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CORNERSTONE TOTAL RETURN FUND INC

Form N-Q

May 23, 2008

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)

Kayadti A. Madison

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, 2008

Date of reporting period: March 31, 2008

ITEM 1: SCHEDULE OF INVESTMENTS

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CORNERSTONE TOTAL RETURN FUND, INC.
SCHEDULE OF INVESTMENTS -- MARCH 31, 2008 (UNAUDITED)

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DESCRIPTION	NO. OF SHARES	VALUE
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EQUITY SECURITIES - 99.53%		
CLOSED-END FUNDS - 7.59%		
Adams Express Company (a)	67,400	\$ 844,522
Alpine Global Premier Properties Fund	3,000	38,010
Boulder Growth & Income Fund Inc.	2,700	22,329
Boulder Total Return Fund, Inc.	7,500	150,600
Central Europe and Russia Fund, Inc. (The) ^	2,500	118,575
Denali Fund (The)	8,500	147,900
Dreman/Claymore Dividend & Income Fund	53,500	768,795
H&Q Healthcare Investors	11,400	171,114
H&Q Life Sciences Investors	6,000	70,860

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Japan Equity Fund *	13,000	89,700
Liberty All-Star Growth Fund, Inc.	39,075	184,825
Petroleum & Resources Corporation (a)	3,000	109,290
Templeton Emerging Markets Fund ^	3,000	59,130
Zweig Fund, Inc.	37,000	169,830

		2,945,480

CONSUMER DISCRETIONARY - 7.69%		
Amazon.com, Inc. *	2,500	178,250
Bed Bath & Beyond Inc. *	2,500	73,750
Best Buy Co., Inc.	2,500	103,650
Comcast Corporation, Class A	9,012	174,292
Comcast Corporation, Special Class A *	4,250	80,622
DIRECTV Group, Inc. (The) *	4,000	99,160
Ford Motor Company *	14,000	80,080
Gap, Inc. (The)	3,000	59,040
Goodyear Tire & Rubber Company (The) *	2,500	64,500
Home Depot, Inc. (The)	5,000	139,850
Johnson Controls, Inc.	2,500	84,500
Lowe's Companies, Inc.	5,000	114,700
Marriott International, Inc., Class A	2,000	68,720
Mattel, Inc.	4,500	89,550
McDonald's Corporation	5,100	284,427
News Corporation, Class B	7,500	142,800
NIKE, Inc., Class B	2,500	170,000
Omnicom Group Inc.	3,000	132,540
Pulte Homes, Inc.	2,500	36,375
Staples, Inc.	3,150	69,646
Starbucks Corporation *	2,500	43,750
Tata Motors Limited ADR	2,500	39,050
Time Warner Inc.	17,000	238,340
TJX Companies, Inc. (The)	2,500	82,675
Viacom Inc., Class B *	2,000	79,240
Walt Disney Company (The)	8,000	251,040

		2,980,547

CONSUMER STAPLES - 10.72%		
Altria Group, Inc.	7,700	170,940
Coca-Cola Company (The)	11,000	669,570
Colgate-Palmolive Company	2,500	194,775
ConAgra Foods, Inc.	2,500	59,875
CVS Corporation	4,175	169,129
H.J. Heinz Company	2,700	126,819
Kraft Foods Inc, Class A	5,328	165,221
Kroger Co. (The)	3,600	91,440
PepsiCo, Inc.	5,000	361,000
Philip Morris International Inc. *	7,700	389,466
Procter & Gamble Company (The)	11,472	803,843
Sysco Corporation	2,500	72,550
Walgreen Co.	3,100	118,079
Wal-Mart Stores, Inc.	14,500	763,860

		4,156,567

ENERGY - 12.35%		
Chevron Corporation	10,068	859,404
Devon Energy Corporation	2,500	260,825
El Paso Corporation.	2,500	41,600

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Exxon Mobil Corporation	25,000	2,114,503
Halliburton Company	2,500	98,325
Marathon Oil Corp.	2,500	114,000
NiSource Inc.	2,500	43,100
Occidental Petroleum Corporation	2,500	182,925
Peabody Energy Corporation	2,500	127,500
Schlumberger Limited	5,000	435,000
Spectra Energy Corporation	2,500	56,875
Weatherford International Ltd. *	2,500	181,175
Williams Companies, Inc. (The)	2,500	82,450
XTO Energy, Inc.	3,125	193,312

