

Flaherty & Crumrine/CLAYMORE PREFERRED SECURITIES INCOME FUND INC

Form N-30B-2

April 24, 2007

FLAHERTY & CRUMRINE/CLAYMORE PREFERRED SECURITIES INCOME FUND

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

During the Fund's first fiscal quarter ended February 28, 2007, the Fund performed well in choppy, but ultimately little-changed, fixed-income markets by earning a total return of 1.4% on its net asset value (NAV). These three months saw the Fund continue its recent strong performance.

Interest rates were unchanged to slightly higher over the quarter, as the Federal Reserve left the federal funds rate unchanged and long-term Treasury rates rose only slightly. Corporate credit spreads also ended the quarter little changed, while the Fund's interest-rate hedge had only a minimal impact. Both the recent quarter and trailing twelve-month periods delivered what the Fund is intended to produce - current income and stability of principal.

As you can see on the following pages detailing actual holdings in the Fund's portfolio, the Fund invests in a relatively small number of industries, including utilities and insurers, banks and other finance companies. In fact, the Fund has an investment mandate to concentrate at least 25% of its assets in each of the banking and utilities industries. In terms of the industries the Fund's assets are in, its portfolio is no different than the overall preferred securities market. Because of the preferred securities market's overall emphasis in financial services, a portfolio of preferred securities, including the Fund's, can be at risk if the U.S. economy goes into recession.

One important area of recent concern for the U.S. economy in general, and U.S. credit markets in particular, is subprime mortgage lending, which has experienced increasing default and delinquency rates in recent months. The numbers here are large in an absolute sense, but they are small relative to a \$13 trillion U.S. economy and to the mortgage market as a whole. Because of this, while we cannot entirely rule it out, we currently do not believe that problems in subprime mortgages will push the economy into recession.

The Fund holds no positions in securities issued by mortgage brokers or subprime specialty lenders. Nonetheless, many of the banks and insurance companies in which we have invested do have some exposure to subprime mortgages in their lending or investment portfolios. While we are examining these companies very closely, the lack of detailed disclosure about subprime mortgages makes it impossible for us to make definitive statements about the Fund's potential exposure to the problem. However, given what we now know and can infer about the companies in which we invest, we expect that EARNINGS (which flow to the companies' common shareholders) will be reduced at some of the companies we hold as a result of the problems in subprime lending. However, we currently do not expect that they will suffer losses large enough to cut meaningfully into CAPITAL (which support the debt and preferred securities owned by the Fund). Although we cannot rule out the possibility - despite our best judgment to the contrary - that some of the Fund's investments could be seriously affected, we do not currently see any serious subprime credit problems in the holdings of the Fund.

The Fund's website at WWW.FCCLAYMORE.COM has more information about Fund performance and a more complete discussion of the state of the economy (in our First Quarter Economic Update) and of subprime mortgages and their potential

impact on the economy and the Fund's portfolio (in the "FAQ" section). We encourage you to explore the website for a wide range of additional information about your Fund.

Sincerely,

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

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

April 20, 2007

 Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
 PORTFOLIO OVERVIEW
 FEBRUARY 28, 2007 (UNAUDITED)

FUND STATISTICS ON 02/28/07

| | | |
|------------------------------|----|------------|
| Net Asset Value | \$ | 23.44 |
| Market Price | \$ | 21.81 |
| Discount | | 6.95% |
| Yield on Market Price | | 7.02% |
| Common Shares Outstanding | | 42,601,719 |

INDUSTRY CATEGORIES % OF PORTFOLIO

[GRAPHIC OMITTED]
 EDGAR REPRESENTATION OF DATA POINTS

| | |
|--------------------|-----|
| Other | 3% |
| Banks | 38% |
| Utilities | 26% |
| Insurance | 18% |
| Financial Services | 8% |
| Energy | 4% |
| REITs | 3% |

MOODY'S RATINGS % OF PORTFOLIO

| | |
|-----|-------|
| AAA | 0.2% |
| AA | 2.1% |
| A | 27.1% |

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| | |
|-------------------------|-------|
| BBB | 52.9% |
| BB | 11.0% |
| Not Rated | 5.2% |
| Below Investment Grade* | 12.5% |

