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CORNERSTONE STRATEGIC VALUE FUND INC
Form N-CSR
March 08, 2011

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

FORM N-CSR

CERTIFIED SHAREHOLDER REPORT OF REGISTERED
MANAGEMENT INVESTMENT COMPANIES

Investment Company Act file number 811-05150

Cornerstone Strategic Value Fund, Inc.

(Exact name of registrant as specified in charter)

350 Jericho Turnpike, Suite 206 Jericho, New York 11753

(Address of principal executive offices) (Zip code)

Frank J. Maresca

Ultimus Fund Solutions, LLC 350 Jericho Turnpike, Suite 206 Jericho,
New York 11753

(Name and address of agent for service)

Registrant's telephone number, including area code: (513) 326-3597

Date of fiscal year end: December 31, 2010

Date of reporting period: December 31, 2010

Form N-CSR is to be used by management investment companies to file reports with the Commission not later than 10 days after the transmission to stockholders of any report that is required to be transmitted to stockholders under Rule 30e-1 under the Investment Company Act of 1940 (17 CFR 270.30e-1). The Commission may use the information provided on Form N-CSR in its regulatory, disclosure review, inspection, and policymaking roles.

A registrant is required to disclose the information specified by Form N-CSR, and the Commission will make this information public. A registrant is not required to respond to the collection of information contained in Form N-CSR unless the Form displays a currently valid Office of Management and Budget ("OMB") control number. Please direct comments concerning the accuracy of the information collection burden estimate and any suggestions for reducing the burden to Secretary, Securities and Exchange Commission, 450 Fifth Street, NW, Washington, DC 20549-0609. The OMB has reviewed this collection of information under the clearance requirements of 44 U.S.C. ss. 3507.

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ITEM 1. REPORTS TO STOCKHOLDERS.

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CORNERSTONE STRATEGIC VALUE FUND, INC.
PORTFOLIO SUMMARY -- AS OF DECEMBER 31, 2010 (UNAUDITED)

SECTOR ALLOCATION

Sector	Percent of Net Assets
Closed-End Funds	17.2
Information Technology	15.5
Financials	11.7
Energy	9.1

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Healthcare	8.6
Consumer Discretionary	8.6
Industrials	8.1
Consumer Staples	8.0
Materials	2.9
Utilities	2.6
Telecommunication Services	2.4
Other	5.3

TOP TEN HOLDINGS, BY ISSUER

Holding	Sector	Percent of Net Assets
1. Exxon Mobil Corporation	Energy	3.4
2. Eaton Vance Risk-Managed Diversified Equity Income Fund	Closed-End Funds	3.0
3. Apple, Inc.	Information Technology	3.0
4. Eaton Vance Tax-Managed Diversified Equity Income Fund	Closed-End Funds	2.6
5. Microsoft Corporation	Information Technology	2.2
6. JPMorgan Chase & Company	Financials	2.0
7. Alpine Total Dynamic Dividend Fund	Closed-End Funds	2.0
8. International Business Machines Corporation	Information Technology	1.9
9. Google, Inc. -- Class A	Information Technology	1.9
10. AT&T, Inc.	Telecommunication Services	1.7

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CORNERSTONE STRATEGIC VALUE FUND, INC.
SUMMARY SCHEDULE OF INVESTMENTS -- AS OF DECEMBER 31, 2010

Description	No. of Shares	Value
EQUITY SECURITIES - 94.70%		

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CLOSED-END FUNDS - 17.22%		
CORE - 3.80%		
Adams Express Company (The) (a)	48,400	\$ 518,848
General American Investors Company, Inc.	18,300	490,806
Liberty All-Star Equity Fund	160,130	789,441
Other Core (b)		644,100
		----- 2,443,195 -----
CORPORATE DEBT FUNDS INVESTMENT		
GRADE-RATED -- 1.63%		
AllianceBernstein Income Fund	87,230	691,734
Other Corporate Debt Funds Investment Grade-Rated(b)		355,076
		----- 1,046,810 -----
DEVELOPED MARKET - 0.06%		
Total Developed Market (b)		36,780

GLOBAL - 2.03%		
Alpine Total Dynamic Dividend Fund	213,412	1,263,399
Other Global (b)		39,100
		----- 1,302,499 -----
GLOBAL INCOME - 0.47%		
Total Global Income (b)		302,940

HIGH CURRENT YIELD (LEVERAGED) -- 0.13%		
Other High Current Yield (Leveraged) (b)		89,941

OPTION ARBITRAGE/OPTIONS STRATEGIES - 7.02%		
Eaton Vance Risk-Managed Diversified Equity Income Fund	146,464	1,945,042
Eaton Vance Tax-Managed Diversified Equity Income Fund	147,120	1,663,927
Eaton Vance Tax-Managed Global Diversified Equity Income Fund	58,000	610,740
Other Option Arbitrage/ Options Strategies (b)		289,955
		----- 4,509,664 -----

Description	No. of Shares	Value

REAL ESTATE - 0.55%		
Other Real Estate (b)		\$ 355,270

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SECTOR EQUITY - 1.18%		
Petroleum & Resources Corporation(a)	7,600	205,276
Other Sector Equity(b)		548,974

		754,250

VALUE - 0.35%		
Other Value(b)		225,179

TOTAL CLOSED-END FUNDS		11,066,528

CONSUMER DISCRETIONARY - 8.62%		
Amazon.com, Inc. *	3,000	540,000
McDonald's Corporation	11,400	875,064
Target Corporation	8,800	529,144
Yum! Brands, Inc.	9,000	441,450
Other Consumer Discretionary(b)		3,156,037

		5,541,695

CONSUMER STAPLES - 8.01%		
Altria Group, Inc.	20,800	512,096
Coca-Cola Company (The) Procter & Gamble Company (The)	13,500	887,895
Wal-Mart Stores, Inc.	16,297	1,048,386
Other Consumer Staples(b)	10,100	544,693
		2,156,104

		5,149,174

ENERGY - 9.11%		
Chevron Corporation	10,732	979,295
ConocoPhillips	14,974	1,019,730
Exxon Mobil Corporation	29,936	2,188,920
Halliburton Company	9,700	396,051
Marathon Oil Corporation	11,500	425,845
Schlumberger Ltd.	6,000	501,000
Other Energy(b)		343,350

		5,854,191

FINANCIALS - 11.68%		
Goldman Sachs Group, Inc. (The)	5,000	840,800
JPMorgan Chase & Company	30,132	1,278,199

See accompanying notes to financial statements.

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CORNERSTONE STRATEGIC VALUE FUND, INC.
SUMMARY SCHEDULE OF INVESTMENTS -- AS OF DECEMBER 31, 2010 (CONCLUDED)

Description	No. of Shares	Value
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FINANCIALS (CONTINUED)

PNC Financial Services Group, Inc.	7,600	\$ 461,472
Travelers Companies, Inc. (The)	9,476	527,908
Wells Fargo & Company	21,400	663,186
Other Financials (b)		3,734,361

		7,505,926

HEALTH CARE - 8.63%		
Abbott Laboratories	9,200	440,772
Bristol-Myers Squibb Company 19,000		503,120
Johnson & Johnson	13,400	828,790
Merck & Company, Inc.	15,267	550,223
UnitedHealth Group, Inc.	11,000	397,210
Other Health Care (b)		2,827,739

		5,547,854

INDUSTRIALS - 8.08%		
Caterpillar, Inc.	5,300	496,398
Deere & Company	6,500	539,825
General Electric Company	46,900	857,801
United Technologies Corporation	5,000	393,600
Other Industrials (b)		2,905,823

		5,193,447

INFORMATION TECHNOLOGY - 15.47%		
Apple, Inc.*	5,900	1,903,104
Cisco Systems, Inc.*	29,400	594,762
Google, Inc. - Class A *	2,000	1,187,940
Hewlett-Packard Company	11,400	479,940
Intel Corporation	39,500	830,685
International Business Machines Corporation	8,100	1,188,756
Microsoft Corporation	51,200	1,429,504
Oracle Corporation	25,272	791,014
QUALCOMM, Inc.	10,000	494,900
Other Information Technology (b)		1,037,349

		9,937,954

Description	No. of Shares	Value
MATERIALS - 2.93%		
E.I. Du Pont de Nemours & Company	9,500	\$ 473,860
Freeport-McMoRan		
Copper & Gold, Inc.	5,000	600,450
Praxair, Inc.	6,500	620,555
Other Materials (b)		184,356

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		----- 1,879,221 -----
REAL ESTATE INVESTMENT TRUST - 0.00%		
Total Real Estate		
Investment Trust (b)		1,393 -----
TELECOMMUNICATION SERVICES - 2.36%		
AT&T, Inc.	37,039	1,088,206
Verizon Communications, Inc.	12,000	429,360 -----
		1,517,566 -----
UTILITIES - 2.59%		
Other Utilities (b)		1,662,079 -----
TOTAL EQUITY SECURITIES		
(cost - \$51,914,107)		60,857,028 -----
SHORT-TERM INVESTMENTS - 7.30%		
MONEY MARKET SECURITY - 7.30%		
JPMorgan U.S. Government		
Money Market Fund		
(cost - \$ 4,690,985)	4,690,985	4,690,985 -----
TOTAL INVESTMENTS - 102.00%		
(cost - \$56,605,092)		65,548,013 -----
LIABILITIES IN EXCESS OF		
OTHER ASSETS - (2.00)%		(1,282,324) -----
NET ASSETS - 100.00%		\$64,265,689 =====

(a) Affiliated investment. The Fund holds 0.81% and 0.32% (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 year ended December 31, 2010 there were additional purchases of 22,000 shares of Adams Express and 7,600 shares of Petroleum & Resources Corporation with a cost of \$218,433 and \$168,587, respectively. There were no sales of either of these securities.

