS Finance USA Trust V, 6.50% 05/09/37, 144A**** .....		1,83
				-----
				227,45
				-----
		UTILITIES -- 24.2%		
		Baltimore Gas & Electric Company:		
	10,000	6.70% Pfd., Series 1993 .....		1,00
	10,000	7.125% Pfd., Series 1993 .....		1,00
	328,179	Calenergy Capital Trust III, 6.50% Pfd. 09/01/27 .....		15,71
\$	18,533,000	COMED Financing III, 6.35% 03/15/33 .....		16,56
	62,100	Constellation Energy Group, 8.625% Pfd. 06/15/63, Series A .....		1,69
\$	19,675,000	Dominion Resources Capital Trust I, 7.83% 12/01/27 .....		19,89
		Dominion Resources, Inc.:		
\$	15,262,000	7.50% .....		15,58
	26,700	8.375% Pfd., Series A .....		77

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 AUGUST 31, 2010 (UNAUDITED)

SHARES/\$ PAR			VALU
-----			-----
PREFERRED SECURITIES -- (CONTINUED)			
UTILITIES -- (CONTINUED)			
	296,300	Entergy Arkansas, Inc., 6.45% Pfd. ....	\$ 7,16
	69,500	Entergy Louisiana, Inc., 6.95% Pfd. ....	6,69
		FPL Group Capital, Inc.:	
\$	7,500,000	6.65% 06/15/67 .....	7,13

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\$	4,000,000	7.30% 09/01/67, Series D .....	4,06
	168,640	Georgia Power Company, 6.50% Pfd., Series 2007A .....	17,55
	119,805	Indianapolis Power & Light Company, 5.65% Pfd. ....	10,75
	346,600	Interstate Power & Light Company, 8.375% Pfd., Series B .....	10,05
\$	2,386,000	PECO Energy Capital Trust III, 7.38% 04/06/28, Series D .....	2,37
\$	24,500,000	PECO Energy Capital Trust IV, 5.75% 06/15/33 .....	20,76
\$	32,500,000	Puget Sound Energy, Inc., 6.974% 06/01/67 .....	30,21
		Southern California Edison:	
	118,850	6.00% Pfd., Series C .....	11,27
	15,245	6.125% Pfd. ....	1,45
\$	18,130,000	Southern Union Company, 7.20% 11/01/66 .....	16,45
\$	4,200,000	Union Electric Power Company, 7.69% 12/15/36, Series A .....	4,31
\$	23,000,000	Wisconsin Energy Corporation, 6.25% 05/15/67 .....	21,76
		-----	244,28
		ENERGY -- 4.7%	
\$	27,500,000	Enbridge Energy Partners LP, 8.05% 10/01/37 .....	27,63
		Enterprise Products Partners:	
\$	4,915,000	7.00% 06/01/67 .....	4,53
\$	15,000,000	8.375% 08/01/66, Series A .....	15,46
		-----	47,64
		REAL ESTATE INVESTMENT TRUST (REIT) -- 0.1%	
	45,947	PS Business Parks, Inc., 6.70% Pfd., Series P .....	1,11
		-----	1,11
		MISCELLANEOUS INDUSTRIES -- 1.2%	
	112,750	Ocean Spray Cranberries, Inc., 6.25% Pfd., 144A**** .....	9,92
\$	2,500,000	Stanley Works, 5.902% 12/01/45 .....	2,50
		-----	12,42
		TOTAL PREFERRED SECURITIES	
		(Cost \$982,048,579) .....	945,19

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Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 AUGUST 31, 2010 (UNAUDITED)

SHARES/\$ PAR		VALU
-----		-----
	CORPORATE DEBT SECURITIES -- 4.2%	
	FINANCIAL SERVICES -- 0.2%	
	55,000 Ameriprise Financial, Inc., 7.75% 06/15/39 .....	\$ 1,50
\$	4,726,012 Lehman Brothers, Guaranteed Note, Variable Rate, 12/16/16,	
	144A**** .....	64
		-----
		2,15
		-----