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

| TOP 10 HOLDINGS BY ISSUER | % OF PORTFOLIO |
|---------------------------|----------------|
| Wachovia Corp | 4.8% |
| Capital One Financial | 4.6% |
| Banco Santander | 4.6% |
| Dominion Resources | 3.6% |
| HBOS Plc | 3.3% |
| Liberty Mutual Group | 3.1% |
| ACE Ltd | 2.8% |
| JPMorgan Chase | 2.7% |
| Midamerican Energy | 2.6% |
| FBOP Corporation | 1.9% |

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

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
 PORTFOLIO OF INVESTMENTS
 FEBRUARY 28, 2007 (UNAUDITED)

SHARES/\$ PAR

PREFERRED SECURITIES -- 84.6%
 BANKING -- 37.8%

| | |
|---------------|--|
| \$ 19,000,000 | Astoria Capital Trust I, 9.75% 11/01/29 Capital Security, Series B..... |
| | Auction Pass-Through Trust, Cl. B: |
| 65 | Series 2006-5, Variable Rate Pfd., 144A****..... |
| 65 | Series 2006-6, Variable Rate Pfd., 144A****..... |
| 40,000 | BAC Capital Trust I, 7.00% Pfd. 12/15/31..... |
| 10,400 | BAC Capital Trust II, 7.00% Pfd. 02/01/32..... |
| \$ 1,240,000 | BankBoston Capital Trust I, 8.25% 12/15/26 Capital Security..... |
| | Banco Santander: |
| 1,490,300 | 6.50% Pfd., 144A****..... |
| 1,253,300 | 6.80% Pfd., 144A****..... |
| 1,800 | Bank of New York Capital IV, 6.875% Pfd., Series E..... |
| 77,900 | Bank One Capital Trust VI, 7.20% Pfd..... |
| \$ 8,800,000 | Barclays Bank PLC, 6.278% Pfd..... |
| 210,000 | Capital One Capital II, 7.50% Pfd. 06/15/66..... |
| \$ 19,500,000 | Capital One Capital III, 7.686% Pfd..... |
| 60,000 | Citigroup Cap VII, 7.125% Pfd., 07/31/31..... |
| 69,500 | Citigroup Cap XV, 6.50% Pfd. 09/15/66..... |
| 112,000 | Citizens Funding Trust I, 7.50% Pfd. 09/15/66..... |
| 105,000 | Cobank, ACB, 7.00% Pfd., 144A****..... |
| 27,900 | Comerica (Imperial) Capital Trust I, 7.60% Pfd. 07/01/50..... |
| \$ 800,000 | CoreStates Capital Trust I, 8.00% 12/15/26 Capital Security, 144A****..... |
| \$ 2,500,000 | Dime Capital Trust I, 9.33% 05/06/27 Capital Security, Series A..... |
| 28,800 | FBOP Corporation, Adj. Rate Pfd., 144A****..... |
| \$ 2,635,000 | First Midwest Capital Trust I, 6.95% 12/01/33 Capital Security..... |
| | First Republic Bank: |
| 400,000 | 6.25% Pfd..... |
| 30,000 | 7.25% Pfd..... |
| 6,000 | First Republic Preferred Capital Corporation, 10.50% Pfd., 144A****..... |
| 110,200 | Fleet Capital Trust VIII, 7.20% Pfd. 03/15/32..... |
| 6 | FT Real Estate Securities Company, 9.50% Pfd., 144A****..... |
| \$ 37,550,000 | GreenPoint Capital Trust I, 9.10% 06/01/27 Capital Security..... |
| | HBOS Capital Funding LP: |
| \$ 30,725,000 | 6.85% Pfd..... |
| \$ 19,250,000 | 6.413% Pfd., 144A****..... |
| 7,500 | HSBC Series II, Variable Inverse Pfd., Pvt..... |
| 185,000 | HSBC USA, Inc., 6.50% Pfd., Series H..... |
| | ING Groep NV: |
| 36,000 | 7.05% Pfd..... |
| 143,900 | 7.20% Pfd..... |

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 FEBRUARY 28, 2007 (UNAUDITED)