(b) Represents issuers not identified as a top 50 holding in terms of market value and issues or issuers not exceeding 1% of net assets individually or in the aggregate, respectively, as December 31, 2010.

* Non-income producing security.

See accompanying notes to financial statements.

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CORNERSTONE STRATEGIC VALUE FUND, INC.
STATEMENT OF ASSETS AND LIABILITIES - DECEMBER 31, 2010

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ASSETS

Investments, at value:	
Unaffiliated issuers (cost - \$55,895,782)	\$ 64,823,889
Affiliated issuers (cost - \$709,310)	724,124

Total investments (cost - \$56,605,092)	65,548,013
Receivables:	
Dividends	77,409
Prepaid expenses	3,168

Total Assets	65,628,590

LIABILITIES

Payables:	
Securities purchased	1,224,773
Investment management fees	47,608
Directors' fees	26,000
Administration fees	5,008
Other accrued expenses	59,512

Total Liabilities	1,362,901

NET ASSETS (applicable to 8,511,413 shares of common stock outstanding)	\$ 64,265,689
	=====

NET ASSET VALUE PER SHARE (\$64,265,689 (divided by) 8,511,413)	\$ 7.55
	=====

NET ASSETS CONSISTS OF

Capital stock, \$0.001 par value; 8,511,413 shares issued and outstanding (100,000,000 shares authorized)	\$ 8,511
Paid-in capital 59,531,436	
Accumulated net realized loss on investments	(4,217,179)
Net unrealized appreciation in value of investments	8,942,921

Net assets applicable to shares outstanding	\$ 64,265,689
	=====

See accompanying notes to financial statements.

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CORNERSTONE STRATEGIC VALUE FUND, INC.
STATEMENT OF OPERATIONS - FOR THE YEAR ENDED DECEMBER 31, 2010

INVESTMENT INCOME

Income:	
Dividends from non-affiliated investments (including tax withheld of \$94)	\$1,322,287
Dividends from affiliated investments	5,348
Securities lending	796

Total Investment Income	1,328,431

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Expenses:	
Investment management fees	532,131
Directors' fees	106,804
Legal and audit fees	86,884
Administration fees	58,297
Printing	44,838
Accounting fees	41,736
Transfer agent fees	20,905
Custodian fees	12,963
Stock exchange listing fees	9,045
Insurance	6,527
Miscellaneous	3,209

Total Expenses	923,339
Less: Fees paid indirectly	(4,097)

Net Expenses	919,242

Net Investment Income	409,189

NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS	
Net realized gain from unaffiliated investments	29,336
Capital gain distributions from regulated investment companies	6,811
Capital gain distributions from affiliated regulated investment companies	23,408
Net change in unrealized appreciation in value of investments	5,307,753

Net realized and unrealized gain on investments	5,367,308

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$5,776,497
	=====

See accompanying notes to financial statements.

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CORNERSTONE STRATEGIC VALUE FUND, INC.
STATEMENT OF CHANGES IN NET ASSETS

	For the Years Ended December 31,	
	2010	2009
	-----	-----
INCREASE/(DECREASE) IN NET ASSETS		
Operations:		
Net investment income	\$ 409,189	\$ 430,985
Net realized gain from investments	59,555	36,794
Net change in unrealized appreciation/(depreciation)		

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in value of investments	5,307,753	10,628,356
	-----	-----
Net increase in net assets resulting from operations	5,776,497	11,096,135
	-----	-----
Dividends and distributions to shareholders:		
Net investment income	(468,744)	(430,985)
Return-of-capital	(11,304,528)	(14,022,576)
	-----	-----
Total dividends and distributions to shareholders	(11,773,272)	(14,453,561)
	-----	-----
Capital stock transactions:		
Proceeds from rights offerings of 1,433,827		
and 0 shares of newly issued common stock, respectively	11,812,869	--
Offering expenses associated with the rights offering	(90,887)	--
Proceeds from 108,178 and 133,707 shares newly issued in		
reinvestment of dividends and distributions, respectively	1,093,718	1,294,627
	-----	-----
Net increase in net assets from capital stock transactions	12,815,700	1,294,627
	-----	-----
Total increase/(decrease) in net assets	6,818,925	(2,062,799)
	-----	-----
NET ASSETS		
Beginning of year	57,446,764	59,509,563
	-----	-----
End of year	\$ 64,265,689	\$ 57,446,764
	=====	=====

See accompanying notes to financial statements.

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CORNERSTONE STRATEGIC VALUE FUND, INC.
FINANCIAL HIGHLIGHTS

Contained below is per share operating performance data for a share of common stock outstanding, total investment return, ratios to average net assets and other supplemental data for each year indicated. This information has been derived from information provided in the financial statements and market price data for the Fund's shares.

	For the Years Ended December 31, *				
	2010	2009	2008	2007	2006
	-----	-----	-----	-----	-----
PER SHARE OPERATING PERFORMANCE					
Net asset value, beginning of year	\$ 8.24	\$ 8.71	\$ 18.12	\$ 21.28	\$ 22.60
	-----	-----	-----	-----	-----
Net investment income #	0.06	0.06	0.15	0.16	0.20

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Net realized and unrealized gain/(loss) on investments	0.76	1.52	(5.55)	0.96	2.64
(Net increase/(decrease) in net assets) resulting from operations	0.82	1.58	(5.40)	1.12	2.84
Dividends and distributions to shareholders:					
Net investment income	(0.07)	(0.06)	(0.15)	(0.16)	(0.16)
Net realized capital gains	--	--	--	(1.32)	--
Return-of-capital	(1.61)	(2.03)	(4.01)	(3.00)	(4.00)
Total dividends and distributions to shareholders	(1.68)	(2.09)	(4.16)	(4.48)	(4.16)
Capital stock transactions: Anti-dilutive effect due to shares issued:					
Rights offering	0.13	--	--	--	--
Reinvestment of dividends and distributions	0.04	0.04	0.15	0.20	--
Total anti-dilutive effect due to shares issued	0.17	0.04	0.15	0.20	--
Net asset value, end of year	\$ 7.55	\$ 8.24	\$ 8.71	\$ 18.12	\$ 21.28
Market value, end of year	\$ 8.84	\$11.61	\$ 7.62	\$ 20.20	\$ 33.80
Total investment return(a)	(10.19)%	89.55%	(49.92)%	(29.04)%	45.36%
RATIOS/SUPPLEMENTAL DATA					
Net assets, end of year (000 omitted)	\$64,266	\$57,447	\$59,510	\$120,268	\$136,344
(Ratio of expenses to average net assets, net of fee waivers, if any (b) (c)	1.73%	1.80%	1.40%	1.23%	1.22%
(Ratio of expenses to average net assets, excluding fee waivers, if any (c) (d)	1.74%	2.01%	1.54%	1.35%	1.32%
(Ratio of expenses to average net assets, net of fee waivers, if any (c) (d)	1.74%	1.95%	1.44%	1.25%	1.25%
(Ratio of net investment income to average net assets	0.77%	0.79%	1.08%	0.86%	0.85%
Portfolio turnover rate	25.28%	10.81%	13.24%	10.38%	10.59%

* Effective December 23, 2008, a reverse stock split of 1:4 occurred. All per share amounts have been restated according to the terms of the split.

Based on average shares outstanding.

(a) Total investment return at market value is based on the changes in market price of a share during the period and assumes reinvestment of dividends and distributions, if any, at actual prices pursuant to the Fund's dividend reinvestment plan. Total investment return does not reflect brokerage commissions.

(b) Expenses are net of fees paid indirectly.

(c) Expenses do not include expenses of investments companies in which the Fund invests.

(d) Expenses exclude the reduction for fees paid indirectly.

See accompanying notes to financial statements.

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CORNERSTONE STRATEGIC VALUE FUND, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A. ORGANIZATION

Cornerstone Strategic Value Fund, Inc. (the "Fund") was incorporated in Maryland on May 1, 1987 and commenced investment operations on June 30, 1987. Its investment objective is to seek long-term capital appreciation through investment primarily in equity securities of U.S. and non-U.S. companies. The Fund is registered under the Investment Company Act of 1940, as amended, as a closed-end, diversified management investment company.

NOTE B. SIGNIFICANT ACCOUNTING POLICIES

MANAGEMENT ESTIMATES: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make certain estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

SUBSEQUENT EVENTS: The Fund has evaluated the need for additional disclosures and/or adjustments resulting from subsequent events through the date its financial statements were issued. Based on this evaluation, no additional disclosures or adjustments were required to such financial statements.

PORTFOLIO VALUATION: Investments are stated at value in the accompanying financial statements. Readily marketable portfolio securities listed on the NYSE are valued, except as indicated below, at the last sale price reflected on the consolidated tape at the close of the NYSE on the business day as of which such value is being determined. If there has been no sale on such day, the securities are valued at the mean of the closing bid and asked prices on such day. If no bid or asked prices are quoted on such day or if market prices may be unreliable because of events occurring after the close of trading, then the security is valued by such method as the Board of Directors shall determine in good faith to reflect its fair market value. Readily marketable securities not listed on the NYSE but listed on other domestic or foreign securities exchanges are valued in a like manner. Portfolio securities traded on more than one securities exchange are valued at the last sale price on the business day as of which such value is being determined as reflected on the consolidated tape at the close of the exchange representing the principal market for such securities. Securities trading on the Nasdaq Stock Market, Inc. ("NASDAQ") are valued at the closing price. Readily marketable securities traded in the over-the counter market, including listed securities whose primary market is believed by Cornerstone Advisors, Inc. (the "Investment Manager" or "Cornerstone") to be over-the-counter, are valued at the mean of the current bid and asked prices as reported by the NASDAQ or, in the case of securities not reported by the NASDAQ or a comparable source, as the Board of Directors deem appropriate to reflect their fair market value. Where securities are traded on more than one exchange and also over-the-counter, the securities will generally be valued using the quotations the Board of Directors believes reflect most closely the value of such securities.

