Madison/Claymore Covered Call Fund
Form N-CSRS
September 01, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED

MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-21582

Madison / Claymore Covered Call Fund

(Exact name of registrant as specified in charter)

2455 Corporate West Drive

Lisle, IL 60532

(Address of principal executive offices) (Zip code)

Nicholas Dalmaso, Chief Legal and Executive Officer

Madison / Claymore Covered Call Fund

2455 Corporate West Drive

Lisle, IL 60532

(Name and address of agent for service)

Registrant s telephone number, including area code: (630) 505-3700

Date of fiscal year end: December 31

Date of reporting period: June 30, 2006

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget (OMB) control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. Section 3507.

Item 1. Reports to Stockholders.

The registrant s semi-annual report transmitted to shareholders pursuant to Rule 30e-1 under the Investment Company Act of 1940, as amended (the Investment Company Act), is as follows:

SemiAnnual Report

June 30, 2006

(unaudited)

Madison/Claymore

MCN

Covered Call Fund

www.madisonclaymore.com

your road to the LATEST,

most up-to-date INFORMATION about the

Madison/Claymore Covered Call Fund

The shareholder report you are reading right now is just the beginning of the story. Online at **www.madisonclaymore.com**, you will find:

Daily, weekly and monthly data on share prices, distributions and more

Portfolio overviews and performance analyses

Announcements, press releases and special notices

Fund and adviser contact information

Madison Investment Advisors and Claymore are continually updating and expanding shareholder information services on the Fund s website, in an ongoing effort to provide you with the most current information about how your Fund s assets are managed, and the results of our efforts. It is just one more way we are working to keep you better informed about your investment in the Fund.

Dear Shareholder |

We are pleased to submit the semiannual shareholder report for the Madison/Claymore Covered Call Fund (the Fund). This report covers performance for the six-month period ended June 30, 2006. As you may know, the Fund s investment objective is to provide a high level of current income and current gains with a secondary objective of long-term capital appreciation. The Fund pursues these objectives by investing in a portfolio of what the Investment Manager believes to be high-quality, large-capitalization stocks that are trading at reasonable valuations in relation to their long-term earnings growth rates. The Fund will, on an ongoing and consistent basis, sell covered call options to seek to generate a reasonably steady return from option premiums.

Madison Asset Management, LLC, a wholly-owned subsidiary of Madison Investment Advisors, Inc., is the Fund s Investment Manager. Founded in 1974, Madison is an independently owned firm that acts as an investment adviser for individuals, corporations, pension funds, endowments, insurance companies and mutual funds. Madison and its subsidiaries managed approximately $10 billion in assets as of June 30, 2006.

In the six month period ended June 30, 2006, the Fund generated a negative total return of 4.43% on a market value basis. This represents a change in market price to $13.51 on June 30, 2006 from $14.80 on December 31, 2005, plus the payment of dividends. The Fund produced a total return of 0.35% at net asset value (NAV). This represents a change in NAV to $14.14 on June 30, 2006 from $14.74 at the start of the period, plus the payment of dividends. The Fund paid quarterly dividends of $0.33 per share during the period. The most recent distribution was paid on May 31, 2006 and represented an annualized distribution rate of 9.77% based on the Fund s market price of $13.51 on June 30, 2006.

As you may be aware, the Fund has distributed, along with its quarterly distributions, notices of the source of the Fund s distributions. These notices are required by Section 19 of the Investment Company Act of 1940. The Fund currently does not anticipate that any of the distributions paid during the 2006 calendar year will be classified as a return of capital for tax purposes. The Fund has adopted a policy such that the quarterly distributions would consist of ordinary income, which consists of net investment income and short-term capital gains. The final determination of the source of the 2006 distributions, however, will be made after the end of the Fund s fiscal year and will be reported to shareholders in January 2007 on IRS Form 1099-DIV.