SHARES/\$ PAR

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

| | |
|---------------|--|
| \$ 15,343,000 | JPMorgan Capital Trust I, 7.54% 01/15/27 Capital Security..... |
| 3,700 | JPMorgan Chase Capital X, 7.00% Pfd. 02/15/32, Series J..... |
| \$ 6,080,000 | JPMorgan Chase Capital XVIII, 6.95% 08/17/36 Capital Security, Series R..... |
| 250,000 | JPMorgan Chase Capital XIX, 6.63% Pfd. 09/29/36, Series S..... |
| \$ 10,000,000 | JPMorgan Chase Capital XXII, 6.45% 02/02/37, Series V..... |
| 23,800 | Keycorp Capital V, 5.875% Pfd., Series A..... |
| 20,000 | Keycorp Capital VIII, 7.00% Pfd. 06/15/66..... |
| 517,000 | Keycorp Capital IX, 6.75% Pfd. 12/15/66..... |
| \$ 2,000,000 | Lloyds TSB Group PLC, 6.267% Pfd., 144A****..... |
| 20 | Marshall & Ilsley Investment II, 8.875% Pfd., 144A****..... |
| 85,285 | National City Capital Trust II, 6.625% Pfd. 11/15/36..... |
| \$ 3,000,000 | North Fork Capital Trust I, 8.70% 12/15/26 Capital Security..... |
| 265,000 | PFGI Capital Corporation, 7.75% Pfd..... |
| \$ 6,500,000 | RBS Capital Trust B, 6.80% Pfd..... |
| \$ 7,200,000 | Republic New York Capital I, 7.75% 11/15/26 Capital Security..... |
| \$ 4,992,000 | 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****..... |
| 63,700 | Sovereign Bancorp, 7.30% Pfd., Series C..... |
| 248,100 | Sovereign Capital Trust V, 7.75% Pfd. 05/22/36..... |
| \$ 13,500,000 | Sovereign Capital Trust VI, 7.908% 06/13/36 Capital Security..... |
| \$ 6,500,000 | UBS Realty Corp, 6.091% 01/15/12, 144A****..... |
| \$ 14,167,000 | Union Planters Capital Trust, 8.20% 12/15/26 Capital Security..... |
| 60 | Union Planters Preferred Funding, 7.75% Pfd., Series 144A****..... |
| 127,600 | USB Capital VIII, 6.35% Pfd. 12/29/65..... |
| 64,600 | USB Capital X, 6.50% Pfd. 04/12/66..... |
| 23,500 | VNB Capital Trust I, 7.75% Pfd..... |
| 650,000 | Wachovia Capital Trust IV, 6.375% Pfd., 03/01/67..... |
| 2,010,800 | Wachovia Preferred Funding, 7.25% Pfd., Series A..... |
| \$ 10,050,000 | Washington Mutual Preferred Funding, 6.534% Pfd., 144A****..... |
| \$ 8,000,000 | Webster Capital Trust II, 10.00% 04/01/27 Capital Security..... |
| 100,000 | Wells Fargo Capital Trust IV, 7.00% Pfd. 09/01/31..... |

FINANCIAL SERVICES -- 5.5%

| | |
|--------------|--|
| 202,500 | Cabco Trust For Goldman Sachs Capital I, Adj. Rate Pfd. 02/15/34, Series GS..... |
| \$ 4,000,000 | CIT Group, Inc., 6.10% 03/15/67..... |
| 30,000 | Corp-Backed Trust Certificates, 7.75% Pfd., Series CIT Group..... |

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 FEBRUARY 28, 2007 (UNAUDITED)

SHARES/\$ PAR

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

| | |
|---------------|---|
| 714,295 | Countrywide Capital IV, 6.75% Pfd..... |
| 26,305 | Countrywide Capital V, 7.00% Pfd., 11/01/36..... |
| 3,600 | Goldman Sachs Group, Inc., STRIPES Custodial Receipts, Pvt..... |
| \$ 7,000,000 | Gulf Stream-Compass 2005 Composite Notes, 144A****..... |
| 80,000 | HSBC Finance Corporation, 6.875% Pfd., 01/30/33..... |
| 5,000 | Lehman Capital Trust IV, 6.375% Pfd., Series L..... |
| 8,600 | Lehman Capital Trust V, 6.00% Pfd., Series M..... |
| 27,000 | Merrill Lynch Cap Trust I, 6.45% Pfd., 12/15/66, Series K..... |
| 4,000 | Merrill Lynch Series II STRIPES Custodial Receipts, Pvt..... |
| 114,867 | Merrill Lynch Preferred Capital Trust IV, 7.12% Pfd..... |
| 79,600 | Morgan Stanley Capital Trust II, 7.25% Pfd..... |
| 199,355 | Morgan Stanley Capital Trust IV, 6.25% Pfd..... |
| 9,000 | Morgan Stanley Capital Trust V, 5.75% Pfd..... |
| 389,500 | 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 -- 15.8%

