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CORNERSTONE TOTAL RETURN FUND INC

Form N-Q

November 26, 2007

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)

Kayadti 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  
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Date of fiscal year end: December 31, 2007  
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Date of reporting period: September 30, 2007  
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ITEM 1: SCHEDULE OF INVESTMENTS

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CORNERSTONE TOTAL RETURN FUND, INC.  
SCHEDULE OF INVESTMENTS -- SEPTEMBER 30, 2007 (UNAUDITED)  
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DESCRIPTION	NO. OF SHARES	VALUE
-----		
EQUITY SECURITIES - 99.62%		
CLOSED-END FUNDS - 8.28%		
Adams Express Company	70,400	\$ 1,052,480
Boulder Growth & Income Fund Inc. ^	6,334	61,693
Boulder Total Return Fund, Inc. ^	13,900	293,707
Central Europe and Russia Fund, Inc. (The) ^	2,500	140,025
Cohen & Steers Select Utility Fund, Inc. ^	6,000	156,480

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Dreman/Claymore Dividend & Income Fund ^	51,900	1,036,443
H&Q Healthcare Investors	5,100	88,230
H&Q Life Sciences Investors	6,000	81,180
Japan Equity Fund	13,000	103,870
Liberty All-Star Growth Fund, Inc. ^	88,575	516,392
Neuberger Berman Real Estate Income Fund Inc.	8,500	191,165
Petroleum & Resources Corporation	3,000	121,140
Templeton Emerging Markets Fund ^	3,000	71,370
Zweig Fund, Inc. ^	33,000	171,930
		-----
		4,086,105
		-----
CONSUMER DISCRETIONARY - 8.72%		
Amazon.com, Inc. *	2,500	232,875
Bed Bath & Beyond Inc. ^ *	2,500	85,300
Citadel Broadcasting Corporation ^	614	2,554
Coach, Inc. *	2,500	118,175
Comcast Corporation, Class A *	9,012	217,910
Comcast Corporation, Special Class A *	4,250	101,830
DIRECTV Group, Inc. (The) *	4,000	97,120
Ford Motor Company ^	14,000	118,860
Goodyear Tire & Rubber Company (The) ^ *	2,500	76,025
Hilton Hotels Corporation	2,500	116,225
Home Depot, Inc. (The) ^	9,000	291,960
J.C. Penney Company, Inc. ^	2,500	158,425
Kohl's Corporation *	2,500	143,325
Lowe's Companies, Inc.	4,900	137,298
Marriott International, Inc., Class A	5,000	217,350
Mattel, Inc. ^	4,500	105,570
McDonald's Corporation	5,100	277,797
McGraw-Hill Companies, Inc. (The)	2,500	127,275
News Corporation, Class B	2,500	58,475
NIKE, Inc., Class B	2,500	146,650
Nordstrom, Inc. ^	2,500	117,225
Omnicom Group Inc.	3,000	144,270
Staples, Inc.	3,150	67,694
Starbucks Corporation *	2,500	65,500
Target Corporation ^	4,600	292,422
Tata Motors Limited ^ ADR	2,500	47,850
Time Warner Inc.	17,000	312,120
TJX Companies, Inc. (The) ^	2,500	72,675
Viacom Inc., Class B *	2,000	77,940
Walt Disney Company (The)	8,000	275,120
		-----
		4,303,815
		-----

DESCRIPTION	NO. OF SHARES	VALUE
-----		
CONSUMER STAPLES - 8.75%		
Altria Group, Inc.	7,700	535,381
Coca-Cola Company (The)	11,000	632,170
Colgate-Palmolive Company	2,500	178,300
ConAgra Foods, Inc.	2,500	65,325
CVS Corporation	4,175	165,455
H.J. Heinz Company ^	2,700	124,740
Kraft Foods Inc, Class A ^	5,328	183,869