		4,790,994

FINANCIALS - 14.11%		
AFLAC Incorporated	1,500	97,425
American Express Company	3,500	153,020
American International Group, Inc.	12,331	533,316
Ameriprise Financial, Inc.	1,220	63,257
Aon Corporation	2,500	100,500
Bank of America Corporation	17,521	664,221
Bank of New York Mellon Corporation	4,800	200,304
BB&T Corporation	2,000	64,120
Charles Schwab Corporation (The)	8,200	154,406
Chubb Corporation (The)	2,000	98,960
Citigroup Inc.	15,600	334,152
Discover Financial Services	1,850	30,284
Fannie Mae ^	6,200	163,184
Franklin Resources, Inc.	2,500	242,475
Goldman Sachs Group, Inc. (The)	3,000	496,170
Hudson City Bancorp, Inc.	2,500	44,200
JPMorgan Chase & Co.	10,200	438,090
Lehman Brothers Holdings Inc.	2,500	94,100
Metlife, Inc.	3,000	180,780
Morgan Stanley	3,700	169,090
State Street Corporation	1,600	126,400
SunTrust Banks, Inc.	2,500	137,850
Synovus Corporation	2,500	27,650
Travelers Companies, Inc. (The)	5,092	243,652
UnumProvident Corporation	2,500	55,025
Wachovia Corporation	5,600	151,200
Wells Fargo & Company	14,000	407,400

		5,471,231

HEALTHCARE - 10.88%		
Aetna Inc.	4,000	168,360
Amgen Inc. *	2,500	104,450
Baxter International Inc.	2,500	144,550
Bristol-Myers Squibb Company	4,000	85,200
Celgene Corporation *	2,500	153,225
Eli Lilly and Company	4,100	211,519
Gilead Sciences, Inc. *	5,000	257,650
Johnson & Johnson	15,500	1,005,485
Laboratory Corporation of America Holdings *	2,500	184,200
McKesson Corporation	2,500	130,925
Medco Health Solutions, Inc. *	1,562	68,400
Medtronic, Inc.	4,500	217,665
Merck & Co. Inc.	13,700	519,915
Pfizer Inc.	3,000	62,790

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Schering-Plough Corporation	4,400	63,404
St. Jude Medical, Inc. *	2,500	107,975
Stryker Corporation	2,000	130,100
UnitedHealth Group Incorporated	7,500	257,700
Waters Corporation *	2,500	139,250
Wyeth	5,000	208,800

		4,221,563

INDUSTRIALS - 11.11%		
Allied Waste Industries, Inc. *	2,500	27,025
Boeing Company (The)	1,400	104,118
Caterpillar Inc.	2,500	195,725
CSX Corporation	5,000	280,350
Danaher Corporation	2,500	190,075
General Dynamics Corporation	2,500	208,425
General Electric Company	49,000	1,813,490
Illinois Tool Works Inc.	2,500	120,575
Lockheed Martin Corporation	2,500	248,250
Raytheon Company	2,500	161,525
Rockwell Automation, Inc.	2,500	143,550
Textron Inc.	2,500	138,550
United Parcel Service, Inc., Class B	4,000	292,080
United Technologies Corporation	4,400	302,808
Waste Management, Inc.	2,500	83,900

		4,310,446

INFORMATION TECHNOLOGY - 14.82%		
Agilent Technologies Inc. *	2,500	74,575
Apple Computer, Inc. *	5,000	717,500
Automatic Data Processing, Inc.	2,500	105,975
Cisco Systems, Inc. *	22,000	529,980
Corning Incorporated	6,000	144,240
Dell Inc. *	4,000	79,680
eBay Inc. *	6,500	193,960
EMC Corporation *	8,000	114,720
Google Inc. *	1,000	440,470
Hewlett-Packard Company	7,500	342,450
Intel Corporation	13,000	275,340
International Business Machines Corporation	3,200	368,448
Intuit Inc. *	2,500	67,525
Microsoft Corporation	33,500	950,730
NVIDIA Corporation *	3,750	74,212
Oracle Corporation *	23,600	461,616
Paychex, Inc.	2,500	85,650
QUALCOMM Inc.	6,800	278,800
Texas Instruments Incorporated	11,000	310,970
Total Systems Services, Inc.	1,209	28,605
Xerox Corporation	3,000	44,910
Xilinx, Inc.	2,500	59,375

		5,749,731

MATERIALS - 3.54%		
Air Products & Chemicals, Inc.	2,500	230,000
Alcoa Inc.	3,000	108,180
Dow Chemical Company (The)	3,500	128,975
E. I. du Pont de Nemours and Company	5,800	271,208
Freeport-McMoRan Copper & Gold, Inc.	2,500	240,550