| | |
|---------------|--|
| 1,669,980 | ACE Ltd., 7.80% Pfd., Series C..... |
| \$ 4,000,000 | AMBAC Financial Group, Inc., 6.15% 02/15/37..... |
| \$ 18,195,000 | AON Capital Trust A, 8.205% 01/01/27 Capital Security..... |
| | Arch Capital Group Ltd.: |
| 167,650 | 7.875% Pfd., Series B..... |
| 21,800 | 8.00% Pfd..... |
| | AXA SA: |
| \$ 9,500,000 | 6.463% 12/14/18, 144A****..... |
| \$ 6,000,000 | 6.379% 12/14/36, 144A****..... |
| | Axis Capital Holdings: |
| 451,300 | 7.25% Pfd., Series A..... |
| 137,305 | 7.50% Pfd., Series B..... |
| 352,600 | Berkley W.R. Capital Trust II, 6.75% Pfd. 07/26/45..... |
| 106,000 | Corts-AON Capital, 8.205% Pfd..... |
| 37,000 | Corts-UnumProvident Corporation, 8.50% Pfd..... |
| 150,400 | Endurance Specialty Holdings, 7.75% Pfd..... |
| 134,150 | Everest Re Capital Trust II, 6.20% Pfd., Series B..... |
| \$ 5,000,000 | Glen Meadow Pass-Through, 6.505% 02/12/67, 144A****..... |
| \$ 665,000 | Great West Life & Annuity Insurance, 7.153% Pfd. 05/16/46, 144A****..... |
| \$ 20,500,000 | Liberty Mutual Insurance, 7.80% 03/15/37, 144A****..... |

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 FEBRUARY 28, 2007 (UNAUDITED)

SHARES/\$ PAR

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

| | |
|---------------|---|
| \$ 10,000,000 | Mangrove Bay Passthru Trust, 6.102% 07/15/33 Capital Security, 144A**** |
| 180,289 | PartnerRe Ltd., 6.75% Pfd., Series C |
| \$ 714,000 | Provident Financing Trust I, 7.405% 03/15/38 Capital Security |
| \$ 9,000,000 | Renaissancere Capital Trust, 8.54% 03/01/27 Capital Security, Series B |
| | Renaissancere Holdings Ltd.: |
| 116,000 | 6.08% Pfd., Series C |
| 260,000 | 6.60% Pfd., Series D |
| 304,135 | 7.30% Pfd., Series B |
| 94,900 | Saturns-AON 2003-3, 8.00% Pfd., Series AON Corp |
| 56,000 | Saturns-SAFC 2001-7, 8.25% Pfd., Series Safeco Corp |
| 407,200 | Scottish Re Group Ltd., 7.25% Pfd |
| 36,600 | Torchmark Capital Trust III, 7.10% Pfd |
| \$ 7,425,000 | USF&G Capital, 8.312% 07/01/46 Capital Security, 144A**** |
| \$ 13,000,000 | USF&G Capital I, 8.50% 12/15/45 Capital Security, 144A**** |
| 5,000 | XL Capital Ltd., 7.625% Pfd., Series B |

