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CORNERSTONE TOTAL RETURN FUND INC

Form N-Q

May 25, 2006

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM N-Q

QUARTERLY SCHEDULE OF PORTFOLIO HOLDINGS OF REGISTERED  
MANAGEMENT INVESTMENT COMPANY

Investment Company Act file number 811-02363  
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Cornerstone Total Return Fund, Inc.

-----  
(Exact name of registrant as specified in charter)

383 Madison Avenue, New York, NY 10179

-----  
(Address of principal executive offices) (Zip code)

Jodi Levine

Cornerstone Total Return Fund, Inc., 383 Madison Avenue, New York, NY 10179

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(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 272-3550  
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Date of fiscal year end: December 31, 2006  
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Date of reporting period: March 31, 2006  
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ITEM 1: SCHEDULE OF INVESTMENTS

CORNERSTONE TOTAL RETURN FUND, INC.  
SCHEDULE OF INVESTMENTS -- MARCH 31, 2006 (UNAUDITED)

DESCRIPTION	NO. OF SHARES	VALUE
EQUITY SECURITIES - 99.75%		
UNITED STATES - 99.51%		
CLOSED-END DOMESTIC FUNDS - 7.26%		
Adams Express Company	70,400	\$ 936,320
Boulder Total Return Fund, Inc.	18,900	336,798
Dreman/Claymore Dividend & Income Fund	49,500	929,610
John Hancock Bank and Thrift Opportunity Fund	35,700	342,363
Liberty All-Star Growth Fund, Inc.	78,900	446,574
Zweig Fund, Inc. @	165,900	912,450
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		3,904,115
		-----
CONSUMER DISCRETIONARY - 10.36%		

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Apollo Group, Inc. +	2,500	131,275
AutoNation, Inc. +	2,500	53,875
Bed Bath & Beyond Inc. +	2,500	96,000
Best Buy Co., Inc.	3,750	209,738
CBS Corporation	4,500	107,910
Clear Channel Communications, Inc. @	2,700	78,327
Coach, Inc. +	2,500	86,450
Comcast Corporation, Class A +	6,008	157,169
Comcast Corporation, Special Class A + @	4,500	117,540
D.R. Horton, Inc. @	2,500	83,050
eBay Inc. +	7,000	273,420
Ford Motor Company @	15,200	120,992
Fortune Brands, Inc.	2,500	201,575
Goodyear Tire & Rubber Company (The) + @	2,500	36,200
Harley-Davidson, Inc.	2,500	129,700
Hilton Hotels Corporation	2,500	63,650
Home Depot, Inc. (The)	12,300	520,290
J.C. Penney Company, Inc.	2,500	151,025
Kohl's Corporation +	2,500	132,525
Live Nation Inc. +	337	6,686
Lowe's Companies, Inc.	3,700	238,428
Marriott International, Inc., Class A	2,500	171,500
Mattel, Inc.	4,500	81,585
McDonald's Corporation	8,100	278,316
McGraw-Hill Companies, Inc. (The)	2,500	144,050
Nordstrom, Inc.	2,500	97,950
Office Depot, Inc. +	2,500	93,100
Omnicom Group Inc.	1,500	124,875
Pulte Homes, Inc.	2,500	96,050
Staples, Inc.	3,150	80,388
Starbucks Corporation +	5,000	188,200
Target Corporation	4,600	239,246
Time Warner Inc.	25,500	428,145
Tribune Company	2,500	68,575
Univision Communications Inc., Class A +	2,500	86,175
Viacom Inc., Class B +	4,500	174,600
Walt Disney Company (The)	8,000	223,120
		-----
		5,571,700
		-----
CONSUMER STAPLES - 8.58%		
Albertson's Inc.	2,500	64,175
Altria Group, Inc.	7,700	545,622

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DESCRIPTION	NO. OF SHARES	VALUE
Archer-Daniels-Midland Company	3,000	100,950
Campbell Soup Company	5,700	184,680
Coca-Cola Company (The)	13,500	565,245
Coca-Cola Enterprises Inc.	2,500	50,850
Colgate-Palmolive Company	2,500	142,750
General Mills, Inc.	2,500	126,700
H.J. Heinz Company	2,700	102,384
Kroger Co. (The) @	3,600	73,296
PepsiCo, Inc. @	7,500	433,425
Procter & Gamble Company (The)	13,972	805,067
Safeway Inc.	4,900	123,088

