

CORNERSTONE TOTAL RETURN FUND INC
Form DEF 14A
March 01, 2006

CORNERSTONE TOTAL RETURN FUND, INC.
383 Madison Avenue
New York, New York 10179

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held on April 10, 2006

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders (the "Meeting") of Cornerstone Total Return Fund, Inc., a New York corporation (the "Fund"), will be held at 11:00 a.m., eastern time, on April 10, 2006 at Fifth Floor Conference Room, One West Pack Square, Asheville, NC 28801, for the following purposes:

1. To approve the election of seven directors to hold office until the year 2007 Annual Meeting of Stockholders (Proposal No. 1); and
2. To consider and vote upon such other matters as may properly come before said Meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on February 17, 2006 as the record date for the determination of stockholders entitled to notice of, and to vote, at this Meeting or any adjournment thereof. The stock transfer books will not be closed.

Copies of the Fund's most recent annual report may be ordered free of charge by any stockholder by writing to the Fund, c/o Bear Stearns Funds Management Inc., 383 Madison Avenue, 23rd Floor, New York, New York 10179, or by calling collect (212) 272-3550.

By Order of the Board of Directors

Thomas R. Westle
Secretary

Dated: March 1, 2006

UNLESS YOU EXPECT TO BE PRESENT AT THE MEETING, PLEASE FILL IN, DATE, SIGN AND MAIL THE ENCLOSED PROXY CARD IN THE ENCLOSED REPLY ENVELOPE. YOUR PROMPT RESPONSE WILL ASSURE A QUORUM AT THE MEETING.

INSTRUCTIONS FOR SIGNING PROXY CARDS

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The following general rules for signing proxy cards may be of assistance to you and avoid the time and expense to the Fund involved in validating your vote if you fail to sign your proxy card properly.

1. Individual Accounts: Sign your name exactly as it appears in the registration on the proxy card.
2. Joint Accounts: Either party may sign, but the name of the party signing should conform exactly to a name shown in the registration.
3. Other Accounts: The capacity of the individual signing the proxy card should be indicated unless it is reflected in the form of registration. For example:

REGISTRATION

CORPORATE ACCOUNTS

VALID SIGNATURE

(1) ABC Corp	ABC Corp. (by John Doe, Treasurer)
(2) ABC Corp	John Doe, Treasurer
(3) ABC Corp. c/o John Doe, Treasurer	John Doe
(4) ABC Corp. Profit Sharing Plan	John Doe, Trustee

TRUST ACCOUNTS

(1) ABC Trust	Jane B. Doe, Trustee
(2) Jane B. Doe, Trustee u/t/d/ 12/28/78	Jane B. Doe

CUSTODIAL OR ESTATE ACCOUNTS

(1) John B. Smith, Cust. f/b/o John B. Smith, Jr. UGMA.	John B. Smith
(2) John B. Smith	John B. Smith, Jr., Executor

CORNERSTONE TOTAL RETURN FUND, INC.
383 Madison Avenue
New York, New York 10179

PROXY STATEMENT FOR ANNUAL MEETING OF STOCKHOLDERS
to be held on April 10, 2006

GENERAL

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Cornerstone Total Return Fund, Inc., a New York corporation (the "Fund") for use at the Annual Meeting of Stockholders for the year 2006 (the "Meeting") to be held at 11:00 a.m., eastern time, on April 10, 2006 at the Fifth Floor Conference Room, One West Pack Square, Asheville, NC 28801, and at any and all adjournments thereof. A form of proxy is enclosed herewith. This Proxy Statement and the accompanying form of proxy are being first mailed to stockholders of the Fund ("Stockholder(s)") on or about March 1,

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2006.

Any Stockholder who executes and delivers a proxy may revoke it by written communication to the Secretary of the Fund at any time prior to its use or by voting in person at the Meeting. Unrevoked proxies will be voted in accordance with the specifications thereon and, unless specified to the contrary, will be voted FOR the election of Messrs. Ralph W. Bradshaw, William A. Clark, Andrew A. Strauss, Glenn W. Wilcox, Sr., Scott B. Rogers, Edwin Meese III, and Thomas H. Lenagh as the nominees for Director.