UTILITIES -- 19.4%

| | |
|---------------|---|
| \$ 3,750,000 | AGL Capital Trust, 8.17% 06/01/37 Capital Security |
| | Baltimore Gas & Electric Company: |
| 10,000 | 6.70% Pfd., Series 1993 |
| 50,000 | 7.125% Pfd., Series 1993 |
| 820,359 | Calenergy Capital Trust III, 6.50% Pfd. 09/01/27 |
| 35,000 | Central Maine Power, 5.25% Pfd., Pvt |
| \$ 2,600,000 | COMED Financing II, 8.50% 01/15/27 Capital Security, Series B |
| \$ 17,645,000 | COMED Financing III, 6.35% 03/15/33 Capital Security |
| 85,630 | Dominion CNG Cap Trust I, 7.80% Pfd |
| \$ 25,175,000 | 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 Capital Security |
| \$ 11,000,000 | Dominion Resources, Inc., 7.50%, Capital Security |
| | Entergy Arkansas, Inc.: |
| 10,240 | 4.56% Pfd., Series 1965 |
| 625,000 | 6.45% Pfd |
| 85,000 | Entergy Louisiana, Inc., 6.95% Pfd |
| | Florida Power Company: |
| 49,750 | 4.40% Pfd |
| 21,585 | 4.60% Pfd |
| 146,000 | FPC Capital I, 7.10% Pfd., Series A |
| 52,150 | FPL Group Capital Trust I, 5.875% Pfd. 03/15/44 |

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
PORTFOLIO OF INVESTMENTS (CONTINUED)
FEBRUARY 28, 2007 (UNAUDITED)

SHARES/\$ PAR

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

| | |
|---------------|---|
| 584,050 | FPL Group Capital, Inc., 6.60% Pfd. 10/01/66, Series A..... |
| 12,442 | Great Plains Energy, Inc., 4.20% Pfd..... |
| 5,000 | Indiana Michigan Power, 4.56% Pfd..... |
| 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..... |
| 32,300 | Iacleda Capital Trust I, 7.70% Pfd..... |
| | Pacific Enterprises: |
| 4,550 | \$4.40 Pfd..... |
| 4,510 | \$4.50 Pfd..... |
| 23,085 | \$4.75 Pfd., Series 53..... |
| 2,500 | 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..... |
| 9,495 | Portland General Electric, 7.75% Sinking Fund Pfd..... |
| 358,950 | PSEG Funding Trust II, 8.75% Pfd..... |
| \$ 8,200,000 | Puget Sound Energy Capital Trust, 8.231% 06/01/27 Capital Security, Series B..... |
| 200,000 | San Diego Gas & Electric Company, \$1.70 Pfd..... |
| | Southern California Edison: |
| 115,750 | 6.00% Pfd..... |
| 16,900 | 6.125% Pfd..... |
| 7,800 | Southern Company Capital Trust VI, 7.125% Pfd. 06/30/42..... |
| | Southern Union Company: |
| \$ 6,250,000 | 7.20% 11/01/66 Capital Security..... |
| 228,700 | 7.55% Pfd..... |
| 50,000 | Strats-Dominion-2005-6, Adjustable Rate Pfd., 06/15/35, Series D..... |
| \$ 4,200,000 | 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..... |
| 35,000 | \$6.98 Pfd..... |
| 189,000 | 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, 2007 (UNAUDITED)

SHARES/\$ PAR

PREFERRED SECURITIES -- (CONTINUED)

OIL AND GAS -- 2.1%

| | |
|---------------|--|
| \$ 12,500,000 | Enterprise Products Partners, 8.375% Pfd..... |
| 13,200 | EOG Resources, Inc., 7.195% Pfd., Series B..... |
| \$ 3,650,000 | KN Capital Trust III, 7.63% 04/15/28 Capital Security..... |

REAL ESTATE INVESTMENT TRUST (REIT) -- 3.0%

| | |
|---------|--|
| | BRE Properties, Inc.: |
| 72,200 | 6.75% Pfd., Series C..... |
| 224,000 | 8.08% Pfd., Series B..... |
| 45,000 | Equity Office Property Trust, 7.75% Pfd., Series G..... |
| 51,000 | Equity Residential Properties, 8.29% Pfd., Series K..... |
| 4,980 | Prologis Trust, 8.54% Pfd., Series C..... |
| | PS Business Parks, Inc.: |
| 160,000 | 7.20% Pfd., Series M..... |
| 203,400 | 7.60% Pfd., Series L..... |
| 60,000 | 7.95% Pfd., Series K..... |
| | Public Storage, Inc.: |
| 186,070 | 6.45% Pfd., Series F..... |
| 52,000 | 6.63% Pfd., Series M..... |
| 63,400 | 6.75% Pfd., Series E..... |
| 30,000 | 6.85% Pfd., Series Y..... |
| 511,000 | 7.25% Pfd., Series K..... |
| 80,000 | Realty Income Corp., 6.75% Pfd., Series E..... |