At December 31, 2010, the Fund held no securities valued in good faith by the Board of Directors. The net asset value per share of the Fund is calculated weekly and on the last business day of the month with the exception of those days on which the NYSE Amex LLC is closed.

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The Fund is exposed to financial market risks, including the valuations of its investment portfolio. For the year ended December 31, 2010, the Fund did not engage in derivative instruments and other hedging activities.

REPURCHASE AGREEMENTS: The Fund has agreed to purchase securities from financial institutions subject to the seller's agreement to repurchase them at an agreed-upon time and price ("repurchase agreements"). The financial institutions with whom the Fund enters into repurchase agreements are banks and broker/dealers, which Cornerstone considers creditworthy. The seller under a repurchase agreement will be required to maintain the value of the securities as collateral, subject to the agreement at not less than the repurchase price plus

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CORNERSTONE STRATEGIC VALUE FUND, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

accrued interest. Cornerstone monitors the mark-to-market of the value of the collateral, and, if necessary, requires the seller to maintain additional securities, so that the value of the collateral is not less than the repurchase price. Default by or bankruptcy of the seller would, however, expose the Fund to possible loss because of adverse market action or delays in connection with the disposition of the underlying securities.

INVESTMENT TRANSACTIONS AND INVESTMENT INCOME: Investment transactions are accounted for on the trade date. The cost of investments sold is determined by use of the specific identification method for both financial reporting and income tax purposes. Interest income is recorded on an accrual basis; dividend income is recorded on the ex-dividend date.

RISKS ASSOCIATED WITH INVESTMENTS IN OTHER CLOSED-END FUNDS: Closed-end investment companies are subject to the risks of investing in the underlying securities. The Fund, as a holder of the securities of the closed-end investment company, will bear its pro rata portion of the closed-end investment company's expenses, including advisory fees. These expenses are in addition to the direct expenses of the Fund's own operations.

TAXES: No provision is made for U.S. federal income or excise taxes as it is the Fund's intention to continue to qualify as a regulated investment company and to make the requisite distributions to its shareholders which will be sufficient to relieve it from all or substantially all U.S. federal income and excise taxes.

The Accounting for Uncertainty in Income Taxes Topic of the FASB Accounting Standards Codification defines the threshold for recognizing the benefits of tax-return positions in the financial statements as "more-likely-than-not" to be sustained by the taxing authority and requires measurement of a tax position meeting the more-likely-than-not criterion, based on the largest benefit that is more than 50 percent likely to be realized. The Fund's policy is to classify interest and penalties associated with underpayment of federal and state income taxes, if any, as income tax expense on its Statement of Operations. As of December 31, 2010, the Fund does not have any interest or penalties associated with the under-payment of any income taxes. Management reviewed any uncertain tax positions for open tax years 2007 through 2009; or expected to be taken in the Fund's 2010 tax return. There was no material impact to the financial statements or, other than as described below, the disclosures thereto as a result of the adoption of this pronouncement. The Fund and the Investment Manager have entered into a closing letter with the Internal Revenue Service's

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New York Regional Office regarding a technical tax issue relating to whether the Fund's historic dividend reinvestment plan may have resulted in a violation of certain Subchapter M requirements of the Internal Revenue Code for certain prior tax years. The closing letter avoids any potential material negative tax impact to the Fund. Pursuant to the closing letter, the Investment Manager paid any settlement amount owed to the Internal Revenue Service.

DISTRIBUTIONS TO SHAREHOLDERS: Effective June 25, 2002, the Fund initiated a fixed, monthly distribution to shareholders. On November 29, 2006, this distribution policy was updated to provide for the annual resetting of the monthly distribution amount per share based on the Fund's net asset value on the last business day in each October. The terms of the distribution policy will be reviewed and approved at least annually by the Fund's Board of Directors and can be modified at their discretion. To the extent that these distributions exceed the current earnings of the Fund, the balance will be generated from sales of portfolio securities held by the Fund, which will either be short-term or long-term capital gains or a tax-free return-of-capital. To the extent these distributions are not represented by net investment income and capital gains, they will not represent yield or investment return on the Fund's investment portfolio. The Fund plans to maintain this distribution policy even if regulatory requirements would make part of a return-of-capital, necessary to maintain the distribution, taxable to shareholders and to disclose that portion of the distribution that is

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CORNERSTONE STRATEGIC VALUE FUND, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

classified as ordinary income. Although it has no current intention to do so, the Board may terminate this distribution policy at any time and such termination may have an adverse effect on the market price for the Fund's common shares. The Fund determines annually whether to distribute any net realized long-term capital gains in excess of net realized short-term capital losses, including capital loss carryovers, if any. To the extent that the Fund's taxable income in any calendar year exceeds the aggregate amount distributed pursuant to this distribution policy, an additional distribution may be made to avoid the payment of a 4% U.S. federal excise tax, and to the extent that the aggregate amount distributed in any calendar year exceeds the Fund's taxable income, the amount of that excess may constitute a return-of-capital for tax purposes. A return-of-capital distribution reduces the cost basis of an investor's shares in the Fund. Dividends and distributions to shareholders are recorded by the Fund on the ex-dividend date.

MANAGED DISTRIBUTION RISK: Under the managed distribution policy, the Fund makes monthly distributions to shareholders at a rate that may include periodic distributions of its net income and net capital gains, ("Net Earnings"), or from return-of-capital. If, for any fiscal year where total cash distributions exceeded Net Earnings (the "Excess"), the Excess would decrease the Fund's total assets and, as a result, would have the likely effect of increasing the Fund's expense ratio. There is a risk that the total Net Earnings from the Fund's portfolio would not be great enough to offset the amount of cash distributions paid to Fund shareholders. If this were to be the case, the Fund's assets would be depleted, and there is no guarantee that the Fund would be able to replace the assets. In addition, in order to make such distributions, the Fund may have to sell a portion of its investment portfolio at a time when independent investment judgment might not dictate such action. Furthermore, such assets used

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to make distributions will not be available for investment pursuant to the Fund's investment objective.

NOTE C. FAIR VALUE

As required by the Fair Value Measurement and Disclosures Topic of the FASB Accounting Standards Codification, the Fund has performed an analysis of all assets and liabilities measured at fair value to determine the significance and character of all inputs to their fair value determination.

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into the following three broad categories.

- o Level 1 - quoted unadjusted prices for identical instruments in active markets to which the Fund has access at the date of measurement.
- o Level 2 - quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets. Level 2 inputs are those in markets for which there are few transactions, the prices are not current, little public information exists or instances where prices vary substantially over time or among brokered market makers.
- o Level 3 - model derived valuations in which one or more significant inputs or significant value drivers are unobservable. Unobservable inputs are those inputs that reflect the Fund's own assumptions that market participants would use to price the asset or liability based on the best available information.

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CORNERSTONE STRATEGIC VALUE FUND, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

The following is a summary of the inputs used as of December 31, 2010 in valuing the Fund's investments carried at value:

VALUATION INPUTS	INVESTMENTS IN SECURITIES	OTHER FINANCIAL INSTRUMENTS*

Level 1 - Quoted Prices		
Equity Investments	\$60,857,028	--
Short-Term Investments	4,690,985	
Level 2 - Other Significant		
Observable Inputs	--	--
Level 3 - Significant		
Unobservable Inputs	--	--
	-----	-----
Total	\$65,548,013	--
	=====	=====

* Other financial instruments include futures, forwards and swap contracts.

The breakdown of the Fund's investments into major categories is disclosed in

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its Summary Schedule of Investments.

During the year ended December 31, 2010 the Fund did not have any significant transfers in and out of Level 1 or Level 2. 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 December 31, 2010.

In January 2010, the FASB Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2010-06 "Improving Disclosures about Fair Value Measurements". ASU 2010-06 amends FASB Accounting Standards Codification Topic, Fair Value Measurements and Disclosures, to require additional disclosures regarding fair value measurements. Certain disclosures required by ASU No. 2010-06 are effective for interim and annual reporting periods beginning after December 15, 2009, and other required disclosures are effective for fiscal years beginning after December 15, 2010, and for interim periods within those fiscal years. Management has evaluated the impact ASU No. 2010-06 and has determined that it will not have a significant impact on its financial statement disclosures.

NOTE D. AGREEMENTS

Certain officers of the Fund are also officers of Cornerstone or Ultimus Fund Solutions, LLC ("Ultimus"). Such officers are paid no fees by the Fund for serving as officers of the Fund.

Included in the Statement of Operations, under the caption Fees paid indirectly, are expense offsets of \$4,097 arising from credits earned on portfolio transactions executed with brokers, pursuant to directed brokerages arrangement.

INVESTMENT MANAGEMENT AGREEMENT

Cornerstone serves as the Fund's Investment Manager with respect to all investments. As compensation for its investment management services, Cornerstone receives from the Fund, an annual fee, calculated weekly and paid monthly, equal to 1.00% of the Fund's average weekly net assets. For the year ended December 31, 2010, Cornerstone earned \$532,131 for investment management services.