In general, abstentions and broker non-votes, as defined below, count for purposes of obtaining a quorum but do not count as votes cast with respect to any proposal where the broker does not have discretion. With respect to a proposal requiring the affirmative vote of a majority of the Fund's outstanding shares of common stock, the effect of abstentions and broker non-votes is the same as a vote against such proposal. Otherwise, abstentions and broker non-votes have no effect on the outcome of a proposal. A broker non-vote is a proxy from a broker or nominee indicating that such person has not received instructions from the beneficial owner or other person entitled to vote shares on a particular matter with respect to which the broker or nominee does not have discretionary voting power.

At least 51% of the Fund's Stockholders must be present at the Meeting in person or by proxy to constitute a quorum for the transaction of business by the Fund. In the event that a quorum is not present at the Meeting, the persons named as proxies may propose one or more adjournments of the Meeting from time to time. Any such adjournment will require the affirmative vote of a majority of those shares represented at the Meeting in person or by proxy. The persons named as proxies will vote those proxies which they are entitled to vote FOR or AGAINST any such proposal in their discretion.

The cost of soliciting the proxies will be borne by the Fund. Proxy solicitations will be made primarily by mail, but solicitations may also be made by telephone, telegraph or personal interviews conducted by officers of the Fund or Bear Stearns Funds Management Inc., the administrator to the Fund (the "Administrator").

Only holders of issued and outstanding shares of the Fund's common stock of record at the close of business on February 17, 2006 are entitled to notice of, and to vote at, the Meeting. Each such holder is entitled to one vote per share of common stock so held. The number of shares of common stock outstanding on February 17, 2006 was 4,982,283. The Fund is a closed-end, diversified management investment company.

Copies of the Fund's most recent annual report may be ordered free of charge to any Stockholder by writing to the Fund, c/o Bear Stearns Funds Management Inc., 383 Madison Avenue, New York, New York 10179, or by telephone by calling the Fund collect at (212) 272-3550. This report is not to be regarded as proxy-soliciting material.

This Proxy Statement is first being mailed to Stockholders on or about March 1, 2006.

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PROPOSAL NO. 1

ELECTION OF DIRECTORS

The Board of Directors currently consists of seven members. All of the members were approved by the Stockholders at the Year 2005 Annual Meeting.

At the Meeting, Stockholders will be asked to vote for the election of Messrs. Ralph W. Bradshaw, William A. Clark, Andrew A. Strauss, Glenn W. Wilcox, Sr., Scott B. Rogers, Edwin Meese III and Thomas H. Lenagh as directors to serve until the year 2007 Annual Meeting of Stockholders or thereafter until each of their successors are duly elected and qualified. If elected, each nominee has consented to serve as a Director of the Fund until his successor is duly elected and qualified. Each Nominee was considered and recommended by the Fund's Nominating and Corporate Governance Committee.

The persons named in the accompanying form of proxy intend to vote at the Meeting (unless directed not to vote) FOR the election of Messrs. Ralph W. Bradshaw, William A. Clark, Andrew A. Strauss, Glenn W. Wilcox, Sr., Scott B. Rogers, Edwin Meese III and Thomas H. Lenagh. Each nominee has indicated that he will serve if elected, and the Board of Directors has no reason to believe that any of the nominees named above will become unavailable for election as a director, but if any nominee should be unable to serve, the proxy will be voted for any other person determined by the persons named in the proxy in accordance with their judgment. Each nominee was considered and recommended by the Fund's Nominating and Corporate Governance Committee.

The following table sets forth the names, addresses, ages and principal occupations of each of the nominees for election as Directors:

NAME AND ADDRESS (1)	POSITION(S) WITH FUND	TERM OF OFFICE SINCE	NOMINEES	
			(AGE)	PRINCIPAL OCCUPATION OVER PAST 5 YEARS
Thomas H. Lenagh (83)	Director	2002		Chairman of the Board of Photonics Products Group; Independent Financial Adviser; Director of Cornerstone Strategic Value Fund,
Edwin Meese III (74)	Director	2001		Distinguished Fellow, The Heritage Foundation Washington D.C.; Distinguished Visiting Fellow at the Hoover Institution, Stanford University; Senior Adviser, Revelation L.P.; formerly U.S. Attorney General under President Ronald Reagan; Director of Cornerstone Strategic Value Fund, Inc.
Scott B. Rogers (50)	Director	2001		Chief Executive Officer, Asheville Buncombe Community Christian Ministry; and President, ABCCM Doctor's Medical Clinic; Appointee, NC Governor's Commission on Welfare to Work; Director of Cornerstone Strategic Value Fund, Inc.