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Sara Lee Corporation	2,600	46,488
Sysco Corporation @	3,500	112,175
Walgreen Co. @	5,600	241,528
Wal-Mart Stores, Inc.	19,000	897,560
		-----
		4,615,983
		-----
ENERGY - 9.19%		
Anadarko Petroleum Corp.	2,500	252,525
BJ Services Company	3,000	103,800
Burlington Resources Inc.	2,500	229,775
Chevron Corporation	6,568	380,747
ConocoPhillips	5,838	368,670
Devon Energy Corporation	2,500	152,925
El Paso Corporation.	3,000	36,150
EOG Resources, Inc. @	2,500	180,000
Exxon Mobil Corporation	32,000	1,947,518
Halliburton Company	2,500	182,550
Occidental Petroleum Corporation	2,500	231,625
Peabody Energy Corporation	5,000	252,050
Schlumberger Limited	2,500	316,425
Transocean Inc. +	2,500	200,750
XTO Energy, Inc.	2,500	108,925
		-----
		4,944,435
		-----
FINANCIALS - 18.52%		
AFLAC Incorporated @	4,000	180,520
American Express Company @	6,100	320,555
American International Group, Inc.	12,331	814,956
Ameriprise Financial, Inc.	1,220	54,973
AmSouth Bancorporation	2,500	67,625
Bank of America Corporation	19,521	888,986
BB&T Corporation	4,500	176,400
Charles Schwab Corporation (The)	8,200	141,122
Chubb Corporation (The)	2,500	238,600
Cincinnati Financial Corporation	2,500	105,175
Citigroup Inc.	25,600	1,209,344
Countrywide Financial Corporation	3,500	128,450
Fannie Mae @	3,200	164,480
Fifth Third Bancorp @	2,500	98,400
Franklin Resources, Inc. @	2,500	235,600
Freddie Mac	3,300	201,300
Goldman Sachs Group, Inc. (The)	3,000	470,880
Hartford Financial Services Group, Inc. (The)	1,600	128,880
JPMorgan Chase & Co.	12,700	528,828
KeyCorp	2,500	92,000
Lehman Brothers Holdings Inc.	2,500	361,325
M&T Bank Corporation	2,500	285,350
Marsh & McLennan Companies, Inc. @	4,600	135,056
Mellon Financial Corporation	2,300	81,880

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DESCRIPTION	NO. OF SHARES	VALUE
Merrill Lynch & Co., Inc.	1,100	86,636
MetLife, Inc.	6,000	290,220

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Moody's Corporation	2,000	142,920
Morgan Stanley @	3,700	232,434
Northern Trust Corporation	1,100	57,750
PNC Financial Services Group, Inc.	1,400	94,234
Prudential Financial, Inc.	2,500	189,525
SLM Corporation	2,500	129,850
St. Paul Travelers Companies, Inc. (The) @	5,092	212,795
State Street Corporation	1,600	96,688
Synovus Corporation	2,500	67,725
Wachovia Corporation @	8,100	454,005
Washington Mutual, Inc.	5,251	223,798
Wells Fargo & Company	9,000	574,830
		-----
		9,964,095
		-----
 HEALTHCARE - 11.44%		
Aetna Inc.	4,000	196,560
Amgen Inc. +	8,300	603,825
Biomet, Inc.	2,500	88,800
Bristol-Myers Squibb Company @	9,600	236,256
Caremark Rx, Inc. +	2,500	122,950
Eli Lilly and Company	4,100	226,730
Gilead Sciences, Inc. +	2,500	155,550
Health Management Associates, Inc., Class A	2,500	53,925
Johnson & Johnson	15,500	917,910
Laboratory Corporation of America +	2,500	146,200
McKesson Corporation	2,500	130,325
Medco Health Solutions, Inc. +	1,531	87,604
Medtronic, Inc.	7,100	360,325
Merck & Co. Inc.	8,700	306,501
PerkinElmer, Inc. @	1,500	35,205
Pfizer Inc. @	37,460	933,503
Schering-Plough Corporation	8,400	159,516
St. Jude Medical, Inc. + @	2,500	102,500
Stryker Corporation	2,000	88,680
UnitedHealth Group Incorporated	10,000	558,600
Waters Corporation +	2,500	107,875
Wyeth	7,500	363,900
Zimmer Holdings, Inc. +	2,500	169,000
		-----
		6,152,240
		-----
 INDUSTRIALS - 10.82%		
3M Co.	2,500	189,225
Boeing Company (The)	3,900	303,927
Burlington Northern Santa Fe Corporation	2,000	166,660
Caterpillar Inc.	5,000	359,050
CSX Corporation @	2,500	149,500
Danaher Corporation	2,500	158,875
Dover Corporation	1,000	48,560
Emerson Electric Co.	2,000	167,260
FedEx Corp.	2,500	282,350
General Dynamics Corporation @	5,000	319,900
General Electric Company	52,000	1,808,560
Honeywell International Inc.	3,300	141,141
Illinois Tool Works Inc.	2,500	240,775
Lockheed Martin Corporation	2,500	187,825
Norfolk Southern Corporation	2,500	135,175
Raytheon Company	2,500	114,600
Rockwell Automation, Inc.	2,500	179,775