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Kroger Co. (The)	3,600	102,672
PepsiCo, Inc.	5,000	366,300
Procter & Gamble Company (The) ^	11,472	806,940
Safeway Inc.	1,900	62,909
Sysco Corporation	2,500	88,975
Tyson Foods, Inc.	2,500	44,625
Walgreen Co.	5,600	264,544
Wal-Mart Stores, Inc.	16,000	698,400
		-----
		4,320,605
		-----
ENERGY - 10.58%		
Chevron Corporation ^	10,068	942,163
Exxon Mobil Corporation ^	32,000	2,961,922
Halliburton Company	2,500	96,000
Marathon Oil Corp.	2,500	142,550
NiSource Inc.	2,500	47,850
Peabody Energy Corporation	2,500	119,675
Schlumberger Limited	5,000	525,000
Spectra Energy Corporation	2,500	61,200
Weatherford International Ltd. *	2,500	167,950
XTO Energy, Inc.	2,500	154,600
		-----
		5,218,910
		-----
FINANCIALS - 17.29%		
AFLAC Incorporated	1,500	85,560
Allstate Corporation (The)	2,500	142,975
American Express Company	3,500	207,795
American International Group, Inc.	12,331	834,192
Ameriprise Financial, Inc.	1,220	76,994
Aon Corporation	2,500	112,025
Bank of America Corporation	14,521	729,971
Bank of New York Mellon Corporation	2,300	101,522
BB&T Corporation ^	2,000	80,780
Charles Schwab Corporation (The) ^	8,200	177,120
Chubb Corporation (The) ^	2,000	107,280
Citigroup Inc.	25,600	1,194,752
Discover Financial Services	1,850	38,480
Fannie Mae	3,200	194,592
Fifth Third Bancorp ^	2,500	84,700
Franklin Resources, Inc. ^	2,500	318,750
Freddie Mac ^	3,300	194,733
Goldman Sachs Group, Inc. (The) ^	3,000	650,220
JPMorgan Chase & Co.	10,200	467,364
KeyCorp	2,500	80,825
Lehman Brothers Holdings Inc. ^	2,500	154,325
Merrill Lynch & Co., Inc. ^	1,100	78,408
Metlife, Inc. ^	3,000	209,190
Moody's Corporation	2,000	100,800
Morgan Stanley	3,700	233,100
	NO. OF	
DESCRIPTION	SHARES	VALUE
		-----
Prudential Financial, Inc.	2,500	243,950
SJM Corporation	2,500	124,175
State Street Corporation ^	1,600	109,056
Synovus Corporation	2,500	70,125

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Travelers Companies, Inc. (The)	5,092	256,331
UnumProvident Corporation	2,500	61,175
Wachovia Corporation	5,600	280,840
Wells Fargo & Company	18,000	641,160
Western Union Company	4,325	90,695
		-----
		8,533,960
		-----
HEALTHCARE - 10.08%		
Aetna Inc.	4,000	217,080
Amgen Inc. *	5,000	282,850
Celgene Corporation *	2,500	178,275
Eli Lilly and Company	4,100	233,413
Forest Laboratories, Inc. ^ *	2,500	93,225
Gilead Sciences, Inc. *	5,000	204,350
Johnson & Johnson	15,500	1,018,350
Laboratory Corporation of America Holdings *	2,500	195,575
McKesson Corporation ^	2,500	146,975
Medco Health Solutions, Inc. *	1,531	138,387
Medtronic, Inc. ^	4,500	253,845
Merck & Co. Inc.	13,700	708,153
Schering-Plough Corporation	8,400	265,692
St. Jude Medical, Inc. *	2,500	110,175
Stryker Corporation	2,000	137,520
UnitedHealth Group Incorporated ^	7,500	363,225
Wyeth	5,000	222,750
Zimmer Holdings, Inc. *	2,500	202,475
		-----
		4,972,315
		-----
INDUSTRIALS - 11.05%		
3M Co.	2,500	233,950
Allied Waste Industries, Inc. ^ *	2,500	31,875
AMR Corporation ^	2,500	55,725
Boeing Company (The)	1,400	146,986
Caterpillar Inc.	2,500	196,075
CSX Corporation	5,000	213,650
Danaher Corporation ^	2,500	206,775
FedEx Corp.	2,500	261,875
General Dynamics Corporation	2,500	211,175
General Electric Company	49,000	2,028,600
Honeywell International Inc.	3,300	196,251
Illinois Tool Works Inc.	2,500	149,100
Lockheed Martin Corporation ^	2,500	271,225
Raytheon Company ^	2,500	159,550
Rockwell Automation, Inc. ^	2,500	173,775
United Parcel Service, Inc., Class B	4,000	300,400
United Technologies Corporation	4,400	354,112
Waste Management, Inc.	2,500	94,350
Waters Corporation *	2,500	167,300
		-----
		5,452,749
		-----
INFORMATION TECHNOLOGY - 15.24%		
Agilent Technologies Inc. *	2,500	92,200
Altera Corporation	2,500	60,200
Apple Computer, Inc. *	5,000	767,700
Applied Materials, Inc.	8,000	165,600