NAME AND ADDRESS (1) (AGE)	POSITION(S) WITH FUND	TERM OF OFFICE SINCE	NOMINEES	
			PRINCIPAL OCCUPATION OVER PAST 5 YEARS	
Andrew A. Strauss (52)	Director	2001	Attorney and senior member of Strauss & Associates, P.A., Attorneys, Asheville and Hendersonville, NC; previous President of White Knight Healthcare, Inc. and LMV Leasing, Inc., a wholly owned subsidiary of Xerox Credit Corporation; Director of Cornerstone Strategic Value Fund, Inc.	Di Mi Fo Ep Co Sy
Glenn W. Wilcox, Sr. (74)	Director	2001	Chairman of the Board and Chief Executive Officer of Wilcox Travel Agency, Inc.; Director of Cornerstone Strategic Value Fund, Inc.	Di Co Ad Di In Ch As es

INTERESTED NOMINEES

Ralph W. Bradshaw (55)**	Chairman of the Board of Directors and President	2001	President, Cornerstone Advisors, Inc.; Financial Consultant; President and Director of Cornerstone Strategic Value Fund, Inc.	Pr Au
William A. Clark (60)**	Director and Vice President	2004	Director and Stockholder of Cornerstone Advisors, Inc.; Director of Cornerstone Strategic Value Fund, Inc.; former financial consultant of Deep Discount Advisors, Inc.	Pr Au

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The following table sets forth, for each Director, the aggregate dollar range of equity securities owned of the Fund and of all Funds overseen by each Director in the Fund Complex as of December 31, 2005. The information as to beneficial ownership is based on statements furnished to the Fund by each Director.

NAME	DOLLAR RANGE OF EQUITY SECURITIES IN THE FUND	AGGREGATE DOLLAR RANGE OF EQUITY SECURITIES IN ALL FUNDS OVERSEEN BY DIRECTORS IN FUND COMPLEX
NON-INTERESTED DIRECTORS		
Edwin Meese III	0	0
Andrew A. Strauss	\$1-\$10,000	\$1-\$10,000
Thomas H. Lenagh	0	0
Glenn W. Wilcox Sr.	\$1-\$10,000	\$10,001-\$50,000
Scott B. Rogers	0	0
INTERESTED DIRECTORS		
Ralph W. Bradshaw	\$50,001-\$100,000	Over \$100,000
William A. Clark	\$50,001-\$100,000	Over \$100,000

EXECUTIVE OFFICERS

In addition to Messrs. Bradshaw and Clark, the current officers of the Fund are:

NAME AND ADDRESS (AGE)	POSITION WITH FUND	TERM OF OFFICE SINCE	PRINCIPAL OCCUPATION OVER PAST
Gary A. Bentz (49) (1)	Chief Compliance Officer	2004	Chief Financial Officer, Chairman, Stockholder of Cornerstone Adv previous Director, Vice President, Treasurer of the Fund and Cornerstone Fund, Inc.; previous Director of Cornerstone Fund, Inc.; Financial Consultant, Chief Compliance Officer of Cornerstone Value Fund, Inc.
Thomas R. Westle 405 Lexington Ave. New York, NY 10174 (52)	Secretary	2001	Partner, Blank Rome LLP, a law firm; previous partner at Spitzer & ... a law firm
Jodi B. Levine (36) (1)	Treasurer	2004	Associate Director, Bear, Stearns & ...

Under the federal securities laws, the Fund is required to provide to Stockholders in connection with the Meeting information regarding compensation paid to Directors by the Fund as well as by the various other U.S. registered investment companies advised by the Fund's investment adviser during its prior fiscal year. The following table provides information concerning the compensation paid during the year ended December 31, 2005, to each Director of the Fund in their capacities solely as a Director of the Fund. This information does not reflect any additional monies received for a named individual serving in any other capacity to the Fund. Please note that the Fund has no bonus, profit sharing, pension or retirement plans.

NAME OF DIRECTOR	DIRECTOR SINCE	AGGREGATE COMPENSATION FROM FUND	TOTAL COMPENSATION FROM FUND AND FUND COMPLEX* PAID TO DIRECTOR
Glenn W. Wilcox, Sr.	2001	\$10,100	\$30,200
Andrew A. Strauss	2001	\$10,100	\$30,200
Edwin Meese III	2002	\$10,000	\$30,100
Scott B. Rogers	2001	\$10,100	\$30,200
Thomas H. Lenagh	2002	\$10,100	\$30,200

Each Director attended at least seventy-five (75%) percent or more of the seven (7) meetings of the Board of Directors (including regularly scheduled and special meetings) held during the period for which he was a Director.