The Fund s market price is trading at a discount to its NAV. This discount from NAV highlights the fact that many closed-end funds have fallen out of favor with investors since the Fund s launch. However, we believe that this discount represents an opportunity as common shares of the Fund are now available in the market at prices below the value of the securities in the underlying portfolio.

Shareholders have the opportunity to reinvest their dividends from the Fund through the Dividend Reinvestment Plan (DRIP) that is described in detail on page 20 of this report. If shares trade at a discount to NAV, the DRIP takes advantage of the discount by reinvesting the quarterly dividend distribution in common shares of the Fund purchased in the market at a price less than NAV. Conversely, when the market price of the Fund s common shares is at a premium above NAV, the DRIP reinvests participants dividends in newly-issued common shares at NAV, subject to an IRS limitation that the purchase price cannot be more than 5% below the market price per share. The DRIP provides a cost effective means to accumulate additional shares and to enjoy the benefits of compounding returns over time.

To learn more about the Fund s performance over this fiscal period, we encourage you to read the *Questions & Answers* section of this report on page 5. You will find information on Madison s investment philosophy and discipline and their views on the overall market environment and how they structured the portfolio based on their views.

We appreciate your investment and look forward to serving your investment needs in the future. For the most up-to-date information on your investment, please visit the Fund s website at www.madisonclaymore.com.

Sincerely,

Nicholas Dalmaso
Madison/Claymore Covered Call Fund

MCN | Madison/Claymore Covered Call Fund

Questions & Answers |

We at Madison Asset Management LLC are pleased to address the progress of our Fund, the Madison/Claymore Covered Call Fund (MCN) for the period ending June 30, 2006. Introduced in July of 2004, the Fund continues to pursue its investment objectives by investing in high-quality, large-capitalization common stocks that are, in our view, selling at a reasonable price with respect to their long-term earnings growth rates. Our option-writing strategy has provided a steady income return from option premiums which help achieve our goal of providing enhanced risk-adjusted returns with a secondary objective of long-term capital appreciation.

Madison Asset Management, LLC, (MAM) a wholly owned subsidiary of Madison Investment Advisors, Inc., with its affiliates, manages over $10 billion in individual, corporate, pension, insurance, endowment, and mutual fund assets.

Please tell us about what happened in the market during the first half of 2006?

In the first four months of 2006, the market was strong and the leadership continued to come from the most economically sensitive sectors (energy, industrials and materials.) From May through June, defensive sectors (utilities and consumer staples) outperformed. In addition, more speculative investments such as emerging market equities and commodities performed well early in the period as investors perceived the Federal Reserve Board (the Fed) would take a more growth-friendly stance. However, the Fed raised rates for the 16th consecutive time in early May in response to concerns of rising inflation and a slower economy. Fed Chairman Bernanke s comments caused a frantic market to move away from speculative investments in a flight to quality. As of June 30, 2006, despite the Standard & Poor s 500 (S&P 500) being up over 6% at its May peak, the S&P 500 appreciated just 1.8% and posted a total return of 2.7% for the full six-month period.

How did the Fund perform given the marketplace conditions during the first half of 2006?

We are pleased to report that MCN generated enough income in the first half of 2006 to return $0.66 per share to our shareholders in dividends. We continued to find opportunities to write calls at attractive premiums. The Fund s NAV (net asset value per share) did decline $0.60 in the first half of 2006 from $14.74 to $14.14, including the payment of dividends. This represented a total return at NAV of 0.35%, including the payment of dividends. As mentioned previously, the top performing sectors during the period were of a more cyclical nature while MCN is invested in what we believe to be consistent growth, reasonably priced stocks. In tandem with the market decline, MCN traded at a discount to NAV for the majority of the period, dipping to its widest discount of 7.08 % on May 26, 2006. By the end of the semiannual period, MCN s discount had rebounded to 4.46% ($13.51 market price versus $14.14 NAV). The total return on a market price basis for the Fund was -4.43%, including the reinvestment of dividends for the six months ended June 30, 2006.

