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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

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

(Name and address of agent for service)

Registrant's telephone number, including area code: (212) 272-3550

Date of fiscal year end: December 31, 2006

Date of reporting period: March 31, 2006

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 |
| | | ----- |
| | | 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 |

2

| 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 |

3

| 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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4

| 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 |

5

| 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. * ** (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) | \$509 | 509,229 |
| Bear, Stearns & Co. Inc. (Agreement dated 3/31/2006 to be repurchased at \$379,732), 4.8750%, | 380 | 379,590 |

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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

6

| 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 |
| | | ===== |

+ 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>.

7

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.

8

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

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