THE AUDIT COMMITTEE

During the fiscal year ended December 31, 2005, the Audit Committee was composed of all independent directors, as such term is defined in Section 2(a)(19) of the Investment Company Act and Section 121A of the American Stock Exchange, LLC ("AMEX") rules. The members of the Audit Committee during this period were Messrs. Wilcox, Sr., Strauss, Meese, Lenagh and Rogers. The Board of Directors has adopted an Audit Committee Charter. The principal functions of the Audit Committee include but are not limited to, (i) the oversight of the accounting and financial reporting processes of the Fund and its internal control over financial reporting; (ii) the oversight of the quality and integrity of the Fund's financial statements and the independent audit thereof; and (iii) the approval, prior to the engagement of, the Fund's independent registered public accounting firm and, in connection therewith, to review and evaluate the qualifications, independence and performance of the Fund's independent registered public accounting firm. The Audit Committee convened three (3) times during the fiscal year.

The Audit Committee currently does not have an Audit Committee Financial Expert, as such term is defined in Section 407 of the Sarbanes-Oxley Act of 2002. Rather, the Audit Committee members believe that each of their individual experiences provide the Audit Committee with sufficient experience and expertise

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to allow them to perform their duties as members of the Audit Committee.

THE NOMINATING AND CORPORATE GOVERNANCE COMMITTEE

The Fund has a standing Nominating and Corporate Governance Committee (the "Committee"), which is comprised of Messrs. Wilcox, Lenagh, Strauss, Meese, and Rogers, all of whom are independent directors of the Fund, as such term is defined in Section 2(a)(19) of the Investment Company Act and in Section 121A of the AMEX rules. The Committee has a written charter. The Committee is appointed to identify and select qualified candidates that have exhibited strong decision making ability, substantial business experience, relevant knowledge of the mutual fund industry (including closed-end funds), skills or technological expertise and exemplary personal integrity and reputation. In addition, the Committee seeks candidates that have experience and knowledge involving all of the service providers of a registered investment company.

The Committee will consider all nominees recommended by Stockholders of the Fund, so long as Stockholders send their recommendations in writing to the Secretary of the Fund in a manner consistent with the Fund's By-laws. The Committee will seek candidates for the Board that have exhibited strong decision-making ability, substantial business experience, relevant knowledge, skills or technological expertise, and exemplary personal integrity and reputation. Specifically, the Committee assesses all director nominees taking into account several factors, including, but not limited to, issues such as the current needs of the Board and the nominee's: (i) integrity, honesty, and accountability; (ii) successful leadership experience and strong business acumen; (iii) forward-looking, strategic focus; (iv) collegiality; (v) independence and absence of conflicts of interests; and (vi) ability to devote necessary time to meet director responsibilities. The Committee will ultimately recommend nominees

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that it believes will enhance the Board's ability to oversee, in an effective manner, the affairs and business of the Fund. The Committee will consider and evaluate Stockholder-recommended candidates by applying the same criteria used to evaluate director-recommended candidates. Currently, the By-laws provide that the deadline for submitting a Stockholder proposal for inclusion in the Fund's proxy statement and proxy for the Fund's 2007 annual meeting of Stockholders pursuant to Rule 14a-8 promulgated under the Securities Exchange Act of 1934, is November 1, 2006. Stockholders wishing to submit proposals or director nominations that are not to be included in such proxy statement and proxy must deliver notice to the Secretary at the principal executive offices of the Fund no later than the close of business on December 1, 2006 nor earlier than the close of business on November 1, 2006. Stockholders are also advised to review the Fund's By-laws, which contain additional requirements with respect to advance notice of stockholder proposals and director nominations.

During the calendar year ended December 31, 2005, the Nominating Committee met and discussed the nomination of all directors for the 2005 Annual Meeting of Stockholders. On February 17, 2006, the Committee met and discussed the nomination of all of the Directors of the Fund for the 2006 Annual Meeting of Stockholders. Each Nominee was recommended by the non-interested Directors.