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		INSURANCE -- 1.7%	
\$	15,750,000	Liberty Mutual Insurance, 7.697% 10/15/97, 144A**** .....	14,68
\$	2,500,000	UnumProvident Corporation, 7.25% 03/15/28, Senior Notes .....	2,66
			-----
			17,34
			-----
		UTILITIES -- 1.4%	
	21,000	Entergy Texas, Inc., 7.875% 06/01/39 .....	60
		Southern Union Company:	
\$	5,300,000	7.60% 02/01/24, Senior Notes .....	6,39
\$	6,047,000	8.25% 11/15/29, Senior Notes .....	7,15
			-----
			14,15
			-----
		REAL ESTATE INVESTMENT TRUST (REIT) -- 0.4%	
\$	3,500,000	Realty Income Corporation, 5.875% 03/15/35 .....	3,20
			-----
			3,20
			-----
		MISCELLANEOUS INDUSTRIES -- 0.5%	
	16,500	Corp-Backed Trust Certificates, 7.00% 11/15/28, Series Sprint .....	37
		Pulte Homes, Inc.:	
	58,240	7.375% 06/01/46 .....	1,32
\$	3,550,000	7.875% 06/15/32 .....	3,15
			-----
			4,85
			-----
		TOTAL CORPORATE DEBT SECURITIES	
		(Cost \$43,311,319) .....	41,72
			-----
COMMON STOCKS -- 0.6%			
		BANKING -- 0.2%	
	54,740	CIT Group, Inc.....	2,00
			-----
			2,00
			-----

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Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated  
 PORTFOLIO OF INVESTMENTS (CONTINUED)  
 AUGUST 31, 2010 (UNAUDITED)

SHARES/\$ PAR		VALU
-----		-----
COMMON STOCKS -- (CONTINUED)		
	UTILITIES -- 0.4%	
115,000	Southern Company .....	\$ 4,21
		-----
		4,21
		-----
	TOTAL COMMON STOCKS	
	(Cost \$14,698,578) .....	6,22
		-----
MONEY MARKET FUND -- 1.5%		



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15,400,686	BlackRock Provident Institutional, T-Fund .....		15,400
	TOTAL MONEY MARKET FUND		
	(Cost \$15,400,686) .....		15,400
TOTAL INVESTMENTS (Cost \$1,055,459,162***) .....	99.8%		1,008,550
OTHER ASSETS AND LIABILITIES (Net) .....	0.2%		2,330
NET ASSETS BEFORE LOAN .....	100.0%+++		\$1,010,880
LOAN PRINCIPAL BALANCE .....			(331,970)
TOTAL NET ASSETS AVAILABLE TO COMMON STOCK .....			\$ 678,910

\* 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 August 31, 2010, these securities amounted to \$191,211,312 or 18.9% of net assets before the loan. These securities have been determined to be liquid under the guidelines established by the Board of Directors.

(1) All or a portion of this security is pledged as collateral for the Fund's loan. The total value of such securities was \$716,442,679 at August 31, 2010.

(2) Foreign Issuer.

+ 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 net assets before the loan.

ABBREVIATIONS:

- CORTS -- Corporate-Backed Trust Securities
- PFD. -- Preferred Securities
- PVT. -- Private Placement Securities
- RACERS -- Restructured Asset Certificates with Enhanced Returns
- REIT -- Real Estate Investment Trust
- STRIPES -- Structured Residual Interest Preferred Enhanced Securities

	VALUE
	-----
OPERATIONS:	
Net investment income .....	\$ 49,989,885
Net realized gain/(loss) on investments sold during the period .....	5,843,183
Change in net unrealized appreciation/depreciation of investments .....	95,216,822
	-----
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS .....	151,049,890
DISTRIBUTIONS:	
Dividends paid from net investment income to Common Stock Shareholders(2) ...	(45,078,721)
	-----
TOTAL DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS .....	(45,078,721)
FUND SHARE TRANSACTIONS:	
Increase from shares issued under the Dividend Reinvestment and Cash Purchase Plan .....	1,796,248
	-----
NET INCREASE IN NET ASSETS AVAILABLE TO COMMON STOCK RESULTING FROM FUND SHARE TRANSACTIONS .....	1,796,248
	-----
NET INCREASE IN NET ASSETS AVAILABLE TO COMMON STOCK FOR THE PERIOD .....	\$107,767,417
	=====
NET ASSETS AVAILABLE TO COMMON STOCK:	
Beginning of period .....	\$571,139,562
Net increase in net assets during the period .....	107,767,417
	-----
End of period .....	\$678,906,979
	=====

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 (1) These tables summarize the nine months ended August 31, 2010 and should be read in conjunction with the Fund's audited financial statements, including footnotes, in its Annual Report dated November 30, 2009.

(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, 2009 THROUGH AUGUST 31, 2010 (UNAUDITED)  
 FOR A COMMON STOCK SHARE OUTSTANDING THROUGHOUT THE PERIOD.