ADMINISTRATION AGREEMENT

Under the terms of the Administration Agreement, Ultimus supplies executive, administrative and regulatory services for the Fund. Ultimus supervises the preparation of reports to stockholders for the Fund, reports to and filings with the Securities and Exchange Commission and materials for meetings of the Board of Directors. For these services, the Fund pays Ultimus a monthly fee at an annual rate of 0.100% of its average daily net assets up to \$250 million and 0.075% of such assets in excess of \$250 million, subject to an annual minimum fee of \$50,000.

FUND ACCOUNTING AGREEMENT

Under the terms of the Fund Accounting Agreement, Ultimus calculates the net asset value per share and maintains the financial books and records of the Fund. For the performance of these services, the Fund pays Ultimus a base fee of \$2,500 per month plus an asset based fee of 0.010% of the first \$500 million of average daily net assets and 0.005% of such assets in excess of \$500 million.

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CORNERSTONE STRATEGIC VALUE FUND, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE E. AFFILIATED INVESTMENTS

Transactions in affiliates for the year ended December 31, 2010 were as follows:

	ADAMS EXPRESS COMPANY	PETROLEUM & RESOURCES CORPORATION
	-----	-----
Market value at beginning of year	\$ 266,460	\$ --
	=====	=====
Shares at beginning of year	26,400	--
Shares purchased during the year	22,000	7,600
Shares sold during the period	--	--
	-----	-----
Shares at end of year	48,400	7,600
	=====	=====
Dividend income earned during the year	\$ 4,664	\$ 684
	=====	=====
Cost of purchases during the year	\$ 218,433	\$ 168,587
Proceeds from sales during the year	--	--
Net realized gain/(loss) during the year	--	--
Capital gain distribution	\$ 16,720	\$ 6,688
Market value at end of year	\$ 518,848	\$ 205,276

NOTE F. INVESTMENT IN SECURITIES

For the year ended December 31, 2010, purchases and sales of securities, other than short-term investments, were \$13,369,749 and \$14,862,547 respectively.

NOTE G. SHARES OF COMMON STOCK

The Fund has 100,000,000 shares of common stock authorized and 8,511,413 shares outstanding at December 31, 2010. Transactions in common stock for the year ended December 31, 2010 were as follows:

Shares at beginning of year	6,969,408
Shares newly issued from rights offering	1,433,827
Shares newly issued in reinvestment of dividends and distributions	108,178

Shares at end of year	8,511,413
	=====

NOTE H. SHARE REPURCHASE PROGRAM

As has been done in the past to enhance shareholder value, pursuant to Section 23 of the Investment Company Act of 1940, as amended, the Fund may again in the future purchase shares of its common stock on the open market from time to time, at such times, and in such amounts as may be deemed advantageous to the Fund.

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Nothing herein shall be considered a commitment to purchase such shares. The Fund had no repurchases during the year ended December 31, 2010. No limit has been placed on the number of shares to be repurchased by the Fund other than those imposed by federal securities laws.

All purchases are made in accordance with federal securities laws, with shares repurchased held in treasury effective January 1, 2002, for future use by the Fund.

NOTE I. SECURITIES LENDING

To generate additional income, the Fund may lend up to 33 1/3% of its total assets. The Fund receives payments from borrowers equivalent to the dividends and interest that would have been earned on securities lent while simultaneously seeking to earn interest on the investment of cash collateral. Loans are subject to termination by the Fund or the borrower at any time, and are, therefore, not considered to be illiquid investments. Loans of securities are required at all times to be secured by collateral equal to at least 100% of the market value of securities on loan. However, in the event of default or bankruptcy of the other party to the agreement, realization and/or retention of the collateral may be subject to legal proceedings. In the event that the borrower fails to return securities, and collateral maintained by the lender is insufficient to cover the value of loaned securities, the borrower is obligated to pay the amount of the shortfall (and Interest thereon) to the Fund. However, there can be no assurance the Fund can recover this amount.

The Fund had no securities on loan to brokers at December 31, 2010. During the year ended December 31, 2010, the Fund earned \$796 in securities lending income which is included under the caption Securities lending in the Statement of Operations.

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CORNERSTONE STRATEGIC VALUE FUND, INC.
NOTES TO FINANCIAL STATEMENTS (CONCLUDED)

NOTE J. FEDERAL INCOME TAXES

Income and capital gains distributions are determined in accordance with federal income tax regulations, which may differ from GAAP. These differences are primarily due to differing treatments of losses deferred due to wash sales.

The tax character of dividends and distributions paid to stockholders during the years ended December 31, for the Fund were as follows:

Ordinary Income		Return-of-Capital	
2010	2009	2010	2009
\$468,744	\$430,985	\$11,304,528	\$14,022,576

At December 31, 2010 the components of accumulated income on a tax basis, for the Fund were as follows:

Capital loss carryforward	\$ (4,217,018)
Net unrealized appreciation	8,924,760
Total distributable income	\$ 4,725,742

=====

Accounting principles generally accepted in the United States of America require that certain components of net assets relating to permanent differences be reclassified between financial and tax reporting. These reclassifications have no effect on net assets or net asset value per share. For the year ended December 31, 2010, the Fund decreased net realized loss by \$190,655 and decreased net investment loss by 59,555, and decreased paid in capital by \$250,210. Under current tax law, certain capital losses realized after October 31 within a taxable year may be deferred and treated as occurring on the first day of the following tax year ("Post-October losses"). The Fund incurred no such loss.

At December 31, 2010, the Fund had a capital loss carryforward for U.S. federal income tax purposes of \$4,217,018 of which \$484,687 expires in 2011, \$3,297,622 expires in 2016, and \$434,709 expires in 2017. At December 31, 2010, 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 \$56,605,253, \$10,668,494, \$(1,725,734) and \$8,942,760, respectively.

NOTE K. SUBSEQUENT EVENTS

On February 11, 2011, the Board of Directors approved U.S. Bank, N.A. to replace JPMorgan Chase Bank, N.A. as Custodian.

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CORNERSTONE STRATEGIC VALUE FUND, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors
Cornerstone Strategic Value Fund, Inc.
Jericho, New York

We have audited the accompanying statement of assets and liabilities of Cornerstone Strategic Value Fund, Inc., including the summary schedule of investments as of December 31, 2010, and the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit

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procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2010, by correspondence with the custodian and brokers. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of Cornerstone Strategic Value Fund, Inc. as of December 31, 2010, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Tait, Weller & Baker LLP

Philadelphia, Pennsylvania
February 28, 2011

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2010 TAX INFORMATION (UNAUDITED)

Cornerstone Strategic Value Fund, Inc. (the "Fund") is required by Subchapter M of the Internal Revenue Code of 1986, as amended, to advise its shareholders within 60 days of the Fund's year end (December 31, 2010) as to the federal tax status of the dividends and distributions received by the Fund's shareholders in respect of such fiscal year. The \$11,773,272 in dividends and distributions paid to shareholders in respect of such year, is represented by \$468,744 of ordinary income, and \$11,304,528 of return-of-capital.

As indicated in this notice, significant portions of the Fund's distributions for 2010 were comprised of a return-of-capital; accordingly these distributions do not represent yield or investment return on the Fund's portfolio.

SOURCES OF DIVIDENDS AND DISTRIBUTIONS (Per Share Amounts)

Payment Dates:	1/29/10	2/26/10	3/31/10	4/30/10	5/28/10	6/30/10
	-----	-----	-----	-----	-----	-----
Ordinary Income(1)	\$0.0049	\$0.0049	\$0.0049	\$0.0049	\$0.0049	\$0.0049
Return-of-Capital(2)	0.1349	0.1349	0.1349	0.1349	0.1349	0.1349
	-----	-----	-----	-----	-----	-----
Total:	\$0.1398	\$0.1398	\$0.1398	\$0.1398	\$0.1398	\$0.1398
	=====	=====	=====	=====	=====	=====
Payment Dates:	7/30/10	8/31/10	9/30/10	10/29/10	11/30/10	12/31/10
	-----	-----	-----	-----	-----	-----
Ordinary Income(1)	\$0.0049	\$0.0049	\$0.0049	\$0.0049	\$0.0049	\$0.0049
Return-of-Capital(2)	0.1349	0.1349	0.1349	0.1349	0.1349	0.1349

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Total:	----- \$0.1398 =====	----- \$0.1398 =====	----- \$0.1398 =====	----- \$0.1398 =====	----- \$0.1398 =====	----- \$0.1398 =====
--------	----------------------------	----------------------------	----------------------------	----------------------------	----------------------------	----------------------------

(1) Ordinary Income Dividend - This is the total per share amount of ordinary income dividends and short-term capital gain distributions (if applicable) included in the amount reported in Box 1a on Form 1099-DIV.

(2) Return-of-capital - This is the per share amount of return-of-capital, or sometimes called nontaxable, distributions reported in Box 3 - under the title "Nondividend distributions" - on Form 1099-DIV. This amount should NOT be reported as taxable income on your current return. Rather, it should be treated as a reduction in the original cost basis of your investment in the Fund.

The Fund has met the requirements to pass through all (100%) of its ordinary income dividends as qualified dividends, which are subject to a maximum federal tax rate of 15%. This is reported in Box 1b on Form 1099-DIV. Ordinary income dividends should be reported as dividend income on Form 1040. Please note that to utilize the lower tax rate for qualifying dividend income, shareholders generally must have held their shares in the Fund for at least 61 days during the 121 day period beginning 60 days before the ex-dividend date.