Since MCN s inception in July 2004, its NAV has fallen a moderate $0.19 per share. However, the Fund has paid $2.28 per share in dividends resulting in a 15.05% total return, compared to a 16.1% increase for the CBOE BuyWrite (BXM) Index during the same period. Thus, we believe that the Fund has achieved solid results over its first 23 months of operation, providing us with considerable confidence in meeting MCN s longer term goals. We are also pleased that the Fund continued to pay a $0.33 per share quarterly dividend distribution, which was increased from $0.30 in 2005. Of course this level of income cannot be guaranteed in the future.

Will you describe the Fund s portfolio equity and option structure?

As of June 30, 2006, the Fund held 54 common stocks, comprising 97% of total net assets. During the first half of the year, the Fund s managers have received premiums for written options of $17.7 million, which had an average duration to their option expiration dates of 5.2 months. As of June 30, 2006, MCN had 101 outstanding written (sold) stock options, of which 74 (73%) were out-of-the-money, meaning the stock price is below the strike price at which the shares would be called away. This provides the Fund with the opportunity to participate in a potential rally in the stock.

Which sectors are prevalent in the Fund?

From a sector perspective, MCN s largest exposure was in the consumer discretionary sector, followed by the technology and health care sectors. We continued to keep the Fund absent from the materials and utilities sectors, but did take a small position in an energy company during the quarter (Apache, which represented 2.2% of long-term investments).

Will you please describe the Fund s dividend policy?

The Fund declared $0.33 per share quarterly dividends in both February and May. At the Fund s traded market price of $13.51 per share on June 30, 2006 and at the current quarterly rate of $0.33, our dividend yield was 9.77%. It is management s objective that dividends during 2006 represent earned net income and short-term capital gains from option profits, and that the 2006 distributions will not include any return of capital. Fund management believes that a meaningful portion of the November dividend will be constituted by long-term capital gains. The final determination of the source of the 2006 distributions, however, will be made after the end of the Fund s fiscal year and will be reported to shareholders in January 2007 on IRS Form 1099-DIV.

Please provide an overview of the Fund s security and option selection process.

The Fund is managed by two teams of investment professionals. We like to think of these teams as a right hand and left hand, meaning they work together to make common stock and option decisions. We use fundamental analysis to select what we believe to be solid companies with good growth prospects and attractive valuations. We then seek attractive call options to write on those stocks. It is our belief that this partnership of active management between the equity and option teams provides investors with an innovative, risk-moderated approach to equity investing.

Madison Asset Management seeks to invest in a portfolio of common stocks that have favorable PEG ratios (price-earnings ratio to growth rate) as well as financial strength and industry leadership. As bottom-up investors, we focus on the fundamental businesses of our companies. Our stock selection philosophy stays away from the beat the street objective, as we seek companies that have sustainable competitive advantages, predictable cash flows, solid balance sheets and high-quality management teams. By concentrating on long-term prospects and circumventing the instant gratification school of thought, we believe we bring elements of consistency, stability and predictability to our shareholders.

Once we have selected attractive and solid names for the Fund, we employ our call option writing strategy. This procedure entails selling calls that are primarily out-of the-money, meaning that the strike price is higher than the common stock price, so that the Fund can participate in some stock appreciation. By receiving option premiums, the Fund receives a high level of investment income and adds an element of downside protection. Call options may be written over a number of time periods and at differing strike prices in an effort to maximize the protective value to the strategy and spread income evenly throughout the year.

Effective December 31, 2005, Madison Asset Management discontinued its consulting relationship with option investment expert, Richard Lehman of Lehman Investment Advisory.

What is management s outlook for the market and the Fund for the remainder of 2006?

Looking ahead we are encouraged by early signs of a possible change in market leadership. We anticipate a slowing in the rate of corporate profit growth, yet still a record level of earnings. Corporate balance sheets remain strong and valuations appear attractive, both positive signals for the market. Many of the head-winds of the market should diminish as the Fed nears the end of their tightening cycle. We believe this environment should be favorable for our bottom-up investment philosophy of analyzing and investing in high-quality companies with strong business models and management teams, and purchasing stakes in these companies only when valuations are attractive.

