

FLAHERTY & CRUMRINE/CLAYMORE TOTAL RETURN FUND INCORPORATED

DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN

(Shares Held by Broker or Nominee)

FLAHERTY & CRUMRINE/CLAYMORE TOTAL RETURN FUND INCORPORATED DIVIDEND REINVESTMENT AND CASH PURCHASE PLAN

The following are some of the most frequently asked questions concerning the Flaherty & Crumrine/Claymore Total Return Fund Incorporated (the "Fund") Dividend Reinvestment and Cash Purchase Plan (the "Plan"). The Plan is described on page 67 of the Fund's prospectus dated August 26, 2003. Further questions and correspondence may be directed to your broker or nominee.

If you are a shareholder of record (i.e., if the shares you own are registered in your own name on the books of PFPC Inc., the agent for the Plan ("PFPC")), you should contact PFPC at [1-\(800\) 331-1710](tel:1-800-331-1710).

1. What is the purpose of the Plan?

The purpose of the Plan is to provide owners of the Fund's common stock ("shareholders") with a simple and convenient method of investing cash dividends and other distributions in additional shares of common stock of the Fund. Participants in the Plan may have cash distributions, including dividends and capital gains, automatically reinvested.

2. How does a shareholder enroll?

Shareholders of record are automatically participants in the Plan unless they elect to receive distributions in cash. If your shares are held in the name of a broker, bank or other nominee, you can participate in the Plan only to the extent that the nominee participates on your behalf. Some nominees do not provide that service and routinely request that all dividends and other distributions be paid in cash on all shares registered in their names. Therefore, if your shares are held for your account by a nominee who does not participate, you must either make appropriate arrangements for your nominee to participate on your behalf, or you must become a shareholder of record by having your shares transferred to your own name on the books of PFPC.

3. What if a shareholder would rather receive future dividends and other distributions in cash?

If your shares are held by a broker or nominee and you would rather receive future dividends and other distributions in cash, you should contact your broker or nominee to communicate that you would like to terminate your participation in the Plan.

4. How does the Plan work?

When the Board of Directors of the Fund declares a dividend or other distribution payable either in cash or shares, all non-participants in the Plan will receive the dividend or other distribution in cash.

Participants in the Plan will have credited to their nominee accounts a number of full and fractional shares equivalent to the cash that would have been paid to them if they were not participants.

5. How will shares be acquired and allocated to participants' nominee accounts under the Plan?

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, participants in the Plan will be issued new shares at the higher of the net asset value or 95% of the then current market price. Otherwise, PFPC will buy shares of the Fund's common stock in the open market, on the New York Stock Exchange ("NYSE") or elsewhere, beginning on the payment date of the dividend or other distribution, until it has expended for such purchases all of the cash that would otherwise be payable to the participants. The number of purchased shares that will then be credited to the participants' accounts will be based on the average per share purchase price of the shares so purchased, including brokerage commissions. If PFPC commences purchases in the open market and the market price of the shares (plus any estimated brokerage commissions) subsequently exceeds their net asset value most recently determined before the completion of the purchases, however, PFPC will endeavor to terminate purchases in the open market and cause the Fund to issue the remaining dividend or other distribution in shares. In this case, the number of shares received by the participant will be based on the weighted average of prices paid for shares purchased in the open market and the price at which the Fund issues remaining shares. These remaining shares will be issued by the Fund at the higher of net asset value or 95% of the then-current market value.

6. Will certificates be issued for shares issued under the Plan?

No. Certificates for shares acquired under the Plan will not be furnished to you; rather, shares will be credited to the participant's nominee account. Please contact your broker or nominee for further information.

7. What happens if the Fund issues a stock dividend or declares a stock split?

Any stock dividends or split shares distributed by the Fund on shares held by the broker or nominee for the participant will be credited to the participant's nominee account.

8. What happens if a participant wishes to sell shares held as part of the Plan?

As stated in Question 3 above you may terminate participation in the Plan or request to sell shares by contacting your broker or nominee.

9. May a shareholder elect to re-enroll once he has terminated participation in the Plan?

Yes, if a shareholder has previously elected to receive dividends and other distributions in cash and thus terminated his participation in the Plan and later wishes to participate in the Plan, the shareholder may re-enroll at any time by contacting their broker or nominee.

10. What is the tax status of reinvested dividends?

The automatic reinvestment of dividends and other distributions will not relieve you of any income taxes that you might otherwise owe on such dividends or other distributions. A participant in the Plan will be treated for Federal income tax purposes as having received, on the dividend payment date, a dividend or other distribution in an amount equal to the cash that the participant could have received instead of shares. The tax basis of such shares will equal the amount of such cash.

A participant will not realize any taxable income upon receipt of certificates for whole shares credited to the participant's Plan account either upon the participant's request for a specified number of shares or upon termination of enrollment in the Plan.

Each participant in the Plan will receive early in each year a Form 1099 regarding the Federal income tax status of all dividends and other distributions paid during the previous year.

11. Are there any separate charges for participating in the Plan?

No. PFPC's fees for administering the Plan are included in the fees paid by the Fund to PFPC for acting as its transfer agent. The price at which shares are credited to your account will, however, include your share of any brokerage commissions incurred in connection with PFPC's open market purchases of such shares. There will be no brokerage charges in connection with any credit of newly issued shares.

12. May the Plan be changed?

Experience under the Plan may indicate that changes are desirable. Accordingly, the Plan may be amended or terminated on at least 30 days' written notice to Plan participants. In addition, the Plan may be amended or supplemented at any time in order to comply with applicable law or regulations.