Foreign shareholders will generally be subject to U.S. withholding tax on the amount of the actual ordinary income dividend paid by the Fund.

In general, distributions received by tax-exempt recipients (e.g., IRA's and Keoghs) need not be reported as taxable income for U.S. federal income tax purposes. However, some retirement trusts (e.g., corporate, Keogh and 403(b) (7) plans) may need this information for their annual information reporting. They will generally not be entitled to foreign tax credit or deduction for the withholding taxes paid by the Fund.

Shareholders are strongly advised to consult their own tax advisers with respect to the tax consequences of their investment in the Fund.

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ADDITIONAL INFORMATION REGARDING THE FUND'S DIRECTORS AND CORPORATE OFFICERS (UNAUDITED)

NAME AND ADDRESS* (BIRTH DATE)	POSITION(S) HELD WITH FUND	PRINCIPAL OCCUPATION OVER LAST 5 YEARS	POSITION WITH FUND SINCE	NUMBER OF PORTFOLIOS FUNDS OVERSEEN BY DIRECTORS
Ralph W. Bradshaw** (Dec. 1950)	Chairman of the Board of Directors and President	President, Cornerstone Advisors, Inc.; Financial Consultant; President and Director of Cornerstone Total Return Fund, Inc.; President and Trustee of Cornerstone Progressive Return Fund.	1998	3

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Thomas H. Lenagh (Nov. 1924)	Director; Audit, Nominating and Corporate Governance Committee Member	Director of Cornerstone Total Return Fund, Inc.; Trustee of Cornerstone Progressive Return Fund; Director of Adams Express Company, Petroleum & Resources Corporation and PPGI Industries.	1987	3
Edwin Meese III (Dec. 1931)	Director; Audit, Nominating and Corporate Governance Committee Member	Independent Financial Advisor; Director of Photonics Products Group; Distinguished Fellow, The Heritage Foundation Washington D.C.; Distinguished Visiting Fellow at the Hoover Institution, Stanford University; Senior Adviser, Revelation L.P.; Director of Cornerstone Total Return Fund, Inc.; Trustee of Cornerstone Progressive Return Fund.	2001	3
Scott B. Rogers (July 1955)	Director; Audit, Nominating and Corporate Governance Committee Member	Chairman, Board of Health Partners, Inc.; 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 Total Return Fund, Inc.; Trustee of Cornerstone Progressive Return Fund.	2000	3

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ADDITIONAL INFORMATION REGARDING THE FUND'S DIRECTORS AND CORPORATE OFFICERS (UNAUDITED) (CONTINUED)

NAME AND ADDRESS* (BIRTH DATE)	POSITION(S) HELD WITH FUND	PRINCIPAL OCCUPATION OVER LAST 5 YEARS	POSITION WITH FUND SINCE	NUMBER OF PORTFOLIOS FUND COMPL OVERSEEN B DIRECTORS
Andrew A. Strauss (Nov. 1953)	Director; Chairman of Nominating and Corporate Governance Committee and Audit Committee Member	Attorney and senior member of Strauss & Associates; Director of Cornerstone Total Return Fund, Inc.; Trustee of Cornerstone Progressive Return Fund.	2000	3
Glenn W. Wilcox, Sr. (Dec. 1931)	Director; Chairman of Audit Committee, Nominating and Corporate Governance Committee Member	Chairman of the Board, Tower Associates, Inc.; Chairman of the Board and Chief Executive Officer of Wilcox Travel Agency, Inc.; Director of Cornerstone Total Return Fund, Inc.; Trustee of Cornerstone Progressive Return Fund.	2000	3

ADDITIONAL INFORMATION REGARDING THE FUND'S DIRECTORS
AND CORPORATE OFFICERS (UNAUDITED) (CONCLUDED)

NAME AND ADDRESS* (BIRTH DATE)	POSITION(S) HELD WITH FUND	PRINCIPAL OCCUPATION OVER LAST 5 YEARS	POSITION WITH FUND SINCE
Gary A. Bentz (June 1956)	Chief Compliance Officer, Secretary, and Assistant Treasurer	Chairman and Chief Financial Officer of Cornerstone Advisors, Inc.; Financial Consultant, C.P.A., Chief Compliance Officer, Secretary, and Assistant Treasurer of Cornerstone Total Return Fund, Inc. and Cornerstone Progressive Return Fund.	2004, 2008, 2009
Frank J. Maresca (Oct. 1958)	Treasurer	Executive Vice President of Ultimus Fund Solutions, LLC (since March 2009); previous Executive Director, JP Morgan Chase & Co. (since June 2008); previous President of Bear Stearns Funds Management, Inc.; previous Senior Managing Director of Bear Stearns & Co., Inc.; Treasurer of Cornerstone Total Return Fund, Inc. and Cornerstone Progressive Return Fund (since May 2009).	2009

* The mailing address of each Director and/or Officer with respect to the Fund's operation is 350 Jericho Turnpike, Suite 206, Jericho, NY 11753.

** Designates a director who is an "interested person" of the Fund as defined by the Investment Company Act of 1940, as amended. Mr. Bradshaw is an interested person of the Fund by virtue of his current position with the Investment Adviser of the Fund.

DESCRIPTION OF DIVIDEND REINVESTMENT PLAN (UNAUDITED)

Cornerstone Strategic Value Fund, Inc. (the "Fund") operates a Dividend Reinvestment Plan (the "Plan"), sponsored and administered by American Stock Transfer & Trust Company (the "Agent"), pursuant to which the Fund's income dividends or capital gains or other distributions (each, a "Distribution" and collectively, "Distributions"), net of any applicable U.S. withholding tax, are reinvested in shares of the Fund.

Shareholders automatically participate in the Fund's Plan, unless and until an election is made to withdraw from the Plan on behalf of such participating

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shareholder. Shareholders who do not wish to have Distributions automatically reinvested should so notify their broker, or if a registered shareholder, the Agent in writing at P.O. Box 922, Wall Street Station, New York, New York 10269-0560. Such written notice must be received by the Agent prior to the record date of the Distribution or the shareholder will receive such Distribution in shares through the Plan. Under the Plan, the Fund's Distributions to shareholders are reinvested in full and fractional shares as described below. When the Fund declares a Distribution the Agent, on the shareholder's behalf, will (i) receive additional authorized shares from the Fund either newly issued or repurchased from shareholders by the Fund and held as treasury stock ("Newly Issued Shares") or (ii) purchase outstanding shares on the open market, on the NYSE Amex LLC or elsewhere, with cash allocated to it by the Fund ("Open Market Purchases").

The method for determining the number of shares to be received when Distributions are reinvested will vary depending upon whether the net asset value of the Fund's shares is higher or lower than its market price. If the net asset value of the Fund's shares is lower than its market price, the number of Newly Issued Shares received will be determined by dividing the amount of the Distribution either by the Fund's net asset value per share or by 95% of its market price, whichever is higher. If the net asset value of the Fund's shares is higher than its market price, shares acquired by the Agent in Open Market Purchases will be allocated to the reinvesting shareholders based on the average cost of such Open Market Purchases.

Whenever the Fund declares a Distribution and the net asset value of the Fund's shares is higher than its market price, the Agent will apply the amount of such Distribution payable to Plan participants of the Fund in Fund shares (less such Plan participant's pro rata share of brokerage commissions incurred with respect to Open Market Purchases in connection with the reinvestment of such Distribution) to the purchase on the open market of Fund shares for such Plan participant's account. Such purchases will be made on or after the payable date for such Distribution, and in no event more than 30 days after such date except where temporary curtailment or suspension of purchase is necessary to comply with applicable provisions of federal securities laws. The Agent may aggregate a Plan participant's purchases with the purchases of other Plan participants, and the average price (including brokerage commissions) of all shares purchased by the Agent shall be the price per share allocable to each Plan participant. Participants in the Plan may withdraw from the Plan by providing written notice to the Agent at least 30 days prior to the applicable Distribution payment date. When a Participant withdraws from the Plan, or upon suspension or termination of the Plan at the sole discretion of the Fund's Board of Directors, certificates for whole shares credited to his or her account under the Plan will, upon request, be issued. Whether or not a participant requests that certificates for whole shares be issued, a cash payment will be made for any fraction of a share credited to such account.

The Agent will maintain all shareholder accounts in the Plan and furnish written confirmations of all transactions in the accounts, including information needed by shareholders for personal and tax records. The Agent will hold shares in the account of the Plan participant in non-certificated form in the name of the participant, and each shareholder's

proxy will include those shares purchased pursuant to the Plan. Each participant, nevertheless, has the right to receive certificates for whole shares owned. The Agent will distribute all proxy solicitation materials to participating shareholders.

In the case of shareholders, such as banks, brokers or nominees, that hold shares for others who are beneficial owners participating in the Plan, the Agent will administer the Plan on the basis of the number of shares certified from time to time by the record shareholder as representing the total amount of shares registered in the shareholder's name and held for the account of beneficial owners participating in the Plan.

Neither the Agent nor the Fund shall have any responsibility or liability beyond the exercise of ordinary care for any action taken or omitted pursuant to the Plan, nor shall they have any duties, responsibilities or liabilities except such as expressly set forth herein. Neither shall they be liable hereunder for any act done in good faith or for any good faith omissions to act, including, without limitation, failure to terminate a participants account prior to receipt of written notice of his or her death or with respect to prices at which shares are purchased or sold for the participants account and the terms on which such purchases and sales are made, subject to applicable provisions of the federal securities laws. The automatic reinvestment of Distributions will not relieve participants of any federal, state or local income tax that may be payable (or required to be withheld) on such Distributions.