MISCELLANEOUS INDUSTRIES -- 1.0%

| | |
|--------------|---|
| 2,245 | Centaur Funding Corporation, 9.08% Pfd. 04/21/20, 144A****..... |
| 112,750 | Ocean Spray Cranberries, Inc., 6.25% Pfd., 144A****..... |
| \$ 3,000,000 | TCI Comm Financing III, 9.65% 03/31/27 Capital Security..... |

TOTAL PREFERRED SECURITIES
(Cost \$1,263,187,087).....

CORPORATE DEBT SECURITIES -- 14.7%

FINANCIAL SERVICES -- 2.4%

| | |
|---------------|--|
| 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..... |
| \$ 4,824,312 | Lehman Brothers, Guaranteed Note, Variable Rate, 12/16/16, 144A****..... |

SHARES/\$ PAR

CORPORATE DEBT SECURITIES -- (CONTINUED)
INSURANCE -- 2.5%

| | |
|---------------|--|
| 239,000 | Delphi Financial, 8.00% 05/15/33, Senior Notes..... |
| \$ 4,000,000 | Farmers Exchange Capital, 7.20% 07/15/48, 144A****..... |
| \$ 24,921,000 | Liberty Mutual Insurance, 7.697% 10/15/97, 144A****..... |
| \$ 1,000,000 | UnumProvident Corporation, 7.25% 03/15/28, Senior Notes..... |

UTILITIES -- 6.8%

| | |
|---------------|--|
| | Duke Capital Corporation: |
| \$ 6,179,000 | 6.75% 02/15/32, Senior Notes..... |
| \$ 4,000,000 | 8.00% 10/01/19, Senior Notes..... |
| \$ 13,500,000 | Duquesne Light Holdings, 6.25% 08/15/35..... |
| \$ 5,000,000 | Entergy Gulf States, Inc., 6.20% 07/01/33, 1st Mortgage..... |
| | Entergy Louisiana LLC: |
| \$ 14,458,000 | 6.30% 09/01/35, 1st Mortgage..... |
| 9,400 | 7.60% 04/01/32..... |
| 16,500 | Entergy Mississippi, Inc., 7.25%, 1st Mortgage..... |
| 477,315 | Georgia Power Company, 5.90% 04/15/33, Senior Notes..... |
| 40,000 | Northern States Power Company, 8.00%..... |
| | Oncor Electric Delivery Company: |
| \$ 2,000,000 | 7.00% 09/01/22..... |
| \$ 7,070,000 | 7.25% 01/15/33..... |
| 227,000 | PPL Energy Supply LLC, 7.00% 07/15/46..... |
| \$ 8,268,000 | PSEG Power LLC, 8.625% 04/15/31..... |
| | Southern Union Company: |
| \$ 5,300,000 | 7.60% 02/01/24, Senior Notes..... |
| \$ 7,697,000 | 8.25% 11/15/29, Senior Notes..... |
| \$ 6,020,000 | Wisconsin Electric Power Company, 6.875% 12/01/95..... |

OIL AND GAS -- 1.7%

| | |
|---------------|--|
| \$ 10,350,000 | KN Energy, Inc., 7.45% 03/01/98..... |
| 296,911 | Nexen, Inc., 7.35% Subordinated Notes..... |
| \$ 8,500,000 | Noble Energy, Inc., 7.25% 08/01/97..... |

REAL ESTATE INVESTMENT TRUST (REIT) -- 0.2%

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

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 FEBRUARY 28, 2007 (UNAUDITED)

SHARES/\$ PAR

CORPORATE DEBT SECURITIES -- (CONTINUED)

MISCELLANEOUS INDUSTRIES -- 1.1%

| | | |
|----|-----------|--|
| | 240,000 | AT&T, Inc., 6.375% 02/15/56..... |
| \$ | 390,000 | BellSouth Telecommunication, 7.00% 12/01/95..... |
| | 80,000 | Comcast Corp., 7.00% 09/15/55, Series B..... |
| | | Corp-Backed Trust Certificates: |
| | 30,000 | 7.00% 11/15/28, Series FON..... |
| | 100,000 | 6.05% 02/15/33, Series BA..... |
| | | Pulte Homes, Inc.: |
| | 58,240 | 7.375% 06/01/46..... |
| \$ | 3,550,000 | 7.875% 06/15/32, Senior Notes..... |

TOTAL CORPORATE DEBT SECURITIES

(Cost \$216,824,673).....