MCN Risks and Other Considerations

There can be no assurance that the Fund will achieve its investment objectives. The value of the Fund will fluctuate with the value of the underlying securities. Historically, closed-end funds often trade at a discount to their net asset value.

A strategy of writing (selling) covered call options entails various risks. For example, the correlation between the equity securities and options markets may, at times, be imperfect and can furthermore be affected by market behavior and unforeseen events, thus causing a given transaction to not achieve its objectives. There may be times when the Fund will be required to purchase or sell equity securities to meet its obligations under the options contracts on certain options at inopportune times when it may not be beneficial to the Fund. The Fund will forego the opportunity to profit from increases in the market value of equity securities that it has written call options on, above the sum of the premium and the strike price of the option. Furthermore, the Fund s downside protection on equity securities it has written call options on would be limited to the amount of the premium received for writing the call option and thus the Fund would be at risk for any further price declines in the stock below that level. Please refer to the Fund s prospectus for a more thorough discussion of the risks associated with investments in options on equity securities.

An investment in the Fund includes, but is not limited to, risks and considerations such as: Investment Risk, Not a Complete Investment Program, Equity Risk, Risks Associated with Options on Securities, Limitation on Option Writing Risk, Risks of Mid-Cap Companies, Income Risk, Foreign Securities Risk, Industry Concentration Risk, Derivatives Risk, Illiquid Securities Risk, Fund Distribution Risk, Market Discount Risk, Other Investment Companies, Financial Leverage Risk, Management Risk, Risks Related to Preferred Securities, Interest Rate Risk, Inflation Risk, Current Developments Risk and Anti-Takeover Provisions.

Fund Distribution Risk: In order to make regular quarterly distributions on its common shares, the fund may have to sell a portion of its investment portfolio at a time when independent investment judgment may not dictate such action. In addition, the Fund s ability to make distributions more frequently than annually from any net realized capital gains by the Fund is subject to the Fund obtaining exemptive relief from the Securities and Exchange Commission, which cannot be assured. To the extent the total quarterly distributions for a year exceed the Fund s net investment company income and net realized capital gain for that year, the excess will generally constitute a return of the Fund s capital to its common shareholders. Such return of capital distributions generally are tax-free up to the amount of a common shareholder s tax basis in the common shares (generally, the amount paid for the common shares). In addition, such excess distributions will decrease the Fund s total assets and may increase the Fund s expense ratio.

Risks Associated with Options on Securities: There are several risks associated with transactions in options on securities. For example, there are significant differences between the securities and options markets that could result in an imperfect correlation between these markets, causing a given transaction not to achieve its objectives. A decision as to whether, when and how to use options involves the exercise of skill and judgment, and even a well-conceived transaction may be unsuccessful to some degree because of market behavior or unexpected events. As the writer of a covered call option, the Fund forgoes, during the option s life, the opportunity to profit from increases in the market value of the security covering the call option above the sum of the premium and the strike price of the call but has retained the risk of loss should the price of the underlying security decline. The writer of an option has no control over the time when it may be required to fulfill its obligation as a writer of the option. Once an option writer has received an exercise notice, it cannot effect a closing purchase transaction in order to terminate its obligation under the option and must deliver the underlying security at the exercise price.

MCN | Madison/Claymore Covered Call Fund

Fund Summary | As of June 30, 2006 (unaudited)

Fund Statistics	
Share Price	$ 13.51
Common Share Net Asset Value	$ 14.14
Premium/(Discount) to NAV	-4.46%
Net Assets ($000)	$ 268,344

Total Returns

(Inception 7/28/04)	**Market**	**NAV**
Six Months	-4.43%	0.35%
One Year	-4.88%	3.77%
Since Inception average annual	2.61%	7.56%