The Fund reserves the right to amend or terminate the Plan. There is no direct service charge to participants with regard to purchases in the Plan. All correspondence concerning the Plan should be directed to the Agent at P.O. Box 922, Wall Street Station, New York, New York 10269-0560. Certain transactions can be performed online at www.amstock.com or by calling the toll free number 877-864-4833.

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PROXY VOTING AND PORTFOLIO HOLDINGS INFORMATION (UNAUDITED)

Information regarding how Cornerstone Strategic Value Fund, Inc. (the "Fund") voted proxies related to its portfolio securities during the 12-month period ended June 30 of each year as well as the policies and procedures that the Fund uses to determine how to vote proxies relating to its portfolio securities are available by calling (513) 326-3597 or on the website of the Securities and Exchange Commission, <http://www.sec.gov>. This report incorporates a Summary Schedule of Investments for the Fund. A complete Schedule of Investments for the Fund may be obtained free of charge by contacting the Fund at (513) 326-3597. The Fund files a complete schedule of its portfolio holdings for the first and third quarters of its fiscal year with the SEC on Form N-Q. The Fund's Forms N-Q is available on the SEC's website at <http://www.sec.gov> and may be reviewed and copied at the SEC's Public Reference Room in Washington, DC. Information on the operation of the SEC's Public Reference Room may be obtained by calling (202) 551-8090.

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PRIVACY POLICY (UNAUDITED)

FACTS WHAT DOES CORNERSTONE STRATEGIC VALUE FUND, INC. (THE "FUND") DO WITH YOUR PERSONAL INFORMATION?

Why? Financial companies choose how they share your personal information. Federal law gives consumers the right to limit some but not all sharing. Federal law also requires us to tell you how we collect, share, and protect your personal information. Please read this notice carefully to understand what we do.

What? The types of personal information we, and our service providers, on our behalf, collect and share depend on the product or service you have with us. This information can include:

- o Social Security number
- o account balances
- o account transactions
- o transaction history
- o wire transfer instructions
- o checking account information

When you are no longer our customer, we continue to share your information as described in this notice.

How? All financial companies need to share customers' personal information to run their everyday business. In the section below, we list the reasons financial companies can share their customers' personal information; the reasons the Fund, and our service providers, on our behalf, choose to share; and whether you can limit this sharing.

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PRIVACY POLICY (UNAUDITED) (CONTINUED)

Reasons we can share your personal information	Does the Cornerstone Fund share?	Can you limit this sharing?
FOR OUR EVERYDAY BUSINESS PURPOSES - such as to process your transactions, maintain your account(s), respond to court orders and legal investigations, or report to credit bureaus	Yes	No
FOR OUR MARKETING PURPOSES - to offer our products and services to you	No	We don't share
FOR JOINT MARKETING WITH OTHER	No	We don't share

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FINANCIAL COMPANIES

FOR OUR AFFILIATES' EVERYDAY BUSINESS PURPOSES - information about your transactions and experiences	Yes	No
FOR OUR AFFILIATES' EVERYDAY BUSINESS PURPOSES - information about your creditworthiness	No	We don't share
FOR OUR AFFILIATES TO MARKET TO YOU	No	We don't share
FOR NONAFFILIATES TO MARKET TO YOU	No	We don't share

QUESTIONS? Call (513) 326-3597.

WHAT WE DO

WHO IS PROVIDING THIS NOTICE? Cornerstone Strategic Value Fund, Inc. (the "Fund")

HOW DOES THE FUND AND THE FUND'S SERVICE PROVIDERS, ON THE FUND'S BEHALF PROTECT MY PERSONAL INFORMATION? To protect your personal information from unauthorized access and use, we and our service providers use security measures that comply with federal law. These measures include computer safeguards and secured files and buildings.

HOW DOES THE FUND AND THE FUND'S SERVICE PROVIDERS, ON THE FUND'S BEHALF COLLECT MY PERSONAL INFORMATION? We collect your personal information, for example, when you:

- o open an account
- o provide account information
- o give us your contact information
- o make a wire transfer

We also collect your information from others, such as credit bureaus, affiliates, or other companies.

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PRIVACY POLICY (UNAUDITED) (CONCLUDED)

WHY CAN'T I LIMIT ALL SHARING? Federal law gives you the right to limit only

- o sharing for affiliates' everyday business purposes - information about your creditworthiness
- o affiliates from using your information to market to you
- o sharing for nonaffiliates to market to you

State laws and individual companies may give you additional rights to limit sharing.

DEFINITIONS

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Affiliates	Companies related by common ownership or control. They can be financial and nonfinancial companies. o CORNERSTONE ADVISORS, INC.
NONAFFILIATES	Companies not related by common ownership or control. They can be financial and nonfinancial companies. o THE FUND DOES NOT SHARE WITH NONAFFILIATES, SO THEY CAN MARKET TO YOU.
JOINT MARKETING	A formal agreement between nonaffiliated financial companies that together market financial products or services to you. o THE FUND DOES NOT JOINTLY MARKET.

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SUMMARY OF GENERAL INFORMATION (UNAUDITED)

Cornerstone Strategic Value Fund, Inc. is a closed-end, diversified investment company whose shares trade on the NYSE Amex LLC. Its investment objective is to seek long-term capital appreciation through investment primarily in equity securities of U.S. and non-U.S. companies. The Fund is managed by Cornerstone Advisors, Inc.

SHAREHOLDER INFORMATION (UNAUDITED)

The Fund is listed on the NYSE Amex LLC (symbol "CLM"). The previous week's net asset value per share, market price, and related premium or discount are available on The Wall Street Journal website at http://online.wsj.com/mdc/public/page/2_3040-CEF34.html under the designation "Cornerstone Strat Value (CLM)" and on the Barron's website at http://online.barrons.com/mdc/public/page/2_3040-CEF34.html under the same designation. Such information is available weekly and may be obtained by contacting the Fund at the general inquiry phone number.

Notice is hereby given in accordance with Section 23(c) of the Investment Company Act of 1940, as amended, that Cornerstone Strategic Value Fund, Inc. may from time to time purchase shares of its capital stock in the open market.

This report, including the financial statements herein, is sent to the shareholders of the Fund for their information. It is not a prospectus, circular or representation intended for use in the purchase or sale of shares of the Fund or of any securities mentioned in the report.

CORNERSTONE STRATEGIC VALUE FUND, INC.

ITEM 2. CODE OF ETHICS.

As of the end of the period covered by this report, the registrant has adopted a code of ethics that applies to the registrant's principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions, regardless of whether these individuals are employed by the registrant or a third party. Pursuant to Item 12(a)(1), a copy of registrant's code of ethics is filed as an exhibit to this Form N-CSR. During the period covered by this report, the code of ethics has not been amended, and the registrant has not granted any waivers, including implicit waivers, from the provisions of the code of ethics.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

The registrant's board of directors has determined that the registrant does not have an audit committee financial expert serving on its audit committee. The audit committee determined that, although none of its members meet the technical definition of an audit committee financial expert, the experience provided by each member of the audit committee together offer the registrant adequate oversight for the registrant's current level of financial complexity.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

- (a) Audit Fees. The aggregate fees billed for professional services rendered by the principal accountant for the audit of the registrant's annual financial statements or for services that are normally provided by the accountant in connection with statutory and regulatory filings or engagements were \$18,500 and \$18,100 with respect to the registrant's fiscal years ended December 31, 2010 and 2009, respectively.

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- (b) **Audit-Related Fees.** No fees were billed in either of the last two fiscal years for assurance and related services by the principal accountant that are reasonably related to the performance of the audit of the registrant's financial statements and are not reported under paragraph (a) of this Item.
- (c) **Tax Fees.** The aggregate fees billed for professional services rendered by the principal accountant for tax compliance, tax advice, and tax planning were \$3,900 and \$3,600 with respect to the registrant's fiscal years ended December 31, 2010 and 2009, respectively. The services comprising these fees are the preparation of the registrant's federal and state income and federal excise tax returns.
- (d) **All Other Fees.** No fees were billed in either of the last two fiscal years for products and services provided by the principal accountant, other than the services reported in paragraphs (a) through (c) of this Item.
- (e) (1) Before the principal accountant is engaged by the registrant to render (i) audit, audit-related or permissible non-audit services to the registrant or (ii) non-audit services to the registrant's investment adviser and any entity controlling, controlled by, or under common control with the adviser that provides ongoing services to the registrant, either (a) the audit committee shall pre-approve such engagement; or (b) such engagement shall be entered into pursuant to pre-approval policies and procedures established by the audit committee. Any such policies and procedures must be detailed as to the particular service and not involve any delegation of the audit committee's responsibilities to the registrant's investment adviser. The audit committee may delegate to one or more of its members the authority to grant pre-approvals. The pre-approval policies and procedures shall include the requirement that the decisions of any member to whom authority is delegated under this provision shall be presented to the full audit committee at its next scheduled meeting. Under certain limited circumstances, pre-approvals are not required if certain de minimus thresholds are not exceeded, as such thresholds are determined by the audit committee in accordance with applicable Commission regulations.
- (e) (2) None of the services described in paragraph (b) through (d) of this Item were approved by the audit committee pursuant to paragraph (c) (7) (i) (C) of Rule 2-01 of Regulation S-X.
- (f) Less than 50% of hours expended on the principal accountant's engagement to audit the registrant's financial statements for the most recent fiscal year were attributed to work performed by persons other than the principal accountant's full-time, permanent employees.
- (g) During the fiscal years ended December 31, 2010 and 2009, aggregate non-audit fees of \$3,900 and \$3,600, respectively, were billed by the registrant's principal accountant for services rendered to the registrant. No non-audit fees were billed in either of the last two fiscal years by the registrant's principal accountant for services rendered to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the

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adviser that provides ongoing services to the registrant.