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Monsanto Company	3,546	395,379

		1,374,292

REAL ESTATE INVESTMENT TRUST - 0.60%		
Simon Property Group, Inc.	2,500	232,275

TELECOMMUNICATION SERVICES - 3.29%		
AT&T Inc.	23,589	903,459
Nokia ADR	2,500	79,575
Qwest Communications International Inc. *	4,000	18,120
Verizon Communications Inc.	7,500	273,375

		1,274,529

UTILITIES - 2.83%		
AES Corporation (The) *	3,000	50,010
Alleghany Energy Inc. *	2,500	126,250
American Electric Power Company, Inc.	5,500	228,965
Dominion Resources, Inc.	5,000	204,200
Duke Energy Corporation	6,600	117,810
FirstEnergy Corp.	2,500	171,550
Southern Company (The)	2,500	89,025
Xcel Energy, Inc.	5,500	109,725

		1,097,535

TOTAL EQUITY SECURITIES		
(cost - \$34,422,827)		38,605,190

	PRINCIPAL AMOUNT (000'S)	

SHORT-TERM INVESTMENTS - 1.12%		
MONEY MARKET SECURITY - 0.48%		
JPMorgan U.S. Government Money Market Fund	\$ 186	186,385

REPURCHASE AGREEMENT - 0.64%		
Bear, Stearns & Co. Inc. + ++ (Agreement dated 3/31/2008 to be repurchased at \$248,896, 3.00%, 4/1/2008, collateralized by \$256,771 in United States Treasury Bonds)	249	248,875

TOTAL SHORT-TERM INVESTMENTS		
(cost - \$435,260)		435,260

TOTAL INVESTMENTS - 100.65%		
(cost - \$34,858,087)		39,040,450

LIABILITIES IN EXCESS OF OTHER ASSETS - (0.65)%		(251,318)

NET ASSETS - 100.00%		\$ 38,789,132
		=====

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(a) Affiliated investment. The Fund holds 2.18% and 0.28% (based on net assets) of Adams Express Company and Petroleum & Resources Corporation, respectively. A director of the Fund also serves as a director to such companies. During the three months ended March 31, 2008 there were no purchases or sales of these securities.

^ Security or a portion thereof is out on loan.

* Non-income producing security.

ADR American Depositary Receipt

+ Stated interest rate, before rebate earned by borrower of securities on loan.

++ Represents investment purchased with collateral received for securities on loan.

Federal Income Tax Cost: At March 31, 2008 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 \$34,858,087, \$7,634,672, \$(3,452,309), and \$4,182,363, respectively.

The Fund adopted Financial Accounting Standards Board Statement of Financial Accounting Standards No. 157, Fair Value Measurements ("FAS 157"), effective January 1, 2008. In accordance with FAS 157, fair value is defined as the price that the Fund would receive upon selling an investment in a timely transaction to an independent buyer in the principal or most advantageous market of the investment. FAS 157 established a three-tier hierarchy to maximize the use of observable market data and minimize the use of unobservable inputs and to establish classification of fair value measurements for disclosure purposes. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk, for example, the risk inherent in a particular valuation technique used to measure fair value including such a pricing model and/or the risk inherent in the inputs to the valuation technique. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The three-tier hierarchy of inputs is summarized in the three broad Levels listed below.

- o Level 1 - quoted prices in active markets for identical investments
- o Level 2 - other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- o Level 3 - significant unobservable inputs (including the Fund's own assumptions in determining the fair value of investments)

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The following is a summary of the inputs used as of March 31, 2008 in valuing the Fund's investments carried at value:

VALUATION INPUTS	INVESTMENTS IN SECURITIES	OTHER FINANCIAL INSTRUMENTS*
Level 1 - Quoted Prices	\$38,605,190	\$ --

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Level 2 - Other Significant Observable Inputs	435,260	--
Level 3 - Significant Unobservable Inputs	--	--

TOTAL	\$39,040,450	\$ --
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*Other financial instruments include futures, forwards and swap contracts.

The Fund did not have any assets or liabilities that were measured at fair value on a recurring basis using significant unobservable inputs (Level 3) at March 31, 2008.

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, 2008 with a file number 811-02363.

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, 2008, file number 811-02363. 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>.

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.

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 23, 2008

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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

Name: Ralph W. Bradshaw
Title: Principal Executive Officer
Date: May 23, 2008

/s/ Kayadti A. Madison

Name: Kayadti A. Madison
Title: Principal Financial Officer
Date: May 23, 2008