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DESCRIPTION	NO. OF SHARES	VALUE
Southwest Airlines Co.	6,100	109,739
United Parcel Service, Inc., Class B	4,000	317,520
United Technologies Corporation	4,400	255,068
Waste Management, Inc.	5,300	187,090
		-----
		5,822,575
		-----
INFORMATION TECHNOLOGY - 14.68%		
Adobe Systems Incorporated +	2,500	87,300
Agilent Technologies Inc. +	5,000	187,750
Apple Computer, Inc. +	5,000	313,600
Applied Materials, Inc.	8,000	140,080
Autodesk, Inc.	2,500	96,300
Cisco Systems, Inc. +	35,000	758,450
Corning Incorporated +	7,500	201,825
Dell Inc. +	13,700	407,712
Electronic Data Systems Corporation	7,500	201,225
EMC Corporation + @	8,000	109,040
First Data Corporation	4,325	202,496
Fiserv, Inc. +	2,500	106,375
Freescale Semiconductor Inc., Class B +	1,777	49,347
Hewlett-Packard Company	13,342	438,952
Intel Corporation	32,000	619,200
International Business Machines Corporation	5,700	470,079
Jabil Circuit, Inc. + @	2,500	107,150
Lucent Technologies Inc. +	15,000	45,750
Maxim Integrated Products, Inc.	2,500	92,875
Microsoft Corporation	48,000	1,306,080
Motorola, Inc.	16,100	368,851
Network Appliance, Inc. +	2,500	90,075
Oracle Corporation +	33,600	459,984
Paychex, Inc.	2,500	104,150
QUALCOMM Inc.	4,300	217,623
Texas Instruments Incorporated	13,500	438,345
Yahoo! Inc. +	8,500	274,210
		-----
		7,894,824
		-----
MATERIALS - 2.67%		
Air Products & Chemicals, Inc. @	2,500	167,975
Dow Chemical Company (The)	4,700	190,820
E. I. du Pont de Nemours and Company	5,800	244,818
International Paper Company	4,800	165,936
Monsanto Company @	1,773	150,262
Newmont Mining Corporation	2,500	129,725
Nucor Corporation @	2,500	261,975
Rohm and Hass Company @	2,500	122,175
		-----
		1,433,686
		-----
REAL ESTATE INVESTMENT TRUST - 0.39%		
Simon Property Group, Inc. @	2,500	210,350
TELECOMMUNICATIONS SERVICES - 2.88%		

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AT&T Inc.	24,699	667,861
BellSouth Corporation	5,200	180,180
Sprint Nextel Corporation	7,437	192,172
Verizon Communications Inc.	14,900	507,494
		-----
		1,547,707
		-----
UTILITIES - 2.72%		
AES Corporation (The) +	3,000	51,180
American Electric Power Company, Inc.	5,500	187,110

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DESCRIPTION	NO. OF SHARES	VALUE
CenterPoint Energy, Inc.	5,700	68,001
Duke Energy Corporation	6,600	192,390
Edison International @	2,500	102,950
Exelon Corporation @	2,500	132,250
Scottish Power plc, ADR @	4,000	161,160
Southern Company (The)	2,500	81,925
TXU Corp.	7,400	331,224
Williams Companies, Inc. (The)	2,500	53,475
Xcel Energy, Inc.	5,500	99,825
		-----
		1,461,490
		-----
TOTAL UNITED STATES		
(cost - \$51,172,997)		53,523,200
		-----
CZECH REPUBLIC - 0.24%		
CONSUMER DISCRETIONARY - 0.24%		
Bonton a.s. + #	137,180	22
Bonton Book a.s. + #	68,590	25,985
Bonton Film Entertainment a.s. + #	68,590	74,077
Bonton Music a.s. + #	68,590	30,316
Bonton Pictures a.s. + #	68,590	22
		130,422
		-----
TOTAL CZECH REPUBLIC		
(cost - \$894,865)		130,422
		-----
TOTAL EQUITY SECURITIES		
(cost - \$52,067,862)		53,653,622
		-----