- (h) The principal accountant has not provided any non-audit services to the registrant's investment adviser (not including any sub-adviser whose role is primarily portfolio management and is subcontracted with or overseen by another investment adviser), and any entity controlling, controlled by, or under common control with the investment adviser that provides ongoing services to the registrant.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

- (a) The registrant has a separately-designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities and Exchange Act of 1934. Glenn W. Wilcox, Sr., (Chairman), Edwin Meese, III, Thomas H. Lenagh, Andrew A. Strauss and Scott B. Rogers are the members of the registrant's audit committee.

- (b) Not applicable

ITEM 6. SCHEDULE OF INVESTMENTS.

- (a)

CORNERSTONE STRATEGIC VALUE FUND, INC.
SCHEDULE OF INVESTMENTS - DECEMBER 31, 2010

DESCRIPTION	NO. OF SHARES	VALUE

EQUITY SECURITIES - 94.70%		
CLOSED-END FUNDS - 17.22%		
CORE - 3.80%		
Adams Express Company (The) a	48,400	\$518,848
Gabelli Equity Trust, Inc.	16,323	92,552
General American Investors Company, Inc.	18,300	490,806
Liberty All-Star Equity Fund	160,130	789,441
Royce Micro-Cap Trust, Inc.	4,000	39,200
Royce Value Trust, Inc.	5,000	72,700
SunAmerica Focused Alpha Large-Cap Fund, Inc.	8,000	125,920
Tri-Continental Corporation	22,800	313,728

		2,443,195

CORPORATE DEBT FUNDS INVESTMENT		
GRADE-RATED - 1.63%		
AllianceBernstein Income Fund	87,230	691,734
Federated Enhanced Treasury Income Fund	17,966	300,032
Invesco Van Kampen Bond Fund	2,953	55,044

		1,046,810

DEVELOPED MARKET - 0.06%		
Japan Equity Fund	6,000	36,780

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GLOBAL - 2.03%		
Alpine Total Dynamic Dividend Fund	213,412	1,263,399
Clough Global Allocation Fund	2,500	39,100

		1,302,499
GLOBAL INCOME - 0.47%		
Nuveen Multi-Currency Short-Term Government Income Fund	22,000	302,940

HIGH CURRENT YIELD (LEVERAGED) - 0.13%		
First Trust Strategic High Income Fund II	8,900	41,652
First Trust Strategic High Income Fund III	11,101	48,289

		89,941
OPTION ARBITRAGE/OPTIONS STRATEGIES - 7.02%		
Dow 30 Enhanced Premium & Income Fund, Inc.	27,934	289,955
Eaton Vance Risk-Managed Diversified Equity Income Fund	146,464	1,945,042
Eaton Vance Tax-Managed Diversified Equity Income Fund	147,120	1,663,927

See accompanying notes to schedule of investments.		
CORNERSTONE STRATEGIC VALUE FUND, INC.		
SCHEDULE OF INVESTMENTS - DECEMBER 31, 2010 (CONTINUED)		
CLOSED-END FUNDS (CONTINUED)		
Eaton Vance Tax-Managed Global Diversified Equity Income Fund	58,000	\$610,740

		4,509,664
REAL ESTATE - 0.55%		
Alpine Global Premier Properties Fund	38,000	269,420
LMP Real Estate Income Fund, Inc.	8,500	85,850

		355,270
SECTOR EQUITY - 1.18%		
Cohen & Steers Infrastructure Fund, Inc.	14,500	238,090
Evergreen Utilities and High Income Fund	18,180	210,888
Gabelli Healthcare & Wellness Rx Trust (The)	4,361	30,876
Macquarie Global Infrastructure Total Return Fund, Inc.	4,000	69,120
Petroleum & Resources Corporation (a)	7,600	205,276

		754,250
VALUE - 0.35%		
Claymore Dividend & Income Fund	11,960	179,759
Royce Focus Trust, Inc.	6,000	45,420

		225,179

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TOTAL CLOSED-END FUNDS

11,066,528

CONSUMER DISCRETIONARY - 8.62%

Amazon.com, Inc. ** Non-income producing security.	3,000	540,000
Best Buy Company, Inc.	6,500	222,885
Comcast Corporation - Class A	14,555	319,773
DIRECTV Group, Inc. (The) - Class A *	4,000	159,720
Family Dollar Stores, Inc.	2,000	99,420
Ford Motor Company *	12,000	201,480
Gap, Inc. (The)	9,200	203,688
Home Depot, Inc. (The)	2,000	70,120
McDonald's Corporation	11,400	875,064
News Corporation - Class A	10,000	145,600
NIKE, Inc. - Class B	4,100	350,222
Starbucks Corporation	2,800	89,964
Target Corporation	8,800	529,144
Time Warner Cable, Inc.	1,966	129,815
Time Warner, Inc.	7,900	254,143
TJX Companies, Inc. (The)	7,000	310,730
Viacom, Inc. - Class B	5,450	215,875
Walt Disney Company (The)	10,200	382,602

See accompanying notes to schedule of investments.

CORNERSTONE STRATEGIC VALUE FUND, INC.

SCHEDULE OF INVESTMENTS - DECEMBER 31, 2010 (CONTINUED)

CONSUMER DISCRETIONARY (CONTINUED)

Yum! Brands, Inc.	9,000	\$441,450
		5,541,695

CONSUMER STAPLES - 8.01%

Altria Group, Inc.	20,800	512,096
Coca-Cola Company (The)	13,500	887,895
Colgate-Palmolive Company	3,400	273,258
Costco Wholesale Corporation	2,500	180,525
CVS Caremark Corporation	8,430	293,111
General Mills, Inc.	5,000	177,950
H.J. Heinz Company	4,000	197,840
Kraft Foods, Inc. - Class A	6,932	218,427
PepsiCo, Inc.	5,600	365,848
Philip Morris International, Inc.	2,500	146,325
Procter & Gamble Company (The)	16,297	1,048,386
Sysco Corporation	10,300	302,820
Wal-Mart Stores, Inc.	10,100	544,693
		5,149,174

ENERGY - 9.11%

Chevron Corporation	10,732	979,295
ConocoPhillips	14,974	1,019,730
Exxon Mobil Corporation	29,936	2,188,920
Halliburton Company	9,700	396,051
Marathon Oil Corporation	11,500	425,845
Occidental Petroleum Corporation	3,500	343,350
Schlumberger Ltd.	6,000	501,000

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5,854,191

FINANCIALS - 11.68%

AFLAC, Inc.	5,500	310,365
Allstate Corporation (The)	6,800	216,784
American Express Company	6,400	274,688
Bank of New York Mellon Corporation (The)	7,754	234,171
BB&T Corporation	3,500	92,015
Capital One Financial Corporation	2,500	106,400
Chubb Corporation (The)	3,500	208,740
Citigroup, Inc. *	60,000	283,800
Franklin Resources, Inc.	1,500	166,815
Goldman Sachs Group, Inc. (The)	5,000	840,800
Hudson City Bancorp, Inc.	15,500	197,470
JPMorgan Chase & Company	30,132	1,278,199
Loews Corporation	2,000	77,820
Marsh & McLennan Companies, Inc.	10,000	273,400
MetLife, Inc.	5,700	253,308
Morgan Stanley	7,500	204,075

See accompanying notes to schedule of investments.

CORNERSTONE STRATEGIC VALUE FUND, INC.
SCHEDULE OF INVESTMENTS - DECEMBER 31, 2010 (CONTINUED)

FINANCIALS (CONTINUED)

PNC Financial Services Group, Inc.	7,600	\$461,472
Prudential Financial, Inc.	4,000	234,840
State Street Corporation	3,000	139,020
T. Rowe Price Group, Inc.	3,000	193,620
Travelers Companies, Inc. (The)	9,476	527,908
U.S. Bancorp	9,901	267,030
Wells Fargo & Company	21,400	663,186

7,505,926

HEALTH CARE - 8.63%

Abbott Laboratories	9,200	440,772
Aetna, Inc.	5,000	152,550
Allergan, Inc.	2,500	171,675
Amgen, Inc. *	6,700	367,830
Becton, Dickinson and Company	3,900	329,628
Biogen Idec, Inc. *	4,000	268,200
Bristol-Myers Squibb Company	19,000	503,120
Cardinal Health, Inc.	7,950	304,564
Covidien PLC	2,599	118,670
Eli Lilly & Company	4,700	164,688
Express Scripts, Inc. *	3,000	162,150
Gilead Sciences, Inc. *	6,000	217,440
Johnson & Johnson	13,400	828,790
McKesson Corporation	1,800	126,684
Medtronic, Inc.	6,000	222,540
Merck & Company, Inc.	15,267	550,223
Stryker Corporation	2,000	107,400
UnitedHealth Group, Inc.	11,000	397,210
WellPoint, Inc. *	2,000	113,720

5,547,854

INDUSTRIALS - 8.08%

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3M Company	4,400	379,720
Boeing Company (The)	2,200	143,572
Caterpillar, Inc.	5,300	496,398
CSX Corporation	3,500	226,135
Deere & Company	6,500	539,825
Emerson Electric Company	6,000	343,020
General Dynamics Corporation	3,200	227,072
General Electric Company	46,900	857,801
Illinois Tool Works, Inc.	2,500	133,500
Lockheed Martin Corporation	3,000	209,730
Northrop Grumman Corporation	2,500	161,950
Raytheon Company	3,500	162,190
Union Pacific Corporation	4,000	370,640

See accompanying notes to schedule of investments.