Sector Breakdown	**% of Long-Term Investments**
Consumer Discretionary	23.0%
Technology	21.2%
Health Care	20.5%
Financials	10.4%
Industrial	6.5%
Business Services	4.5%
Software	4.0%
Exchange Traded Funds	3.9%
Insurance	2.5%
Computers	2.3%

Top Ten Holdings	**% of Long-Term Investments**
Amgen, Inc.	3.9%
Nasdaq-100 Index Tracking Stock	3.9%
Lowe s Cos., Inc.	3.8%
Home Depot, Inc.	3.7%
Bed Bath & Beyond, Inc.	3.6%
Intel Corp.	3.1%
Countrywide Financial Corp.	2.9%
Target Corp.	2.8%
Microsoft Corp.	2.7%
Medtronic, Inc.	2.5%

Sectors and holdings are subject to change daily. For more current information, please visit www.claymore.com. The above summaries are provided for informational purposes only and should not be viewed as recommendations. Past performance does not guarantee future results.

Share Price & NAV Performance

Distributions to Shareholders

Portfolio Composition (% of Total Investments)

MCN | Madison/Claymore Covered Call Fund

Portfolio of Investments | June 30, 2006 (unaudited)

Number of Shares		Value
	Common Stocks 97.1%	
	Business Services 4.3%	
100,000	Cintas Corp.	$ 3,976,000
80,000	First Data Corp.	3,603,200
70,000	Fiserv, Inc. (a)	3,175,200
40,000	Hewitt Associates, Inc.-Class A (a)	899,200
		11,653,600
	Consumer Discretionary 22.3%	
80,000	Abercrombie & Fitch Co.-Class A	4,434,400
170,000	American Eagle Outfitters, Inc.	5,786,800
285,000	Bed Bath & Beyond, Inc. (a)	9,453,450
70,000	Coach, Inc. (a)	2,093,000
27,500	Family Dollar Stores, Inc.	671,825
70,000	Harley-Davidson, Inc.	3,842,300
270,000	Home Depot, Inc.	9,663,300
60,000	Kohl s Corp. (a)	3,547,200
165,000	Lowe s Cos., Inc.	10,010,550
64,000	Ross Stores, Inc.	1,795,200
150,000	Target Corp.	7,330,500
38,500	Williams-Sonoma, Inc.	1,310,925
		59,939,450
	Computers 2.3%	
250,000	Dell, Inc. (a)	6,115,000
	Energy 1.2%	
40,000	Transocean, Inc. (a)	3,212,800
	Exchange Traded Funds 3.8%	
260,000	Nasdaq-100 Index Tracking Stock	10,077,600
	Financials 10.1%	
55,000	Capital One Financial Corp.	4,699,750
120,000	Citigroup, Inc.	5,788,800
201,000	Countrywide Financial Corp.	7,654,080
50,000	Merrill Lynch & Co., Inc.	3,478,000
85,000	Morgan Stanley Co.	5,372,850
		26,993,480
	Health Care 19.9%	
155,000	Amgen, Inc. (a)	10,110,650
120,000	Biogen Idec, Inc. (a)	5,559,600
185,000	Biomet, Inc.	5,788,650
136,200	Boston Scientific Corp. (a)	2,293,608