REQUIRED VOTE

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Directors are elected by a plurality (a simple majority of the votes cast at the meeting) of the votes cast by the holders of shares of common stock of the Fund present in person or represented by proxy at a meeting with a quorum present. For purposes of the election of Directors, abstentions and broker non-votes will be counted as shares present for quorum purposes, may be considered votes cast, and may affect the plurality vote required for Directors.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE STOCKHOLDERS VOTE "FOR" THE ELECTION OF MESSRS. RALPH W. BRADSHAW, WILLIAM A. CLARK, ANDREW A. STRAUSS, GLENN W. WILCOX, SR., SCOTT B. ROGERS, EDWIN MEESE III AND THOMAS H. LENAGH AS DIRECTORS OF THE FUND.

AUDIT COMMITTEE REPORT

On February 17, 2006, the Audit Committee met with the Fund's Administrator, Bear Stearns Funds Management Inc., and the Fund's independent registered public accounting firm, Tait, Weller & Baker, to discuss and review the Fund's audited financial statements for the fiscal year ended December 31, 2005. The Administrator represented to the Audit Committee that the Fund's financial statements were prepared in accordance with U.S. generally accepted accounting principles, and the Audit Committee has reviewed and discussed the financial statements with the Fund's Administrator and its independent registered public accounting firm. The Audit Committee also discussed with the independent registered public accounting firm matters required to be discussed by Statement on Auditing Standards No. 61.

The Fund's independent registered public accounting firm also provided to the Audit Committee the written disclosures required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and the Audit Committee discussed with the independent registered public accounting firm their independence, in light of the services they were providing.

Based upon the Audit Committee's discussion with the Fund's Administrator and the independent registered public accounting firm and the Audit Committee's review of the representations of the Fund's Administrator and the report of the independent registered public accounting firm to the Audit Committee, the Audit Committee recommended that the Board of Directors include the audited financial statements in the Fund's Annual Report for the fiscal year ended December 31, 2005 filed with the Securities and Exchange Commission ("SEC").

This Audit Committee report shall not be deemed incorporated by reference in any document previously or subsequently filed with the SEC that incorporates by reference all or any portion of this proxy statement except to the extent that the Fund specifically requests that the report be specifically incorporated by reference.

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Baker to be employed as the Fund's independent registered public accounting firm to make the annual audit and to report on, as may be required, the financial statements which may be filed by the Fund with the SEC during the ensuing year.

Respectfully submitted,

Glenn W. Wilcox, Sr.
Andrew A. Strauss
Scott B. Rogers
Edwin Meese III
Thomas H. Lenagh

RELATIONSHIP WITH INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Fund's independent registered public accounting firm for the calendar year ended December 31, 2005, was the firm of Tait, Weller & Baker. The Audit Committee has selected Tait, Weller & Baker to be the Fund's registered public accounting firm for the calendar year ended December 31, 2006.

A representative of Tait, Weller & Baker is not expected to be present at the Annual Meeting of Stockholders but may be available by telephone to respond to appropriate questions from Stockholders.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

Aggregate fees for professional services rendered for the Fund by Tait, Weller & Baker as of or for the year ended December 31, 2005 and 2004 were:

SERVICE	2005	2004
Audit Fees	\$12,300	\$11,800
Audit-Related Fees	0	0
Tax Fees	\$ 2,300	\$ 2,200
All Other Fees	0	0
Total	\$14,600	\$14,000

All of the services performed by the Fund's independent registered public accounting firm, including audit related and non-audit related services, were pre-approved by the Audit Committee, as required under the Audit Committee Charter. The Audit Fees for the years ended December 31, 2005 and 2004, were for professional services rendered for the audits of the financial statements of the Fund, reviews, and issuances of consents, and assistance with review of documents filed with the SEC. Tax Fees for the years ended December 31, 2005 and 2004, were for services performed in connection with income tax services other than those directly related to the audit of the income and excise tax accrual. The amount listed above for "All Other Fees", includes fees incurred related to accounting research and other special projects.

The Audit Committee has considered and determined that the services provided by Tait, Weller & Baker are compatible with maintaining Tait, Weller & Baker's independence. The aggregate fees included in Audit Fees are fees billed for the calendar year for the audit of the Fund's annual financial statements. Of the time expended by the Fund's independent registered public accounting firm to audit the Fund's financial statements for the calendar year ended December 31, 2005, less than 50% of such time involved work performed by persons other than the independent registered public accounting firm's full time, permanent employees. Tait, Weller & Baker did not perform any services on behalf of Cornerstone Advisors, Inc.