DESCRIPTION	NO. OF SHARES	VALUE
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Automatic Data Processing, Inc.	2,500	114,825
Cisco Systems, Inc. *	22,000	728,420
Corning Incorporated *	6,000	147,900
eBay Inc. *	4,000	156,080
EMC Corporation ^ *	8,000	166,400
Google Inc. *	1,000	567,270
Hewlett-Packard Company	10,000	497,900
Intel Corporation	13,000	336,180
International Business Machines Corporation	5,700	671,460
Intuit Inc. *	2,500	75,750
Microsoft Corporation	37,500	1,104,750
Motorola, Inc.	3,600	66,708
NVIDIA Corporation *	3,750	135,900
Oracle Corporation *	28,600	619,190
Paychex, Inc.	2,500	102,500
QUALCOMM Inc.	6,800	287,368
Texas Instruments Incorporated	11,000	402,490
Xerox Corporation *	3,000	52,020
Xilinx, Inc.	2,500	65,350
Yahoo! Inc. *	5,000	134,200
		-----
		7,518,361
		-----
MATERIALS - 2.74%		
Air Products & Chemicals, Inc. ^	2,500	244,400
Alcoa Inc.	3,000	117,360
Allegheny Technologies, Inc.	1,500	164,925
Dow Chemical Company (The)	3,500	150,710
E. I. du Pont de Nemours and Company	5,800	287,448
International Paper Company	2,300	82,501
Monsanto Company ^	3,546	304,034
		-----
		1,351,378
		-----
REAL ESTATE INVESTMENT TRUST - 0.51%		
Simon Property Group, Inc.	2,500	250,000
		-----
TELECOMMUNICATION SERVICES - 3.73%		
AT&T Inc.	28,589	1,209,601
Nokia ADR	2,500	94,825
Qwest Communications International Inc. *	7,000	64,120
Sprint Nextel Corporation	7,437	141,303
Verizon Communications Inc.	7,500	332,100
		-----
		1,841,949
		-----
UTILITIES - 2.65%		
Alleghany Energy Inc. ^ *	2,500	130,650
American Electric Power Company, Inc.	5,500	253,440
Duke Energy Corporation	6,600	123,354
Dynegy Inc.	5,000	46,200
FirstEnergy Corp.	2,500	158,350
Southern Company (The)	2,500	90,700
TXU Corp. ^	4,400	301,268
Williams Companies, Inc. (The)	2,500	85,150
Xcel Energy, Inc.	5,500	118,470
		-----
		1,307,582
		-----
TOTAL EQUITY SECURITIES		

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(cost - \$38,320,390)

49,157,729

	PRINCIPAL AMOUNT (000'S)	
	-----	
SHORT-TERM INVESTMENTS - 4.35%		
REPURCHASE AGREEMENTS - 4.35%		
Bear, Stearns & Co. Inc. + ++ (Agreements dated 9/28/2007 to be repurchased at \$1,007,713, 5.2500%, 10/1/2007, collateralized by \$1,037,204 in United States Treasury Bonds)	\$ 1,007	1,007,272
Bear, Stearns & Co. Inc. + ++ (Agreements dated 9/28/2007 to be repurchased at \$925,770, 2.6250%, 10/1/2007, collateralized by \$952,838 in United States Treasury Bonds)	926	925,567
Bear, Stearns & Co. Inc. (Agreements dated 9/28/2007 to be repurchased at \$216,344, 3.9500%, 10/1/2007, collateralized by \$223,322 in United States Treasury Bonds)	216	216,273
		-----
TOTAL SHORT-TERM INVESTMENTS (cost - \$2,149,112)		2,149,112
		-----
TOTAL INVESTMENTS - 103.97% (cost - \$40,469,502)		51,306,841
		-----
LIABILITIES IN EXCESS OF OTHER ASSETS - (3.97)%		(1,960,213)
		-----
NET ASSETS - 100.00%		\$ 49,346,628
		=====

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^ 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 September 30, 2007, 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 \$40,469,502, \$12,193,165, (\$1,355,826), \$10,837,339, respectively.

Securities valuation policies and other investment related disclosures are hereby incorporated by reference to the Fund's semi-annual report previously filed with the Securities and Exchange Commission on the Form N-CSR on August 31, 2007 with a file number 811-02363.

Other information regarding the Fund is available in the Fund's most recent

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semi-annual report filed with the Securities and Exchange Commission on Form N-CSR on August 31, 2007, 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  
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Name: Ralph W. Bradshaw  
Title: Principal Executive Officer  
Date: November 26, 2007

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: November 26, 2007

/s/ Kayadti Madison  
-----

Name: Kayadti Madison  
Title: Principal Financial Officer

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Date: November 26, 2007