PER SHARE OPERATING PERFORMANCE:	
Net asset value, beginning of period .....	\$ 13.38
	-----
INVESTMENT OPERATIONS:	
Net investment income	1.17
Net realized and unrealized gain/(loss) on investments .....	2.37
	-----
Total from investment operations .....	3.54

DISTRIBUTIONS TO COMMON STOCK SHAREHOLDERS:	
From net investment income .....	(1.06)
Total distributions to Common Stock Shareholders .....	(1.06)
Net asset value, end of period .....	\$ 15.86
Market value, end of period .....	\$ 16.50
Common Stock shares outstanding, end of period .....	42,794,496
RATIOS TO AVERAGE NET ASSETS AVAILABLE TO COMMON STOCK SHAREHOLDERS:	
Net investment income+ .....	10.54
Operating expenses including interest expense .....	1.74
Operating expenses excluding interest expense .....	1.02
SUPPLEMENTAL DATA:++	
Portfolio turnover rate .....	21
Net assets before loan, end of period (in 000's) .....	\$ 1,010,882
Ratio of operating expenses including interest expense to net assets before loan .....	1.16
Ratio of operating expenses excluding interest expense to net assets before loan .....	0.68

(1) These tables summarize the nine months ended August 31, 2010 and should be read in conjunction with the Fund's audited financial statements, including footnotes, in its Annual Report dated November 30, 2009.

\* 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 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, 2009 ...	\$0.1140	\$13.99	\$13.97	\$13.99
January 29, 2010 ....	0.1140	14.52	14.34	14.51
February 26, 2010 ...	0.1140	14.52	14.89	14.52
March 31, 2010 .....	0.1140	15.12	15.28	15.12
April 30, 2010 .....	0.1140	15.49	15.72	15.49
May 28, 2010 .....	0.1200	14.43	14.86	14.43
June 30, 2010 .....	0.1200	14.72	15.64	14.86

July 30, 2010 .....	0.1200	15.37	16.32	15.50
August 31, 2010 .....	0.1250	15.86	16.50	15.86

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(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.

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated  
NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1. AGGREGATE INFORMATION FOR FEDERAL INCOME TAX PURPOSES

At August 31, 2010, the aggregate cost of securities for federal income tax purposes was \$1,058,217,670, the aggregate gross unrealized appreciation for all securities in which there is an excess of value over tax cost was \$85,447,147 and the aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value was \$135,113,168.

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 August 31, 2010 is as follows:

	TOTAL VALUE AT AUGUST 31, 2010	LEVEL 1 QUOTED PRICE	LEVEL 2 SIGNIFICANT OBSERVABLE INPUTS	LEVEL 3 SIGNIFI UNOBSERV INPUT
Preferred Securities				
Banking	\$ 383,995,416	\$219,733,503	\$164,150,745	\$ 111,
Financial Services	28,273,385	--	24,177,389	4,095,
Insurance	227,459,337	76,580,577	150,878,760	
Utilities	244,285,622	28,105,918	216,179,704	
Energy	47,642,373	--	47,642,373	
Real Estate Investment Trust (REIT)	1,110,654	1,110,654	--	

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Miscellaneous Industries	12,429,873	--	12,429,873	
Corporate Debt Securities	41,727,090	17,366,085	23,711,651	649,
Common Stock				
Banking	2,007,863	2,007,863	--	
Utilities	4,219,350	4,219,350	--	
Money Market Fund	15,400,686	15,400,686	--	
	-----	-----	-----	-----
Total Investments	\$1,008,551,649	\$364,524,636	\$639,170,495	\$4,856,
	=====	=====	=====	=====

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 Preferred Securities Income 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:

		PREFERRED SECURITIES		CORPORATE DEBT
	TOTAL INVESTMENTS	BANKING	FINANCIAL SERVICES	SECURITIES
	-----	-----	-----	-----
BALANCE AS OF 11/30/09	\$2,574,696	\$158,400	\$1,920,537	\$495,759
Accrued discounts/premiums	--	--	--	--
Realized gain/(loss)	--	--	--	--
Change in unrealized appreciation/ (depreciation)	2,281,822	(47,232)	2,175,459	153,595
Net purchases/(sales)	--	--	--	--
Transfers in and/or out of Level 3	--	--	--	--
	-----	-----	-----	-----
BALANCE AS OF 8/31/10	\$4,856,518	\$111,168	\$4,095,996	\$649,354

For the period ended August 31, 2010, total change in unrealized gain/(loss) on Level 3 securities still held at period-end and included in the change in net assets was \$2,281,822.

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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 PREFERRED SECURITIES INCOME 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 Investment Servicing (US) Inc.  
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.

(FLAHERTY & CRUMRINE/CLAYMORE LOGO)  
PREFERRED SECURITIES  
INCOME FUND

Quarterly  
Report

August 31, 2010

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