CORNERSTONE STRATEGIC VALUE FUND, INC. SCHEDULE OF INVESTMENTS - DECEMBER 31, 2010 (CONTINUED)

INDUSTRIALS (CONTINUED)

United Parcel Service, Inc. - Class B	4,100	\$297,578
United Technologies Corporation	5,000	393,600
Waste Management, Inc.	6,800	250,716
		5,193,447

INFORMATION TECHNOLOGY - 15.47%

Apple, Inc. *	5,900	1,903,104
Cisco Systems, Inc. *	29,400	594,762
Cognizant Technology Solutions Corporation - Class A *	2,500	183,225
Corning, Inc.	12,000	231,840
eBay, Inc. *	2,500	69,575
EMC Corporation *	12,148	278,189
Google, Inc. - Class A *	2,000	1,187,940
Hewlett-Packard Company	11,400	479,940
Intel Corporation	39,500	830,685
International Business Machines Corporation	8,100	1,188,756
Microsoft Corporation	51,200	1,429,504
Oracle Corporation	25,272	791,014
QUALCOMM, Inc.	10,000	494,900
Texas Instruments, Inc.	6,400	208,000
Yahoo!, Inc. *	4,000	66,520
		9,937,954

MATERIALS - 2.93%

Dow Chemical Company (The)	5,400	184,356
E.I. Du Pont de Nemours & Company	9,500	473,860
Freeport-McMoRan Copper & Gold, Inc.	5,000	600,450
Praxair, Inc.	6,500	620,555
		1,879,221

REAL ESTATE INVESTMENT TRUST - 0.00%

Simon Property Group, Inc.	14	1,393
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TELECOMMUNICATION SERVICES - 2.36%

AT&T, Inc.	37,039	1,088,206
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Verizon Communications, Inc.	12,000	429,360

		1,517,566

UTILITIES - 2.59%		
Dominion Resources, Inc.	7,700	328,944
Duke Energy Corporation	15,800	281,398
Exelon Corporation	3,000	124,920
FirstEnergy Corporation	3,000	111,060
Nextera Energy, Inc.	4,000	207,960
PG&E Corporation	3,000	143,520

See accompanying notes to schedule of investments.

CORNERSTONE STRATEGIC VALUE FUND, INC.
SCHEDULE OF INVESTMENTS - DECEMBER 31, 2010 (CONTINUED)

UTILITIES (CONTINUED)		
Public Service Enterprises Group, Inc.	4,500	\$143,145
Southern Company (The)	8,400	321,132

		1,662,079

TOTAL EQUITY SECURITIES (cost - \$51,914,107)		60,857,028

SHORT-TERM INVESTMENTS - 7.30%		
MONEY MARKET SECURITY - 7.30%		
JPMorgan U.S. Government Money Market Fund		
(cost - \$4,690,985)	4,690,985	\$ 4,690,985

TOTAL INVESTMENTS - 102.00% (cost - \$56,605,092)		65,548,013

LIABILITIES IN EXCESS OF OTHER ASSETS - (2.00)%		(1,282,324)

NET ASSETS - 100.00%		\$64,265,689
		=====

See accompanying notes to schedule of investments.

(a) Affiliated investment. The Fund holds 0.81% and 0.32% (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 year ended December 31, 2010 there were additional purchases of 22,000 shares of Adams Express and 7,600 shares of Petroleum & Resources Corporation with a cost of \$218,433 and \$168,587, respectively. There were no sales of either of these securities.

(b) Not applicable

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

TO THE SHAREHOLDERS AND BOARD OF DIRECTORS
CORNERSTONE STRATEGIC VALUE FUND, INC.
NEW YORK, NEW YORK

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We have audited the accompanying statement of assets and liabilities of the Cornerstone Strategic Value Fund, Inc. (the "Fund"), including the summary schedule of investments as of December 31, 2010, the related statement of operations for the year then ended, the statements of changes in net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended. These financial statements and financial highlights are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements and financial highlights based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and financial highlights are free of material misstatement. The Fund is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. Our procedures included confirmation of securities owned as of December 31, 2010, by correspondence with the custodian. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements and financial highlights referred to above present fairly, in all material respects, the financial position of the Cornerstone Strategic Value Fund, Inc. as of December 31, 2010, the results of its operations for the year then ended, the changes in its net assets for each of the two years in the period then ended, and the financial highlights for each of the five years in the period then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of investments in securities as of December 31, 2010 appearing in Item 6 of this Form N-CSR is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of the Fund's management. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

TAIT, WELLER & BAKER LLP

PHILADELPHIA, PENNSYLVANIA
FEBRUARY 28, 2011

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

The registrant and Cornerstone Advisors, Inc., the registrant's investment adviser, share the same proxy voting policies and procedures. The proxy voting policies and procedures of the registrant and Cornerstone Advisors, Inc. are attached as Exhibit 99.VOTEREG.

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ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

- (a) (1) All information included in this Item is as of the date of the filing of this Form N-CSR, unless otherwise noted. Ralph W. Bradshaw and is the portfolio manager of the registrant. Mr. Bradshaw has acted as portfolio manager since 2001. Mr. Bradshaw is President and Chief Financial Officer of Cornerstone Advisors, Inc. and serves as President and Chairman of the Board of the registrant, Cornerstone Progressive Return Fund and Cornerstone Total Return Fund, Inc.
- (a) (2) Ralph W. Bradshaw manages two other closed-end registered investment companies: Cornerstone Progressive Return Fund and Cornerstone Total Return Fund, Inc. As of December 31, 2010, net assets of Cornerstone Progressive Return Fund were \$55,276,998 and net assets of Cornerstone Total Return Fund, Inc. were \$25,913,220. Mr. Bradshaw manages no accounts except for the registrant, Cornerstone Progressive Return Fund and Cornerstone Total Return Fund, Inc. Mr. Bradshaw manages no accounts where the advisory fee is based on the performance of the account. No material conflicts of interest exist in connection with the portfolio manager's management of the registrant's investments, on the one hand, and the investment of the other accounts included in response to this Item, on the other.
- (a) (3) Compensation of Ralph W. Bradshaw includes a fixed salary paid by Cornerstone Advisors, Inc. plus his share of the profits of Cornerstone Advisors, Inc. The profitability of Cornerstone Advisors, Inc. is primarily dependent upon the value of the assets of the registrant and other managed accounts. However, compensation is not directly based upon the registrant's performance or on the value of the registrant's assets.
- (a) (4) The dollar range of equity securities in the registrant beneficially owned by the portfolio manager as of December 31, 2010 is as follows:
Ralph W. Bradshaw: \$50,001 - \$100,000
- (b) Not applicable

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

None

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

There have been no material changes to the procedures by which shareholders may recommend nominees to the registrant's board of directors that have been implemented after the registrant last provided disclosure in response to the requirements of Item 407(c)(2)(iv) of Regulation S-K (17 CFR 229.407) or this Item.

ITEM 11. CONTROLS AND PROCEDURES.

(a) Based on their evaluation of the registrant's disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) as of a date within 90 days of the filing date of this report, the registrant's principal executive officer and principal financial officer have concluded that such disclosure controls and procedures are reasonably designed and are operating effectively to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to them by others within those entities, particularly during the period in which this report is being prepared, and that the information required in filings on Form

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N-CSR is recorded, processed, summarized, and reported on a timely basis.

(b) There were no changes in the registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) that occurred during the second fiscal quarter of the period covered by this report that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

File the exhibits listed below as part of this Form. Letter or number the exhibits in the sequence indicated.

(a)(1) Any code of ethics, or amendment thereto, that is the subject of the disclosure required by Item 2, to the extent that the registrant intends to satisfy the Item 2 requirements through filing of an exhibit: Attached hereto

(a)(2) A separate certification for each principal executive officer and principal financial officer of the registrant as required by Rule 30a-2(a) under the Act (17 CFR 270.30a-2(a)): Attached hereto

(a)(3) Any written solicitation to purchase securities under Rule 23c-1 under the Act (17 CFR 270.23c-1) sent or given during the period covered by the report by or on behalf of the registrant to 10 or more persons: Not applicable

(b) Certifications required by Rule 30a-2(b) under the Act (17 CFR 270.30a-2(b)): Attached hereto

- Exhibit 99.CODE ETH Code of Ethics
- Exhibit 99.VOTEREG Proxy Voting Policies and Procedures
- Exhibit 99.CERT Certifications required by Rule 30a-2(a) under the Act
- Exhibit 99.906CERT Certifications required by Rule 30a-2(b) under the Act

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.

(Registrant) Cornerstone Strategic Value Fund, Inc.

By (Signature and Title)* /s/ Ralph W. Bradshaw

Ralph W. Bradshaw, Chairman and President

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(Principal Executive Officer)

Date March 8, 2011

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.

By (Signature and Title)* /s/ Ralph W. Bradshaw

Ralph W. Bradshaw, Chairman and President
(Principal Executive Officer)

Date March 8, 2011

By (Signature and Title)* /s/ Frank J. Maresca

Frank J. Maresca, Treasurer
(Principal Financial Officer)

Date March 8, 2011

* Print the name and title of each signing officer under his or her signature.