INFORMATION PERTAINING TO THE FUND'S INVESTMENT ADVISER AND ADMINISTRATOR
THE INVESTMENT ADVISER

Cornerstone Advisors, Inc. has acted as the Fund's Investment Adviser ("Investment Adviser") since January 2, 2002, and has its principal office at One West Pack Square, Suite 1650, Asheville, North Carolina 28801. Cornerstone Advisors, Inc. was organized in February of 2001, to provide investment management services to closed-end investment companies and is registered with the SEC under the Investment Advisers Act of 1940, as amended. Cornerstone Advisors, Inc. is the Investment Adviser to one other closed-end fund, Cornerstone Strategic Value Fund, Inc. Messrs. Bradshaw, Bentz and Clark are the only stockholders of the Investment Adviser.

Mr. Bradshaw, an owner of Cornerstone Advisors, Inc., is President and Chairman of the Board of Directors of the Fund. Mr. Bentz, formerly the Vice President, Treasurer and a Director of the Fund and currently Chief Compliance Officer of the Fund, and Mr. Clark, Vice President and a Director of the Fund, are also owners of Cornerstone Advisors, Inc. The address of Messrs. Bradshaw, Bentz, and Clark is One West Pack Square, Suite 1650, Asheville, North Carolina 28801.

THE ADMINISTRATOR

Bear Stearns Funds Management Inc., whose address is 383 Madison Avenue, 23rd Floor, New York, New York 10179, currently acts as the Administrator of the Fund.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 30(h) of the Investment Company Act in combination require the Fund's directors and officers, persons who own more than ten (10%) of the Fund's Common Stock, and the Fund's Investment Adviser and its directors and officers, to file reports of ownership and changes in ownership with the SEC and the AMEX. In an earlier filing dated December 22, 2004, reported holdings in the Fund's Common Stock by Mr. Strauss were misstated. An amendment was filed on December 14, 2005 when the misstatement was discovered and Mr. Strauss is now in compliance with Section 16(a). In addition, William A. Clark, a director and officer of the Fund, inadvertently failed to file an initial Form 3 in connection with the October 2002 merger of The Cornerstone Strategic Return Fund, Inc. with and into the Fund. A Form 5 was filed in February 2006; therefore, Mr. Clark is now in compliance with Section 16(a). Other than these two instances, the Fund believes that the Fund's directors and officers, the Fund's Investment Adviser and its directors and officers have complied with all applicable filing requirements during the year ended December 31, 2005.

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INFORMATION PERTAINING TO CERTAIN STOCKHOLDERS

The following table sets forth the beneficial ownership of shares of the Fund by each person known to the Fund to be deemed the beneficial owner of more than five (5%) percent of the outstanding shares of the Fund:

NAME AND ADDRESS OF BENEFICIAL OWNER	SHARES OF COMMON STOCK BENEFICIALLY OWNED

None	

Additionally, on February 17, 2006, Cede & Co., a nominee for participants in the Depository Trust Company, held of record 4,646,984 shares of the Fund, equal to approximately 93.3% of the outstanding shares of the Fund. All the directors and executive officers of the Fund, as of the date of this proxy, owned less than 1% of the outstanding shares of the Fund.

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ADDITIONAL INFORMATION

The Proxy Statement does not contain all of the information set forth in the registration statements and the exhibits relating thereto which the Funds have filed with the SEC, under the Exchange Act and the Investment Company Act, to which reference is hereby made.

The Fund is subject to the informational requirements of the Exchange Act and in accordance therewith, file reports and other information with the SEC. Reports, proxy statements, registration statements and other information filed by the Funds can be inspected and copied at the public reference facilities of the SEC in Washington, DC. Copies of such materials also can be obtained by mail from the Public Reference Branch, Office of Consumer Affairs and Information Services, SEC, Washington, DC 20594, at prescribed rates.

OTHER BUSINESS

The Board of Directors of the Fund does not know of any other matter which may come before the Meeting, but should any other matter requiring a vote of Stockholders arise, including any questions as to the adjournment of the Meeting, it is the intention of the persons named in the proxy to vote the proxies in accordance with their judgment on that matter in the interest of the Fund.

PROPOSALS TO BE SUBMITTED BY STOCKHOLDERS

All proposals by Stockholders of the Fund which are intended to be presented at the Fund's next Annual Meeting of Stockholders, to be held in the year 2007, must be received by the Fund addressed to Cornerstone Total Return Fund, Inc., c/o Bear Stearns Funds Management Inc., 383 Madison Avenue, 23rd Floor, New York, New York 10179 in advance of the meeting as set forth in this document.

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Thomas R. Westle, Secretary

Dated: March 1, 2006