COMMON STOCKS -- 0.1%

BANKING -- 0.1%

| | | |
|--|--------|--------------------------------------|
| | 57,700 | New York Community Bancorp, Inc..... |
|--|--------|--------------------------------------|

TOTAL COMMON STOCKS

(Cost \$948,414).....

OPTION CONTRACTS -- 0.1%

| | | |
|--|--------|---|
| | 10,300 | June Put Options on June U.S. Treasury Bond Futures, Expiring 05/25/07..... |
|--|--------|---|

TOTAL OPTION CONTRACTS

(Cost \$4,301,750).....

Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
 PORTFOLIO OF INVESTMENTS (CONTINUED)
 FEBRUARY 28, 2007 (UNAUDITED)

SHARES/\$ PAR

| | |
|---|---------|
| MONEY MARKET FUND -- 0.8% | |
| 11,521,519 BlackRock Provident Institutional, TempFund..... | |
| ----- | |
| TOTAL MONEY MARKET FUND | |
| (Cost \$11,521,519)..... | |
| SECURITIES LENDING COLLATERAL -- 0.0% | |
| 663,012 Institutional Money Market Trust..... | |
| ----- | |
| TOTAL SECURITIES LENDING COLLATERAL | |
| (Cost \$663,012)..... | |
| TOTAL INVESTMENTS (Cost \$1,497,446,455***)..... | 100.3% |
| OTHER ASSETS AND LIABILITIES (Net)..... | (0.3%) |
| | ----- |
| 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..... | |

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 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, 2006 THROUGH FEBRUARY 28, 2007 (UNAUDITED)

OPERATIONS:

| | |
|---|--|
| Net investment income..... | |
| Net realized gain/(loss) on investments sold during the period..... | |
| Change in net unrealized appreciation/depreciation 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 RESULTING FROM OPERATIONS | |

DISTRIBUTIONS:

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

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.....

 NET ASSETS AVAILABLE TO COMMON STOCK:
 Beginning of period.....
 Net increase in net assets during the period.....
 End of period.....

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 Flaherty & Crumrine/Claymore Preferred Securities Income Fund Incorporated
 FINANCIAL HIGHLIGHTS(1)
 FOR THE PERIOD FROM DECEMBER 1, 2006 THROUGH FEBRUARY 28, 2007 (UNAUDITED)
 FOR A COMMON STOCK 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

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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 |
|------------------------|----------------------------|--------------------|-----------------------|
| | ----- | ----- | ----- |
| December 31, 2006..... | \$0.1275 | \$23.15 | \$21.41 |
| January 31, 2007..... | 0.1275 | 23.13 | 21.75 |
| February 28, 2007..... | 0.1275 | 23.44 | 21.81 |

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

1. AGGREGATE INFORMATION FOR FEDERAL INCOME TAX PURPOSES

At February 28, 2007 the aggregate cost of securities for federal income tax purposes was \$1,508,169,215, the aggregate gross unrealized appreciation for all securities in which there is an excess of value over tax cost was \$46,755,923 and the aggregate gross unrealized depreciation for all securities in which there is an excess of tax cost over value was \$10,341,678.

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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
Nicholas Dalmaso
Vice President and Assistant Secretary
Laurie C. Lodolo
Assistant Compliance Officer,
Assistant Treasurer and
Assistant Secretary

INVESTMENT ADVISER

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

SERVICING AGENT

Claymore Securities, Inc.
1-866-233-4001

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 --

PFPC 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.

[GRAPHIC OMITTED]
LIGHTHOUSE ART

FLAHERTY & CRUMRINE/CLAYMORE
=====

PREFERRED SECURITIES
INCOME FUND

QUARTERLY
REPORT

FEBRUARY 28, 2007

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