PRINCIPAL  
AMOUNT  
(000'S)

SHORT-TERM INVESTMENTS - 1.88%		
REPURCHASE AGREEMENTS - 1.88%		
Bear, Stearns & Co. Inc. * **	\$509	509,229
(Agreement dated 3/31/2006 to be repurchased at \$509,333), 2.4375%, 4/3/2006, collateralized by \$524,832 in U.S. Treasury STRIPS)		
Bear, Stearns & Co. Inc.	380	379,590
(Agreement dated 3/31/2006 to be repurchased at \$379,732), 4.8750%,		

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4/3/2006, collateralized by \$391,400  
in U.S. Treasury STRIPS)  
Bear, Stearns & Co. Inc. \* \*\* 123 122,500  
(Agreement dated 3/31/2006 to be  
repurchased at \$122,550), 4.875%,  
4/3/2006, collateralized by \$127,501  
in U.S. Treasury STRIPS)

TOTAL SHORT-TERM INVESTMENTS  
(cost - \$1,011,319) 1,011,319  
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DESCRIPTION	NO. OF SHARES	VALUE
TOTAL INVESTMENTS - 101.63% (cost - \$53,079,181)		54,664,941
		-----
LIABILITIES IN EXCESS OF OTHER ASSETS - (1.63)%		(875,086)
		-----
NET ASSETS - 100.00%		\$ 53,789,855
		=====

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+ Non-income producing security.  
# Securities are fair valued in accordance with procedures established by the Board of Directors.  
\* Stated interest rate, before rebate earned by borrower of securities on loan.  
\*\* Represents investment purchased with collateral received for securities on loan.  
@ Security or a portion thereof is out on loan.  
ADR American Depositary Receipts

At March 31, 2006, the Fund held 0.24% of its net assets in securities valued in good faith by the Board of Directors with an aggregate cost of \$894,865 and a fair value of \$130,422.

Federal Income Tax Cost - At March 31, 2006, the identified cost for federal income tax purposes, as well as the gross unrealized appreciation from investments for those securities having an excess of value over cost, gross unrealized depreciation from investments for those securities having an excess of cost over value and the net unrealized appreciation from investments were \$53,079,181, \$8,875,405, (\$7,289,645), and \$1,585,760, respectively.

Securities valuation policies and other investment related disclosures are hereby incorporated by reference to the Fund's annual report previously filed with the Securities and Exchange Commission on the Form N-CSR on March 10, 2006 with a file number 811-02363.

Securities and assets for which market quotations are not readily available are valued at their fair value as determined in good faith under procedures established by and under the general supervision of the Board. Fair valuation methodologies and procedures may include, but are not limited to: analysis and review of financial and non-financial information about the company; comparisons to the valuation and changes in valuation of similar securities, including reference to special reports prepared by analysts and or reports published in the financial press, the financial conditions and prospects of the issuer

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available, including considering any recent management or capital structure changes or other recent events that may impact the price of the security; and evaluation of any other information that could be indicative of the value of the security.

Other information regarding the Fund is available in the Fund's most recent annual report filed with the Securities and Exchange Commission on Form N-CSR on March 10, 2006, file number 881-02363. This information is also available to registered shareholders by calling (800) 937-5449. For general inquiries, please call (212) 272-3550. This information is also available on the website of the Securities and Exchange Commission - <http://www.sec.gov>.

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### ITEM 2: CONTROLS AND PROCEDURES

(a) As of a date within 90 days from the filing date of this report, the principal executive officer and principal financial officer concluded that the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the "Act")), were effective based on their evaluation of the disclosure controls and procedures required by Rule 30a-3(b) under the Act and Rules 13a-15(b) or 15d-15(b) under the Securities and Exchange Act of 1934.

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act) that occurred during the registrant's last fiscal quarter that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

### ITEM 3: EXHIBITS

1. The certifications of the registrant as required by Rule 30a-2(a) under the Act are exhibits to this report.

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### SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Cornerstone Total Return Fund, Inc.

/s/ Ralph W. Bradshaw

-----  
Name: Ralph W. Bradshaw  
Title: Principal Executive Officer  
Date: May 25, 2006

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Ralph W. Bradshaw

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-----  
Name: Ralph W. Bradshaw  
Title: Principal Executive Officer  
Date: May 25, 2006

/s/ Jodi B. Levine  
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Name: Jodi B. Levine  
Title: Principal Financial Officer (Treasurer)  
Date: May 25, 2006