100,000	Community Health Systems, Inc. (a)	3,675,000
270,000	Health Management Associates, Inc.-Class A	5,321,700
140,000	Medtronic, Inc.	6,568,800
160,000	Patterson Cos., Inc. (a)	5,588,800
67,600	Pfizer, Inc.	1,586,572
50,000	Stryker Corp.	2,105,500
5,000	Waters Corp. (a)	222,000
82,000	Zimmer Holdings, Inc. (a)	4,651,040
		53,471,920
	Industrial 6.3%	
85,000	Apache Corp.	5,801,250
233,530	FLIR Systems, Inc. (a)	5,347,837
70,000	United Parcel Services Corp.-Class B	5,763,100
		16,912,187
	Insurance 2.4%	
100,000	MGIC Investment Corp.	6,500,000
	Software 3.9%	
320,000	Check Point Software Technologies Ltd. (Israel) (a)	5,625,600
316,000	Symantec Corp. (a)	4,910,640
		10,536,240
	Technology 20.6%	
254,000	Altera Corp. (a)	4,457,700
350,000	Applied Materials, Inc.	5,698,000
280,500	Cisco Systems, Inc. (a)	5,478,165
156,800	EBAY, Inc. (a)	4,592,672
452,500	Flextronics International Ltd. (Singapore) (a)	4,805,550
8,000	Google, Inc.-Class A (a)	3,354,640
90,000	Hewlett-Packard Co.	2,851,200
427,000	Intel Corp.	8,091,650
130,000	Linear Technology Corp.	4,353,700
90,000	Maxim Integrated Products	2,889,900
300,000	Microsoft Corp.	6,990,000
70,000	Xilinx, Inc.	1,585,500
		55,148,677
	Total Long Term Investments 97.1%	
	(Cost $276,597,878)	**260,560,954**

See notes to financial statements.

Par Value		Value
	Short-Term Investments 7.7%	
	Money Market Funds 0.0%	
1,035	AIM Liquid Assets Money Market Fund (Cost $1,035)	$ 1,035
	Repurchase Agreement 4.8%	
12,893,000	Morgan Stanley Co. (issued 06/30/06, yielding 4.40%; collateralized by $13,430,000 par of U.S. Treasury Notes due 01/15/15; to be sold on 07/03/06 at $12,897,727) (Cost $12,893,000)	12,893,000
	U.S. Government and Agencies 2.9%	
7,747,000	U.S. Treasury Note (yielding 4.35%, maturity 08/03/06) (Cost $7,715,948)	7,715,948
	Total Short-Term Investments (Cost $20,609,983)	20,609,983
	Total Investments 104.8% (Cost $297,207,861)	281,170,937
	Liabilities in excess of other assets (0.1%)	(232,048)
	Total Value of Options Written (4.7%)	(12,595,348)
	Net Assets 100.0%	**$ 268,343,541**

See notes to financial statements.

MCN | Madison/Claymore Covered Call Fund | **Portfolio of Investments** (unaudited) continued

Contracts (100 shares per contract)	**Call Options Written[(a)]**	**Expiration Date**	**Exercise Price**	**Value**
500	Abercrombie & Fitch Co.	November 2006	$ 60.00	$ 150,000
300	Abercrombie & Fitch Co.	January 2007	55.00	184,500
600	Altera Corp.	September 2006	20.00	21,000
1,120	Altera Corp.	January 2007	20.00	123,200
800	American Eagle Outfitters, Inc.	January 2007	25.00	828,000
900	American Eagle Outfitters, Inc.	January 2007	27.50	756,000
200	Amgen, Inc.	July 2006	75.00	1,000
400	Amgen, Inc.	January 2007	70.00	136,000
400	Amgen, Inc.	January 2007	72.50	101,000
200	Amgen, Inc.	January 2007	75.00	35,000
275	Apache Corp.	January 2007	60.00	342,375
225	Apache Corp.	January 2007	70.00	146,250
350	Apache Corp.	January 2007	75.00	152,250
300	Applied Materials, Inc.	July 2006	18.00	1,500
2,130	Applied Materials, Inc.	January 2007	17.50	234,300
1,070	Applied Materials, Inc.	January 2007	20.00	45,475
1,100	Bed Bath & Beyond, Inc.	August 2006	37.50	13,750
1,000	Bed Bath & Beyond, Inc.	November 2006	37.50	80,000
950	Biogen Idec, Inc.	January 2007	45.00	560,500
250	Biogen Idec, Inc.	January 2007	50.00	85,000
1,850	Biomet, Inc.	July 2006	37.50	9,250
362	Boston Scientific Corp.	November 2006	22.50	10,860
200	Boston Scientific Corp.	January 2007	22.50	9,000
200	Capital One Financial Corp.	September 2006	85.00	86,000
200	Capital One Financial Corp.	January 2007	85.00	147,000
1,000				